PRE-IPO SECTOR & COMPANY BRIEFING

Muthoot Fincorp Limited

The Gold-Loan Challenger Coming to Market

₹56,185 cr	**5,600**	**37.78 lakh**	**AA-/AA**
Standalone gold-loan AUM, FY26	Branches across 25 states/UTs	Gold-loan customer accounts	CRISIL (Positive) / Brickwork rating

BUSINESS MODEL

The core engine: a fast, secured lending cycle against pledged gold

1. **Walk-in appraisal** — Customer brings gold jewellery to a branch (or requests doorstep service). In-house appraisers assess purity and weight in minutes — no credit score or income proof needed below ₹2.5 lakh.

2. **Loan sanction & LTV** — Loan sanctioned against the appraised value at a tiered loan-to-value: 85% for tickets under ₹2.5 lakh, 80% and 75% for larger tickets, effective April 2026.

3. **Disbursal** — Funds disbursed same-day, largely in cash or bank transfer; gold held in branch vaults as collateral for the loan term (typically up to 12 months).

4. **Repayment or renewal** — Customer pays interest periodically (or bullet-repays at maturity) and reclaims the gold; loans can be renewed/rolled over, sustaining a high-frequency repeat relationship.

5. **Recovery on default** — Non-payment triggers a transparent, borrower-present auction after notice; low loan-to-value cushions credit loss even in a gold-price correction.

Around the gold core: a diversified group ecosystem

Muthoot Capital

Two-wheeler financing arm — extends the customer relationship into vehicle credit in the same rural/semi-urban geography.

Muthoot Housing

Affordable housing finance for lower- and middle-income borrowers; a longer-duration, secured complement to the gold book.

Muthoot Microfin (listed)

Group loans to rural women borrowers via JLG lending. Currently a near-term earnings drag (FY25 net loss ₹222 cr) but a long-run inclusion and cross-sell asset.

Muthoot FinCorp ONE

Digital super-app bundling gold loans, payments, insurance, wealth and remittances — lowers acquisition cost and builds a fee-income, data-rich layer on top of lending.

Funding profile: PSU & private bank lines, retail/institutional NCDs, external commercial borrowings, subordinated debt and commercial paper — rated CRISIL AA-/Positive, Brickwork AA/Stable.

THE OPPORTUNITY

A large, under-penetrated market still compounding at ~26%

25,000 t	~20%	₹15L cr	65%
Household gold stock — 14% of world above-ground gold	Share of that stock currently pledged	Organised gold-loan market size, FY26E (ICRA)	Share of gold lending still with informal moneylenders

Structural growth levers

- Formalisation: regulated players take share from moneylenders every year
- Under-monetisation: only ~1/5th of household gold pledged so far
- RBI's unsecured-lending risk weights (since Nov-2023) push borrowers toward secured gold credit
- 85% LTV on sub-₹2.5-lakh loans expands capacity in NBFCs' core rural niche

Competitive dynamics: coexistence, not zero-sum

Banks hold ~50% of the organised book (from ~33% in 2020) on lower cost of funds and priority-sector reclassification of agri-gold loans. NBFCs still lead new-loan sourcing at ~39% share, winning on speed, doorstep service and rural reach.

MFL's edge: distribution density married to small-ticket retail fit — exactly where relationships and turnaround time matter more than headline rate.

