

October 08, 2026

Muthoot Fincorp Limited: Provisional ratings assigned to PTCs backed by a pool of unsecured small business loans (UBL) and supply chain finance (SCF) issued by Dexter Trust 2026

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action	Financial Sector Regulator#
Dexter Trust 2026	PTC Series A1a	38.49	Provisional [ICRA]AAA(SO); Assigned	RBI\$
	PTC Series A1b	25.66	Provisional [ICRA]A+(SO); Assigned	RBI

*Instrument details are provided in Annexure I

#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.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues

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 (PTC) are backed issued under a securitisation transaction originated by Muthoot Fincorp Limited (MFL) (MFL/ Originator) with an aggregate principal outstanding of Rs. 71.27 crore (pool receivables of Rs. 78.81 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 along with the eligibility criteria for follow-on pools, 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 tenure of the pool shall be divided into two periods – replenishment period and amortisation period.

Replenishment period

The replenishment period will be for 12 months from the transaction settlement date. During this period, all principal collections from the pool, following the payment of the PTC Series A1a and PTC Series A1b interest, shall be used by the trust to purchase additional receivables from the Originator as per the replenishment period waterfall for the pool. These additional receivables shall meet the same eligibility criteria as applicable for the receivables that were a part of the underlying pool at the initiation of the transaction.

The transaction also entails certain trigger events for early amortisation. A breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period. If a trigger event occurs any time during the replenishment period, then the tenure of the PTCs shall be reduced and will be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

Amortisation period

Post the replenishment period, both PTC Series A1a and PTC Series A1b investors will receive the promised interest payouts each month on pari-passu basis. All the collections including prepayment would be passed on to PTC Series A1a on an expected basis till the 'attachment month'. The 'attachment month' is defined as the month till which the pool principal billing would be ~1.7 times the PTC Series A1a principal. Post the attachment month, all principal collections including prepayment would be passed on to both series of PTCs on a pari-passu basis. The principal is promised to the investors for both series of PTCs on the final maturity date of transaction. 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.

The credit enhancement for PTC Series A1a is available in the form of pool principal cover of 1.7 times over the PTC Series A1a principal and pool cashflow cover of ~1.8 times over the PTC Series A1a cashflows till the attachment month. For PTC Series A1b the credit enhancement is available in the form of subordination of 10.00% of the initial pool principal and entire excess interest spread (EIS) in the structure. Additional credit enhancement is available in the structure in the form of a CC of 7.00% of the initial pool principal, amounting to Rs. 4.99 crore, to be provided by the Originator (MFL).

Key eligibility criteria for the receivables

The eligibility criteria shall be met on commencement of the transaction and also at each replenishment event for all the new assets being added as well as for the updated pool (as applicable)

The following key eligibility criteria will have to be met:

- Not more than 55% of the replenishment pool should comprise of Supply Chain Finance loans
- Weighted average IRR of replenished pool should not be less 2% than weighted Average IRR of Initial Pool and
- Maturity date of the underlying loans of replenished pool should not be more than Maturity Date
- No Loans with latest bureau score of less than 650. For a firm where there are multiple borrowers/ directors/partners the most conservative score across all to be considered
- Unless latest bureau score is more than 700, no loans with ever track record of restructuring, suit filed, wilful default or NPA with any lender, no write off history of more than Rs. 10,000 since 2020 with any lender.
- Unless latest bureau score is more than 700, no loans to be taken with:
 - Maximum overdue with any lender in last 2 months is greater than 30 days
 - Maximum overdue with any lender in last 3 months is greater than 30 days
 - Maximum overdue with any lender in last 6 months is greater than 30 days
- Criteria specific for SCF Loans:
 - No Facility to have a tenor [Bill Due Date less funding date (date when Issuer funded the bill)] of more than 6 months
 - Exposure to any Borrower cumulatively to not exceed Rs. 50 Lakhs
 - Invoices to be restricted to Dealer Finance/ Purchase Invoice discount/ Vendor Finance. No Sales Invoice discounting to be selected

Trigger events for early amortisation

The following key early amortisation triggers which will lead to end of amortisation period:

- Utilization of cash collateral to service Series A1a/ Series A1b interest
- Rating downgrade of originator/servicer by two notches.
- 30+ PAR on the outstanding pool breaches 12% [to be checked at each Replenishment Period Payout Date after assuming that pool collections as per Replenishment Waterfall after paying the PTC interest shall be utilized to purchase additional "nil overdue" contracts and such additional pool shall be part of the denominator while calculating the ratio. Nonetheless in case the Trigger is breached and Replenishment is stopped from that month, additional 'nil overdue' contracts shall not be purchased as per the Replenishment Waterfall during that month]
- Satisfaction of conditions that will trigger Turbo Amortization Trigger

Key rating drivers

Credit strengths

Granular pool supported by presence of credit enhancement – The current pool is granular with no obligor exceeding 0.1% of the pool principal and basis the eligibility criteria the follow-on pools are also expected to be granular with no obligor to have an aggregate outstanding in the pool greater than Rs. 50 lakhs for the supply chain financing sub pool, 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.

Adequate servicing capability of the originator – While the company has a lower track record in the supply chain/invoice financing and unsecured business loan (UBL) asset class it has a longer track record of over a decade of operations in the lending business, a wide geographical presence and adequate processes for servicing of the loan accounts in the securitised pool.

