

June 16, 2026

WheelsEMI Private Limited: Rating downgraded and put on Rating Watch with Developing Implications; rating withdrawn for matured instruments

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]BB+ Rating watch with developing implications; rating downgraded from [ICRA]BBB (Negative) and put on rating watch with developing implications
Non-convertible debenture (NCD)	150.00	150.00	[[ICRA]BB+ Rating watch with developing implications; rating downgraded from [ICRA]BBB (Negative) and put on rating watch with developing implications
Non-convertible debenture (NCD)	27.50	-	[ICRA]BB+ Rating watch with developing implications; rating downgraded from [ICRA]BBB (Negative) and put on rating watch with developing implications and withdrawn
Total	277.50	250.00	

*Instrument details are provided in Annexure II

Rationale

The rating action factors in the significant deterioration in WheelsEMI Private Limited's (WheelsEMI) asset quality with gross stressed assets {gross non-performing assets (NPAs) + gross security receipts (SRs)} increasing to 38.1% (provisional) as of March 2026 from 17.1% as of March 2025. Consequently, the company's credit costs rose significantly in FY2026, resulting in a net loss of Rs. 45 crore (provisional) vis-à-vis a modest profit of Rs. 3 crore in FY2025. This, along with the continued delay in raising equity capital, led to a deterioration in WheelsEMI's solvency (net NPAs and SRs in relation to net worth) to 87% (provisional) as of March 2026 from 56% as of March 2025. Given the relatively weaker credit profile of the borrowers, maintaining adequate capital buffers is critical. The company would have to secure commensurate funding to improve its liquidity profile, which has been impacted by its weak performance and resulted in the breach of debt covenants from lenders.

In view of the asset quality challenges, the company halted disbursements from December 2025, resulting in a decline in its assets under management (AUM) to Rs. 839 crore as on March 31, 2026 from Rs. 1,455 crore as on March 31, 2025. ICRA notes that WheelsEMI is at an advanced stage of entering into strategic arrangement with another entity for reviving its business and financial risk profile and commence disbursements at a modest pace. Consequently, the rating has been placed on Watch with Developing Implications. ICRA will continue to monitor the progress with respect to the transaction and take an appropriate rating action, as required.

ICRA has also revised its analytical approach to assess the standalone risk profile of WheelsEMI, considering the sale of its majority stake in BluBird Auto Trade Private Limited (BluBird).

ICRA has simultaneously withdrawn the rating on the Rs. 27.5-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 as credit, collections, operations and sales. The board consists of six directors including two founder members, three independent directors and one nominee director from its investor, Faering Capital.

The company halted disbursements from December 2025, given the asset quality challenges. Consequently, its AUM declined in FY2026 to Rs. 839 crore as on March 31, 2026 (Rs. 1,455 crore as on March 31, 2025). ICRA notes that WheelsEMI is at an advanced stage of entering into strategic arrangement with another entity for reviving its business and financial risk profile, which is likely to support the resumption of disbursements in June 2026. Securing adequate funding will remain critical for sustaining and expanding its scale.

Credit challenges

Weak asset quality and profitability – WheelsEMI's asset quality continued to deteriorate in FY2026 with gross NPAs increasing to Rs. 58 crore (14.5%; provisional) as on March 31, 2026 from Rs. 12 crore (1.7% as on March 31, 2025) despite sizeable write-offs and sale of stressed assets to assets reconstruction companies (ARCs). It sold Rs. 77 crore of NPAs to ARCs in FY2026 (~Rs. 97 crore including written-off loans) and holds SRs against the same. Consequently, the company's gross stressed assets increased significantly to Rs. 209 crore (38.1%; provisional) as on March 31, 2026 from ~Rs. 136 crore (17.1%) as on March 31, 2025. Further, delinquencies remain elevated with the 30+ days past due (dpd) at ~19.8% of AUM as on March 31, 2026 (~5.2% as on March 31, 2025), albeit on a declining base. The company's ability to achieve recoveries from delinquent borrowers and reduce fresh slippages remains monitorable.

