

Muthoot Homefin

Investor Presentation Q2 FY2022

**Muthoot Homefin (India) Limited
(100% subsidiary of Muthoot Finance Limited)**



Muthoot Homefin

Safe harbour statement

This presentation may include statements, which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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Financial Performance

Muthoot Homefin (India) Limited (MHIL), **incorporated in 2011, is a Non-deposit taking housing finance company** registered with National Housing Bank in May 2014

Our parent – Muthoot Finance is in financial services space with a legacy of serving customers for over 130 years. Muthoot Finance is listed on BSE and NSE.

MHIL has presence across **16 States** (including UT) in India through **108 locations** as on September 30, 2021 and are serving more than 22000 customers as on September 30, 2021

MHIL is a professionally managed company focusing on affordable housing segment, to fulfil the aspirations of lower and middle income (LMI) families.

Our prime goal is to contribute towards financial inclusion of LMI families by opening doors of formal housing finance to them.

Concentrate primarily on retail housing loans with average ticket size INR 0.90 million

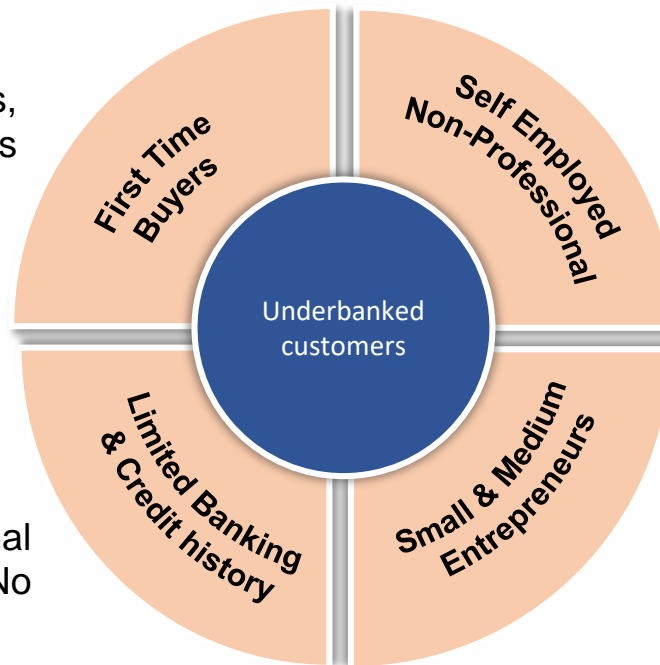
Mr. Rajeev Khond, an industry veteran with over 36 years experience in banking is heading MHIL, backed by a team of experienced and knowledgeable professionals from the Housing Finance Industry



Catering to the Underbanked Customers

Recognised and Trusted Brand in India

- Private sector employees, Class IV employees, Teachers etc.



- Self employed customer with informal income sources such as auto drivers, Vegetable fruit vendors

