

January 13, 2025

WheelsEMI Private Limited: Ratings confirmed as final for PTCs issued under a vehicle loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Bronzor 2024	Series A1(a) PTC	19.96	[ICRA]A(SO); provisional rating confirmed as final
	Series A1(b) PTC	2.22	[ICRA]A-(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned provisional ratings to the pass-through certificates (PTC) issued by Bronzor 2024 under a securitisation transaction originated by WheemsEMI Private Limited {WheelsEMI/Originator; rated [ICRA] BBB(Stable)}. The PTCs are backed by a pool of two-wheeler and E-rickshaw loan receivables originated by WheelsEMI with an aggregate principal outstanding of Rs. 25.34 crore (pool receivables of Rs. 30.67 crore). WheelsEMI is the servicer for the 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	Bronzor 2024
Payout month	December 2024
Months post securitisation	4
Pool amortisation	20.97%
Series A1(a) PTC amortisation	26.62%
Cumulative prepayment rate	2.06%
Cumulative collection efficiency ¹	96.24%
Loss-cum 0+ days past due (dpd) ²	9.34%
Loss cum 30+ dpd ³	3.25%
Loss cum 90+ dpd ⁴	0.09%
Cumulative cash collateral (CC) utilisation	0.00%

Transaction structure

As per the transaction structure, the collections from the pool will be used for making the promised interest payouts to Series A1(a) PTC and Series A1(b) PTC on a pari-passu basis. Till December 15, 2025, after making the promised interest payouts to Series A1(a) PTC and A1(b) PTC, collections will be used to make the expected principal payouts to Series A1(a) PTC till its redemption followed by the expected principal payouts to Series A1(b) PTC. From December 16, 2025 till the final maturity date, after making the promised interest payouts to Series A1(a) and Series A1(b), collections will be used for the redemption of Series A1(a) PTC and Series A1(b) PTC on a pari-passu basis. The entire principal repayment to Series A1(a) and Series A1(b) is promised on the scheduled maturity date of the respective tranches. Any prepayment in the pool would be first used for the prepayment of the Series A1(a) PTC principal till redemption and then for the prepayment of the Series A1(b) principal.

¹ Cumulative collections/ (Cumulative billings + Opening overdues at the time of securitisation)

² Unbilled and overdue principal portion of delinquent contracts, as a % of Initial pool principal

³ Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

The credit enhancement available in the structure is in the form of (i) a CC of 5.00% of the initial pool principal, amounting to Rs. 1.27 crore, provided by the Originator, (ii) subordination of 21.25% of the initial pool principal for Series A1(a) PTC and 12.50% of the initial pool principal for Series A1(b) PTC, and (iii) the excess interest spread (EIS) of 13.61% of the initial pool principal for Series A1(a) PTC and Series A1(b) PTC.

Key rating drivers and their description

Credit strengths

Granular pool with available credit enhancement – The pool is granular, consisting of 3,958 contracts, with top 10 contracts forming only 0.5% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the 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 pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, none of contracts in the total pool have been delinquent post loan disbursement, thereby reflecting the borrowers' relatively better credit profile, which is a credit positive.

Healthy bureau score of borrowers – The entire pool has a CIBIL score of 700 and above while none of the contract are new to credit, which reflects their relatively better credit profile.

Servicing capability of the originator – The company has adequate processes for servicing of the loan accounts and has demonstrated long track record of regular collections and recovery across a wide geography and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Uttar Pradesh, Bihar and Telangana, contributing 77% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

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. Moreover, the considerable share (18.35%) of E-rickshaw loans with relatively weaker borrower profiles may pose additional stress to the pool's performance.

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 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 6.0%, with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4-9.0% 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	Bronzor 2024
Originator	WheelsEMI Private Limited
Servicer	WheelsEMI Private Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	IDFC First Bank Limited
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for the instruments is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.5 times the estimated loss in the pool for Series A1(a) PTC and ~4.0 times the estimated loss in the pool for Series A1(b) PTC.

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 build-up of cover from the credit enhancement of the balance pool principal, would result in a rating upgrade.

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the Servicer could also exert pressure on the rating.

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

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. 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. WheelsEMI provides 2W financing to low-income customers. The company 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. BluBird also deals in the purchase and sale of used vehicles.

Key financial indicators (standalone)

	FY2023	FY2024	Q1 FY2025*
Total income	183	253	66
Profit after tax	(37)	0.6	0.3
Total managed assets	1,096	1,636	1,668
Gross stage 3	3.6%	5.4%	5.4%
CRAR	48.4%	37.6%	30.9%

Source: Company, ICRA Research; * Provisional numbers; ^on AUM; 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	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years				
		Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				Jan 13, 2025	Sep 09, 2024			
Bronzor 2024	Series A1(a) PTC	19.96	19.96	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-	-
	Series A1(b) PTC	2.22	2.22	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1(a) PTC	Moderately Complex
Series A1(b) PTC	Moderately 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 Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
Bronzor 2024	Series A1(a) PTC	August 30, 2024	11.70%	January 15, 2028	19.96	[ICRA]A(SO)
	Series A1(b) PTC	August 30, 2024	12.20%	January 15, 2028	2.22	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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