

March 30, 2026

Tirthankar City Bus Operations Private Limited: Long-term rating reaffirmed; Short-term rating reaffirmed and withdrawn

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Long-term – Fund based - Term loan | 67.92 | 86.21 | [ICRA]A(Stable); reaffirmed |
| Short term – Fund based limits | 15.00 | - | [ICRA]A2+; reaffirmed and withdrawn |
| Long term – Non fund based limits | 80.85 | 47.61 | [ICRA]A(Stable); reaffirmed |
| Total | 163.77 | 133.82 | |

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Tirthankar City Bus Operations Private Limited (TCBOPL) factors in the steady operational track record of the project till date, following the successful delivery of all 175 buses to Kanpur City Transport Services Ltd. (the authority). The ratings continue to be supported by TCBOPL's strong parentage, with the majority economic interest held by GreenCell Mobility Private Limited (GMPL; rated [ICRA]A+(Stable)/[ICRA]A1). GMPL's credit profile benefits from superior financial flexibility, supported by its robust sponsors and substantial capital commitments. The National Investment and Infrastructure Fund Limited (NIIF), India's first sovereign wealth fund, and the UK Government's Foreign, Commonwealth and Development Office (FCDO) are anchor investors in the project through the Green Growth Equity Fund (GGEF).

The special purpose vehicle (SPV) reported net revenues of Rs. 67.2 crore in FY2025 and Rs. 50.4 crore in 9M FY2026, with an OPBITDA of Rs. 23.4 crore in FY2025 and Rs. 25.9 crore in 9M FY2026. ICRA notes that the SPV's operational performance during the past 12-15 months has remained impacted due to ongoing replacement of lithium monoxide (LMO) batteries with Lithium iron phosphate (LFP) batteries across the entire fleet, which has disrupted overall functioning and impacted bus availability; the lower-than-expected performance has also resulted in penalties being imposed by the authorities. Despite the weakness in performance, the SPV's DSCR (on external debt after provisioning for the Major Maintenance Reserve Account, or MMRA) moderated to 1.4 times in 9M FY2026; even as the operating performance is expected to improve going forward, higher debt obligations are likely to keep the DSCR at similar levels. The SPV's typical debtor cycle remains at around 120 days (approximately four months).

The ratings continue to reflect the favourable impact of the project's lower cost, supported by subsidies under the FAME¹ scheme, along with the long tenure of project debt and competitive interest rates. ICRA notes that the SPV took a top up loan of Rs. 33 crore in FY2026, with the funds received being used to reduce debt availed from the holding company. Despite an increase in debt repayments on account of the top-up, the SPV is expected to help maintain comfortable debt coverage metrics over the repayment period, with the DSCR on external debt (after provisioning for the Major Maintenance Reserve Account, or MMRA) projected to range between 1.3 and 1.5 times over the medium term, which is above the lender-prescribed covenants.

A strong sponsor and a shortfall undertaking from GMPL to the lender are credit positives and are likely to ensure timely availability of funds to meet any incidental financial requirements of the project. Even during delivery delays of bus parts (mainly batteries) due to Covid-19 pandemic-induced lockdowns in China, GMPL infused incremental funding (in the form of

¹ Faster Adoption and Manufacturing of Electric Vehicles

non-convertible debentures) to expedite procurement of buses, pending release of the FAME subsidy, ensuring its commitment to the project.

ICRA notes that TCBOPL received entire portion of its pending subsidy in FY2026 which were upstreamed to the holding company leading to reduction promoter debt, thereby reducing the overall debt on the books of the SPV and providing liquidity cushion to the parent.

Further, the rating takes comfort from the revenue visibility of TCBOPL, as the 10-year concession agreement (CA) with the authority essentially translates into an annuity-based revenue model under which the SPV (viz., TCBOPL) will be paid a fixed rate for a minimum assured distance of 173 km/bus/day, subject to assured fleet availability. ICRA also draws comfort from the agreements with the Original Equipment Manufacturer (OEM), viz., PMI Electro Mobility Solutions Private Limited (PEMPSL), for after-sale maintenance. Further, the operational risks are largely mitigated, as annual maintenance and operator costs are largely stable, given the fixed-price contracts with the OEM and operator, along with back-to-back arrangements to pass on any incremental costs or penalties in case of bus non-availability.

