

PMI Electro Mobility Solutions Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00	CARE BBB; Stable	Assigned
Long-term bank facilities	67.50 (Enhanced from 30.00)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Short-term bank facilities	280.00 (Enhanced from 170.00)	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of PMI Electro Mobility Solutions Private Limited (PMI Electro) factor in the significant improvement in its financial risk profile due to a recent equity infusion of ₹252 crore leading to improved net worth and lower overall gearing. Business risk profile is expected to improve with improved operating income and profitability as exhibited in 11MFY25 with total operating income (TOI) of ₹505.93 crore (FY24: ₹590.23 crore) and PBILDT margins of 8.04% (FY24: 9.89%) in FY25 with significant improvement expected for full year FY25 as 289 e-buses are expected to be delivered in March 2025 compared to 521 e-buses delivered in 11MFY25. These improvements are expected to be driven by an increase in the scale of operations, supported by its strong order book and delivery timelines, and the increased benefits of localization. Ratings also factor the change in PMI's business model, with a growing emphasis on outright sales instead of the asset-heavy gross cost control (GCC) model which will result in lower reliance of debt and lead to improved debt coverage metrics.

CARE Ratings Limited (CARE Ratings) continues to favourably factors in the long track record of promoters in bus body fabrication industry for over four decades, growing presence in electric vehicle bus manufacturing through PMI Electro. Ratings also factor in its healthy market share in electric bus segment and strong order book position as on February 28, 2025, offering medium-to-long term revenue visibility with their scheduled deliveries and strong operational synergies with its parent PMI Coaches Private Limited which has been in bus body fabrication.

However, rating strengths are tempered by its moderate capital structure (factoring equity and shortfall support to subsidiaries and associates), exposure to execution risk, susceptibility to raw material price fluctuations making volatility to its profitability and competitive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantially increasing scale of operations with improving market share and healthy operating margins above 15% on a sustained basis.
- Sustaining the overall gearing (including letter of credit (LC) acceptance and exposure to subsidiaries and associates) below 1x.
- Reducing financial exposure to group/associate companies.

Negative factors

- Significantly reducing scale of operations and profitability margins.
- Overall gearing (including LC acceptance and exposure to subsidiaries and associates) at 2x and above on a sustained basis.
- Significant delay in execution of order book of electric buses.
- Substantial support to SPVs owing to delayed payments from STUs.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Analytical approach:

For arriving at the rating, CARE Ratings Limited (CARE Ratings) has considered standalone financials of PMI Electro. CARE Ratings has also factored in equity support and shortfall support to its subsidiaries and associates because SPVs operate on a ring fenced basis with restrictions on the upstreaming of cash flows from SPVs to PMI Electro. The list of subsidiaries and associates to whom support is considered is presented below:

Sr. No.	Name of the entity	Proportion of ownership as on March 31, 2024	Nature of relationship
1.	Foton PMI Electro Bus India Private Limited	70.00%	Subsidiary
2.	Urban Paribahan City Bus Services Private Limited	50.96%	
3.	Narayanana City Bus Operations Private Limited	49.58%	
4.	Avolt Mobility Solutions Private Limited	74.00%	
5.	Allfleet India Private Limited	100.00%	
6.	Vyagrah City Bus Operations Private Limited	89.00%	
7.	Nagpur Mobility Solutions Private Limited	74.00%	
8.	Vishvam City Bus Operations Private Limited	99.98%	
9.	Elecpo Transit Solutions Private Limited	50.01%	
10.	Elecgreen Transit Solutions Private Limited	100.00%	
11.	ElecIon Transit Solutions Private Limited	100.00%	
12.	Ener Ion Transit Solutions Private Limited	100.00%	
13.	Mumbadevi Mobility Private Limited	100.00%	
14.	White Bus Transit Private Limited	62.00%	
15.	Elecvolt Transit Solutions Private Limited	62.00%	
16.	Shyama Shyam P1 City Bus Operations Private Limited	50.98%	Associate
17.	VSK City Bus Operations Private Limited	50.98%	
18.	Tirthankar City Bus Operations Private Limited	49.00%	
19.	Vaasudevo City Bus Operations Private Limited	49.00%	
20.	GreenCell Surat Private Limited	26.00%	
21.	Weharness Autoelectric Private Limited	33.33%	
22.	Delhi City Electric Bus Operations Private Limited	26.00%	
23.	Enervolt Transit Solutions Private Limited	50.01%	
24.	GreenIon Transit Solutions Private Limited	50.50%	

Outlook: Stable

Stable outlook reflects an expected improvement in the business and financial risk profile, driven by higher orders considering healthy demand for E-Buses from STUs resulting in higher sales volumes with better profitability leading to overall improved debt coverage metrics.

