

## HOUSING FINANCE COMPANIES

**AUM surpasses Rs. 10 lakh crore;  
performance likely to remain  
resilient despite macroeconomic and  
competitive pressure**

**April 2026**



# List of abbreviations

<b>AHFCs</b>	Affordable housing finance companies
<b>ARCs</b>	Asset reconstruction companies
<b>AUM</b>	Assets under management
<b>bps</b>	Basis points
<b>CF</b>	Construction finance
<b>CRAR</b>	Capital-to-risk weighted assets ratio
<b>dpd</b>	Days past due
<b>GNPAs</b>	Gross non-performing assets
<b>GS3</b>	Gross stage 3
<b>HLs</b>	Home loans
<b>HFCs</b>	Housing finance companies
<b>IRAC</b>	Income Recognition and Asset Classification
<b>LCR</b>	Liquidity coverage ratio
<b>LRD</b>	Lease rental discounting

<b>LAP</b>	Loan against property
<b>NHB</b>	National Housing Bank
<b>NIM</b>	Net interest margin
<b>NNPAs</b>	Net non-performing assets
<b>NS3</b>	Net stage 3
<b>NBFCs</b>	Non-banking financial companies
<b>NHLs</b>	Non-home loans
<b>NPAs</b>	Non-performing assets
<b>NW</b>	Net worth
<b>RBI</b>	Reserve Bank of India
<b>RoMA</b>	Return on average managed assets
<b>RoNW</b>	Return on average net worth
<b>SCBs</b>	Scheduled commercial banks
<b>YoY</b>	Year-on-year

# HFCs included for consolidation of financials

For the analysis in this note, ICRA has used the data of the following entities:

All HFCs		
Large HFCs	Mid-sized HFCs	Small HFCs
Bajaj Housing Finance Limited (BHFL)	Aadhar Housing Finance Limited (Aadhar)	Aptus Value Housing Finance India Limited (Aptus)
LIC Housing Finance Limited (LICHFL)	Aavas Financiers Limited (Aavas)	Godrej Housing Finance Limited (Godrej)
PNB Housing Finance Limited (PNBHFL)	Aditya Birla Housing Finance Limited (ABHFL)	Grihum Housing Finance Limited (Grihum)
Tata Capital Housing Finance Limited (TCHFL)	Can Fin Homes Limited (CFHL)	India Shelter Finance Corporation Limited (ISFCL)
	GIC Housing Finance Limited (GICHFL)	Niwas Home Finance Limited (Niwas)
	Home First Finance Company India Limited (Home First)	JM Financial Home Loans Limited (JMHFL)
	ICICI Home Finance Company Limited (ICICIHFC)	Mahindra Rural Housing Finance Limited (Mahindra)
	IIFL Home Finance Limited (IIFLHFL)	Manappuram Home Finance Limited (Mannapuram)
	Repco Home Finance Limited (Repco)	Motilal Oswal Home Finance Limited (MOHFL)
	SMFG India Home Finance Company Limited (SMFG)	Muthoot Homefin (India) Limited (Muthoot)
	Sundaram Home Finance Limited (Sundaram)	Religare Housing Development Finance Corporation Limited (Religare)
	Truhome Finance Limited (Truhome)	Shubham Housing Development Finance Company Limited (SHDFC)
		SRG Housing Finance Limited (SRGHFL)
		Vastu Housing Finance Corporation Limited (Vastu)

Large HFCs = AUM > Rs. 50,000 crore as on December 31, 2025

Mid-sized HFCs = AUM < Rs. 50,000 crore but > Rs. 10,000 crore as on December 31, 2025

Small HFCs = AUM < Rs. 10,000 crore as on December 31, 2025

Note: All data excluding Housing Development Finance Corporation Limited, Piramal Capital and Housing Finance Limited (PCHFL) and Sammaan Capital Limited, unless specifically mentioned

## 1 Growth in Scale



## 2 Funding and Liquidity



## 3 Profitability and Capitalisation



## 4 Asset Quality Trends



## 5 Housing Market Dynamics



## 6 ICRA's Ratings in the Sector and Annexures





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*AUM surpassed Rs. 10-lakh crore mark as of December 2025; ICRA expects healthy growth of 15-17% in HFCs' AUM in FY2026 and FY2027*

*Macroeconomic uncertainties caused by West Asia conflict likely to weigh on funding costs while impact on asset quality shall remain monitorable*

*Earnings likely to remain healthy with RoMA of 1.9-2.1% in FY2026 and 1.8-2.0% in FY2027, supported by low operating expenses and range-bound credit cost expectations*



- As on December 31, 2025, the AUM of HFCs stood at Rs. 10.2 lakh crore, increasing by approximately 15% YoY. ICRA expects healthy AUM growth of 15-17% in FY2026 and FY2027. HFCs have increasingly focussed on the NHL segment to cushion margin and competitive pressure, a trend likely to continue in the near term.
- The on-book HL portfolio of HFCs, NBFCs, and SCBs is estimated to have increased by 11% YoY to Rs. 42.2 lakh crore as on December 31, 2025. SCBs have meaningfully reduced their lending rates and led YoY growth in the segment (~11%), followed by HFCs (~9%) and NBFCs (~6%) in 9M FY2026.
- The reduction in policy rates since February 2025 followed by the gradual transmission of rate cuts by banks led to a decline in the funding costs of HFCs in 9M FY2026. While liquidity and funding availability (including off-book sources) are likely to remain sufficient, higher bond yields over the past few quarters and macroeconomic uncertainties caused by the West Asia war could dampen HFCs' cost of funding in FY2027.
- ICRA expects some uptick in NPAs, particularly among small and mid-sized HFCs, as their rapidly-expanded loan books continue to season. The adverse impact of disruptions due to the West Asia conflict on portfolio quality also remains monitorable. Nonetheless, overall credit costs are expected to remain under control and range-bound at 0.2-0.4% over FY2026-FY2027 compared to 0.2% in 9M FY2026.
- The profitability of HFCs, as measured by RoMA, is estimated to have been stable at 2.1% in 9M FY2026, broadly in line with the performance in FY2025. While ICRA anticipates some compression in NIMs due to intensifying competitive pressure and macroeconomic uncertainties, the overall profitability is expected to remain resilient, supported by operating efficiency and range-bound credit costs.
- The sector's capitalisation profile is likely to remain adequate for the growth and profitability expectations. While no major capital raise is required, some entities would need to raise funds, depending on their capital position with respect to their growth aspirations.



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