

BOSTON CONSULTING GROUP

India NBFC Sector Roundup – H1FY26

NOVEMBER 2025

Glossary: Classification of 31 NBFCs used in this document

HFCs (9 NBFCs)

LIC HFL – LIC Housing Finance Ltd
Repco Home Finance – We value your Dream
Sammaan Capital
CanFin Homes Ltd (Sponsor: Canara Bank) – Home Loans • Deposits – Translating Dreams into Reality
IIFL Home Loan
pnb Housing Finance Limited – Ghar Ki Baat
GIC Housing Finance Ltd. – Your Road to a Dream Home
Tata Capital Housing Finance Limited
Bajaj Housing Finance Limited

Diversified (16 NBFCs)

Axis Finance
Chola – Enter a better life
Piramal Finance
Capri Global Capital Limited
Bajaj Finance Limited
Mahindra Finance
HeroFinCorp. – Finance Made Easy
Poonawalla Fincorp
Shriram Finance
HDB Financial Services – From the trusted family of HDFC Bank Ltd.
IIFL Finance
Tata Capital
L&T Finance
Aditya Birla Capital
Sundaram Finance – Enduring values. New age thinking.
IndoStar Capital Finance

Microfinance (3 NBFCs)

CreditAccess Grameen
Satin Creditcare Network Ltd.
Asirvad Microfinance Limited – Subsidiary of Manappuram Finance Ltd.

Gold (2 NBFCs)

Muthoot Finance
Manappuram Finance Limited – Make Life Easy

Cards (1 NBFC)

SBI Card

Note: Samman Capital was formerly known as Indiabulls Housing Finance Limited. Aditya Birla Capital is considered as Adity Birla Finance got merged with Aditya Birla Capital. Piramal Enterprise Limited (PEL) merged with Piramal Finance Limited (PFL) and is now considered as Piramal Finance

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H1FY26 Results: NBFC Industry Snapshot

Balance Sheet

Balance Sheet Size

₹30.8L Crore
12% YoY ↑

Total Net Advances

₹27.0L Crore
17% YoY ↑

Total Borrowings[1]

₹21.7L Crore
17% YoY ↑

Shareholders Fund

₹5.8L Crore
12% YoY ↑

Profitability

Total Income

₹2.1L Crores
16% YoY ↑

Net Interest Income

₹1.0L Crore
16% YoY ↑

Non-Interest Income

₹0.2L Crore
16% YoY ↑

PAT

₹0.4L Crore
11% YoY ↑

Key Ratios

ROA

2.6%
11 bps YoY ↓

NIM

6.6%
0.3 bps YoY ↑

Cost-Income

36.5%
4 bps YoY ↓

GNPA (%)

2.5%
25 bps YoY ↓

1. Total Borrowings include Debt Securities
Note: Growth is calculated for H1FY26 over H1FY25. Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs)

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Summary Snapshot (I/II)

Macro Trends

- **Economic growth:** GDP Growth for Q2 FY26 estimated at 7.5% vs. 5.6% for Q2FY25. Ahead of the release, ICRA had projected 7.0%, Ind-Ra 7.2%, and the RBI 7.0%. FY26 GDP projected to grow between 6.5–6.9%
- **Economic landscape exhibits mixed trends**
  - The IIP rose 4% in Sept 2025, boosted by a stronger manufacturing sector
  - Overall, the combination of GST rate rejig, pent-up demand and the early festive onset have boosted demand in Sept 2025

Banks vs NBFCs

- **Lending Boost in NBFCs:** NBFCs credit growth (17%) outpaces that of Banks (12%) in H1FY26, led primarily by the Gold NBFC segment
- **Yield:** NIM remained stable in H1FY26 at 6.6% for NBFCs and 3.0% for Banks
- **Credit Expense:** Credit costs rose marginally – from 0.4% to 0.6% for banks and 1.6% to 1.7% for NBFCs
- **Profitability and Returns:** Bank profits grew moderately at 3% YoY due to a sharp rise in provisions, while NBFCs reported 11% PAT growth, driven by gold NBFCs; however, MFIs saw a sharp 117% YoY decline in profitability
- **Valuation:** Large NBFCs continue to command premium valuations, despite banks outperforming them in total shareholder returns over the past three years – with banks delivering 24% returns compared to 17% for NBFCs

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Summary Snapshot (II/II)



Key Performance Indicators for NBFCs

- **Advances expansion:** NBFC loan growth remained robust at 17% YoY, driven by strong expansion in Gold (38%) segment; while Diversified grew (19%), HFCs were stable (11%) and MFIs declined sharply (-11%)
- **Profitability:** Absolute profit for the NBFC sector increased by 11% YoY in H1FY26 with mostly driven by Gold segment (59% YoY) while other categories witnessing moderate growth; MFI category with a 117% PAT decline drives down PAT for the sector
- **Operational efficiency:** Marginal improvement for Cost to Income ratio from 36.6% in H1FY25 to 36.5% in H1FY26; HFC & Gold NBFCs drive efficiency metrics for the sector, while Diversified, MFI and Card NBFCs saw a deterioration



NPA and Risk Management

- **Improved Asset Quality:** NBFC sector witnesses improved GNPA for last 3 years driven by better collections & growth in advances; GNPAs improved 25 bps from H1FY25
  - However, MFI category of NBFCs experienced a rise in NPAs by 74 bps alongside a contraction in their loan book
- **Capital Adequacy:** Most NBFCs have shown a YoY de-growth from H1FY25, yet players continue to be well capitalised with CRAR above the minimum requirement of 15%



Valuation

- **Market Valuation Growth:**
  - Large NBFCs in diversified category continue to command premium; some HFCs continue to trade at discounts
  - Valuations within the gold and MFI segments remain divergent



Recent trends

- Banks' share of total advances to NBFCs fell to 8.4% in H1 FY26, reflecting tighter liquidity conditions and a precautionary stance by lenders
- Increased risk-weights and regulatory scrutiny have led banks to shift away from NBFC funding, especially for unsecured and digital portfolios, pushing NBFCs to diversify into capital markets and alternate funding channels

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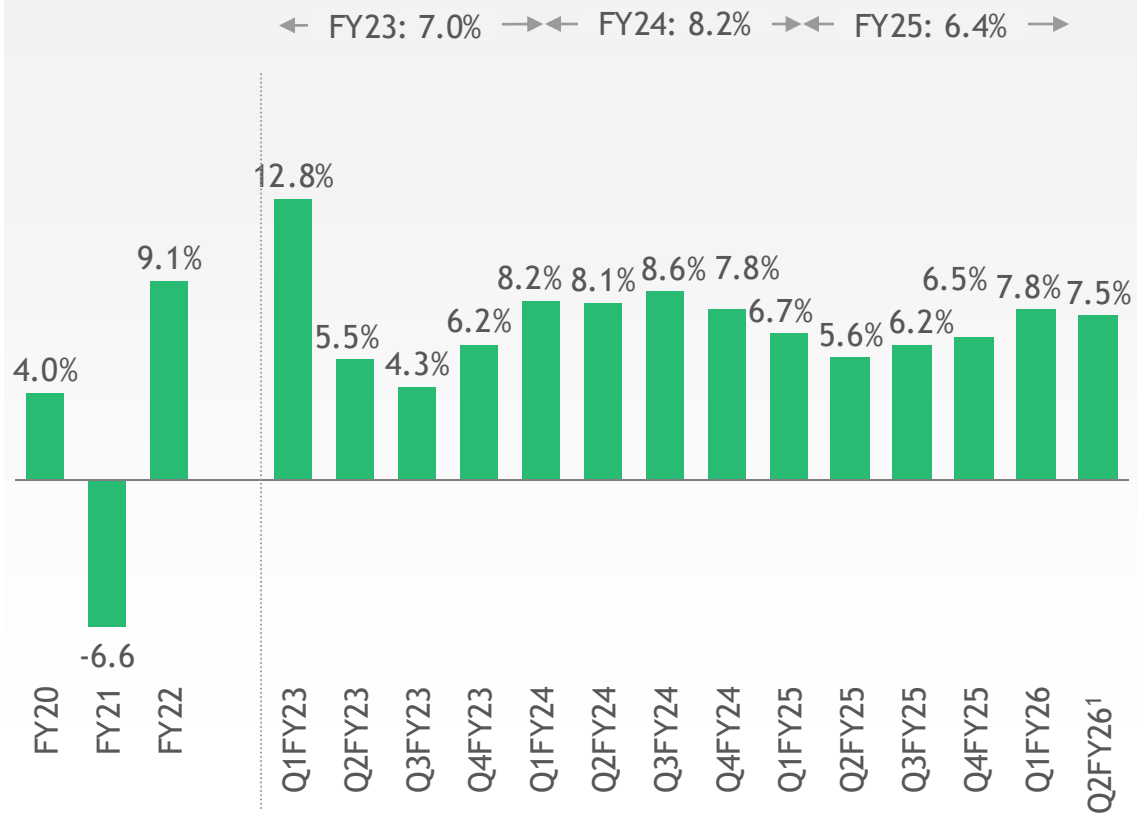
India NBFC Sector Update – H1FY26

- Macro Indicators
- Key Performance Indicators – (Banks + NBFCs)
- Key Performance Indicators - NBFC Sector
- NPA & Risk Management
- Valuation
- Recent Trends
- Player Performance

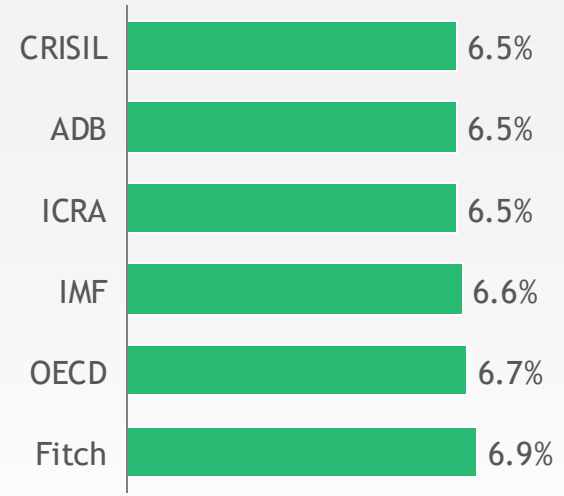
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India's growth momentum to sustain in FY26, with GDP expected to grow by 6.5–6.9% driven by domestic demand and policy tailwinds

Trend in real GDP growth YoY (%)



FY26 GDP growth forecast[2]



6.5-6.9%

1. GDP growth stands at 7.5% in Q2FY26 as projected by SBI in its recent report; 2: Forecast are likely to be revised further
Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month;
Source: Analyst reports, BCG analysis

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High-frequency indicators signal steady momentum - strong consumption offsetting trade and market weakness

>20% 10-20% 0-10% 0% <0%

	Latest Month	Growth: Vs. Last year	Growth: Vs. Last month	Growth: YTD Growth[2]
Industry				
IIP (Index) *	151.7	4%	-3%	-
Daily Avg Power Consumption(000 MUs)	4.9	3%	0%	2%
Petroleum Consumption (MMT)	18.6	7%	-1%	1%
Steel Consumption (MMT)	13.5	9%	-2%	10%
Cement Production (MT) *	35.7	6%	-5%	10%
Trade & Investment				
Merchandise Exports ($ Bn)	36.4	5%	4%	1%
Merchandise Imports ($ Bn)	68.5	24%	11%	5%
Services Exports ($ Bn)	30.8	1%	-10%	10%
Services Imports ($ Bn)	15.3	-6%	-12%	2%
Logistics				
E-way Bills (Mn)	132.0	21%	2%	21%
JNPT Traffic ('000 TEUs)	648.9	9%	-7%	13%
Air Passenger Bookings (Mn)	33.1	1%	3%	6%
Air Freight (K Tons)[1]	330.7	5%	-1%	4%

