Phillip Services

Good Bonds Matter

Product Note

Muthoot Fincorp Limited

Updated As on June'26 (Q1FY27)

Muthoot Fincorp Limited.

Why we like this issuer

1. **Nature of business** – 89.10% of the book is secured with loans secured against gold, which itself is at a 72.70 % LTV as on June'26.
2. **Economies of Scale** - the 2nd largest gold loan NBFC in the country with total AUM of Rs. 65,690 crore as on June'26, diversified across 3,845 branches and 24 states.
3. **Seasoned Management** - having run this business for close to 80 years.
4. **Healthy Capitalization** – 18.06% CRAR as on 30th June'26.
5. **Granular book –** As on 30th June'26 the Gold Loan AUM of 58,530 Crs (On Book – Rs 46,709 Crs, Off Book – Rs 11,822 Crs) held across ~43.72 Lac active loan accounts making it a very granular book with average ticket size of around Rs 1,42,293 approx.

About the Issuer

Muthoot Fincorp Limited (MFL), set up in 1997, is a non-deposit-taking, systemically-important NBFC, engaged in lending against gold jewellery. It is the flagship company of the Muthoot Pappachan Group also popularly known as the Muthoot Blue Group, which has diverse business interests such as hospitality, real estate, and power generation. MFL is largely a promoter driven company, jointly managed by Mr. Thomas John Muthoot (Group Chairman and Managing Director), Mr. Thomas George Muthoot (Director) and Mr. Thomas Muthoot (Executive Director) (all brothers).

MFL has a well-established market position in the gold loan segment with a strong network of over 3,845 branches across India. MFL is the second largest gold loan NBFC in India. The company's promoters have a deep understanding of the gold loan business and have been in this business for over eight decades. Over the years, the group has established a strong reputation and brand in South India, particularly Kerala and Tamil Nadu, and has an appropriate assessment and underwriting methodology, which is being constantly refined.

The assets under management (AUM) stood at Rs 65,690 crore as on 30th June'26 (Gold loan AUM stood at 58,530 crore ~ 89.10% of the book). As on 30th June'26, the total gold holding stood at 65.73 tonnes. Gold loan AUM per branch has increased to around Rs 14.61 crore as on 30th June'26 (Increases from Rs 5.10 crore as on 31st March'22).

Product

MFL Segment wise break-up of business

	FY2023		FY2024		FY2025		FY26		Q1FY27	
Business Segment	**% Share**	**AUM (Rs.in Cr.)**	**% Share**	**AUM (Rs.in Cr.)**	**% Share**	**AUM (Rs.in Cr.)**	**% Share**	**AUM (Rs.in Cr.)**	**% Share**	**AUM (Rs.in Cr.)**
Gold Loan (On Book and Off Book)	96	17,942.40	85.29	19,502.07	65.80	22,084.99	84.31%	48,550.81	89.10%	58,530.87
Other Loans (MSME)	4	826.06	9.67	2,210.08	11.76	3,946.66	9.31%	5,359.00	8.83%	5,803.20
Direct Assignment/Co-lending			5.04	1,153.85	22.44	7,531.79	6.38%	3,670.87	2.07%	1,355.58
Total	**100%**	**18,768.46**	**100%**	**22,866.19**	**100%**	**33,563.44**	**100%**	**57,580.69**	**100.00%**	**65,689.74**

Shareholding Structure (As of June'26)

Name	Holding (%)
Promoter	98.98
Angels, Family & Friends	1.02
Total	**100.00**

Overall managed AUM of the group was around Rs 86,791.52 crore as on 30th June'26 (Rs 76,886 crore as on 31st March'26). Following are the subsidiaries of Muthoot Fincorp

1. Muthoot Microfin Limited
2. Muthoot Housing Finance Company Limited
3. Muthoot Pappachan Technologies
4. Muthoot Capital Services Limited

Key points about the issuer

Liquidity

As per the asset liability management statement of 30th June'26, MFL, on a standalone basis, had cumulative positive gaps in the up to 5-year bucket. As on 30th June'26, it had liquidity of Rs 2,644.76 crore (Rs 2,039.16 crore of cash and cash equivalent, Rs 275.01 crore of bank balance and Rs 330.59 crore of investments in government securities). Against this, it had total debt repayment (including operating expense) of Rs 1,513.35 crore in the next three months. This excludes CC/WCDL limits, which are typically rolled over.

