



October 24, 2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400001

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051

Scrip Code: 544055

Scrip Code: MUTHOOTMF

Dear Sir/Madam,

Sub: Intimation with respect to the CareEdge Global rating under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III of the Listing Regulations, we hereby inform you that CareEdge Global Ratings has reaffirmed the long-term foreign currency rating of the company at 'CareEdge BB-', while revising the outlook to 'Positive' from 'Stable'. as detailed below:

Facilities/Instruments	Rating
USD 15 million ECB	CareEdge BB-/Positive
USD 35 million ECB (proposed)	CareEdge BB-/Positive

A copy of the said document in this regard, is enclosed herewith.

We request you to kindly take the above intimation on record.

Thanking you,

Yours faithfully,
For **Muthoot Microfin Limited**

Neethu Ajay

Digitally signed by
Neethu Ajay
Date: 2026.10.24
13:02:10 +05'30'

Neethu Ajay
Chief Compliance Officer and Company Secretary

CC to:

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Building No. 13B, Road 1C, Zone 1, GIFT SEZ,
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Code: 500055

Symbol: MUTHOOTMF

MUTHOOT MICROFIN LIMITED
CIN:L65190MH1992PLC066228

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Muthoot Microfin Limited's rating reaffirmed and outlook revised to 'Positive'

USD 50 million external commercial borrowing

CareEdge BB-/Positive (Outlook revised to Positive from Stable)

Rating action

CareEdge Global Ratings has reaffirmed the long-term foreign currency rating of Muthoot Microfin Limited (MML) at **'CareEdge BB-'**, while revising the outlook to **'Positive'** from **'Stable'**.

Rationale

The revision in the rating outlook factors in gradual improvement in MML's asset quality and operating performance over the past five quarters. It also reflects our expectation that MML's credit profile may improve over the near to medium term if operating performance and asset quality are sustained and if the parent - Muthoot Fincorp Limited (MFL) - demonstrates higher financial flexibility to extend distress support. MFL's improved asset quality, profitability and predominantly secured gold loan franchise enhance its capacity to support strategically important group entities. Further, MFL's proposed initial public offering (IPO) could strengthen its capital base and ability to provide support to MML. As the group's primary microfinance platform, MML benefits from MFL's majority ownership, shared brand, governance oversight and operational integration, all of which are expected to be unchanged.

The improvement in MML's operating performance is underpinned by a sequential reduction in delinquencies, stronger collection efficiency, lower multiple-lender exposure, better performance of recent loan vintages and the normalisation of credit costs. These developments have restored profitability and internal capital generation following the losses reported in FY25. Gross non-performing assets (GNPA) declined to 3.9% as of March 31, 2026, and further to 3.7% as of June 30, 2026, from 4.8% as of March 31, 2025. Credit costs, calculated on an adjusted total assets basis, moderated to 3.0% in FY26 and 2.3% (annualised) in Q1FY27 from 7.5% in FY25. Consequently, return on total assets (RoTA) improved to 1.1% in FY26 and 2.0% (annualised) in Q1FY27 from negative 1.6% in FY25.

The rating reaffirmation continues to be supported by MML's established franchise in the microfinance sector, comfortable capitalisation, diversified funding profile, experienced management and expected support from its parent. As of June 30, 2026, MML had an AUM of Rs 145 billion, operations across 21 states and union territories, a network of 1,671 branches and over 3.25 million borrowers. The company's capital adequacy ratio (CAR) remained comfortable at 24.9%, while its diversified borrowing profile supports funding flexibility. The rating also benefits from MML's strategic importance within the Muthoot Pappachan Group (MPG), supported by MFL's majority ownership, operational and managerial integration, and increasing business synergies.

These strengths are partially offset by MML's exposure to the inherently vulnerable microfinance borrower segment, residual stress in legacy portfolios, geographical concentration and the limited seasoning of newer individual and secured products. Renewed food and fuel inflation, adverse weather events and tighter domestic or global financial conditions could weaken borrower repayment capacity, raise incremental funding costs and constrain margins.

Outlook

The positive outlook reflects CareEdge Global Ratings' expectation that MML's credit profile may improve over the near to medium term if the company sustains the improvement in the operating performance despite the emerging macro-economic risks emanating from higher inflation and interest rates. It also factors in the parent's enhanced financial flexibility to extend any distress support whenever needed.

