

August 03, 2026

VE Commercial Vehicles Limited: BLR Ratings reaffirmed and CP ratings reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term/short-term - Fund based	525.00	505.00	[ICRA]AA+(Stable)/ [ICRA]A1+; reaffirmed	RBI
Long-term/short-term - Non-fund based	75.00	107.00	[ICRA]AA+(Stable)/ [ICRA]A1+; reaffirmed	RBI
Long-term/short-term - Fund based/non-fund based	325.00	300.00	[ICRA]AA+(Stable)/ [ICRA]A1+; reaffirmed	RBI
Long-term/short-term – Unallocated limits	35.00	48.00	[ICRA]AA+(Stable)/ [ICRA]A1+; reaffirmed	RBI
Total BLR facilities	960.00	960.00		
Commercial paper programme	100.00	0.00	[ICRA]A1+; reaffirmed and withdrawn	RBI

*Instrument details are provided in Annexure I

#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.

The rating reaffirmation for VE Commercial Vehicles Limited (VECV) continues to factor in its steady operational performance, aided by a stable market position as a leading commercial vehicle (CV) manufacturer in India, its strong parentage, robust balance sheet and strong liquidity profile. VECV is one of the leading players in the domestic CV industry, with a market share of around 8.7%*¹ in FY2026 in the overall domestic CV market. It has presence across both the goods carrier and passenger carrier segments, along with a comprehensive and expanding product portfolio of gross vehicle weight spanning the 3–55T range. The company has recently entered the sub-5T goods carrier segment, with the launch of a 3T goods carrier. Even as the CV industry is highly cyclical and subject to high competition, the company has maintained and improved its market presence over the years by steadily bridging portfolio gaps, expanding its dealer network and improving after-sales offerings. The same provides comfort regarding the company's ability to generate healthy cash flows going forward, thereby helping it maintain a strong credit profile.

The ratings continue to favourably factor in VECV's strong parentage as a joint venture (JV) between Eicher Motors Limited (EML, rated [ICRA]AAA/ Stable/[ICRA]A1+) and AB Volvo (rated A2, Stable, P1 by Moody's Investors Services). VECV continues to benefit from the strong product engineering technology support from AB Volvo, enabling timely modernisation and strengthening of the product portfolio, while EML's understanding of the Indian market supports cost-competitive manufacturing and developing a sales network.

The ratings also take comfort from the fact that VECV continues to follow a conservative financial policy, with large investments and capacity expansion projects over the years funded by cash flows from operations, and minimal dependence on external borrowings. The company continues to maintain a significant net-debt negative position. Accordingly, its balance sheet remains largely unleveraged (with TD/TNW and TD/OPBDIT of 0.1 times and 0.2 times, respectively, in FY2026). In FY2026, the operating profit margin improved to 9.2% from 8.6% in FY2024, aided by the benefits of operating leverage and cost-control measures, and the credit metrics remained strong with an interest cover of 51.0 times and NCA/total debt of 413%, supported by its

¹ Market share in addressable segment (excluding <5T passenger carrier) is ~9.0%

unleveraged balance sheet. Going forward, ICRA expects VECV to maintain a negative net-debt position and strong credit metrics, aided by the expectation of healthy cash accruals, even as the company continues to invest in enhancing capacity and product development capabilities.

ICRA notes that VECV is setting up a greenfield manufacturing facility at Vikram Udyogpuri, Madhya Pradesh, with an investment of around Rs. 544 crore for production and final assembly of Volvo Group's 12-speed Automated Manual Transmission (AMT) systems. The facility will cater to both the domestic market and select Asia-Oceania geographies, with project completion planned in phases by 2028. Despite the ongoing expansion, the company's annual capex is expected to remain at a manageable Rs. 1,000-1,200 crore and will be comfortably funded through strong internal accruals and substantial cash and liquid investments. ICRA also notes the Volvo Financial Services (VFS) and VECV's parent entity, Eicher Motors Limited, formed a 50:50 joint venture to provide financing, leasing and other allied financial solutions for customers of Volvo and Eicher commercial vehicles in India. With a proposed investment of up to Rs. 750 crore, the venture is expected to strengthen financing accessibility and aid the company's growth plans.

ICRA also notes that the company's revenues and earnings remain susceptible to the inherent cyclicity of the domestic CV industry, with earnings and return indicators moderating during periods of downturn and improving thereafter, as the industry volumes revive. Overall, ICRA expects VECV to largely mirror the demand trends in the CV industry over the medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that VECV's credit metrics are expected to remain strong, aided by healthy cash accruals on the back of its established business position in the CV industry.

ICRA has withdrawn the ratings assigned to the commercial paper programme of VECV at the request of the company and based on the confirmation from the company that there is no amount outstanding as on date, and in accordance with ICRA's policy on withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Strong parentage provides access to technical and operational support – VECV is a JV between Eicher Motors Limited (EML, 54.4%) and AB Volvo, Sweden (Volvo, 45.6%). While the parentage of AB Volvo provides the company with leading technological capabilities, EML's long track record of operations provides strong engineering capabilities, the desired knowledge and understanding of the Indian market. Overall, benefitting from the complementing strengths of its JV partners, VECV has been able to establish a healthy presence in the domestic CV industry.

