

August 14, 2025

VE Electro -Mobility Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Term loan	65.00	0.00	-
Long-term/ Short-term – Fund-based limits	10.00	10.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed
Total	75.00	10.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmed ratings for the bank facilities of VE Electro-Mobility Limited (VEEML) continue to favourably factor in its strong parentage, as a wholly owned subsidiary of VE Commercial Vehicles Limited (VECV, rated [ICRA]AA+(Stable)/[ICRA]A1+), which has a strong market presence in the commercial vehicles segment and enjoys technical support from AB Volvo Group. VEEML was incorporated in April 2022, as a wholly owned subsidiary of VECV, with a view of the entity operating as a separate vertical for the electric vehicle business of the parent entity. The company is engaged in leasing out electric buses (9-M and 12-M Long) to private customers/state transport undertakings on a gross cost contract/per bus cost basis; the buses are operated via third-party operators. VEEML procures electric buses from VECV and then leases those to customers.

The presence of VECV as a parent entity provides VEEML with access to financial and operational support. VECV is committed to infusing incremental funds in the entity to help scale up its operations, while also ensuring maintenance for the buses deployed by the entity. As on date, the company's operations are in a nascent phase, with the entity having deployed around 59 vehicles (as on May 31, 2025) to various private entities. The ratings favourably factor in the limited execution and operational risks, with the company expected to benefit from assured revenue visibility for the deployed buses, irrespective of the actual running of the buses. The healthy credit profile of the counterparties and the criticality of seamless running of the deployed buses for its customers are likely to keep VEEML's counterparty risks limited and prevent any inordinate build-up in receivables.

VEEML is expected to incur moderate capex over the near to medium term, with the company only focusing on selective contracts. The capex is anticipated to be largely funded through internal accruals. The company's capital structure is expected to remain healthy over the near term. The coverage indicators are projected to remain adequate, aided by the expectation of healthy operating margins in the contracts entered. Moreover, timely equity infusion and short-term liquidity support from VECV (if required) is expected to support VEEML's credit profile.

Any underperformance in vehicle operations vis-à-vis agreed specifications, especially that impacts availability and reliability of buses, has the potential to impact the revenues, and hence, would be a key monitorable. Moreover, geopolitical risks remain a rating sensitivity, as any adverse developments related to the import of EV components can impact the availability of components required for its operations. However, comfort is drawn from the long and established track record of VECV in the commercial vehicle business and access to technical support from AB Volvo Group.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will continue to benefit from access to financial and operational support from VECV, which would help to operate the vehicles, as per the agreed specifications, and help generate adequate cash flows.

Key rating drivers and their description

Credit strengths

Access to financial and operational support from parent entity – VEEML, being a wholly-owned subsidiary of VECV, enjoys access to financial support from the OEM, which provides comfort. VECV is expected to infuse funds as and when needed for the company's seamless operations. Also, VEEML has an annual maintenance contract (AMC) with VECV for the repairs and maintenance of its e-buses leased out to clients, which is likely to aid in steady operations across contracts.

Adequate revenue visibility, with assured revenue for leased buses; limited counterparty risk – The company has a reputed client base, including large corporates and schools. The entity's counterparty risks are expected to remain low, with its customers enjoying healthy credit profiles. The company generally extends a credit period of 30-45 days to its customers, and collections from all customers have remained timely, given their healthy credit profiles and the criticality of timely bus operations for their businesses.

Credit challenges

Limited track record of operations – At present, VEEML has a limited track record of operations as the company is yet to ramp up its customer base and revenues. As on date, the company's operations are at a nascent phase, with the entity having deployed around 59 vehicles (as on June 30, 2025) to various private entities.

Debt-funded capex to ramp up scale of operations may constrain coverage metrics – The company's capex plans are expected to remain at moderate levels, with the company only focusing on selective contracts. Any material capex undertaken to ramp up the scale of operations could keep the coverage metrics under check. Being a wholly owned subsidiary of VECV, timely equity infusion and short-term liquidity support from the parent entity, however, continue to provide comfort.

Liquidity position: Adequate

The liquidity position of the entity is expected to remain adequate, supported by the timely infusion of funds by its parent entity and the expectation of timely collections from its various customers (expected cash from operations of Rs. 9.9 crore in FY2026). The entity has no debt repayments in FY2026 and is expected to incur a capex of Rs. 5-6 crore towards its operations. The capex is likely to be funded via internal accruals.

Rating sensitivities

Positive factors – The rating could be upgraded if the company is able to record a meaningful ramp-up in scale of operations and demonstrate an adequate track record of operations and timely payments from its customers, thereby leading to the generation of steady cash accruals and strengthening the company's credit metrics.