Particulars	0 to 7 D	8 to 14 D	15 D to 1 M	1 to 2 M	2 M to 3 M	3 M to 6 M	6 M to 1 Y	1 Y to 3 Y	3 Y to 5 Y	Over 5 Y	Total
Total Inflows (In Rs Crs)	3,746.94	107.55	284.30	1,021.25	733.25	2,739.89	36,847.99	1,312.38	857.79	5,624.20	53,275.60
Total Outlows (In Rs Crs)	2,363.57	79.55	232.20	831.33	1,101.38	2,831.92	14,456.64	15,724.12	3,774.43	11,964.92	53,360.10
Mismatch (In Rs Crs)	1,383.36	27.99	52.10	189.92	-368.12	-92.02	22,391.35	-14,411.73	-2,916.64	-6,340.71	-84.50
Cumulative Mismatch (In Rs Crs)	1,383.36	1,411.36	1,463.47	1,653.39	1,285.26	1,193.23	23,584.59	9,172.85	6,256.21	-84.50	-84.50

Collection Efficiency

The Company's average monthly collections for Q1FY27 stood at around Rs. 9,886.58 Crore, and its continuation over the next few quarters seem more than enough to meet the debt obligations. Hence liquidity position is considered as strong. WCDL is expected to get rollover in a timely manner based on the past trends and present position of the company.

	June 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025	June 2025	Sep 2025	Dec 2025	Mar 2026	June 2026
Collection efficiency	95.54%	95.35%	95.73%	95.38%	95.67%	95.59%	95.27%	97.38%	96.23%	95.46%	95.47%	95.37%	95.31%

Second largest gold loan non-banking financial company (NBFC)

MFL is the second largest gold loan non-banking financial company (NBFC). The promoters have spent over eight decades in the business of lending against gold jewellery. Over the years, the group has established a strong reputation and brand in South India, particularly Kerala and Tamil Nadu, and has an appropriate assessment and underwriting methodology.

Improving earnings profile for gold loan business

MFL's Profitability at a standalone level has seen substantial improvement during the last 1-2 years. On a standalone basis, RoMA improved to 5.01% during Q1FY27 (one of its highest in the last 4-5 years) as against 4.16% during Q4FY26 (2.3% during fiscal 2025). The Company reported a PAT of Rs. 705.47 crores for Q1FY2027 against Rs. 1,640.21 Crs in FY2026. The company has maintained its focus on regular interest collections in its gold loan portfolio in order avoid any higher delinquencies and reduce loss, if any, post auctions.

On a consolidated level, the PAT for FY26 stood at Rs 1,847.62 crore translating into RoMA of 3.47% as against Rs 607.98 crore and 2.8%, respectively in FY25. The profitability in the housing finance portfolio has witnessed asset quality challenges during the last 4-6 quarters impacting the group's overall profitability. Muthoot Housing Finance Company Ltd reported a PAT of Rs 3.86 crore in Q1FY27 as compared to profit of Rs 9.01 crore in Q4FY26. Muthoot Microfin Ltd reported a PAT of Rs 81.33 crore in Q1FY27 as compared to profit of Rs 71.12 crore in Q4FY26. As far as vehicle finance segment is concerned (which is housed in Muthoot Capital Services Ltd), PAT reported was 8.12 crore in Q1FY27 as compared to Rs 5.36 crore in Q4FY26.

Lower LTV

Average LTV of the gold loan book is 72.70% as on 30st June'26. MFL gold loan products have a tenor of 3m/6m/12m/24m/36m with interest rate ranging from 12%-27%. MFL has a minimum LTV of 50% and a maximum of 80%. The ticket size of these gold loans range between Rs 10,000 and Rs 10 lacs. Average ticket size is Rs 1,42,293 approx.

Healthy asset quality in the Gold Loan category even during Covid

Gross non-performing assets (GNPAs) for MFL stood at 0.77% as of June 2026 against 1.03% in Mar 2026. Furthermore, there is negligible impact of the RBI's clarification released in November 2021 on the NPAs as gold loans are demand loans where the interest and principal are due for payment at the end of the tenure. Nevertheless, during the last 6-8 quarters, the company steadily commenced lending to MSME retail outlets and has also been offering loan against property (LAP) loans to salaried customers (against collateral of property). The non-gold portfolio stood at Rs 7,160 crore as on 30st June'26, and the company is planning to steadily expand the same.

In the gold loan segment, MFL has maintained healthy asset quality over the years, backed by strong collection efficiency of 95.31**%** in June'26, as reflected in GNPAs of 0.50 - 1.0% over the last five fiscals. As on 30th June'26 Gold Loan GNPA & NNPA ratios showed marginal deterioration at 0.35% and 0.13% as compared to 0.25% and 0.10% as on 31th Mar'26.

