

Muthoot Mercantile Limited

May 25, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 400.00 Crore	Regulator[^]
Long Term Rating	IVR BBB+/Positive (Rating Assigned)	RBI
[^] 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.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics 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.

Rationale

Infomerics Ratings has assigned the ratings to the bank facilities of Muthoot Mercantile Limited (MML) derives its strength from sustained growth in AUM and earnings profile, improving asset quality, adequate capitalization levels, and experienced management team. However, ratings are partially constrained by geographical concentration coupled with diversified product profile.

Outlook: Positive

The “Positive” outlook reflects the anticipated sustained growth in the company’s AUM and earnings over the medium term, driven by ongoing branch expansion, enhanced operational efficiency, comfortable capitalization, and stable asset quality metrics.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

- **Adequate capitalisation:**

The company’s capitalisation remains adequate, supported by comfortable CRAR levels over the years. Total CRAR stood at 25.36% in FY2025(Audited) and 24.34% in FY2026 (Prov), which is well above the regulatory requirements, providing sufficient cushion for business growth. However, there is a moderating trend in capital ratios, with Tier I decline



from 37.93% in FY2023 to 17.38% in FY2026, mainly due to growth in the loan book and rising risk-weighted assets. During FY26, the company has issued convertible preference shares of Rs. 100.00 crore, strengthening the company's Tier I capital base.

- **Sustained growth in AUM and earnings profile:**

MML has demonstrated sustained growth in its AUM and overall business profile over the years. The company's portfolio outstanding (AUM) witnessed YoY growth of ~46.65% which got increased from Rs. 890.50 crore in FY2025 to Rs. 1,306.81 crore in FY2026 (Prov.), reflecting strong business momentum and robust lending activity. The growth was primarily supported by a sharp increase in disbursements, which nearly doubled and increased by ~100.48% from Rs. 2,065.31 crore in FY2025 to Rs. 4,140.38 crore in FY2026 (Prov.), aided by higher demand in the gold loan segment and expansion in lending operations. Further, the company has strengthened its operational scale through branch expansion and employee addition. The branch network increased by ~10.37% from 299 branches in FY2025 to 330 branches in FY2026 (Prov.). The strong growth in AUM, coupled with increased branch penetration and operational expansion, has supported the company's improving earnings profile and strengthened market position in the gold loan financing segment. Going forward, AUM growth is expected to remain steady, supported by the addition of ~50 new branches in FY2027, continued focus on gold loan financing, higher disbursement momentum, and strengthening operational infrastructure, which is expected to support profitability and portfolio quality over the medium term.

- **Improving asset quality:**

Muthoot Mercantile Limited has demonstrated a significant improvement in its asset quality profile, with Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) improving to 0.23% and 0.20%, respectively, as on March 31, 2026 (Prov.), as compared to 1.53% and 1.30%, respectively, as on March 31, 2025. The sharp improvement in asset quality is supported by the company's secured lending profile, wherein the portfolio is primarily backed by gold collateral, thereby limiting credit losses and recovery risks. Further, the company maintained comfortable collection efficiency, with average collection efficiency standing at 93.63% for the last 12 months ended March 2026, despite the inherent nature of gold loans involving shorter tenure and bullet repayment structures, wherein interest income is largely realized at the time of repayment.



- **Experienced management team**

Founded under the legacy of late Shri M. Ninan Muthoot, the group has been engaged in the financial services business since 1939. MML is promoted by Mr. Mathew Mathaininan, Chairman and Whole-time Director which carries over experience of ~ 58 years of in banking industry, along with his son, Mr. Richi Mathew, Managing Director, who has more than two decades of experience in the financial services sector and spearheads the company's operations. He is supported by a well-qualified and professional Board of Directors and management team.

Weaknesses

- **Geographical concentration of operations:**

A significant portion of the company's business remains geographically concentrated, with nearly 77% of AUM derived from Kerala, Maharashtra, Odisha, and Delhi, exposing it to region-specific risks. While the company intends to expand its presence by adding 50 branches in fiscal 2027, its ability to meaningfully diversify the AUM mix across geographies will continue to remain a key monitorable.

