July 30, 2026

NAGPUR TRANSPORT SOLUTIONS PRIVATE LIMITED: Ratings reaffirmed; Outlook revised to Positive from Stable

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	198.00	198.00	[ICRA]BBB+(Positive); reaffirmed, Outlook revised to Positive from Stable	RBI
Short Term-Non-fund Based-Bank Guarantee	150.61	150.61	[ICRA]A2; reaffirmed	RBI
Total	**348.61**	**348.61**		

**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 ratings with a revision in the outlook to Positive from Stable for Nagpur Transport Solutions Private Limited (NTSPL) reflects adequate progress made by it in the deployment of e-buses (around 90% deployment of the contracted fleet size achieved till June 2026) as a part of the contract with the Nagpur Municipal Corporation (NMC) to provide public transportation services within the city. The near-full deployment significantly reduces project risk with revenues expected to ramp up significantly in FY2027 vis-à-vis FY2026, supporting the Positive outlook. Likewise, profit margins and earnings are expected to scale up in the near term with the near-full deployment of e-buses.

The Commercial Operations Date (COD), originally scheduled for November 2025, is yet to be declared by the authority (and would be achieved once the balance 10% e-bus deployment happens, which is expected shortly). The project has not witnessed any cost overruns so far. 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. NTSPL'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 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 NTSPL.

The project has witnessed phased commissioning of operations with 225 out of 250 e-buses deployed as of June 2026. The substantial deployment achieved till date, gradual stabilisation of operational parameters, with actual kilometre run remaining higher than the minimum assured kilometres under the concession agreement for buses deployed, and timely collection of payments in recent months provide additional comfort. Despite a significant growth in revenues in Q1 FY2027, the company's operating margin declined to 25% from 44% in FY2026 (provisional) largely due to the factors such as higher electricity consumption during the peak summer months and one-time employee training costs, which would normalise in the subsequent quarters, strengthening profitability. Moreover, with the ramp-up of operations, the company is likely to benefit from the operating leverage, resulting in improved margins in the full year of FY2027. Margins are also likely to be supported by the upward revision in tariffs in recent months to Rs. 70/km from Rs. 62.84/km and the ongoing cost optimisation initiatives. However, timely deployment of the balance fleet, sustained improvement in operational performance and maintenance of healthy collection efficiency will remain the key monitorable.

While early-stage performance in FY2026 remained subdued due to delays in depot handover and electricity connectivity (which were under the purview of the counterparty), the operational metrics have improved steadily with increasing deployment. Additionally, timely equity infusion, achievement of financial closure, and sponsor support through a shortfall undertaking provide comfort. The project cost (Rs. 448.61 crore) is being funded partly through term loans of Rs. 198.0 crore and the balance through promoters' contribution, largely in the form of optionally convertible debentures (OCDs) from TMPL as well as the balance from subsidy by the Maharashtra Government as per terms of Bus Operator Agreement.

NTSPL has been set up as a 49:51 joint venture between TMPL and Hansa Vahan India Private Limited (PMSPL). NTSPL has entered into a bus operator agreement to procure, operate and maintain 250 electric buses (e-buses, comprising twelve-metre AC buses) for public transportation services to NMC. It will be paid a fixed rate for a minimum assured distance of 200 km/bus/day (for 12-metre AC buses), subject to assured bus availability, for 10 years.

The project's success relies on the quality and reliability of e-buses provided by the OEM viz., PMSPL and is thus exposed to operational risk. However, such risk is mitigated by NTSPL's back-to-back agreements with the OEM for annual maintenance contract (AMC) as well as battery replacement. However, ICRA notes the limited track record of e-buses operations of the OEM in India. As with any electric bus operator, there are supply-chain and geopolitical risks associated with import of critical spare parts by the OEM (in case of replacements or breakdowns), which could impact operations.

NTSPL 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, one of which is under NTSPL. Additionally, it has two B2B projects under another SPV 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.

Key rating drivers and their description

Credit strengths

Comfortable profile of the counterparty – Given the comfortable profile of NMC, which is the sole counterparty, the associated risk is reduced to a large extent. Moreover, satisfactory collection track record witnessed in recent months, with monthly invoice amounts being recovered within 60-90 days, reduces receivable risk.

Assured minimum distance and long-term service contracts strengthen revenue visibility and mitigate demand risks – Given the nature of the agreement, NTSPL will be paid a fixed rate (subject to vary in tandem with key cost items like electricity tariff and wage rates) for a minimum assured annual distance of 68,000 kilometres 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 provided by the authority. This arrangement, thus, translates into an annuity model of revenues for NTSPL over the concession period, leading to high revenue visibility.

Financial flexibility for being a part of the Transvolt Group, which has received commitment of long-term investments from IFC – NTSPL, being a JV of Transvolt Mobility Private Limited (TMPL), benefits from the financial flexibility derived from TMPL, which has a 100% economic interest in the project, and TMPL's strategic access to long-term capital from reputed external investors. ICRA expects TMPL to provide need-based funding support to NTSPL. 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 NTSPL 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, render comfort. NTSPL deployed 90% of e-buses by June 2026. The company's performance in FY2026 remained subdued due to the phased deployment of buses on the back of postponement in depot handover as well as delays in electricity connection by the authorities. The profit margins in FY2026 were lower than previous estimates primarily due to higher employee costs and certain one-time expenses incurred in the initial period, while non-recurring training expenses and higher electricity consumption during the peak summer also led to lower margin in Q1 FY2027. However, with ramp-up of operations, the company is likely to benefit from the operating leverage, and the electricity consumption in the subsequent quarters is likely to be lower than Q1 FY2027, resulting in higher margins in the full year of FY2027.The OEM and AMC agreements pass on the risk of any underperformance of the buses to the OEM, however, any material underperformance of e-buses against targeted specifications has the potential to impact the viability of the project and may necessitate enhanced funding requirement. Nevertheless, ICRA expects the group (being funded by investors like IFC and Finnfund) to timely bridge any cash flow mismatches.

Limited track record of operations of the OEM in e-bus segment – The project's success relies on the OEM. NTSPL has entered into back-to-back agreements with the OEM, Pinnacle Mobility Private Limited (PMPL). for supplying buses as per technical specifications, maintenance as well as battery replacement for these e-buses throughout the tenure of the contract. The presence of a fixed-price back-to-back agreement mitigates any time and cost overrun risks and reduces cash flow variability. 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.

Exposure to operational risks – NTSPL has achieved deployment of 90% of the e-buses under the project, mitigating the project implementation risks. However, the company's ability to continue to operate the e-buses in line with the estimated parameters and sustain healthy profitability remain a key monitorable.

Liquidity position: Adequate

The liquidity position is expected to remain Adequate, supported by improving revenues and earnings with a steady ramp-up in deployment of the e-buses in the project and free cash and bank balance of Rs. 17.9 crore as on March 31, 2026. The project cost of Rs. 448.61 crore is being funded through debt of Rs. 198.0 crore, Optionally Convertible Debentures (OCD) of Rs. 113.01 crore, equity of Rs. 0.10 crore and the balance Rs. 137.50 crore through subsidy. A flexible payment arrangement with the OEM for making residual payments (around Rs.150 crore as on March 31, 2026) for the e-buses, largely from subsidy receipts, supports the liquidity position. The company has received subsidies of Rs. 50.5 crore so far out of the total eligible amount of Rs. 137.5 crore. The tenure of the term loan is 8 years and 10 months including a moratorium of 10 months from the date of first disbursement. Accordingly, the repayment commenced from January 2026. The company has debt repayment obligations of Rs. 21.8 crore each in FY2027 and FY2028, respectively. This is expected to be met by healthy cash flow from operations, which is estimated to remain in the range of Rs. 35-45 crore in the medium term. Besides, need-based funding support expected from the parent (TMPL) renders additional comfort. The liquidity of the Group is expected to remain healthy, aided by committed long-term fund infusion by external investors, providing sufficient financial flexibility to NTSPL.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings, in case the company is able to sustainably improve its revenues and profitability post full deployment of vehicles under the ongoing project. Improvement in the liquidity position and debt coverage metrics, aided by adequate vehicle availability and maintenance of healthy operational efficiency, would remain important for ratings upgrade**.**

Negative factors – ICRA may revise the outlook to Stable or downgrade the ratings in case of inadequate vehicle availability, leading to low revenues and sizeable penalty, or sub-par operational efficiency of the vehicles, adversely impacting margins. In addition, substantial receivables build-up, increasing reliance on external borrowings and, thereby, weakening credit metrics would remain rating sensitivities.

Analytical approach

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

About the company

Nagpur Transport Solutions Private Limited (NTSPL) is an SPV set up to procure, operate and maintain 250, 12-meter low floor, AC electric buses for public transportation in Nagpur. The SPV has been set up by a joint venture, headed by Transvolt Mobility Private Limited, which currently holds a 49% stake, while the remaining is held by Hansa Vahan India Private Limited. The SPV is entitled to operate the buses for 10 years on the Gross Cost Contract basis. Pinnacle Mobility Solutions Private Limited is the OEM for the said contract.

Key financial indicators (audited)

NTSPL (standalone)	FY2026*	Q1 FY2027*
Operating income (OI)	18.5	22.2
PAT	-	-4.2
OPBDIT/OI	43.5%	25.3%
PAT/OI	-	-18.9%
Total outside liabilities/Tangible net worth (times)	-	-
Total debt/OPBDIT (times)	37.0	-
Interest coverage (times)	4.1	1.4

*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 ratings (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	198.00	July 30, 2026	**[ICRA]BBB+ (Positive)**	Sept 09, 2025	**[ICRA]BBB+ (Stable)**	-	-	-	-
Bank guarantee	Short term	150.61	July 30, 2026	**[ICRA]A2**	Sept 09, 2025	**[ICRA]A2**				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Short-term – Non-fund based – Bank guarantee	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	April-2025	9.7%	Jan-2034	198.00	[ICRA]BBB+ (Positive)	RBI
NA	Bank Guarantee	NA	NA	NA	150.61	[ICRA]A2	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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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