Credit challenges

Moderate pool selection criteria – A potential concern pertaining to a replenishing structure is the uncertainty regarding the exact composition of the additional receivables. While the current transaction has a specified eligibility criteria the follow-on pools may have a lower seasoning, lower interest rate contracts, contracts from weaker geographies and higher share of lower bureau score contracts. A higher presence of lower interest rates contracts would impact the excess interest spread adversely, which acts as a credit enhancement in the structure.

Risks associated with lending business – The performance of both the initial and the follow-on pools 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. Both the initial and the follow-on pools are 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.

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. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and follow on pools, 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 7.00% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 9% to 27% 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

Superior for PTC Series A1a

The liquidity for PTC Series A1a is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be 6.25 times the estimated loss in the pool.

Strong for PTC Series A1b

The liquidity for PTC Series A1b is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be 3.00 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable for PTC Series A1a. For PTC Series A1b, Since the principal amortisation would begin on the crystallisation of the final pool, the ratings are unlikely to be upgraded till the final pool is crystallised. The ratings could be upgraded basis the healthy collections observed in the final crystallised pool, leading to the build-up of the credit enhancement cover over the rated PTCs.

Negative factors – The ratings could be downgraded on the occurrence of a trigger event, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer (MFL) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the analysis of the performance of MFL's unsecured business loan portfolio till June 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: Muthoot Fincorp Limited was rated by two other credit rating agencies (CRAs) in the past and its rating was not migrated to speculative/default category by any CRA.

Note: It may be noted that ICRA does not endorse or validate the rating assigned and/or the rating actions taken by other CRAs.

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
			October 08, 2026	-	-	-
Dexter Trust 2026	PTC Series A1a	38.49	Provisional [ICRA]AAA(SO)	-	-	-
	PTC Series A1b	25.66	Provisional [ICRA]A+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1a	Highly Complex
PTC Series A1b	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 I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating	Financial Sector Regulator [#]
Dexter Trust 2026	PTC Series A1a	September 30, 2026	-	June 23, 2029	38.49	Provisional [ICRA]AAA(SO)	RBI\$
	PTC Series A1b	September 30, 2026	-	June 23, 2029	25.66	Provisional [ICRA]A+(SO)	RBI

Source: Company;

#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.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Pratik Vora

+91 22 6114 3438

pratik.vora@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Tina Parekh

+91 22 61143455

tina.parekh@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

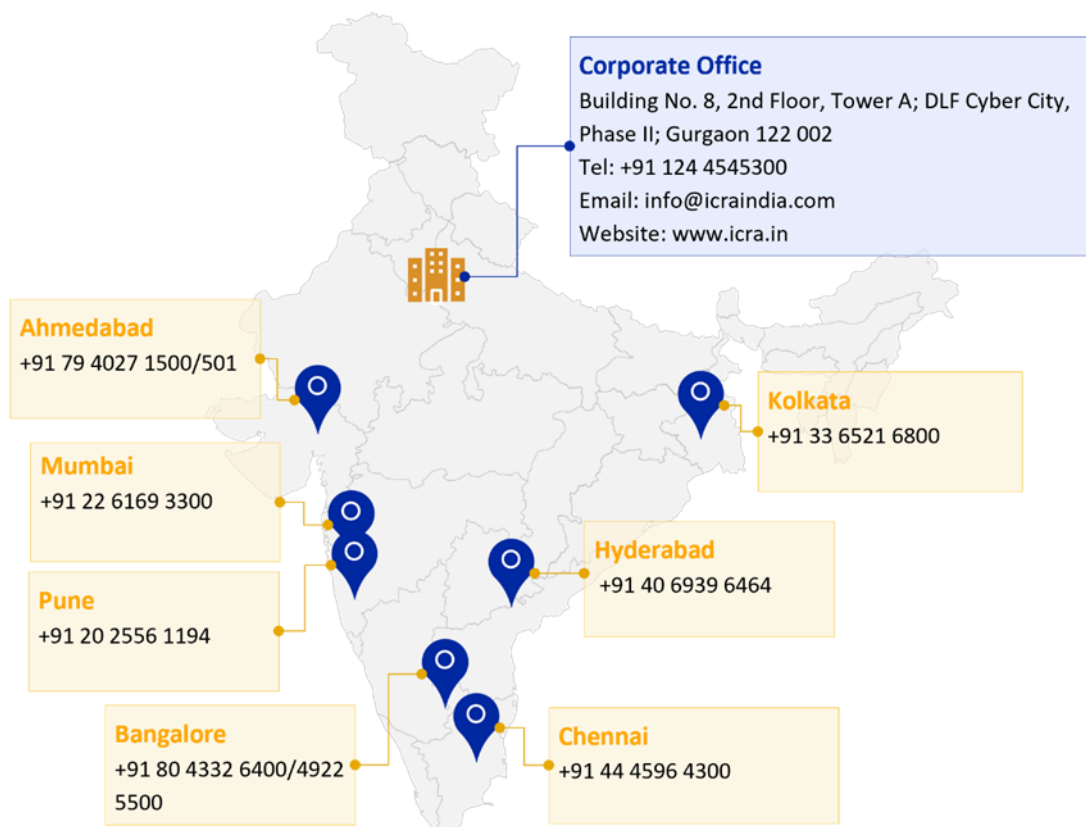


Registered Office

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.