June 27, 2025

Exide Industries Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based limits – Long-term	400.00	400.00	[ICRA]AAA (Stable); Rating Reaffirmed
Non-fund based – Long-term	900.00	900.00	[ICRA]AAA (Stable); Rating Reaffirmed
Unallocated – Long-term	700.00	700.00	[ICRA]AAA (Stable); Rating Reaffirmed
Commercial Paper – Short-term	50.00	50.00	[ICRA]A1+; Rating Reaffirmed
Total	**2,050.00**	**2,050.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings for Exide Industries Limited (EIL) factors in ICRA's expectation of sustained financial performance in the medium term, supported by its dominant market position in lead-acid batteries and early mover advantage in lithium-ion (Li-ion) batteries. The company has a diversified revenue segment with presence across multiple end-user industries and customer segments; and strong liquidity. The diversified presence in lead-acid batteries protects revenues to a large extent from risks arising due to segment or customer specific impacts. Further, the foray into Li-ion cell manufacturing is expected to help the company leverage potential disruptions arising from the increased penetration of electric vehicles (EVs) over the medium to long term. EIL's consolidated revenues grew by 2.8% to Rs. 17,237.9 crore, while its operating margins remained healthy at 10.4% in FY2025, aided by its dominant market position, favourable product mix, and cost optimisation measures. The company's debt protection metrics and liquidity position remain strong, with unencumbered cash and liquid investments of Rs. 499.1 crore as on March 31, 2025. Further, it holds an investment of around Rs. 6,000 crore (as on March 31, 2025) in HDFC Life Insurance Company Limited, providing financial flexibility.

The ratings factor in the ongoing significant capex for its Li-ion cell manufacturing plant in Bengaluru, with a total project cost of Rs. 5,200 crore for Phase 1. The company has already expended around Rs. 4,200 crore up to FY2025, and the remaining Rs. 1,000 crore is expected to be incurred in FY2026. The capex is partially debt-funded, and financial closure for the same has been achieved. ICRA notes that this capex is critical for early mover advantage in Li-ion cell manufacturing. Despite the relatively high capex, EIL's consolidated capital structure and coverage metrics are expected to remain strong over the medium term.

The battery space has inherent regulatory risks, especially on account of the hazardous nature of lead recycling operations. Thus, the business remains exposed to strict pollution control norms for handling lead. Although any deviation from compliance could result in reputational risks and other penalties for EIL, the company has not faced pollution-related issues historically. EIL faces competition from both organised and unorganised players in the lead-acid battery segment, as well as from imports and other entities investing in Li-ion cell manufacturing in India. However, its established market presence, extensive distribution network, brand strength, and product quality help mitigate risks in the lead-acid segment to some extent, while the relatively high capital intensity of Li-ion cell manufacturing, EIL's early mover advantage, and strong distribution and customer network mitigate the latter risk to an extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by its strong business and healthy cash accruals, despite significant capex plans over the medium term.

Key rating drivers and their description

Credit strengths

Strong financial risk profile – EIL's revenues and earnings remain stable, supported by demand from its end-user segments and healthy market share in the replacement segment. At the consolidated level, the company's cumulative cash accruals for FY2021-FY2025 stood at over Rs. 6,300 crore, and it had sizeable cash and liquid investments of Rs. 499.1 crore against a consolidated gross debt of Rs. 2,016.7 crore (including lease liabilities of Rs. 455.5 crore) as on March 31, 2025. Further, it has an investment of around Rs. 6,000.0 crore (as on March 31, 2025) in HDFC Life Insurance Company Limited, providing financial flexibility. The company has consolidated capex plans of Rs. 1,000-1,500 crore for FY2026, with a large portion of it being for the Li-ion cell manufacturing plant. Part of the capex is expected to be debt-funded and financial closure for the same has been achieved. Despite this capex, EIL's consolidated capital structure and coverage metrics are likely to remain strong over the medium term.

Dominant market position in the automobile batteries market – EIL is the market leader in the domestic automobile battery industry, both in the original equipment manufacturer (OEM) as well as replacement battery space. The company's established presence, its distribution network/brand and product quality have resulted in its strong position in the domestic battery segment. EIL, through EESL, assembles Li-ion battery packs used in EVs and is setting up a Li-ion cell manufacturing plant.