ICRA notes that the capex requirements for TCBOPL remain largely limited to the major maintenance expenditure (expected over FY2026-FY2028). The SPV has provisioned for MMRA annually, and ICRA expects the SPV to allocate cash accruals to adequately fund this expenditure in due course.

The project remains susceptible to counterparty risks, given the nature of intra-city operations, wherein ticket collections are usually much lower than the revenue payable to the operator. The risks are mitigated to some extent by the escrow mechanism, wherein the authority is obligated to deposit the revenues from ticket collections while maintaining three months of revenue payable as a payment reserve. ICRA notes that deposits into this escrow account have been irregular and not maintained consistently. Nevertheless, comfort is drawn from the presence of undrawn working capital facilities, which could be utilised in case of material delays. The authority has also provided a revolving LC equivalent to another three months of revenue payables. Additionally, the presence of the Uttar Pradesh Government (through the Directorate of Urban Transport, Department of Urban Development) as a party to the CA, and the creation of a corpus through imposition of a 2% cess on property transactions, 25% of which is earmarked for urban transportation, provides comfort on the authority's ability and willingness to honour its obligations.

The Stable outlook on the long-term rating reflects ICRA's view that the SPV's cash flows are expected to remain steady, supported by consistent operational performance and a long-term agreement with the authority. GMPL, one of the parent entities, is expected to support the project if any interim funding is required.

ICRA has reaffirmed and withdrawn the rating for the Rs. 15.00 crore short term bank lines as there is no amount outstanding against the rated instrument. The rating was withdrawn as per ICRA's policy on the withdrawal of credit ratings

Key rating drivers and their description

Credit strengths

Strong parentage as the majority economic interest lies with GMPL, where sovereign funds are anchor investors – GMPL (which has a 49% equity stake and a 74% economic interest in TCBOPL) is the flagship platform of GGEF, a SEBI-registered Category II Alternate Investment Fund (AIF). GGEF's anchor investors are NIIF, backed by the Government of India, and the FCDO (formerly the Department for International Development), Government of the UK. The commitment from various investors in GGEF stands at \$741 million, which was the target fund size at inception. The other key SPV partner, PEMPSL, is the OEM responsible for procuring, operating, and maintaining the buses during the tenure of the contract. The promoters of PEMPSL have over 30 years of experience as major bus coach manufacturers in India. The presence of a strong sponsor and shortfall undertakings from both promoter entities to the lender are likely to ensure timely availability of funds to meet any requirements.

High revenue visibility, even as receipts from ticket collections for intracity operations are likely to remain inadequate – As per the terms of the bus operator agreement, the authority will pay the SPV a fixed rate for a minimum assured

distance of 63,000 km/bus annually, subject to bus availability. Accordingly, the SPV does not bear the traffic risk on the routes 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. The availability of spare buses is likely to aid the company in ensuring the required fleet and maintaining a stable revenue profile. However, the clause related to unutilised kilometres, which would be paid at 75% of the applicable rate, brings in some element of variability. Also, intracity bus operations, in general, are subsidised and can recover only 30-50% of the revenue payable (to the SPV) from their ticket collections. As such, dependence on timely Government grants/support to authorities for funding the gap remains critical.

Government focus on promoting e-mobility through capital subsidy supports project returns – The Government of India is focussing considerably on promoting electric vehicles (EVs) as a cleaner and sustainable form of transportation, with keen attention on the commercial segments. To support faster adoption of EVs in India, the Government has introduced various schemes such as FAME and Smart Cities, offering upfront subsidies (to reduce capital costs), exemptions or reductions on road tax, registration tax, and subsidised electricity tariffs, etc. The tender to operate e-buses in Uttar Pradesh is a part of the FAME II scheme, wherein the OEM is eligible for a subsidy of Rs. 45 lakh per bus (~53% of bus cost). As on date, entire subsidy for TCBOPL has been received; the same has supported the overall return metrics for the SPV.