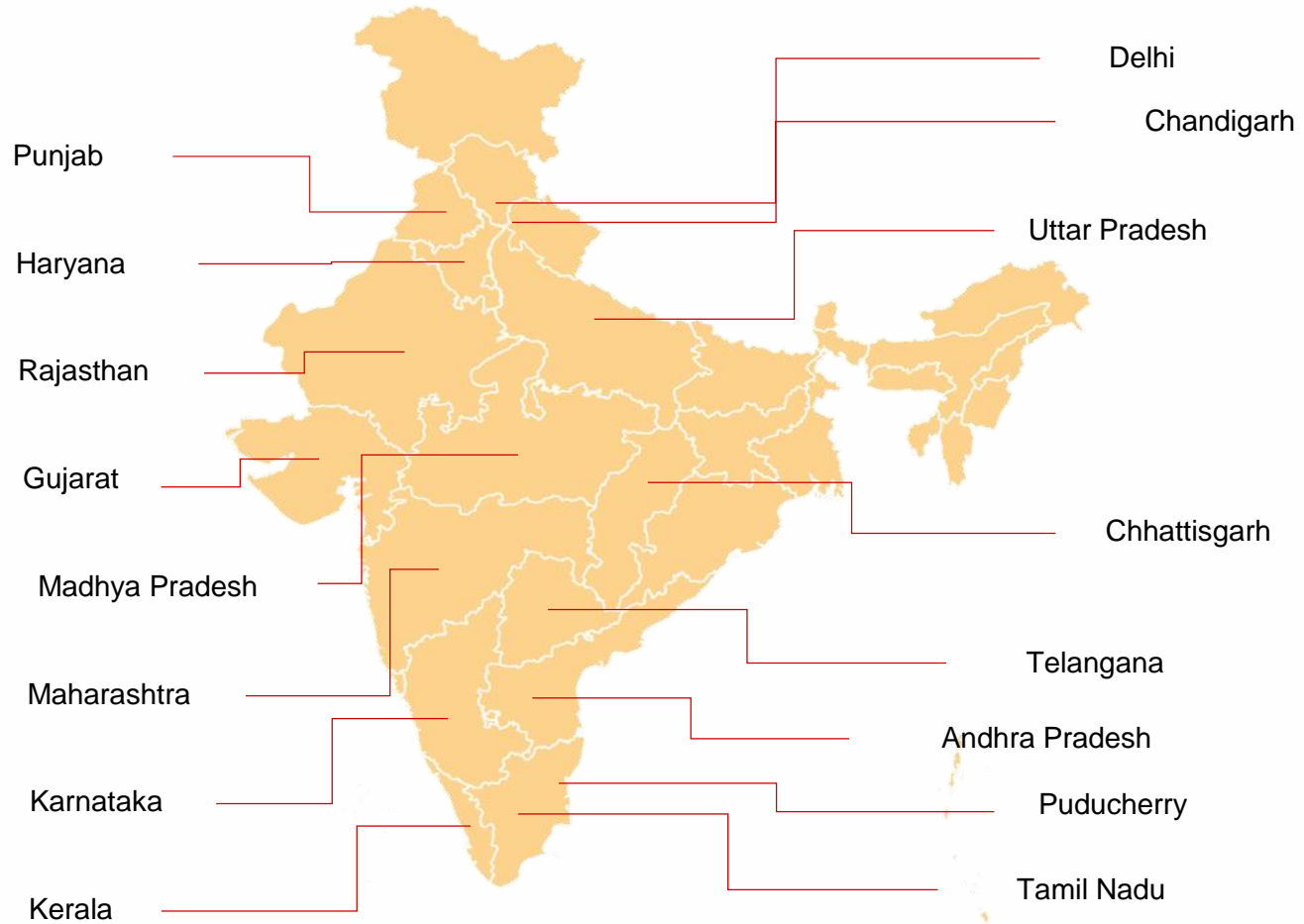
- Customers with informal income and low eligibility or No eligibility for bank loans

- Small trader, Shop owner , small workshop owners

Core strengths - robust technology for faster customer acquisition, loan servicing and effective cross-sell

Our Presence

16 States (Including UT) and 108 Locations as on September 30, 2021



Senior management

Mr. Rajeev Khond - Chief Executive Officer

Rajeev Khond has over 36 years of experience in banking. After joining SBI in 1985, he handled functions of IT, HR, Admin, Retail Banking, Home Loans, Operations, and Risk Management during his tenure. He was a Key Member of the founding team in SBI's Home Loan Business. His last assignment in SBI was General Manager Enterprise and Group Risk Management. He holds a Master's degree in Technology from Nagpur University and has done a Diploma in Industrial Management. He is a Certified Associate of the Indian Institute of Bankers and has undergone various Executive Training Courses at leading Management Schools like Harvard Business School, ISB-Hyderabad, and IIM-Ahmedabad. He was a guest faculty to NIBM-Pune and Center for Advanced Financial Research and Learning(CAFRAL).

Mr. Pandurang Kadam – Chief Financial Officer

Mr. Pandurang Kadam is a Chartered Accountant and has a 12 years of diversified experience with expertise in Finance. In his role as a Chief Financial Officer, he is responsible for fund raising, Finance and Accounts. Prior to Joining Muthoot Homefin (India) Limited, he was the Chief Financial Officer at India Home Loan Limited. He has also worked with the organisations such as IndoStar Capital Finance Limited, Karvy Financial Services and Anand Rathi Group.

Mr. Prasad Bendre – Head – Operations & Collections

Prasad Bendre is B.Com graduate and has done Diploma in Financial Management and Business Administration. He has done Management Development Programme from IIM (A). He possesses over 22 years of experience in Operations, Credit and Collections. Before joining Muthoot Homefin (I) Ltd, he was with Manappuram Home Finance, DHFL and IDBI Home Finance. He is working as Head – Operations & Collections.

