

June 26, 2025

GreenCell Express Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Term loan	317.29	291.91	[ICRA]A-(Negative); reaffirmed
Long-term – Interchangeable limits – Letter of credit	(200.00)	(200.00)	[ICRA]A-(Negative); reaffirmed
Total	317.29	291.91	

*Instrument details are provided in Annexure I, ^Sub-limit of term loan facility

Rationale

The continuation of Negative outlook on the long-term rating factors in the longer-than-initially envisaged stabilisation phase for the project, which is likely to keep GreenCell Express Private Limited (GEPL) dependent on funding support from its parent entity (GreenCell Mobility Private Limited, rated [ICRA]A+(Stable)/[ICRA]A1) over the near term to fund its debt servicing requirements. GEPL's inability to improve operational metrics and profitability could exert pressure on the company's credit profile.

The reaffirmation of the rating continues to factor in the steady improvement in GEPL's operational metrics as the project continues to stabilise, resulting in improvement in occupancies and average realisation per seat. Aided by the improved performance, the entity has been able to record operational profits over the past few months, limiting the funding support required from its parent entity, GMPL, to an extent. The rating assigned continues to factor in GEPL's strong parentage, as a wholly-owned subsidiary of GMPL. Over the past years, GMPL has emerged as one of the key players in the electric bus (e-bus) segment in India, with presence across multiple Business to Government (B2G) projects and added presence in the Business to Consumer (B2C) segment through GEPL. GMPL is the flagship platform of Green Growth Equity Fund (GGEF), a sovereign-backed infrastructure fund to channelise investments into the electric vehicle (EV) segment in India. Despite various execution and operational risks that the project is subject to, ICRA favourably considers the presence of a strong sponsor, which is likely to ensure timely availability of funds to meet any funding requirements of the project till the operations stabilise.

As on date, 282 buses are operational under B2C business (310 buses deployed, including 20 spare buses) on 47 routes across India under the Neugo brand. Even as the revenues in the project still remain exposed to traffic risks, the operational metrics have improved steadily across most routes over the past 10-12 months. GEPL's ability to gain further market share on the selected routes and compete with established players, remains critical to the viability of the project and will be a key monitorable. While the initial routes identified for the project are high-traffic routes with favourable pricing, and running costs are expected to be significantly lower vis-à-vis the conventional diesel buses, the company's ability to consistently achieve the targeted occupancies at favourable pricing remains important.

GEPL has also deployed 50 sleeper buses under Phase 2 of the project. It will be deploying an overall of 250 larger buses (13.5 metres), with ~36/53 seats (sleeper/non-sleeper) which would ply on 56 routes across the country over FY2026 and FY2027. GEPL has tied up with the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) to fund the Phase 2 of the project (project debt sanctioned worth Rs. 429.3 crore, but the same is expected to be downsized owing to reduction in the cost of procurement of buses), and the entire equity commitment has already been met by the parent entity. Over the near-to-medium term, debt undertaken to fund the Phase II will lead to an increase in the overall leverage for the

project. The debt coverage metrics are expected to remain suppressed, and improve only over the medium term, as operational metrics ramp up.

As the project remains under stabilisation phase, with further phases planned, the project remains exposed to the risks of time and cost overrun. Any further delay in deployment of buses or setting up of necessary infrastructure, or any unforeseen increase in costs can impact the project viability and, hence would remain a key monitorable. Nevertheless, the company's contractual agreements with established suppliers, bus manufacturers and franchisees for operating the fleet, are likely to mitigate execution and operational risks to an extent.

ICRA notes that the board of directors of the entity has recently approved the refinancing of its existing term loans of State Bank of India in the form of sale and lease back agreement from Tata Capital Limited. The terms of the lease agreement ensure lower repayments in the initial phase of the lease tenure to support stabilisation of the overall project. The transaction is expected to be closed by the end of June 2025 and developments in this regard would be closely monitored.

ICRA notes that with limited but improving track record of e-bus operations in India, the performance of buses in Indian conditions and intercity operations would continue to be monitored. Additionally, geo-political developments remain a sensitivity, as any adverse development related to imports from China, for future planned phases, can cause further cost escalation.

Key rating drivers and their description

Credit strengths

Strong parentage as a wholly-owned subsidiary of GMPL, where sovereign funds are anchor investors – GMPL is one of the flagship platforms of GGEF, a SEBI-registered Category II AIF. GGEF's anchor investors are National Investment and Infrastructure Fund (NIIF) and Foreign Commonwealth & Development Office (FCDO), which together have invested \$340 million in the fund. As on date, the fund has been closed with a total funding commitment of \$741 million, with investments from NIIF, FCDO, British International Investment (formerly CDC Group Plc, the development finance institution of the UK Government), FMO (Dutch Development Bank), Green Climate Fund, British Petroleum, and others. The presence of strong sponsors has ensured timely availability of funds to meet any funding requirements and provides comfort regarding the platform's ability to raise further growth capital. ICRA notes that GMPL is in advanced discussions to raise further funds for enhancing its liquidity profile and helping fund other bus projects. Timely fund raising in this regard will be monitored.

