

Rating Rationale

June 17, 2026 | Mumbai

Muthoot Mercantile Limited

'Crisil BBB+/Stable' assigned to Non Convertible Debentures

Rating Action

Rs.450 Crore Non Convertible Debentures	Crisil BBB+/Stable (Assigned)
Rs.150 Crore Non Convertible Debentures	Crisil BBB+/Stable (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.

The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its '**Crisil BBB+/Stable**' rating to Rs 450 crore non-convertible debentures of Muthoot Mercantile Limited (Muthoot Mercantile) and has reaffirmed its '**Crisil BBB+/Stable**' rating on debt instrument.

The rating reflects the extensive experience of the promoters of Muthoot Mercantile and the company's strong track record of operations in the gold loan business, its adequate capital position and comfortable earnings profile. These strengths are partially offset by regional concentration in operations and limited diversity in resource profile.

Muthoot Mercantile is a Kerala-based non-deposit-taking non-banking financial company (NBFC). It has been operating in the gold loan business for more than 30 years and has expanded its operations across 12 states through more than 300 branches. It is promoted by Mathew Mathaininan, and his son, Richi Mathew. Mathew Mathaininan is chairman of the Muthoot Ninan Group of Companies and have work experience of more than 60 years in the lending business. Richi Mathew, Managing Director of Muthoot Mercantile, has more than 20 years of work experience in the gold loan business.

The company's profitability has remained comfortable as reflected in five-year average return assets (RoA) of ~3.8%. During fiscal 2026, the company reported profit after tax (PAT) of Rs 53 crore and RoA of 4.5% as against a PAT of Rs 28 crore and RoA of 3.2% during fiscal 2025. The company's profitability is expected to remain stable over the medium term as it focuses on leveraging its existing branch network. Additionally, as the company is focused on the gold loan segment, ultimate credit losses are low given the option to auction the jewellery and recover dues. Nevertheless, ability to maintain profitability while ramping up operations will remain a key rating sensitivity factor.

The capital position of Muthoot Mercantile remains adequate with networth of Rs 246 crore and gearing of 4.4 times as on March 31, 2026, compared with Rs 192 crore and 3.8 times, respectively, as on March 31, 2025. The capitalisation is supported by steady internal accrual. During the past five years, the company generated accrual of Rs 141 crore (profit) and no amount was taken out in form of dividend. Additionally, the promoters are willing to infuse capital as and when needed. The company's overall capital adequacy ratio (CAR) stood at ~25% as of March 2026, well above the regulatory requirement.

The company's assets under management (AUM) rose to Rs 1,306 crore as of March 2026 from Rs 852 crore as of March 2025, reflecting strong growth of ~53%, in line with the industry. Between March 2022 and March 2026, the AUM rose at a compound annual growth rate (CAGR) of ~36%. The company has been continuously expanding its branch network across geographies with new branches every year. During the past two fiscals, it added 96 new branches and plans to add 50 branches in fiscal 2027.

Nevertheless, the company's portfolio is concentrated in the top three states — Odisha, Maharashtra and Delhi — which account for 67% of AUM. Additionally, as the gold loan space is attracting interest from both NBFCs and banks, the ability of Muthoot Mercantile to maintain growth and diversify portfolio will remain monitorable.

Analytical Approach

For arriving at the rating, Crisil Ratings has considered the standalone business and financial risk profiles of Muthoot Mercantile.

Key Rating Drivers - Strengths

Extensive experience of the promoters and long track record of operations in gold loan business: Muthoot Mercantile has been in the gold loan business for more than 30 years and has expanded its operations across 12 states with more than 300 branches. The company is promoted by Mathew Mathaininan and his son, Richi Mathew. Mathew Mathaininan, Chairman of the Muthoot Ninan Group of Companies, has experience of more than 60 years in the lending business, while Richi Mathew, Managing Director of Muthoot Mercantile, has experience of more than 20 years in the gold loan business.

Comfortable earnings profile: The company's profitability has remained comfortable along with steady growth in AUM, as reflected in five-year average RoA of ~3.8%. During fiscal 2026, the company reported profit after tax (PAT) of Rs 53 crore and RoA of 4.5% as against a PAT of Rs 28 crore and RoA of 3.2% during fiscal 2025. The profitability is expected to remain stable over the medium term backed as it focuses on leveraging its existing branch network. Additionally, as the company is focused on the gold loan segment, ultimate credit losses are low given the option to auction the jewellery and recover dues. Nevertheless, ability to maintain profitability with growing scale will remain monitorable.

Adequate capitalisation: The capital position of Muthoot Mercantile remains adequate with networth of Rs 246 crore and gearing of 4.4 times as on March 31, 2026, compared with Rs 192 crore and 3.8 times, respectively, as on March 31, 2025. The capitalisation is supported by steady internal accrual of Rs 141 crore (profits) over the past five years with no amount being taken out in form of dividend. Additionally, the promoters are willing to infuse capital as and when needed. The company's overall CAR stood at ~25% as of March 2026, well above the regulatory requirement.

Key Rating Drivers - Weaknesses

Regional concentration in operations: The top three states, Odisha, Maharashtra and Delhi, account for 67% of the company's AUM. However, the company is gradually diversifying its portfolio by opening new branches across the country. As of March 2026, it had 325 branches across 12 states. The company plans to add 50 branches in fiscal 2027. Nevertheless, the ability of the company to substantially reduce the AUM concentration will remain monitorable.

