February 18, 2026

Muthoot MCred Limited (erstwhile Muthoottu Mini Financiers Limited): [ICRA]A (Stable) assigned to NCDs; rating reaffirmed

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); reaffirmed
Non-convertible debenture (NCD) programme	1,300.00	1,300.00	[ICRA]A (Stable); reaffirmed
NCD programme	0.00	1,000.00	[ICRA]A (Stable); assigned
Total	**4,350.00**	**5,350.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating factors in Muthoot MCred Limited's (MMCL) 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 MMCL's comfortable asset quality and steadily improving earnings profile over the years.

MMCL has a moderate scale of operations, with 973 branches and a loan portfolio of Rs. 4,773.5 crore as of September 2025 vis-à-vis 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 September 2025. Over the years, MMCL's asset quality performance has remained healthy, with limited credit costs in the gold loan segment. As of September 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 (84.0% 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, 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 the lending practices that are being followed and strengthen the conduct-related aspects of various lenders. Lenders are expected to make several 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 the lenders is expected in the near term along with higher competitive pressure, which will remain monitorable.

MMCL's gearing stood at 5.4x as of September 2025 and 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. The company has raised Rs. 114.9 crore of capital in YTD FY2026, with an additional Rs. 75 crore planned for infusion before March 2026. While MMCL's capitalisation is sufficient to meet its near-term growth requirements, it would require a 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 MMCL's credit profile would continue to be supported in the near term by the steady asset quality performance and improving earnings profile.

Key rating drivers and their description

Credit strengths

Long track record of operations – The Muthoottu Group has a track record of more than six decades in the gold loan business. MMCL, the flagship company of the Group, was established in 1998. As such, the promoters have a long-standing track record in the business. The senior management is also experienced and handles the day-to-day operations of the company. The loan portfolio stood at Rs. 4,773.5 crore as of September 2025, with gold loans and microfinance comprising 93.2% and 6.8%, respectively. As of September 2025, the company had a pan-India network of 973 branches, spread across 12 states/Union Territories (UTs). MMCL's strong brand value and its experienced promoters and senior management team are expected to support business growth as it targets a compound annual growth rate (CAGR) of 25% over the next 3-4 years.

Comfortable asset quality – MMCL's asset quality has remained comfortable over the last few years; its gross stage 3 was at a healthy level of 0.8% as of September 2025. The company's gold loan portfolio mainly consists of loans with tenors of 6-9 months. It carries out the auction of pledged gold after following due process if the borrowers fail to repay the loans. Given the liquid nature of gold as security, MMCL has faced limited credit losses in its gold loan segment in the past. ICRA notes that the company has adequate mechanisms for marking-to-market the value of the jewellery, in line with gold price fluctuations, providing sufficient security cover for its loan portfolio. MMCL's auction recoveries ranged between 95% and 105% in the past four years.

The company's overall 90+ days past due (dpd) stood at 0.8% as of September 2025. The 90+ dpd in the gold loan segment decline to 0.4% as of September 2025 from 0.5% as of March 2025 as MMCL has extended the auction period, based on requests from customers, wherever the LTV is comfortable. The microfinance segment was impacted in the current fiscal, in line with overall sectoral performance trends. The 90+ dpd in this segment increased to 5.2% as of September 2025 from 4.7% as of March 2025. The company wrote off Rs. 0.71 crore in H1 FY2026. While the near-term performance of the microfinance segment would be monitorable, MMCL's overall asset quality would not be significantly impacted, given the small share of this segment in its total portfolio.

Adequate capitalisation profile – MMCL's leverage has remained range-bound over the last few years; its gearing stood at 5.4x as of September 2025 (5.1x as of March 2025) vis-à-vis 5.1x as of March 2024 with internal accruals largely supporting portfolio growth. Its capital adequacy ratio was adequate at 19.7% as of September 2025 (Tier I capital of 15.3%) vis-à-vis 21.4% as of March 2025 (Tier I capital of 16.1%) and 23.9% as of March 2024 (Tier I capital of 16.9%). ICRA notes that sizeable fixed assets have been deployed in land and office buildings (Rs. 209.0 crore; 3.7% as of September 2025). MMCL receives rental income from leased out portions of its head office building. ICRA also notes that the company provides considerable cash collateral for its borrowings in addition to securities in the form of personal guarantees from promoters and other assets, including loan receivables, fixed assets, etc. As of December 2025, the cash collateral for its borrowings stood at Rs. 434.5 crore (6.8% of the total assets). The company envisages to expand its portfolio by around 45% in FY2026 and plans to expand it at an estimated CAGR of 20% in subsequent years.