	Latest Month	Growth: Vs. Last year	Growth: Vs. Last month	Growth: YTD Growth[2]
Auto				
PV Sales ('000 Units)	372.5	4%	16%	-1%
2W Registrations ('0000 Units)	2,160.9	7%	18%	1%
3W Sales ('000 Units)	58.7	1%	-2%	5%
EV Registrations ('000 Units)	141.3	28%	-1%	22%
BFSI				
UPI Value (INR Tn)	24.9	21%	0%	22%
NSE & BSE Txns.(INR K C r)	2,333.2	-15%	20%	-18%
Insurance Premium (INR K Cr)	71.4	14%	28%	4%
Sentiment				
Manufacturing PMI (Index)	57.7	2%	-3%	-
Services PMI (Index)	60.9	6%	-3%	-
Current Situation Index[1]	96.9	2%	0%	-
Future Expectations Index[1]	125	3%	0%	-

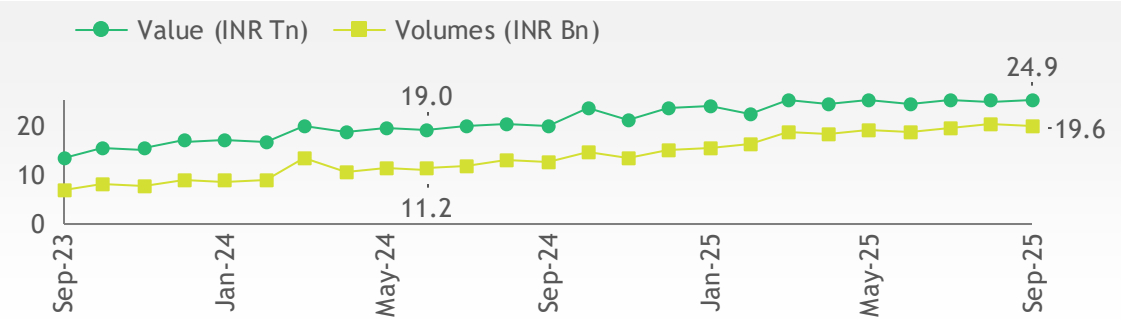
1. Data available only up to May'25 as on 25th Jul'25 – hence growth comparisons are for April and not May. May'25 data has been compared with May'24 & Apr'25 data for the YoY & MoM growth comparisons
2. YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jun and Jan-May for the * marked indicators)
Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others; Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis

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While insurance premiums surged in Q2 FY26, aided by GST cuts; UPI transactions and mutual fund AUM also reached record highs during the quarter

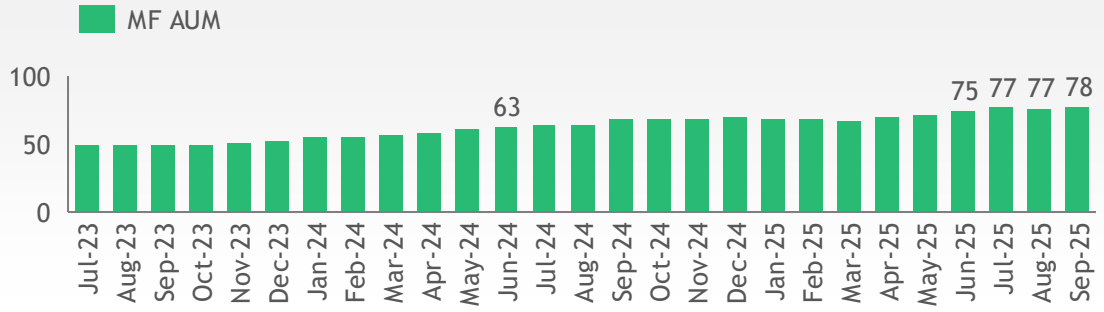
UPI

UPI volume reached record high of 2 Tn transactions in Aug'25



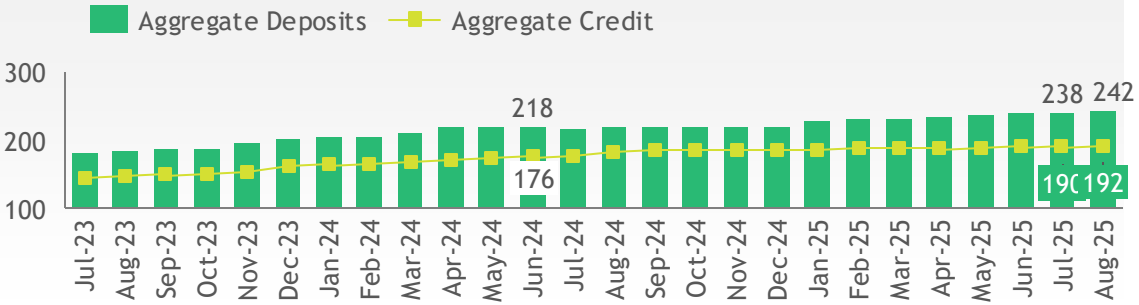
Mutual funds AUM (INR Tn)[1]

Mutual fund AUM rose slightly in Sep'25 amid investor confidence supported by steady SIPs and retail inflows



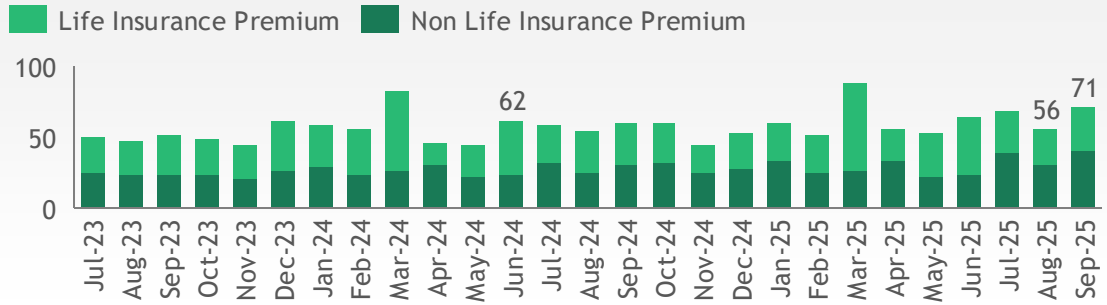
Aggregate deposits & credit (INR Tn)[4]

Aggregate deposits and credit grew in Aug'25, driven by both Savings and Current account categories



Insurance premium (INR '000 Cr)[2]

Insurance premiums increased in Sep'25, as life insurance premiums surged led by group single premiums



1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 21 Aug'25 2.Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Crop Insurance, Credit Guarantee, Aviation, Personal accident and Miscellaneous

Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India, BCG analysis

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India NBFC Sector Update – FY25

Macro Indicators

Key Performance Indicators – (Banks + NBFCs)

Key Performance Indicators - NBFC Sector

NPA & Risk Management

Valuation

Recent Trends

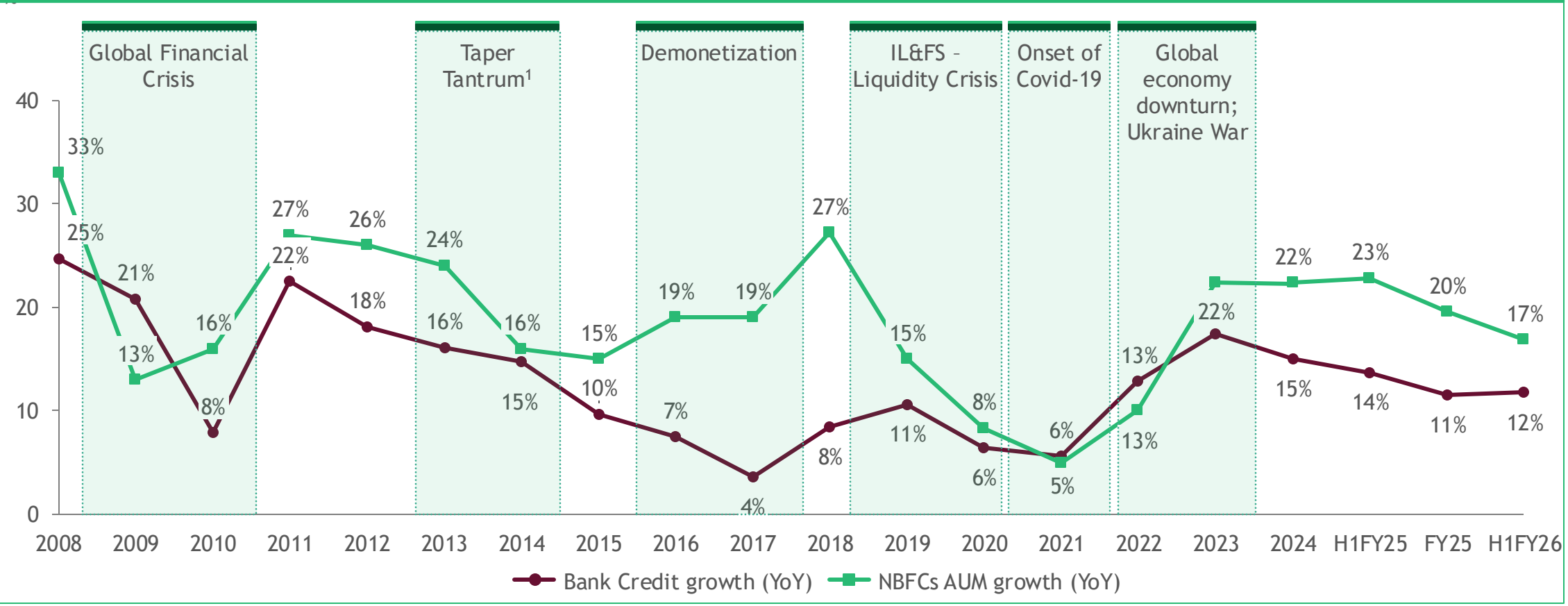
Player Performance

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NBFCs continue to outpace banks in credit growth

NBFC growth moderates to 17% in H1FY26 after four consecutive quarters of 20%+ expansion

Player-group wise y-o-y growth in advances



1. Taper Tantrum crisis of 2013 refers to foreign investors pulling out money from equities and bonds in emerging markets as a reaction to US Fed announcement of reducing/ceasing its bond purchase program; this led to a tightening of liquidity available in the market, impacting both banks & NBFCs

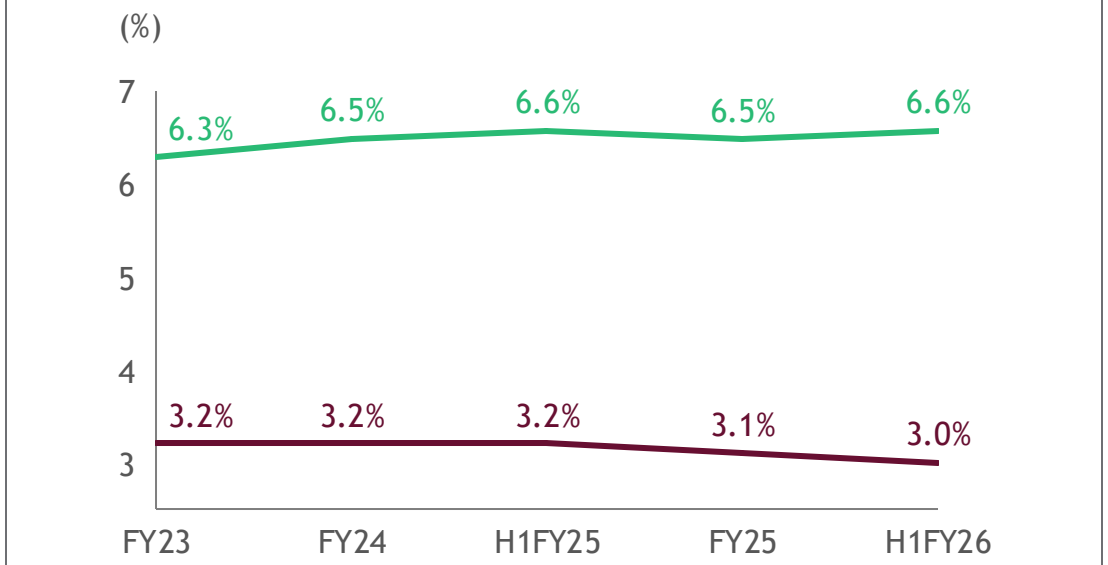
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs) and 37 Banks (12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks)

Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

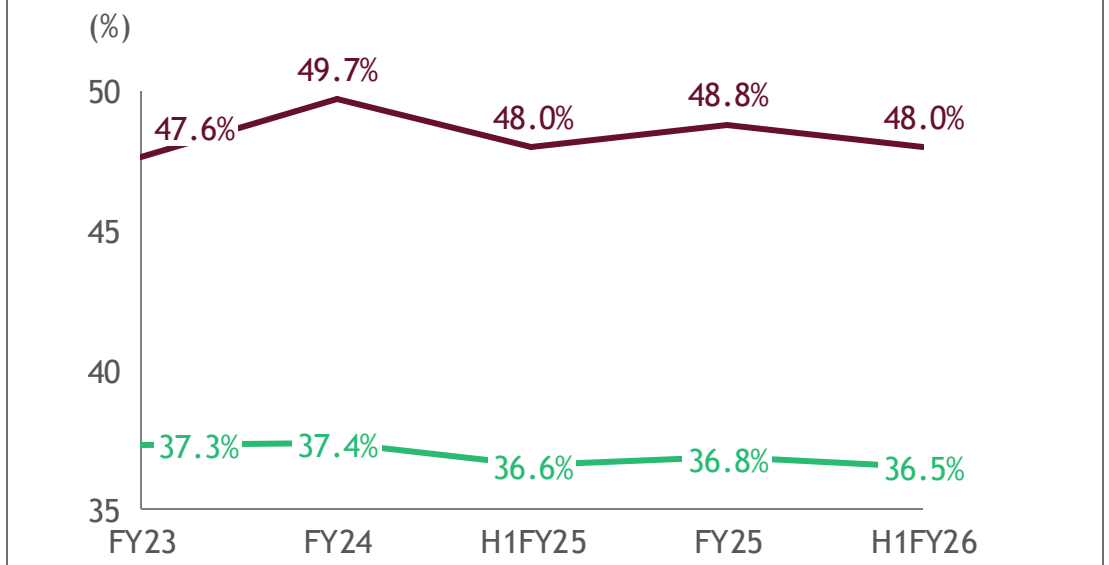
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NBFCs sustain strong margins and superior cost efficiency, maintaining a clear edge over banks

Net Interest Margin[1] (%)



Cost to Income Ratio[2] (%)



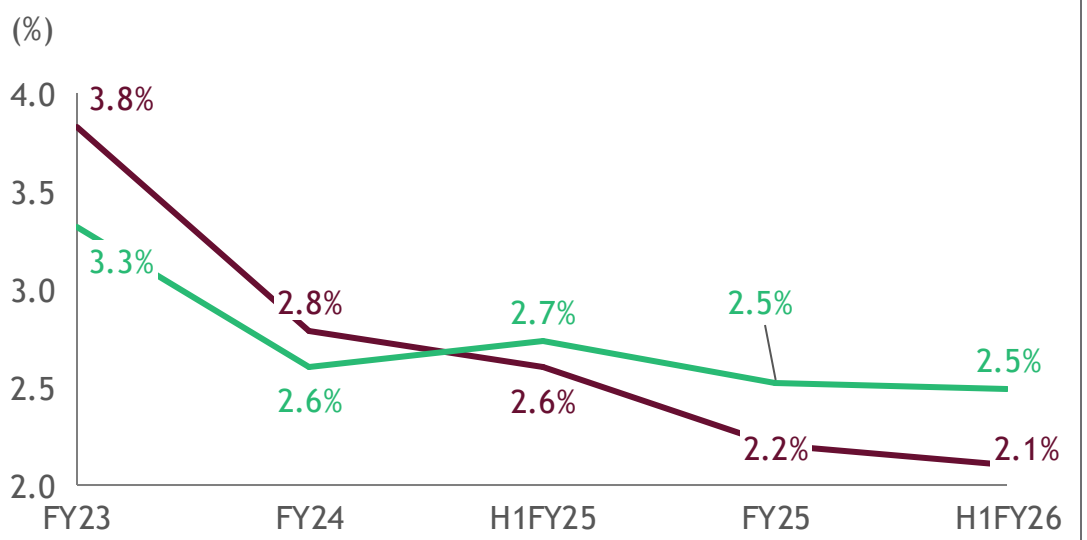
Banks NBFCs

1. NIM is calculated as (Interest Income – Interest Expense)/Average Assets 2. Cost to Income is calculated as Operation expense/(net interest income + other income)
Operation Expense excludes “Net loss on fair value changes", “Net loss on derecognition of financial instruments under amortized cost category", “Net Transaction Exchange Loss” and/or “Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt” ; NIM has been annualized
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs) and 37 Banks (12 PSU, 10 Private-New, 10 Private-old banks and 5 Small Finance Banks)
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

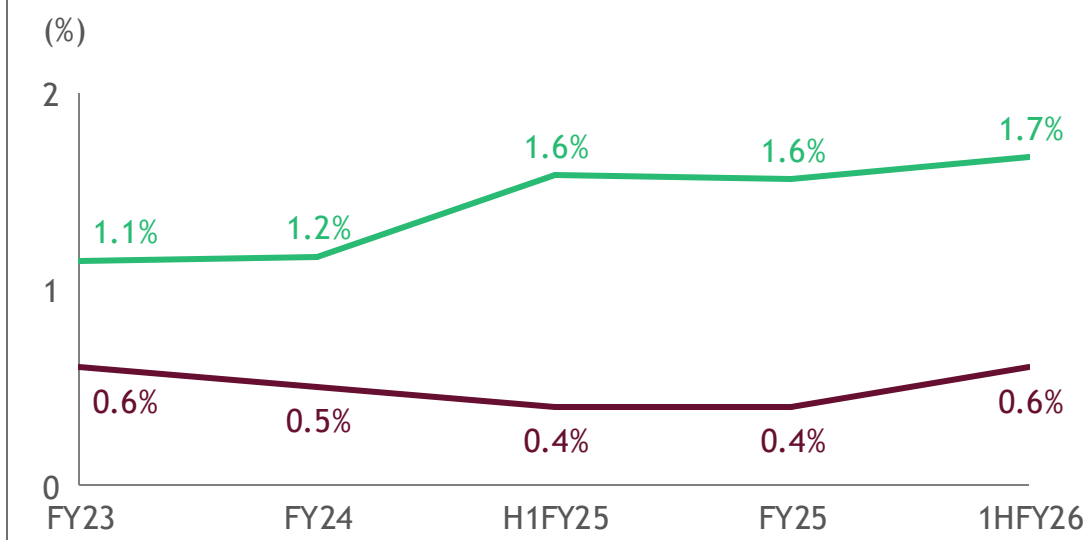
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Banks witness stronger asset quality gains, while NBFCs face rising credit costs despite stable GNPA levels

GNPA[1] (%)



Credit Cost[2] (%)



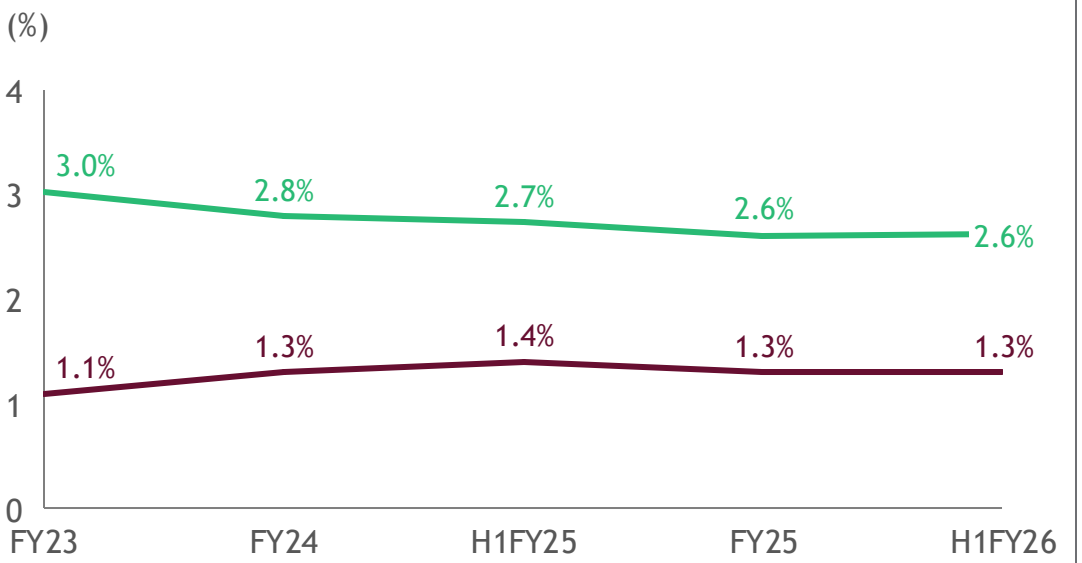
Banks NBFCs

1. GNPA for NBFC has been calculated based on weighted average on total advances 2. Credit Cost is calculated as provision and contingencies/average assets & have been annualized
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs) and 37 Banks (12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks)
Source: Quarterly Results, Investor Presentation, Annual Report, RBI, BCG Analysis

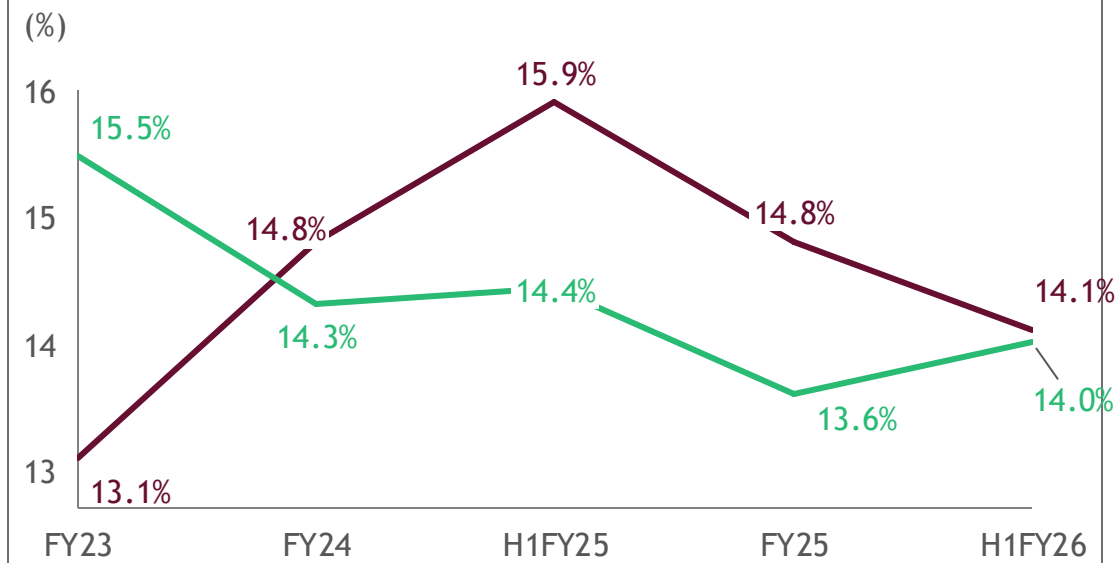
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NBFCs maintain higher RoA, while banks still retain marginal RoE advantage following recent softening in ROE