MFL is doing regular auctions of gold loans, which would help in reducing GNPAs to below 2% in gold loans. In the gold loan segment, the company has maintained healthy asset quality over the years, backed by strong collection efficiency. Asset quality, as measured by credit costs, has also been under control (within 0.5%) during this period for gold loans. In fiscal 2026, the company reported nil credit cost. The company has been doing regular auctions since June 2021. Furthermore, the company is focusing on short-tenure (less than 12 months) gold loan product which should help MFL to de-risk the portfolio from any sharp movements in gold prices in the near term.

Auction details as of June 2026

Particulars	Amount (In Cr)
Number of Accounts Auctioned	6319
Principal Amount	29.25
Interest Claim Amount	9.64
Total Receivable amount	38.89
Total value fetched under auction	**61.59**

Adequate Capitalization

CRAR stood at 18.06% as on 30th June'26 from 18.00% as at the end of FY26. The networth of MFL as on 30th June'26 was Rs. 7,412.59 Crores. (FY26: Rs. 6,267.32 Crs). Adjusted TNW (including CCCPS of Rs 422.08 crore) stands at Rs 7,908.46 crore as of June'26. Adjusted gearing levels have showed improvement from 6.52 times as on March 31st, 2026 to 5.89 times as on 30th June'26 mainly on account of increase in net worth due to higher profits. Reported gearing stands at 6.21 times as of June'26.

IPO Updates: The company has filed the DRHP with SEBI to raise Rs 3,000 crore through IPO. The proceeds comprise entirely of a fresh issue of equity shares. The funds raised through the issue will be utilised to enhance the company's Tier-I capital base and meet future capital needs. This will include supporting onward lending and financing the company's business growth and expansion.

Widespread Branch Network and Strong Presence in South India

As of 30th June'26, MFL had 3,845 branches located across 25 states, union territory of Andaman and Nicobar Islands and the national capital territory of Delhi, with a significant presence in South India. The customers of MFL are typically retail customers, small businessmen, vendors, traders, farmers and salaried individuals, who for reasons of convenience, accessibility or necessity, avail their credit facilities by pledging their gold rather than by taking loans from banks and other financial institutions.

A significant proportion of MFL branches are located in rural locations and in semi-urban locations. MFL has a wide reach in rural markets as compared with other competition in this category. This reach in rural and semi-urban locations gives MFL an added advantage of being able to reach out to a large set of potential rural customers. Having such a network enables MFL to service and support the existing customers from proximate locations which gives the customers easy access to the services and enables us to reach new customers especially potential rural customers. MFL believes that they can leverage on this existing network for further expansion and for fulfilling our customer requirements.

Strong Governance & Experienced Board

The Promoter Directors



THOMAS JOHN MUTHOOT

Chairman & Managing Director

- He is the Chairman & Managing Director of Muthoot Fincorp Ltd (MFL).
- Under his leadership, the Group has been partnering with and investing in, new-age & tech-led startups with an eye on customer-centricity and the future.
- Alumnus of the Harvard Business School.
- Currently serve as the Deputy Chairman of CII Southern Region
- Recognized for his works and received several awards including "Young Hotel Entrepreneur Award 2006" (Federation of Hotel & Restaurant Associations of India) and "Business Man of the Year 2009" (Trivandrum Management Association), to name a few.



THOMAS GEORGE MUTHOOT

Director

- Georgie, as he is fondly called, is the Managing Director of Muthoot Capital Services Limited
- Georgie is also the Promoter-Director with Muthoot Fincorp Limited,
- Mr. George is also the Chairman of the Kerala Non-Banking Finance Companies Welfare Association (KNBFC), Kochi; Secretary of Association of Gold Loan Companies (AGLOC), India; committee member of Finance Companies Association (FCA) and (FADC).
- He is active in various business fora, such as the Kerala Non-Banking Finance Companies Welfare Association, Kochi; Indo-American Chamber of Commerce, Kerala Branch and so on.



THOMAS MUTHOOT

Director

- Thomas Muthoot is a core Promoter – Executive Director of Muthoot Pappachan Group (MPG).
- Mr. Thomas is also the Managing Director of Muthoot Microfin Limited (MML)
- He is an expert in micro credit and micro savings business.
- Under Mr. Thomas' leadership, MPG has been actively involved in numerous philanthropical works through the Muthoot Pappachan Foundation.
- In 2014, Mr Thomas received the SEN Inclusive Business and Community Award by YPO-WPO in recognition of the women empowerment drive undertaken by the Group.

Independent Directors



Mr. Badal Chandra Das

- Master's degree in commerce from the University of Kalyani, West Bengal and a Certified Associate of Indian Institute of Bankers (CAIIB)
- Rich all-round Banking experience from State Bank of India (SBI) in various capacities.
- Retired as Deputy Managing Director from SBI on August 31, 2019, after a tenure of 34 years served in India and abroad in various positions.