Mr. Dhanajay Munshi - Head Credit

Dhananjay is a Mechanical Engineer and holds a Masters degree in Marketing management from the Mumbai University. He has a work experience of 15+ years in the mortgage industry with overall exposure to all the mortgage departments. He has a expertise in the affordable loans segment where he has developed processes and systems to enable a robust credit module. Prior to Joining Muthoot Homefin, Dhananjay was working with Capri Global capital Ltd as a National credit manager and was responsible for credit underwriting and Process management of Affordable home loans and small ticket Loan against Property. Dhananjay is Head of Credit with Muthoot Homefin.

Mr. Anand Rajan - Head Human Resource

Anand Rajan, has joined us as Head HR based out of our Corporate Office. Anand holds a MBA Degree from Bharathiar University-Coimbatore. His previous stint was with Hinduja Leyland Finance. Anand carries with him total 15 years of rich experience. He has also worked for companies like Mahindra & Mahindra Finance, Sutherland Global Services, Safari Group & First American Corporation.



Senior management

Mrs. Jinu Mathen – Company Secretary

CS Jinu Mathen, an Associate Member of the Institute of Company Secretaries of India (ICSI), is a Commerce Graduate, and holds a Master's Degree in Business Administration from Sikkim Manipal University. Prior to joining Muthoot Homefin in December 2014, she started her secretarial profession at M/s. SVJS & Associates, a top-notch practicing firm of Company Secretaries, having its headquarters in Kochi and operating across the country. She was part of the core team of proficient corporate professionals, handling compliances and audits at various levels including Corporate laws, Finance laws, Regulatory compliances etc.

Mr. Deepu Thankachan – Head – Internal Audit

Deepu Thankachan joined Muthoot Homefin in July 2017 as Head – Internal Audit. He was associated with Muthoot Finance since February 2010 with an experience of more than 7 years. He holds Master degree in Commerce and a full time MBA in Finance & Marketing.

Mr. Vikram Rooprai – Head – Sales

Vikram Rooprai is a Retail Banking professional with a rich experience of 17 years in Retail Asset Business, specifically in NBFC, Housing Finance & Mortgage Industry. He has expertise in Mortgage Business with hands on experience in Sales, Product and Risk Management with segment-specific and area-specific strategy. His experience in setting up the franchise and managing the sales activities with profitable responsibility has won him many accolades from companies like ICICI, ABN AMRO NV Bank, GE Money, Fullerton India Credit Company Ltd., Reliance Capital Ltd., India Infoline Ltd. and Capri Global Housing Finance Ltd.

Ms. Gauri Joshi - Head- Business Legal

Ms. Gauri Joshi has over 13 yrs of total experience in Legal Compliance. She has pursued her graduation from Mumbai University and holds a Masters degree in Law (Business Law) from Bharti Vidyapeeth Pune University. She was previously working with IIFL Home Finance Ltd. based at Mumbai where she was Heading Business Legal dpt. Prior to IIFL she has worked with HDFC bank and Shamrao Vithal Co-operative bank for Mumbai Location.

Mr. Mrugesh Shukla - Head Corporate Legal

Mrugesh Shukla is a Legal professional having rich experience of 14 years in Retail Asset Business, specifically in Banking, NBFC, Housing Finance and Mortgage Industry. He has expertise in Recovery and collection Legal with hands on experience in recovery of delinquent portfolio with effective use of Legal tools and strategies. He has worked with HDFC Bank, Indiabulls Housing Finance, DHFL and Mahindra Rural Housing Finance Ltd.

Mr. Praveen Kumar Singh – Head Collection

Praveen Kumar Singh has an experience of 20 years specifically in NBFC, Housing Finance & Mortgage Industries. He has expertise in Housing finance and mortgage business with hands-on experience in Collection, Sales, Admin, Insurance, Recovery legal. He previously worked with institutions such as City Financial, Max Life and India Shelter Finance Corporation..



