Muthoot Homefin (India) Limited

December 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Non-convertible debentures	50.00	CARE AA+; Stable	Reaffirmed
Non- convertible debentures	150.00	CARE AA+; Stable	Reaffirmed
Commercial paper	500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to debt instruments of Muthoot Homefin (India) Limited (MHIL) derive strength from the company's strong parentage of Muthoot Finance Limited (MFL), which has a long-standing presence in the non-banking financial company (NBFC) business, and benefits derived through periodic equity infusions, availability of debt line from the parent, shared brand name and operational and technological support. CARE Ratings Limited (CareEdge Ratings) takes note of the recent equity infusion of ₹200 crore from MFL in H1FY26. As a result, MHIL's tangible net worth (TNW) stood at ~₹726 crore as on September 30, 2025.

Ratings continue to factor in MHIL's improvement in the scale of operations, MHIL's experienced management team, comfortable capitalisation levels, and the group's resource-raising ability.

However, ratings remain constrained by weaker credit profile of MHIL's borrowers, moderate profitability, moderate asset quality, and geographically concentrated loan portfolio with moderate track record of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in the credit profile of the parent, MFL.
- Significant improvement in the scale of operations while maintaining healthy asset quality and profitability.

Negative factors: **Factors that could individually or collectively lead to negative rating action/downgrade:**

- Weakening of the parent's credit profile and/or major dilution in the shareholding and/or moderation in the support derived from the parent, MFL.
- Significant deterioration in the gross non-performing asset
- Increase in the gearing beyond 6x.

Analytical approach: Standalone factoring linkages with the parent (MFL)

CareEdge Ratings has analysed standalone credit profile of MHIL and MHIL's linkages with its parent, MFL, in the form of operational, managerial, financial linkages and a shared brand name.

Outlook: Stable

The stable outlook reflects expectation of continued operational and financial support of its parent, MFL, and benefits from being part of the MFL group, which shall help the entity to scale up leveraging the existing branch network of the parent. The stable outlook also factors in maintenance of healthy business and financial parameters of MHIL in the medium term.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong parentage and benefits derived from being part of the MFL group

MHIL is MFL's wholly owned subsidiary as of September 30, 2025. Although the company is relatively smaller in scale, its business position as an affordable housing finance company makes it strategically important for the group. The contribution of MHIL's profit to MFL's consolidated profits is on an increasing trajectory. The company shares MFL's strong brand name and receives operational, managerial, and financial support. MHIL shares most of the branches across 17 states and union territories (UT) with the parent as of September 30, 2025. The company has also benefited from capital support through cumulative equity infusion of ₹534 crore since inception. In H1FY26, MHIL received an equity infusion from the parent of ₹200 crore. MHIL has unavailed liquidity support of ₹550 crore (₹300 crore of term loans and ₹250 crore as inter-corporate deposits [ICDs]) from MFL through credit lines.

MFL is the Muthoot group's flagship company, which provides loans against gold jewellery holding a leadership position. The company also has a presence in affordable housing finance, microfinance, vehicle finance, and insurance broking through its subsidiaries. MFL had a nationwide network comprising 4,967 standalone branches as of September 30, 2025. As on September 30, 2025, on a consolidated basis, its AUM stood at ₹1,47,673 crore (September 30, 2024: ₹1,04,149 crore) and net worth (TNW) of ₹32,541 crore (September 30, 2024: ₹26,434 crore). The company's total capitalisation remained comfortable at 20.89% as of September 30, 2025 (September 30, 2024: 26.96%). The gross non-performing assets (GNPAs; Stage III assets) stood at 2.25% as of September 30, 2025 (September 30, 2024: 4.30%). In FY25, MFL reported consolidated profit after tax (PAT) of ₹5,352 crore (FY24: ₹4,468 crore) on a total income of ₹20,214 crore (FY24: ₹15,062 crore). In H1FY25, the company reported consolidated PAT of ₹4386 crore on a total income of ₹13733 crore.

