Begonia 03 2026

Originator: Muthoot Microfin Limited

August 20, 2026

Instrument[#]	Name of Regulator[1]	Amount Rated[&] (₹ crore)	Rating[2]	Rating Action
Series A1 PTCs	RBI	214.53	CARE AA (SO)	Final Rating Assigned
Equity Tranche	RBI	21.00	CARE A (SO)	Final Rating Assigned

Details of instruments/facilities in Annexure-1.

[#]The pass-through certificates (PTCs) are rated based on the timely payment of interest and the payment of principal on or before the last scheduled payout date.

[&]As on July 2026 Payout

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had assigned the rating of 'Provisional AA (SO)' [pronounced as 'Double A (Structured Obligation)'] and 'Provisional A (SO)' [pronounced as 'Single A (Structured Obligation)'] to the Series A1 PTCs and Equity Tranche PTCs, respectively, issued by Begonia 03 2026, backed by a pool of Microfinance loan receivables originated by Muthoot Microfin Limited (MML).

Ratings are now confirmed and 'CARE AA (SO)' [pronounced as 'double A (Structured Obligation)'] and 'CARE A (SO)' [pronounced as 'single A (Structured Obligation)'] have been assigned to Series A1 PTCs and Equity Tranche PTCs.

These ratings were finalised based on the following documents submitted to the satisfaction of CareEdge Ratings:

a. Deed of assignment
b. Trust deed
c. Information memorandum
d. Power of attorney
e. Legal opinion
f. KYC audit report

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

Analytical approach

The final rating is based on conformity of the executed transaction documents with the proposed structure of the transaction. The rating also factors 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.

[1]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

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

Detailed description of key rating drivers

Ratings assigned are finalised based on the structure provided to CareEdge Ratings by MML, the originator. Ratings have been confirmed after copies of the legal documents executed in accordance with the structure, a due-diligence audit report by an external auditor, and an independent legal opinion was furnished by the originator (MML), to the satisfaction of CareEdge Ratings.

After July 2026 payout, the pool has amortised by ~5% in one month post-securitisation. Overdue (OD) (as a percentage of initial pool POS) is 0.04% with cumulative collection efficiency (CCE) of ~99% and nil utilisation of CC.

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.
- Pool had moderate-weighted average seasoning (based on months) of ~6 months as of pool cut-off date.
- Pool was geographically diversified with top three states accounted 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

CARE Ratings' methodology for asset/mortgage-backed securitisation

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 31, 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 has covered role of the originator as the Collection and Payment Agent (CPA) for the special purpose vehicle (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 is also submitting 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 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities:

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Highly Complex	INE2WJ215016	05-06-2026	8.15	16-06-2029	214.53	CARE AA (SO)
Pass Through Certificates	RBI	Highly Complex	INE2WJ215024	-	-	-	21.00	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	214.53	CARE AA (SO)	1)Provisional CARE AA (SO) (11-Jun-26)	-	-	-
2	Pass Through Certificates	LT	21.00	CARE A (SO)	1)Provisional CARE A (SO) (11-Jun-26)	-	-	-

LT: Long Term

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

Not applicable

Annexure-4: 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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