August 05, 2026

Muthoot Capital Services Limited: Ratings confirmed as final for instruments backed by two-wheeler loan receivables issued by Inteleon 05 2026

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Inteleon 05 2026	PTC Series A1(a)	63.38	63.38	[ICRA]AAA(SO); provisional rating confirmed as final	RBI
	PTC Series A1(b)	18.11	18.11	[ICRA]AA(SO); provisional rating confirmed as final	RBI
	Equity Tranche PTCs	3.62	3.62	[ICRA]A+(SO); provisional rating confirmed as final	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.

Rationale

In June 2026, ICRA had assigned a provisional rating to the Pass Through Certificates (PTCs) issued by Inteleon 05 2026 under a securitisation transaction originated by Muthoot Capital Services Limited {MCSL/Originator; rated [ICRA]A+(Stable)}[1]. The PTCs are backed by a pool of two-wheeler loan receivables originated by MCSL with an aggregate principal outstanding of Rs. 90.55 crore (pool receivables of Rs. 110.49 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	Inteleon 05 2026
Payout month	June 2026
Months post securitisation	1
Pool amortisation	4.45%
PTC Series A1(a) amortisation	8.39%
PTC Series A1(b) amortisation	0.00%
Equity Tranche PTCs amortisation	0.00%
Cumulative prepayment rate	0.27%
Cumulative collection efficiency[2]	99.92%
Loss cum 0+ dpd[3]	0.09%
Loss cum 30+ dpd[4]	0.00%
Loss cum 90+ dpd[5]	0.00%

[1] The current rating rationale of the originator, available at this link, provides its detailed rating history and rating transitions.
[2] Cumulative collections/ (Cumulative billings + Opening overdue at the time of securitisation
[3] Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation
[4] Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation
[5] Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

Parameter	Inteleon 05 2026
Cumulative cash collateral utilisation	0.00%

Transaction structure

As per the transaction structure, the promised cashflow schedule for PTC Series A1(a) and PTC Series A1(b) on a monthly basis will comprise interest (at the pre-determined yield) on the respective o/s PTC principal on each payout date and the entire principal being promised on the final maturity date. On each payout date, all excess cashflow, after meeting the promised PTC Series A1(a) and PTC Series A1(b) interest, will be paid out to meet the expected PTC Series A1(a) payout (to the extent of 100% of pool principal billing).

All prepayment amounts would be passed on every month to PTC Series A1(a) (till the PTC Series A1(a) principal is not fully amortized), then PTC Series A1(b) (till the PTC Series A1(b) principal is not fully amortized) and then Equity Tranche PTCs and its future payouts revised accordingly. The excess interest spread (EIS) available after meeting the expected and promised PTC payments will be used for accelerated redemption of PTC Series A1(a) (until PTC Series A1(a) are outstanding) and then passed on to originator post maturity of PTC Series A1(a) .

After maturity of PTC Series A1(a), all excess cashflow, after meeting the promised PTC Series A1(b) interest, will be paid out to meet the expected PTC Series A1(b) payout (to the extent of 100% of pool principal billing. After maturity of PTC Series A1(b), all excess cashflow, will be paid out to meet the expected Equity Tranche PTCs (to the extent of 100% of pool principal billing.

The final maturity date for all tranches is May 25, 2029. CC would be used to meet the shortfalls in monthly interest payouts for both PTC Series A1(a) and PTC Series A1(b) and to meet shortfalls in principal payouts firstly to PTC Series A1(a) then PTC Series A1(b) and lastly to Equity Tranche PTCs on final maturity date.

The credit enhancement available in the structure is in the form of (i) a CC of 6.00% of the initial pool principal, amounting to Rs. 5.43 crore, to be provided by the Originator, (ii) principal subordination of 30.00% of the initial pool principal for PTC Series A1(a), 10.00% of the initial pool principal for PTC Series A1(b) and 6.00% of the initial pool principal for Equity Tranche PTCs, and (iii) the EIS of 16.59%[6] of the initial pool principal for all PTC Series A1(a), PTC Series A1(b) and Equity Tranche PTCs.

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 PTC 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.

[6] The EIS has changed on account of change in coupon from PTC Series A1(a) from 8.48% to 8.45%, change in coupon of PTC Series A1(b) coupon from 9.30% to 9.22% and change in settlement date from 29-May-26 to 08-Jun-26

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 ~72% (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 5.50% 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	Inteleon 05 2026
Originator	Muthoot Capital Services Limited
Servicer	Muthoot Capital Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding Bank	INDUSIND BANK LIMITED
Collection and payout account Bank	INDUSIND BANK LIMITED

Liquidity position:

Liquidity position

Liquidity position: Superior for PTC Series A1(a)

The liquidity for PTC Series A1(a) is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be more than 8 times the estimated loss in the pool.

Liquidity position: Strong for PTC Series A1(b)

The liquidity for PTC Series A1(b) is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~4.5 times the estimated loss in the pool.

Liquidity position: Strong for Equity Tranche PTCs

The liquidity for equity tranche PTCs is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~3.75 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable for PTC Series A1(a). For PTC Series A1(b) and Equity Tranche PTCs, 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	Rating Methodology for Securitisation Transactions
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 nam	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
				August 05, 2026	June 08, 2026	-	-	-
Inteleon 05 2026	PTC Series A1(a)	63.38	63.38	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-
	PTC Series A1(b)	18.11	18.11	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-
	Equity Tranche PTCs	3.62	3.62	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
PTC Series A1(a)	Highly Complex
PTC Series A1(b)	Highly Complex
Equity Tranche PTCs	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	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount Rated (Rs. crore)	Current Rating	Financial sector regulator#
Inteleon 05 2026	PTC Series A1(a)	June 08, 2026	8.45%	March 25, 2029	63.38	[ICRA]AAA(SO)	RBI
	PTC Series A1(b)	June 08, 2026	9.22%	March 25, 2029	18.11	[ICRA]AA(SO)	RBI
	Equity Tranche PTCs	June 08, 2026	Nil	March 25, 2029	3.62	[ICRA]A+(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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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.

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