REGULATORY LANDSCAPE

April 2026 RBI regime: structural positive, near-term margin friction

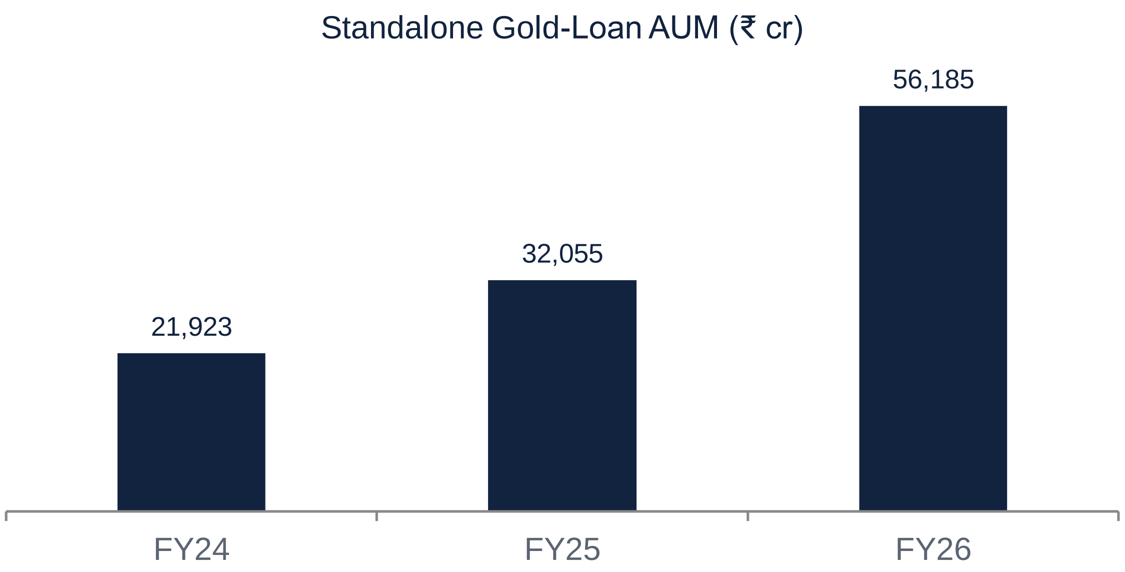
TAILWINDS

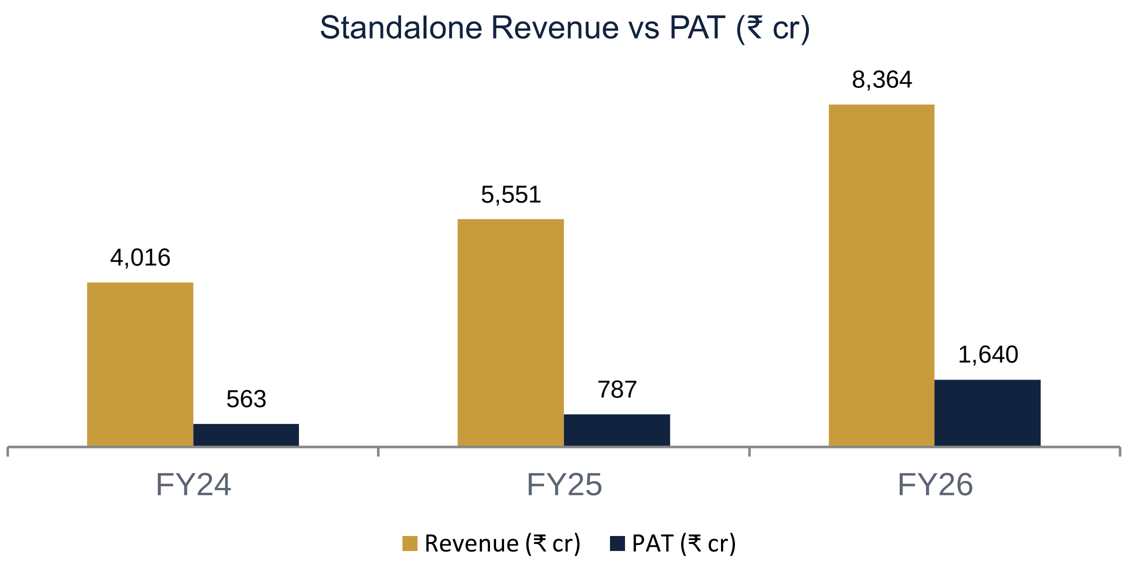
- One uniform rulebook across banks, NBFCs and housing finance companies
- Tiered LTV of 85% / 80% / 75% by ticket size, up from a flat 75% — favours small-ticket lenders like MFL
- Income verification removed below ₹2.5 lakh
- Feb-2026 easing of branch-expansion norms tilts the field toward scaled incumbents

NEAR-TERM FRICTION

- Bullet-repayment loans capped at 12 months; LTV computed on maturity value including accrued interest — trims effective upfront LTV ~10-15% on bullet books
- 1 kg pledging cap per borrower
- Mandatory gold return within 7 working days, with a ₹5,000/day penalty for delay
- Borrower-present valuation and transparent auctions raise compliance cost

Three years of accelerating scale — FY26 helped by the gold-price cycle





₹84.6

FY26 standalone EPS (₹, pre-split)

₹300.6

Book value/share, 9M FY26 (pre-split)

1.34%

GNPA, 9M FY26

18.17%

CRAR, 9M FY26

COMPETITIVE POSITIONING

Where MFL sits versus listed gold-loan peers

Player	Scale / AUM	Rating	P/E (TTM)	P/BV	Positioning
Muthoot Finance	Gold AUM ₹1.65L cr	AA+	~12-13x	~3.2-4.0x	Listed leader, pure-play gold
Manappuram Finance	Mid-scale	AA	~20-30x*	~1.7-2.0x	Listed; Bain Capital 42% stake
Muthoot Fincorp (this briefing)	**AUM ₹56,185 cr (SA)**	**AA-/AA**	**TBD (pre-IPO)**	**TBD (pre-IPO)**	**Diversified challenger, IPO-bound**
Muthoot Microfin	MFI-focused	A+ area	n/a	n/a	Listed MFL subsidiary
IIFL Finance	Diversified NBFC	AA	n/a	n/a	Gold within a broad retail book

**Manappuram's headline P/E has been distorted upward in recent quarters by a lower earnings base; the 5-year median sits closer to 9x.*

MFL's read-through: no DRHP or price band has been filed yet, so P/E and P/BV are not yet determinable. On scale and rating, MFL sits below Muthoot Finance and above Muthoot Microfin — a mid-tier position within its own peer set.

From board approval to listing: where things stand

1	2	3	4
Board approval	**DRHP filing**	**SEBI review & RHP**	**Listing**
IPO (fresh issue up to ₹4,000 cr) and 1:5 stock split approved	Draft red herring prospectus with SEBI — not yet filed as of mid-July 2026	Regulatory observations addressed; red herring prospectus and price band set	Bidding, allotment and exchange listing
18 May 2026	**Est. Q4 CY2026**	**Est. Q1-Q2 2027**	**Est. H2 2027 (base case)**

Reference precedent & risk to this timeline

Muthoot Microfin (a smaller, simpler MFI within the same group) took ~5-6 months from DRHP to listing once filed in 2023.

MFL is larger and structurally more complex — multiple subsidiaries, family cross-holdings, and outstanding CCCPS convertibles — so SEBI queries could extend the DRHP-to-listing gap; a slip into 2028 is a real possibility, not just a tail risk.

DISCLAIMER

Basis of preparation