

Hero Electric Vehicles Private Limited

June 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	40.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Long-term / Short-term bank facilities	250.00	CARE D / CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Hero Electric Vehicles Private Limited (HEVPL) to monitor ratings vide e-mail communications dated June 06, 2025, followed up on mails dated March 30, 2025, February 19, 2025, Feb 09, 2025, and January 30, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. Considering the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed ratings based on the best available information, which in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on HEVPL's bank facilities will continue to be denoted as CARE D; ISSUER NOT COOPERATING* due to non-availability of requisite information.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using above ratings.

At the time of last rating review done on March 26, 2024, the following were the rating strengths and weaknesses:

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely servicing of debt obligations for minimum continuous three months.
- Significant equity infusion or favourable resolution of subsidy claims substantially improving the financial risk profile.
- Substantial generation of gross cash accruals (GCA) sufficing operations and/or financial obligations.

Analytical approach: Standalone

Outlook: Not applicable

Detailed description of key rating drivers:

Key weaknesses

Delay in debt servicing

HEVPL has delayed in servicing its debt obligations. CareEdge Ratings has taken cognisance of the same and accordingly has taken the rating action. This also follows the poor liquidity situation prevailing in the company due to continued operating losses and elongated receivable position.

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

Dependence on external borrowings due to sizeable pending FAME subsidy claims

Post debarment from FAME scheme (Faster Adoption and Manufacturing of Electric Vehicles), MHI issued notices to HEVPL for the recovery of amounts wrongly claimed amounting ₹133 crore and barred HEVPL from receiving future payments from the scheme resulting in a build-up of subsidy claims from the government of ~₹516 crore as on April 30, 2023, increased from ₹62 crore as on March 31, 2022, thus impacting the company's already stretched liquidity. In FY23, the promoters infused equity amounting to ₹50 crore as on April 30, 2023. According to the signed term sheet with its existing investors Oaks & GII were to infuse ~₹160 crore by June 2023, of which ₹44.5 crore has been received as on July 31, 2023. There was lower-than-expected infusion of equity which has further stretched HEVPL's already stretched liquidity.

Continued operating Losses

Despite a gross margin of 18%-20%, HEVPL is yet to report operating profit due to the high component costs (50% of raw material cost). According to the latest financial results available, the company's PBILDT losses expanded from ₹27.37 crore in FY22 to ₹124.52 crore in FY23.

Key strengths

Established market position in the e2W industry in India

HEVPL's early-mover advantage, pan-India distribution network, promoter family expertise, and market reputation make it one of India's oldest e2W businesses with a network of 500 dealers and 250 sub-dealers, with 750 touch points, across 25 Indian states. With the current investment, the company's Ludhiana, Punjab, manufacturing facility's 75,000-unit capacity would rise to 200,000 units. HEVPL sold 53,556 units in FY21, 101,204 in FY22, and 90,000 through January 2023; its market share as of March 2023 stood at ~13%.

Liquidity: Poor

With the continued operating losses and its elongated receivable position (FAME subsidy claims), the company's liquidity is poor. This has followed in delaying repayment of its debt obligations as well. HEVPL's free cash and cash equivalents stood at ~₹3.9 crore as on July 31, 2023 (total cash and cash equivalents was ₹21.1 crore), while repayments due in FY24 are ~₹56 crore for term debt.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Automobiles	2/3 wheelers

HEVPL is a part of the Hero Eco group (comprising HEVPL, Hero Exports [rated 'CARE BBB+; Stable/CARE A2']), and Hero Ecotech Ltd (rated 'CARE BBB+; Stable/CARE A2'), held by Vijay Munjal, Naveen Munjal, and Gaurav Munjal. The company began developing EVs over a decade ago and rolled out its first electric scooter in India in 2007. Its target market is the low

and city-speed segments. It has over 300 employees in India and a manufacturing unit in Ludhiana, with an installed capacity of 70,000 units per annum.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	841.42	982.73
PBILDT	-27.37	-124.52
PAT	-29.96	-116.61
Overall gearing (times)	0.80	1.67
Interest coverage (times)	-1.63	-2.82

A: Audited

Status of non-cooperation with previous CRA: CRISIL has put the rating assigned to bank facilities of HEVPL under Issuer Not Cooperating category vide press release dated November 07, 2024, considering its inability to carry out a review in the absence of the requisite information from the company.

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		-	-	31/03/2025	40.00	CARE D; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	50.00	CARE D / CARE D; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	150.00	CARE D / CARE D; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	50.00	CARE D / CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2025-2026	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
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	50.00	CARE D / CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING * (26-Mar-24) 2)CARE D / CARE D (16-Aug-23) 3)CARE BB; Negative / CARE A4 (11-May-23) 4)CARE BB+ / CARE A4+ (RWN) (07-Apr-23)	1)CARE BB+ / CARE A4+ (RWN) (27-Dec-22) 2)CARE BB+ / CARE A4+ (CW with Negative Implications) (15-Nov-22) 3)CARE BBB / CARE A3+ (CW with Negative Implications) (12-Oct-22) 4)CARE BBB; Stable / CARE A3+ (30-Aug-22)
2	Fund-based - LT-Term Loan	LT	40.00	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING * (26-Mar-24) 2)CARE D (16-Aug-23) 3)CARE BB; Negative (11-May-23) 4)CARE BB+ (RWN)	1)CARE BB+ (RWN) (27-Dec-22) 2)CARE BB+ (CW with Negative Implications) (15-Nov-22)

							(07-Apr-23)	3)CARE BBB (CW with Negative Implications) (12-Oct-22) 4)CARE BBB; Stable (30-Aug-22)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	50.00	CARE D / CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING * (26-Mar-24) 2)CARE D / CARE D (16-Aug-23) 3)CARE BB; Negative / CARE A4 (11-May-23) 4)CARE BB+ / CARE A4+ (RWN) (07-Apr-23)	1)CARE BB+ / CARE A4+ (RWN) (27-Dec-22) 2)CARE BB+ / CARE A4+ (CW with Negative Implications) (15-Nov-22) 3)CARE BBB / CARE A3+ (CW with Negative Implications) (12-Oct-22) 4)CARE BBB; Stable / CARE A3+ (30-Aug-22)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	150.00	CARE D / CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING * (26-Mar-24) 2)CARE D / CARE D (16-Aug-23) 3)CARE BB; Negative / CARE A4	1)CARE BB+ / CARE A4+ (RWN) (27-Dec-22) 2)CARE BB+ / CARE A4+ (CW with Negative Implications)

							(11-May-23) 4)CARE BB+ / CARE A4+ (RWN) (07-Apr-23)	(15-Nov-22) 3)CARE BBB / CARE A3+ (CW with Negative Implication s) (12-Oct-22) 4)CARE BBB; Stable / CARE A3+ (30-Aug-22)
5	Commercial Paper- Commercial Paper (Standalone)	ST	-	-	-	-	1)Withdrawn (07-Apr-23)	1)CARE A4+ (RWN) (27-Dec-22) 2)CARE A4+ (CW with Negative Implication s) (15-Nov-22) 3)CARE A3+ (CW with Negative Implication s) (12-Oct-22) 4)CARE A3+ (30-Aug-22)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/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	LT/ST Fund-based/Non-fund-based- CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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