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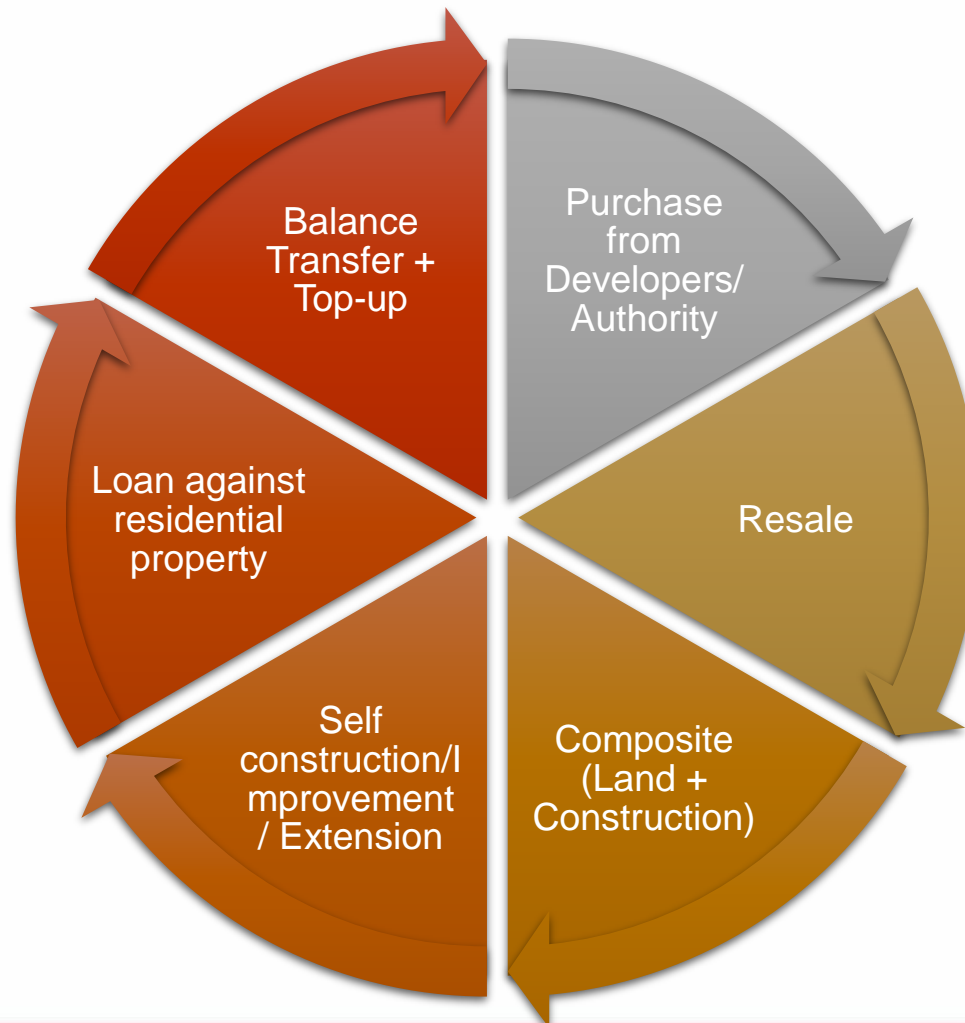
Financial Performance