Detailed description of key rating drivers:

Key strengths

Experienced promoters in the bus body fabrication industry with operational synergy from parent company, PMI Coaches

PMI Electro derives significant operational synergies from PMI Coaches (owned and operated by common promoter), having established presence with a track record of over 40 years with rich experience in body fabrication for hi-tech, luxury, government, educational institutions and caravans complying with the statutory safety and regulatory norms. The company has a manufacturing plant in Dharuhera, Haryana spread over an area of 3,25,000 sq. ft., producing ~3,500 bus bodies per year (including capacity at PMI Electro). PMI Coaches holds 34.00% stake in PMI Electro as on March 05, 2025.

Incorporated in 2017, PMI Electro is promoted by Satish Kumar Jain, managing director and Anurag Aggarwal, vice chairman. Satish Kumar Jain who has over four decades of experience in manufacturing bus bodies and coaches. Anurag Aggarwal has over 25 years of experience in the industry and manages the company's day-to-day operations. Promoters are assisted by Aanchal Jain, chief executive officer having over eight years of experience in finance and manages day-to-day operations of the company.

Strong order book for supply of electric buses leading to high revenue visibility

As on February 28, 2025, PMI Electro has strong order book position of 2,845 E-Buses under Gross Cost Contract (GCC) model. Of the same, 1,000 buses are to be executed by March 2026 and 1,546 by March 2027. Under GCC model, the company is responsible for supply, operation, and maintenance of electric buses for tenure of the contract which is ~10-12 years. The aforesaid orderbook provides a revenue visibility of ~₹1,000 crore in FY26 and ₹1,500 crore in FY27. With the supply of higher

number of buses, its scale of operations and profitability is expected to improve going forward. As on February 28, 2025, the company has delivered 2,197 E-Buses. Apart from these, PMI Electro has been actively participating in tenders for intercity/intracity buses and is focusing on securing orders from private players. Many orders are eligible for central government subsidies which will be directly paid to the special purpose vehicle (SPV). Under GCC model, PMI Electro forms a separate SPV for each project with local bus operators for operation and maintenance of electric buses.

Improved operating performance expected in FY25

The company is expected to record TOI of ~₹750 crore in FY25 against ₹590.23 crore in FY24 primarily considering strong order book position with TOI of ₹505.93 crore in 11MFY25. 289 e-buses are expected to be delivered in March 2025 compared to 521 e-buses delivered in 11MFY25. The company's TOI is expected to improve to over ₹1,000 crore in FY26 supported by order book of 1,000 e-buses scheduled for delivery in FY26. Operating margins improved from 9.77% in FY23 to 9.89% in FY24. Although it declined to 8.04% in 11MFY25, operating margins are expected to improve for the full year FY25 considering benefits of scale leading to better absorption of fixed costs due to the benefits of improved operating leverage. With the expected improvement in the scale of operations, supported by its strong order book and delivery timelines, and benefits of localisation, the company's operating performance is expected to further improve in the medium term.

Significant improvement in capital structure expected in FY25

The company has a comfortable capital structure at a standalone level marked by overall gearing (including LC acceptances) of 0.40x as on February 28, 2025. The company's total debt stood at ₹192.45 crore as on March 31, 2024, and it has increased to ₹305.91 crore as on February 28, 2025, primarily due to increase in the company's working capital requirements. However, the company has sizeable exposure to SPVs for their equity and cash flow shortfall requirements as PMI Electro has provided its corporate guarantee for few SPVs. Earlier, to procure, operate, and maintain e-buses for intra-city public transportation, PMI Electro created separate SPVs for each order, making significant investments and raising debt in these SPVs to purchase e-buses from PMI Electro, resulting in a moderate capital structure due to debt in SPVs to fund the procurement of e-buses. PMI Electro being the parent entity of those SPVs, is expected to support through interim funding if needed to meet cashflow mismatches. Accordingly, factoring the same its capital structure stood moderate with adjusted overall gearing (including LC acceptances and exposure to SPVs to whom corporate guarantees are extended) improved from 2.92x as on March 31, 2023, to 2.55x as on March 31, 2024, and it is expected to improve to ~1.50x as on March 31, 2025, considering increase in tangible net worth due to equity infusion of ₹252 crore in November 2024, from marquee HNIs. The company has changed its business model, with a growing emphasis on outright sales instead of the asset-heavy gross cost control (GCC) model which will result in lower reliance of debt and lead to improved debt coverage metrics.

