

September 30, 2026

Muthoot Capital Services Limited: Provisional [ICRA]BB+(SO) assigned to PTC Series A1 issued by Athos Trust 2026, backed by a pool of two-wheeler loan receivables

Summary of rating action

Trust Name	Instrument*	Rated Amount (Rs. crore)	Rating Action	Financial sector regulator#
Athos Trust 2026	PTC Series A1	37.26	Provisional [ICRA]BB+(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.

Rating in the absence of pending actions/documents

No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of vehicle loan receivables originated by Muthoot Capital Services Limited (MCSL; rated [ICRA]A+(Stable))¹ through co-lending partnership with WheelsEMI Private Limited (WheelsEMI; rated [ICRA]BB+(watch with developing implications))² with an aggregate principal outstanding of Rs. 41.40 crore (pool receivables of Rs. 52.25 crore). The underlying pool consists of co-lending loans under the co-lending arrangement with 80% of principal outstanding from MCSL and 20% of principal outstanding from WheelsEMI. While MCSL is the servicer of the transaction, the collections are being deposited in the trust account by both co-lending partners proportionate to their share in the co-lending arrangement.

The provisional rating is 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 rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Pool performance summary

Parameter	Athos Trust 2026
Months post securitisation	2
Pool amortisation	9.7%
PTC Series A1 amortisation	13.3%
Average prepayment rate	0.5%
Cumulative collection efficiency	95.3%
Loss cum 0+ dpd	17.6%
Loss cum 30+ dpd	4.5%
Loss cum 90+ dpd	0.0%
Cumulative cash collateral utilisation	0.0%

¹ The current rating rationale of the entity, available at this [link](#), provides its detailed rating history and rating transitions.

² The current rating rationale of the entity, available at this [link](#), provides its detailed rating history and rating transitions.

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 used for the prepayment of PTC Series A1 principal. Any prepayment in the pool would be used for the prepayment of the PTC Series A1 principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 10.00% of the initial pool principal, amounting to Rs. 4.14 crore, to be provided by the MCSL and WheelsEMI proportionate to their share in pool principal, (ii) principal subordination of 10.00% of the initial pool principal for PTC Series A1 in the form of an overcollateral, and (iii) the EIS of 21.00% 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 current pool is granular (no obligor has more than 0.05% share in the initial pool) thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

Track record of co-lending operations – MCSL has a record of over four years of co-lending in the two wheeler lending with WheelsEMI, however, new disbursements under the co-lending arrangement have ceased November 2025. Both the partners have sufficient underwriting policies and collection procedures across a wide geography. The companies have adequate processes for servicing the loan accounts in the securitised pool. While MCSL is the servicer for the transaction however, the transaction remains exposed to commingling risk with WheelsEMI (proportionate to its co-lending share of 20%), particularly in light of the deterioration in WheelsEMI's credit profile.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Kerala, West Bengal and Bihar contributing ~60% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Presence of overdue contracts – Around 15% of the pool has contracts that are delinquent as on the cut-off date. The pool has completed two payouts post securitisation and 0+ and 30+dpd has increased to 17.6% and 5.4% respectively. Further, only 75% of the pool had always remained current since disbursement. The presence of such contracts could result in relatively weaker collections from the pool.

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.

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 7.5% 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.

Liquidity position: Adequate

The liquidity for PTC Series A1 is adequate after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be 4.75 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The sustained strong collection performance of the underlying pool of, 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, 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 servicers (MCSL and WheelsEMI) could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of MCSL's co-lending loan portfolio with WheelsEMI 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	Comments
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 a final rating upon the execution of:

1. Legal Opinion
2. Trustee Letter
3. 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 originators

Muthoot Capital Services Limited:

Established in 1994 by the Muthoot Pappachan Group, Muthoot Capital Services Limited, is a Deposit-taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India. As an NBFC under the group, the company offers retail

finance products including primarily two-wheeler loans along with financing of used car, three-wheeler, other CVs and business loans to corporates (largely NBFCs) and investment products in the form of fixed deposits through the network of branches of Muthoot Fincorp Limited, the dealership points and various other means. MCSL's equity shares have been listed on the BSE since April 1995 and on NSE since August 2015. As of March 31, 2026, the promoters together held 63.3% of the stake in the company. The company has an AUM of Rs. 3,350 crore as of March 2026 with operations spread across 23 states.