While MMCL's capitalisation is adequate for its near-term growth requirements, it would need a further capital raise to achieve its medium-term growth target. The company has raised Rs. 76 crore through compulsorily convertible preference shares (CCPS) in December 2025 and Rs. 38.9 crore in January 2026. It is also in discussions with potential investors for an additional capital raise in Q4 FY2026. ICRA expects MMCL to maintain its managed gearing below 6x over the next three years.

Steadily improving earnings performance with further scope for improvement – MMCL's net profitability has been increasing over the past four years, with its profit after tax/average managed assets (PAT/AMA) improving to 2.0% in FY2025 and 2.3% in H1 FY2026 from 1.6% in FY2022. This was supported by the steady expansion of the interest margins as the company has increasingly reduced its share of low-ticket gold loans. Operating expenses, as a proportion of AMA, also declined to 5.8% in H1 FY2026 from 5.9% in FY2025 (5.1% in FY2024) with MMCL focussing on steadily expanding its operating infrastructure.

Credit costs remained under control, given the limited credit risk in the gold loan segment. Nevertheless, ICRA expects credit costs to remain under control going forward, given the small share of the microfinance segment in MMCL's portfolio. Going forward, there is further scope for improvement in MMCL's net profitability with enhanced operating efficiency. The company's gold assets under management (AUM) per gold branch stood at Rs. 4.9 crore as of September 2025 (Rs. 4.0 crore in March 2025), suggesting scope for improvement in the operating efficiency.

Credit challenges

Moderate scale; highly competitive gold loan business – The company's portfolio increased by 17.6% in FY2025 vis-à-vis 8.0% in FY2024; on a year-on-year (YoY) basis, it expanded by 30.5% in H1 FY2026 (Rs. 3,658.9 crore as of September 2024). The slower growth in the recent past was due to the shift in MMCL's focus towards lower-ticket loans. However, in the current fiscal, growth has picked up well on the back of the strong upward movement in gold prices. MMCL's loan portfolio stood at Rs. 4,773.5 crore as of September 2025 and is anticipated to reach about Rs. 6,000.0 crore by March 2026. While the gold loan segment is the predominant focus of the company, it has a small presence in the microfinance and loan against property (LAP) segments, though operations in these segments are restricted to Kerala. On a steady-state basis, MMCL intends to limit its exposure to the microfinance segment to less than 10% of its loan portfolio, going forward.

As of September 2025, MMCL had a network of 973 branches spread across 12 states/UTs. The company expects to open 30-50 branches annually over the next few years, which would support the scale-up of its operations. However, ICRA notes that the gold loan segment is highly competitive with the presence of many well-established non-banking financial companies (NBFCs). Further, the segment is witnessing increasing focus from banks as well as many large NBFCs, which are expanding their presence.

Geographically concentrated operations – MMCL's portfolio is significantly concentrated in southern India. As of September 2025, Tamil Nadu was the top contributing state with a 32.2% share in the total portfolio. South India (Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana) contributed 95.7% to the portfolio. Going forward, the company is expected to steadily expand its presence in North and West India. However, the ramp-up of the portfolio in these locations would be gradual over the medium term.

Liquidity position: Adequate

As on December 31, 2025, the company was carrying unencumbered on-book liquidity of Rs. 211.3 crore and unutilised bank lines of Rs. 200.0 crore. It has scheduled debt obligations of Rs. 723.7 crore from January 2026 till March 2026. With sizeable monthly average collections of about Rs. 700 crore from the borrowers, the liquidity position is expected to be adequate. As of December 2025, MMCL had positive asset-liability maturity (ALM) mismatches for a 1-year period.

Rating sensitivities

Positive factors – The sustained scale-up of operations and an improvement in the earnings profile would positively impact MMCL's credit profile. A significant improvement in the capitalisation profile would also positively impact the rating.