Comprehensive product portfolio across goods and passenger carrier segments; strong brand equity in the medium-duty truck segment – VECV has a comprehensive product portfolio, with a strong presence across the goods and passenger carrier segments. Over the past few years, the company has launched new trucks under its 'Pro Series' to address gaps in its product portfolio. As a result, VECV has catered to an enhanced customer profile, thereby helping it maintain a strong presence in the domestic CV industry. It enjoys a strong presence in the medium-duty (MD) truck segment (i.e., 7-16T category), where it is the second-largest player. Despite increasing competition in the segment, including aggressive discounting practices and new product offerings across tonnage categories, VECV has managed to retain its stronghold in the segment, especially in the 7-12T category. In the heavy-duty (HD) truck segment (>16T), however, its market share remains relatively low (approx. 13.8% in FY2025) at present. ICRA notes that the entity has been able to improve its market share in the HD segment over the past few years from 3-4%, supported by the introduction of new products to plug portfolio gaps. VECV has also forayed into the 3T segment, wherein it has launched the Eicher Pro X series. However, the sales volume in the 3T-3.5T segment are at a nascent stage.

Robust financial risk profile characterised by conservative capital structure, strong debt coverage indicators and liquidity – The company's capital structure continues to be healthy, characterised by a negative net-debt position, healthy debt coverage indicators and robust cash and bank balances (approx. Rs. 4,239.8 crore as on March 31, 2026). This has been supported by healthy cash flow generation from operations, which has been in surplus compared to its investment or capital expenditure (capex) requirements. Even though the company has incurred significant investments in recent years towards new product

developments and its greenfield facility in Bhopal, the same has been funded by internal accruals and available cash balances, which has helped it maintain a strong credit profile.

Credit challenges

Significant cyclicity and high competition in domestic CV market; earnings susceptible to rise in commodity prices – The CV industry remains inherently cyclical in nature, with the industry volume strongly correlated to the level of economic activity. Additionally, the high competitive intensity in the industry has led to the prevalence of aggressive discounting practices, which constrains the profitability of players. The domestic CV industry underwent one of the sharpest downcycles, with total industry volumes contracting by a sharp 29% during FY2020 and a further 21% in FY2021, on account of multiple headwinds, including the pandemic.

VECV's performance has largely mirrored trends in the domestic CV industry over the years. Following a sharp decline in volumes and revenues in FY2020 amid the industry downturn, revenues grew modestly in FY2021 despite lower volumes, supported by price hikes, a favourable product mix and fiscal incentives. The company rebounded strongly in FY2022 on a low base and improving economic activity, followed by steady growth in FY2023-FY2025 even amid a muted industry environment. In FY2026, VECV outpaced industry growth, driven by a marginal improvement in market share in the LMD truck segment and its successful entry into the LCV segment. Going forward, VECV's operational performance is expected to broadly track demand trends in the domestic CV industry.

Relatively low market share in HD trucks at present; ability to improve segment market share remains critical – The Indian HD trucks market has remained historically duopolistic in nature with TML and Ashok Leyland Limited accounting for 80-90% of the segment's sales volumes. While several other players have tried to increase their penetration in this lucrative segment, they have met with limited success so far. To improve its market share in the segment, VECV launched products under its Pro 6000 and Pro 8000 series, trying to plug any gaps in its product portfolio. In addition to rolling out specific products at selective locations, the company increased its dealer presence in the identified markets to enhance its presence. Aided by these efforts, VECV's market share in this segment has improved to 13-14% in FY2026. However, its ability to sustain this remains monitorable factor.

Liquidity position: Superior

VECV's liquidity position is superior, aided by the expectation of healthy cash flow generation from operations of Rs. 2,000-2,500 crore p.a., sizeable liquid investments and unencumbered cash balances of Rs. 4,239.8 crore as on March 31, 2026, and undrawn working capital limits of Rs. 1,277.5 crore as on March 31, 2026. In relation to these sources of cash, VECV has nil debt repayments and capex requirements of Rs. 1,100-1,300 crore in FY2027. Overall, ICRA expects VECV to meet its near-term commitments through internal accruals, available cash balances and lines of credit and yet be left with healthy cash surpluses. Additionally, VECV's financial flexibility and its access to financial markets with the backing of two strong promoter groups provide comfort.

Rating sensitivities

Positive factors – ICRA could upgrade VECV's long-term rating, if there is a material scale-up in operations and strengthening of the business profile, accompanied by a sustainable and meaningful gain in market share. The company's ability to maintain robust credit metrics and profitability indicators will also be considered favourably for a rating upgrade.

Negative factors – ICRA could downgrade VECV's ratings, if a prolonged weak demand environment for CVs leads to sustained deterioration in the financial risk profile. A specific credit metric for a downgrade will be total debt/OPBITA above 1.0 times, on a sustained basis, alongside a material depletion of cash and cash equivalents. Additionally, any weakening in the parent companies' credit profile or group linkages could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Commercial Vehicles Policy On Withdrawal Of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VECV. As on March 31, 2026, the company had five subsidiaries, which are enlisted in Annexure-II.

