

August 28, 2025

## VT Emobility Private Limited: Rating reaffirmed

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	69.86	69.86	[ICRA]A-(Stable); reaffirmed
Long-term – Non-fund based	32.40	32.40	[ICRA]A-(Stable); reaffirmed
<b>Total</b>	<b>102.26</b>	<b>102.26</b>	

<sup>^</sup>Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation for bank facilities of VT Emobility Private Limited (VTE or the special purpose vehicle [SPV]) factors in the revenue visibility for the SPV basis the assured fee per kilometre (km), subject to fulfilling of the operational parameters, for 10 years from its commencement of operations (COD), as per the concession agreement (CA) with Ahmedabad Janmarg Limited (AJL). Further, the ratings continue to factor in favourably the healthy financial support available to VTE, with JBM Auto Limited (JBMA) being a majority shareholder in the SPV as well as an original equipment manufacturer (OEM) for the project. ICRA notes that JBMA has provided corporate guarantee towards VTE's term loan and bank guarantee facilities. Further, the OEM extended an unsecured loan of Rs. 2.5 crore in FY2025 to help maintain adequate liquidity in the SPV; incremental support to fund any shortfall is expected going forward as well.

The company recorded net revenues of Rs 29.1 crore in FY2025 (YoY decline of 19.1%) with an OPM of 41.4% (45.8% in FY2024). Its performance remained under pressure during the fiscal as the floods in Ahmedabad caused damage to the charging infrastructure, which impacted bus availability. Also, its three buses were damaged around May 2024, which were replaced by January 2025. The company purchased these new buses from JBM Auto. The insurance claim is under process for the damaged buses, once received, the company is expected to use the proceeds to repay the funds to the OEM. Owing to the aforesaid issues, the SPV was not able to maintain minimum requisite fleet availability of 94% in FY2025. However, as per discussions with the management, the aforesaid issues were resolved in Q4 FY2025 which led to better bus availability and an improvement in its operational performance is expected in the current fiscal (DSCR on external debt (post provisioning of major maintenance reserve account) to remain at 1.1-1.2 times over the medium term).

As per the agreement between VTE and AJL, the SPV needs to operate 90<sup>1</sup> electric buses (e-buses) on intra-city routes for AJL for 10 years from its full commencement of operations (FCOD; achieved in August 2021). For this, it is being paid a fixed rate (Rs. 54.9 per km<sup>2</sup>; present rate: Rs 58.0 per km) for a minimum assured distance of 70,000 km annually for each bus, subject to it adhering to the contractually agreed bus availability of 94%. Accordingly, the SPV does not bear the traffic risks on the routes operated, and the revenue visibility is high.

The project is under the FAME-II scheme of the GoI, as per which it has received a capital subsidy of Rs. 45 lakh per bus (totalling to Rs 40.5 crore for 90 buses) from the Department of Heavy Industries (DHI) in three tranches. This reduced the capital costs and dependence on external borrowings, as about 30% of the total project cost (Rs 134.2 crore) was funded by subsidy, which supported the credit metrics of the entity.

<sup>1</sup> 9-metre-long, fully built, air-conditioned

<sup>2</sup> As per the terms of the CA, the fee is being revised every six months to account for inflationary pressures

The counterparty risks in the project are mitigated to a large extent by the escrow arrangement, wherein the escrow account is to be funded with two months of estimated revenue payable upfront and should be maintained throughout. The viability gap funding (VGF) of Rs. 25/km paid by the Gujarat Government also offers comfort; however, the timeliness of such receipts by AJL will remain critical as the cash flows from intra-city operations would be in deficit for meeting the requirements. Nevertheless, comfort is drawn from the healthy credit profile of AJL, which is the subsidiary of a profitable entity, Ahmedabad Municipal Corporation. ICRA notes that there were a few instances in FY2025 wherein there was a delay in payment. However, the collections have largely been timely in nature overall (receivables outstanding of Rs. 4.7 crore as of March 31, 2025), which provide comfort for VTE's future cash flows.

