

July 31, 2025

Muthoottu Mini Financiers Limited: Change in limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based/Non-fund based bank facilities	3,050.00	3,050.00	[ICRA]A (Stable); outstanding
Non-convertible debenture (NCD) programme	700.00	700.00	[ICRA]A (Stable); outstanding
Total	3,750.00	3,750.00	

*Instrument details are provided in Annexure I

Rationale

The rating factors in Muthoottu Mini Financiers Limited's (MMFL) established brand – Mini Muthoottu, and the long track record of the promoters and the company in the gold loan business. The Group has been operating in this segment for more than six decades. The rating also takes into consideration MMFL's comfortable asset quality and steadily improving earnings profile over the years.

MMFL has a moderate scale of operations, with 948 branches and loan portfolio outstanding of Rs. 4,141.6 crore as of March 2025. Its operations are geographically concentrated, with South India contributing 95% to the loan portfolio as of March 2025. Over the years, MMFL's asset quality performance has remained healthy, with limited credit costs in the gold loan segment. As of March 2025, the entire gold portfolio had a loan-to-value (LTV) ratio of less than 75%, providing adequate security cover to the loan portfolio. Moreover, the company has been gradually shifting to a smaller ticket (96.0% of the gold loan portfolio comprised loans with a ticket size of less than Rs. 3 lakh) and higher-yielding loan portfolio over the last two years. ICRA expects the same to continue going forward as well, supporting a gradual improvement in the margins and earnings profile over the medium term.

ICRA takes note of the new directions for gold loans, which look to harmonise the regulatory framework, address concerns relating to lending practices that are being followed and strengthen the conduct-related aspects of various lenders. Lenders are expected to undertake various operational changes in the near term to comply with these directions, which become effective from April 2026. While the final directions are relatively relaxed vis-à-vis the draft proposal, some impact on the business of lenders is expected in the near term along with higher competitive pressure, which will remain monitorable.

MMFL's gearing stood at 5.1x as of March 2025 (5.1x as of March 2024). In the past few years, portfolio growth was largely supported by internal accruals. While MMFL's capitalisation is sufficient to meet its near-term growth requirements, it would require further capital raise to maintain its medium-term growth at the envisaged level. ICRA expects the company to maintain its leverage below 6x over the medium term.

The Stable outlook reflects ICRA's expectation that MMFL's credit profile would continue to be supported in the near term by the steady asset quality performance and improving earnings profile.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, and rating sensitivities: [Click here](#)

Liquidity position: Adequate

As on June 30, 2025, the company had on-book liquidity of Rs. 234.2 crore against scheduled debt obligations of Rs. 863.9 crore from July 2025 till September 2025. With sizeable monthly average collections of about Rs. 700 crore from borrowers, the liquidity position is expected to be adequate in the near term.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs)
Parent/Group support	-
Consolidation/Standalone	Standalone

About the company

Muthoottu Mini Financiers Limited, founded in 1998, has been actively involved in the gold loan segment for an extended period. As of March 2025, it had a presence in 12 states and Union Territories through 948 branches. Additionally, the company has a small presence in the microfinance sector in Kerala, offering unsecured loans to women's joint liability groups. MMFL is wholly owned by the promoters and promoter-held entities (including Muthoottu Mini Hotels Pvt. Ltd., Mini Muthoottu Credit India Pvt. Ltd., Muthoottu Mini Theatres Pvt. Ltd., and Muthoottu Infotech Pvt. Ltd.). As of March 2025, the gold loan segment accounted for 92.1% of the total loan portfolio. The company is expanding its geographical footprint by establishing new branches in Mumbai, Gujarat, and Delhi NCR.

Key financial indicators

MMFL	FY2024	FY2025
Total income	671.8	815.1
PAT	77.8	94.2
Total managed assets	4,340.3	4,994.7
Return on managed assets	1.9%	2.0%
Managed gearing (times)	5.1	5.1
Gross stage 3	0.88%	0.85%
CRAR	23.9%	21.4%