Diversified revenue segments across multiple end-user industries in the industrial segment – Apart from automobiles, EIL also sells its batteries to the industrial segment. Further, its industrial battery customers are from diversified sub-segments, including fast-moving industrial batteries, solar, telecom, traction, power, etc. ICRA notes that most of these end-user industries are cyclical in nature. Hence, EIL's industrial segment revenues are exposed to business downturns, although its diversified user base mitigates demand risk to a large extent.

Early mover advantage in Li-ion cell manufacturing; favourable demand outlook for EVs – While India is one of the large automobile markets globally, its EV industry is still nascent. However, there has been a strong push by both Central and State Governments for faster adoption of EVs, especially in recent years. ICRA expects EV penetration to be around 25% for two-wheelers (2Ws), 40% for three-wheelers (3Ws), 30% for buses, 12-16% for light commercial vehicles (LCVs) and 15% for passenger vehicles (PVs), as a percentage of total sales by 2030. Given the medium to long-term demand prospects for EVs, domestic auto OEMs and ancillaries are investing in developing a local vendor ecosystem, and EIL is one of the early movers in Li-ion cell manufacturing in India. The company is setting up a 6-GWh Li-ion cell manufacturing facility at Bengaluru in the first phase, through its subsidiary, Exide Energy Solutions Limited (EESL), and plans to expand to 12-GWh based on demand, once the first phase is completed. It has tied up with SVOLT Energy Technology Company Limited (SVOLT) for technology licence and services. The construction for the first phase of the project has been progressing and is expected to become operational by Q3 FY2026. While the company has no 'take-or-pay' agreements with customers, it has signed a non-binding Memorandum of Understanding (MoU) with Hyundai Motor Company and Kia Corporation (South Korea). Further, EIL's brand equity, established clientele and distribution network are likely to mitigate offtake risks to an extent. Moreover, while the capex is significant, ICRA notes that it is critical to capitalise on opportunities from EVs.

Credit challenges

Sizeable capex plans over the medium term; project exposed to risks of execution, demand/off-take, supply-chain and technology obsolescence – The company, through its wholly owned subsidiary EESL, is undertaking significant capex for its Li-ion cell manufacturing plant at Bengaluru, for which a large portion of the Phase 1 capex has been completed and around Rs. 1,000 crore would be incurred in FY2026. The capex incurred so far has been majorly funded by an equity infusion of Rs. 3,000 crore from EIL, while part of the remaining capex is expected to be debt-funded. Although the project is in advanced stages and no material cost or time overruns have been witnessed thus far, it remains exposed to cost and time overrun risks for the remaining part. Further, significant dependence on imports for sourcing raw materials exposes it to geopolitical and region-specific risks for raw materials. Also, there are risks on the off-take front, given that EV penetration is still in nascent stages, and the company does not have any 'take-or-pay' agreements. However, the non-binding Memorandum of Understanding (MoU) with Hyundai Motor Company and Kia Corporation (South Korea) mitigates the risk to an extent. While EIL is investing in Li-ion cells, the emergence of any alternative battery technologies, such as solid-state batteries, would expose it to obsolescence risks. Nonetheless, its collaboration with SVOLT for the technology/supply chain and construction contracts being awarded to reputed players mitigate the other risks to an extent. EIL's consolidated capital structure and coverage metrics are expected to remain strong over the medium term despite its sizeable capex plans.

Competition from other organised and unorganised players – EIL is exposed to competition in its lead-acid battery business across both the auto and industrial battery sectors. In the replacement segment, the company also witnesses competition from unorganised players. Its established presence, distribution network/brand and product quality mitigate the risk to an extent. Further, the company has also undertaken several cost optimisation initiatives in its supply chain, production and distribution network to mitigate margin pressures that could arise from competitive threats to a large extent. Also, the company is expected to witness competition from imports and other players that have invested in Li-ion cell manufacturing in India. The relatively high capital intensity, EIL's early mover advantage and its strong distribution/ customer network, however, mitigate the competition in Li-ion cell manufacturing in India to an extent.