Arrangements with experienced players in various domains to help reduce project execution/operational risks to a large extent – The entity had entered a fixed price sales agreement with key component supplier (KCS) from China, as per which the KCS was responsible for supplying the key components of the e-buses. While adverse forex movement, enhanced scope of the project and heightened logistics costs have led to a material increase in the cost of buses procured, the fixed price sales agreement insulated the entity to an extent to any further increase in the project cost on account of adverse movement in raw material costs. Simultaneously, the entity has entered an annual maintenance contract (AMC) with the bus body manufacturer to maintain the buses through the tenure of the project. The entity will be procuring fully built buses for phase 2 from domestic bus manufacturers with a battery warranty of ~6,00,000 km. Besides, it has entered agreements with other service providers, including experienced existing bus operators (franchisees) in the identified inter-city routes. The agreement with established players in their respective domain is likely to mitigate execution and operational risks to an extent.

Project viability supported by favourable operating cost economics of e-buses, scope of growth in inter-city operations on high-traffic routes and Government's focus on promoting e-mobility – Given the significantly lower running costs for e-buses vis-à-vis conventional diesel or CNG buses, the total cost of ownership of these buses is expected to be lower than diesel buses, despite higher acquisition costs and nil subsidy. This, coupled with the favourable prospects of inter-city bus operations (generally command higher per km fare vis-à-vis intracity routes), the breakeven occupancies for these buses are likely to be favourable. Although this project is not eligible for the capital subsidy, the Government's focus on supporting e-mobility

through various means is likely to support development of the overall e-mobility ecosystem in the country, which augurs well for the timely ramp-up of the project.

Credit challenges

Project exposed to further time and cost overrun on account of execution risk for next phases – Like other under-execution projects, the company remains exposed to the risks of time and cost overrun. The COD for the first phase of operations was delayed by 18 months that resulted in cost overrun. However, the cost overrun was entirely funded by incremental equity support from the parent, thereby not leading to any material deterioration in the projected debt coverage metrics. The company added 50 sleeper buses out of the overall 250 buses of Phase 2 in FY2025. Any material delay in deployment of buses/procurement of buses for Phase II and further phases, remains monitorable.

Ramp-up in operational metrics expected to be only gradual in nature; funding requirements likely to be met through incremental equity support –As the revenues for the project remain dependent on the traffic in the selected routes, its ability to gain market share on these routes and compete with established players remain uncertain, after starting operations. 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 be monitored. The ramp-up in operational metrics is likely to be gradual in nature, necessitating further infusion of funds by the parent entity to help meet debt servicing requirements. The company turned OPBITDA positive in FY2025 and expects further improvement, going forward. ICRA takes comfort from the strong financial flexibility of the parent entity and the established track record of support.

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. While the KCS has an adequate track record of supplying e-buses globally, the performance of these buses in the Indian environment remains to be seen. So far, the buses operational under GEPL (and the batteries) have performed in line with expectations, not causing any reliability or availability issues. However, any underperformance in operation vis-à-vis expectations, especially that impacts the availability, reliability and maintenance of buses, can impact the project viability, and hence, would be monitored. Besides, the battery performance and bus efficiency would also remain critical for the project to generate optimal returns. As the major part 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.

Exposed to geo-political developments impacting supply of components – As the KCS is based out of China, and the periodic battery replacement needs to be sourced from the same every few years, the project remains exposed to risks related to any adverse geo-political developments between India and China. The project has already faced considerable delays, with issues related to the import of complete knock down (CKDs) (on account of lockdowns/logistic issues), resulting in a material cost overrun. While chances of any disruption/ban of EV-related imports from China remain low, given the global dependence on China for EV components, this would continue to be monitored for further phases planned as well as timely maintenance of deployed buses. For phase 2, the management will be procuring from local companies, which reduced dependency on imports in the subsequent phases of the project.

Liquidity position: Adequate

As the project continues to be under the execution phase, the liquidity position is supported by timely infusion of funds by GMPL and is expected to remain adequate. The liquidity of the promoter entity, GMPL, is aided by availability of adequate funds (~Rs. 90 crore of cash and liquid balances as of May 2025 coupled with availability of a further draw down of ~Rs. 58 crore from GGEF) for any further funding requirement of the company or other current projects.

Rating sensitivities

Positive factors – A rating upgrade over the near term is unlikely but the outlook could be revised to Stable once the project is able to demonstrate a sustained ramp-up in operational metrics and cash flows, making the company self-sufficient in servicing its debt servicing requirements.

Negative factors –Pressure on the rating could arise if the project is unable to demonstrate an improvement in operational metrics, resulting in weaker-than-projected credit metrics. Any delay in timely support from the parent entity through the stabilisation phase could also trigger a downward revision in rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The rating assigned factors in the very high likelihood of its parent entity, GMPL (rated [ICRA]A+ (Stable)/[ICRA]A1]), extending financial support to it because of the close business linkages between them. ICRA also expects GMPL to be willing to extend financial support to GEPL out of its need to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	Standalone

About the company

GEPL is a wholly-owned subsidiary of GMPL, set up in 2021 to promote environment-friendly, intercity bus operations in India. It plans to deploy e-buses to benefit from the inherently lower running costs, as well as to provide a better ride quality and passenger experience. In the first phase of operations, the company deployed 250 e-buses (seater and hybrid) on more than 25 high-traffic intercity routes across the country, with hubs at five prime locations of Delhi, Bhopal, Bangalore, Chennai and Hyderabad.