Rating sensitivities

Upward factors

- Improvement in the parent's credit profile
- Significant improvement in asset quality because of product diversification and/or improvement in portfolio performance
- Lower operational expense (opex) of 5-6% along with sustained reduction in credit costs

Downward factors

- Dilution of ownership below majority or a change in the stance of support from the parent
- Deterioration in the asset quality, resulting in higher GNPA of 6-8% and extending losses at the net level on sustained basis
- Increase in gearing level beyond 5x on a sustained basis

Analytical approach

CareEdge Global has assessed MML's business and financial risk profiles on a standalone basis and incorporated the benefits of expected support from its parent, MFL, under CareEdge Global's group rating methodology. We believe MML is likely to receive support from MFL during a distress scenario given the increasing significance of MML within the MPG, strategic alignment and financial services vertical being the group's key focus area.

Key rating drivers

Strengths

Leading microfinance company in India with geographically diversified portfolio

MML is among India's leading non-banking financial company-microfinance institutions (NBFC-MFIs), with AUM of Rs 145 billion as of June 30, 2026, up 18% year-on-year. The company has operated in the microfinance segment for over 15 years and has navigated several periods of sectoral and macroeconomic stress. From its initial concentration in Kerala, MML has expanded to 21 states and union territories, with 1,671 branches serving about 3.25 million borrowers. Geographic concentration nevertheless remains moderate, with Tamil Nadu, Kerala and Bihar accounting for nearly half of AUM as of June 30, 2026. Management expects the geographic mix to change gradually over the medium term.

MML is diversifying beyond its traditional joint liability group (JLG) model through Muthoot small enterprise loans (MSEL), micro-loans against property, gold loan co-lending and referrals with MFL. MSEL is offered primarily to seasoned MML borrowers with established repayment records and stronger credit profiles. MSEL loans represented about 22.2% of the portfolio as of June 30, 2026, compared with 17.1% as of March 31, 2026 and 0.1% as of March 31, 2025. While the diversification reduces dependence on traditional JLG lending and provides cross-selling opportunities, the rapid growth and limited seasoning of these newer products require close monitoring through a full credit cycle.

Comfortable capitalisation and diversified resource profile

MML maintained comfortable capitalisation, with CAR of 24.9% as of June 30, 2026, compared with 23.9% as of March 31, 2026 and 27.9% as of March 31, 2025. Capitalisation also benefits from the Rs 7.6 billion fresh equity raised through IPO in FY24 and the recovery in internal capital generation during FY26 and Q1FY27. Leverage remained moderate at 4.7x as of June 30, 2026 compared with 4.6x as of March 31, 2026 and 4.4x as of March 31, 2025. Management plans to increase AUM to about Rs 300 billion by FY30 and has indicated that leverage would be managed at 5.0x-5.5x, supported by internal accruals and asset-light partnerships. However, planned growth could require an additional equity infusion around FY28 or later to preserve adequate capital buffers and maintain leverage at prudent levels. Additionally, MFL's proposed IPO is expected to enhance its financial flexibility and strengthen its ability to support MML's growth and capital requirements, if required.

MML also benefits from a diversified funding profile, comprising banks, financial institutions, non-bank lenders and securitisation transactions. As of June 30, 2026, banks accounted for about 75% of borrowings, followed by development finance institutions at 9% and NBFCs at 6%. Established lender relationships, sizeable available sanctions and the association with MPG support financial flexibility. The adjusted cost of funds moderated to 9.9% in FY26 and 9.8% in Q1FY27 from 11.2% in FY25. Nevertheless, tighter benchmark rates or liquidity conditions in domestic and global markets could increase incremental borrowing costs and constrain margins and, therefore, remain a monitorable.

Expected support from the parent and experienced management

CareEdge Global Ratings believes MML has a strong likelihood of receiving support from MFL, both on an ongoing basis as well as in a distress scenario given majority shareholding (50.2%), shared name, common branding and strategic importance of the microfinance business resulting in a moral obligation to provide support. Support expectation also emanates from investors considering MML as an integral part of the MPG group. Hence, any default by MML would weaken the group's resource raising capability. Furthermore, the promoters of MPG are also on MML's board and there is strategic oversight from MFL in MML's operations. The microfinance business is strategically important to the group from a diversification perspective as well the opportunities to upscale the clientele of MML for other product offerings of MPG. Accordingly, CareEdge Global Ratings has factored a two-notch benefit of parent support in MML's overall rating, as per its group rating methodology.