Liquidity: Adequate

Liquidity is marked adequate by equity infusion proceeds of ₹252 crore and resultant cash and bank balances of ₹75.47 crore as on February 28, 2025, which is sufficient to service scheduled debt repayments in the medium term. The company's capex and investments in its SPVs (subsidiaries and associates) are expected to be comfortably met through the recent equity infusion proceeds, and planned future equity infusions and internal accruals. The operational SPVs are generating cashflows and able to manage debt repayments through same and new SPVs where the delivery of buses are pending, they have long moratorium of 2-3 years which gives time to start generating cashflows before the debt repayment begins. PMI Electro is expected to generate GCA of ~₹110 crore and ₹310 crore in FY26 and FY27. The company's average fund-based working capital limits utilisation remained high at 80% for the trailing 12 months ended February 2025.

Key weaknesses

Exposed to execution risk

The company's orderbook execution is exposed to timeliness stipulated by its clients primarily STUs and tie up of funding for the operation of buses. Per the orderbook as on February 28, 2025, the company is to deliver 2,845 e-buses over next 1-2 years. The company's ability to timely deliver the buses would be a key rating monitorable. The company has ample capacity to execute its orderbook as on February 28, 2025. The company delivered 1,213 e-buses in FY23 and FY24, and it is expected to deliver 766 e-buses in FY25.

Competitive and fragmented industry

PMI Electro operates in a competitive e-bus industry dominated by few large players having long-established presence in conventional automobile business. Intense competition in the industry limits the pricing abilities of the industry players. Currently, industry players are mainly catering STUs and the competition in this segment is increasing with tender-driven business. Some players operational in the industry are exposed to adverse geo-political issues considering their dependence on Chinese players for continued technology support. Penetration in the E-Bus segment is expected to improve in the medium term as private players and several states start deploying electric buses in public transport owing to favourable government policies and cost advantage against traditional diesel buses.

Exposure to fluctuation in raw material prices

Key raw materials required for auto original equipment manufacturers (OEMs) and electric mobility are steel, iron, aluminium, copper, rubber, glass, lithium, cobalt, nickel and platinum. Prices for these raw material prices are highly volatile and passing on increase in prices entirely to end consumers is challenging, especially in areas where there is intense competition and lower

demand. Thus, margins of OEMs are subject to variations in raw material prices. Although contracts with STUs have escalation clauses, given timelines for delivery of vehicles of 1-2 years, profitability margins are susceptible to raw material price volatility.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Commercial Vehicles](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Agricultural, commercial and construction vehicles	Commercial vehicles

Incorporated in 2017, PMI Electro is an OEM engaged in manufacturing electric buses from its manufacturing unit at Dharuhera, Haryana with a manufacturing capacity of 3,500 buses p.a. PMI Electro is promoted by Satish Kumar Jain, managing director and Anurag Agarwal, vice chairman. PMI Electro procures battery cells from Beiqi Foton Motors Limited, CALB and Eve. It also derives operational synergies from PMI Coaches (owned and operated by common promoter). Promoters of PMI Electro have extensive experience from its established business of manufacturing coaches and body fabrication of buses and commercial vehicles in PMI Coaches Private Limited.

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	11MFY25 (Prov.)
Total operating income	579.61	590.23	505.93
PBILDT	56.65	58.39	40.65
PAT	25.05	21.56	18.96
Overall gearing including LC acceptances (times)	1.09	0.41	0.40
Interest coverage (times)	2.47	1.76	0.90

A: Audited Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31-03-2028	50.00	CARE BBB; Stable
Fund-based - LT-Working Capital Limits	-	-	-	-	67.50	CARE BBB; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	280.00	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working Capital Limits	LT	67.50	CARE BBB; Stable	-	1)CARE BBB-; Stable (03-May-24)	-	-
2	Non-fund-based - ST-BG/LC	ST	280.00	CARE A3+	-	1)CARE A3 (03-May-24)	-	-
3	Fund-based - LT-Term Loan	LT	50.00	CARE BBB; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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