

August 19, 2025

Upgrid Electrilease Private Limited: Rating reaffirmed; assigned for non-convertible debenture programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based – Proposed Term Loan	500.0	500.0	[ICRA]BBB- (Stable); reaffirmed
Proposed non-convertible debentures	-	100.0	[ICRA]BBB- (Stable); assigned
Total	500.0	600.0	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Upgrid Electrilease Private Limited (UEPL) and its parent, Upgrid Solutions Private Limited (USPL), for arriving at the credit ratings, given their common management and significant operational and financial linkages between the entities. Hereafter, the entities are together referred to as the company.

The rating reaffirmation favourably factors in a steady growth in the scale of operations of the company's battery swapping network, with UEPL gradually extending its reach to cover new cities. The company's operational metrics continue to gradually improve, as the network grows and utilisation per battery remains healthy. Even as the company continues to make operating losses (partly on account of its foray into new territories, which takes time to stabilise), a ramp-up in the scale of operations coupled with steady contribution margin from the swaps done on its network, is expected to help the company gradually cover its administrative and management expenses and aid in achieving breakeven.

Even though the company is expected to achieve breakeven at an EBIDTA level in the near term, reaching cash breakeven is expected to take 3-4 years. In this regard, the company's healthy capital structure and comfortable liquidity profile, as well as its successful track record of raising growth capital at regular intervals from well-funded institutional investors, provides comfort regarding its ability to meet funding requirements. The company has unencumbered cash and bank balances of Rs. 422 crore as on June 30, 2025, which provide sufficient runway for 18-24 months. ICRA notes that the company has raised around US\$ 160 million since its inception across multiple rounds of fund raise. In its latest round, it raised US\$ 29 million from various institutional investors, with its current investor base including Tiger Global, Blume Ventures, Leapfrog Investments, British International Investment, Orios Venture Partners, MUFG Bank, Rising Tide Ventures, responsAbility etc. The company plans to raise fund further over the next few quarters to help it maintain a healthy liquidity profile, meet its debt covenants and fund its growth plans. Developments in this front will continue to be monitored.

The rating remains supported by the company's experienced leadership team, strong market position and unit economics, and healthy demand growth prospects on the back of a sizeable total addressable market (e-rickshaws, e3Ws, e2Ws). Additionally, the Positive outlook for the Indian electric vehicles market, driven by Government policies like PM E-DRIVE, advancing battery technology, decreasing battery costs, and increasing customer acceptance, are expected to aid in development of the electric vehicle ecosystems and support the company's growth prospects.

The company operates approximately 1,500 swapping centres across Rajasthan, Haryana, Delhi, Uttar Pradesh, Bihar, Maharashtra, Karnataka, and Telangana, with a healthy proportion of its network concentrated in Delhi-NCR. As of May 2025, the company had around 2,10,00 batteries in its network along with around 99,000 driver partners on its network. It currently

has the largest battery swapping network and the highest number of operational batteries among its peers. As the company expands its network into new areas and onboards more drivers, its monthly revenues are expected to increase. Additionally, as the company's network grows in new areas, operational indicators such as daily swaps per battery, revenue per swap, revenue per battery, and revenue per driver are likely to improve, driving operational efficiencies.

The ratings are constrained by the asset-heavy nature of the business, as the company can only increase the number of drivers on its network by adding more batteries. Thus, sustained revenue growth will necessitate continual battery and debt acquisition. Owing to the startup nature of its operations, the company operates at a cash burn and thereby remains reliant on timely equity funding. There is also exposure to regulatory risks, as the company's primary customers are highly unorganised e-rickshaw drivers. Any material safety incidents at its battery swapping stations could lead to regulatory action, as there are limited standardisation details or policies in effect. Any regulatory action, which has the potential to constrain demand or limit network expansion will thus remain a monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that USPL will maintain its dominant position in the battery swapping market over the medium term, aided by its current scale of swapping network, early mover advantage and future network growth, aided by strong investor profile. Further, timely fund raise is expected to help the company maintain a healthy capital structure and liquidity and would help the company navigate the initial ramp-up and stabilisation phase or any other contingency.

Key rating drivers and their description

Credit strengths

Successful track record of raising growth capital at regular interval from reputed institutional investors – Since its inception, USPL has raised around US\$ 160 million in funding till date from investors such as Tiger Capital, Leapfrog, Acacia Inclusion Limited, MUFG Bank, Blume Ventures, Ecosystem Integrity Fund, and British International Investments. In the latest fund raise, the company further onboarded investors such as Rising Tide and responsAbility. The company's ability to raise funds from reputed investors at a regular interval reflects the trust imposed in the company's well executed business model besides future growth prospects in the battery swapping space.