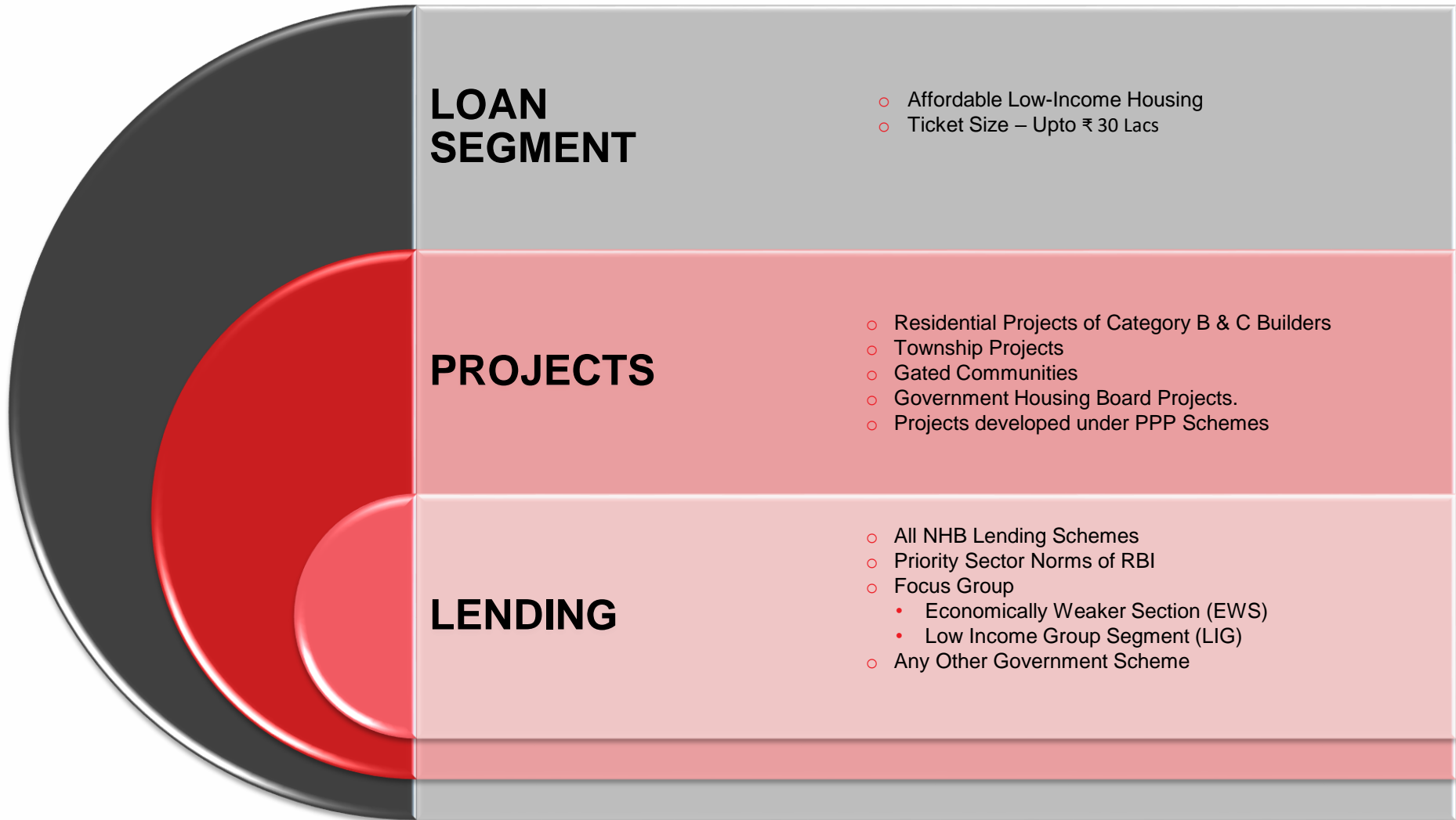
Customer Segments



Products



Focus areas



Business model

SOURCING

- To leverage the existing MFIN branch network and customer base
- Appoint relationship managers for sourcing open market customers and building relationship with developers

APPRAISAL

- Centralised underwriting
- Personalised discussion with each client
- In-house Legal Appraisal team, appraising each application

TECHNICAL EVALUATION

- In-house team of Civil Engineers for Technical Appraisal at retail and project level
- Empanelment of Valuers / Surveyors for Technical evaluation of Projects
- Upfront approvals of Builder Projects – enabling improved productivity and efficiency with reduced cost

Business model

OPERATIONS

- Centralized Operations for greater efficiency and risk management.

COLLECTION

- Significant Majority of collections through ACH / PDC's
- Dedicated collection team of 85 field collectors across locations.

TECHNOLOGY

- Robust Technology Platform for processing of home loans

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Financial Performance



Business Performance - Overview

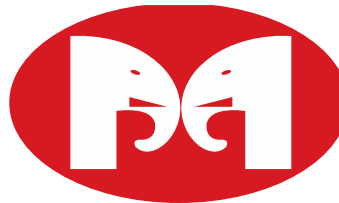


Company into retail housing financing business and no funding to builders.

