July 28, 2026

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

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term fund-based/Non-fund based bank facilities	3,050.0	3,650.0	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount	RBI
Non-convertible debenture (NCD) programme	2,300.00	2,300.00	[ICRA]A (Stable); reaffirmed	SEBI
NCD programme	0.00	600.00	[ICRA]A (Stable); assigned	SEBI
Total	**5,350.00**	**6,550.00**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

Rationale

The rating factors in Muthoot MCred Limited's (MMCL) established brand as well as 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 but improving scale of operations, with 994 branches and a loan portfolio of Rs. 6,625.1 crore as of March 2026 vis-à-vis 948 branches and Rs. 4,141.6 crore, respectively, as of March 2025. Its operations are geographically concentrated, with South India contributing 97% to the loan portfolio as of March 2026. Over the years, MMCL's asset quality performance has remained healthy, with limited credit costs in the gold loan segment. The company is focussing on a smaller-ticket (72.5% of the gold loan portfolio comprised loans with a ticket size of less than Rs. 3 lakh) and higher-yielding loan portfolio. While ticket sizes have increased to a certain extent recently, supported by the favourable movement in gold prices, the company has also been gradually able to shore up its portfolio yields. ICRA expects the same to continue, supporting a steady improvement in the margins and earnings profile over the medium term.

ICRA takes note of the new regulations for gold loans (effective from April 1, 2026), which are expected to harmonise the regulatory framework, address concerns relating to lending practices, and strengthen conduct-related aspects across various lenders. The company has recently introduced income generating loans (IGLs); its ability to adequately adhere to the risk profile and operational requirements in this segment would be monitorable. The near-term impact of the adoption of the new regulations and the significant competitive pressure on the business will remain monitorable.

MMCL's gearing stood at 5.4 times as of March 2026 and 5.1 times as of March 2025 (5.1 times as of March 2024). In the past few years, portfolio growth was largely supported by internal accruals. The company raised Rs. 190.4 crore and Rs. 73.8 crore of capital during FY2026 and Q1 FY2027 respectively, from promoter group entities in the form of compulsorily convertible preference shares (CCPS; 12% annual dividend payable), to support the robust portfolio expansion. Given the healthy business growth envisaged for the medium term, the company is expected to require a further capital raise, going forward. Incremental capital raises, if any, from similar CCPS instruments shall be a key monitorable while assessing the leverage of the company.

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 company's day-to-day operations. The loan portfolio stood at Rs. 6,625.1 crore as of March 2026, with gold loans and microfinance comprising 94.6% and 5.3%, respectively. As of March 2026, the company had a pan-India network of 994 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 over 30% during 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 0.6% as of March 2026. 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 0.6% as of March 2026. The 90+ dpd in the gold loan segment declined to 0.4% as of March 2026 from 0.5% as of March 2025, supported by improved collection efficiency. The microfinance segment was impacted in the previous fiscal, in line with the overall sectoral performance trends. The 90+ dpd in this segment increased to 5.0% as of March 2026 from 4.7% as of March 2025. The company wrote off Rs. 1.8 crore in 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 5.4 times as of March 2026 (5.1 times as of March 2025) vis-à-vis 5.1 times as of March 2024, with internal accruals largely supporting portfolio growth. Its capital adequacy ratio was adequate at 18.1% as of March 2026 (Tier I capital of 14.9%) 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%). The company raised Rs. 190.4 crore and Rs. 73.8 crore of capital during FY2026 and Q1 FY2027 respectively, from promoter group entities in the form of compulsorily convertible preference shares (CCPS; 12% annual dividend payable), to support the robust portfolio expansion. Further, given the healthy business expansion envisaged over the medium term, the company is expected to require further capital raise going forward. Incremental capital raises, if any, from similar CCPS instruments shall be a key monitorable while assessing the leverage of the company.

