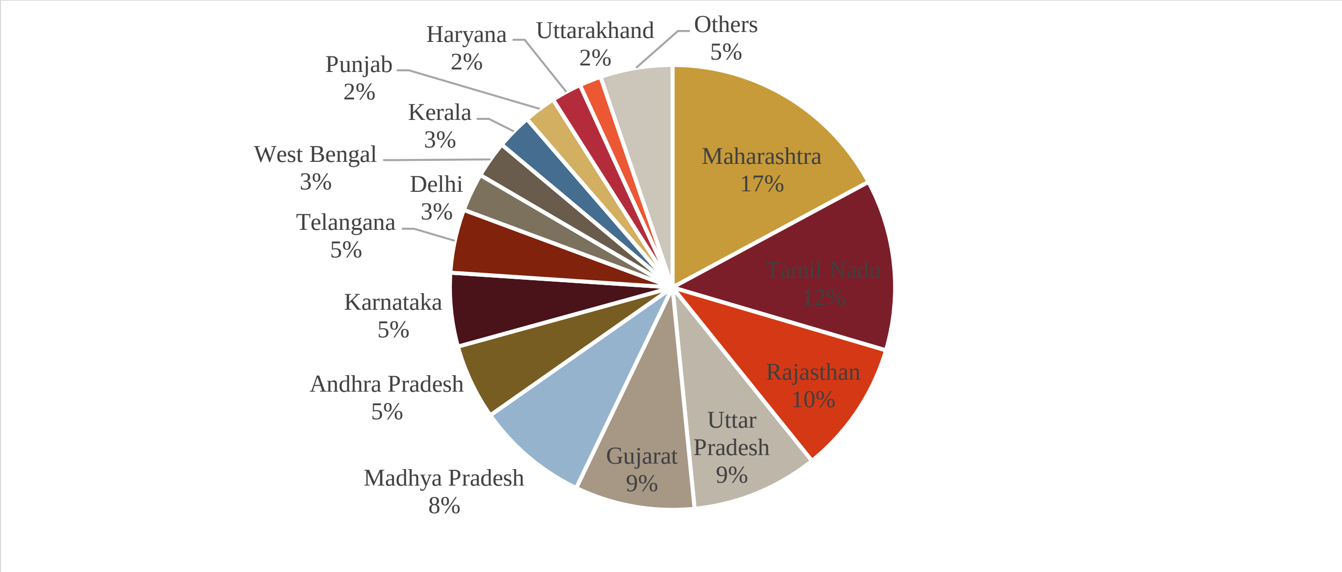
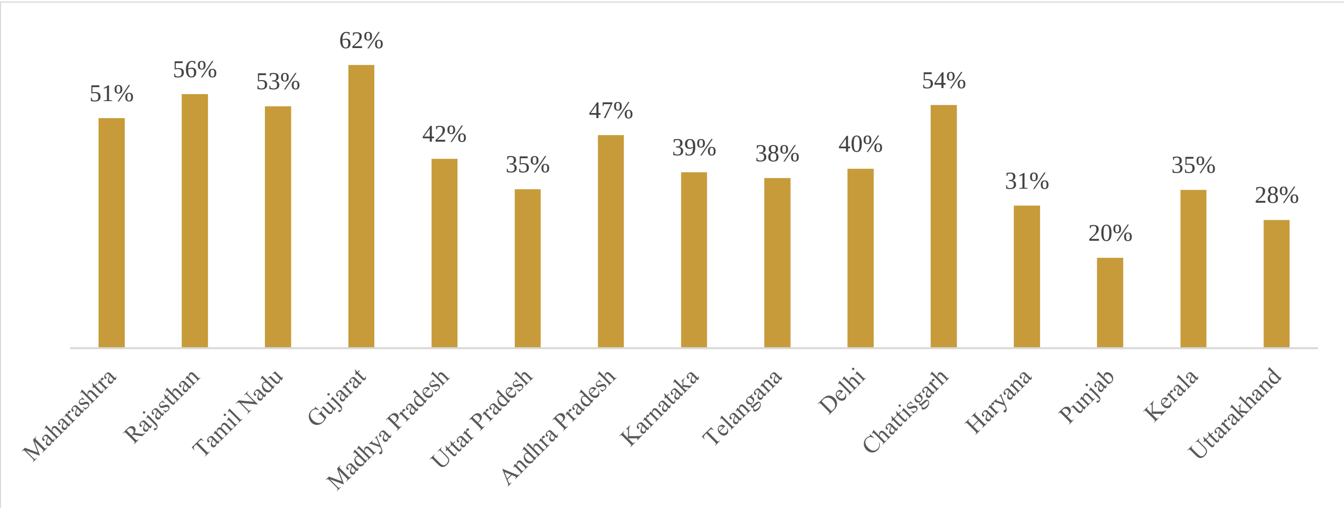
HFCs in top 15 states contribute to 95% of credit outstanding of HFCs as of March 2023 – housing finance focused on low income housing segment



Source: CIBIL, CRISIL MI&A

In terms of disbursement of home loans extended by overall HFCs in the housing finance industry focused on low income housing segment, HFCs focused on low income housing segment have the highest market share of 62% in Gujarat, followed by Rajasthan (56%) and Chhattisgarh (54%) in the nine months ended December 31, 2023.

Market Share of HFCs focused on low income housing segment in top 15 states in terms of disbursement by HFCs in housing finance industry focused on low income housing segment in 9MFY24



Note: Top 15 states as per disbursement of HFCs focused on low income housing segment as of 9MFY24, Source: CIBIL, CRISIL MI&A

9. Profitability analysis

Higher returns, lesser competition makes the low-income housing segment attractive amongst the HFCs

Housing loans are considered to be a safer asset class compared with other asset classes such as vehicle loans, construction equipment loans and personal loans, as borrowing is usually for a self-occupied residential property of the borrower, where the propensity of default is relatively lower.

Among the peer group set (large, medium, small, mini and HFCs focused on low-income housing segment), HFCs focused on low-income housing segment have highest profitability - return on assets ("RoA"). The higher RoA of HFCs focused on low-income housing segment – 3.1% in Fiscal 2023 – can be attributed to the relatively higher net interest margins ("NIMs") they enjoy despite their higher cost of funds. The higher NIMs is due to the higher interest rates they charge the customers. In Fiscal 2023, profitability increased for medium, small, mini and HFCs focused on low-income segment.