June 30, 2025

Transvolt ETS ONE Private Limited: [ICRA]BBB+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	55.80	[ICRA]BBB+ (Stable); assigned
Total	**55.80**	

**Instrument details are provided in Annexure I*

Rationale

The rating assigned to Transvolt ETS ONE Private Limited (TEOPL) takes into consideration the strength of its concession agreement with a strong and reputed counterparty. TEOPL has been set up as a 100% subsidiary of Transvolt Mobility Private Limited (TMPL) to procure, operate and maintain electric buses for providing employee transportation services to various clients, TEOPL has entered into a service agreement to procure, operate and maintain 63 electric buses (e-buses, comprising 41 nine-metre AC buses and 22 twelve-metre AC buses) for employee transportation services to VE Commercial Vehicles Limited (VECV—a joint venture between AB Volvo and Eicher Motors Limited, rated [ICRA]AA+ (Stable)/A1+), resulting in low counterparty risks. The company's business model is characterised by high revenue visibility, given the nature of the agreement, wherein it will be paid a fixed rate for a minimum assured distance of 160 km/bus/day (for nine-metre AC buses) and 109 km/bus/day (for twelve-metre AC buses), subject to the assured bus availability, for a period of 12 years. The collection risks are further mitigated by the presence of an escrow mechanism. The total cost for the deployment of 63 e-buses is being funded partly via debt of Rs. 55.78 crore (with financial closure having been achieved) and balance through equity (largely in the form of optionally convertible debentures or OCDs) from TMPL. TEOPL had deployed 53 e-buses as on April 30, 2025, and the balance is expected to be deployed by end-June 2025. The company's ability to operate the e-buses as per the desired parameters remains critical.

The project's success heavily relies on the original equipment manufacturer (OEM); however, since the counterparty and the OEM are the same in this agreement, the risk is mitigated to an extent. Furthermore, TEOPL has also entered into back-to-back agreements with VECV for the annual maintenance contract (AMC), although battery replacement cost is under the purview of TEOPL. However, ICRA notes the limited track record of e-bus operations of the OEM (VECV) in India, though global presence of Volvo and Eicher adds comfort. The operations also remain exposed to supply chain risks, as any adverse developments related to imports of critical components by OEM (in case of replacements or breakdowns) could impact operations.

TEOPL is part of the Transvolt Group, a recent entrant into the e-mobility space in India, having commenced operations in CY2023. TMPL, the holding company of the Group, currently has two operational SPVs operating in the business-to-government (B2G) segment under the gross cost contract (GCC) model, and another SPV that which recently commenced the part operations under the GCC route. Additionally, it has two business-to-business (B2B) projects under implementation, including TEOPL. The Group has limited track record in the e-mobility segment in India as it started its operations from December 2023 onwards though a strong operational and maintenance team with experience in the mobility segment in their earlier roles adds certain comfort. Any underperformance of the e-buses from the planned or targeted specifications has the potential to impact the viability of the SPVs/subsidiaries and necessitate enhanced funding requirements. TMPL has, so far, largely relied on funds mobilised through promoters, their friends/high-net-worth individuals to support the funding requirements of the SPVs/subsidiaries, in addition to debt drawdown. It has recently entered into a collaboration agreement with the International Finance Corporation (IFC) for an aggregate infusion of up to $150 million to support its future expansion plans. Of this, $20 million is expected to be infused in due course (post completion of documentation). ICRA expects TMPL to provide need-based funding support to TEOPL.

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The Stable outlook on the rating reflects ICRA's opinion that TEOPL is likely to benefit from the assured revenues, supported by the long-term agreement with the counterparty.

Key rating drivers and their description

Credit strengths

Strong and reputed counterparty– TEOPL has been set up as a 100% subsidiary of Transvolt Mobility Private Limited (TMPL) to procure, operate and maintain 63 electric buses (e-buses, comprising 41 nine-metre AC buses and 22 twelve-metre AC buses) for employee transportation services to VE Commercial Vehicles Limited (VECV—a joint venture between AB Volvo and Eicher Motors Limited, rated [ICRA]AA+ (Stable)/A1+), resulting in low counterparty risks.

High revenue visibility– Given the nature of the agreement, TEOPL will be paid a fixed rate for a minimum annual assured distance of 51,840 km per nine-metre AC bus and 27,468 km per twelve-metre AC bus, subject to the assured bus availability. Accordingly, the company will not bear the traffic risk on the routes and only needs to ensure the availability of buses as per the deployment plan. This arrangement thus translates into an annuity model of revenues for TEOPL over the concession period, leading to high revenue visibility. The availability of spare buses is likely to aid TEOPL in ensuring the required fleet availability and maintaining a stable revenue profile.

Funding support from TMPL – Being a 100% subsidiary of TMPL, ICRA expects TMPL to provide need-based funding support to TEOPL. TMPL has, so far, largely relied on funds mobilised through promoters, their friends/high-net-worth individuals to support the funding requirements of the SPVs/subsidiaries. It has recently entered into a collaboration agreement with IFC for a fund infusion of up to $150 million to support future expansion plans. Of this, $20 million is expected to be infused in due course (post completion of documentation).

Credit challenges

Recent entrant in the e-mobility space – Transvolt Group is a recent entrant into the e-mobility space in India, having commenced operations in CY2023, and hence, its track record remains limited at present. The Group does not have any proven track record in the e-mobility segment in India, though has a strong operational and maintenance team with experience in the mobility segment in their earlier roles provides certain comfort. Though there is back to back support from OEM , any ,any underperformance of the e-bus or its battery compared to the planned or targeted specifications has the potential to impact the viability of the SPVs/subsidiaries and necessitate enhanced funding requirements.

