

May 25, 2026

Muthoot Microfin Limited: Ratings reaffirmed for PTCs issued under two microfinance loan securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
2025 MFI Mckinley	PTC Series A1	108.68	NA	19.47	[ICRA]AA+(SO); reaffirmed
Mario Trust 2024	PTC Series A1	163.09	NA	27.37	[ICRA]AA-(SO); reaffirmed

*Instrument details are provided in Annexure II

Rationale

The pass-through certificates (PTCs) are backed by pools of microfinance loan receivables originated by Muthoot Microfin Limited {MML/Originator}. MML is also the servicer for the transactions.

The rating actions factor in the build-up of the credit enhancement cover over the future PTC payouts on account of high pool amortisation. The rating also draw comfort from the fact that the breakeven collection efficiency is lower than the actual collection levels observed in the pool till the April 2026 payout month.

Pool performance summary

Parameter	2025 MFI Mckinley	Mario Trust 2024
Payout month	April 2026	April 2026
Months post securitisation	12	12
Pool amortisation (as % of initial pool principal)	70.2%	73.4%
PTC amortisation (as % of initial PTC principal)	82.1%	83.2%
Cumulative collection efficiency ¹	97.8%	93.5%
Cumulative prepayment rate ²	17.4%	12.3%
Loss-cum-30+ days past due (dpd; % of initial pool principal) ³	3.0%	8.9%
Loss-cum-90+ dpd (% of initial pool principal) ⁴	1.9%	7.6%
Breakeven collection efficiency ⁵	32.6%	36.1%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%
CC available (as % of balance pool)	16.8%	18.8%
Excess interest spread (EIS; as % of balance pool) ⁶	7.5%	8.6%
Principal subordination (% of balance pool principal)	48.6%	43.3%

Transaction structure

As per the transaction structure for 2025 MFI Mckinley, 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

¹ Cumulative collections / (Cumulative billings + Opening overdue at the time of securitisation)

² Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

³ Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁵ (Balance cash flows payable to investor – CC available) / Balance pool cash flows

⁶ (Pool cash flows till PTC maturity month – Cash flows to PTC A1/A1(a)/A1(b) – Originator's residual share) / Pool principal outstanding

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.

As per the transaction structure for Mario Trust 2024, 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.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with the subordination increasing to 48.6% and 43.3% of the balance pool principal from 14.5% and 10.0% at the time of securitisation for Mckinley and Mario pools respectively. Credit support is also available through cash collateral (CC) of 16.8% and 18.8% for Mckinley and Mario pools respectively and excess interest spread (EIS) in the structure. There has been no CC utilisation in the pool in any of the months post securitisation.

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

Higher than expected delinquencies in the Mario pool - The Mario pool has seen higher delinquency than ICRA expectations. While there has some slowdown in roll forward in softer delinquency buckets in recent months, there has been a buildup in delinquencies in harder buckets with loss cum 90+ dpd at ~7.5%. The collections from the delinquent contracts have been lower, which is expected given the unsecured nature of the loans in the pools. Further while the monthly collection efficiency in the pool has seen a dip, it is higher than the break-even collection efficiency for the PTCs, which is comforting.

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.

Higher delinquencies in microfinance sector – The microfinance sector has seen lower collections and elevated delinquencies on account of borrower overleveraging and attrition in collection teams. However, portfolio collections have been improving and are higher from the post guardrail book which is a source of comfort.

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 pools, ICRA has estimated the shortfall in principal collection and prepayments during the tenure as provided in the following table.

Transaction name	Estimated shortfall (% of initial pool principal)	Prepayment (p.a.)
2025 MFI Mckinley	4.25%	3% - 9%
Mario Trust 2024	4.25%	3% - 9%

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Transaction name	2025 MFI Mckinley	Mario Trust 2024
Originator	Muthoot Microfin Limited	Muthoot Microfin Limited
Servicer	Muthoot Microfin Limited	Muthoot Microfin Limited
Trustee	Axis Trustee Services Limited	Catalyst Trusteeship Limited
CC holding bank	Axis Bank Limited	IDFC First Bank Limited
Collection and payout account bank	Axis Bank Limited	IDFC First Bank Limited

Liquidity position

2025 MFI Mckinley-Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is more than 8.0 times the estimated loss in the pool.

Mario Trust 2024-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 is ~4 times the estimated loss in the pool.

Rating sensitivities

Positive factors –

For 2025 MFI Mckinley

The sustained strong collection performance of the underlying pool of contracts, 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.

For Mario Trust 2024

The rating may be upgraded on the sustained strong collection and reduction in delinquency levels in pool.

Negative factors – For both pools, the sustained weak collection performance of the underlying pool of contracts 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 performance of the pools till March 2026 (collection month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable

Consolidation/Standalone	Not applicable
--------------------------	----------------

About the originator

Muthoot Microfin Limited (MML) is part of the Muthoot Pappachan Group. The Muthoot Pappachan Group is highly diversified, having its presence in Financial Services, Insurance & Broking services, Precious Metals, Automotive, Hospitality, Real Estate, IT Infrastructure, Alternate Energy, Health Care & IT. The company entered into the business of microfinance in the year 2010, as a division of Muthoot Fincorp Ltd. The first branch of Muthoot Microfin was opened in Choolaimedu (Chennai), Tamil Nadu (March 2010). As on Dec-25, the company has 1,691 branches (increased from 1,508 branches as on Mar-24) across 19 states. As of Dec-25, the company had a total portfolio size of about Rs. 13,079 crore with a borrower base of over 33 lakh. Majority of the portfolio is concentrated in the states of Kerala, Tamil Nadu and Bihar.

Particular	FY2024 (Audited)	FY2025 (Audited)	9M FY2026 (Provisional)
Total Income	2,285.5	2,564.4	1,741.8
Profit after Tax	449.6	-222.5	99.2
Assets under Management	12,193	12,357	13,079
Gross Stage 3	2.3%	4.8%	4.4%
CRAR	29.0%	27.9%	26.4%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years			
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				May 25, 2026	May 12, 2025	Mar 31, 2025	-
2025 MFI Mckinley	PTC Series A1	108.68	19.47	[ICRA]AA+(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-

Trust name	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years			
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				May 25, 2026	May 21, 2025	Mar 31, 2025	-
Mario Trust 2024	PTC Series A1	163.09	27.37	[ICRA]AA-(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI

2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (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 Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	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.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure : SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Trust name	Instrument	Complexity indicator
2025 MFI Mckinley	PTC Series A1	Highly Complex
Mario Trust 2024	PTC Series A1	Highly 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 II: Instrument details

Trust name	Instrument type	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current amount rated (Rs. crore)	Current rating
2025 MFI Mckinley	PTC Series A1	March 28, 2025	8.50%	January 12, 2027	19.47	[ICRA]AA+(SO)
Mario Trust 2024	PTC Series A1	March 26, 2025	8.75%	December 13, 2026	27.37	[ICRA]AA-(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Arijit Datta

+91 22 6114 3433

arijit.datta@icraindia.com

Samratsingh Hazari

+91 22 6114 3420

samratsingh.hazari@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

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

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

ICRA Limited



Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 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 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.