

24-10-2025

The BSE Limited
 Phiroze Jeejeebhoy Tower
 Dalal Street, Mumbai-400 001
 Dear Sir,

Sub: Annual Review/Upgradation by India Ratings & Research

Pursuant to Regulation 51(2), Schedule III, Part-B read with Regulation 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the press release made on the late evening of 23rd October, 2025 by India Ratings & Research has upgraded the credit ratings of the company's NCD and Bank Facility from 'IND A-/Stable' to 'IND A/Stable', While the rating for commercial paper has been affirmed as 'IND A1' by India Ratings & Research .

Details of Credit Rating

Sr No	ISIN	Name of the Credit Rating Agency	Credit Rating Assigned	Outlook (Stable/ Positive/ Negative/ No Outlook)	Rating Action (New/ Upgrade/ Downgrade/ Reaffirm/ Other	Date of Credit Rating	Verification Status of Credit Rating Agencies	Date of Verification
1	INE101Q07771*	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
2	INE101Q07789	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
3	INE101Q07847	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
4	INE101Q07854	India Ratings	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025

		and Research Private Limited						
5	INE101Q07904	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
6	INE101Q08118	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
7	INE101Q08126	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
8	INE101Q07953*	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
9	INE101Q08134	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025
10	INE101Q08142	India Ratings and Research Private Limited	IND A/Stable	Stable	Annual Review/Upgrade	23-10-2025	Verified	23-10-2025

**Fully redeemed as on date*

Details of Earlier Credit Rating

Sr No	ISIN	Name of the Credit Rating Agency	Credit Rating Assigned	Outlook (Stable/ Positive/ Negative/ No Outlook)	Rating Action (New/ Upgrade/ Downgrade/ Reaffirm/ Other)	Date of Credit Rating	Verification Status of Credit Rating Agencies	Date of Verification
1	INE101Q07771	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
2	INE101Q07789	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
3	INE101Q07847	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
4	INE101Q07854	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
5	INE101Q07904	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
6	INE101Q08118	India Ratings and Research Private Limited	IND A-/Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
7	INE101Q08126	India	IND A-	Stable	Affirm	06-03-2025	Verified	06-03-2025

		Ratings and Research Private Limited	/Stable					
8	INE101Q07953	India Ratings and Research Private Limited	IND A- /Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
9	INE101Q08134	India Ratings and Research Private Limited	IND A- /Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025
10	INE101Q08142	India Ratings and Research Private Limited	IND A- /Stable	Stable	Affirm	06-03-2025	Verified	06-03-2025

Copy of the press release is appended.

Kindly take the same on record.

Yours Faithfully

For Muthoottu Mini Financiers Limited

Mathew Muthoottu
 Managing Director
 DIN: 01786534

India Ratings Upgrades Muthoottu Mini Financiers’s NCDs and Bank Loans to ‘IND A’/Stable; CP Affirmed at ‘IND A1’

Oct 23, 2025 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has upgraded Muthoottu Mini Financiers Limited’s (MMFL) non-convertible debentures (NCDs) and bank loan facilities’ rating to ‘IND A’ from ‘IND A-’, with a Stable Outlook. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures#	-	-	-	INR1,783.40 (reduced from INR2,223.80)	IND A/Stable	Upgraded
Bank Loan Facilities	-	-	-	INR15,000	IND A/Stable	Upgraded
Commercial paper	-	-	-	INR3,000	IND A1	Affirmed

Details in Annexure

Analytical Approach

Ind-Ra continues to take a standalone view of MMFL to arrive at the ratings.

Detailed Rationale of the Rating Action

The upgrade reflects Ind-Ra’s expectation of sustained operational growth for MMFL over the medium term, supported by adequate internal accruals. The rating action also factors in the company’s consistent profitability, improvement in operational metrics, as evidenced by the increase in assets under management (AUM) per branch, prudent credit cost management, and ongoing diversification of funding profile with a rising proportion of bank borrowings. The ratings are supported by MMFL’s operating track record of over two decades, along with its ability to maintain stable asset quality during multiple business cycles. The ratings remain constrained by MMFL’s limited geographic diversification, with a relatively higher concentration in southern regions. While the company has initiated expansion into newer geographies, the pace of ramp-up is likely to be gradual.

List of Key Rating Drivers

Strengths

- Operational vintage and market familiarity
- Sustainable earnings profile
- Resilience of asset quality across cycles
- Evolving liability profile and funding access

Weaknesses

- Regional concentration; limited geographic dispersion

Detailed Description of Key Rating Drivers

Operational Vintage and Market Familiarity: MMFL has over two decades of experience in the gold finance business in the highly competitive southern geographies. The company has managed multiple cycles in this business, through which it has seen several wide fluctuations in gold prices. MMFL's AUM grew 27% yoy to INR44.78 billion at 1QFY26 (FY25: up 17.6% yoy, FY24: up 8% yoy, FY23: up 30.6% yoy), with the AUM per branch for gold loans rising to INR46.74 million (INR43.69 million, INR39.06 million, INR35.4 million). Furthermore, MMFL's branch network has improved over the past few years (1QFY26: 958; FY25: 948; FY24: 902; FY23: 861). The management plans to further expand the branch network to 1,000-1,050 by FY26. Gold loans continue to constitute the majority of MMFL's portfolio, comprising 92.8% of total AUM in 1QFY26 (FY25:92.06%; FY24: 91.5%). The balance was the high-yielding microfinance book, primarily in Kerala, leveraging its regional familiarity. The company is penetrating deeper into the southern states and plans to expand its branch network further in the western and northern states of India over FY26. MMFL has also been focusing on increasing its branch productivity and deriving more business from the existing network. Ind-Ra opines that this would lead to improved branch profitability and AUM growth over the near term.