MML's senior leadership team has extensive experience in banking and financial services, and is supported by an experienced board, comprising the promoter group, independent and investor-nominated directors, providing strategic oversight as well as representation of minority shareholders. Group synergies, management experience and established operating systems have supported the expansion of MML's distribution network and product offerings.

Weaknesses

Modest, albeit improving asset quality and profitability

MML's asset quality, though still modest relative to historical levels and some stronger peers, has improved steadily over the past one year. The recovery has been supported by tighter underwriting, calibrated disbursements, stronger collections, improved borrower discipline and regulatory guardrails aimed at limiting overleveraging and multiple-lender exposure.

GNPA improved to 3.7% as of June 30, 2026 from 3.9% as of March 31, 2026 and 4.8% as of March 31, 2025. The current-bucket collection efficiency was about 99.9% in Q1FY27, while loans originated after April 2025, which represented about 65% of AUM, reported 30-plus-day past-due levels of about 1.2%, materially below the overall portfolio. MSEL has also reported negligible delinquencies to date. Nevertheless, portfolio quality remains a key monitorable because the newer vintages and products have limited seasoning, while the largely unsecured borrower base remains sensitive to inflation, rural income volatility and local disruptions.

Profitability recovered in FY26 and Q1FY27 as credit costs normalised. Credit costs declined to 3.0% in FY26 and 2.3% (annualised) in Q1FY27 from 7.5% in FY25, while operating expenses were broadly contained at 5.7%, 5.5% and 5.5%, respectively. Branch rationalisation and improving productivity supported operating efficiency, although lower portfolio yields and interest reversals on NPAs constrained margins. The adjusted cost of funds moderated to 9.9% in FY26 and 9.8% in Q1FY27 from 11.2% in FY25. Consequently, RoTA improved to 1.1% in FY26 and 2.0% in Q1FY27 from negative 1.6% in FY25. Sustaining profitability will depend on continued control over fresh slippages, credit costs and operating expenses.

Portfolio vulnerable to macroeconomic shocks

Despite diversification, MML's portfolio remains predominantly linked to unsecured lending to low-income borrowers. JLG microfinance accounted for about 76.8% of AUM as of June 30, 2026. Borrower repayment capacity is closely linked to rural incomes, agricultural activity, daily-wage earnings and local economic conditions, making the portfolio more vulnerable than that of secured retail lenders.

Portfolio performance, therefore, remains susceptible to food and fuel inflation, adverse weather events, crop failures, economic slowdowns, public-health disruptions and local political or regulatory events. The sector stress in FY24 and FY25 demonstrated the sensitivity of collections to borrower overleveraging and disruptions to group repayment discipline. Although regulatory guardrails, tighter underwriting and improving industry conditions have supported recovery, the durability of the improvement through the evolving inflation and interest-rate environment remains to be demonstrated.

Liquidity

MML's liquidity position is adequate, with no negative cumulative mismatches as per the asset-liability mismatch (ALM) statement as of June 30, 2026. The company had liquidity of around Rs 13 billion in cash and equivalents as of June 30, 2026, which is adequate to meet the upcoming debt maturities for the next 2 months. Further, the short tenor of the loan portfolio provides recurring cash inflows.

Environmental, social, and governance (ESG) considerations

ESG considerations are integrated into MML's operations and business strategy. The company has implemented an ESG Policy and continues to strengthen its sustainability initiatives through green financing and climate risk management. MML has empowered 0.6 million households with clean energy and contributed to reducing 5,01,085 tonnes of CO₂ emissions. MPG also operates 25 MW of wind power capacity in Tamil Nadu and plans to further expand its renewable energy footprint.

On the social front, MML focuses on financial inclusion and women empowerment, serving a 100% women borrower base while supporting rural entrepreneurship through skill development and livelihood initiatives. The company also maintains strong customer engagement through dedicated grievance redressal and customer care mechanisms.

From a governance perspective, MML is supported by an effective board structure, with five independent directors out of 10 board members, and follows established policies such as the whistleblower policy and workplace harassment prevention policy, promoting transparency, accountability and ethical business practices.

