

June 18, 2026

## Muthoot Capital Services Limited: Ratings confirmed as final for instruments backed by two-wheeler loan receivables issued by WHITFORD 03 2026

### Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
WHITFORD 03 2026	SN Series A1	98.12	98.12	[ICRA]AA+(SO); provisional rating confirmed as final
	Equity Tranche	5.58	5.58	[ICRA]A+(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure II

### Rationale

In March 2026, ICRA had assigned a provisional rating to the securitisation notes (SNs) issued by WHITFORD 03 2026 under a securitisation transaction originated by Muthoot Capital Services Limited {MCSL/Originator; rated [ICRA]A+(Stable)}<sup>1</sup>. The SNs are backed by a pool of two-wheeler loan receivables originated by MCSL with an aggregate principal outstanding of Rs. 111.51 crore (pool receivables of Rs. 134.17 crore). MCSL is also the servicer for the rated transaction.

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	WHITFORD 03 2026
Payout month	May 2026
Months post securitisation	2
Pool amortisation	9.5%
SN Series A1 amortisation	10.8%
Cumulative prepayment rate	0.5%
Cumulative collection efficiency <sup>2</sup>	99.1%
Loss cum 0+ dpd <sup>3</sup>	1.7%
Loss cum 30+ dpd <sup>4</sup>	0.1%
Loss cum 90+ dpd <sup>5</sup>	0.0%
Cumulative cash collateral utilisation	0.0%

### Transaction structure

As per the transaction structure, the promised cashflow schedule for SN Series A1 on a monthly basis will comprise interest (at the pre-determined yield) on the o/s SN principal on each payout date and 88% of the billed principal on each payout date

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

<sup>2</sup> Cumulative collections/ (Cumulative billings + Opening overdue at the time of securitisation)

<sup>3</sup> Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>4</sup> Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>5</sup> Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

and the entire balance principal on the final maturity date. On each payout date, all excess cashflow, after meeting the promised SN Series A1 interest and promised principal payouts, will be paid out to meet the expected SN Series A1 (to the extent of 12% of pool principal billing. All prepayment amounts would be passed on to SN Series A1 (till the SN 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 SN 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 SN Series A1 (until SN Series A1 are outstanding) and then to equity tranche. Equity Tranche is subordinated to SN Series A1 and entire principal on equity tranche is promised on maturity date. The final maturity date for all tranches is September 19, 2028.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs. 7.81 crore, to be provided by the Originator, (ii) principal subordination of 12.00% (5.00% in the form of equity tranche and 7.00% of overcollateral) of the initial pool principal for SN Series A1 and 7.00% of the initial pool principal for Equity Tranche, and (iii) the EIS of 13.94% of the initial pool principal for both SN Series A1 and Equity Tranche.

## 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 0.01% 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 SN payouts.

**No overdue contracts in the pool** – The initial pool has no overdue contracts as on pool cut-off date which is a credit positive.

**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 a wide geography.

### Credit challenges

**Higher share of high LTV contracts** - The proportion of contracts with a loan-to-value (LTV) ratio of more than 80% is high at ~68% (in terms of the principal amount outstanding on the cut-off date). Borrowers with high LTV loans are more likely to default and are sensitive to economic downturns.

**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 the rating of securitisation transactions involves the simulation of potential losses, delinquencies and prepayment 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 5.25% 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 are as follows:

Transaction Name	WHITFORD 03 2026
Originator	Muthoot Capital Services Limited
Servicer	Muthoot Capital Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding Bank	ICICI Bank Limited
Collection and payout account Bank	ICICI Bank Limited

## Liquidity position:

### Liquidity position: Strong for SN Series A1

The liquidity for SN 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 times the estimated loss in the pool.

### Liquidity position: Strong for Equity Tranche

The liquidity is strong for Equity Tranche after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~4 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 ratings 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 ratings downgrade. Weakening in the credit profile of the servicer (MCSL) could also exert pressure on the ratings.

