

October 16, 2025^(Revised)

WheelsEMI Private Limited: Rating reaffirmed, and outlook revised to Negative from Stable; rating withdrawn for Rs. 22.50-crore NCD programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term bank loans	100.00	100.00	[ICRA]BBB (Negative); rating reaffirmed, and outlook revised to Negative from Stable
Non-convertible debenture (NCD)	177.50	177.50	[ICRA]BBB (Negative); rating reaffirmed, and outlook revised to Negative from Stable
Non-convertible debenture (NCD)	22.50	-	[ICRA]BBB (Negative); rating reaffirmed, and outlook revised to Negative from Stable and withdrawn
Total	300.00	277.50	

*Instrument details are provided in Annexure I

Rationale

To arrive at the rating, ICRA has considered the consolidated financials of WheelsEMI Private Limited (WheelsEMI) and its subsidiary – BluBird Auto Trade Private Limited (BluBird), given overlap in senior management team, business and financial linkages. The rating action factors in the deterioration in the asset quality with stressed assets {gross non-performing assets (NPAs) + gross security receipts (SRs)} increasing to 19% as on June 30, 2025 (17% as on March 31, 2025) from 8% as on March 31, 2024 (nil SRs as of March 2024). Consequently, the company's solvency has weakened with combined net NPAs and net SRs being equivalent to ~60% of its net worth as on June 30, 2025 (56% as on March 31, 2025; 12% as on March 31, 2024). Further, given the delay in raising equity capital, the managed gearing¹ increased to 6.2 times (higher than the ICRA stipulated rating sensitivity) as on June 30, 2025. ICRA takes note of the equity raise planned in the near term; the materialisation of the same remains critical for WheelsEMI to improve its capitalisation and solvency profiles. The rating continues to factor in the subdued earnings profile, characterised by high operating expenses.

The rating continues to take into account the experience of WheelsEMI's promoters and management team in the vehicle financing business. The company has expanded its assets under management (AUM) at a compound annual growth rate (CAGR) of 30% over the last three years (FY2022-FY2025) with the AUM standing at Rs. 1,405 crore as on June 30, 2025. ICRA takes note of the moderation in growth in FY2025 and Q1 FY2026 due to asset quality challenges, seasonal factors and the delay in raising equity capital. The company's ability to continue scaling up its operations while improving the asset quality remains monitorable.

ICRA has simultaneously reaffirmed the rating, revised the outlook to Negative from Stable and withdrawn the rating on the Rs. 22.5-crore non-convertible debenture (NCD) programme as the instrument has matured/been fully redeemed with no amount outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Management experienced in vehicle finance business – While the company was established in April 2017, the promoters have over 30 years of experience and have been associated with one of the leading two-wheeler (2W) and 2W financing companies. Further, WheelsEMI has an experienced management team with relevant expertise in 2W financing for various functions such

¹ Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

as credit, collections, operations and sales. The board consists of seven directors including two founder members, three representatives from investors (Elevar Equity, Faering Capital and Women's World Banking Asset Management) and two independent directors. Over the years, the company has been able to scale up its operations and reported AUM of Rs. 1,405 crore with a presence in 12 states as on June 30, 2025. At present, the operations remain geographically concentrated with the share of AUM in Uttar Pradesh and Bihar at 29% and 23%, respectively, as on June 30, 2025. ICRA expects a gradual improvement in geographical diversification as the company continues to scale up its operations over the medium term.

Credit challenges

Deterioration in asset quality – The company's portfolio vulnerability remains high owing to the monoline nature of its business and the relatively weaker credit profile of the borrowers. WheelsEMI reported a deterioration in its asset quality in FY2025 and Q1 FY2026 owing to various factors including macroeconomic issues. Although the 90+ days past due (dpd) on the overall AUM declined to 1.5% as on March 31, 2025, from 5.4% as on March 31, 2024, it was driven by the sale of stressed loan assets amounting to Rs. 179 crore (11% of AUM as of March 2025) to an asset reconstruction company. Nonetheless, delinquencies increased in Q1 FY2026 with the 90+ dpd at 4.2% as on June 30, 2025. The company's gross NPAs stood at 4.9% as on June 30, 2025 and it held SRs amounting to Rs. 117 crore (15% of on-book portfolio). Consequently, the solvency profile has weakened with combined net NPAs and net SRs together being equivalent to ~60% of WheelsEMI's net worth as on June 30, 2025 (56% as on March 31, 2025; 12% as on March 31, 2024). ICRA takes note of the corrective actions being taken by the company. Its ability to achieve recoveries from delinquent borrowers and reduce fresh slippages remains monitorable.