Credit challenges

Counterparty risks owing to likely receivable build-up; mitigated to an extent by the escrow mechanism in place – While counterparty risk for such projects remains elevated because of low ticketing revenue (compared to the amount payable under the contract), the presence of an escrow mechanism—wherein the authority is expected to deposit and maintain three months of revenue payable upfront as a payment reserve—, reduces the risk to an extent. The authority has also provided a revolving LC equivalent to another three months of revenue payables in favour of the SPV. Additionally, the corpus created by the Uttar Pradesh Government through the 2% property cess, of which 25% is earmarked for urban transport, supports the authority's ability to meet its obligations. Finally, routing all transactions, including ticket collections, through the escrow account reduces the risk of revenue leakages.

Limited track record of OEM's operations in e-bus segment – The OEM, PEMPSL, has supplied more than 2,500 e-buses over the past 5-6 years in India. Given its limited track record of e-bus operations, OEM's ability to supply and maintain these buses as per the specifications of the Bus Operator Agreement remains critical. Any underperformance vis-à-vis the agreed specifications, especially which impacts the availability and reliability of the buses, has the potential to affect the project viability and, hence, would be a key monitorable. ICRA notes that the project has been able to largely meet the specifications as per the concessionaire agreement since the commencement of operations. Back-to-back arrangements with the OEM to pass on any penalties that could arise from the unavailability of buses, mitigate the risks to some extent.

Liquidity position: Adequate

TCBOPL's liquidity position is **adequate** supported by expectation of adequate operational surplus and undrawn working capital lines. The SPV has debt repayment obligations (towards external debt) of Rs. 15.0 crore in FY2026. Moreover, backing of a strong promoter renders the SPV with ample financial flexibility to raise/refinance debt from financial institutions.

Rating sensitivities

Positive factors – An improvement in the credit profile of the parent entity would be favourably considered for a rating upgrade. A sustained operational performance coupled with timely receipt of receivables from the counterparty, helping the SPV build up adequate liquidity to mitigate the exposure to counterparty risk, could also be favourably considered for an upgrade.

Negative factors – Pressure on the rating could arise if there are any major build up in receivables, increasing reliance on external borrowings, and thereby weakening the credit metrics. Specific credit metrics that could lead to ratings downgrade

include DSCR on external debt (post provision for MMRA) below 1.2 times, on a sustained basis. Any material changes in the sponsor profile or change in philosophy of support from the sponsor could also trigger a downward revision in the ratings.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings |
| Parent/Group support | The ratings factor in the very high likelihood of its parent entity, GCM (rated [ICRA]A+ (Stable)/[ICRA]A1)), extending financial support to it because of the close business linkages between them. ICRA also expects GCM to be willing to extend financial support to TCBOPL out of its need to protect its reputation from the consequences of a Group entity's distress |
| Consolidation/Standalone | Standalone |

About the company

Tirthankar City Bus Operations Private Limited is an SPV, which has been set up to procure, operate and maintain 175, nine-metre-long, fully built, AC electric buses for intra-city public transportation in Kanpur, Jhansi and Prayagraj. The SPV was set up by a consortium headed by PMI Electro Mobility Solutions Private Limited, which was the successful bidder for the projects. Subsequently, Grencell Mobility Private Limited was roped in as a strategic investor, which holds a 49% stake while the remaining is held by the PEMPSL consortium. As per the terms of the concession agreement and with the authority's approval, GMPL plans to increase its stake in the SPV to 74% after three years from the COD. The SPV will be operating the buses for 10 years on Gross Cost Contract (GCC) basis, under the FAME II scheme by the Government of India.

