

SECTOR UPDATE

Q3FY2026 Results Review

SECTOR

NBFCs, Insurance, AMCs, and
Diversified Financials

SECTOR VIEW

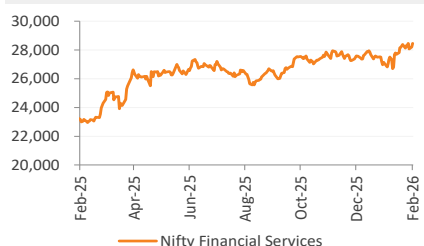
NBFCs: Positive, Insurance: Neutral,
AMCs: Neutral, Diversified
Financials: Positive

Coverage universe

Company	CMP (Rs)	Reco.	PT (Rs)
NBFC's			
LIC Housing Finance	532	Hold	565
Canfin Homes	883	Buy	1,100
Cholamandalam	1,662	Buy	1,900
Mahindra Finance	365	Buy	435
Bajaj Finance	1,024	Buy	1,125
L&T Finance	297	Buy	345
Five Star Business Finance	426	Positive	550
HUDCO	190	Positive	260
PNBHF	833	Positive	1,050
PFC	419	Positive	465
REC	354	Positive	450
Adiya Birla Capital	349	Positive	407
SBFC	97	Positive	110
Satin Creditcare Network	155	Positive	200
Insurance Co.'s			
HDFC Life	735	Buy	870
ICICI Pru	661	Buy	780
Max Financial	1,841	Buy	2,100
ICICI Lombard	1,903	Buy	2,300
AMC			
Nippon Life India AMC	987	Buy	1,000
Other diversified Financials			
BSE Ltd	2,759	Positive	3,600
Holding & Investment Companies			
Bajaj Finserv	2,067	Buy	2,450

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

Quick Snapshot

- **NBFC:** Festive demand, buoyancy in rural economy and GST rate cuts, drove credit volumes, especially in Vehicle financing. NIMs (Vehicle, gold and diversified) improved on benign funding cost resulting into healthy PPOP growth. Yet, a surge in credit cost offset PPOP growth, impacting profitability in few cases. The VF segment outperformed on GST cut, while HFC underperformed due to higher prepayments/BT. Q4 is expected to be better in terms of AUM growth, asset quality and profitability.
- **Insurers:** New business in individual segment, especially protection business and retail health saw good growth momentum on GST rationalization. Motor insurance premiums also reported improved trajectory on improved vehicle sales.
- **AMCs and diversified cos:** NAM India gained market share along with good operational performance, while other capital market players like BSE India reported strong topline and bottom-line growth.
- **Top Preferred Picks: NBFCs:** Aditya Birla Capital, CIFIC, MMFS, HUDCO; **Insurance:** Max Financial, ICICI Lombard; **Others:** NAM India.

Business growth: NBFCs' business stayed resilient in Q3FY2026, underpinned by festive demand, a favorable monsoon and a strong growth in the rural economy. In our coverage universe, performance was led by the vehicle financiers (VF), which achieved a robust 17.3% y-o-y and 4.1% q-o-q AUM growth on factors mentioned earlier. Gold financiers reported robust AUM growth on sharp rise in gold prices. In terms of company specific performance, HUDCO (30.9% y-o-y/7.7% q-o-q), AB Capital (NBFC + HFC, 30.3% y-o-y and 7.0% q-o-q), SBFC (28.6% y-o-y/5.4% q-o-q), and Bajaj Finance (21.7% y-o-y/4.8% q-o-q) emerged as top-tier growth leaders, while Cholamandalam Investment & Finance (CIFIC) and LTF maintained strong double-digit trajectories. Conversely, Housing Finance Companies (HFCs) faced headwinds; intensified banking competition triggered higher prepayments and balance transfers, resulting in subdued growth for majors like LICHFC (5.1% y-o-y). While PFC maintained double-digit momentum, REC underperformed with a muted 3% y-o-y AUM increase due to higher balance transfers due to intensified competition by PSBs. Strategic shifts were also evident in the MSME segment, where players like Five Star prioritised portfolio health over aggressive expansion to ensure long-term stability.

Margin performance: NIM saw divergence across segments. Within this, VF segment saw a significant expansion, up 30-bps y-o-y and 20-bps q-o-q largely driven by a high proportion of fixed-rate loans following the repo rate cuts. Conversely, HFCs generally faced margin compression. On a granular level, CIFIC, Can Fin Homes, MMFS, and PFC saw a healthy rise in NIMs. Notable contractions were observed in HUDCO (down 67 bps y-o-y and 27 bps q-o-q), REC (down 15 bps q-o-q), and Five Star (down 58 bps y-o-y). PNB HFC also saw a marginal decline in NIMs, falling 11 bps y-o-y and 3 bps q-o-q.

