

Non-banking Financial Companies

**NBFC-Retail assets under
management to cross Rs. 30 lakh
crore by FY2027**

JANUARY 2026



1 NBFC-Retail Sector Outlook



2 Macroeconomic Trends and Underlying Growth Drivers



3 Overall Sectoral Growth Trends



4 Other Sectoral Performance Trends



5 NBFC-Retail Growth Trends



6 NBFC-Retail Asset Class-wise Trends



7

ICRA Rating Action across NBFCs/HFCs/MFIs





[Click to see full report](#)

NBFC-Retail (excluding HFCs) AUM growth is estimated at 16-18% YoY in FY2027.

Incremental funding required (over and above refinancing of maturing debt) of Rs. 4.1-4.3 trillion in FY2027.

Profitability of the NBFCs would remain healthy at 2.3-2.5% in FY2027.



- **The Retail AUM¹ of NBFCs²** (NBFC-Retail; *excluding HFCs³*) expanded at 17% YoY in H1 FY2026, as growth was constrained amid asset quality pressures and macroeconomic uncertainties. ICRA expects the NBFC-Retail segment to grow at a moderate pace of 17-19% during FY2026 and 16-18% in FY2027. Within this, gold loans has been the most buoyant, driven up by gold prices. VF*, PL/CL* segments have also benefited from the GST rate cuts, which has spurred domestic demand as customers advanced their purchases.



- **Incremental funding** (over and above the refinancing of maturing debt) requirement by the NBFC-Retail segment is forecasted around Rs. 3.5-3.7 trillion in FY2026 and Rs. 4.1-4.3 trillion in FY2027. Credit flows from the banking sector turned positive, though was modest at about Rs. 40 billion in 8M FY2026. Consequently, entities had to rely on funding from other sources such as market issuances, and securitisation. The borrowing rates of NBFCs reduced gradually on the back of the earlier rate cuts from the RBI. Overall, ICRA expects the weighted average CoF⁴ to reduce by 10-30 bps in FY2026 and a similar quantum in FY2027 as well.



- **Asset quality pressures** have continued for retail NBFCs as the seasoning impact of the earlier fast-paced growth plays out. Entities have accelerated technical write-offs, as they have adequate provisions and capital to absorb the credit costs on their balance sheet (b/s). This has aided in keeping the delinquencies under control; overall credit costs are anticipated to remain elevated, increasing by 10-30 bps during FY2026 and thereafter stabilising in FY2027.



- **Net profitability of NBFCs** would moderate in FY2026, as credit costs will remain elevated. Though a modest improvement is anticipated in FY2027, as the asset quality concerns get assuaged. Stable interest margins and operating costs would provide support to the sectoral profitability in the near term.



- **The sectoral capitalisation profile** is adequate to absorb any asset quality shocks and support the projected AUM growth in the near term. Some entities with significant credit losses may, however, need to raise 'confidence capital' to boost lender and other stakeholder confidence.

*Note: 1 – AUM: Assets under management; 2 – NBFCs: Non-banking financial companies; 3 – HFCs: Housing finance companies (excluding HDFC); 4 – CoF: Cost of funds; Sector: NBFC-Retail/Wholesale, HFC-Retail/Wholesale, NBFC-Infra; *VF – Vehicle Financing; PL/CL – Personal loans/ consumption loans*



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Karthik Srinivasan	Senior Vice-President and Group Head	karthiks@icraindia.com	+91-22-61143444
A M Karthik	Senior Vice-President and Co-Group Head	a.karthik@icraindia.com	+91-44-45964308
R Srinivasan	Vice President and Sector Head	r.srinivasan@icraindia.com	+91-44-45964315
Richardson Xavier	Senior Analyst	richardson.xavier@icraindia.com	+91-44-45964310





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2026 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

#35YearsofUnwaveringCredibility



ICRA

35
Years of
Unwavering
Credibility

Thank You!

#35YearsofUnwaveringCredibility

Sensitivity Label : Public