Hazardous nature of lead recycling operations – Lead, a highly toxic and polluting material, is the primary raw material for manufacturing batteries. Akin to other industry players, the company is bound by strict pollution control norms for handling lead. Although any deviation in the same could result in reputational risks and other penalties for the company, the historical absence of pollution-related issues provides comfort to a large extent.

Environmental and Social Risks

Environmental considerations – EIL remains indirectly exposed to climate transition risks by virtue of its automotive OEM customers, whose manufactured products are used across different fuel powertrains. Accordingly, the prospects for EIL are linked to the ability of its customers to meet tightening emission requirements. The foray into Li-ion cell manufacturing would mitigate these risks to an extent. The company also remains exposed to tightening environmental regulations with regard to waste/recycling and pollution norms, which can lead to an increase in operating costs and new capacity instalment costs. EIL has been taking steps to minimise the impact of environmental risks on its operations by ensuring adherence to requirements on waste, water and emission management.

Social considerations – Social considerations for EIL relate primarily to maintaining healthy industrial relations and product safety. Attracting and nurturing skilled manpower is critical as it seeks to keep pace with innovation and technological changes. Vehicle recalls by OEMs due to defective auto parts and any recalls in Li-ion batteries (as it is a nascent technology) could create additional cost burdens and liabilities. The company also has exposure to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions and usage of sustainable materials.

Liquidity position: Strong

EIL's liquidity position is strong, supported by its strong operational cash flows, sizeable cash and bank balances and liquid investments of Rs. 499.1 crore (as on March 31, 2025) along with sanctioned fund-based working capital lines of Rs. 400.0 crore (which have been unutilised for most part of the year). As against these sources of cash, while the company has consolidated capex plans of Rs. 1,000-1,500 crore for FY2026, and repayment obligations of Rs. 47.3 crore, this is expected to be funded from the aforementioned liquidity sources, as well as sanctioned and unutilised term loan lines available to the extent of around Rs. 2,000 crore. The company's liquidity position is likely to remain strong over the medium term, supported by its strong operational profile.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The company's ratings can be downgraded in case of considerable weakening in its market position, resulting in sustained deterioration in operating profit margins and cash accruals. Also, significant cost or time overruns in the Li-ion project capex, leading to weakening of debt metrics on a sustained basis, could result in a rating downgrade

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of EIL. Details of subsidiaries/associates are provided in Annexure-II.

About the company

Exide Industries Limited is a leading lead-acid battery manufacturer in India. The company started operations as Associated Battery Makers (Eastern) Ltd., a subsidiary of Chloride Overseas UK, and was acquired by the Rajan Raheja Group in 1993. In 1995, the company was renamed as Exide Industries Limited. In 1998, EIL took over the battery business of Standard Batteries Limited (SBL), the then second-largest battery manufacturer in India, along with four of its factories and the Standard Furukawa brand. As on date, EIL has one of the largest storage-battery manufacturing capacities in India with regionally diversified manufacturing facilities. The company, through its subsidiary Exide Energy Solutions Limited (EESL), is establishing a 6-GWh Li-ion cell manufacturing facility in Bengaluru as part of its first phase. Depending on market demand, it plans to expand to 12 GWh in the subsequent phase. EIL already has a presence in the Li-ion battery pack assembly segment.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	16,769.7	17,237.9
PAT	882.3	800.0
OPBDIT/OI	11.0%	10.4%
PAT/OI	5.3%	4.6%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	0.6	1.1
Interest coverage (times)	15.4	11.7

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

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)	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023
				June 27, 2025	July 09, 2024	June 28, 2024	June 26, 2023	June 27, 2022
1	**Fund-based Limits**	Long-term	400.00	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**
2	**Non-fund-based Limits**	Long-term	900.00	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**
3	**Unallocated Limits**	Long-term	700.00	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**	**[ICRA]AAA (Stable)**
4	**Commercial Paper Programme***	Short-term	50.00	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**

**Yet to be placed*

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based Limits	Simple
Non-fund-based Limits	Very simple
Unallocated Limits	Not applicable
Commercial Paper Programme	Very 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	**Fund-based Limits**	NA	NA	NA	400.00	[ICRA]AAA (Stable)
NA	**Non-fund-based Limits**	NA	NA	NA	900.00	[ICRA]AAA (Stable)
NA	**Unallocated Limits**	NA	NA	NA	700.00	[ICRA]AAA (Stable)
NA	**Commercial Paper Programme***	NA	NA	NA	50.00	[ICRA]A1+

*Source: Company; * yet to placed*

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Chloride Metals Limited	100%	Full Consolidation
Chloride International Limited	100%	Full Consolidation
Exide Energy Solutions Limited	100%	Full Consolidation
Chloride Batteries S.E. Asia Pte Limited	100%	Full Consolidation
Espex Batteries Limited	100%	Full Consolidation
Associated Battery Manufacturers (Ceylon) Limited	61.5%	Full Consolidation
CSE Solar Sunpark Maharashtra Private Limited	27.2%	Equity method
CSE Solar Sunpark TamilNadu Private Limited	27.2%	Equity method
Zilica Renewables Private Limited	26.2%	Equity method

Source: Company, BSE

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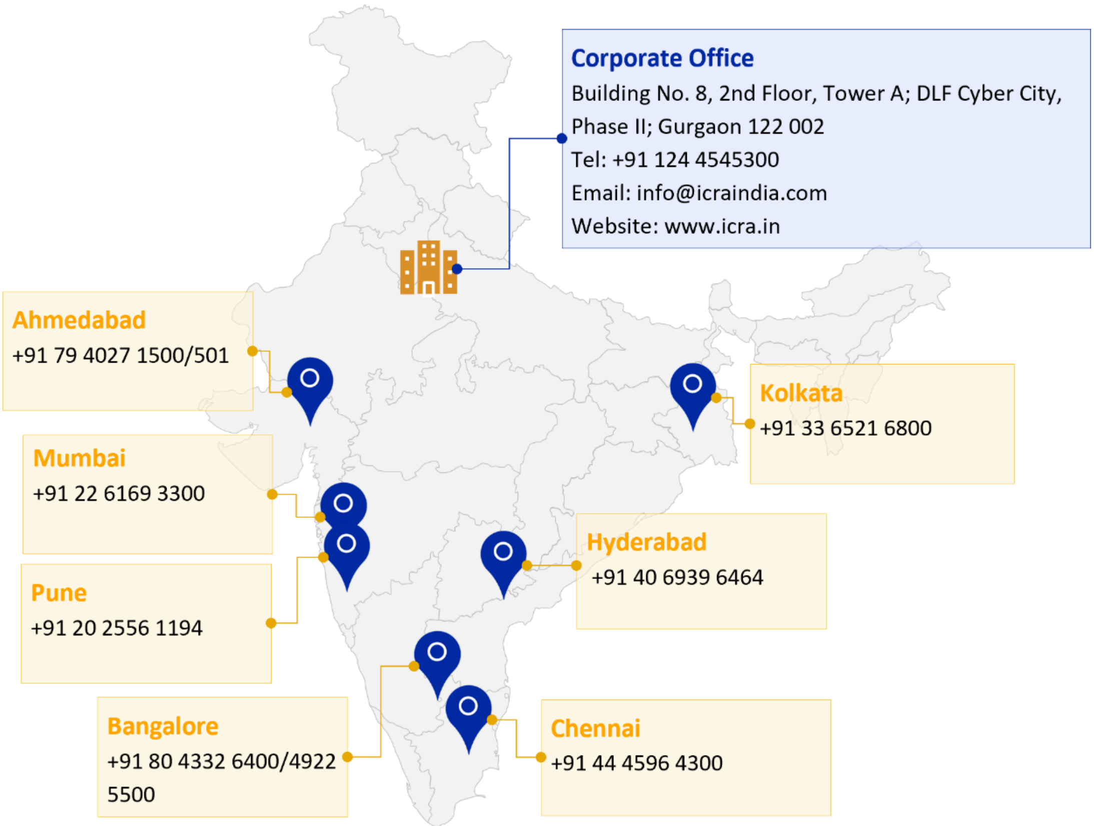

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