INDIGO 045

Originator: Mas Financial Services Limited

September 26, 2025

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)			Rating Action
					Equity Tranche PTCs	Over Collateral	Cash Collateral	
Series A PTCs	79.00	Par (TI-UP)	48	Provisional CARE AAA (SO)	9.19	3.72	4.60	Assigned
Equity Tranche PTCs	9.19	Par (UP)		Provisional CARE A (SO)	-			Assigned

Details of instruments/facilities in Annexure-1.

The Series A PTCs are rated based on timely payment of interest and payment of principal by the final legal maturity while equity tranche PTCs are rated based on payment of principal by the final legal maturity after Series A PTCs are fully matured.

* Tenure / door-to-door maturity may change due to prepayments or changes in interest rates, if any.

$ Excess interest spread (EIS) shall flow back to the originator on a monthly basis.

Rating in the absence of the pending steps/documents	No rating can be assigned

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned a rating of 'Provisional CARE AAA (SO)' [pronounced as 'Triple A (Structured Obligation)'] to the Series A PTCs and a rating of 'Provisional CARE A (SO)' [pronounced as 'Single A (Structured Obligation)'] to the equity tranche PTCs proposed to be issued by INDIGO 045 backed by micro enterprise (ME), small and medium enterprise (SME), commercial vehicle (CV), and two-wheeler loan receivables originated by Mas Financial Services Limited (the Originator or MFSL).

Ratings are based on the credit quality of underlying loans, support in the form of credit enhancement (CE), the credit underwriting and servicing capability of the originator, well-defined payment mechanism, and robust legal structure of the transaction.

The final rating will be assigned after copies of the following documents, duly executed in accordance with the structure and to the satisfaction of CareEdge Ratings, are furnished by the originator:

a. Assignment agreement
b. Trust deed
c. Power of attorney
d. A legal opinion from an independent legal counsel
e. Due diligence audit report
f. Any other documents executed for the transaction.

Rating sensitivities: Factors likely to lead to rating actions

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

None for Series A PTCs

For Equity tranche PTCs:

- Delinquencies (90+ days past due [DPD] as % of initial principal outstanding [POS]) of <2% coupled with the sustained high collection efficiency (cumulative collection efficiency of >98%).
- Build-up of cash collateral (CC) of more than 2 times the initial proposed (as a percentage of the balance POS).

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

- Delinquencies (90+ DPD as % of initial POS) of >5% coupled with the sustained lower collection efficiency (cumulative collection efficiency of <90%).
- Deterioration in the credit profile of the originator.
- Utilisation of cash collateral (CC).

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

- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

The rating is based on inter alia, analysis of the underlying pool of receivables, expected performance of the pool, performance of originator's portfolio, and transaction structure including the proposed credit enhancement.

Detailed description of key rating drivers

The transaction is structured at par and the Series A1 PTCs are rated for the timely payment of interest with the repayment of principal by the final legal maturity date and the equity tranche PTCs are rated for payment of principal by the final legal maturity. The excess interest spread (EIS) will flow back to the originator on a monthly basis.

The assigned pool consists of over 1,900 ME, SME, CV and two-wheeler loan contracts, aggregating to a POS of ₹91.91 crore as on the cut-off date. The top three states account for ~58% of the pool. All the contracts are current on payment. The pool has weighted an average seasoning of ~12 months with an amortisation of ~31%. For the individual borrowers, having a credit score (CIBIL) of over 700 constitute ~56%, while 27% of the contracts in the pool are new to credit. For the non-individual borrowers, the CMR scores range from CMR-2 to CMR-7. The pool is granular with scheduled cash flows from underlying loans. The assignment of the receivables to the special purpose vehicle (SPV) lends strength to these cash flows and the rating factors the terms of servicing agreement as detailed hereinafter.

The CE will comprise CC of 5.00%, subordinated equity tranche PTCs of 10.00%, subordinated over collateral (OC) of 4.04%, and subordination of EIS of ~11% of the pool POS in the structure. The CC will be in the form of fixed deposits (FDs) with a lien marked in favour of the trust, as per CareEdge Ratings' criteria. The support of both, OC and EIS, is subject to realisation. The EIS is also subject to compression on account of prepayments in the pool. The cash flow from the underlying pool, along with external credit enhancement, will be used to make payout to the PTC investors.

Key strengths:

- The robustness of transaction structure and well-defined payment mechanism.
- Credit enhancement comprising CC, subordinated equity tranche PTCs, subordinated OC, and EIS.
- No overdue contracts as on the pool cut-off date.
- Underwriting policies and collection capabilities of MFSL.
- High-weighted average seasoning (based on EMI's paid) of ~12 months with amortisation of ~31%.

Key rating weakness:

- The pool has volatile cash flows due to a portion being backed by CV, and it is also subject to the inherent risks associated with unsecured loans within the pool.

Liquidity:

For Series A PTCs: Strong

The inherent liquidity in the structure is strong. The interest payouts for Series A PTCs are promised on a monthly basis, while the principal of Series A PTCs is promised to be paid by final legal maturity. In case of delinquency, the payouts are expected to be supported by credit enhancement consisting of CC, principal subordination in the form of equity tranche PTCs and OC, and EIS.