High gearing level – The company's consolidated net worth stood at Rs. 236 crore and the capital-to-risk weighted assets ratio (CRAR) was 23.2% as on June 30, 2025. However, given the pace of growth and the subdued earnings profile, the managed gearing has been increasing and stood at 6.2 times as on June 30, 2025 (6.2 times as on March 31, 2025; 5.4 times as on March 31, 2024), breaching the ICRA-stipulated rating sensitivity of 6 times. In October 2024, WheelsEMI was expecting to raise fresh equity capital of Rs. 350-400 crore by Q1 FY2026. However, this has been delayed and is expected in FY2027. ICRA takes note of the moderation in the company's growth plans, considering the delay in raising equity capital. ICRA takes note of the equity raise planned in the near term; the materialisation of the same remains critical for WheelsEMI to improve its capitalisation profile.

Subdued earnings profile – The earnings profile remains subdued on account of WheelsEMI's high operating expenses and BluBird's losses. On a consolidated basis, the company reported a net loss of Rs. 1.0 crore in Q1 FY2026 (net loss of Rs. 1.4 crore in FY2025). ICRA notes that WheelsEMI reported a standalone profit of Rs. 0.1 crore in Q1 FY2026 (Rs. 2.8 crore in FY2025), though the sustainability of the same remains monitorable given the asset quality stress. The company's ability to control credit costs while improving the operating efficiency remains important from a profitability perspective.

Liquidity position: Adequate

As on June 30, 2025, WheelsEMI held ~Rs. 133 crore of free cash and cash equivalents. This, along with the scheduled monthly collections (excluding interest) of Rs. 473 crore from the on-book loan portfolio, is sufficient to meet the scheduled debt repayments (excluding interest expenses) of ~Rs. 407 crore till June 30, 2026. The presence of sanctioned but unutilised funding lines of Rs. 104 crore also supports the liquidity profile. The company had no negative cumulative mismatches as per the asset-liability management (ALM) statement as on June 30, 2025. However, considering the asset quality stress and high gearing levels, the company's ability to maintain adequate security/asset cover and on-book liquidity remains important.

Rating sensitivities

Positive factors – ICRA could revise the outlook if the company demonstrates an improvement in its asset quality and solvency profile.

Negative factors – A stretch in the liquidity profile or a managed gearing remaining elevated beyond 6 times on a sustained basis would negatively impact the rating. The company's inability to improve its asset quality could also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of WheelsEMI.

About the company

WheelsEMI Private Limited is a Pune-based, registered non-deposit taking non-banking financial company (NBFC), which provides financing for new as well as preowned two-wheelers (2W) and electric vehicles. It is promoted by Mr. Srinivas Kantheti and Mr. V Karunakaran, who acquired Vardharayan Savings and Investment Co Pvt Ltd., a small finance company based out of Nanded, Maharashtra with a loan book of Rs. 35 lakh (at the time of acquisition) in 2017. WheelsEMI provides 2W financing to low-income customers.

WheelsEMI has a wholly-owned subsidiary, BluBird Auto Trade Private Limited (BluBird), incorporated in April 2019. BluBird's primary business is leasing and renting of vehicles, primarily to logistics companies. It also deals in the purchase and sale of used vehicles.

Key financial indicators (audited)

WheelsEMI Private Limited (consolidated)	FY2024	FY2025	Q1 FY2026*
Total income	255	314	73
Profit after tax	(2)	(1.4)	(1.0)
Total managed assets	1,614	1,815	1,819
Return on managed assets	-0.2%	-0.1%	-0.2%
Managed gearing (times)	5.4	6.2	6.2
Gross stage 3/ NPA	8.0%	1.9%	4.9%

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

WheelsEMI Private Limited (standalone)	FY2024	FY2025	Q1 FY2026*
Total income	253	305	70
Profit after tax	1	3	0.1
Total managed assets	1,635	1,834	1,838
Return on managed assets	0.04%	0.16%	0.03%
Managed gearing (times)	4.8	5.5	5.5
Gross stage 3/ NPA	8.0%	1.9%	4.9%
CRAR	37.6%	22.5%	23.2%

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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 16, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term bank loans	Long term	100.00	[ICRA]BBB (Negative)	OCT-18-2024	[ICRA]BBB (Stable)	OCT-06-2023	[ICRA]BBB (Stable)	OCT-10-2022	[ICRA]BBB (Stable)
Non-convertible debenture	Long term	177.50	[ICRA]BBB (Negative)	OCT-18-2024	[ICRA]BBB (Stable)	OCT-06-2023	[ICRA]BBB (Stable)	OCT-10-2022	[ICRA]BBB (Stable)
Non-convertible debenture	Long term	22.50	[ICRA]BBB (Negative); withdrawn	OCT-18-2024	[ICRA]BBB (Stable)	OCT-06-2023	[ICRA]BBB (Stable)	OCT-10-2022	[ICRA]BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term bank loans	Simple
Non-convertible debenture	Simple