Mr. Ravi Ramchandran

- Graduated from the University of Madras with a degree in Bachelor's in Commerce.
- He was associated with Nestle India Limited for more than 35 years, where he held several leadership roles within the organisation.
- During his tenure with Nestle India Limited, he also served as the Director for Sales for over nine years. He was also an executive member for the Diversity and Inclusion Council for Nestle India Limited.
- Completed the 'Leading the Nestle Way' programme from London School of Business in September 2017.



Dr. Anthony Abraham Thomas

- Bachelor's degree in technology from the University of Kerala. He has been conferred Doctor of Science in Information Technology, Honoris Causa, from Hindustan Institute of Technology and Science
- He has over 30 years of experience of which about 17 years in leading Digital Transformations at a Global level.
- He is the Chairman of Information and Communication Technology Academy of Kerala.



Mr. Paul Abraham

- Bachelor's degree in economics (Hons.) from St. Stephen's College, Delhi and a post graduate degree in business management from IIM Ahmedabad.
- He is currently the President of the Hinduja Foundation.
- Prior to joining the Company, Paul has served as the COO at IndusInd Bank. Paul also sits on the India Advisory Council of the Canadian Huron University.



Mr. Santosh Kumar Panigrahy

- M. Sc. (Physics), PGDM (MBA) in Finance from Xavier Institute of Management, Certified Associate of Indian Institute of Bankers (CAIIB), Advanced Management Programme in Banking at International Management Institute
- He has served in the RBI since January 1989 for about 35 years.
- Retired as Chief General Manager from RBI, Department of Regulation on December 31, 2023, with extensive experience in supervision and regulation areas.

Financial Indicators

(Rs. in Crore)

	FY2021	FY2022	FY2023	FY2024	FY2025	FY26	Q1FY27
Net Worth*	3,213	3,449.49	3,893	4,423.23	4,506.16	6,267.32	7,412.59
Total Income	3,233	3,328	3491.26	4,015.77	5,550.52	8,364.28	3,158.83
Profit after Tax	369	347	459.81	562.81	787.15	1,640.21	705.47
AUM	18,471	18,685	18,768.46	22,866.19	33,563.44	57,580.69	65,689.74
Gross NPA	1.92%	2.88%	2.11%	1.62%	1.98%	1.03%	0.77%
Net NPA	1.01%	1.57%	0.58%	0.64%	1.28%	0.57%	0.4%

Tier 1	12.09%	14.73%	16.55%	15.87%	15.85%	13.20%	13.25%
Capital Adequacy Ratio	16.85%	21.33%	21.34%	20.01%	19.50%	18.00%	18.06%
Gearing**	5.6x	5.29x	4.70x	4.87x	5.86x	6.61x	6.21x
Total Debt	15,366	19,737	18,297	19,669.50	27,065.58	43,609.20	46,576.46

*Net worth including CCPS stands at Rs 7,908.46 crore as of June'26
**Adjusted Gearing stands at 5.89x as of June'26

Borrowing Profile

Borrowings	FY2021	FY2022	FY2023	FY2024	FY2025	FY26	Q1FY27
Bank Borrowings	10,947.73	11,535.67	12,498.15	15,305.97	19,894.50	29,755.00	32,224.60
CPs	NIL				1,211.01	4,921.73	5,701.72
NCDs/SUBDEBT	3,758.39	5,794.65	4,843.87	3,686.96	5,193.50	8,017.42	8,650.14
PCGS	1,650.00						
TLTRO	100.00						
PDI	261.11	384	481.13	676.57	766.57	915.03	916.16
Others	1,156.34						1,133.40
Total	**17873.57**	**17,714.32**	**17,823.15**	**19,669.50**	**27,065.58**	**43,609.20**	**48,626.02**

In terms of additional funding, in Q3FY26, MFL raised Rs 5,015.69 crore in the form of terms loans, CC/WCDL, ECB and CP. While a larger proportion of borrowing has been sourced as funding lines from banks and financial institutions such as term loans and CC/WCDL (66.27%), the resource profile remained diversified across avenues such as commercial paper (11.72%), Perpetual Debt Instruments (1.88%) and NCD/Subdebt (17.78%) (as on June 30, 2026).

Credit Ratings

INSTRUMENT RATINGS	
Long Term Rating	CRISIL AA/Stable as on Sep'26 BRICKWORK AA+/Stable as on Sep'26 CARE AA/Stable as on Oct'26
Subordinated debt	CRISIL AA/Stable as on Sep'26 BRICKWORK AA+/Stable as on Sep'26 CARE AA/Stable as on Oct'26
Perpetual Debt	CRISIL AA-/Stable as on Sep'26

Disclaimer:

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Kindly note that past performance is not necessarily a guide to future performance.

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