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 March 2026, the cash collateral for its borrowings stood at Rs. 430.0 crore (5.7% of the total assets). MMCL envisages to grow its portfolio by around 35% in FY2027 and plans to expand it at an estimated CAGR of 30% in subsequent years.

Steadily increasing earnings with further scope for improvement – MMCL's net profitability has been rising over the past four years, with its profit after tax/average managed assets (PAT/AMA) increasing to 2.8% in FY2026 and 2.0% in FY2025 from 1.6% in FY2022. While interest margins remained range-bound in FY2026, operating expenses, as a proportion of AMA, declined to 5.3% from 5.9% in FY2025 (5.1% in FY2024), supporting the improvement in profitability. Credit costs remained under control, given the limited credit risk in the gold loan segment. ICRA expects credit costs to stay under control, going forward, given the small share of the microfinance segment in MMCL's portfolio. 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. 6.3 crore as of March 2026 (Rs. 4.0 crore in March 2025), suggesting scope for an increase in the operating efficiency.

Credit challenges

Moderate scale; highly competitive gold loan business – The company's portfolio increased by 60.0% in FY2026 to Rs. 6,625.1 crore as of March 2026 vis-à-vis 17.6% in FY2025 (8.0% in FY2024). The robust growth in the previous year was on the back of the strong upward movement in gold prices. MMCL envisages to grow at a healthy pace to about Rs. 9,000 crore by March 2027. It is planning to expand its branch network significantly to support growth. 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 March 2026, MMCL had a network of 994 branches spread across 12 states/UTs. The company plans to expand its branch network by opening around 250 additional branches by FY2027, 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 March 2026, Tamil Nadu was the top contributing state with a 35.9% share in the total portfolio. South India (Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana) contributed 97.0% 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 June 30, 2026, the company was carrying unencumbered on-book liquidity of Rs. 172.83 crore and unutilised bank lines of Rs. 155.0 crore. It has scheduled debt obligations of Rs. 1,246.5 crore from July 2026 till September 2026. With sizeable monthly average collections of about Rs. 700 crore from the borrowers, the liquidity position is expected to be adequate. As of June 2026, MMCL had positive cumulative asset-liability maturity (ALM) mismatches across all buckets.

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 6 times would also negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating methodology for non-banking finance companies (NBFCs)
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 a long period. As of March 2026, it had a presence in 12 states and Union Territories through 994 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 March 2026, the gold loan segment accounted for 94.6% 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	FY2025	FY2026
Total income	815.1	1,113.2
PAT	94.2	176.9
Total managed assets	4,994.7	7,537.7
Return on managed assets	2.0%	2.8%
Managed reported gearing (times)	5.1	5.4
Gross stage 3	0.9%	0.6%
CRAR	21.4%	18.1%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 28, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based others	Long term	3,650.00	[ICRA]A (Stable)	Jul 31, 2025	[ICRA]A (Stable)	Mar 27, 2025	[ICRA]A (Stable)	-	-
				Oct 16, 2025	[ICRA]A (Stable)	-	-	-	-
				Feb 18, 2026	[ICRA]A (Stable)				
NCD	Long term	600.00	[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)				
				Feb 18, 2026	[ICRA]A (Stable)				
NCD	Long term	1,000.00	[ICRA]A (Stable)	Feb 18, 2026	[ICRA]A (Stable)	-	-	-	-