Sustainable Earnings Profile: MMFL's return on assets (as per Ind-Ra's calculations) stood at 2.31% in 1QFY26 (FY25: 2.03%; FY24: 1.91%; FY23: 1.90%), supported by an increase in yield. MMFL's operating expenditure to average AUM stood at 6.4% in 1QFY26 (FY25: 7.14%; FY24: 6.16%; FY23: 6.30%); however, Ind-Ra believes there is a significant room for improvement in its productivity. MMFL has increased the proportion of bank funding to bolster its margins. Also, MMFL has a soundtrack record in the recovery of gold loans through auctions; in FY25, it realised a surplus of 44.7% over the outstanding principal (FY24: 34.1%; FY23: 31.7%). MMFL's blending funding cost (as per Ind-Ra's calculations) increased to 10.4% in 1QFY26 (FY25: 10.33%; FY24: 10.17%; FY23: 9.68%), which has been managed by a rise in the yield on new loans. In 1QFY26, the leverage (debt/tangible equity) stood at 5.57x (FY25: 5.17x; FY24: 5.11x; FY23: 5.15x), and the company reported a profit after tax of INR 301.4 million (INR941.8 million; INR778.3 million; INR672.8 million). Ind-Ra opines that the trajectory of profitability would depend upon improved productivity, and the company's ability to maintain margins. The company's ability to generate adequate internal accruals continues to support its capital structure, enabling it to maintain a moderate leverage position.

Resilience of Asset Quality Across Cycles: MMFL's gross non-performing assets (NPAs) increased to 0.93% in 1QFY26 (FY25: 0.85%; FY24: 0.88%; FY23: 0.43%), though the overall asset quality remains manageable. While MMFL caters to relatively vulnerable borrower segments, it benefits from the secured nature of gold loans, with a loan-to-value (LTV) cap of 75% at disbursement. Additionally, the microfinance portfolio—though a small portion of the overall mix—offers higher yields and is primarily concentrated in Kerala, MMFL's home state, where it benefits from strong regional familiarity, which helps limit ultimate credit losses. Being in the gold loan business, MMFL's credit cost has always been modest and less volatile through the cycle, leading to better operating profit buffers. In 1QFY26, the credit cost stood at 0.3% (FY25: 0.38%; FY24: 0.21%). Given the strengthening in gold prices in FY25, MMFL has shifted its focus towards loans with a duration of six-to-12 months. This exposes the company to gold price fluctuations, which could have an impact on its credit cost, if not managed properly. However, MMFL maintains a risk filter, wherein a resolution is initiated if the principal-plus-interest reaches 95% of the loan-to-value, leading to the closing of the loan by the borrower, or in case of a delay, conducting auctions after providing an intimation about the same to the borrower. In FY25, recoveries from auctions amounted to INR860.1 million (FY24: INR680.2 million, FY23: INR612 million). Also, the company has not witnessed any losses in the auctions in the past.

Evolving Liability Profile and Funding Access: MMFL's lending relationships have improved in the past couple of years, as the total number of banks and non-banking financial companies (NBFCs) providing funding to it increased to 33 in FY25 (28 banks and five NBFCs) from only 16 banks in FY22. The company has been able to raise funds from a mix of both public and private sector banks. However, the share of funds mobilised through the NCD and subordinated debts route in the overall funding mix reduced to 40.9% in 1QFY26 (FY25: 40.4%; FY24: 46.6%; FY23: 52%). The share of bank borrowings increased to 54.3% in 1QFY26 (FY25: 56%, FY24: 53.4%, FY23: 47%), and CP accounted for the rest at 4.8% (3.6%, 0%,0%). A sustained and substantial increase in the exposure taken by banks over the medium term will be a key monitorable.

Regional Concentration; Limited Geographic Dispersion: MMFL's portfolio is concentrated in southern India, with Tamil Nadu constituting around 35.5% of the gold loan portfolio in 1QFY26 (FY25: 35.8%; FY24: 40%; FY23: 46.2 %). Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, and Telangana constituted around 95.3% of the gold loan portfolio at end-1QFY26.

While this concentration provides operational efficiencies and benefits from regional familiarity, it also exposes the company to region-specific economic, political, and climatic risks. The company has initiated expansion into newer geographies; however, the pace of diversification is likely to remain gradual over the medium term. As a result, the portfolio is likely to remain skewed towards southern markets in the near-to-medium term.