Return on Assets[1]



Return on Equity[2]



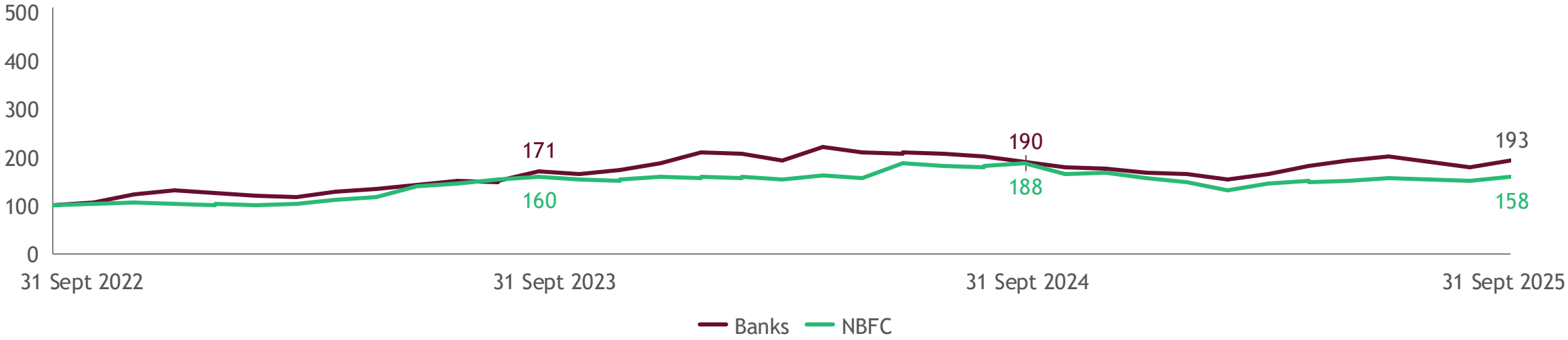
Banks NBFCs

1. Return on Assets is calculated as net profit/average assets 2. Return on Equity is calculated as net profit/average shareholders' fund
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs) and 37 Banks (12 PSBs, 10 Private-New, 10 Private-Old Banks and 5 Small Finance Banks)
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

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NBFC valuations lag banks over 3 years, reflecting liquidity and regulatory headwinds

Index (weighted by market cap.) for Banks & NBFCs



Total Return (%)

	Banks	NBFCs
3-Yr Return	24.0%	17.0%

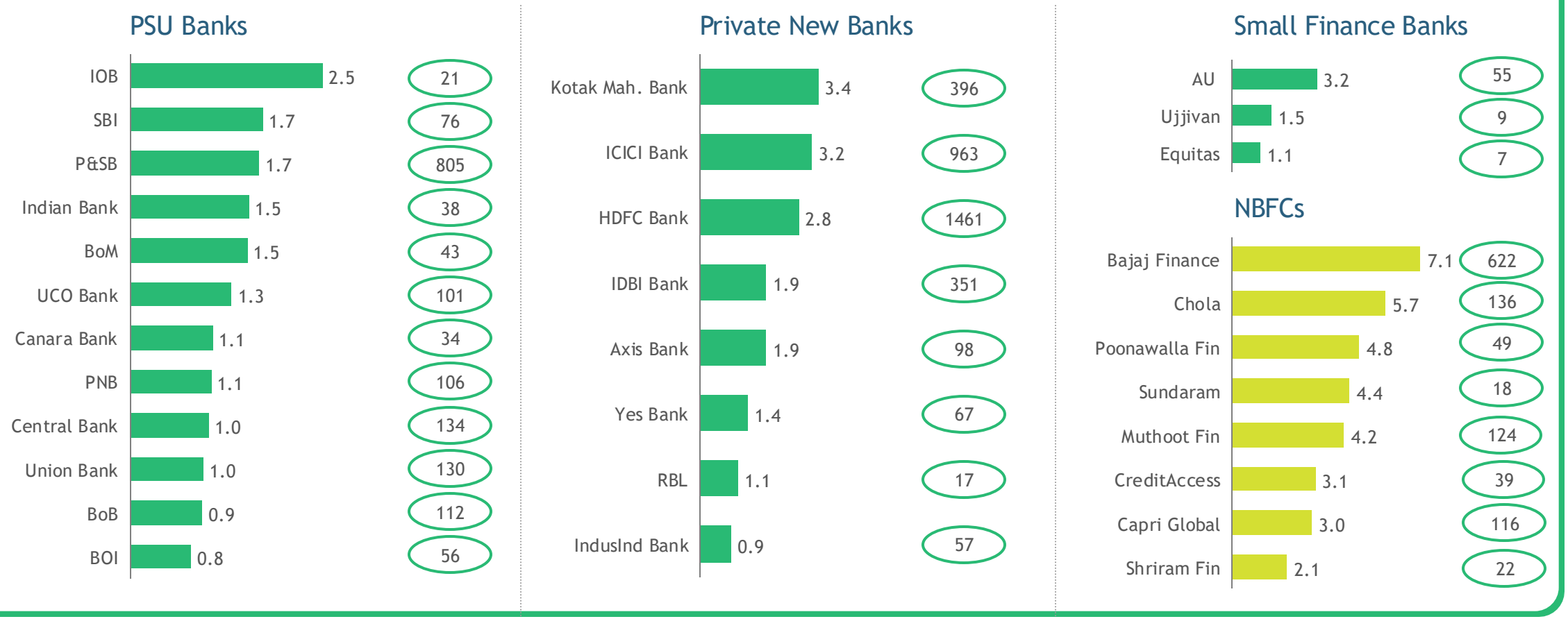
Note: Banks index includes 7 PSU banks-Large, 5 PSU banks-Medium, 10 Private-New, 10 Private-Old Banks and 5 SFBs
Index weighted as per market capitalization of banks Index period from Sept 2022 to Sept 2025
Source: Capital IQ, BCG ValueScience Center

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Top-tier NBFCs command higher valuations than banking peers, reflecting strong investor confidence

Select Banks & NBFCs

Price to book ratio (As on 30th Sept 2025)



Market Cap *(INR in '000 crores)* (as on 30th Sept 2025)

Source: Capitaline, BCG analysis

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2025 Co-Lending Arrangements (CLA)

RBI's Co-Lending Arrangements (CLA) Directions, 2025, effective 1st Jan 2026, rebalances the risk-capital distribution and enables greater leveraging of bank funds in each co-originated loan

Aspects	2020 Co-Lending Model	2025 CLA Directions
Scope	Limited to PSL Only	Expanded to all loan categories (PSL + Non-PSL)
Minimum NBFC Share	NBFC to retain ≥ 20% per loan	Each lender to retain ≥ 10% of every loan
Default Loss Guarantee	Not permitted	NBFCs can offer up to 5% DLG on loan pool
Borrower Pricing	Dual lending rates; risk of opaque pricing	Single blended rate (weighted average of bank & NBFC rates)
NPA Recognition	No uniform rule; caused delays/disputes	Borrower-level NPA: both lenders must classify simultaneously
Customer Interface	NBFC was default customer touchpoint	One contact point to be agreed (bank or NBFC)
Operational Model	CLM-1: bank pre-commit; CLM-2: NBFC lends, bank buys 80%	Both models allowed; bank's share to be booked within 15 days of disbursement
Transparency & Disclosure	Minimal public disclosure	REs must disclose partners & report CLA loan performance publicly

Implications for NBFCs

Greater lending capacity:
Lower retention (10% on-book) & non-PSL inclusion expand NBFCs' lending

Access to cheaper funds:
Access to banks low-cost funds enable competitive pricing and wider reach

Shared risk:
Both hold ≥10% exposure; simultaneous NPA tagging ensures credit discipline

Higher compliance load:
NBFCs must update policies, vet partners, upgrade IT, escrow flows, 15-day fund transfer

Transparency & customer protection:
Single borrower interface, blended rate; NBFCs ensure transparency, compliance, and grievance handling

Portfolio strategy:
NBFCs to focus on secured, higher-rated segments with tighter monitoring

Source: BCG Analysis

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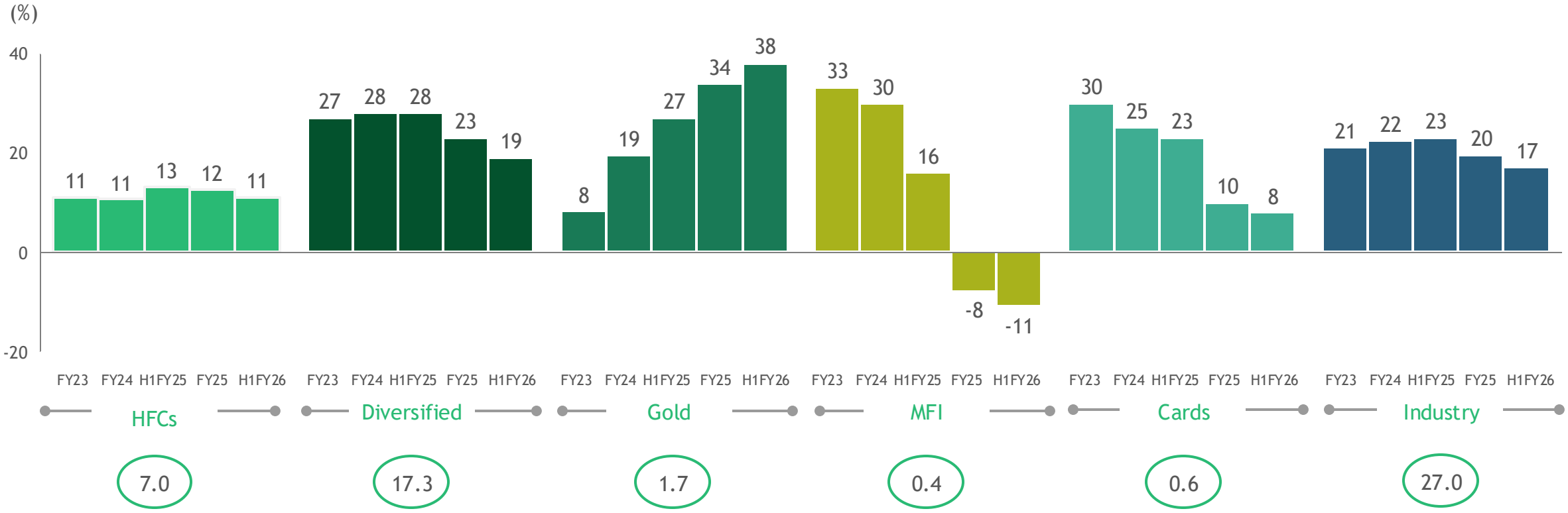
Recent Trends

Player Performance

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Industry's credit growth remains steady; Gold segment accelerates sharply while MFI contracts

Category-wise y-o-y growth in loan book (%)



Loan book as on H1FY26 (INR Lakh Cr)

