May 27, 2026

WheelsEMI Private Limited: Ratings downgraded and placed on watch with negative implications for PTCs issued under a vehicle loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Amount after Jan-26 Payout (Rs. crore)	Rating action
Kalki 2024	Series A1 PTC	20.74	NA	8.68	[ICRA]BBB+(SO); downgraded from [ICRA]A-(SO) and placed on Rating Watch with Negative Implications
	Series A2 PTC	1.89	NA	1.89	[ICRA]BBB-(SO); downgraded from [ICRA]BBB(SO)and placed on Rating Watch with Negative Implications

**Instrument details are provided in Annexure II*

Rationale

The pass-through certificates (PTCs) are backed by vehicle loan receivables[1] originated by WheelsEMI Private Limited {WheelsEMI/Originator, rated [ICRA]BBB (Negative)}. WheelsEMI is also the servicer for the rated transaction.

The ratings have been downgraded and placed on Rating Watch with Negative Implications on account of the weaker-than-expected performance of the pool with the monthly collection efficiency dropping to ~88% from the initial level of ~96%. The roll-forward to harder delinquency buckets has been high as collections from overdue contracts remain subdued. Thus, the 90+ days past due (dpd) as a % of initial principal outstanding, has increased to 5.8% after the May 2026 payout from 3.8% after the December 2025 payout. As the delinquencies are higher than ICRA's initial expectations, WheelsEMI's (servicer) ability to strengthen its collection efforts in the near term, thereby recovering higher amounts from delinquent borrowers and ensuring a sizeable improvement in the collection efficiency, remains a key monitorable.

ICRA will continue to monitor the performance of the pool and any further rating action will be on the basis of the future collection efficiency and delinquency movement.

Pool performance summary

Parameter	Kalki 2024
Payout month	April 2026
Months post securitisation	15
Pool amortisation	64.9%
PTC amortisation **Series A1 PTC** **Series A2 PTC**	 58.1% 0.0%
Cumulative collection efficiency[2]	93.1%
Cumulative prepayment rate[3]	8.0%

[1] *Two-wheeler and three-wheeler loan receivables*

[2] *Cumulative collections till date / Cumulative billings till date + Opening overdues*

[3] *Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal*

Loss-cum-30+ (% of initial pool principal)[4]	12.6%
Loss-cum-90+ (% of initial pool principal)[5]	7.6%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC available (as % of balance pool principal)	13.0%
Excess interest spread (EIS) over balance tenure (as % of balance pool) Series A1 PTC Series A2 PTC	 9.8% 9.8%
Breakeven collection efficiency[6] Series A1 PTC Series A2 PTC	 62.0% 77.3%

Transaction Structure

As per the structure, the tenure of the transaction is divided into two periods, viz. the replenishment period and the amortisation period. The replenishment period was for 12 months from the transaction commencement date, which ended after the August 2025 payout on account of breach of predefined replenishment triggers. The transaction is now in the amortisation period and the first payout to PTC Series A1 was made in September 2025.

During the replenishment period, the Series A1 PTC investor would receive only the promised interest payouts on a monthly basis. Following the interest payment, the balance pool principal collections will be utilised to purchase additional loan receivables as per the eligibility criteria. Further, the PTCs would be prepaid if there is a shortfall in assigning eligible contracts. During the amortisation period, the transaction will follow a two-tranche structure whereby Series A2 PTC is subordinate to Series A1 PTC.

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to the outstanding senior tranche. 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 flow back to the originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the outstanding PTC Series A1 principal. Following the maturity of Series A1 PTC, a similar structure would be followed for Series A2 PTC. The transaction has certain trigger events defined, on occurrence of which the residual cash flows would first be passed on to PTC Series A1 investors and then to the Series A2 investors. As on date, the trigger events in the transaction have been breached.

Key rating drivers and their description

Credit Strengths

Build-up of credit enhancement – The rating factors in the build-up in the credit enhancement with the cash collateral (CC) increasing to ~13% of the balance pool principal from 6.0% at the time of securitisation. Internal credit support is also available through principal subordination which has built up from the time of securitisation as well as through excess interest spread (EIS) in the transaction.

Adequate servicing capability of WheelsEMI – The Originator has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated a considerable track record of over a decade of regular collections across geographies and multiple economic cycles.

---

[4] *POS on contracts aged 90+ dpd + Overdues / Initial principal outstanding on the pool*

[5] *POS on contracts aged 180+ dpd + Overdues / Initial principal outstanding on the pool*

[6] *It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor – CC available – Trapped EIS) / Balance pool cash flows*

Credit Challenges

Weak pool performance – The pool performance has been weakening, with a cumulative collection efficiency of 93.1% as on April 2026 payout. The pool exhibits higher delinquency levels with loss-cum-0+ dpd at ~14% and loss-cum-90+ dpd ~6% after April 2026 payout month. WheelsEMI's ability to strengthen its collection efforts in the near term thereby recovering higher amounts from the delinquent borrowers and thus ensuring sizeable improvement in the collection efficiency remains a key monitorable.

Risks associated with lending business– The performance of the pool 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 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 6.00% of the initial pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9.0% 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	Kalki 2024
Originator	WheelsEMI Private Limited
Servicer	WheelsEMI Private Limited
Trustee	MITCON Credentia Trusteeship Services limited
CC holding bank	Suryoday Small Finance Bank
Collection and payout account bank	ICICI Bank Limited

Liquidity position:

Adequate for Series A1 PTC

The liquidity for Series A1 PTC is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~2.25 times the estimated loss in the pool.

Stretched for Series A2 PTC

The liquidity for Series A2 PTC is stretched after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~1.25 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded if the pool was to witness significant improvement in collection efficiency leading to material improvement in the delinquency levels.

Negative factors – The rating could be downgraded if the collection efficiency continued to remain weak such that the delinquency levels further increase from the current levels. Further, weakening in credit profile of the servicer could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pools till April 2026 payout month (March 2026 collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

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 Vardnarayan 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 (standalone; audited)

	FY2024	FY2025	H1FY2026*
Total income	253	305	135
Profit after tax	0.6	2.8	0.4
Total managed assets	1,636	1,834	1,633
Gross Stage 3 %	5.4%	1.5%	2.6%
CRAR%	37.6%	22.5%	22.9%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Current rating (FY2027) Date & rating in FY2027	Chronology of rating history for the past 3 years: Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				May 27, 2026	May 15, 2025	February 07, 2025	-
Kalki 2024	Series A1 PTC	20.74	8.68	**[ICRA]BBB+(SO); Rating Watch with Negative Implications**	**[ICRA]A-(SO)**	**Provisional [ICRA]A-(SO)**	-
	Series A2 PTC	1.89	1.89	**[ICRA]BBB-(SO); Rating Watch with Negative Implications**	**[ICRA]BBB(SO)**	**Provisional [ICRA]BBB(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 (%)

(*) 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 Mutal 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

Trust Name	Instrument	Complexity Indicator
Kalki 2024	Series A1 PTC	Highly Complex
Kalki 2024	Series A2 PTC	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.)	Scheduled Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
Kalki 2024	Series A1 PTC	January 31, 2025	11.75%	June 24, 2029	8.68	[ICRA]BBB+(SO); Rating Watch with Negative Implications
	Series A2 PTC	January 31, 2025	Residual	June 24, 2029	1.89	[ICRA]BBB-(SO); Rating Watch with Negative Implications

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Sumit Pramanik
+91 22 6114 3462
sumit.pramanik@icraindia.com

Pratik Vora
+91 22 6114 3438
pratik.vora@icraindia.com

Shruti Jain
+91 22 6114 3414
shruti.jain2@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
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