About MML

MML is a listed, Reserve Bank of India-registered NBFC-MFI that commenced microfinance operations in 2010. It provides loans to women borrowers through the JLG model and has expanded into individual enterprise loans, micro-loans against property, gold loan co-lending and referral arrangements. MML is promoted by MFL, the flagship financial services entity of MPG, which holds a 50.2% stake as of June 30, 2026.

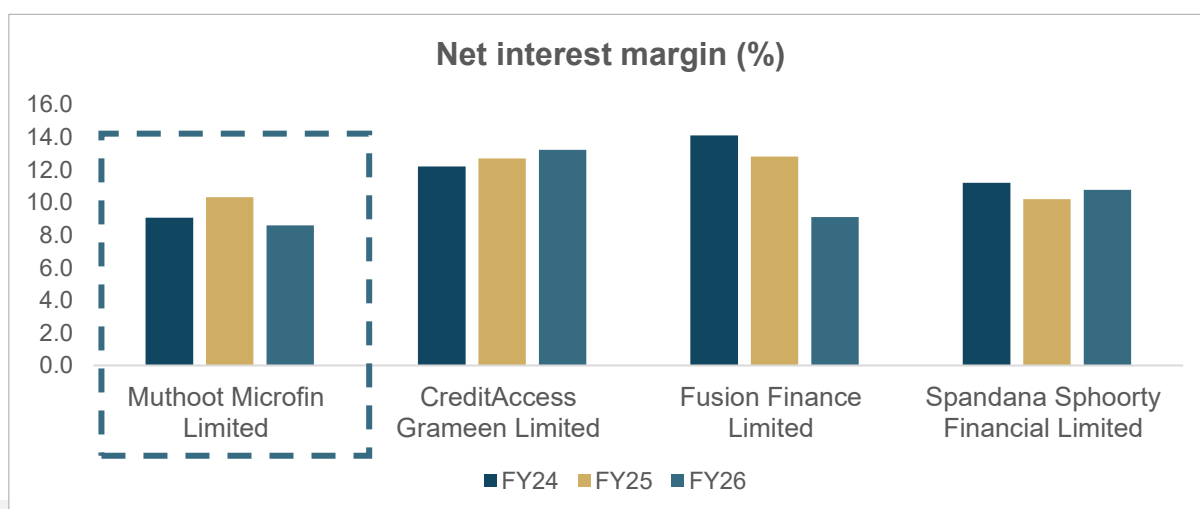
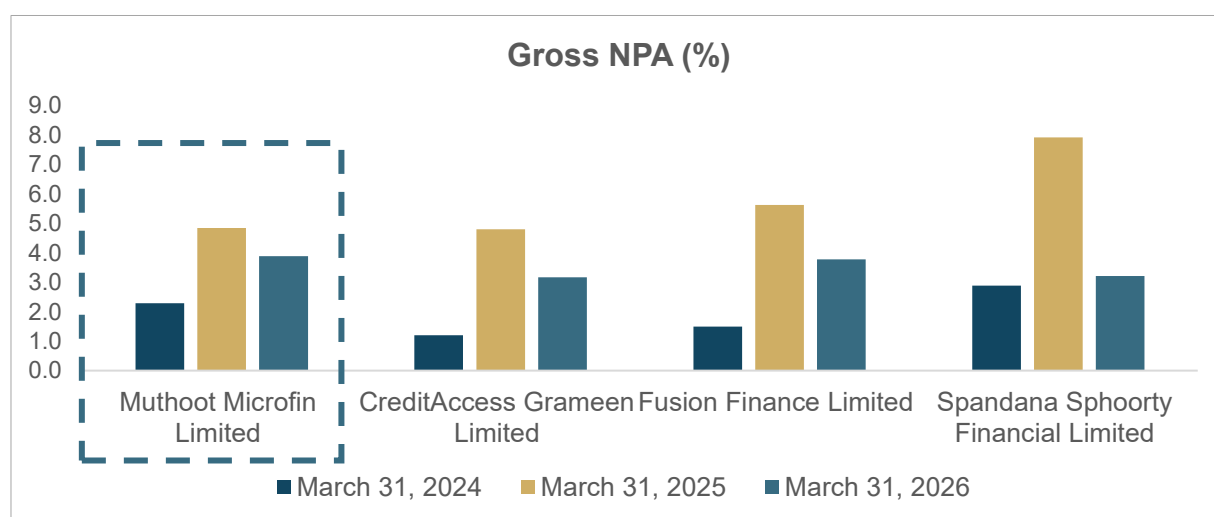
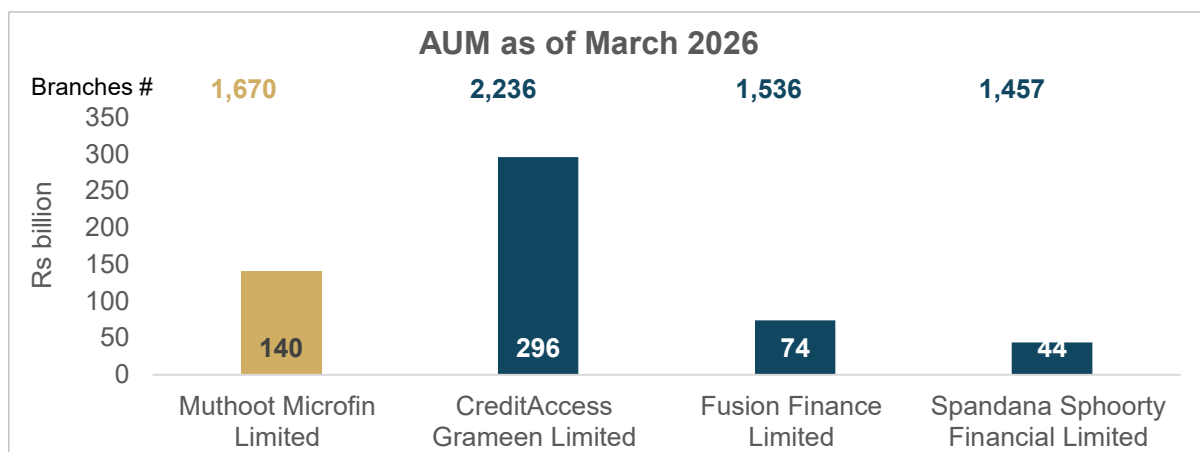
As of June 30, 2026, MML reported AUM of Rs 145 billion compared with Rs 140 billion as of March 31, 2026 and Rs 124 billion as of March 31, 2025. The company served about 3.25 million borrowers through 1,671 branches across 21 states and union territories. The portfolio is predominantly microfinance-oriented, although individual loans, secured products and group-linked gold loan offerings are increasing gradually.