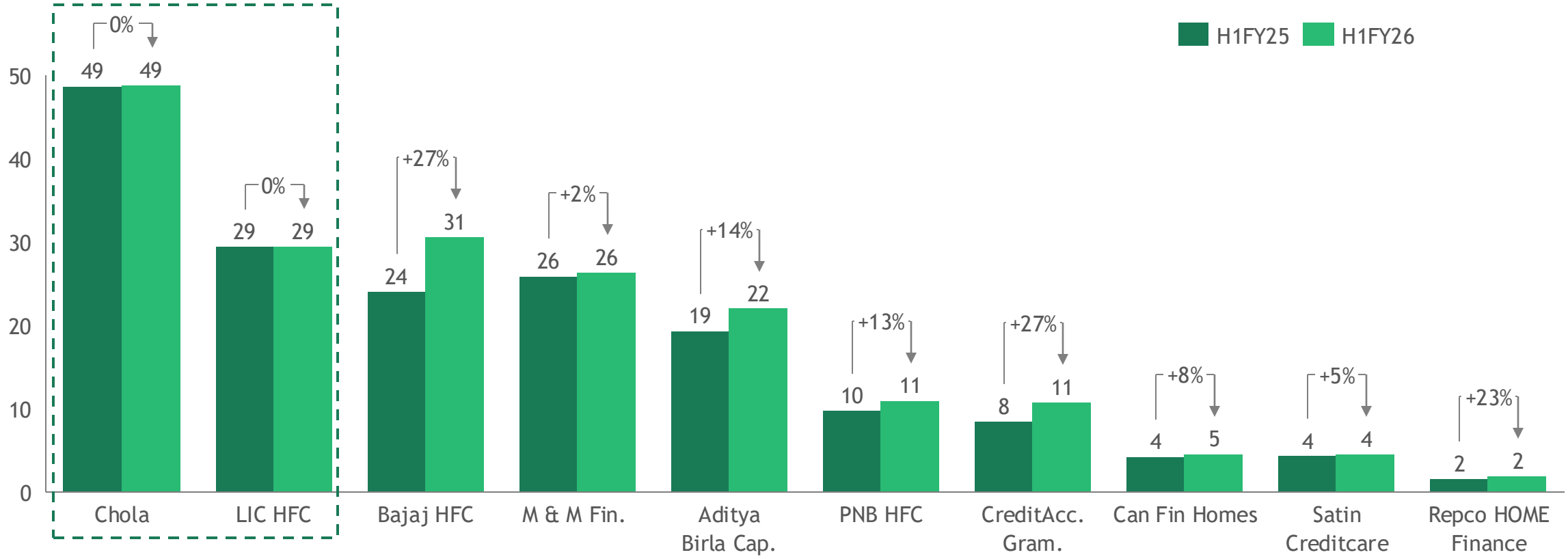
Note: Analysis for Industry has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs), Growth of H1FY26 calculated over H1FY25
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

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Diverging trajectories: select NBFCs post double-digit disbursement growth while market leaders stagnate

Select NBFCs

Disbursement trend (INR '000 Cr)



Source: Investor Presentation, Analyst Report, BCG Analysis

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Stable margins & operating efficiency sustain RoA for most NBFC groups, though MFI stress drags industry returns

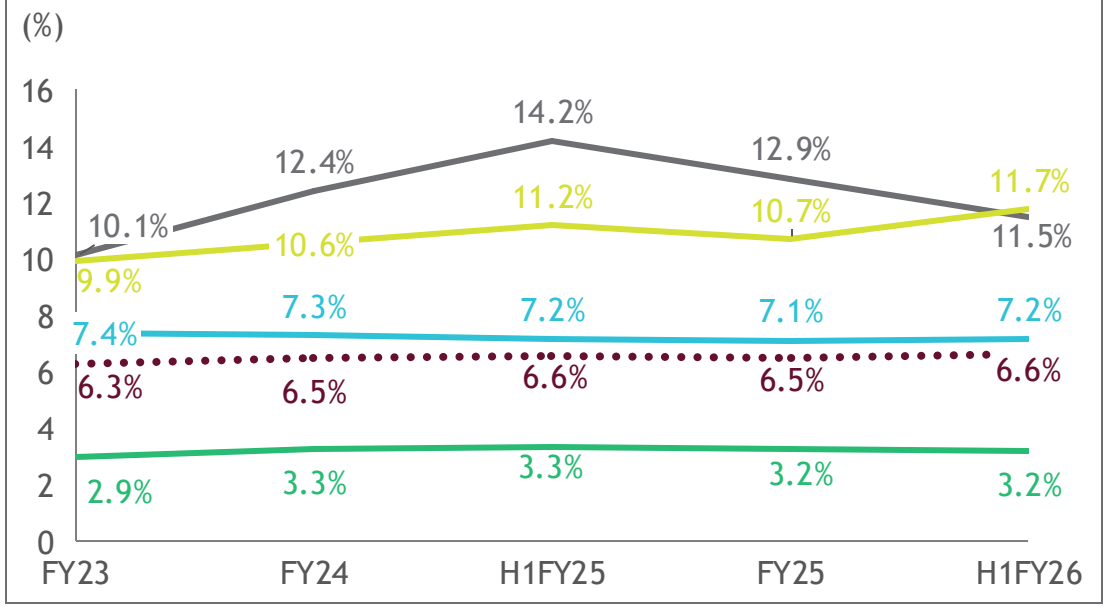
RoA Tree		HFCs		Diversified		Gold Loan		MFIs		Industry	
Particulars[1]	UoM	H1FY26	H1FY25	H1FY26	H1FY25	H1FY26	H1FY25	H1FY26	H1FY25	H1FY26	H1FY25
Net interest Margin	(%)	↓ 3.2	3.3	↔ 7.2	7.2	↑ 11.7	11.2	↓ 11.5	14.2	↔ 6.6	6.6
Fee + Other Income	(%)	↓ 0.8	0.6	↔ 1.5	1.5	↑ 0.3	0.2	↑ 1.9	1.4	↑ 1.6	1.5
Operating expenses	(%)	↔ 0.9	0.9	↔ 3.3	3.3	↓ 3.3	3.5	↑ 5.9	5.5	↔ 3.0	3.0
Pre-Provision Profit[2]	(%)	↑ 3.1	3.0	↓ 5.3	5.4	↑ 8.8	7.9	↓ 7.5	10.1	↔ 5.2	5.2
Credit costs	(%)	↑ 0.4	0.3	↑ 1.9	1.8	↓ 0.4	0.9	↑ 8.6	5.0	↑ 1.7	1.6
Tax & Exceptional Item	(%)	↔ 0.6	0.6	↓ 1.1	1.4	↑ 2.1	1.9	↓ -0.5	1.3	↓ 1.0	1.2
Return on Assets	(%)	↔ 2.1	2.1	↓ 2.6	2.7	↑ 6.2	5.2	↓ -0.6	3.8	↓ 2.6	2.7

1. All the above #s are as a % of Average Assets and have been annualized 2. Pre-provision profit may not tally due to rounding off error 3. Other Expenses include “Net loss on fair value changes", “Net loss on derecognition of financial instruments under amortized cost category", “Net Transaction Exchange Loss” and/or “Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt"
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs)
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

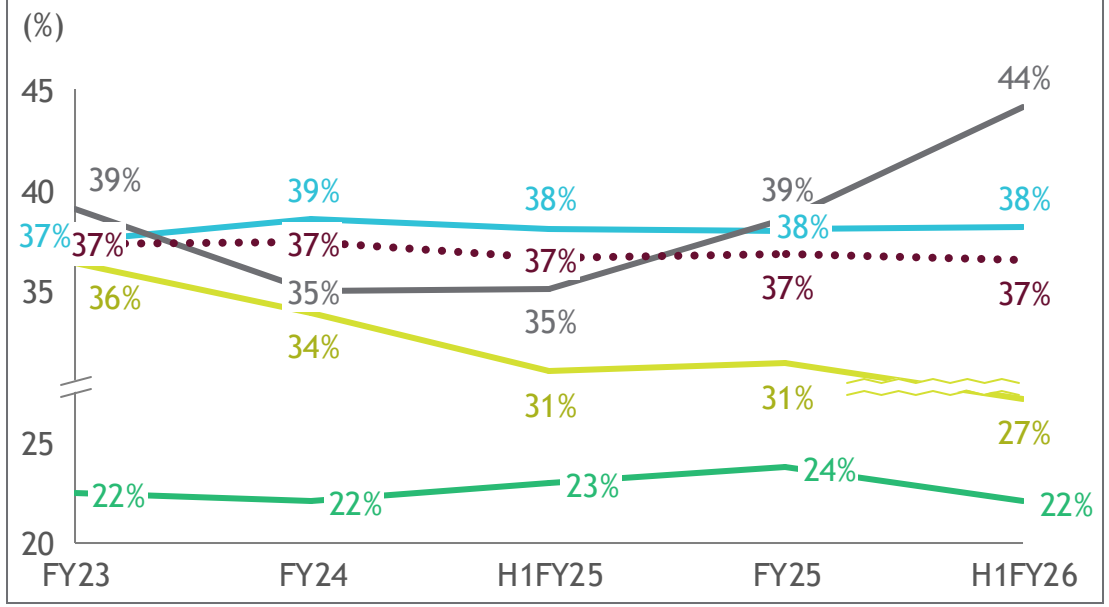
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NIMs remain stable across NBFCs; sharp rise in CIR for MFIs signal pressure on operating efficiency

Net Interest Margin[1] by NBFC category (%)



Cost to Income Ratio[2] by NBFC category (%)



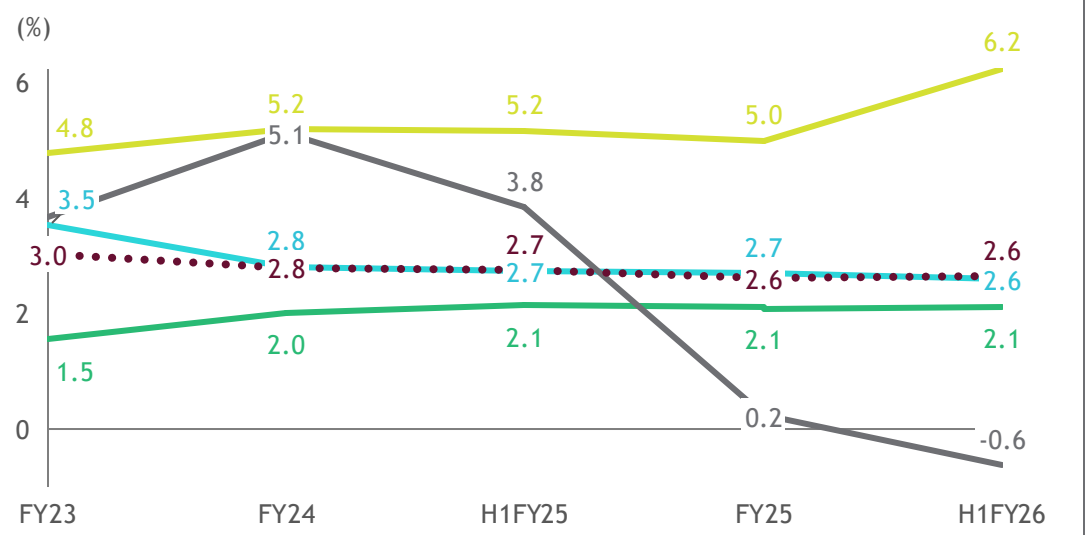
HFCs — Diversified — MFI — Gold Loan •• NBFC Industry

1. NIM is calculated as (Interest Income–Interest Expense)/Average Assets 2. Cost to Income is calculated as Operation expense/(net interest income + other income)
Operation Expense excludes “Net loss on fair value changes", “Net loss on derecognition of financial instruments under amortized cost category", “Net Transaction Exchange Loss” and/or “Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt”, NIM has been annualized
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs)
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