Strong management team with extensive industry experience

Strong technology platform, systems & processes

Robust risk management framework



Muthoot Homefin



AUM – Rs. 1,640 Crore spread across 16 states (Including UT) in India

More than 22,000 strong base of customers



Financial performance

(Rs in Millions)

Particulars	FY 18	FY 19	FY 20	FY 21	Q1 FY 21	Q1 FY 22	Q2 FY 21	Q2 FY 22	H1 FY 21	H1 FY 22
Disbursement (Net of Cancellations)	10,814	6,543	4,127	1,010	613	557	116	181	729	739
AUM	14,648	19,131	19,769	17,042	19,787	17,048	19,377	16,405	19,377	16,405
Loan Portfolio	14,648	19,131	17,486	14,040	17,517	14,132	17,173	13,614	17,173	13,614
Number of Customers	15908	23466	24390	22765	24088	22421	23812	22030	23812	22030
Borrowings	13,477	15,420	14,185	11,846	14,712	10,531	13,312	9,985	13,312	9,985
Total Revenue	1,171	2,257	2,876	2,409	588	460	571	457	1,159	917
Total Expense	835	1,746	2,452	2,240	582	453	500	454	1,082	907
Profit Before Tax	336	511	424	169	5	7	71	3	77	10
Profit After Tax	223	363	318	126	4	5	53	2	57	7
Shareholders Funds	2,079	3,942	4,260	4,387	4,264	4,392	4,318	4,394	4,318	4,394
Total Outside Liabilities	13,596	15,530	14,589	12,397	15,062	11,015	13,713	10,476	13,713	10,476
Total Assets	15,675	19,472	18,850	16,784	19,326	15,406	18,031	14,870	18,031	14,870
Capital Adequacy Ratio	27.66%	46.17%	51.26%	49.75%	47.22%	53.31%	47.19%	55.11%	47.19%	55.11%
Debt Equity Ratio	6.48	3.91	3.33	2.70	3.44	2.40	3.08	2.27	3.08	2.27
Yield on Advances	12.27%	12.22%	11.77%	12.51%	13.04%	12.26%	12.74%	12.72%	12.89%	12.48%
Cost of Funds	8.76%	8.86%	9.48%	9.10%	9.40%	8.43%	9.22%	8.46%	9.31%	8.45%
Interest Spread	3.51%	3.36%	2.29%	3.41%	3.64%	3.83%	3.52%	4.26%	3.58%	4.03%
NIM	6.01%	5.36%	4.40%	5.13%	5.52%	5.50%	4.98%	6.59%	5.25%	6.03%
Cost to Income Ratio	28.25%	26.10%	36.06%	42.16%	43.47%	47.50%	30.15%	54.46%	36.90%	50.97%
Return on Assets (ROA)	3.42%	2.22%	1.65%	0.75%	0.09%	0.14%	1.27%	0.07%	0.67%	0.11%
Return on Equity (ROE)	17.26%	14.11%	7.75%	2.92%	0.38%	0.43%	4.96%	0.21%	2.67%	0.32%
GNPA	0.42%	0.74%	1.93%	4.85%	1.93%	7.16%	1.93%	5.69%	1.93%	5.69%
NNPA	0.36%	0.46%	1.33%	3.43%	1.30%	5.09%	1.29%	3.42%	1.29%	3.42%

