Freshbus Private Limited

June 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	36.50	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Freshbus Private Limited (FPL) are constrained on account of Implementation and post-implementation risks associated with its additional capacity to its fleet, business risks associated with fragmented and competitive nature of the industry. The ratings further remain constraint with moderate scale of operations with ramp-up in operational metrics expected to be only gradual in nature; loss funding requirements expected to be funded through incremental equity support. Further, CARE notes that with the limited track record of electric bus (e-bus) operations in India, the performance of buses in Indian conditions and for intercity operations would continue to be monitored. However, the ratings derive strength from long-term revenue visibility under procurement and leased arrangement with experienced players of its OEM contractors, locational advantages with scope of growth in inter-city operations on high-traffic routes and Government focus on promoting e-mobility and experienced promoters with the ability of the entity to raise further funds required during the stabilisation phase of FPL's operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely commissioning of the expanded operations within envisaged timelines without any time and cost overrun along with required statutory approvals.
- Sustainably improving scale of operations above ₹250Cr with company achieving profitable operations ability for timely payment of loans and interest repayments.

Negative factors

- Delay in infusion of funding, cost escalation above 10% or time overrun beyond a quarter in the scheduled implementation of the additional fleets thereby delaying cash flows or creating tightening of the company's liquidity position.
- Adverse regulatory changes having significant impact on the operations/ financials of the company.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes FPL's performance will grow to enhance its presence in the e-mobility segment coupled with expected infusion of funds through series B funding by FY2026 to fund operational losses and debt servicing requirements. Further, CARE believes that FPL will continue to benefit from its promoters' experience in the logistics.

Detailed description of key rating drivers:

Key weaknesses

Highly competitive industry

Bus transport faces significant competition from cabs and private bus operators, primarily due to the flexibility and convenience these alternatives offer. Buses provide nearby door-to-door service, reducing travel time and eliminating the need for transfers, which is particularly appealing for commuters with tight schedules or those traveling with heavy luggage. Additionally, the rise of ride-hailing apps has made booking cabs more accessible and efficient, further drawing passengers away from buses. This competition pressures bus services to improve their efficiency, frequency, and overall service quality to retain and attract passengers.

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

Limited track record of e-bus operations –

The EV segment, including e-buses, is currently in the nascent stage in India, with operations picking up pace only over the last couple of years. The buses often face challenges with battery reliability, which can lead to frequent maintenance and operational downtime. Additionally, establishing the necessary charging infrastructure is both expensive and time-consuming, further complicating the deployment and efficient operation of electric bus fleets. So far, the buses operational under FPL have performed in line with expectations, not causing any reliability or availability issues. However, any underperformance in operation vis-à-vis expectations, especially that which impacts the availability, reliability and maintenance of buses, has the potential to impact the project viability, and hence, would be a key monitorable. Furthermore, the bus efficiency would also remain critical for the project to generate optimal returns. Additionally, considering that the majority of e-bus operations in India and globally have been for the intra-city segment, the performance and reliance on inter-city routes would also be monitored.

Modest scale of operations with Ramp-up in operational metrics expected to be only gradual in nature; loss funding requirements expected to be funded through incremental equity support –

TOI grew by 49% to Rs.23.6 crore in FY25 over FY24 on account of improved demand from customers and. It has modest net worth base, which stood at Rs.44.26 crore as on March 31, 2025. Scale of operations remained modest, given that the revenues for the operations remain dependent on the traffic along the selected routes, its ability to gain market share on these routes and compete with established players remains a key uncertainty. While the routes identified for the project are all high-traffic ones, the company's ability to consistently achieve the targeted occupancies at favourable pricing would remain a monitorable. Currently, as on March 31, 2025, the fleet size stands at 19 buses across 2 routes. However, the same shall improve to additional 30 buses by Q1FY26 with agreement with OEM contractors. Further, the ramp up in operational metrics is likely to only be gradual in nature, necessitating further infusion of funds by the promoter to fund any operational losses. CARE takes comfort from the competitive pricing, enhanced services and the established track record experience of promoter and strategic support by investors.