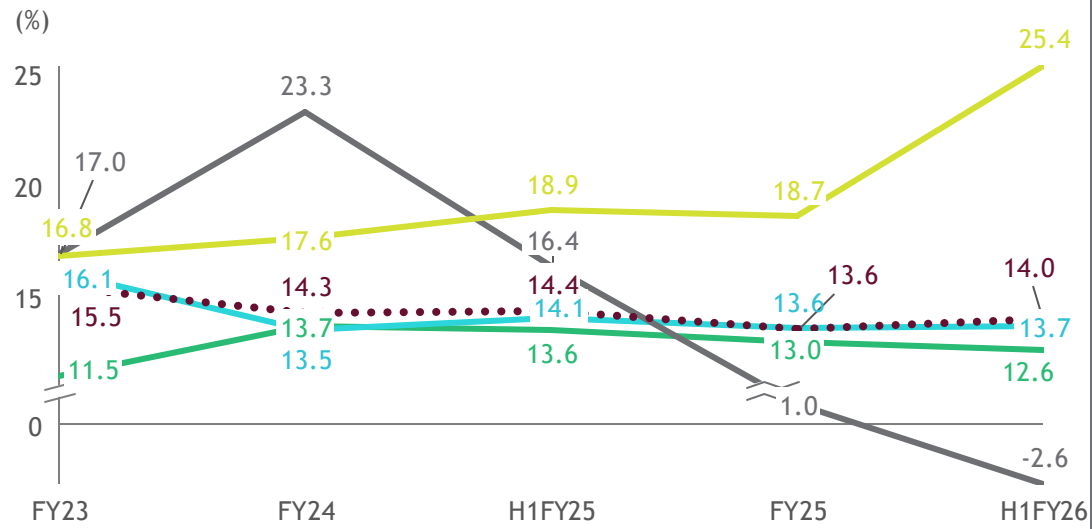
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Gold NBFCs outperformed as MFI profitability turned negative, overall industry RoA/RoE remain flat

Return on Assets[1] by NBFC category (%)



Return on Equity[1] by NBFC category (%)



HFCs — Diversified — MFI — Gold Loan •• Industry

1. Return on Assets is calculated as net profit/average assets 2.Return on Equity is calculated as net profit/average shareholders' fund; Both have been annualized
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs)
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

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India NBFC Sector Update – FY25

Macro Indicators

Key Performance Indicators – (Banks + NBFCs)

Key Performance Indicators - NBFC Sector

NPA & Risk Management

Valuation

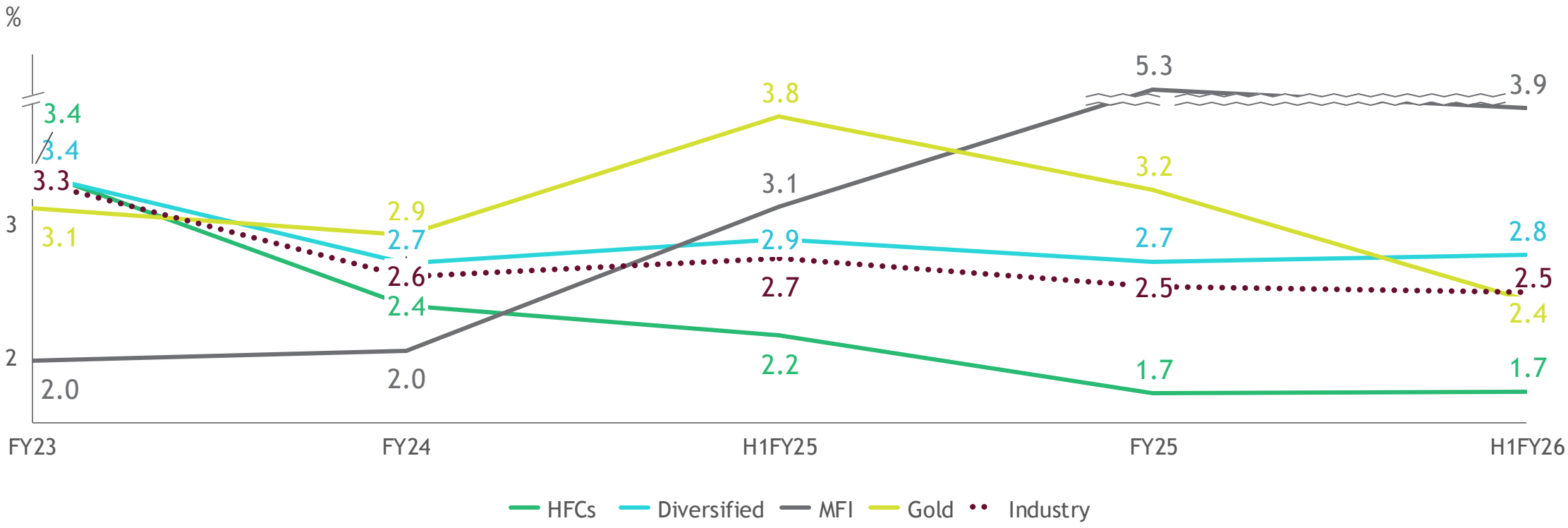
Recent Trends

Player Performance

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Stable asset quality led by HFCs and Gold NBFCs; MFI segment remains the key stress pocket

Gross Non-Performing assets (%)



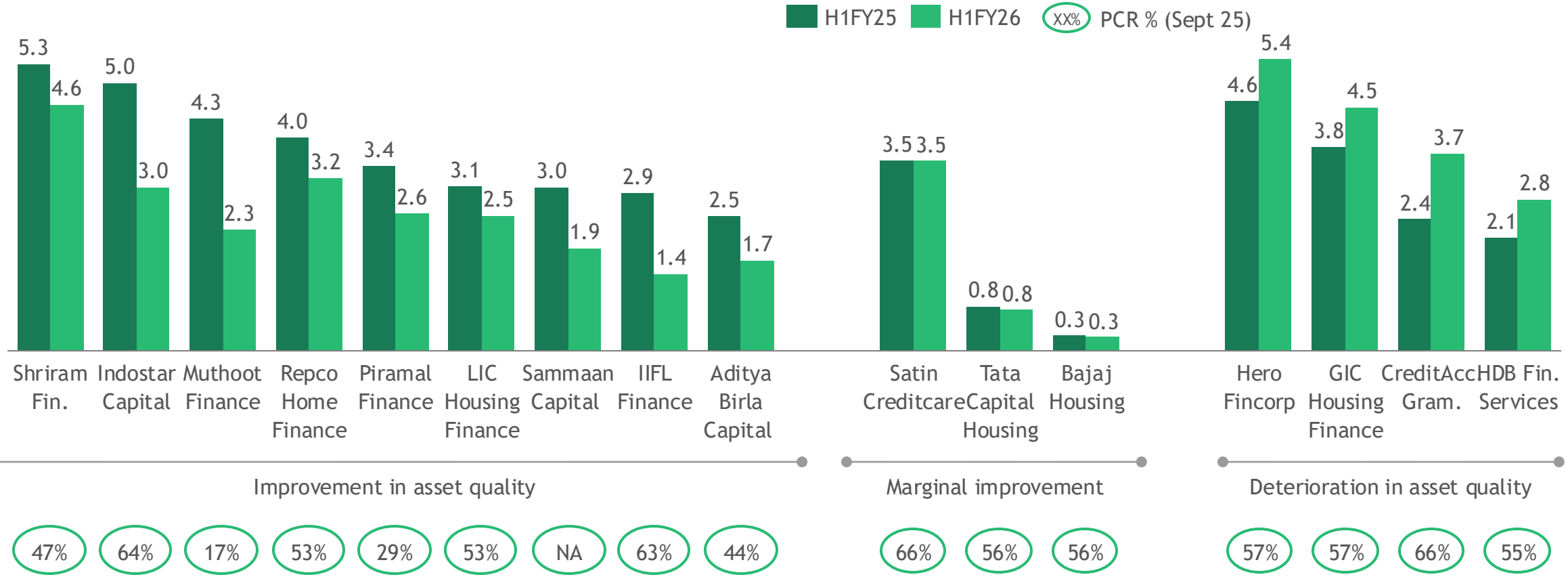
1. GNPA for NBFC categories has been calculated based on weighted average
Note: Analysis has been made based on 31 NBFCs (9 HFCs, 2 Gold, 3 MFI, 1 Cards and 16 Diversified NBFCs)
Source: Financial Results, BCG analysis

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Asset quality improves for most NBFCs, though select players face rising stress from riskier lending segments despite strong provisions

Select NBFCs

Gross Non-Performing assets (%)



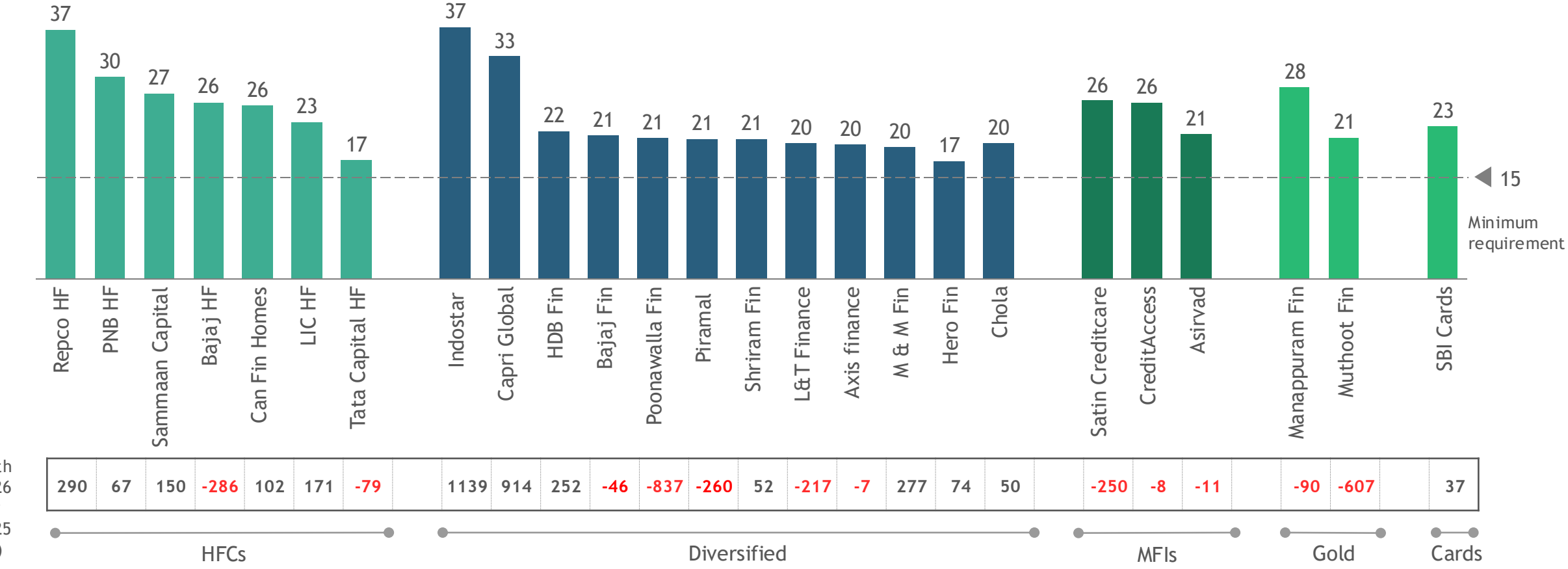
Source: Investor Presentation, BCG Analysis

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Healthy capitalization across NBFCs; select diversified, gold, and MFI players see de-growth in CRAR

Select NBFCs

Capital to Risk-weighted assets ratio of NBFC players (%) (Sept'25)