Comfortable capitalisation and gearing levels

MHIL is comfortably capitalised with a tangible net worth of ₹726 crore as on September 30, 2025 (March 31, 2025: ₹515 crore) supported by latest capital infusion by the parent in H1FY26. The total capital adequacy ratio (CAR) and Tier-I CAR stood at 29.27% and 28.90% respectively as on September 30, 2025, compared to 23.16% and 22.63% respectively as on March 31, 2025, which is well above the regulatory requirement. Overall gearing stood at 3.14x as on September 30, 2025, compared to 4.08x as on March 31, 2025, (March 31, 2024: 2.76x). CareEdge Ratings notes that the company's leverage levels are expected to increase going forward, however, this is to be supported by equity capital infusion by the parent in the near term.

Experienced board and management team

MHIL's board includes three members who also serve on MFL's board—George Alexander Muthoot, George Thomas Muthoot, and KV Eapen—reflecting strong managerial linkages with the parent company. MHIL benefits from an experienced senior management team with extensive expertise in retail lending, including housing finance. The company is led by Chief Executive Officer Alok Aggarwal, who brings over 20 years of experience in banking and financial services, supported by an experienced team managing business verticals.

Improvement in scale of operations

MHIL's assets under management (AUM) stood at ₹2,985 crore on March 31, 2025, compared to ₹2,035 crore on March 31, 2024, reflecting an increase of 47% on a year-over-year basis. As on September 30, 2025, the AUM further grew to ₹3,247 crore, witnessing growth of 33% on a year-over-year basis. As on September 30, 2025, the proportion of home loans and loan against property (LAP) as a percentage of total AUM stood at 77% and 23%, with LAP witnessing an increase in the last few years. The company provides home loans with an average ticket size of ₹11 lakh at interest rates in the range of 8.50-13.50% for an average contractual tenor of 17 years. LAP loans are offered with an average ticket size of ₹13 lakh at interest rates in the range of 14.00-16.00% for an average contractual tenor of 13 years. As on September 30, 2025, the borrower segment mainly comprises self-employed customers, forming 51% of the total AUM, with the balance being salaried customers. Going forward, the company expects to grow AUM at a similar pace, maintaining the proportion of home loans and LAP at similar levels.

Key weaknesses

Moderate asset quality; despite improving

MHIL's asset quality remains moderate with gross stage 3 assets (GS3) and net stage 3 assets (NS3) at 1.17% and 0.46%, respectively, as on March 31, 2025, compared to 1.88% and 0.57%, respectively, as on March 31, 2024, showing improvement due impact of growth and aggressive legal actions by the company. As on September 30, 2025, MHIL's GS3 and NS3 moderated to 1.69% and 0.93%, respectively (September 30, 2024: 1.59% and 0.50%, respectively). Moderation in asset quality observed in H1FY26 was mainly due to microfinance overlap with customers in Karnataka and Tamil Nadu and change in reporting of days past due by the company. As MHIL caters to customers in low-and-middle income segment in the informal sector, the asset

quality remains susceptible to economic downturns. CareEdge Ratings expects the asset quality to remain moderately vulnerable in the near-term, although its healthy capitalisation acts as a cushion to absorb credit losses, while the parent support is likely to provide the necessary growth capital in times of need.

Moderate track record and seasoning, geographically concentrated portfolio

MHIL has actively disbursed loans since August 2015, and the track record of business operations stands moderate. Total disbursements registered significant growth of 52% y-o-y to ₹1,242 crore in FY25 compared to ₹815 crore in FY24. With majority disbursements taking place in the last three years, MHIL's loan portfolio remains relatively less seasoned. As on September 30, 2025, the company had a concentrated geographical presence in Maharashtra (32% of AUM), followed by Gujarat (9% of AUM) and Rajasthan (7% of AUM). However, the company is actively increasing its footprints in southern and northern India with entry into Uttarakhand and Chandigarh in FY25 and H1F2Y6, which would aid diversification. As per the management, the company has no plans to enter new states in the next one year; the focus is on deeper penetration in existing states and increasing per-branch AUM.