## 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

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

**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	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
				June 18, 2026	March 31, 2026	-	-
<b>WHITFORD 03 2026</b>	SN Series A1	98.12	98.12	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-
	Equity Tranche	5.58	5.58	[ICRA]A+(SO)	Provisional [ICRA]A+(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 (%)
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(\*) 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 instrument

Instrument	Complexity indicator
SN Series A1	Highly Complex
Equity Tranche	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	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount Rated (Rs. crore)	Current Rating
<b>WHITFORD 03 2026</b>	SN Series A1	March 30, 2026	9.20%	September 19, 2028	98.12	[ICRA]AA+(SO)
	Equity Tranche	March 30, 2026	-	September 19, 2028	5.58	[ICRA]A+(SO)

Source: Company

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

Not applicable

## ANALYST CONTACTS

**Manushree Sagar**  
+91-124-4545316  
[manushrees@icraindia.com](mailto:manushrees@icraindia.com)

**Sachin Joglekar**  
+91 22 6114 3470  
[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Gaurav Mashalkar**  
+91 22 6114 3431  
[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Arijit Datta**  
+91 22 6114 3433  
[arijit.datta@icraindia.com](mailto:arijit.datta@icraindia.com)

**Shivam Dussawar**  
+91 22 6114 3400  
[shivam.dussawar@icraindia.com](mailto:shivam.dussawar@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 6114 3406  
[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)

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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)

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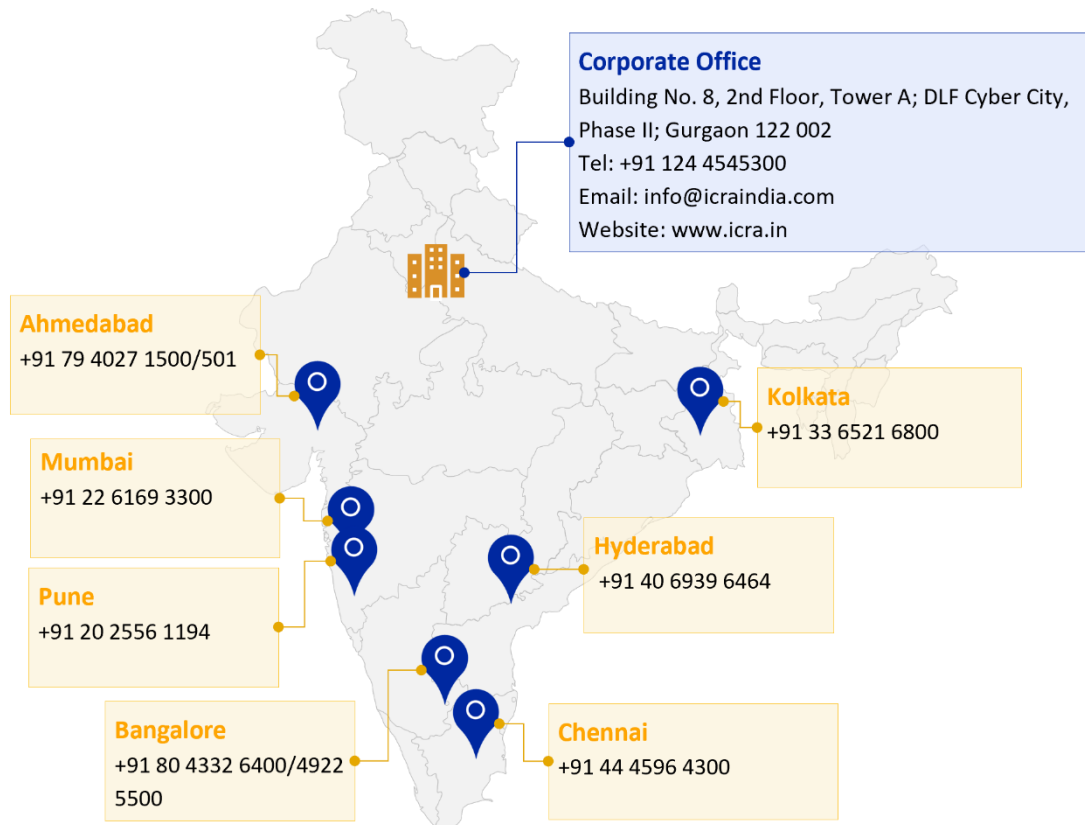
### Registered Office

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

Tel: +91 11 23357940-45



### Branches



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