The rating assigned remains constrained by the limited track record of e-bus operations in India. Moreover, the ability of the project to maintain the required operating metrics in a sustained manner remains crucial from the credit perspective. Any underperformance in operations vis-à-vis the agreed specifications, especially which impacts availability and reliability of buses and in turn the project viability, would be a key monitorable. Moreover, geo-political risks would remain under focus as any adverse development related to imports from China can impact the availability of components required for its operations. Meanwhile, comfort is drawn from the fact that major cost elements including maintenance, battery replacement, and penalties in case of bus non-availability, would be passed on to the OEM through back-to-back arrangements, minimising the operational risks.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company's operations are likely to continue as per expectations, without any major disruption. JBMA, one of the parent entities, is expected to support the project through funding, if required.

## Key rating drivers and their description

### Credit strengths

**Parentage of JBMA and majority ownership of JBM Group provides financial support** – The JBM Group is one of the established players in the domestic automotive market. It has presence across multiple product segments, OEMs and automotive segments, both as a component manufacturer and more recently, as an OEM as well. The execution and operational risks for the project remain largely mitigated as JBMA is the OEM for the project, and also the majority shareholder in the SPV (99%). Besides, JBMA has provided corporate guarantee till subsidy BG is released. The healthy financial flexibility of the SPV for being a part of the JBM Group are likely to ensure timely availability of funds to meet any requirement. The financial closure of the project was achieved in a timely manner with 100% equity brought upfront and debt tied up. The entire subsidy was also received by the SPV, in line with the timely commercialisation of the project.

**High revenue visibility as concession agreement provides fixed fee per km; minimal traffic risk for an assured distance, subject to bus availability** – In line with the gross cost contract (GCC) model and as per the terms of the Bus Operator Agreement, the authority (AJL) is required to pay the SPV a fixed rate for a minimum assured distance of 70,000 km/bus annually, subject to meeting bus availability criteria. Accordingly, the SPV does not bear the traffic risk, and only needs to ensure availability of buses as per the authority's deployment plan. Given this arrangement, it essentially translates into an annuity model of revenues over the concession period, with high revenue visibility and healthy debt service coverage ratio (DSCR). However, the clause related to unutilised km (due to lower requirement by the authority), to be paid at 50% of the applicable rate, brings in some elements of variability.

**Back-to-back arrangements for maintenance and operations mitigate operational risks to a large extent** – The execution related risks for the project are minimal, with its entire fleet of 90 e-buses delivered, charging infrastructure installed and depot handed over. For the maintenance of the buses, VTE has entered into an agreement with the OEM (JBMA), as per which the annual maintenance charges (AMC) payable to the OEM are defined. Any penalty arising due to non-compliance with terms of the CA is expected to be recovered from either the OEM or the operator, which helps mitigate risks and reduce cash flow variability.

## Credit challenges

**Counterparty risks owing to inadequate ticket collections from intra-city operations; risk of receivable build-up mitigated to an extent by the planned escrow mechanism** – Intra-city bus operations, in general, are subsidised and can recover only 30-40% of the revenue payable from ticket collections. As a result, the dependence on timely Government grants/support from authorities for funding the gap remain critical. While this elevates counterparty risks for such projects, the presence of an escrow mechanism, wherein the authority would be obligated to deposit two months of revenue payable as a payment reserve, reduces VTE's risks of elongated receivable cycle. Additionally, comfort is drawn from the relatively better credit profile of the counterparty, AJL, which is a 100% subsidiary of Ahmedabad Municipal Corporation, a profitable entity. Besides, the VGF offered by the Gujarat Government from its budget on e-bus projects offers comfort.

**Exposed to risk of geo-political developments impacting supply of components** – While supply of the buses has been completed, the after sales service (especially battery replacement) would remain dependent on continuation of political relations between India and China, with any ban/disruption of EV-related imports likely to impact the project operations/viability. While chances of any such adverse development remain low, given the global dependence on China for EV components, this would continue to remain a monitorable for the timely maintenance of deployed buses. Nevertheless, even in case of such adverse development, the company expects the OEM to be able to source components from manufacturing facilities in other locations.

**Limited track record of e-bus operations** – The EV segment, including e-buses is currently at a nascent stage in India, with limited track record of operations. While it has garnered increased interest in the recent past, with multiple tenders floated and emergence of various players (both domestic and foreign), the performance of these buses in the Indian conditions is yet to be established over a longer period. Besides, the battery performance and bus efficiency would also remain critical for the project to generate optimal returns. Nevertheless, JBMA's improving presence as a key player in the e-bus segment offers comfort, with a cumulative order book of more than 10,000 buses, including the deployed and under execution (latter to be supplied over the next few years). Moreover, back-to-back arrangement with the OEM to pass on any penalty that could arise from non-availability of buses mitigates risks to some extent.