Liquidity

Adequate: As per the structural liquidity statement dated 31 August 2025, there was adequate surplus in each of the buckets, typically because it mainly offers loans with a shorter tenor of six-to-12 months on the asset side, and has a long liability tenor of average two-to-three years. MMFL had a cumulative surplus (excess of short-term assets over short-term liabilities in the up-to-one-year bucket) of 42.5% of the total assets at end-August 2025. Even under Ind-Ra’s stress case, which assumes a delay in inflows, the liquidity profile was reasonable. As on 31 August 2025, MMFL had unencumbered cash of INR3,122.4 million and unutilised bank lines of INR176.8 million. This along with the steady inflows of loan receivables of INR4,721.7 million during September-November 2025 would provide adequate cover for the scheduled debt repayments. The total amount of debt maturing during September- November 2025 stands at INR5,002 million. In addition to the surplus asset-liability mismatch, the liquid nature of the underlying collateral offers support to the liquidity profile. MMFL also has reasonable access to funding.

Rating Sensitivities

Positive: Significant growth in the franchisee while maintaining capital buffers, geographical diversification, a further diversification and deepening of funding avenues, and an improvement in profitability could lead to a positive rating action.

Negative: An inability to raise funds at competitive rates, a material depletion in the capital buffers, with the leverage exceeding 6.0x, on a sustained basis, and sustained depletion in profitability could result in a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on MMFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

MMFL, a Kerala-based non-deposit taking NBFC, lends against high-yielding gold jewellery, which formed around 92.1% of the total loans at end-1QFY26; microfinance loans constituted the remaining portion of its AUM. Incrementally, MMFL plans to grow in the western geographies of Gujarat and Maharashtra in the gold loans segment. At end-June 2025, the company had presence in 12 states, including union territory (Puducherry) with 958 branches.

Key Financial Indicators

Particulars	1QFY26*	FY25	FY24
Total assets (INR million)	54,768	49,562	43,112
Total tangible equity (INR million)	8,266	7,967	7,015
Net profit (INR million)	301.4	941.8	778.3
Return on assets (%)	2.31	2.03	1.91
Equity/Asset (%)	15.09	16.08	16.27
Tier 1 capital (%)	15.76	16.14	16.93

Gross non-performing asset (%)	0.93	0.85	0.88
Source: MMFL; Ind-Ra's analysis *annualised			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook					
	Rating Type	Rated Limits (million)	Rating/Outlook	6 March 2025	1 October 2024	8 July 2024	11 December 2023	18 July 2023	16 August 2022
Bank loans	Long-term	INR15,000	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Non-convertible debentures	Long-term	INR1,783.4	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Commercial paper	Short-term	INR3,000	IND A1	IND A1	IND A1	IND A1	IND A1	-	-

Bank wise Facilities Details

The details are as reported by the issuer as on (23 Oct 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	IDBI Bank	Working capital demand loan	400	IND A/Stable
2	Karur Vysya Bank	Term Loan	74.6	IND A/Stable
3	Karur Vysya Bank	Term loan	22.7	IND A/Stable
4	Karur Vysya Bank	Working Capital Demand Loan	250	IND A/Stable
5	Punjab National Bank	Working capital demand loan	500	IND A/Stable
6	State Bank of India	Working capital demand loan	400	IND A/Stable
7	Union Bank of India	Working capital demand loan	1000	IND A/Stable
8	Union Bank of India	Term loan	62.5	IND A/Stable
9	Union Bank of India	Term loan	118	IND A/Stable
10	Yes Bank Ltd	Working capital demand loan	600	IND A/Stable
11	Tata Capital Limited	Term loan	114.3	IND A/Stable
12	NA	Term loan	11457.9	IND A/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Non-convertible debentures	INE101Q07771	30 September 2020	10.5	29 September 2025	INR312.2	WD#
Non-convertible debentures	INE101Q07789	30 September 2020	0*	29 October 2027	INR160.8	IND A/Stable
Non-convertible debentures	INE101Q07847	24 November 2020	10.5	21 November 2025	INR362.4	IND A/Stable
Non-convertible debentures	INE101Q07854	24 November 2020	0*	23 December 2027	INR175.9	IND A/Stable
Non-convertible debentures	INE101Q07904	15 February 2021	0*	14 August 2026	INR218.2	IND A/Stable
Non-convertible debentures	INE101Q08118	15 February 2021	10.25	13 March 2026	INR277.1	IND A/Stable
Non-convertible debentures	INE101Q08126	15 February 2021	0*	14 February 2028	INR213.6	IND A/Stable
Non-convertible debentures	INE101Q07953	3 May 2021	0*	2 July 2025	INR128.1	WD#
Non-convertible debentures	INE101Q08134	3 May 2021	10.25	2 June 2026	INR240.5	IND A/Stable
Non-convertible debentures	INE101Q08142	3 May 2021	0*	2 May 2028	INR134.9	IND A/Stable
Utilised limit					INR1783.4	
Total #					INR1783.4	
Source: MMFL; NSDL						
*Issuance were cumulative in nature and have an annualised yield						
WD: Paid in full						
# it does not include withdrawn NCD						

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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