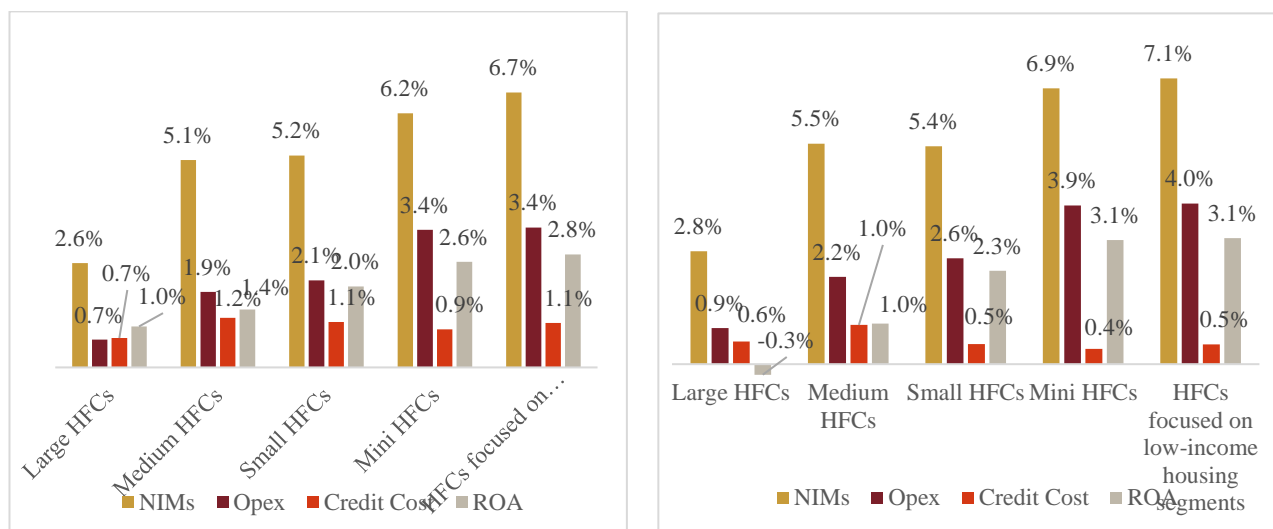


Over the longer term, CRISIL MI&A expects the low income housing industry's profitability to gradually improve. As economy revives, delinquencies are also expected to normalize, leading to decrease in credit costs for HFCs. Additionally, for players in housing finance focused on low-income housing segment, operating expenses, too, would moderate, as business volumes increase and the level of standardization and digitalization in credit assessment increases.

Profitability parameters – Fiscal 2022

Profitability parameters – Fiscal 2023



Note – Numbers are computed basis Standalone numbers

- 1) Large HFCs include data for Indiabulls Housing Finance Ltd, LIC Housing Finance Ltd and PNB Housing Finance Ltd, Piramal Capital and Housing Finance Ltd and Bajaj Housing Finance Ltd, Data for HDFC Limited is excluded from the analysis owing to its merger with HDFC Bank, Large HFCs reported negative RoA in FY23 due to the impact of exceptional provisioning done by Piramal Capital and Housing Finance Limited in the same period.
- 2) Medium HFCs include data for Can Fin Homes Ltd, ICICI Home Finance Ltd, L&T Housing Finance Ltd and TATA Capital Housing Finance Ltd and India Infoline Housing Finance Ltd
- 3) Small HFCs include data for GIC Housing Finance Ltd, REPCO Home Finance Ltd, Aadhar Housing Finance Limited, AAVAS Financiers Limited, Aditya Birla Housing Finance Limited, Sundaram Home Finance Limited and Mahindra Rural Housing Finance Limited
- 4) Mini HFCs include data for Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Motilal Oswal Home Finance, Capri Global Housing Finance Limited, Centrum Housing Finance Limited, Nido Home Finance Limited, SMFG India Home Finance Co. Ltd., Home First Finance Company India Private Limited, India Home Loans Limited, India Shelter Finance Corporation Limited, JM Financial Home Loans Limited, Magma housing finance, Manappuram Home Finance Limited, MAS Rural Housing & Mortgage Finance Limited, Mentor Home Loans India Limited, Svatantra Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, Sahara Housingfina Corporation Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Limited., and Vastu Housing Finance Corporation Limited
- 5) HFCs focused on low income housing segment include data for Aadhar Housing Finance Limited, AAVAS Financiers Limited, Akme Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Aspire Home Finance Corporation Limited, Capri Global Housing Finance Limited, Fullerton India Home Finance Company Limited, Home First Finance Company India Private Limited, India Home Loans Limited, India Shelter Finance Corporation Limited, JM Financial Home Loans Limited, Mahindra Rural Housing Finance, Manappuram Home Finance Private Limited, MAS Rural Housing & Mortgage Finance Limited, Mentor Home Loans India Limited, Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, Sahara Housingfina Corporation Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Limited., and Vastu Housing Finance Corporation Limited
- 6) NIM has been calculated as Net Interest Margin/ Average Assets, Opex has been calculated as Operating expenses/ Average Assets, Credit cost has been calculated as Provisions/ Average Assets and RoA has been calculated as PAT/ Average Assets

Source – Company Reports, CRISIL MI&A

10. Peer benchmarking

The peer set: Aadhar Housing Finance, Aavas Financiers, Motilal Oswal Home Finance (Formerly Aspire Home Finance Corporation Limited), Home First Finance Company, Poonawalla Housing Finance (formerly Magma Housing Finance), Aptus Value Housing Finance, SMFG India Home Finance, Muthoot Homefin, Vastu Housing, India Shelter Finance Corporation, Shubham Housing Development Finance Company, and Muthoot Housing Finance. These HFCs have been selected due to their strong focus (defined in terms of ticket size focus as well as having more than 50% share of home loans in their portfolio mix) on home loans with an average ticket size in the range of ₹ 0.5 million and ₹ 1.2 million. These 12 entities also have more than 50% share of home loans in their portfolio mix. Further, the average of home loan ticket size of these entities was ₹ 1.02 million.

10.1 Aadhar had the highest AUM and net worth among peers analyzed

Aadhar Housing Finance is a HFC focused on the low income housing segment (ticket size less than ₹1.5 million) in India and had the highest AUM and net worth among analyzed peers in Fiscal 2021, Fiscal 2022, Fiscal 2023, and nine month ended December 31, 2022 (9MFY23) and December 31, 2023 (9MFY24). As of March 2023 and December 2023, AUM of Aadhar Housing Finance is around 1.2 times of Aavas Financiers which has the second highest AUM amongst peers analysed.