

July 08, 2026

Muthoot Fincorp Limited: Provisional [ICRA]AA+(SO) assigned to PTC Series A1 and Provisional [ICRA]AA-(SO) assigned to Equity PTC issued by SEED MUUBL June 2026, backed by a pool of unsecured QR code-based merchant loans

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
SEED MUUBL June 2026	PTC Series A1	57.02	Provisional [ICRA]AA+(SO); Assigned
	Equity PTC	3.31	Provisional [ICRA]AA-(SO); Assigned

*Instrument details are provided in Annexure II

Rating in the absence of pending actions/documents	No ratings would have been assigned as it would not be meaningful
--	---

Rationale

The Pass-through certificates (PTCs) are backed by a pool of unsecured QR code-based merchant loan receivables originated by Muthoot Fincorp Limited {MFL/Originator} with an aggregate principal outstanding of Rs. 66.30 crore (pool receivables of Rs. 78.67 crore). MFL would be acting as the servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional ratings are subject to the fulfilment of all the conditions under the structure and ICRA’s review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, the promised cashflow schedule for PTC Series A1 on a monthly basis will comprise interest (at the pre-determined yield) on the o/s PTC principal on each payout date and 86% of the billed principal on each payout date and the entire balance principal on the final maturity date. On each payout date, all excess cashflow, after meeting the promised PTC Series A1 interest and promised principal payouts, will be paid out to meet the expected PTC Series A1 (to the extent of 14% of pool principal billing. All prepayment amounts would be passed on to PTC Series A1 (till the PTC Series A1 principal is not fully amortized) every month and its future payouts revised accordingly. The excess interest spread (EIS) available after meeting the expected and promised PTC payments will be passed on to originator (in case there are no EIS trigger events). In case of an EIS trigger event, the entire EIS available will be used for accelerated redemption of PTC Series A1 (until PTC Series A1 are outstanding) and then to equity tranche PTC. Equity Tranche is subordinated to PTC Series A1 and entire principal on equity tranche PTC is promised on maturity date.

The credit enhancement available in the structure is in the form of cash collateral of 7.00% of the initial pool principal (Rs. 4.64 crore to be provided by the Originator) (ii) principal subordination of 14.00% of the initial pool principal for PTC Series A1 (split into 9.00% of overcollateral and 5.00% of equity tranche) and subordination of 9.00% of the pool principal for Equity PTC, (iii) the excess interest spread (EIS) of 14.06% of the initial pool principal for PTC Series A1 and Equity PTC.

Key rating drivers

Credit strengths

Granular pool supported by availability of credit enhancement – The pool is granular, consisting of 3,350 obligors, with the top 10 obligors accounting for 0.7% of the pool principal as on the cut-off date, thereby reducing the exposure to any single

borrower. Further, the credit enhancement available in the form of the CC, overcollateral and EIS would absorb a part of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts in the pool – The pool has an average seasoning of ~4 months on the cut-off date. This reflects the repayment track record and buildup in borrower equity which is a credit positive.

Credit challenges

Risks associated with lending business – The pool's 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 pool is exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

Lower track record of originator – The originator has lower track record for servicing the loan accounts in the unsecured QR code based merchant loans segment. The majority of book building has happened in last few months and portfolio has lower seasoning with delinquencies in portfolio yet to stabilise.

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 6.50% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 5% to 18% 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.

Liquidity position: Strong

The liquidity for PTC Series A1 and Equity PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be more than 4.25 times and 3.50 times the estimated loss in the pool for PTC Series A1 and Equity PTC respectively.

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 ratings upgrade.

Negative factors – The sustained weak collection performance of the underlying pool (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 (Muthoot Fincorp) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the analysis of the performance of MFL's unsecured QR code-based merchant loan portfolio till March 2026, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool and the credit enhancement cover available in the transaction.

Analytical Approach

Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust Deed
2. Assignment Agreement
3. Power of Attorney
4. Legal Opinion
5. Trustee Letter
6. Other key or important documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

Muthoot Fincorp Limited (MFL) is a Thiruvananthapuram-based non-deposit-taking NBFC and part of the Muthoot Pappachan Group. Established in 1997, the company initially focused on gold loans, providing small-ticket secured credit to customers in semi-urban and rural markets. Over the years, MFL has diversified its offerings to include business loans, loans against property, supply-chain finance, and personal loans through its Secured & Unsecured Lending Business (SULB) division. The company also distributes mutual funds and general and life insurance products and operates in the money transfer segment and foreign exchanges through its branches.

Key financial indicators

	FY2024	FY2025	FY2026
	Audited	Audited	Audited
Total Income	4,016	5,551	8,364
Profit after tax	563	787	1,640
Total managed assets	22,887	33,563	57,581
Gross NPA (%)	1.6%	2.0%	1.0%
Capital to risk weighted assets ratio (%)	20.0%	19.5%	18.0%

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	Current Rating (FY2027)	Chronology of Rating History
------------	-------------------------	------------------------------

for the Past 3 Years

	Instrument	Amount Rated (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
			July 08, 2026	-	-	-
SEED MUUBL June 2026	PTC Series A1	57.02	Provisional [ICRA]AA+(SO)	-	-	-
	Equity PTC	3.31	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/ Fls (\$)	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, Fls	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fls	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/Fls)	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 instrument

Instrument	Complexity Indicator
PTC Series A1	Highly Complex
Equity PTC	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 Name	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
SEED MUUBL June 2026	PTC Series A1	July 02, 2026	-	September 22, 2027	57.02	Provisional [ICRA]AA+(SO)
	Equity PTC	July 02, 2026	-	September 22, 2027	3.31	Provisional [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

Tina Parekh
+91 22 6114 3455
tina.parekh@icraindia.com

Pratik Vora
+91 22 6114 3438
pratik.vora@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6169 3304
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.