Begonia 03 2026

Originator: Muthoot Microfin Limited

June 11, 2026

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)			Rating Action
					Subordinated Equity Tranche PTCs	Over Collateral	Cash Collateral	
Series A1 PTCs	228.43	Par (TI-UP) (Conditional Turbo)	36	Provisional CARE AA (SO)	21.00	13.13	10.50	Assigned
Equity Tranche PTCs	21.00	Par (UP Conditional Turbo)		Provisional CARE A (SO)	-			Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

#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.

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

$Excess interest spread (EIS) shall be utilised as per the waterfall mechanism.

Rating in absence of 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 AA (SO)' [pronounced as 'Double A (Structured Obligation)'] to the Series A1 PTCs and 'Provisional CARE A (SO)' [pronounced as 'Single A (Structured Obligation)'] to the Equity Tranche PTCs proposed to be issued by Begonia 03 2026 backed by microfinance loan 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.

The final rating 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+ days past due [DPD] as percentage of initial principal outstanding [POS]) of less than 2% and sustained high collection efficiency (cumulative collection efficiency of over 98%).
- Sustained build-up of cash collateral (CC) of over 2x 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 percentage of initial POS) of over 8% and sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Deterioration in 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 rating is based on inter alia, analysis of underlying pool of receivables, expected pool performance, performance of originator's portfolio, and transaction structure including the proposed CE.

Detailed description of key rating drivers

The transaction is structured at par, and Series A1 PTCs are rated for the timely payment of interest with the repayment of principal on or before the final legal maturity. Equity Tranche PTCs are rated for the repayment of principal on or before the final legal maturity. The transaction also features conditional turbo mechanism.

The assigned pool consists of over 46,000 microfinance loan contracts, aggregating to a POS of ₹262.56 crore as on the cut-off date. The top three states account for ~51% of the pool. All contracts are current on payment. The pool has weighted an average seasoning of ~6 months with an amortisation of ~20%. The pool is granular with scheduled of cash flows from underlying loans. Assignment of receivables to the special purpose vehicle (SPV) lends strength to these cash flows and the rating factors terms of servicing agreement as detailed hereinafter.

The CE will comprise CC of 4.00% of the pool POS, subordinated Equity Tranche PTCs (only for Series A1 PTCs) of 8.00% of the pool POS, subordinated over collateral (OC) of 5.00% of the pool POS, and subordination of excess interest spread (EIS) of ~18% 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, per CareEdge Ratings' criteria. The support of Equity Tranche PTCs, OC and EIS, is subject to realisation. EIS is also subject to compression considering prepayments in the pool. Cash flow from the underlying pool, and external CE, will be used to make payout to PTC investors.

Key strengths:

- Robustness of the transaction structure and a well-defined payment mechanism.
- CE comprising CC, subordinated Equity Tranche PTCs (Only for Series A1 PTCs), OC, and EIS.
- No overdue contracts as on the pool cut-off date and all contracts in the pool are ever current.
- Underwriting policies and the collection capabilities of MML.
- Moderate-weighted average seasoning (based on months) of ~6 months with amortisation of ~20% as of pool cut-off date.
- Geographically diversified with top three states accounting for ~51% of the pool POS as of pool cut-off date.

Key weakness:

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

Liquidity:

For Series A1 PTCs: Strong

Inherent liquidity in the structure is strong. Interest payouts for Series A1 PTCs are promised monthly, while the principal of Series A1 PTCs is promised to be paid by final legal maturity. In case of delinquency, payouts are expected to be supported by CE consisting of CC, principal subordination in the form of Equity Tranche PTCs, subordinated OC, and EIS.

For Equity Tranche PTCs: Adequate

Inherent liquidity in the structure is adequate. The principal for the Equity Tranche PTCs is promised by the final legal maturity. In case of delinquency, payouts are expected to be supported by CE consisting of CC, subordinated 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 performance of static pools provided by the originator and overall portfolio performance of the originator. Considering borrower profile, nature of loan, pool characteristics, and portfolio performance, CareEdge Ratings has taken average shortfall at 8.00-10.00% of the POS. Base case shortfalls were stressed along with other key factors, such as timing of shortfalls, recovery assumptions, and time for recovery. Pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayment in the range of 0.50-1.00%. CareEdge Ratings has stipulated CE, which is commensurate with credit rating of 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, such as trustee and banker among others.

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

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, a non-banking financial company (NBFC) based in Mumbai and subsequently changed its name to Muthoot Microfin Limited. MML received an NBFC-microfinance institution (MFI) license in March 2015; subsequently, it commenced microfinance lending. The originator is engaged in microfinance business for over 12 years and is an active player in securitisation / bilateral market, and as of March 2026, MML has sold down over 20 pools (PTCs) initial size aggregating to over ₹4,200 crore.

Key financial indicators - MML

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	FY26 (A)
Total income	2,286	2,564	2,380
Profit after tax (PAT)	450	-223	170
Assets under management (AUM)	12,176	12,357	13,973
On-book gearing (x)	2.89	3.01	3.34
AUM / tangible net worth (TNW) (x)	4.34	4.69	4.89
Gross non-performing assets (NPA) / gross stage 3 (%)	2.29	2.10	3.89
Return on managed assets (ROMA) (%)	NA	NA	NA
Capital adequacy ratio (CAR) (%)	28.97	27.86	23.90

A: Audited; NA: Not available; Note: These are the 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	-	-	-	-	228.43	Provisional CARE AA (SO)
Pass Through Certificates	-	-	-	-	21.00	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 2026-2027	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
1	Pass Through Certificates	LT	228.43	Provisional CARE AA (SO)	-	-	-	-
2	Pass Through Certificates	LT	21.00	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

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

*Includes securitisation transactions involving assignee payout, acquirer's payout.

~The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

#There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

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