- **Limited diversified product profile:**

The company's portfolio exhibits concentration towards gold loan financing, resulting in limited product diversification and elevated dependence on a single asset class. While this enables operational efficiencies and domain expertise, it also exposes the company to asset class-specific risks, particularly linked to gold price volatility. The company's ability to diversify its product mix and broaden revenue streams will remain a key monitorable.

Liquidity – Adequate

MML's liquidity profile remained comfortable, supported by the shorter tenure and secured nature of its gold loan portfolio, resulting in regular repayments and healthy cash flow generation. As on March 31, 2026 (Prov.), the company maintained total liquidity of Rs. 101.02 crore, comprising cash and bank balances of Rs. 29.40 crore, liquid investments of Rs. 23.89 crore, and unutilised bank limits of Rs. 47.73 crore. Further, the company maintained an adequately matched ALM profile with no major cumulative mismatches across key maturity buckets, providing additional comfort to its liquidity position. The healthy liquidity buffer, along with comfortable capitalization (CRAR of 24.34% as on March 31, 2026), is expected to support the company's near-term growth plans and operational requirements.

Rating Sensitivities

Upward Factors

- Substantial and sustained growth in its AUM levels, while maintaining healthy asset quality, strengthening capitalization, profitability and diversification across geographies on a standalone basis.

Downward Factors

- Substantial deterioration in the AUM size impacting capital position, liquidity, and profitability.
- Decline in collection efficiency leading to deterioration in MML's asset quality.

About the Company

MML, is the flagship company of the Muthoot Ninan Group, which was incorporated in 1997 and registered with the RBI as an NBFC in 2002 MML is primarily engaged in gold loan financing along with allied financial services such as investments, insurance, forex, and money transfer services. MML is promoted by Mr. Mathew Mathaininan, Chairman and Whole-time Director, a seasoned banking professional with over 58 years of experience, along with his son, Mr. Richi Mathew, Managing Director, who has more than two decades of experience in the financial services sector and spearheads the company's operations.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2025	31-03-2026
	Audited	Provisional
Total Income	166.43	248.67
PAT	28.09	51.63
Tangible Net worth	398.57	440.86
AUM	852.35	1,306.81
Ratios		
NIM (%)	11.32	13.12
ROTA (%)	3.19	4.47
Total CRAR (%)	25.36	24.34
Gross NPA [Stage III] (%)	1.53	0.23
Net NPA [Stage III] (%)	1.30	0.20

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company



Applicable Criteria

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
1.	Fund based facilities	LT	400.00	IVR BBB+/Positive	-	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator ^	Complexity Indicator
Term Loan	NA	NA	NA	March 03 2030	49.70	IVR BBB+/Positive	NA*	RBI	Simple
Term Loan	NA	NA	NA	November 30 2026	4.99	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	November 28 2028	3.33	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	November 28 2028	15.00	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	November 28 2028	22.92	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	September 09 2027	7.86	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	December 11 2027	8.75	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	April 07 2027	18.06	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	November 12 2026	8.00	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	October 31 2026	5.33	IVR BBB+/Positive	NA	RBI	Simple



Term Loan	NA	NA	NA	March 22 2030	41.81	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	April 04 2027	18.75	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	October 16 2029	21.88	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	May 27 2027	16.95	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	March 14 2027	16.00	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	March 25 2028	20.00	IVR BBB+/Positive	NA	RBI	Simple
Term Loan	NA	NA	NA	September 28 2027	19.00	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	50.00	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	5.00	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	5.00	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	0.50	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	20.00	IVR BBB+/Positive	NA	RBI	Simple
Cash Credit	NA	NA	NA	Revolving	1.00	IVR BBB+/Positive	NA	RBI	Simple
WCDL	NA	NA	NA	Revolving	15.00	IVR BBB+/Positive	NA	RBI	Simple
Proposed bank facilities	NA	NA	NA	-	5.17	IVR BBB+/Positive	NA	RBI	Simple

*NA - Not Applicable

^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.



Annexure 2: Facility wise lender details

https://infomericstorage.blob.core.windows.net/uploads/Len_Muthoot_Mercantile_25_May26_08e429f8fd.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	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/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, 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 ~	Refer foot note
15	Issuer Ratings #	Refer foot note
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 Banks/NBFCs/NHB/FIs)	RBI



22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* 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 Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

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.

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

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

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