Stress levels subsiding: Asset quality showed broad-based improvement across the segments after challenging scenario in Q1 and Q2. MFI segment also saw meaningful improvement. Overall, this positive trend was driven by a strategic pivot toward recoveries and collections over aggressive growth. Asset quality improved across the board, except Five Star, which witnessed a sharp deterioration in asset quality, GNPA up 54 bps q-o-q. Despite this, management has reaffirmed a shift in focus toward stabilising asset quality. While many players are also prioritizing portfolio quality with focus on collection & recoveries over aggressive growth. Overall, credit costs remained elevated, higher than estimates. However, specific segments and companies showed divergent paths: The vehicle segment successfully reduced credit costs by 40 bps q-o-q. Additionally, PFC and HUDCO reported healthy reductions in their credit cost profiles. Conversely, Bajaj Finance and Five Star reported sharp increases in credit costs, reflecting asset quality pressure.

Insurance

Life insurers' margins fared better than expectations on margin front (down by 10-100 bps q-o-q versus expectation of 150-200 bps fall) as impact of loss of ITC credit was countered by product tweaks, mix change and distributor negotiations. New business in individual segment, especially protection business, and retail health (up 26% y-o-y for industry) saw good growth momentum due to reduced GST costs. Motor insurance premiums also reported improved trajectory as new car sales saw pick up due to festive season and GST rationalization. Overall profitability was slightly impacted by one-offs like labor code and impact of the ITC. Max Financial posted strong results with 18% GWP growth while ICICI Lombard also posted higher than industry GDPI growth of 13.3%. Overall, general insurance Industry's GDPI growth stood at 11.5% in Q3.

AMCs and Diversified

Nippon Life AMC saw a 7% q-o-q rise in QAAUM, overall industry saw QAAUM growth of 5.1% QoQ. Overall equity contribution for industry improved marginally by 20 bps to 57% aided by retail participation. For Nippon Life ETF segment saw heavy inflows in Gold and Silver ETFs, overall yields for Nippon were stable due to higher contribution from Gold and Silver ETF having better yields. Cost were managed due to lower discretionary spends leading to a healthy 37% y-o-y growth in PAT. BSE Ltd's topline grew 61% y-o-y driven by core trading activity and expanding offering services, PAT growth was in-line with estimates, increase in STT and new RBI diktat on MTF and other requirements could impact near-term volumes.

Our Call

NBFCs: Overall, AUM growth was in line with estimates except slightly missing by HFCs. Diversified financiers' PPOP saw strong growth (21% y-o-y and 6% q-o-q) and VF segment (28.4% y-o-y and 8.7% q-o-q) while HFCs PPOP saw a growth of 11% y-o-y and 1% q-o-q. We believe business momentum is likely to be strong in Q4FY2026, led by policy tailwinds like reduction in the GST rates, healthy demand and growth in economy. Asset quality is expected to continue improve given the steady focus on collection and recoveries. A subsequent reduction in credit costs will drive the profitability. MFIs are expected to see meaningful recovery and lower credit cost is expected. Our top picks are AB Capital, MMFS, CIFCs, and HUDCO.

Insurance: Max Financial is expected to see strong growth in VNB margin while other life insurance players are expected to do well.

Capital markets (AMCs and others): NAM India is expected to see continued growth while BSE could see sequential impact in volumes owing to new guidelines and STT, while healthy IPO pipeline to support revenues. Top Picks are Max Financials, ICICI Lombard and NAM India.

Key Risks

For NBFCs - slower loan growth due to intensified competition, asset quality challenges in specific segments. For insurance, AMCs and diversified financials, slower growth and regulatory changes are key risks.

Top Preferred Picks: **NBFCs:** Aditya Birla Capital, CFC and MMFS, HUDCO; **Insurance:** Max Financial; ICICI Lombard; **Others:** NAM India.

Q3FY26 result snapshot

Particulars	NII (Rs cr)					PPoP (Rs cr)					PAT (Rs cr)				
	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)
NBFC's															
LIC Housing Finance	2,102	2,000	2,038	5.1	3.1	1,896	1,749	1,873	8.4	1.2	1,384	1,432	1,354	-3.4	2.2
Can Fin Homes	421	345	405	22.1	4.1	351	291	335	20.6	4.9	265	212	251	24.8	5.3
Bajaj Finance	11,318	9,383	10,785	20.6	4.9	9,322	7,806	8,874	19.4	5.1	4,066	4,308	4,947	-5.6	-17.8
Chola	3,581	2,887	3,379	24.0	6.0	2,643	2,128	2,458	24.2	7.5	1,288	1,087	1,155	18.5	11.5
Mahindra Finance	2,305	1,911	2,112	20.6	9.1	1,658	1,222	1,499	35.7	10.6	810	899	569	-9.9	42.4
LTFH	2,537	2,237	2,403	13.4	5.6	1,611	1,478	1,494	9.0	7.8	766	626	735	22.5	4.3
Five Star Business Finance	607	540	593	12.5	2.4	426	388	433	9.7	-1.6	277	274	286	1.2	-3.2
HUDCO	1,025	983	1,050	4.2	-2.4	711	915	938	-22.3	-24.2	713	735	710	-3.0	0.4
PNB Housing	767	691	750	11.0	2.1	628	580	646	8.4	-2.9	520	483	582	7.7	-10.5
PFC	5,606	4,694	5,289	19.4	6.0	5,962	5,154	5,782	15.7	3.1	4,763	4,155	4,462	14.6	6.8
REC	4,996	4,855	5,208	2.9	-4.1	5,228	5,021	5,687	4.1	-8.1	4,043	4,029	4,426	0.3	-8.6
SBFC	261	201	251	29.9	4.3	191	137	177	39.5	7.8	118	88	109	34.0	8.2
Satin	325	297	276	9.4	17.5	224	217	212	2.9	5.6	72	14	53	404.3	35.3