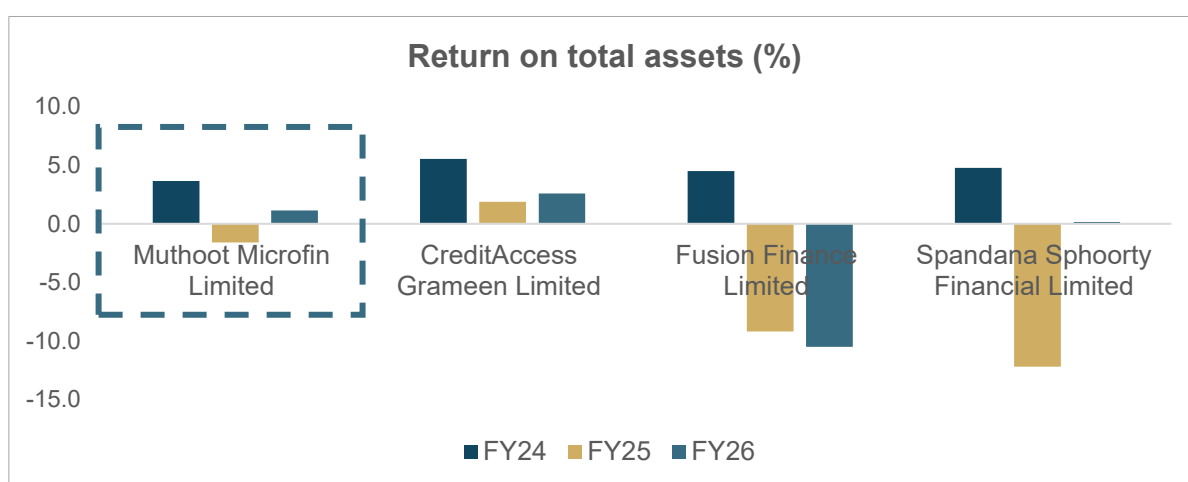
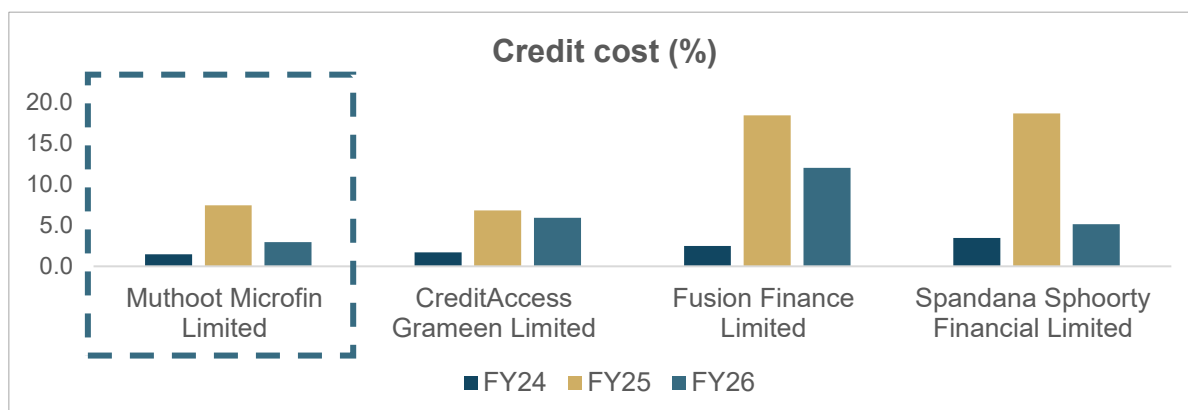
About MFL

