

August 20, 2025

## Muthoot Microfin Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by Jerrick Trust 10 2024

### Summary of rating action

| Trust Name            | Instrument*   | Rated Amount (Rs. crore) | Rating Action  |
|-----------------------|---------------|--------------------------|--|
| Jerrick Trust 10 2024 | PTC Series A1 | 151.78                   | [ICRA]AA-(SO); provisional rating confirmed as final |

\*Instrument details are provided in Annexure I

### Rationale

In June 2025, ICRA had assigned Provisional [ICRA]AA-(SO) rating to Pass Through Certificate (PTC) Series A1, issued Jerrick Trust 10 2024. The PTCs are backed by a pool of a microfinance loan receivables originated by Muthoot Microfin Limited (MML/Originator) with an aggregate principal outstanding of Rs. 168.64 crore (pool receivables of Rs 204.56 crore).

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

### Pool performance summary

| Parameter                              | Jerrick Trust 10 2024 |
|--|-----------------------|
| Payout month                           | July 2025             |
| Months post securitisation             | 1                     |
| Pool amortisation                      | 5.63%                 |
| PTC Series A1 amortisation             | 6.25%                 |
| Cumulative prepayment rate             | 0.39%                 |
| Cumulative collection efficiency       | 99.23%                |
| Loss cum 0+ dpd                        | 0.81%                 |
| Loss cum 30+ dpd                       | 0.00%                 |
| Loss cum 90+ dpd                       | 0.00%                 |
| Cumulative cash collateral utilisation | 0.00%                 |

### Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. The residual cash flows from the pool, after meeting the promised and expected payouts, will be flow back to the originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the PTC Series A1 principal. The transaction has certain trigger events defined, on occurrence of which the residual cash flows would be passed on to PTC Series A1 investors.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 8.43 crore, to be provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for PTC Series A1 and (iii) the excess interest spread (EIS) of 14.70% of the initial pool principal for PTC Series A1.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement** – The pool is granular, consisting of 37,450 contracts with no contract exceeding 0.01% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**No overdue contracts in the pool** – The pool has been filtered in such a manner that there are no overdue contracts.

**Seasoned contracts in the pool** – The pool has amortised by almost 15% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement, thereby reflecting the borrowers’ relatively better credit profile.

**Adequate servicing capability of the originator** – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of over a decade of regular collections across multiple geographies.

### Credit challenges

**Risks associated with lending business** – The pool performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The performance of microfinance loans would also be exposed to political and communal risks.

**Increasing delinquencies in microfinance sector** – The microfinance sector has seen a decline in collections and consequently rise in delinquencies in the previous fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in collection teams. Any sustained impact of these factors on the collections from the pool would be a monitorable.

### Key rating assumptions

ICRA’s cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator’s loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA’s cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 4.50% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3% to 9% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

### Details of key counterparties

The key counterparties in the rated transaction is as follows:

|                         |                              |
|-------------------------|------------------------------|
| <b>Transaction Name</b> | <b>Jerrick Trust 10 2024</b> |
| <b>Originator</b>       | Muthoot Microfin Limited     |

| Transaction Name                   | Jerrick Trust 10 2024        |
|------------------------------------|------------------------------|
| Servicer                           | Muthoot Microfin Limited     |
| Trustee                            | Catalyst Trusteeship Limited |
| CC holding bank                    | IDFC First Bank Limited      |
| Collection and payout account Bank | IDFC First Bank Limited      |

### Liquidity position: Strong

The liquidity for PTC Series A1 is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~5.25 times the estimated loss in the pool.

### Rating sensitivities

**Positive factors** – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (MML) could also exert pressure on the rating.

### Analytical approach

The rating action is based on the Trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Rating Methodology for Securitisation Transactions</a> |
| Parent/Group support            | Not Applicable   |
| Consolidation/Standalone        | Not Applicable   |

### About the originator

Muthoot Microfin Limited (MML) is a part of the Muthoot Pappachan Group. The Group is highly diversified with a presence in financial services, insurance & broking services, precious metals, automotive, hospitality, real estate, information technology (IT) infrastructure, alternate energy, healthcare and IT. The company entered the microfinance business in 2010 as a division of Muthoot Fincorp Ltd with a product named Muthoot Mahila Mitra. MML's first branch was opened in Choolaimedu (Chennai), Tamil Nadu in March 2010. The company operates under the concept of joint liability groups (JLGs) or group guarantee. In the past few years, MML has grown its presence on a pan-India level with operations in 19 states.

