

What makes Muthoot Finance bullish on home loan business?

Sunanda Jayaseelan/Hiral Desai

There's plenty of traction in the affordable housing segment, says George Alexander Muthoot



Muthoot Finance is expanding its presence in the western region. Speaking to Bloomberg TV India, Muthoot Finance Managing Director George Alexander Muthoot says demand is set to rise for affordable housing in the coming days.

Will you elaborate on the expansion plan?

Muthoot Finance has got a very good presence in Delhi and Mumbai — we have around 200 offices in and around Mumbai, predominantly for the gold loan business. But Muthoot Home Fin is a new venture. We have already got NBFC registration and today we also got the SARFAESI approval. So with the baby steps, we have started business there. We started it as a head office in Kochi but a corporate office in Mumbai where we see growth coming from the affordable housing sector that we would like to leverage on. Maybe the lead generation could happen through the offices of Muthoot Finance, which has more than 4,500 branches and offices throughout India. So Mumbai is the first step in this direction. As of now, you have a 5 per cent market share in Maharashtra. What kind of market share are you looking at with the expansion?

Today, we have disbursed the first loan as the inauguration of this business in Mumbai. We have appointed Ram Ratnam, who was earlier with DFHL, as the CEO for this company. Muthoot Home Finance has just started business here. But we have done some business in Kerala where we got the licence earlier. And may be in the last seven months we have done about Rs. 30 crore of business in Kerala. We can see the potential of the customers who now take gold loan from Muthoot having access to home finance.

2015 wasn't a good year for the real estate space. So where is the bullishness coming from for the home finance companies?

What we understand from the home finance business and gold loan business is that there is still good demand for affordable housing. Probably, the requirement outside of Mumbai for housing finance is still better but I don't see it very bullish though. But we see good demand for this especially from gold loan customers — many of them would need housing finance. We have some sort of credit history and credit payment records available in Muthoot Finance through the CBS system, which we can leverage in selling the housing finance loans.

(This article was published in the Business Line print edition dated January 7, 2016)

MORE FROM BUSINESS LINE

*'Vardha' to peak as severe cyclone today, The rise and fall of Emperor Modi
away from coastal Andhra*

*Cyclone 'Vardah' may cross Nellore-
Kakinada on AP coast by Monday*