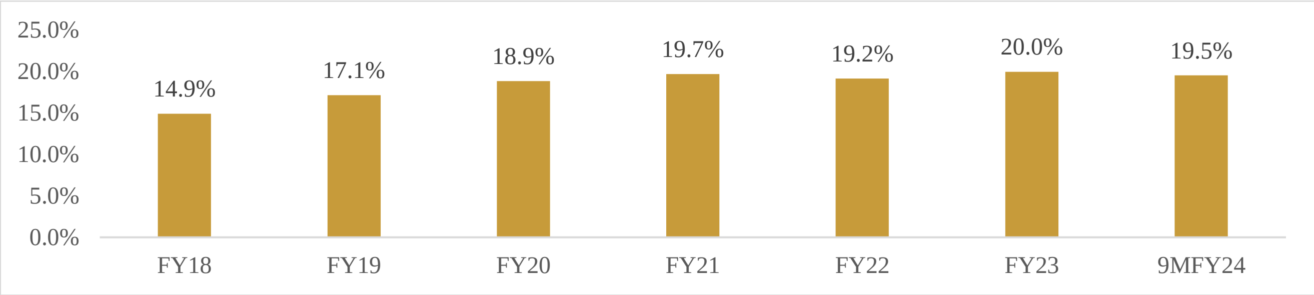
focus on other products such as loans against property ("LAP") and developer loans. Their credit assessment processes are fine-tuned to serve their target segment.

In addition, they largely rely on their own direct sales teams to source home loans, as opposed to market intermediaries such as DSAs. According to CRISIL MI&A estimates, direct sales teams as a sourcing channel account for 65-70% of the loans of these HFCs.

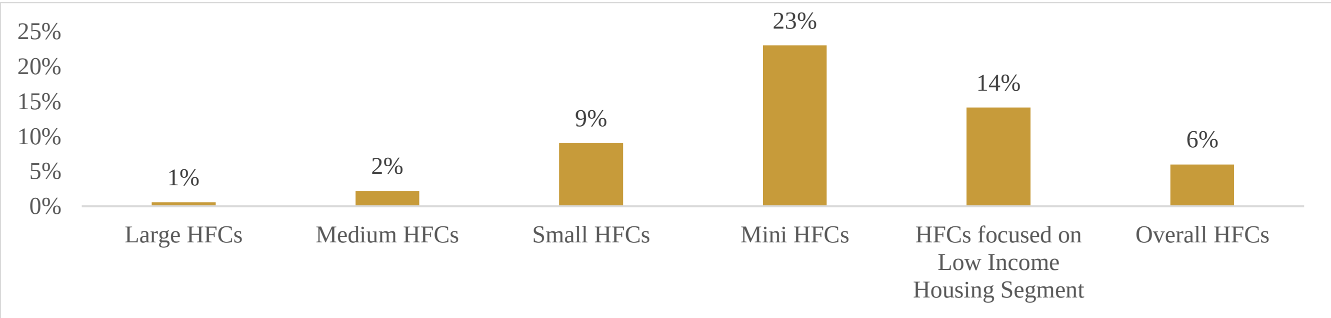
Market share of HFCs focused on low income housing segment in overall housing loans outstanding of HFCs



Source: CIBIL, CRISIL MI&A

Not surprisingly, mini HFCs, most of whom have a larger focus on home loans focused on low income housing segment, have outperformed the other player groups, clocking 23% CAGR in loans in this category over the last five years ending Fiscal 2023. As against this, the overall market for HFCs in this segment clocked 6% CAGR from March 2018 to March 2023. Even the HFCs focused on low income housing segment have grown at a high pace of 14% in this category.

Five-year CAGR (Mar-2018 to Mar-2023) of HFC groups in housing finance focused on low income housing segment



Source: CIBIL, CRISIL MI&A

8.3 Competitive landscape among HFCs focused on low income housing segment

With respect to credit outstanding, the share of large HFCs has reduced gradually from 56% as of March 2018 to 41% as of December 2023. The share of small HFCs, in terms of credit outstanding, increased from 23%, as of March 2018, to 24%, as of December 2023, and that of mini HFCs increased from 10% to 24% in the same period. This increase in market share was majorly driven by penetration of these financiers in rural markets and semi-urban areas, government and regulatory thrust, as well as increased affordability and aspirations of the borrowers.