About the company

VE Commercial Vehicles Limited, a joint venture between Eicher Motors Limited (EML, 54.4%) and AB Volvo, Sweden (45.6%), was incorporated on July 1, 2008 and is jointly managed by EML and AB Volvo. The company is a CV OEM with a product portfolio spanning 3–55T trucks and buses. The company manufactures its entire range of vehicles under the ‘VE Series’ brand. The company is also involved in the manufacture of auto components, Euro VI emission-compliant engines for the export markets, along with sales and marketing of Volvo branded premium range of trucks in India. In 2020, Volvo Buses India was integrated into VECV including manufacture, assembly, distribution, and sale of Volvo buses in India. While the company has been strengthening its position in the HD segment aided by the technology support from AB Volvo, it is particularly strong in the MD truck segment.

The company’s manufacturing facilities for CVs are at Pithampur and Bhopal (both in Madhya Pradesh) and have a combined production capacity of around 1,30,000 units p.a. Its manufacturing facilities for auto components and powertrain are at Dewas and Pithampur, respectively.

Key financial indicators (audited)

VECV Consolidated	FY2025	FY2026
Operating income	23,548.2	27,076.6
PAT	1,286.4	1,466.6
OPBDIT/OI	8.6%	9.2%
PAT/OI	5.5%	5.4%
Total outside liabilities/Tangible net worth (times)	1.5	1.5
Total debt/OPBDIT (times)	0.1	0.2
Interest coverage (times)	70.8	51.0

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

Current rating (FY2027)				Chronology of rating history					
Instrument	Type	Amount rated (Rs. crore)	Date & rating in FY2027 August 03, 2026	FY2026		FY2025		FY2024	
				Date	rating	Date	rating	Date	rating
1 Fund Based Limits	Long-term/Short-term	505.00	[ICRA]AA+ (Stable)/[ICRA]A1+	Aug 14, 2025	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 05, 2024	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 20, 2023	[ICRA]AA+ (Stable)/[ICRA]A1+
3 Non Fund-Based Facilities	Long-term/Short-term	107.00	[ICRA]AA+ (Stable)/[ICRA]A1+	Aug 14, 2025	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 05, 2024	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 20, 2023	[ICRA]AA+ (Stable)/[ICRA]A1+
4 Fund/Non Fund-based Limits	Long-term/Short-term	300.00	[ICRA]AA+ (Stable)/[ICRA]A1+	Aug 14, 2025	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 05, 2024	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 20, 2023	[ICRA]AA+ (Stable)/[ICRA]A1+
6 Unallocated Limits	Long-term/Short-term	48.00	[ICRA]AA+ (Stable)/[ICRA]A1+	Aug 14, 2025	[ICRA]AA+ (Stable)/[ICRA]A1+	-	-	-	-
7 Commercial Paper Programme	Short-term	0.00	[ICRA]A1+; reaffirmed and withdrawn	Aug 14, 2025	[ICRA]AA+ (Stable)/[ICRA]A1+	Jul 05, 2024	[ICRA]A1+; Withdrawn	Jul 20, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund Based Limits	Simple
Non Fund-Based Facilities	Simple
Fund/Non Fund-based Limits	Simple
Unallocated Limits	Not applicable
Commercial Paper Programme	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	Financial sector regulator#
NA	Fund Based Limits	NA	NA	NA	505.00	[ICRA]AA+(Stable)/[ICRA]A1+	RBI
NA	Non-fund Based Facilities	NA	NA	NA	107.00	[ICRA]AA+(Stable)/[ICRA]A1+	RBI
NA	Fund/Non-fund-Based Limits	NA	NA	NA	300.00	[ICRA]AA+(Stable)/[ICRA]A1+	RBI
NA	Unallocated Limits	NA	NA	NA	48.00	[ICRA]AA+(Stable)/[ICRA]A1+	RBI
NA	Commercial Paper Programme	Yet to be placed			100.00	[ICRA]A1+; reaffirmed and withdrawn	RBI

Source: Company

#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.

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

Annexure II: List of entities considered for consolidated analysis

Company Name	VECV Ownership	Consolidation Approach
VE Commercial Vehicles Limited	100.00% (rated entity)	Full Consolidation
VECV Lanka (Private) Limited	100.00%	Full Consolidation
VECV South Africa (Pty) Limited	100.00%	Full Consolidation
VE Electro-Mobility Limited	100.00%	Full consolidation
VE Connected Solutions Private Ltd.	51.00%	Full Consolidation
PT VECV Automotive Indonesia	99.99%	Full consolidation

Source: VECV audited financials

Note: ICRA has considered the consolidated financials of the parent (VECV) and its subsidiaries while assigning the ratings.

ANALYST CONTACTS

Jitin Makkar

0124-4545368

jitinm@icraindia.com

Srikumar Krishnamurthy

044-45964318

ksrikumar@icraindia.com

Rohan Kanwar Gupta

0124-4545808

rohan.kanwar@icraindia.com

Shaurya Gupta

0124-4545869

shaurya.gupta@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



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.