Given the deterioration in the asset quality, credit costs increased significantly, resulting in a net loss of Rs. 45 crore (provisional) in FY2026 against a modest profit of Rs. 3 crore in FY2025. Elevated credit costs and the moderate operating cost structure, compounded by the declining AUM, are expected to exert pressure on WheelsEMI's profitability in the near term.

Weak solvency and financial flexibility – WheelsEMI's capital buffers have weakened due to the deterioration in its asset quality, leading to losses, and the increase in net stressed assets (net NPAs + net SRs). The company's net stressed assets stood at ~Rs. 195 crore (provisional), equivalent to ~87% of the provisional net worth as on March 31, 2026 vis-à-vis ~Rs. 136 crore and 56%, respectively, as on March 31, 2025. The managed gearing, however, declined to 4.0 times as on March 31, 2026 from 5.5 times as on March 31, 2025 amid the decline in AUM. Given the sizeable pool of stressed assets and continued deterioration in the asset quality, the solvency profile shall remain weak. Moreover, WheelsEMI will face challenges in maintaining the required asset security cover against its secured borrowings. This shall adversely impact its financial flexibility in raising commensurate incremental funding and for managing its liquidity. In ICRA's view, the timely infusion of equity will be essential to strengthen WheelsEMI's solvency, which will be key for augmenting its financial flexibility.

Liquidity position: Stretched

WheelsEMI had a free cash and bank balance of ~Rs. 44 crore as on March 31, 2026 (~Rs. 45 crore as on May 31, 2026). As per the asset-liability management statement as of March 2026, it had scheduled debt repayments of ~Rs. 100 crore and Rs. 222 crore, respectively, over the next three and six months versus scheduled principal collections of ~Rs. 97 crore and Rs. 162 crore from performing advances, respectively, during these periods. Further, the current collection efficiency against scheduled demand was ~81% in FY2026 (total collections vis-à-vis scheduled demand was ~95%). The company's inability to improve its collection efficiency would impact its liquidity profile.

Further, ICRA notes that the company faces prepayment risk, given the breach of covenants, including financial, operating and rating-linked covenants. In ICRA's opinion, given the sizeable pool of stressed assets, WheelsEMI's ability to maintain adequate

security cover against its borrowings shall remain a challenge. ICRA notes that the company has sought waivers from the lenders and is yet to receive the same.

Rating sensitivities

Positive factors – A substantial improvement in the asset quality, earnings and capitalisation profile could positively impact the rating.

Negative factors – Inability to improve the capital and liquidity buffers shall negatively impact the rating. Continued deterioration in the asset quality and profitability can also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking finance companies (NBFCs) Policy on withdrawal of credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

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 pre-owned two-wheelers (2Ws) and electric vehicles. It is promoted by Mr. Srinivas Kantheti and Mr. V Karunakaran, who acquired Vardnarayan 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. As on March 31, 2026, the company reported AUM of Rs. 839 crore vis-à-vis Rs. 1,455 crore as on March 31, 2025.

Key financial indicators (audited; standalone)

WheelsEMI Private Limited	FY2024	FY2025	FY2026*
Total income	253	305	248
Profit after tax	1	3	(45)
Total managed assets	1,635	1,834	1,237
Return on average managed assets	0.04%	0.16%	-2.94%
Managed gearing (times)	4.8	5.5	4.0
Gross NPA	6.9%	1.7%	14.5%
CRAR	37.6%	22.5%	28.3%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 16, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Others	Long term	100.00	[ICRA]BB+ rating Watch developing implications	October 16, 2025	[ICRA]BBB (Negative)	October 18, 2024	[ICRA]BBB (Stable)	October 06, 2023	[ICRA]BBB (Stable)
NCD	Long term	150.00	[ICRA]BB+ rating watch Developing Implications	October 16, 2025	[ICRA]BBB (Negative)	October 18, 2024	[ICRA]BBB (Stable)	October 06, 2023	[ICRA]BBB (Stable)
NCD	Long term	27.50	[ICRA]BB+ rating watch developing implications; withdrawn	October 16, 2025	[ICRA]BBB (Negative)	October 18, 2024	[ICRA]BBB (Stable)	October 06, 2023	[ICRA]BBB (Stable)