Source: Capitaline, Investor presentation, Press release, RBI, BCG Analysis

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India NBFC Sector Update – FY25

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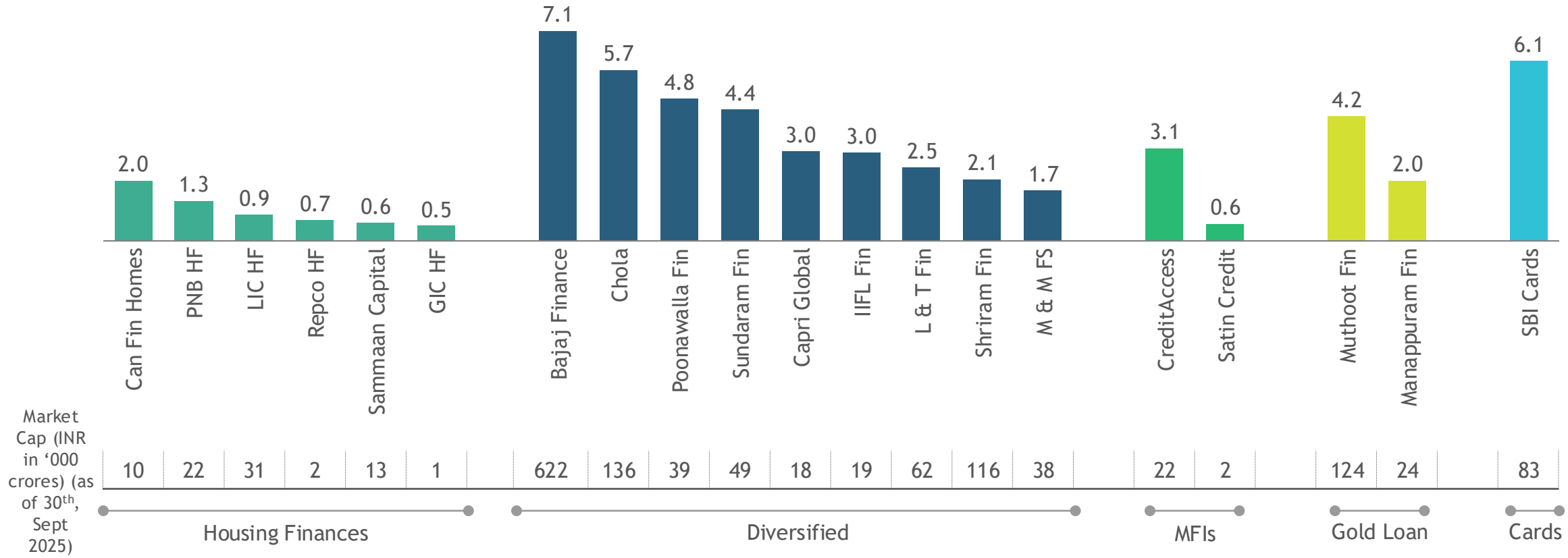
Player Performance

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Valuation | Market premium concentrated among diversified players

Select NBFCs

Price to book ratio (as of 30th Sept 2025)



Source: Capitaline, BCG analysis

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India NBFC Sector Update – FY25

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Key Performance Indicators - NBFC Sector

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Valuation

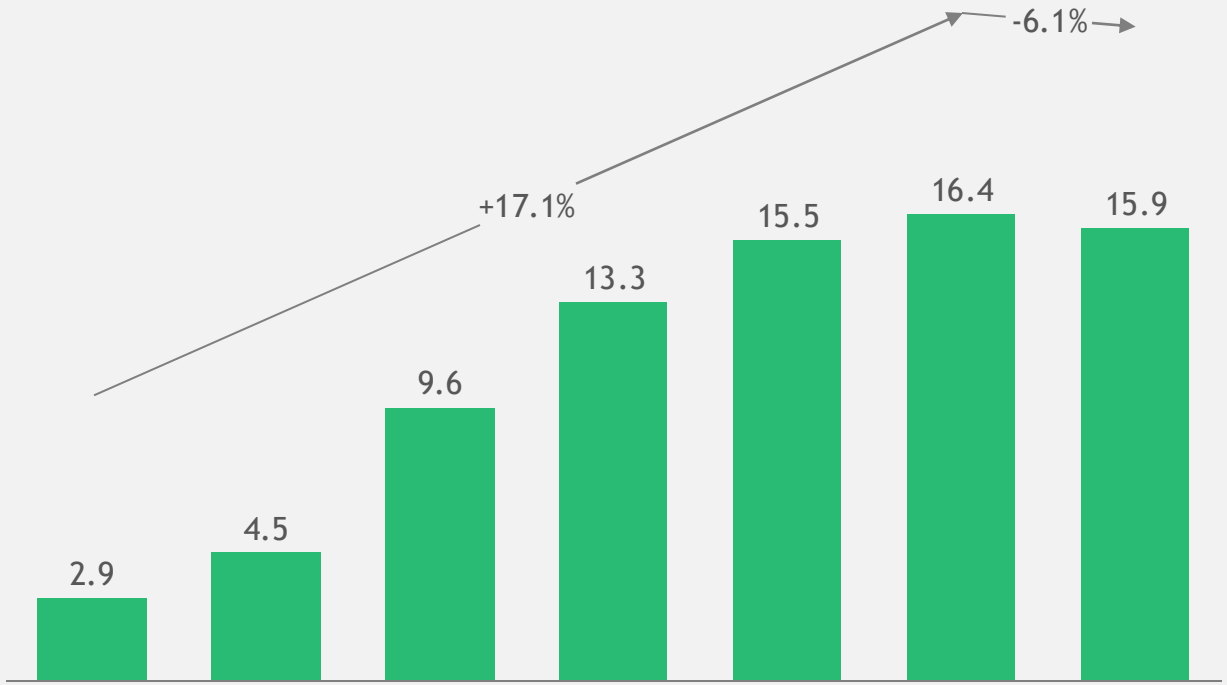
Recent Trends

Player Performance

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Cooling off after rapid rise: Bank credit to NBFCs eases post FY24 surge

Deployment of Bank Credit to NBFCs (INR lakh cr.)



Share of lending to NBFCs in overall bank exposure	5.2%	5.5%	9.3%	9.7%	9.4%	9.0%	8.4%

- The share of bank advances to NBFCs rose from 5.2% in 2014 to 9.7% in 2023, before easing to 9.0% in March 2025 and 8.4% in September 2025 amid tighter liquidity and cautious lending
- The decline followed higher RBI risk weights on NBFC exposures, pushing them toward capital market funding
- With risk weights restored in February 2025 (effective April 2025), bank credit to NBFCs is expected to rebound in FY26 as regulatory pressure eases

Source: RBI, Analyst reports, BCG Analysis

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Digital adoption by NBFCs is on a steadfast rise (1/3)

MANAPPURAM FINANCE LIMITED

- 80% digital collections with 78% and 82% for secured and unsecured PL
- Pioneer in process innovation in gold loans (online gold loan product 'OGL' and cellular vaulting mechanism)
- Adopting digital payment platforms for managing EMI collections efficiently
- Digital Lending Platform and automated approval process in Two Wheeler loans
- Digital Loan Agreement signing with E-Stamping

pnb Housing Finance Limited
Ghar Ki Baat

- Digitized onboarding via mobility app. API integration for customer onboarding
- Multi-channel service platform with chatbot and whatsapp bot
- ~17% Self service for customers

Muthoot Finance

- 7.8 Mn. transactions (Including Empay & iMuthoot)
- 19.6 Mn. downloads & 4.9 Mn. registered users for iMuthoot mobile app
- Gold loan interest repayments through iMuthoot app contributed to 33% of the total with a growth of 215% YoY
- In Unsecured Cross sell vertical, E2E digital journey contributed 94% (31,500 cases) of the total disbursals

Source: Company Documents

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Digital adoption by NBFCs is on a steadfast rise (2/3)

BAJAJ FINANCE LIMITED

- Digital app platform has 78.29 Mn net users as of 30th Sept'25
- 161 mn total traffic on web in Q2FY26
- Gold Loan originations through application and web has increased by 43% y-o-y from INR 480 crore in Q2FY25 to INR 687 crore in Q2FY26
- Expanded QR code usage at merchant points of sale, growing 13% y-o-y to reach 3.86 mn cumulative QR installations

ADITYA BIRLA CAPITAL

- 93% of customers across businesses onboarded digitally
- 98% service interactions done digitally through process automation
- 98% EMI collections done digitally and 97% Email BOT accuracy

Piramal

- 11% y-o-y growth in total AUM of Digital Retail loans, reaching 3,425 Cr in Q2FY26
- 143% y-o-y growth in disbursements of Digital Retail loans reaching 1,364 Cr in Q2FY26
- An internally developed AI bot, ARYA, launched for internal use to assist with queries and outputs
- 48% of overall code is now written using AI

Source: Company Documents

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Digital adoption by NBFCs is on a steadfast rise (3/3)

- Building an E2E integrated ecosystem for Vehicle Finance incl. Used Vehicle Marketplace, new vehicle discovery and repo vehicles sale
- Chola One platform envisioned to be a super-app, a one-stop-shop for all our products, lead generation, VAS, customer service
- Utilized comprehensive digital Collection Management System to manage end-to-end collection process

- 100% paperless journey in Rural group loans, 2W finance, Farm equip, Finance, and Personal loans
- 100% digital disbursements in Urban & Rural group loans
- 98% eNach Penetration (Urban)
- 38% digital collections in rural and 97% digital collections in urban
- 93% servicing through digital channels vs. 14% 4 years ago
- Increase in penetration of digital payments from 32% in Apr'23 to 63% in Sep'25
- Digital marketing :22.38 mn. reach and 4.8 % Engagement rate

- Diversify product portfolio: Nurture & Scale SME, digital finance, leasing and foray into other lending / non-lending financial solutions
- "Dhan Samvaad" - CSR flagship program for "Financial & Digital Literacy", to impact 1 Mn individuals by 2030:
  - 76% adoption of Digi locker application

Source: Company Documents

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Key regulatory measures (1/2)

Mar 25	RBI advises NBFCs to curb perpetual credit lines	The RBI has cautioned NBFCs on perpetual credit lines, citing risks of loan evergreening and financial instability, urging lenders to slow down issuance of such flexible credit products
Mar 25	RBI issues SRO framework for Account Aggregators	The framework outlines criteria for recognising Self-Regulatory Organisations (SROs) in the AA ecosystem, defining rules on governance, eligibility, functions, and oversight to strengthen compliance, innovation, and grievance redressal
Apr 25	Draft Non-Fund Based Credit Facilities Directions	NBFCs in middle and upper layers can issue performance guarantees, with total guarantees capped at 5% of assets, of which unsecured must be ≤25%, and a max tenor of 10 years
Apr 25	Draft Lending Against Gold Collateral Directions	RBI mandates NBFCs to cap gold loan LTV at 75% (irrespective of end use), apply standardised valuation, ensure fair storage/audit practices, and comply with enhanced conduct norms
May 25	IRDAI Bancassurance Commission Reform (Proposal)	The IRDAI has proposed replacing insurer-paid commissions with a transaction fee model, allowing banks & NBFCs to charge borrowers directly. It aims to curb mis-selling of insurance bundled with loans
Aug 25	RBI (Non-Fund Based Credit Facilities) Directions, 2025	Final rules harmonizing NBFCs' issuance of guarantees, letters of credit, and other non-fund facilities under a single consolidated framework, replacing prior fragmented guidelines

Source: RBI, Press Release

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Key regulatory measures (2/2)