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

FY2026				Chronology of the rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 31, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based/Non-fund based	Long term	3,050.00	[ICRA]A (Stable)	Mar 27, 2025	[ICRA]A (Stable)	-	-	-	-
NCD	Long term	700.00	[ICRA]A (Stable)	Mar 27, 2025	[ICRA]A (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term others – Fund based/Non-fund based	Simple
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE101Q07BC5	NCD (public)	May 13, 2025	9.26 %	November 12, 2026	23.87	[ICRA]A (Stable)
INE101Q07BD3	NCD (public)	May 13, 2025	9.50%	May 12, 2027	15.45	[ICRA]A (Stable)
INE101Q07BB7	NCD (public)	May 13, 2025	10.00%	May 12, 2028	51.88	[ICRA]A (Stable)
INE101Q07BE1	NCD (public)	May 13, 2025	10.25%	May 12, 2029	9.15	[ICRA]A (Stable)
INE101Q07BG6	NCD (public)	May 13, 2025	10.50%	May 12, 2030	35.88	[ICRA]A (Stable)
INE101Q07BF8	NCD (public)	May 13, 2025	10.75%	May 12, 2030	17.36	[ICRA]A (Stable)
INE101Q07BH4	NCD	June 12, 2025	9.75%	June 12, 2027	60.00	[ICRA]A (Stable)
INE101Q07BI2	NCD	June 27, 2025	10.00%	June 27, 2028	35.00	[ICRA]A (Stable)
Yet to be placed	NCD	NA	NA	NA	451.41	[ICRA]A (Stable)
NA	Long-term fund-based/Non-fund based bank facilities	December 31, 2021 to June 28, 2025	8.25% to 11.65%	July 31, 2025 to March 01, 2030	3,050.00	[ICRA]A (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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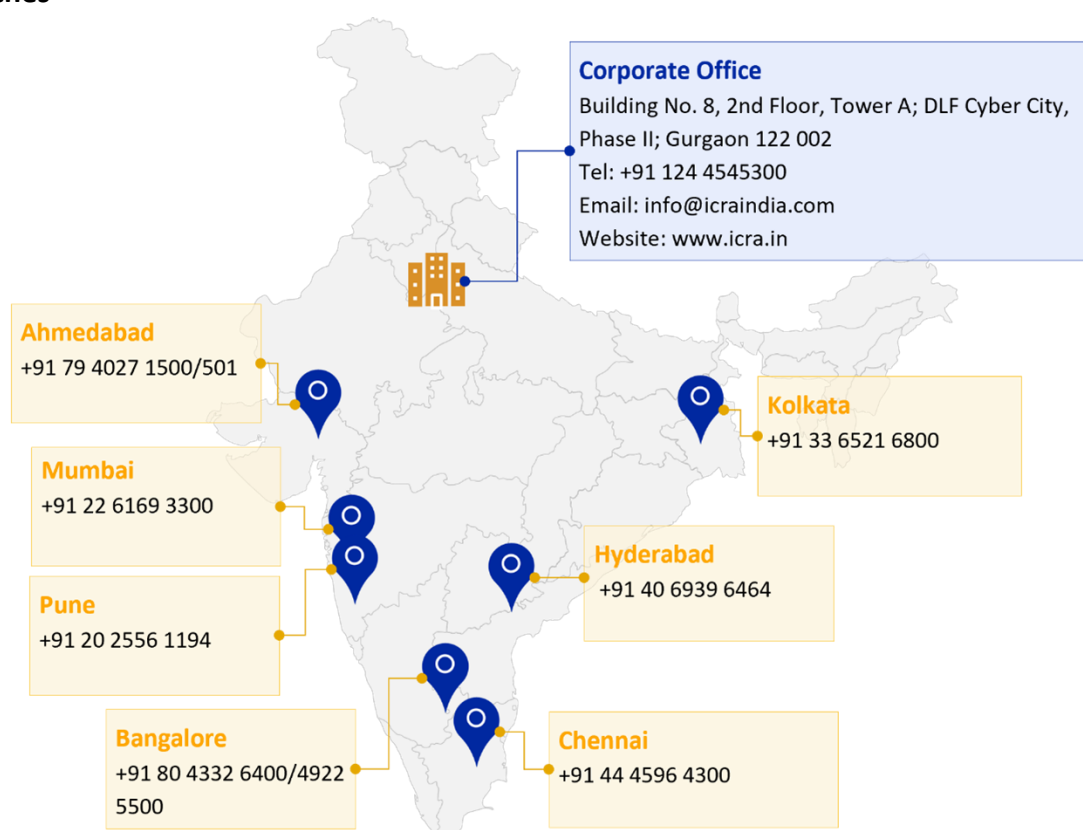
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