Negative factors – Pressure on the rating could arise in case of a sustained weakening in the company's asset quality performance or earnings profile (return on managed assets (RoMA) of less than 1.5%). Continued increase in the managed gearing beyond 6x would also negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Rating methodology for non-banking finance companies]
Parent/Group support	-
Consolidation/Standalone	Standalone

About the company

Muthoot MCred Limited, founded in 1998, has been actively involved in the gold loan segment for an extended period. As of September 2025, it had a presence in 12 states and Union Territories through 973 branches. Additionally, the company has a small presence in the microfinance sector in Kerala, offering unsecured loans to women's joint liability groups.

MMCL 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 September 2025, the gold loan segment accounted for 93.2% 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

MMCL	FY2024	FY2025	H1 FY2026*
Total income	671.8	815.1	481.1
PAT	77.8	94.2	61.8
Total managed assets	4,340.3	4,994.7	5,651.4
Return on managed assets	1.9%	2.0%	2.3%
Managed reported gearing (times)	5.1	5.1	5.4
Gross stage 3	0.9%	0.9%	0.8%
CRAR	23.9%	21.4%	19.7%

*Source: Company, ICRA Research; *Limited review; Amount in Rs. crore*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Complexity level of the rated instruments

	Current rating (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Feb 18, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based/Non-fund based others	Long term	3,050.00	[ICRA]A (Stable)	Jul 31, 2025	[ICRA]A (Stable)	Mar 27, 2025	[ICRA]A (Stable)	-	-	-	-
				Oct 16, 2025	[ICRA]A (Stable)	-	-	-	-	-	-
NCD	Long term	1,000.00	[ICRA]A (Stable)	-	-	-	-	-	-	-	-
NCD	Long term	1,300.00	[ICRA]A (Stable)	Jul 31, 2025	[ICRA]A (Stable)	Mar 27, 2025	[ICRA]A (Stable)	-	-	-	-
				Oct 16, 2025	[ICRA]A (Stable)	-	-	-	-	-	-

Instrument	Complexity indicator
Long term fund based – Term loan	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%	Nov 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)
INE101Q07BK8	NCD (public)	Aug 19, 2025	9.00%	Feb 28, 2027	84.53	[ICRA]A (Stable)
INE101Q07BL6	NCD (public)	Aug 29, 2025	9.25%	Aug 29, 2027	96.22	[ICRA]A (Stable)
INE101Q07BM4	NCD (public)	Aug 29, 2025	9.75%	Aug 29, 2028	86.90	[ICRA]A (Stable)
INE101Q07BN2	NCD (public)	Aug 29, 2025	10.25%	Aug 29, 2030	20.96	[ICRA]A (Stable)
INE101Q07BJ0	NCD (public)	Aug 29, 2025	10.5%	Aug 29, 2030	11.39	[ICRA]A (Stable)
INE101Q07BO0	NCD	Sep 18, 2025	9.25%	Sep 18, 2027	50.00	[ICRA]A (Stable)
INE101Q07BH4	NCD	Jun 12, 2025	9.75%	Jun 12, 2027	60.00	[ICRA]A (Stable)
INE101Q07BI2	NCD	Jun 27, 2025	10.00%	Jun 27, 2028	35.00	[ICRA]A (Stable)
INE101Q07BQ5	NCD	Oct 27, 2025	9.25%	Oct 27, 2027	90.00	[ICRA]A (Stable)
INE101Q07BS1	NCD	Oct 27, 2025	9.30%	Jan 27, 2028	180.00	[ICRA]A (Stable)
INE101Q07BR3	NCD	Oct 27, 2025	9.75%	Oct 27, 2028	130.00	[ICRA]A (Stable)
INE101Q07BT9	NCD	Nov 13, 2025	9.25%	Nov 13, 2027	50.00	[ICRA]A (Stable)
INE101Q07BU7	NCD	Jan 13, 2026	9.25%	Jan 13, 2028	200.00	[ICRA]A (Stable)
Yet to be placed	NCD	NA	NA	NA	1,051.41	[ICRA]A (Stable)
NA	Long-term fund-based/Non-fund based bank facilites	July 14, 2022, to January 21, 2026	8.25% to 11.65%	June 21, 2026, to January 14, 2033	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

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

R Srinivasan
+91 44 4596 4315
r.srinivasan@icraindia.com

Vansh Madaan
+91 44 4596 4309
vansh.madaan@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches