July 30, 2026

Transvolt ETS ONE Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-Term – Fund Based - Term Loan	55.80	55.80	[ICRA]BBB+ (Stable); reaffirmed	RBI
Total	**55.80**	**55.80**		

**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.

Rationale

The reaffirmation of the rating of Transvolt ETS ONE Private Limited (TEOPL) factors in the full commissioning of its employee transportation project comprising deployment and operations of 63 electric buses (e-buses) for VE Commercial Vehicles Limited (VECV, a joint venture between AB Volvo and Eicher Motors Limited, rated [ICRA]AA+ (Stable), [ICRA]A1+) and the expected stabilisation of operating parameters in the current fiscal, even as the previous fiscal was marked by challenges that have since been addressed. The full deployment of 63 e-buses happened in July 2025 vis-à-vis the previously envisaged timeline of June 2025. Notwithstanding the subdued performance in FY2026 vis-à-vis expectations, ICRA draws strong comfort from the improved financial flexibility of the Transvolt Group, arising from the formalised collaboration agreement with International Finance Corporation (IFC) along with other investors for fund infusion of up to $150 million in the next 4-5 years. Out of the same, TEOPL's parent company, Transvolt Mobility Private Limited (TMPL), has already received equity infusion of $17.5 million ($10 million from IFC and $7.5 million from Finnfund) in December 2025 and is expected to receive an additional $17.5 million shortly. ICRA also notes the board representation and management involvement of IFC in TMPL, which lends further strength to the credit profile of the underlying investee entities, including TEOPL.

The project was commissioned within the envisaged cost of Rs. 72.71 crore, with the commercial operation date (COD) achieved in July 2025. The total project cost has been funded through term debt of Rs. 61.80 crore (which has been refinanced recently at a lower borrowing cost), along with the infusion of Rs. 6.27 crore from the holding company (TMPL) in the form of optionally convertible debentures, and Rs. 4.64 crore as equity capital.

The company's FY2026 performance was subdued vis-à-vis initial estimates owing to the phased deployment of buses and elevated operating costs during the stabilisation period. However, since then, the company has been addressing the same as evident in its improved operating metrics in Q1 FY2027, resulting in an improvement in its operating profit margin (OPM) to 42% vis-à-vis 23% in FY2026 (provisional). The sustainability of the improved profitability levels remains a key monitorable.

The rating continues to consider the strength of the concession agreement with a strong and reputed counterparty, VECV. The 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 subject to the assured bus availability, for 12 years. The assured minimum distance under the model provides revenue visibility. Further, there is a scope for additional revenue generation if the buses run longer distances. A demonstrated track record of timely receipt of payments from VECV significantly mitigates the receivables risk. The company has also deployed three e-buses for another private party (Pebbles Infra-Tech Pvt Ltd at Aeromall (Pune)), for which capex of around Rs. 3 crore has been incurred (funded entirely by equity), and a fixed monthly fee would be received for seven years.

While the performance of the project relies on the original equipment manufacturer (OEM) of the e-buses, over the longer run, this dependence is significantly mitigated by the fact that the counterparty and the OEM are the same in case of the VECV project. Furthermore, TEOPL has entered into back-to-back agreements with VECV for the annual maintenance contract (AMC), with battery replacement remaining within TEOPL's purview. ICRA notes the key OEM's (VECV) limited track record of e-bus operations in India, though the global presence of Volvo and Eicher adds comfort. As with any e-bus operator, there are supply-chain and geopolitical risks, to an extent, associated with import of critical spare parts by the OEM (in case of replacements or breakdowns), which could impact operations. However, ICRA notes that for the VECV project, VECV is contractually required to provide spare parts to ensure availability of buses.

TEOPL is a part of the Transvolt Group, which is into the e-mobility space in India, having commenced operations in CY2023. The Group has seen a steady inflow of e-bus project awards across both business-to-government (B2G) and business-to-business (B2B) segments, including large Government contracts secured by the Group in the recent past. TMPL currently has three operational SPVs operating in the B2G segment under the gross cost contract (GCC) model. Additionally, it has two B2B projects in TEOPL and a few e-truck projects with private parties under another SPV. While the Group is a relatively new entrant to the e-mobility segment, a strong operational and management team, supported by their prior work experience, render comfort. At the same time, the financial backing from marquee investors like IFC and Finnfund support the financial risk profile and governance credentials. Any material underperformance of e-buses against targeted specifications has the potential to impact the viability of the SPVs/subsidiaries and may necessitate enhanced funding requirement. However, ICRA expects the group (being funded by investors like IFC and Finnfund) to timely bridge any cash flow mismatches.

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 customers with assured minimum distance run per bus and low receivable risks.

Key rating drivers and their description

Credit strengths

Strong and reputed counterparty – TEOPL has been set up as a 100% subsidiary of TMPL to procure, operate and maintain e-buses for private parties. At present it has two contracts under it with 63 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)/[ICRA]A1+) and three e-buses for another private party (Pebbles Infra-Tech Pvt Ltd) at Aeromall (Pune)), resulting in low counterparty risks.

Assured minimum distance and long-term service contracts strengthen revenue visibility and mitigate demand risk – 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 in case of VECV project. 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. In case of the Aeromall project, a fixed amount is paid for three e-buses.

Financial flexibility for being a part of the Transvolt Group, which has received commitment of long-term investments from IFC – TEOPL benefits from the financial flexibility derived from its parent, Transvolt Mobility Private Limited (TMPL), and its strategic access to long-term capital from reputed external investors. As a wholly-owned subsidiary of TMPL, TEOPL is expected to receive need-based financial support from its parent. Historically, TMPL has relied on funding from promoters and high-net-worth individuals to meet the capital requirements of its SPVs and subsidiaries. However, with TMPL's collaboration with IFC and Finnfund for equity investments of up to $150 million to support its expansion plans further strengthens the financial flexibility of the group. Under the first tranche of $35 million, TMPL has already received $17.5 million, comprising $10 million from IFC and $7.5 million from Finnfund, while the balance amount of the first tranche is expected to be infused in the near term. The long-term capital support from reputed institutional investors enhances the group's financial flexibility and is expected to support the funding requirements and growth plans of TEOPL and other group entities over the medium term.

Credit challenges

. Recent entrant in the e-mobility space – The Transvolt Group is a relatively recent entrant in the e-mobility space in India, having commenced operations in CY2023, and hence, its track record remains limited at present. However, it has a strong operational and management team, supported by their prior work experience, which renders comfort. TEOPL commenced operations from July 2025 and the company's performance in FY2026 remained subdued due to the phased deployment of buses and elevated start-up operating costs during the stabilisation phase. Following the completion of deployment, TEOPL reported stable revenue generation in Q1 FY2027 along with improved operating profitability. Nevertheless, the sustainability of the improved profitability and the company's ability to keep operational costs under control would remain important from a credit perspective. Any material underperformance of e-buses against targeted specifications has the potential to impact the viability of the SPVs/subsidiaries and may necessitate enhanced funding requirement. However, ICRA expects the group (being funded by investors like IFC and Finnfund) to address any such cash flow mismatches in a timely manner.

Limited track record of operations of the OEM in e-bus segment – The project's success heavily relies on the OEM. As the counterparty and the OEM are the same in this agreement, the risk is limited to an extent. Besides, TEOPL has entered into back-to-back agreements with VECV (OEM-cum-counterparty for the project) for annual maintenance, 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 adverse developments related to imports of critical components by OEM (in case of replacements or breakdowns) could impact operations. While the same is mitigated to some extent as for the VECV project, VECV itself is the OEM and is contractually required to provide spare parts to ensure availability of buses.

Exposure to operational risks – TEOPL has fully deployed the e-buses. However, the company's ability to operate e-buses in line with the estimated parameters and, thus, sustain healthy profitability remains a key monitorable

Liquidity position: Adequate

The liquidity position is likely to remain Adequate, supported by improving cost structure with stabilisation of operations and cost rationalisation initiatives. The company's debt repayment obligation is likely to remain in the range of Rs. 3-4 crore annually till FY2029. The same is likely to be comfortably met, given its improving cash flow from operations and moderate level of free cash balance available (Rs. 2.7 crore as on March 31, 2026). The encumbered cash declined by Rs. 1.67 crore due to reduction in DSRA requirement from two quarters to one quarter. The liquidity of the Group is expected to remain healthy, with availability of adequate funds for any incidental funding requirement of TEOPL or any new projects undertaken, aided by committed long-term fund infusion by external investors, providing sufficient financial flexibility to TEOPL.

Rating sensitivities

Positive factors – The rating could be upgraded if the company is able to demonstrate a sustained improvement in the cost structure of the e-bus operations, in turn, strengthening the earnings, liquidity and debt coverage metrics.

Negative factors – Pressure on the rating could arise, in case the project earnings remain weaker than anticipated due to higher-than-expected operational costs or reduced vehicle availability, leading to pressure on the company's credit metrics on a 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 12 years. It is also operating three e-buses at Pune airport (Aeromall) for seven years.

Key financial indicators (audited)

TEOPL (standalone)	FY2026*	Q1 FY2027*
Operating income (OI)	21.4	5.2
PAT	-0.9	-0.2
OPBDIT/OI	23%	42%
PAT/OI	-4%	-4%
Total outside liabilities/Tangible net worth (times)	-	-
Total debt/OPBDIT (times)	14.1	-
Interest coverage (times)	3.9	1.6

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	55.80	July 30, 2026	**[ICRA]BBB+ (Stable)**	June 30, 2025	**[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	Financial Sector Regulator#
NA	**Term loans**	October 2025	-	September 2035	55.80	[ICRA]BBB+ (Stable)	RBI

Source: Company

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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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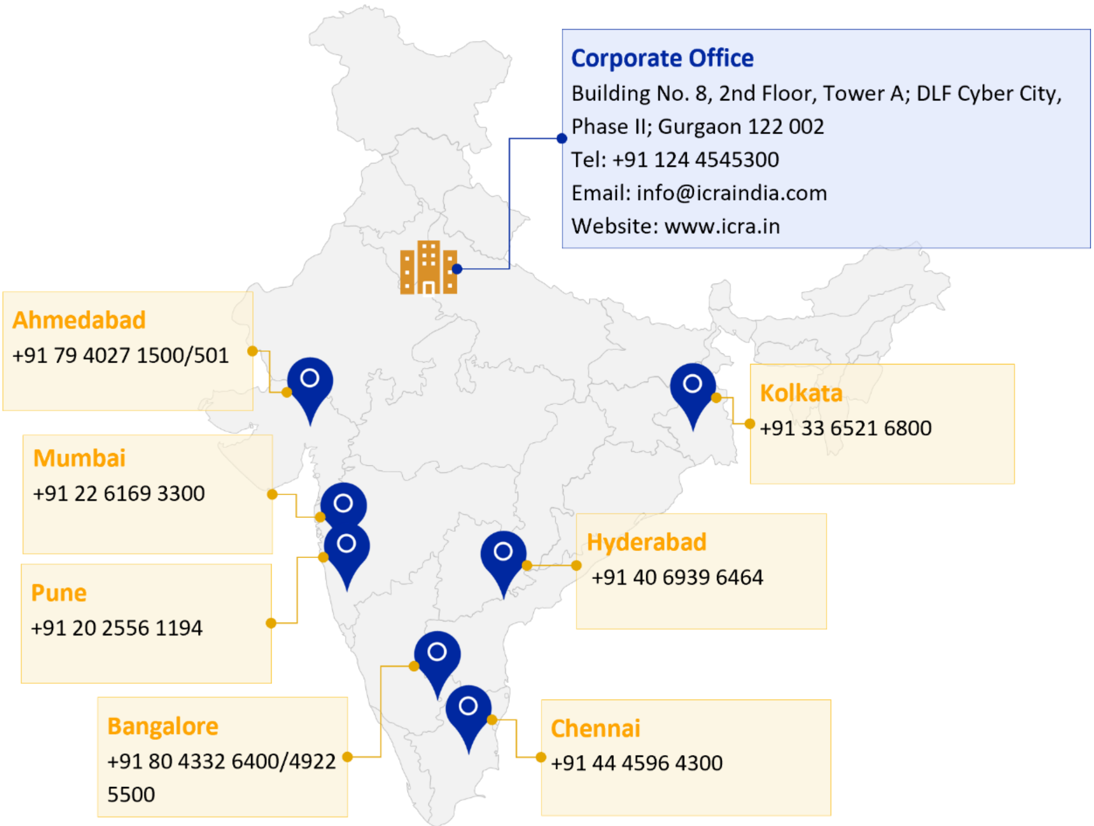

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