Modest profitability levels

The company's profitability for FY25 was supported by improving credit costs and operating expenses; however, net interest margins (NIM) moderated, leading to moderate profitability. The NIM moderated to 5.22% in FY25 compared to 6.36% in FY24 due to increase in cost of borrowings in FY25. Operating expenses (to total average assets) improved to 5.96% in FY25 compared to 6.08% in FY24, primarily due to increase in scale of operations supporting economies of scale. Operating expenses are expected to stabilise as scale of operations increase. Supported by aggressive legal actions taken by the company, credit cost reduced to 0.40% in FY25 compared to 1.26% in FY24. Thus, return on total assets (ROTA) improved to 1.68% in FY25 compared to 1.20% in FY24.

In H1FY26, ROTA (%) moderated to 0.70% compared to 1.64% in H1FY25, primarily due to a one-time impact on credit costs owing to alterations in the expected credit loss (ECL) model.

Liquidity: Adequate

As on September 30, 2025, the company's asset liability management (ALM) profile had no negative cumulative mismatches supported by lines of credit aggregating to ₹402 crore. As on September 30, 2025, the company has contractual debt repayments obligations of ₹416 crore up to one year, against which the company has contractual inflow from advances of ₹345 crore, covering ~83% obligations up to one year. This mismatch is supported by unencumbered liquidity of ₹164 crore comprised of cash and bank balance. The company has unutilised lines of credit of ~₹671 crore including ₹550 crore from the parent in the form of term loan (₹300 crore) and ICD (₹250 crore) as on September 30, 2025. CareEdge Ratings also takes into consideration the support of the parent toward MHIL's in times of need.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Housing Finance Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

About the company

MHIL is a non-deposit taking housing finance company and has been registered with the National Housing Bank (NHB) on May 19, 2014. The company was incorporated on August 26, 2011, and is the wholly owned subsidiary of MFL, which is one of India's

largest gold financing companies by loan portfolio. Accordingly, MHIL is part of the group with a legacy of serving customers for over 130 years. The company's AUM stood at ₹ 3247 crore as on September 30, 2025 (March 31, 2025: ₹2985 crore).

About the parent

MFL is an NBFC was originally set up as a private limited company in 1997 and was reconstituted as a public limited company in November 2008. It provides finance against used household gold jewellery. The promoter family has been in this business for over eight decades. In the initial days, the business was carried out under Muthoot Bankers, a partnership firm. MFL is the flagship company of the Muthoot group (promoter of MFL), which is also in hospitality, healthcare, media, education, information technology, foreign exchange, insurance distribution, and money transfer businesses.

Brief Financials (₹ crore) - MHIL Standalone	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	219	353	222
Profit after tax (PAT)	18	39	10
Assets under management (AUM)	2035	2985	3247
On-book gearing (x)	2.76	4.08	3.14
AUM / tangible net-worth (TNW) (x)	4.28	5.79	4.47
Gross non-performing assets (GNPA) (%)	1.88	1.17	1.69
Return on managed assets (ROMA) (%)	0.98	1.45	0.61
Capital adequacy ratio (CAR) (%)	37.50	23.16	29.27

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper (Standalone)	Proposed	-	-	-	500.00	CARE A1+
Debentures-Non-Convertible Debentures	INE652X07134	31-May-2023	8.40%	30-May-2033	50.00	CARE AA+; Stable
Debentures-Non-Convertible Debentures	INE652X07126	20-Sep-2022	8.30%	20-Sep-2032	150.00	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	500.00	CARE A1+	-	1)CARE A1+ (03-Jan-25)	1)CARE A1+ (04-Jan-24) 2)CARE A1+ (29-May-23)	1)CARE A1+ (06-Mar-23) 2)CARE A1+ (19-Sep-22)
2	Debentures-Non Convertible Debentures	LT	50.00	CARE AA+; Stable	-	1)CARE AA+; Stable (03-Jan-25)	1)CARE AA+; Stable (04-Jan-24) 2)CARE AA+; Stable (29-May-23)	1)CARE AA+; Stable (06-Mar-23) 2)CARE AA+; Stable (19-Sep-22)
3	Debentures-Non Convertible Debentures	LT	150.00	CARE AA+; Stable	-	1)CARE AA+; Stable (03-Jan-25)	1)CARE AA+; Stable (04-Jan-24) 2)CARE AA+; Stable (29-May-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities - Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non-Convertible Debentures	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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