

August 14, 2025

Pur Energy Limited: Rating downgraded to [ICRA]D

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]D downgraded from [ICRA]BB (Stable)

*Instrument details are provided in Annexure I

Rationale

The downgrade of Pur Energy Limited's (PEL) issuer rating to [ICRA]D considers delays in debt servicing by the company during February 2025 to May 2025 on an unrated short-term loan of Rs. 5.0 crore. On August 12, 2025, ICRA received feedback from one of the company's lenders that while interest payments have been timely, there has been a delay in principal repayments of the said facility, which were due in February 2025 and May 2025. ICRA understands that the company has repaid these instalments in June 2025 and there have been no delays on this facility since then. PEL had been sharing no-default statements with ICRA at the beginning of every month, suggesting timely debt servicing. The rating also remains constrained because of PEL's stretched liquidity position owing to elevated working capital requirement primarily due to higher inventory holding amidst growing scale of operations.

The company is a manufacturer of electric two-wheelers and lithium-ion batteries.

Key rating drivers and their description

Credit strengths

Favourable outlook for EV vehicles provides revenue visibility over the medium term – While India is the largest conventional two-wheeler (2W) market in terms of volumes sold, the electric two-wheeler (e2W) industry is still at a nascent stage. The growth prospects of the e2W industry are supported by factors such as improving battery technology, attractive total cost of ownership compared to conventional vehicles, and increasing customer acceptance. Additionally, policy support from Central and state governments aimed at accelerating investments in the EV ecosystem, along with narrowing pricing gap with conventional 2Ws, is expected to drive volume increase in the medium term, offering healthy revenue growth potential for industry players. PEL's revenues, at Rs. 134.9 crore in FY2025, have growth at a CAGR of around 68% over the past five years.

Credit challenges

Delays in debt servicing – The company has delayed its principal repayments on short-term working capital demand loan, which had a defined due date, as per feedback received from one of its lenders. PEL has, however, been sharing no-default statements with ICRA at the beginning of every month, suggesting timely debt servicing.

Stretched liquidity owing to higher working capital requirements –The company's working capital intensity has been high at 60.1% in FY2025 due to elevated inventory level and elongation of receivables cycle in the past two years. However, equity infusion of around Rs. 52.0 crore helped support its liquidity position in FY2025.

Exposed to geo-political developments, impacting supply of critical components like battery cells – PEL is dependent on imports for procuring battery cells. Hence, its operations are vulnerable to geopolitical developments between India and cell exporting nations. Any change in regulations related to import of components or supply chain disruptions could impact PEL's

growth prospects. ICRA notes that the company has multiple vendors for most of the components, which mitigate the risk to some extent.

Liquidity Position: Stretched

PEL's liquidity is Stretched owing to high working capital intensity, given the high inventory holding, which is resulting in increasing working capital requirements amidst growing scale of operations.. However, ICRA notes that equity infusion in FY2025 supported its liquidity requirements to an extent.

Rating sensitivities

Positive factors – ICRA could upgrade PEL's rating if the company is timely in its debt servicing on a sustained basis, and after the passage of the minimum curing period as outlined in ICRA's Policy on Default Recognition. Further, the upgrade would take into account the earnings, cash flows, and liquidity profile of the company.

Negative factors – Not Applicable

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on default recognition Two-Wheelers
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of PEPL

About the company

PUR Energy is an IIT Hyderabad-incubated company, founded by Dr. Nishanth Dongari and headed by CEO Mr. Rohit Vadera. The firm has executed hybrid solar storage projects for many prestigious business groups, universities, hospitals, residential communities, NGOs, and schools. The company's management team brings significant experience from academia and energy industries (both the founders are alma mater of IIT). The company forayed into manufacturing of electric two-wheeler under the brand, PURE EV and lithium batteries under the brand, PURE Lithium.

PEL has a facilities agreement signed with IIT Hyderabad, with the institute being one of the stakeholders in the company. Thus, the company has access to all the laboratories, test facilities and strong support from the institute for all R&D projects. Apart from manufacturing electric vehicles, which include bicycles, mopeds, scooter and bikes, PURE Lithium is a segment where the company manufactures battery packs.