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	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term bank loans	NA	NA	NA	100.00	[ICRA]BBB (Negative)
INE367Y07137	Non-convertible debenture	Oct-16-2023	10.70%	Oct-16-2025	15.00	[ICRA]BBB (Negative)
INE367Y07145	Non-convertible debenture	Nov-10-2023	12.60%	May-23-2026	12.50	[ICRA]BBB (Negative)
INE367Y07160	Non-convertible debenture	Jun-21-2024	10.70%	Dec-21-2026	25.00	[ICRA]BBB (Negative)
INE367Y07236	Non-convertible debenture	Dec-17-2024	12.40%	Mar-13-2027	10.00	[ICRA]BBB (Negative)
INE367Y07152	Non-convertible debenture	Nov-10-2023	12.35%	May-23-2025	12.50	[ICRA]BBB (Negative); withdrawn
INE367Y07178	Non-convertible debenture	Jul-26-2024	13.17%	Oct-26-2025	10.00	[ICRA]BBB (Negative); withdrawn
Yet to be issued	Non-convertible debenture	NA	NA	NA	115.00	[ICRA]BBB (Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership (June 30, 2025)	Consolidation approach
BluBird Auto Trade Private Limited	100.00%	Full consolidation

Source: WheelsEMI Private Limited

Corrigendum

Document dated October 16, 2025 has been corrected with revision as detailed below:

- The rating history table on page 6 has been corrected for data pertaining to FY2025

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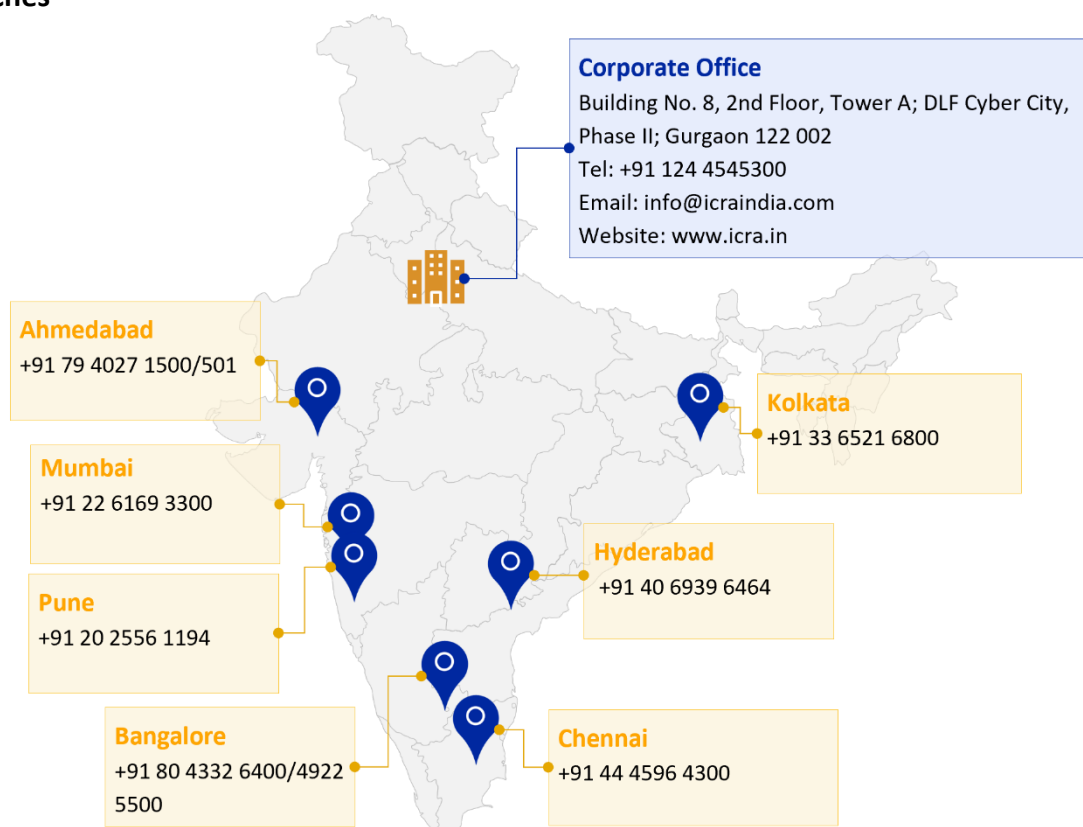
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