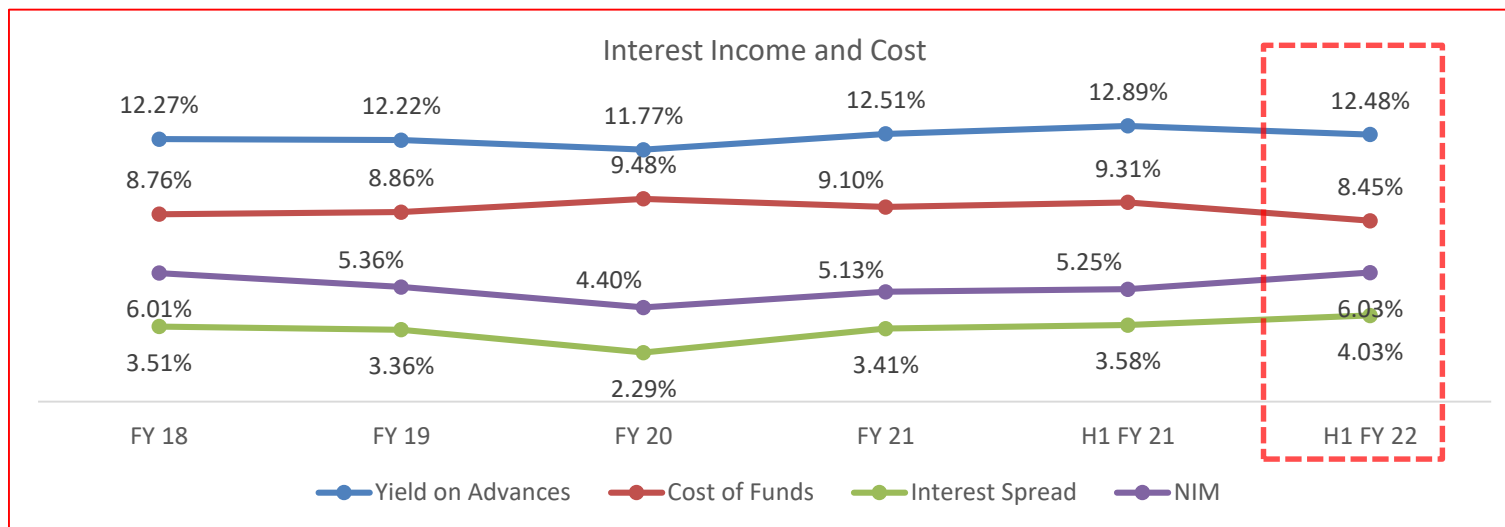
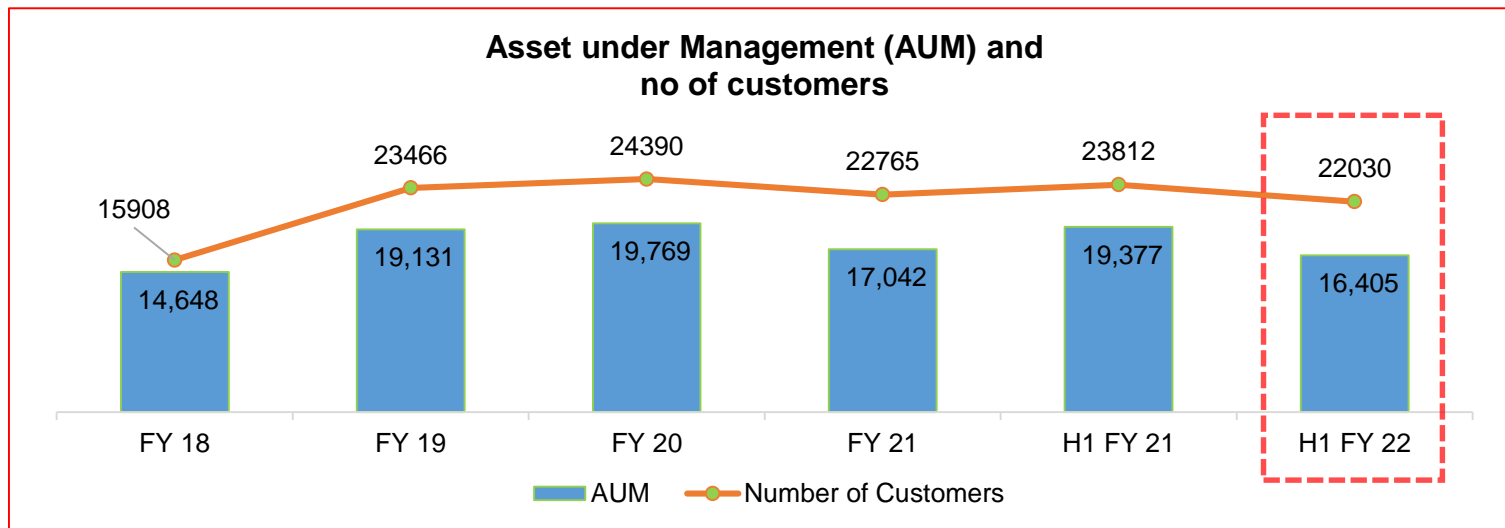