Key financial indicators (audited)

PEPL	FY2024	FY2025
Operating income	123.6	134.9
PAT	0.1	2.5
OPBDIT/OI	8.1%	13.1%
PAT/OI	0.0%	1.9%
Total outside liabilities/Tangible net worth (times)	3.2	1.0
Total debt/OPBDIT (times)	10.6	4.1
Interest coverage (times)	0.8	1.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount 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

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years						
	Type	Amount rated (Rs. crore)	Aug 14, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA]D	Jul 30, 2025	[ICRA]BB (Stable)	Dec 10, 2024	[ICRA]BB (Stable)	Feb 29, 2024	[ICRA]BB+ (Stable)	Nov 04, 2022	[ICRA]BB+ (Stable)
				-	-	-	-	-	-	Oct 17, 2022	[ICRA]BB+ (Stable)
Fund based working capital Facilities	Long term	-	-	Jul 30, 2025	[ICRA]BB (Stable); Withdrawn	Dec 10, 2024	[ICRA]BB (Stable)	Feb 29, 2024	[ICRA]BB+ (Stable)	Nov 04, 2022	[ICRA]BB+ (Stable)
Unallocated	Long term/ Short term	-	-	Jul 30, 2025	[ICRA]BB (Stable)/ [ICRA]A4; Withdrawn	Dec 10, 2024	[ICRA]BB (Stable)/ [ICRA]A4	Feb 29, 2024	[ICRA]BB+ (Stable) / [ICRA]A4+	Nov 04, 2022	[ICRA]BB+ (Stable) / [ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not Applicable

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	Issuer Rating	NA	NA	NA	-	[ICRA]D

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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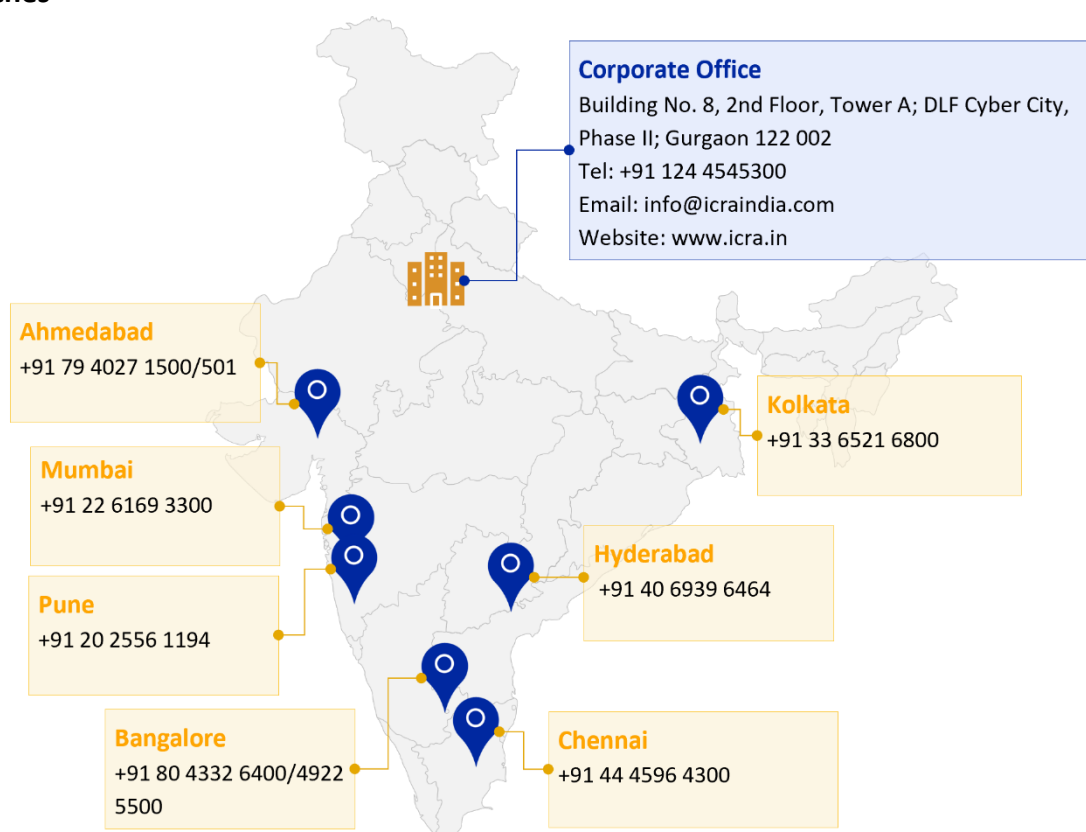
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