Complexity level of the rated instruments

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	Financial sector regulator#
INE101Q07BC5	**NCD (public)**	May 13, 2025	9.26%	Nov 12, 2026	23.87	[ICRA]A (Stable)	SEBI
INE101Q07BD3	**NCD (public)**	May 13, 2025	9.50%	May 12, 2027	15.45	[ICRA]A (Stable)	SEBI
INE101Q07BB7	**NCD (public)**	May 13, 2025	10.00%	May 12, 2028	51.88	[ICRA]A (Stable)	SEBI
INE101Q07BE1	**NCD (public)**	May 13, 2025	10.25%	May 12, 2029	9.15	[ICRA]A (Stable)	SEBI
INE101Q07BG6	**NCD (public)**	May 13, 2025	10.50%	May 12, 2030	35.88	[ICRA]A (Stable)	SEBI
INE101Q07BF8	**NCD (public)**	May 13, 2025	10.75%	May 12, 2030	17.36	[ICRA]A (Stable)	SEBI
INE101Q07BK8	**NCD (public)**	Aug 19, 2025	9.00%	Feb 28, 2027	84.53	[ICRA]A (Stable)	SEBI
INE101Q07BL6	**NCD (public)**	Aug 29, 2025	9.25%	Aug 29, 2027	96.22	[ICRA]A (Stable)	SEBI
INE101Q07BM4	**NCD (public)**	Aug 29, 2025	9.75%	Aug 29, 2028	86.90	[ICRA]A (Stable)	SEBI
INE101Q07BN2	**NCD (public)**	Aug 29, 2025	10.25%	Aug 29, 2030	20.96	[ICRA]A (Stable)	SEBI
INE101Q07BJ0	**NCD (public)**	Aug 29, 2025	10.5%	Aug 29, 2030	11.39	[ICRA]A (Stable)	SEBI
INE101Q07BO0	**NCD**	Sep 18, 2025	9.25%	Sep 18, 2027	50.00	[ICRA]A (Stable)	SEBI
INE101Q07BH4	**NCD**	Jun 12, 2025	9.75%	Jun 12, 2027	60.00	[ICRA]A (Stable)	SEBI
INE101Q07BI2	**NCD**	Jun 27, 2025	10.00%	Jun 27, 2028	35.00	[ICRA]A (Stable)	SEBI
INE101Q07BQ5	**NCD**	Oct 27, 2025	9.25%	Oct 27, 2027	90.00	[ICRA]A (Stable)	SEBI
INE101Q07BS1	**NCD**	Oct 27, 2025	9.30%	Jan 27, 2028	180.00	[ICRA]A (Stable)	SEBI
INE101Q07BR3	**NCD**	Oct 27, 2025	9.75%	Oct 27, 2028	130.00	[ICRA]A (Stable)	SEBI
INE101Q07BT9	**NCD**	Nov 13, 2025	9.25%	Nov 13, 2027	50.00	[ICRA]A (Stable)	SEBI
INE101Q07BU7	**NCD**	Jan 13, 2026	9.25%	Jan 13, 2028	200.00	[ICRA]A (Stable)	SEBI
INE101Q07BY9	**NCD**	Feb 25,2026	9.25%	Feb 25, 2028	150.00	[ICRA]A (Stable)	SEBI
INE101Q07BZ6	**NCD**	Feb 25, 2026	9.65%	Aug 25, 2028	90.00	[ICRA]A (Stable)	SEBI
INE101Q07BV5	**NCD**	Mar 18, 2026	9.25%	May 18, 2028	50.00	[ICRA]A (Stable)	SEBI
INE101Q07BX1	**NCD**	Mar 18, 2026	9.30%	June 17, 2028	200.00	[ICRA]A (Stable)	SEBI
INE101Q07BW3	**NCD**	Mar 18, 2026	9.65%	Sep 18, 2028	210.00	[ICRA]A (Stable)	SEBI
INE101Q07CA7	**NCD**	May 20, 2026	9.30%	Nov 20, 2028	300.00	[ICRA]A (Stable)	SEBI
Yet to be placed	**NCD**	NA	NA	NA	651.41	[ICRA]A (Stable)	SEBI
NA	**Long-term fund-based/Non-fund based bank facilities**	Jul 14, 2022 to Jan 21, 2026	8.25% to 11.65%	Jun 21, 2026 to Jan 14, 2033	3,650.00	[ICRA]A (Stable)	RBI

Source: Company

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

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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