The company added 50 sleeper class buses in FY2025 and plans to add further 200 buses (sleeper and hybrid) over FY2026 and FY2027. Over the medium-to-long term, it plans to scale up to 750 e-buses, making it the one of the large ventures in the space. The company has entered contracts/agreements with various players for meeting its requirements related to bus procurement, charging infrastructure, depot set-up, booking platform, sales and marketing activities, etc.

Key financial indicators

GEPL, Standalone	FY2024	FY2025*
Operating income	158.9	287.1
PAT	(102.1)	(92.5)
OPBDIT/OI	-18%	8%
PAT/OI	-64%	-32%
Total outside liabilities/Tangible net worth (times)	1.3	1.5
Total debt/OPBDIT (times)	(12.2)	14.1
Interest coverage (times)	(0.8)	0.6

Source: Company, ICRA Research; *Based on provisional financials; All ratios as per ICRA's calculations; Amounts 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

		Current rating (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long-term	291.91	Jun 26, 2025	[ICRA]A-(Negative)	-	-	Mar 28, 2024	[ICRA]A-(Negative)	Dec 27, 2022	[ICRA]A-(Stable)
Non-fund based – Interchangeable limits*	Long-term	(200.00)	Jun 26, 2025	[ICRA]A-(Negative)	-	-	Mar 28, 2024	[ICRA]A-(Negative)	Dec 27, 2022	[ICRA]A-(Stable)

*Sub-limit of term loans

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term Loan	Simple
Long Term – Non-fund based – Interchangeable limits*	Simple

*Sub-limit of term loan

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 Loan	FY2022	NA	FY2032	291.91	[ICRA]A-(Negative)
NA	Interchangeable limits*	NA	NA	NA	(200.00)	[ICRA]A-(Negative)

Source: Company, *Sub-limit of term loans

[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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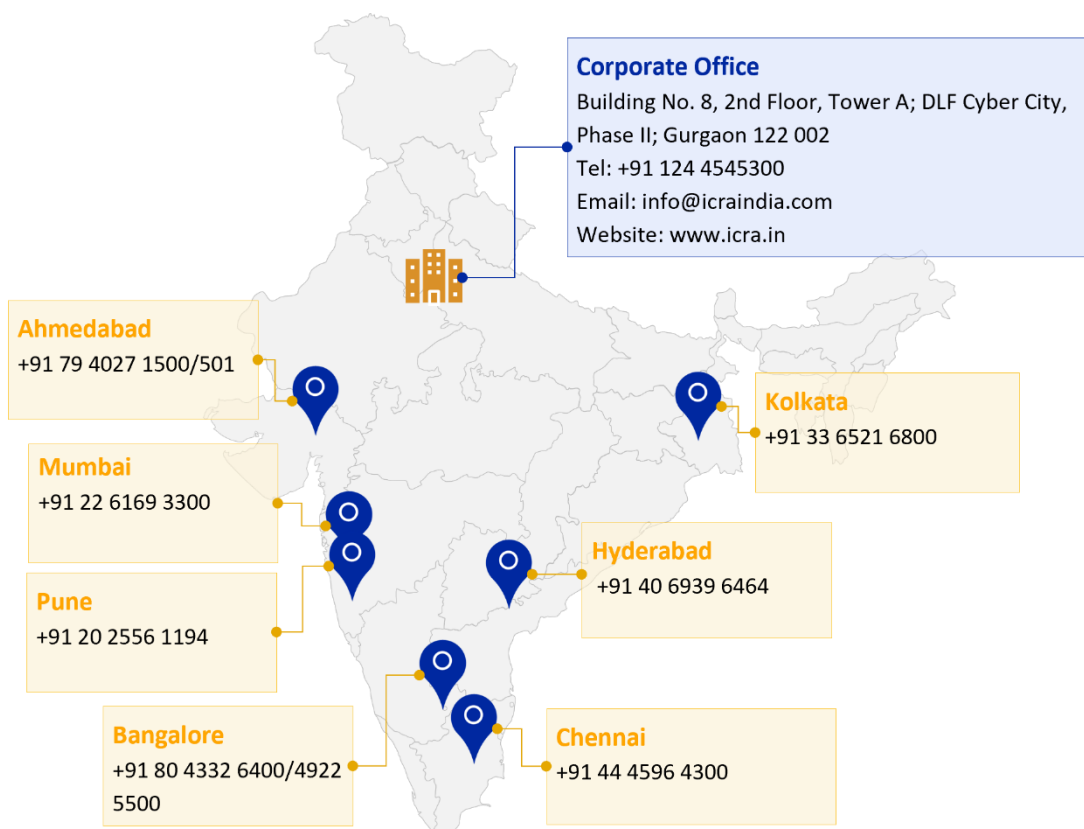
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