Profitability ratios

Particulars	FY 18	FY 19	FY 20	FY 21	Q1 FY 21	Q1 FY 22	Q2 FY 21	Q2 FY 22	H1 FY 21	H1 FY 22
Interest Income to avg. Loan Assets	12.27%	12.22%	11.77%	12.51%	13.04%	12.26%	12.74%	12.72%	12.89%	12.48%
Interest Expense to avg. Loan Assets	6.26%	6.86%	7.37%	7.38%	7.52%	6.76%	7.76%	6.13%	7.64%	6.45%
Net Interest Margin	6.01%	5.36%	4.40%	5.13%	5.52%	5.50%	4.98%	6.59%	5.25%	6.03%
Other Income to Avg. Loan Assets	3.19%	1.18%	3.21%	2.00%	0.48%	0.99%	0.79%	0.95%	0.63%	0.97%
Operating expenses to avg. loan assets	3.24%	2.89%	3.36%	2.89%	2.73%	3.14%	2.97%	3.24%	2.85%	3.19%
Provisions and write offs to avg. loan assets	0.62%	0.37%	1.85%	3.06%	2.99%	3.03%	0.94%	4.08%	1.98%	3.54%
PBDT to avg. loan assets	5.34%	3.28%	2.40%	1.18%	0.28%	0.32%	1.86%	0.22%	1.05%	0.27%
Depreciation to avg. loan assets	0.20%	0.17%	0.19%	0.17%	0.16%	0.12%	0.17%	0.12%	0.16%	0.12%
PBT to avg. loan assets	5.14%	3.11%	2.21%	1.01%	0.12%	0.20%	1.69%	0.10%	0.89%	0.15%
Tax to avg. loan assets	1.73%	0.89%	0.56%	0.26%	0.03%	0.06%	0.42%	0.03%	0.22%	0.04%
PAT to avg. loan assets	3.42%	2.22%	1.65%	0.75%	0.09%	0.14%	1.27%	0.07%	0.67%	0.11%
Cash Profit to avg. loan assets	4.23%	2.76%	3.69%	3.98%	3.24%	3.29%	2.38%	4.27%	2.81%	3.77%
Return on Equity (ROE)	17.26%	14.11%	7.75%	2.92%	0.38%	0.43%	4.96%	0.21%	2.67%	0.32%

Business Performance

(Rs in Millions)



Key differentiators

Financial Highlights

- Disbursements in H1 FY 22 INR 739 mn. AUM as on September 30, 2021: INR 16,405 mn. Loan Book as on September 30, 2021: INR 13,614 mn.
- Average Ticket Size in H1 FY 22: INR 0.90 mn , Average Yield: 12.48%, Interest Spread: 4.03%
- Business Presence: Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Kerala, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana, Chandigarh, Delhi, Chhattisgarh, Tamil Nadu, Punjab and Puducherry Presence in 108 locations.
- ROA for H1 FY 22: 0.11%, ROE for H1 FY 22: 0.32%
- Average cost of borrowings of 8.45% for H1 FY 22. Capital Adequacy Ratio: 55.11%, Debt Equity Ratio: 2.27
- Received PMAY subsidy of INR 300 mn for 1679 cases in H1 FY 22.

Growth Drivers

- Increasing the leverage from 2.27x currently will help to improve the ROE
- Higher credit rating will help in raising funds at competitive rates.
- Strong liquidity in Group's balance sheet, along with its free cash flows to fund the capital requirements
- Established corporate brand name among borrower segment, superior customer servicing capabilities and effective loan recovery mechanisms
- Tier II / III cities focused distribution network with a in-house sales team along with cross-sale to the existing gold loans customers of the group

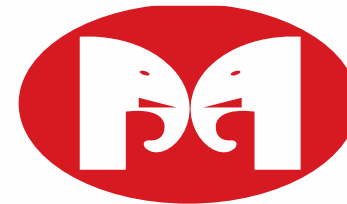
Profitability

- Long Term Rating from CRISIL AA+/Stable which indicates low risk will help in lower cost of funds. Short Term Rating: ICRA A1+ / CARE A1+
- Debt/Equity ratio at 2.27 times as on Sept 30, 2021, indicates ample scope for financial leverage to increase ROE
- Infrastructure sharing with the parent (Muthoot Finance) helps reduce overall Opex.

Opportunities

- Our focus segment, "affordable housing finance" is the centered around the Government initiative of "Housing for All" by 2022
- Government promoted schemes such as PMAY-CLSS will benefit the end consumers.
- Huge shortfall for housing units in EWS / LIG segment in India
- Attraction of builders to the construction of affordable housing due to Infrastructure status given in Union Budget
- Increase in affordability driven by sustained GDP growth rate and stable property prices.
- Decrease in average members per household and emergence of nuclear families
- Increase in workforce to be driven by expected bulge in working age population
- Increasing urbanization led by rural-urban migration and reclassification of rural towns





Muthoot Homefin

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