Moderate capital structure and debt coverage indicators

The entity's capital structure stood moderate, as marked by an overall gearing of 1.21x as of March 31, 2025, with high reliance on external debt being the buses are leased from OEM contractors. Its debt profile largely comprises external debt in the form of term debt (lease financing). Company is planning to add 120 fleets by end of March 2026. The total outside liabilities to net worth stood moderate at 1.48x as on March 31, 2025. The improvement in capital structure was on account of infusion of equity by promoters and investors. Going forward, the capital structure is expected to improve on account of scheduled repayment of term debt and infusion of equity by promoters and investors.

Key strengths

Extensive experience of promoters in the industry

FPL is promoted by Sudhakar Chirra Reddy, who is the Director of the entity has more than 15 years of experience, Srinivas Pinisetti, Additional Director has 33 years of experience. Puneet Aggarwal, Director has 21 years of experience. As on date, the funding has been closed with a Series A of Rs 87.5 crores, with investments from Maniv Mobility, Shell Ventures and others. Further, company is expected infusion of funds through series B funding by FY2026. The presence of strong sponsors has ensured the timely availability of funds to meet any funding requirements and provides comfort regarding the platform's ability to raise further growth capital.

Locational Advantage with scope of growth in inter-city operations on high-traffic routes and Government focus on promoting e-mobility

Though FPL is a new entity, but the founder of FPL; Mr Sudhakar Reddy Chirra founder of Abhibus has more than 2 decades of experience in logistics industry. Currently, company has 19 buses, and company is planning to add 66 more buses in FY26 in arrangement with Azad Mobility India private limited and Muon India private limited to strengthen its fleet base and is planning to add more 250 new fleets in medium term in agreement with exponent group companies. Currently, it operates in three states and cities—Karnataka, Andhra Pradesh, Telangana and as per management, FPL is planning to expand its reach and many other states.

The Government of India (together with the state governments) has been focusing significantly on promoting EVs as a cleaner and sustainable form of transportation and introduced various schemes, including its flagship programme, Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME), offering upfront incentives in the form of subsidies (to reduce capital costs), exemptions or reductions on road tax, registration tax, besides subsidised electricity tariffs, etc, to improve viability and spur adoption of EVs. While the Government's focus on this segment is likely to provide GMPL with significant opportunities to scale up its business, the presence of strong sponsors has aided the company's financial flexibility and ensured timely availability of funds to meet its funding requirements.

Long-Term Revenue visibility backed by Procurement and Lease arrangement with OEM contractors

With 19 buses running across 2 routes and addition of another 101 buses coupled with agreement for leasing of another 250 buses by FY27 and hence, ensuring the required fleet availability and a stable revenue profile. FPL have entered/are likely to enter into lease/sales and after-sales agreements with domestic OEM and key component supplier (KCS), as per which the OEM and KCS would be supplying buses as per technical specifications and maintaining them throughout the contract's tenure. The presence of fixed-price sales and after-sales service contracts is likely to mitigate time and cost overrun risks to a large extent. Furthermore, any penalties arising from non-compliance with the terms of the bus operator agreement are expected to be completely recovered from the OEM, which further mitigates risks and reduces cash flow variability for FPL.

Liquidity: Stretched

The liquidity is stretched, characterized by losses at PBILDT level and negative cashflow from operations at Rs. 36 crores. The operations are dependent on the support from infusion from promoter and investors. The comfort is derived from unencumbered cash and bank balance was around Rs.36.21 crore as on March 31, 2025

Assumptions/Covenants: Not Applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Road Transport

Freshbus Private Limited (FPL), based in Hyderabad, Telangana, was founded in June 2019 by Sudhakar Chirra Reddy. Sudhakar has also founded Abhibus in 2008 which was later merged with Ixigo. The company specializes in offering travel services using a fleet of electric buses.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	15.88	23.60
PBILDT	-8.92	-20.71
PAT	-19.30	-32.78
Overall gearing (times)	10.94	1.21

Interest coverage (times)	-2.00	-2.90

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

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		-	-	31-03-2030	36.50	CARE BB; Stable

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	Fund-based - LT-Term Loan	LT	36.50	CARE BB; Stable	-	-	-	-

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

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE 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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About us:
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