Oct 25	RBI Draft NBFC Lending to Related Parties Directions, 2025	Proposes stricter controls on loans by NBFCs to directors and other related parties, expanding the definition of "related party" and mandating enhanced governance, disclosures, and periodic reporting
Oct 25	RBI Draft NBFC SBR Amendment (Infrastructure Risk Weights)	Proposes lower capital risk weights for NBFCs financing "high-quality" infrastructure projects, with risk weights reduced to 50-75% based on the project's operational track record and initial loan repayments

Source: RBI, Press Release

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India NBFC Sector Update – FY25

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Player Performance

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Player performance (I/IV) - Standalone

Standalone financials | Select NBFCs

		Period	Advances[1] Rs KCr		NIM[2] (%)		CIR[3] (%)		GNPA (%)		ROA[2] (%)		ROE[4] (%)	
HFCs	LIC HFL	H1FY26	307	▲ 6.1%	2.7	▼ 7 bps	13.7	▼ 35 bps	2.5	▼ 54 bps	1.8	▼ 5 bps	15.1	▼169 bps
		H1FY25	289		2.7		14.0		3.1		1.8		16.8	
	SAMMAAN CAPITAL	H1FY26	43	▼ 11.9%	1.5	▼ 132 bps	27.0	▼ 510 bps	1.9	▼ 113 bps	1.7	▲ 57 bps	5.2	▲128 bps
		H1FY25	48		2.8		32.1		3.0		1.1		3.9	
	pnb Housing Finance Limited	H1FY26	79	▲ 15.2%	3.7	▲ 14 bps	24.1	▼ 75 bps	1.0	▼ 20 bps	2.9	▲ 37 bps	13.7	▲156 bps
		H1FY25	68		3.5		24.9		1.2		2.5		12.1	
	BAJAJ HOUSING FINANCE LIMITED	H1FY26	113	▲ 25.8%	3.5	▲ 23 bps	20.3	▼ 40 bps	0.3	▼ 3 bps	2.3	▼ 11 bps	12.3	▼135 bps
		H1FY25	90		3.3		20.7		0.3		2.4		13.6	
	TATA CAPITAL HOUSING FINANCE LIMITED	H1FY26	74	▲ 26.7%	3.9	▼ 15 bps	31.8	▼475 bps	0.8	▼ 6 bps	2.4	▼ 33 bps	19.9	▼ 293 bps
		H1FY25	58		4.1		36.5		0.8		2.8		22.8	
	CanFinHomes Ltd	H1FY26	39	▲ 8.2%	3.8	▲ 23 bps	18.4	▲ 243 bps	0.9	▲ 6 bps	2.4	▲ 14 bps	18.7	▼28 bps
		H1FY25	36		3.6		16.0		0.9		2.2		19.0	
	IIFL HOME LOAN	H1FY26	25	▲ 10.5%	6.2	▼ 129bps	28.2	▲ 88 bps	2.2	▲ 53 bps	2.9	▼183 bps	10.5	▼679 bps
		H1FY25	23		7.5		27.4		1.6		4.7		17.3	
	GIC HOUSING FINANCE LTD.	H1FY26	10	▲ 3.9%	3.3	▲ 20 bps	38.9	▲ 143 bps	4.5	▲ 74 bps	1.1	▼ 37 bps	5.9	▼243 bps
		H1FY25	10		3.1		37.5		3.8		1.4		8.3	
	Repco Home Finance	H1FY26	15	▲ 8.9%	5.0	▼ 8 bps	28.5	▲ 240 bps	3.2	▼ 76bps	2.9	▼29 bps	13.1	▼202 bps
		H1FY25	14		5.1		26.1		4.0		3.2		15.1	

Note: Calculated ratios may not match with reported figures due to differences in formula
1. Advances are half yearly net Advances 2.RoA and NIM are calculated as % of average assets and are annualized 3. CIR is calculated as Opex by Total Income (NII + Other Income) and is annualized 4. RoE are calculated as % of average shareholder's funds and is annualized
Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year

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Player performance (II/IV) – Standalone

Standalone financials | Select NBFCs

Diversified

	Period	Advances[1] Rs KCr		NIM[2] (%)		CIR[3] (%)		GNPA (%)		ROA[2] (%)		ROE[4] (%)	
AXIS FINANCE	H1FY26	41	▲ 22.1%	4.6	▲ 8 bps	28.4	▼ 40 bps	1.0	▲ 41 bps	2.1	▲ 3 bps	16.1	▼ 8 bps
	H1FY25	33		4.5		28.8		0.6		2.0		16.2	
BAJAJ FINANCE LIMITED	H1FY26	333	▲ 22.2%	10.5	▼ 31 bps	33.7	▼ 44 bps	1.6	▲ 26 bps	4.6	▼157 bps	19.4	▼722 bps
	H1FY25	272		10.8		34.1		1.3		6.2		26.7	
SHRIRAM Finance	H1FY26	262	▲ 16.8%	8.4	▼ 57 bps	31.1	▲101 bps	4.6	▼ 75 bps	3.2	▼ 22 bps	15.9	▼65 bps
	H1FY25	225		9.0		30.1		5.3		3.4		16.5	
L&T Finance	H1FY26	103	▲ 16.6%	7.9	▼ 42 bps	40.1	▲112 bps	3.3	▲ 10 bps	2.4	▼ 26 bps	11.4	▼137 bps
	H1FY25	89		8.3		38.9		3.2		2.6		12.7	
Chola Enter a better life	H1FY26	194	▲ 18.6%	6.6	▼ 9 bps	38.7	▼ 118 bps	3.4	▲ 52 bps	2.3	▼ 10 bps	19.4	▼113 bps
	H1FY25	164		6.7		39.8		2.8		2.4		20.5	
Mahindra FINANCE	H1FY26	123	▲ 13.5%	6.2	▼ 9 bps	39.4	▼115 bps	3.9	▲ 11 bps	1.7	▲ 11 bps	10.6	▲63 bps
	H1FY25	109		6.3		40.6		3.8		1.5		10.0	
HDB FINANCIAL SERVICES From the trusted family of HDFC Bank Ltd.	H1FY26	108	▲ 13.2%	7.9	▼ 8 bps	47.4	▼198 bps	2.8	▲ 71 bps	2.1	▼ 48 bps	13.4	▼368 bps
	H1FY25	95		8.0		49.4		2.1		2.6		17.1	
ADITYA BIRLA CAPITAL	H1FY26	133	▼ 2.7%	3.3	▲ 71 bps	30.4	▲356 bps	1.7	▼ 82 bps	1.6	▲ 9 bps	11.1	▼ 78 bps
	H1FY25	136		2.6		26.8		2.5		1.5		11.9	
TATA CAPITAL	H1FY26	161	▲ 36.2%	5.7	▼ 96 bps	40.8	▼213 bps	1.6	▼ 29 bps	1.6	▼ 51 bps	9.6	▼153 bps
	H1FY25	118		6.7		43.0		1.9		2.1		11.1	

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xxx Change vs. last year

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Player performance (III/IV) – Standalone

Standalone financials | Select NBFCs

Diversified

	Period	Advances[1] Rs KCr		NIM[2] (%)		CIR[3] (%)		GNPA (%)		ROA[2] (%)		ROE[4] (%)	
HeroFinCorp.	H1FY26	47	▲ 0.2%	8.2	▼ 123 bps	44.8	▲ 487 bps	5.4	▲ 78 bps	-0.6	▼ 90 bps	-5.6	▼ 799 bps
	H1FY25	47		9.4		39.9		4.6		0.3		2.4	
IIFL FINANCE	H1FY26	29	▲ 100.2%	8.2	▼ 14 bps	52.3	▼ 579 bps	1.4	▼ 150 bps	2.2	▲615 bps	10.3	▲2598 bps
	H1FY25	14		8.3		58.0		2.9		-4.0		-15.7	
Piramal Finance	H1FY26	76	▲ 21.5%	4.0	▲ 50 bps	64.9	▲308 bps	2.6	▼ 88 bps	1.1	▲17 bps	3.4	▲ 97 bps
	H1FY25	62		3.5		61.8		3.4		0.9		2.4	
POONAWALLA FINCORP	H1FY26	44	▲ 78.2%	7.6	▼ 225 bps	57.5	▲1135 bps	1.6	▼ 51 bps	0.7	▲230 bps	3.1	▲761 bps
	H1FY25	25		9.9		46.1		2.1		-1.6		-4.5	
INDOSTAR CAPITAL FINANCE	H1FY26	7	▼ 1.0%	5.3	▲ 80 bps	74.7	▼301 bps	3.0	▼ 193 bps	10.3	▲974 bps	30.4	▲2859 bps
	H1FY25	7		4.5		77.7		5.0		0.6		1.8	
CAPRI GLOBAL CAPITAL LIMITED	H1FY26	16	▲ 36.8%	9.2	▲ 66 bps	45.0	▼1686 bps	1.2	▼ 38 bps	4.4	▲188 bps	19.5	▲1121 bps
	H1FY25	12		8.6		61.9		1.6		2.5		8.3	
SUNDARAM FINANCE Enduring values. New age thinking.	H1FY26	53	▲ 15.2%	4.6	▲ 33 bps	29.4	▼365 bps	2.0	▲ 41 bps	2.7	▲18 bps	14.0	▲23 bps
	H1FY25	46		4.3		33.0		1.6		2.5		13.8	

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Source: RBI, Capitaline, Press releases, BCG analysis

xxx Change vs. last year

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Player performance (IV/IV) – Standalone

Standalone financials | Select NBFCs

		Period	Advances[1] Rs KCr		NIM[2] (%)		CIR[3] (%)		GNPA (%)		ROA[2] (%)		ROE[4] (%)	
MFI	CreditAccess Grameen	H1FY26	24	▲ 2.5%	13.6	▼ 115 bps	33.0	▲ 305 bps	3.7	▲121 bps	1.4	▼325 bps	5.3	▼1300 bps
		H1FY25	24		14.7		29.9		2.4		4.6		18.3	
	ASIRVAD MICROFINANCE LIMITED	H1FY26	6	▼ 49.2%	8.2	▼ 670 bps	83.1	▲4412 bps	4.8	▲ 46 bps	-8.5	▼1143 bps	-44.7	▼6115 bps
		H1FY25	11		14.9		39.0		4.3		2.9		16.5	
	SATIN CREDITCARE NETWORK LTD.	H1FY26	8	▲ 2.2%	9.6	▼ 241 bps	50.1	▲ 604 bps	3.5	▼ 1 bps	1.7	▼125 bps	6.6	▼498 bps
		H1FY25	8		12.0		44.0		3.5		2.9		11.6	
Gold	Muthoot Finance	H1FY26	131	▲ 45.2%	12.0	▲ 132 bps	21.9	▼456 bps	2.3	▼ 205 bps	7.1	▲190 bps	30.5	▲1106 bps
		H1FY25	90		10.7		26.4		4.3		5.2		19.5	
	MANAPPURAM FINANCE LIMITED	H1FY26	38	▲17.7%	10.8	▼ 146 bps	45.3	▲ 440 bps	3.0	▲ 53 bps	3.7	▼139 bps	13.0	▼462 bps
		H1FY25	32		12.3		40.9		2.4		5.1		17.6	
Cards	SBI card	H1FY26	58	▲ 7.9%	10.4	▼ 26 bps	53.6	▲ 242 bps	2.9	▼ 42 bps	3.0	▼ 52 bps	14.4	▼219 bps
		H1FY25	54		10.6		51.1		3.3		3.6		16.5	

Note: Calculated ratios may not match with reported figures due to differences in formula
1. Advances are half yearly net Advances 2.RoA and NIM are calculated as % of average assets and are annualized 3. CIR is calculated as Opex by Total Income (NII + Other Income) and is annualized 4. RoE are calculated as % of average shareholder's funds and is annualized
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