Limited diversity in resource profile: Muthoot Mercantile has raised funds from multiple sources including NCDs (both listed and unlisted), subordinate debts and bank loans. However, a significant portion (~67%) of borrowings is through NCDs and subordinate debt raised from individual investors. While the company has raised term loans from multiple banks (including public sector banks such as State Bank of India and Indian Overseas Bank) and NBFCs, this quantum remains low. The interest rate on term loans ranges from 9.5% to 11%. The ability of the company to further diversify its funding mix and raise sufficient funds through other channels remains monitorable.

Liquidity: Adequate

Muthoot Mercantile had liquidity of Rs 113 crore as of April 2026 in the form of unencumbered cash and bank balance against cash outflow of Rs 108.6 crore in the next three months till July 2026, resulting in three-months liquidity cover of 1.0 times (considering nil collections).

Outlook: Stable

Crisil Ratings believes Muthoot Mercantile will continue to benefit from the experience and strong understanding of its promoters in the gold finance segment and will remain adequately capitalised over the medium term.

Rating sensitivity factors

Upward factors

- Sustained improvement in earnings profile with RoA over 4% on consistent basis
- Substantial increase in scale of operations with continued strong risk management practices and branch level operations

Downward factors

- Inability to maintain growth in scale of operations resulting in RoA falling below 1%
- Significant weakening in capital position with gearing rising beyond 6 times

About the Company

Incorporated in 1997, Muthoot Mercantile is a Kerala-based non-deposit-taking NBFC. The company obtained Certificate of Registration from the Reserve Bank of India in December 2002 and operates in the gold loan business with 325 branches across 12 states. Its AUM stood at Rs 1306 crore as of March 2026. The company is promoted by Mathew Mathaininan and his son, Richi Mathew. Mathew Mathaininan is the only son of the late M. Ninan Muthoot, who began with a chit fund scheme in 1939 adopting the trade name, "MUTHOOT". Mathew Mathaininan is chairman of the Muthoot Ninan Group of Companies and have work experience of more than 60 years in the lending business. Richi Mathew, Managing Director of Muthoot Mercantile, has more than 20 years of work experience in the gold loan business.

Key Financial Indicators

As on/ for the period ended		FY 2026	2025	2024
Total assets	Rs crore	1,399	991	792
Total AUM	Rs crore	1306	852	663
Total income	Rs crore	249	166	132
PAT	Rs crore	53	28	24
Gross NPAs	%	0.3	1.5	0.5
Gearing	Times	4.4	3.8	3.5
RoA	%	4.5	3.2	3.4

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
INE05F407EA2	Non Convertible Debentures	12-Jun-26	Zero Coupon	12-Jun-29	12.00	Simple	Crisil BBB+/Stable
INE05F407EB0	Non Convertible Debentures	12-Jun-26	Zero Coupon	12-Jul-32	14.00	Simple	Crisil BBB+/Stable
INE05F407DV0	Non Convertible Debentures	12-Jun-26	10.5	17-Jul-27	20.00	Simple	Crisil BBB+/Stable
INE05F407DW8	Non Convertible Debentures	12-Jun-26	11	12-Jun-29	37.00	Simple	Crisil BBB+/Stable
INE05F407DX6	Non Convertible Debentures	12-Jun-26	Zero Coupon	17-Jul-27	29.00	Simple	Crisil BBB+/Stable
INE05F407DY4	Non Convertible Debentures	12-Jun-26	10.75	12-Jun-28	9.00	Simple	Crisil BBB+/Stable
INE05F407DZ1	Non Convertible Debentures	12-Jun-26	Zero Coupon	12-Jun-28	10.00	Simple	Crisil BBB+/Stable
NA	Non Convertible Debentures [#]	NA	NA	NA	450.00	Simple	Crisil BBB+/Stable
NA	Non Convertible Debentures [#]	NA	NA	NA	19.00	Simple	Crisil BBB+/Stable

Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Current			2026 (History)		2025		2024		2023		Start of 2023
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	600.0	Crisil BBB+/Stable	24-04-26	Crisil BBB+/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure: List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI

6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Crisil Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for Finance and Securities companies \(including approach for financial ratios\)](#)

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Ramkumar Uppara Media Relations Crisil Limited M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crsil.com</p> <p>Kartik Behl Media Relations Crisil Limited M: +91 90043 33899 B: +91 22 6137 3000 kartik.behl@crsil.com</p> <p>Divya Pillai Media Relations Crisil Limited M: +91 86573 53090 B: +91 22 6137 3000 divya.pillai1@ext-crsil.com</p>	<p>Ajit Velonie Senior Director Crisil Ratings Limited D:+91 22 6137 3090 ajit.velonie@crsil.com</p> <p>Aparna Kirubakaran Director Crisil Ratings Limited D:+91 44 6656 3143 aparna.kirubakaran@crsil.com</p> <p>Prasad Ganurkar Senior Rating Analyst Crisil Ratings Limited B:+91 22 6137 3000 prasad.ganurkar@crsil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll Free Number: 1800 267 3850</p> <p>For a copy of Rationales / Rating Reports: CRISILRatingdesk@crsil.com</p>

For Analytical queries
Toll Free Number: 1800 266 6550
ratingsinvestordesk@crisil.com

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