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 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
Non-convertible debentures	Simple
Long-term bank loans	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 II: 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]BB+ rating watch developing implications
INE367Y07137	Non-convertible debenture	Oct-16-2023	10.70%	Oct-16-2025	15.00	[ICRA]BB+ rating watch developing implications; withdrawn
INE367Y07145	Non-convertible debenture	Nov-10-2023	12.60%	May-23-2026	12.50	[ICRA]BB+ rating watch developing implications; withdrawn
INE367Y07160	Non-convertible debenture	Jun-21-2024	10.70%	Dec-21-2026	25.00	[ICRA]BB+ rating watch developing implications
INE367Y07236	Non-convertible debenture	Dec-17-2024	12.40%	Mar-13-2027	10.00	[ICRA]BB+ rating watch developing implications

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
Yet to be issued	Non-convertible debenture	NA	NA	NA	115.00	[ICRA]BB+ rating watch developing implications

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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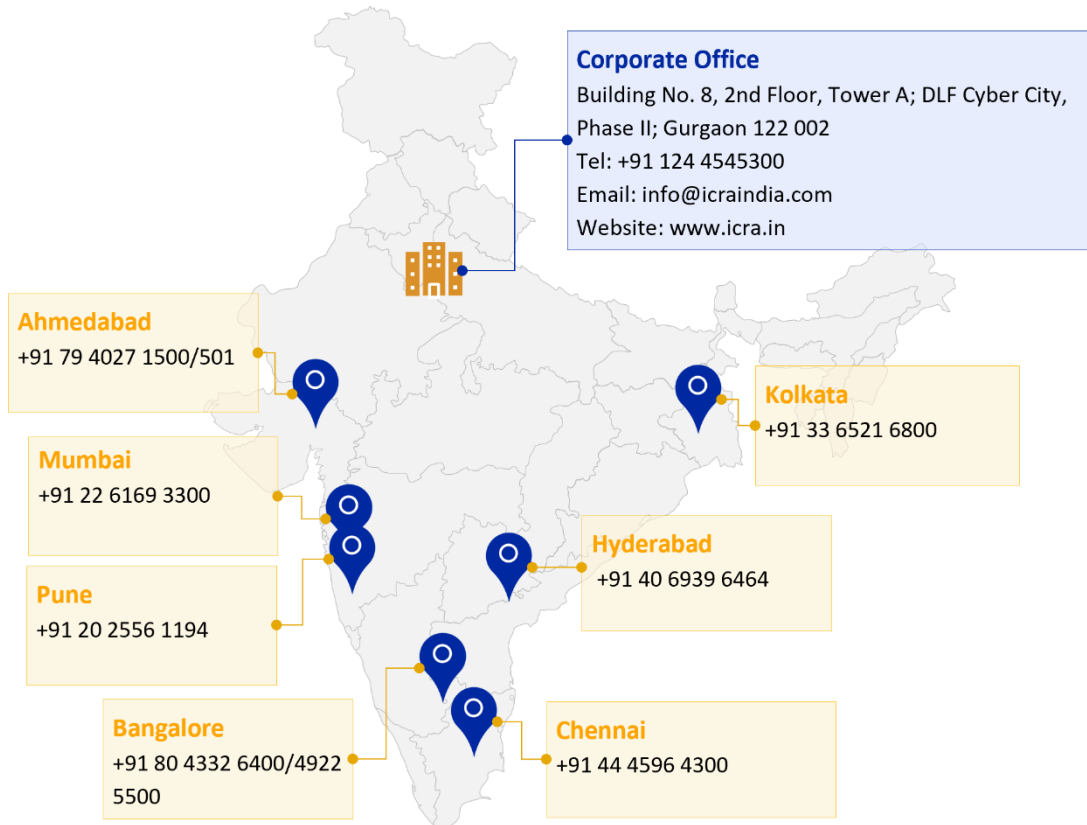


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Branches



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