MFL is the flagship financial services company of MPG. It has an established secured-lending franchise, with gold loans forming the majority of its consolidated portfolio. MFL's consolidated AUM increased to about Rs 736 billion as of March 31, 2026, supported by growth in the gold loan business and higher gold prices. On a consolidated basis, gold loan accounts for ~67% of AUM, microfinance loan accounts for ~19%, MSME loan for ~8%, home loan for ~3% and

other loans for ~3%. MFL is promoter group-owned and filed a DRHP in August 2026 as part of its proposed IPO.

Comparison with other NBFCs





Recent updates and financial summary

MML reported profit after tax of Rs 0.81 billion in Q1FY27 compared with Rs 0.05 billion in Q1FY26. AUM increased to Rs 145 billion as of June 30, 2026 from Rs 123 billion a year earlier and Rs 140 billion as of March 31, 2026. Asset quality improved, with GNPA and net NPAs declining to 3.7% and 1.1%, respectively, as of June 30, 2026, from 4.9% and 1.6%, respectively, a year earlier. Capitalisation remained comfortable, with CAR of 24.9% as of June 30, 2026 compared with the regulatory minimum of 15%.

Key financial metrics

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
AUM	Rs billion	122	124	140
Net interest margin	%	9.1	10.3	8.6
Cost to income	%	45.5	50.4	56.8
GNPA¹	%	2.3	4.8	3.9
RoTA	%	3.6	-1.6	1.1
CAR¹	%	29.0	27.9	23.9

¹ As per reported financials

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of the instrument

Instrument	ISIN	Date of issuance	Coupon rate (%)	Maturity date	Issue size	Rating
External commercial borrowings	INIFD1805032	October 09, 2025	6-month SOFR + 275 bps	October 10, 2028	USD 15 million	CareEdge BB-/Positive
External commercial borrowings (Proposed)	-	-	-	-	USD 35 million	CareEdge BB-/Positive

Rating history

Instrument	Type	Rating	Date
External commercial borrowings	Long-Term Foreign Currency	CareEdge BB-/Positive	October 16, 2026
External commercial borrowings	Long-Term Foreign Currency	CareEdge BB-/Stable	October 23, 2025

Criteria applied

[CareEdge Global's Rating Methodology for Financial Institutions](#)

[CareEdge Global's Group Rating Methodology](#)

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About Us

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