For equity tranche PTCs: Adequate

The inherent liquidity for equity tranche PTCs is adequate. The equity tranche PTCs are supported by CC, OC, and EIS.

Key rating assumptions and adequacy of credit enhancement:

CareEdge Ratings has analysed the transaction to assess whether the CE is sufficient to cover the shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CareEdge Ratings has analysed the performance of static pools provided by the originator and the overall portfolio performance of the originator. Considering the borrower profile, nature of the loan, pool characteristics, and portfolio performance, CareEdge Ratings has taken the average shortfall at 5.50%-6.50% of the POS. The base case shortfalls were stressed along with other key factors, such as the timing of shortfalls, the recovery assumptions, and the time to recovery. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50%-1.00%. CareEdge Ratings has stipulated credit enhancement which is commensurate with credit rating of the PTCs.

Key Risks, Concerns and Mitigants:

The securitisation transaction involves several risks, including credit risk from borrower defaults, commingling risk due to time lags in fund deposits, prepayment risk from early principal repayments, servicer bankruptcy risk, legal risk regarding the validity of receivable transfers, and counterparty risk involving transaction parties. These risks are factored while assigning rating, wherever needed, and partially mitigated through credit enhancements, separate record-keeping, credit rating/profile of the originator, transaction structuring, true sale of receivables, legal opinion from independent legal counsel. The transaction structure also has provision to change counterparties e.g., trustee, banker etc.

Applicable criteria

Policy on Default Recognition
Assignment of Provisional rating
CARE Ratings' methodology for asset/mortgage-backed securitisation

Validity of Provisional rating

Provisional rating shall be converted into a final rating after receipt of transaction documents duly executed/ completion of mentioned steps within 90 days from the instrument's date of issuance. An extension of 90 days may be granted on a case-to-case basis in line with CareEdge Ratings' Policy on Assignment of Provisional Ratings.

Risks associated with Provisional nature of credit rating

When a rating is assigned pending execution of certain critical documents or steps to be taken, the rating is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of critical documents to the satisfaction of CareEdge Ratings, the final rating is assigned. In the absence of documents/ completion of steps or where such documents deviate significantly from those considered, provisional rating will be reviewed in line with the Policy on Assignment of Provisional Ratings.

About the Originator / Servicer and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Securitisation

MFSL was incorporated in 1995 by Kamlesh Gandhi and Mukesh Gandhi. The company was registered as a non-banking finance company (NBFC) in 1995 with Reserve Bank of India (RBI). It was initially engaged in lending two-wheeler and micro enterprises loans and later on forayed in commercial vehicle loan and MSME loan segments. The lending activities of MFSL are carried out through its own network of 206 branches on a standalone level and 101 branches of its HFC subsidiary as on June 30, 2025, and also through other smaller NBFCs and microfinance institutions (MFIs). As on June 30, 2025, MFSL had relationships with 203 NBFC partners and ~35% of the total asset under management (AUM) of MFSL was built through these NBFCs. The shares of MFSL are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). MFSL is engaged in ME and SME loan business for over 10 years and is an active player in bilateral market and as of June 30, 2025, MFSL has 121 such live pools with initial size amounting to ₹8,184 crore.

As on June 30, 2025, the promoter and promoter group held 66.63% shares of the company, while the rest are held by public shareholders. MFSL's shareholders included marquee investors such as Motilal Oswal private equity, Axis Mutual Fund, and TATA AIA Life insurance among others.

MFSL's loan portfolio consists of micro enterprises loans, SME loans, two-wheeler loans, and CV loans. Even in the aforesaid loan categories, a significant amount of the loan portfolio is built up through NBFCs and NBFC-MFIs. Around 35% of the AUM was through NBFC and NBFC-MFI route in June 2025 compared to ~33% of AUM in March 2024 was through NBFC and NBFC-MFI route.

Key financial indicators - MFSL

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	1,229	1,520	444
PAT	248	306	84
Interest coverage (times)	1.54	1.57	1.55
Total assets	9,109	11,664	12,003

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Net NPA (%)	1.48	1.49	1.51
ROTA (%)	2.95	2.95	2.84

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

Key terms of Servicer Contract:

The servicing agreement shall cover role of the originator as the Collection and Payment Agent (CPA) for the SPV in managing collections from underlying borrowers, without informing them of the assignment. The Servicer (originator) follows its standard procedures for collections, including recovery actions, and ensures timely transfers of funds to the SPV under an M+1 payment structure. The trustee monitors the sufficiency of funds for investor payouts one day prior to payout date and utilizes CC in case of shortfall. The Servicer must also submit detailed reports on billing, collections (including prepayment), overdue amounts with aging thereof, cash flow schedules to the trustee and such other information as may be required by the trustee. The terms of the agreement shall have provisions for the appointment of an alternate servicer in case of servicer event of default.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments/facilities: Annexure-3

Complexity level of instruments: 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
Pass Through Certificates	-	-	-	-	79.00	Provisional CARE AAA (SO)
Pass Through Certificates	-	-	-	-	9.19	Provisional CARE A (SO)

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	Pass Through Certificates	LT	79.00	Provisional CARE AAA (SO)	-	-	-	-
2	Pass Through Certificates	LT	9.19	Provisional CARE A (SO)	-	-	-	-

LT- Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass Through Certificates	Highly complex

Annexure-5: Lender details

Not applicable

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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