Limited track record of operations of OEM in e-bus segment – The project's success heavily relies on the original equipment manufacturer (OEM); however, since the counterparty and the OEM are the same in this agreement, the risk is limited to an extent. Furthermore, TEOPL has also entered into back-to-back agreements with VECV for the annual maintenance contract (AMC), although battery replacement is under the purview of TEOPL. However, ICRA notes the limited track record of e-bus operations of the OEM (VECV) in India. The operations also remain exposed to supply chain risks, as any adverse developments related to imports of critical components by OEM (in case of replacements or breakdowns) could impact operations.

Exposure to operational risks – TEOPL had deployed 53 of the 63 e-buses as on April 30, 2025, with the balance expected to be deployed by end-June 2025. The company's ability to operate the e-buses as per the estimated parameters and, thus, meet profitability expectations remains a key monitorable.

Liquidity position: Adequate

The liquidity position of TEOPL is expected to remain adequate. The project cost is being funded through debt of Rs. 55.78 crore and balance as OCDs/ equity of Rs. 4.64 crore from TMPL. Financial closure has been achieved, and 80% of the debt has been drawn down, while 100% of the OCD and equity amount has been brought in. The tenor of the term loan is 10 years, with repayments commencing from June 2025. Till June 25, 2025, entire the project cost had been incurred towards bus deployment. The company has annual debt repayments of Rs. 1.68 crore and Rs. 2.80 crore in FY2026 and FY2027, respectively. These are expected to be funded through the anticipated cash flow generation by TEOPL. ICRA also expects TMPL to provide need-based funding support to TEOPL.

Rating sensitivities

Positive factors – The rating could be upgraded on demonstration of an adequate track record of operations as per the estimated parameters and profitability expectations.

Negative factors – Pressure on the rating could arise, in case the project profitability remains weaker than anticipated leading to pressure on liquidity position on sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in September 2023 as a wholly owned subsidiary of Transvolt Mobility Private Limited (TMPL), TEOPL has been set up to procure, operate and maintain 63 AC electric buses for transportation services for employees of VE Commercial Vehicles Limited (Volvo-Eicher). The contract is valid for a period of 12 years.

Key financial indicators (audited): Not applicable being a project phase entity

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	June 30, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	55.80	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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**	November-2024	10.4%	June,2035	55.80	[ICRA]BBB+ (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

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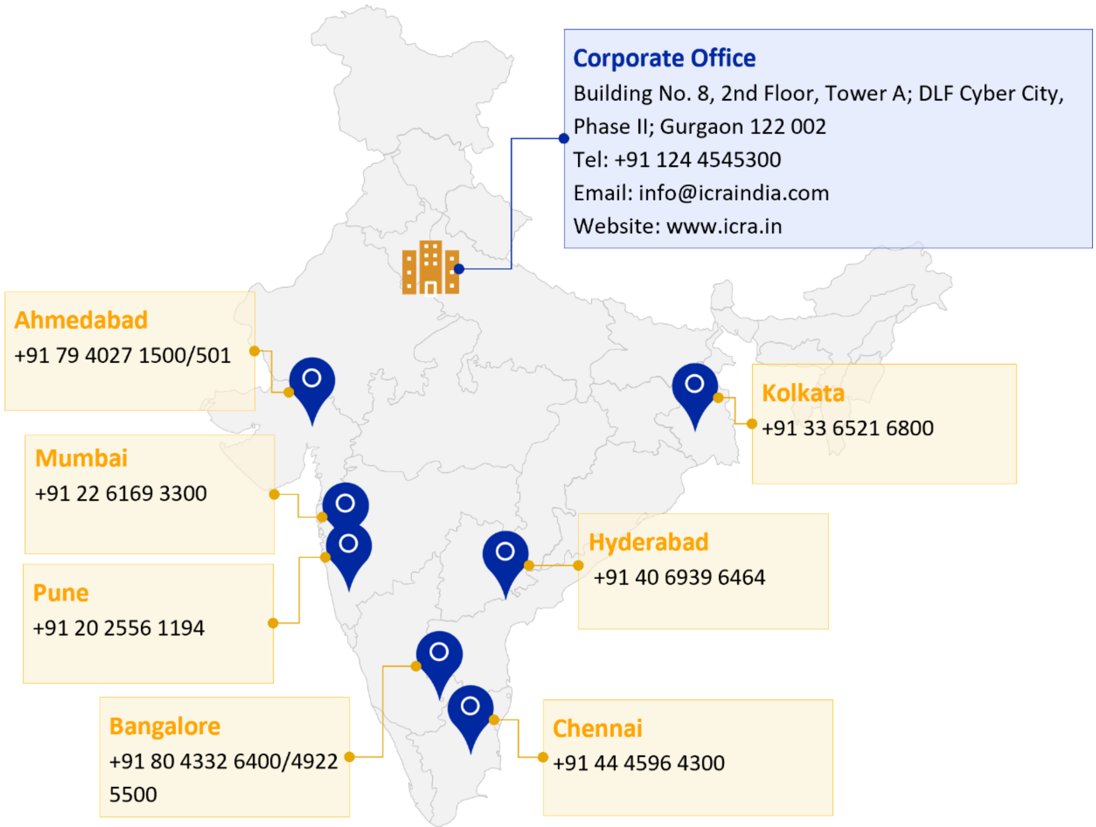

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