Source: Company; Mirae Asset Sharekhan Research

Particulars	APE (Rs. Cr)					VNB (Rs. Cr)					VNB Margins		
	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26
Insurance													
HDFC Life	3,974	3,573	4,188	11	-5	955	930	1,009	3	-5	24	26	24
ICICI Prudential	2,525	2,438	2,422	4	4	615	517	592	19	4	24	21	24
Max Financial	2,733	2,108	2,507	30	9	659	489	639	35	3	24	23	26

Source: Company; Mirae Asset Sharekhan Research

Particulars	Net Premium Income (Rs. Cr)					PAT (Rs. Cr)				
	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)
ICICI Lombard	7,433	6,474	7,059	14.8	5.3	659	724	820	-9.0	-19.6

Source: Company; Mirae Asset Sharekhan Research

Particulars	Core Revenue (Rs. Cr)					PAT (Rs. Cr)				
	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)
AMC										
Nippon Life India AMC	705	588	658	20.0	7.2	404	295	344	36.7	17.3

Source: Company; Mirae Asset Sharekhan Research

Particulars	Core Revenue (Rs. Cr)					PAT (Rs. Cr)				
	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)	Q3 FY26	Q3 FY25	Q2 FY26	YoY (%)	QoQ (%)
Other diversified Financials										
BSE Ltd	1,244	768	1,068	62.0	16.4	602	219	557	175.4	8.1

Source: Company; Mirae Asset Sharekhan Research

Valuation
Rs cr

NBFCs	Reco.	CMP (Rs.)	PT (Rs.)	RoA (%)		RoE (%)		P/E (x)		P/B (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
LIC HF	Hold	532	565	1.6%	1.7%	13.2%	13.1%	5.1	4.6	0.6	0.5
Can Fin Homes	Buy	883	1,100	2.2%	2.3%	16.5%	16.9%	11.1	9.3	1.7	1.5
Bajaj Finance	Buy	1,024	1,125	4.1%	4.2%	20.4%	21.5%	25.1	19.9	4.7	3.9
Chola	Buy	1,662	1,900	2.5%	2.6%	19.6%	19.9%	21.8	17.7	3.9	3.2
Mahindra Finance	Buy	365	435	2.1%	2.2%	13.0%	13.8%	14.9	12.3	1.9	1.7
LTFH	Buy	297	345	2.6%	2.7%	13.8%	15.5%	18.5	14.6	2.4	2.1
Five Star Business Finance	Positive	426	550	7.2%	7.2%	16.2%	16.6%	9.5	7.9	1.4	1.2
HUDCO	Positive	190	260	2.0%	2.0%	16.3%	17.2%	10.6	8.6	1.6	1.4
PNBHF	Positive	833	1,050	2.3%	2.4%	12.1%	13.2%	8.9	7.4	1.0	0.9
PFC	Positive	419	465	3.0%	3.0%	18.2%	17.9%	3.8	3.4	0.7	0.6
REC	Positive	354	450	2.6%	2.6%	19.7%	19.1%	4.9	4.5	0.9	0.8
SBFC	Positive	97	110	4.8%	5.0%	14.5%	16.0%	18.6	14.6	2.5	2.2
Satin Creditcare Network	Positive	155	200	2.3%	2.4%	10.8%	11.9%	5.3	4.3	0.5	0.5

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

Life Insurance Co.'s	Reco.	CMP (Rs.)	PT (Rs.)	ROEV (%)		P/EV (x)		P/VNB (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
HDFC Life	Buy	735	870	15.8	15.7	2.1	1.9	32.4	28.2
ICICI Pru	Buy	661	780	13.5	13.6	1.7	1.5	35.9	31.7
Max Financial	BUY	1,841	2,100	18.2	18.4	1.8	1.6	23.2	20.0

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

General Insurance Co.	Reco.	CMP (Rs.)	PT (Rs.)	RoE (%)		P/E (x)		P/B (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ICICI Lombard	Buy	1,903	2,300	18.7	18.8	27.1	23.3	4.9	4.3

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

AMC	Reco.	CMP (Rs.)	PT (Rs.)	RoE (%)		P/E (x)		P/B (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Nippon Life India AMC	Buy	987	1,000	41.1	45.7	33.6	28.7	13.5	12.8

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

Other diversified Financials	Reco.	CMP (Rs.)	PT (Rs.)	RoE (%)		Core P/E (x)	
				FY27E	FY28E	FY27E	FY28E
BSE Ltd	Positive	2,759	2,207	36.3	31.2	38.6	33.6

Source: Company; Mirae Asset Sharekhan Research; CMP as on Feb 24, 2026

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