Crocus 03 2026 (Revised)

Originator: Muthoot Microfin Limited

March 30, 2026

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)			Rating Action
					Subordinated Equity Tranche PTC	Over Collateral	Cash Collateral	
Series A1 PTCs	62.47	Par (TI-UP)	30	Provisional CARE AA- (SO)	2.14	6.78	2.50	Assigned
Equity Tranche PTCs	2.14	Par (UP)		Provisional CARE A(SO)	-			

Details of instruments/facilities in Annexure-1.

#Series A1 PTCs are rated based on timely payment of interest and payment of principal on or before the final legal maturity date. The Equity Tranche PTCs are rated based on payment of principal on or before the final legal maturity date once series A1 PTCs are fully redeemed.
*Tenure / door-to-door maturity may change due to prepayments or changes in interest rates.
$Excess interest spread (EIS) shall flow back to the originator per the waterfall mechanism.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned ratings of 'Provisional CARE AA- (SO)' [pronounced as 'Double A Minus (Structured Obligation)'] to the Series A1 PTCs and 'Provisional CARE A (SO)' [pronounced as 'Single A (Structured Obligation)'] to Equity Tranche PTCs, proposed to be issued by Crocus 03 2026 backed by microfinance loans receivables originated by Muthoot Microfin Limited ("the Originator" or "MML").

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

Final ratings will be assigned after copies of 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:

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

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

- Delinquencies (90+ DPD as % of initial POS) of >8% coupled with the sustained lower collection efficiency (cumulative collection efficiency of <90%).
- Deterioration in the credit profile of the originator.
- Utilisation of CC
- Non-adherence to key transaction terms envisaged at the time of the rating.

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

Analytical approach

The Ratings are based on inter alia, analysis of underlying pool of receivables, expected pool performance, performance of originator's portfolio and transaction structure including proposed CE.

Detailed description of key rating drivers

The transaction is structured at par. Series A1 PTCs are rated for timely payment of interest with the repayment of principal on or before the final legal maturity. Equity Tranche PTCs are rated for timely payment of principal on or before final legal maturity date once the Series A1 PTCs are fully redeemed. Excess interest spread (EIS) will be utilised/flow back per waterfall mechanism

The assigned pool consists of over 12,800 microfinance loan contracts, aggregating to a principal outstanding of ₹71.40 crore as on the cut-off date. The top three states account for around 38% of the pool. All the contracts are current on payment. The pool has a weighted average seasoning of around 6 months with an amortisation of around 18%. The pool is granular with scheduled of cash flows from the underlying loans. The assignment of the receivables to the 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 3.50%, subordinated over collateral (OC) of 9.50%, subordinated equity tranche PTCs (ET) of 3.00% (for Series A1 PTCs) and subordination of excess interest spread (EIS) of around 17% of the pool POS respectively, 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 OC, ET 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 cash collateral, subordinated equity tranche (for Series A1 PTCs), over collateral and EIS;
- No overdue contracts as on the pool cut-off date; Around 93% contracts are ever current as on the pool cut-off date;
- Underwriting policies and collection capabilities of MML;
- Moderate-weighted average seasoning (based on months) of around 6 months with amortisation of around 18% as of pool cut-off date.
- Geographically diversified with the top three states accounting for around 38% of the pool POS.

Key weaknesses:

- Weak borrower profile as this segment is susceptible to socio-political interference and other external shocks.

Liquidity:

For Series A1 PTCs: Strong

The inherent liquidity in the structure is strong. The interest payouts for Series A1 PTCs are promised on a monthly basis, while the principal of Series A1 PTCs is promised to be paid by final legal maturity. In case of any delinquency, the payouts are expected to be supported by credit enhancement consisting of cash collateral, principal subordination in the form of equity tranche and EIS.

For Equity Tranche PTCs: Adequate

The inherent liquidity in the structure is adequate. The principal for the Equity Tranche PTCs is promised by the final legal maturity. In case of any delinquency, the payouts are expected to be supported by cash collateral.

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 8.00%-10.00% of the principal outstanding. 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 a 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

Muthoot Microfin Limited (MML) is a subsidiary of Muthoot Fincorp Limited (MFL) and a part of the Muthoot Pappachan Group (MPG). It started operations as a small business unit within MFL in 2010 with presence in Kerala and Tamil Nadu. In 2012, MFL acquired Pancharatna Securities Limited, an NBFC based in Mumbai and subsequently changed its name to Muthoot Microfin Limited. MML received an NBFC-MFI license in March 2015; subsequently, it commenced microfinance lending. The originator has engaged in the microfinance business for over 13 years and is an active player in securitisation / bilateral market. As on June 2025/December 2025, MML as sold down over 40 pools aggregating to over ₹8,000 crore.

Key financial indicators - MML

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total income	2,286	2,564	1,742
Profit after tax (PAT)	450	-223	99
Assets under management (AUM)	12,176	12,357	13,034
On-book gearing (x)	2.89	3.01	3.26
AUM / tangible net-worth (TNW) (x)	4.34	4.69	4.72
Gross Stage 3 (%)	2.29%	2.10%	4.40%
Return on managed assets (ROMA) (%)	NA	NA	NA
Capital adequacy ratio (CAR) (%)	28.97%	27.86%	26.40%

A: Audited; UA: Unaudited; NA: Not Available; 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, who have consented to such assignment through provisions incorporated in the respective loan agreements. 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 utilises 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. 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	-	-	-	-	62.47	Provisional CARE AA- (SO)
Pass Through Certificates	-	-	-	-	2.14	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	62.47	Provisional CARE AA- (SO)	-	-	-	-
2.	Pass Through Certificates	LT	2.14	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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