Negative factors – Pressure on rating could arise if there is any major buildup in receivables, increasing reliance on external borrowings and, thereby, weakening credit metrics. Any weakening in linkages with the parent entity, or downward revision in the parent entity's credit profile, would also be a negative rating trigger.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent/Group Company: VE Commercial Vehicles Limited (VECV) The ratings assigned to VE Electro-Mobility Limited factor in the very high likelihood of its parent entity, VECV (rated [ICRA]AA+ (Stable)/[ICRA]A1+), extending financial support to it because of the close business linkages between them and out of the need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	The ratings are based on standalone financials of the company.

About the company

VE Electro Mobility Limited (VEEML) was incorporated in April 2022 as a wholly owned subsidiary of VE Commercial Vehicles Limited (VECV), with a view of the entity operating as a separate vertical for the electric vehicle business of the parent entity. The company is engaged in leasing out electric buses (9-M and 12-M Long) to private customers/STUs on gross cost contract/per bus cost basis; the buses are operated via third-party operators. VEEML procures electric buses from VECV and leases those to prospective customers. The company's operations are in the nascent phase, and as on date, its customers include large corporates and some private schools.

Key financial indicators (audited)

VE Electro-Mobility Limited Standalone	FY2024	FY2025
Operating income	7.4	27.0
PAT	-0.4	2.8
OPBDIT/OI	38.9%	38.9%
PAT/OI	-5.2%	10.4%
Total outside liabilities/Tangible net worth (times)	1.3	0.2
Total debt/OPBDIT (times)	2.5	0.0
Interest coverage (times)	71.5	25.0

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

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years		
		Amount rated	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
		(Rs. crore)	Aug 14, 2025	July 04, 2024	-	-
1 Term loans	Long term	0.00	-	[ICRA]A+ (Stable)	-	-
2 Fund-based bank facilities	Long term and	10.00	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	-	-

short
term

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/ Short -term – Fund-based working capital	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	Fund-based bank facilities	NA	NA	NA	10.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

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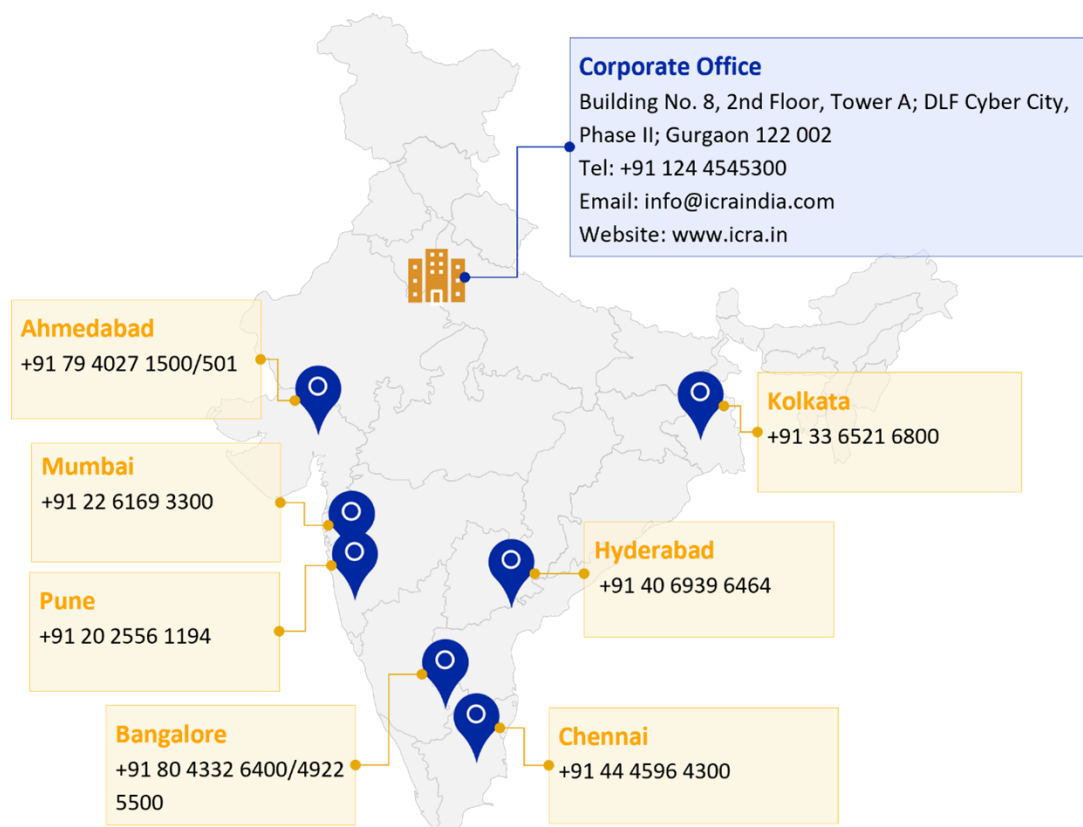


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