Key Financial Indicators

Muthoot Capital Services Limited (standalone)	FY2024 (audited)	FY2025 (audited)	FY 2026 (audited)
Interest income	396.1	470.8	580.9
Profit after tax	122.7	45.7	11.2
Total assets	2,479.6	3,691.5	4,055.6
Gross stage 3	10.2%	4.9%	7.0%
CRAR	31.3%	22.4%	22.0%

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

WheelsEMI Private Limited:

WheelsEMI is a Pune based, registered non-deposit taking NBFC which provides financing for new as well as pre-owned two-wheelers and EV 3-wheelers. The company is promoted by Mr. Srinivas Kantheti and Mr. V Karunakaran who acquired Vardnaran Savings and Investment Co Pvt Ltd., a small finance company based in Nanded, Maharashtra with a loan book of Rs. 35 lakh (at the time of acquisition) in 2017. WheelsEMI provides financing for low-income customers. Bike Bazaar Finance is the brand name of WheelsEMI Private Limited.

The company also has a 100% subsidiary named BluBird Auto Trade Private Limited, which was incorporated in April 2019. Blubird Auto Trade started its operations with purchasing, refurbishing and selling pre-owned two wheelers. However, now its primary business is leasing/ renting of e-2-wheelers. Its customer base mainly consists of riders working for delivery apps.

Key Financial Indicators

WheelsEMI	FY2024	FY2025	FY2026*
Total income	253	305	248
Profit after tax	0.6	2.8	(45)
Total managed assets	1,636	1,834	1,237
Gross NPA %	6.9%	1.7%	14.5%
CRAR%	37.6%	22.5%	28.3%

Source: Company, ICRA Research; * Provisional numbers; 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

Sr. No.	Trust Name	Current Rating (FY2027)				Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024
					September 30, 2026			
						-	-	-

1	Athos Trust 2026	PTC Series A1	37.26	37.26	Provisional [ICRA]BB+(SO)	-	-	-
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Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Athos Trust 2026	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 I: Instrument details

ISIN	Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating	Financial Sector Regulator#
NA	Athos Trust 2026	PTC Series A1	August 19, 2026	-	December 17, 2029	37.26	Provisional [ICRA]BB+(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not Applicable

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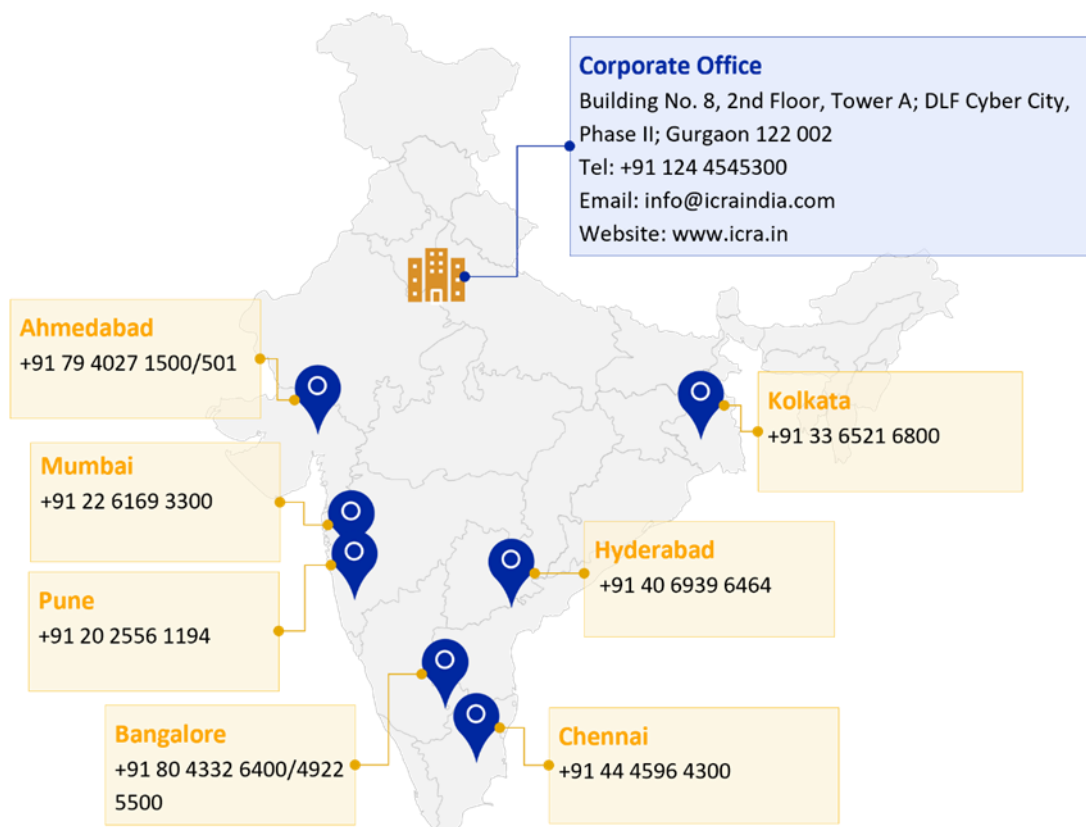


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