## Liquidity position: Adequate

The liquidity position of VTE remains supported by steady cash flows from operations (Rs 10-13 crore in FY2026) and free cash and liquid investments of Rs 2 crore as of March 2025, which are expected to remain adequate to fund the external debt repayments (Rs. 8-8.5 crore in FY2026) and interest payments. The company also has debt service reserve account (DSRA) in the form of mutual funds. VTE availed promoter loan in FY2025 (outstanding of Rs 2.5 crore as of March 31, 2025); though there is no fixed repayment schedule for the same. The liquidity of the promoter entity, JBMA, is expected to remain comfortable, supported by undrawn lines of credit from financial institutions. Moreover, backing of the JBM Group renders the SPV with ample financial flexibility to raise funds from financial institutions.

## Rating sensitivities

**Positive factors** – The rating could be upgraded if the project is able to demonstrate an adequate track record of operation along with a reduction in overall debt levels with scheduled repayments, leading to an improvement in leverage and coverage metrics. An improvement in the credit profile of the parent entity could also lead to a rating upgrade.

**Negative factors** – Pressure on the rating could arise in case of a higher-than-expected build-up in receivables or weakness in operational metrics, increasing reliance on external borrowings, and in turn weakening the credit metrics. Any deterioration in the credit profile of the parent entity or linkages with the same could also trigger a downward revision in rating.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	The rating assigned factors in the very likelihood of its parent entity, JBM Auto Limited, extending financial support to it because of the close business linkages between them. ICRA also expects JBMA to be willing to extend financial support to VTE out of its need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

## About the company

VT Emobility Private Limited (VTE) is an SPV set up to procure, operate and maintain ninety 9-meter-long fully built AC e-buses for intra-city operations of public transport in Ahmedabad in Gujarat. The SPV was setup by a joint venture headed by JBM Auto Limited (JBMA), along with Vivek Travels Private Limited, after JBMA emerged as the successful bidder for the project.

As per the terms of the concession agreement executed with the authority (Ahmedabad Janmarg Limited or AJL), VTE would be operating the buses for a period of 10 years on the GCC basis under the FAME II scheme and has received subsidy of Rs. 45 lakh per bus, from the GoI under the said scheme. The 90 e-buses have already been supplied and started operations in August 2021.

## Key financial indicators (audited)

VTE, Standalone	FY2024	FY2025	Q1 FY2026*
Operating income	35.9	29.1	7.9
PAT	1.3	-0.9	-0.2
OPBDIT/OI	45.8%	41.4%	37.7%
PAT/OI	3.5%	-3.0%	-2.8%
Total outside liabilities/Tangible net worth (times)	5.7	6.3	-
Total debt/OPBDIT (times)	3.7	4.8	-
Interest coverage (times)	2.5	2.0	-

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Note: All financial ratios as per ICRA's calculation; \*provisional; balance sheet figures not available for Q1FY2026

## 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 (Rs. crore)	Aug 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	69.86	[ICRA]A-(Stable)	May-28-2024	[ICRA]A-(Stable)	-	-	Feb-28-2023	[ICRA]A-(Stable)
Non fund-based facilities	Long term	32.40	[ICRA]A-(Stable)	May-28-2024	[ICRA]A-(Stable)	-	-	Feb-28-2023	[ICRA]A-(Stable)

Note - Amount in Rs. Crore

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Non fund-based limits	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	Term Loans	FY2022	NA	FY2029	69.86	[ICRA]A-(Stable)
NA	Non fund-based facilities	FY2022	NA	NA	32.40	[ICRA]A-(Stable)

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**

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Srikumar Krishnamurthy**

+91 44 4596 4318

[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**Rohan Kanwar Gupta**

+91 124 4545808

[rohan.kanwar@icraindia.com](mailto:rohan.kanwar@icraindia.com)

**Astha Bansal**

+91 124 4545342

[astha.bansal@icraindia.com](mailto:astha.bansal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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