Key financial indicators (Audited)

| TCBOPL; Standalone | FY2024 | FY2025 |
|--|--------|--------|
| Operating income | 77.3 | 67.2 |
| PAT | 12.7 | 0.8 |
| OPBDIT/OI | 54.1% | 34.8% |
| PAT/OI | 16.4% | 1.3% |
| Total outside liabilities/Tangible net worth (times) | 3.9 | 3.7 |
| Total debt/OPBDIT (times) | 2.5 | 4.2 |
| Interest coverage (times) | 3.2 | 2.1 |

Source: Company's annual reports, 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

| Instrument | Current rating (FY2026) | | | | Chronology of rating history for the past 3 years | | | | | |
|-----------------------|-------------------------|--------------------------|--------------|----------------------|---|------------------|--------------|------------------|--------------|-------------------|
| | Type | Amount Rated (Rs. crore) | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Term loan | Long-term | 86.21 | Mar 30, 2026 | [ICRA]A (Stable) | Dec 17, 2024 | [ICRA]A (Stable) | Sep 29, 2023 | [ICRA]A (Stable) | Nov 30, 2022 | [ICRA]A- (Stable) |
| Term loan | Short term | - | - | - | - | - | Sep 29, 2023 | [ICRA]A2+ | Nov 30, 2022 | [ICRA]A2+ |
| Fund based limits | Short term | 15.00 | Mar 30, 2026 | [ICRA]A2+; withdrawn | Dec 17, 2024 | [ICRA]A2+ | Sep 29, 2023 | [ICRA]A2+ | Nov 30, 2022 | [ICRA]A2+ |
| Non fund based limits | Long term | 47.61 | Mar 30, 2026 | [ICRA]A (Stable) | Dec 17, 2024 | [ICRA]A (Stable) | Sep 29, 2023 | [ICRA]A (Stable) | Nov 30, 2022 | [ICRA]A- (Stable) |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|-------------------------------------|----------------------|
| Long term – Fund based – Term loans | 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 | FY2023 | NA | FY2031 | 86.21 | [ICRA]A(Stable) |
| NA | Fund based limits | NA | NA | NA | 15.00 | [ICRA]A2+; withdrawn |
| NA | Non fund based limits | NA | NA | NA | 47.61 | [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

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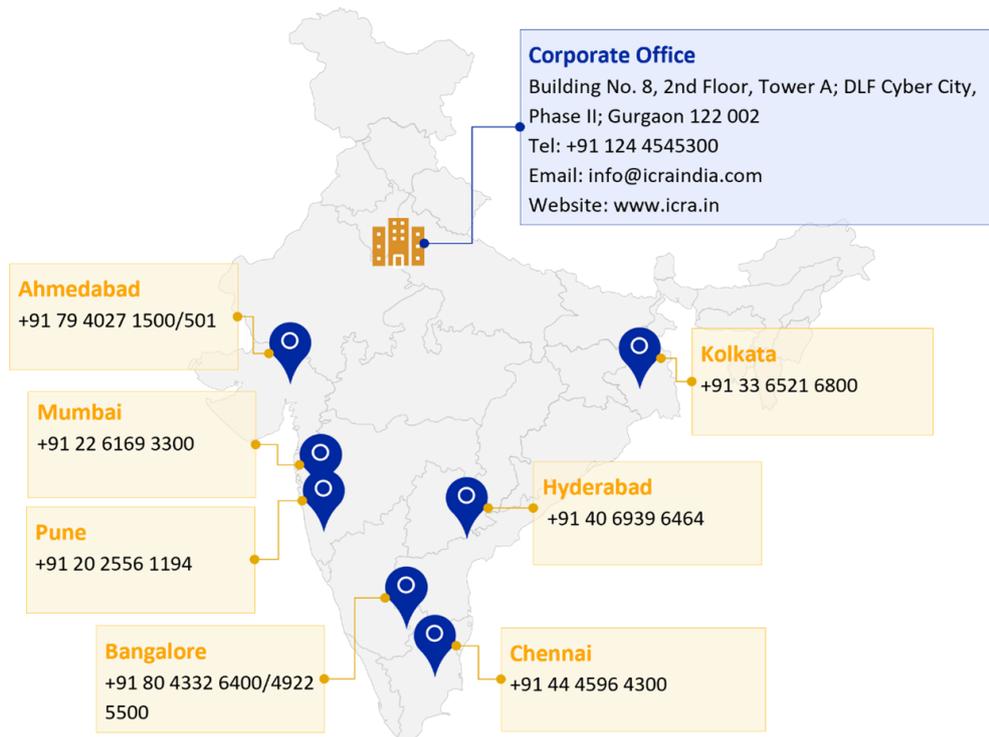


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