### Key financial indicators

| Particular              | FY2023<br>(Audited) | FY2024<br>(Audited) | FY2025<br>(Audited) |
|-------------------------|---------------------|---------------------|---------------------|
| Total Income            | 1,446.3             | 2,285.5             | 2,564.4             |
| Profit after Tax        | 163.9               | 449.6               | -222.5              |
| Assets under Management | 9,088               | 12,193              | 12,357              |
| Gross Stage 3           | 3.0%                | 2.3%                | 4.8%                |
| CRAR                    | 21.9%               | 29.0%               | 27.9%               |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. Crore;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

| Trust Name            | Current Rating (FY2026) |                          |                         |                           | Chronology of Rating History for the Past 3 Years |                         |                         |
|-----------------------|-------------------------|--------------------------|-------------------------|---------------------------|---|-------------------------|-------------------------|
|                       | Instrument              | Amount Rated (Rs. crore) | Date & Rating in FY2026 |                           | Date & Rating in FY2025                           | Date & Rating in FY2024 | Date & Rating in FY2023 |
|                       |                         |                          | August 20, 2025         | June 06, 2025             | -   | -                       | -                       |
| Jerrick Trust 10 2024 | PTC Series A1           | 151.78                   | [ICRA]AA-(SO)           | Provisional [ICRA]AA-(SO) | -   | -                       | -                       |

### Complexity level of the rated instrument

| Instrument    | Complexity Indicator |
|---------------|----------------------|
| PTC Series A1 | Moderately Complex   |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

| Trust Name                   | Instrument    | Date of Issuance / Sanction | Coupon Rate (p.a.p.m.) | Maturity Date  | Amount Rated (Rs. crore) | Current Rating |
|------------------------------|---------------|-----------------------------|------------------------|----------------|--------------------------|----------------|
| <b>Jerrick Trust 10 2024</b> | PTC Series A1 | June 05, 2025               | 8.75%                  | March 13, 2027 | 151.78                   | [ICRA]AA-(SO)  |

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Not Applicable

## ANALYST CONTACTS

**Manushree Sagar**

+91 124 4545 316

[manushrees@icraindia.com](mailto:manushrees@icraindia.com)

**Gaurav Mashalkar**

+91 22 6114 3431

[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Abhishek Jena**

+91 22 6114 3432

[abhishek.jena@icraindia.com](mailto:abhishek.jena@icraindia.com)

**Sachin Joglekar**

+91 22 6114 3470

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Samratsingh Hazari**

+91 22 6114 3400

[samratsingh.hazari@icraindia.com](mailto:samratsingh.hazari@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6169 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

### Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

### About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



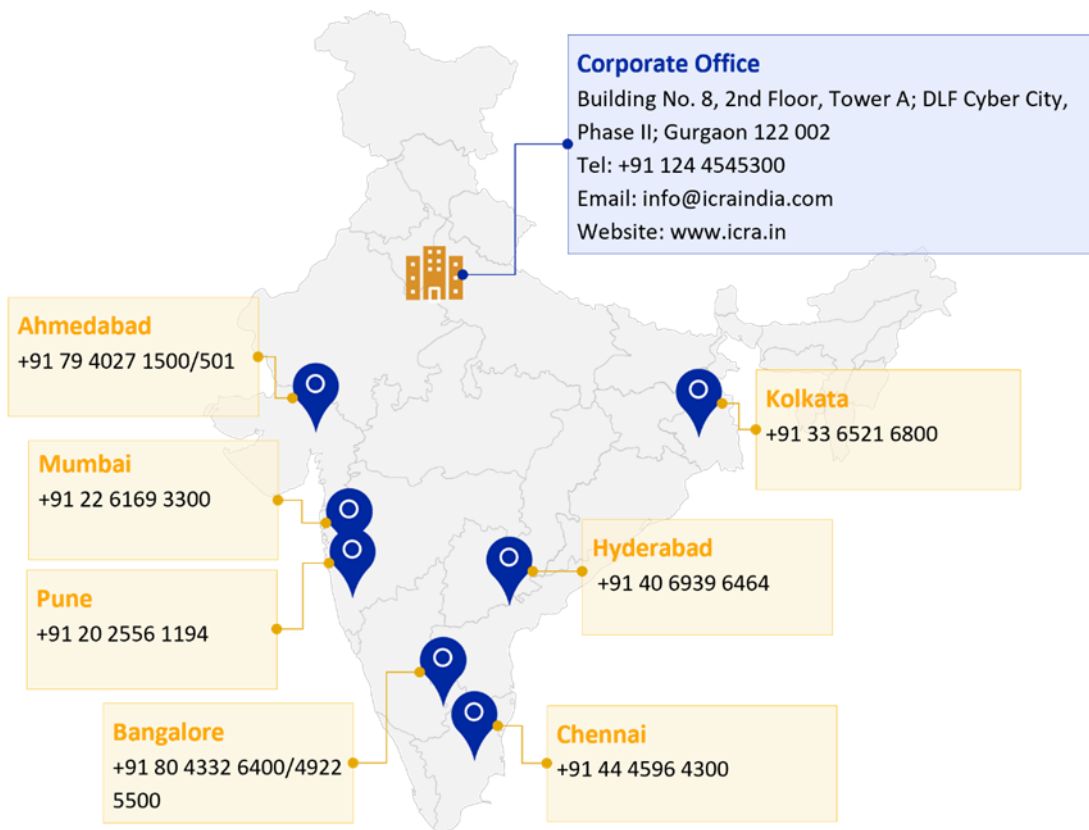
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.