Favourable demand outlook, aided by supportive driver and partner economics – USPL runs a battery swapping network that operates on BaaS model. The company caters to customers in the e3W (mainly e-rickshaw) and e2W segments for both passenger and goods transportation. USPL supplies fully charged batteries to its customers, addressing the issue of long downtime by enabling drivers to swap their depleted batteries for fully charged ones within minutes, as opposed to the hours it takes to recharge a battery using traditional methods. This system helps e-rickshaw drivers and other commercial electric vehicle (EV) owners increase their daily driving range, enhancing their earnings and is likely to support adoption of the company's network. Additionally, the company assists in reducing the upfront cost of purchasing an EV as drivers can obtain EVs without fully paying for the battery and instead acquire the company's battery by giving a relatively marginal sign-up fee, which further enhances the demand potential for the company's service.

The swapping network of the company is run using a franchise model. In this model, the company gives franchise partners IoT (Internet of Things) technology-enabled batteries, chargers, and network access after an initial investment. Additionally, the company offers them a portion of the revenue generated from the swapping service, which leads to short payback periods and healthy return of investments for the partners, aiding the company expand its network.

Robust market position owing to early mover advantage; healthy ramp-up expected – The company operates around 1,500 centres across Rajasthan, Haryana, Delhi, Uttar Pradesh, Bihar, Maharashtra, Karnataka, and Telangana, with a healthy proportion of its network concentrated in Delhi-NCR. As of May 2025, the company had around 2,10,00 batteries in its network along with around 99,000 driver partners. It currently has the largest battery swapping network and the highest number of operational batteries among its peers. As the company expands its network into new areas and onboards more drivers, its monthly revenues are expected to increase. Additionally, as the company's network grows in new areas, operational indicators

such as daily swaps per battery, revenue per swap, revenue per battery, and revenue per driver are likely to increase, driven by operational efficiencies, leading to improvement in margins. Even as the competition in the battery swapping segment is expected to increase, going forward, the company's early mover advantage in the segment is likely to help it maintain a healthy market position, supporting its fund-raising capabilities.

Credit challenges

Highly capital-intensive business model; reliance on debt to support its scale of operations – USPL operates an asset-heavy nature of business as the company can only increase the number of drivers on its network by adding more batteries. Thus, a sustained revenue growth will necessitate continual battery and debt acquisition. The bulk of the company's batteries has been largely funded by term loans till date. Since its inception, the company has raised approximately Rs. 1,200 crore in debt from a diverse set of lenders including banks, NBFCs, venture debt and development financial institutions. An improvement in its scale of operations is likely to enhance its ability to raise further debt and continue its expansion plans.

Dependence on further equity raising to support operational cash burn and debt servicing requirements – The company's margins have been negative owing to the start-up nature of operations. Even though the company has been establishing its network in new territories in FY2025, its margins have been largely improving (barring intermittent aberrations). A breakeven (firstly at the EBDITA level and subsequently at the cash flow level) on a monthly basis is expected over the medium term, as the network reaches maturity and utilisation per battery improves. Further, as the company's operating income grows, the benefit of operating leverage will also aid in covering administrative and management expenses and aid in achieving the breakeven. However, till the time breakeven on a cash basis is achieved, the company is expected to remain dependent on timely fund raising to fund its operating cash burn and debt repayments.

Regulatory risk due to nascent stage of market; stringent safety requirements – USPL operates in the battery swapping market, which is exposed to the regulatory risk as the company's primary customers are highly unorganised e-rickshaw drivers. Any material safety incidents at its battery swapping stations could lead to regulatory action as there are limited standardisation details or policies in effect. Although the company has witnessed some safety issues at its stations in the past, the company has established strong safety standard operating procedures and training set-up since its inception to reduce the same, and such efforts have helped reduce incidences as the company's network has grown. The company's batteries have a metal casing to prevent fire. Further, the company has a dedicated team, managing safety of its batteries and preventing any incidents, which may lead to loss of life or investment. Any regulatory action, which has the potential to constrain demand or limit network expansion, will be monitored.

Liquidity position: Adequate

The company's liquidity profile remains adequate, supported by unencumbered cash and equivalents of around Rs. 422 crore as on June 30, 2025, aided by fund inflow from the US\$ 29 million equity raised from institutional investors in May 2025. In addition, the company has an undrawn term debt of around Rs. 500 crore to help fund the capex for battery acquisition. The available cash balances, equity fund inflows and undrawn project debt are expected to be adequate to meet capex requirements of Rs. 400-500 crore over the next 12-18 months and debt repayment obligation of Rs. 300-400 crore over the next 12-18 months. ICRA expects the company will continue to raise further funds over the near-to-medium term, which will be used primarily for supporting operational cash burn and expanding its swapping network in existing and new territories.

Rating sensitivities

Positive factors – A healthy ramp up in scale of operations coupled with improved profitability metrics, while maintaining a comfortable capitalization and liquidity profile could be favourably considered for a rating upgrade

Negative factors – Pressure on UEPL's rating could arise due to delayed ramp-up or increase in competition, leading to lower-than-anticipated revenues and profitability. Any material deterioration its liquidity profile, or higher-than-anticipated leverage would also be a key monitorable.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has taken a consolidated view of Upgrid Electrilease Private Limited (UEPL) and its parent, Upgrid Solutions Private Limited (USPL). As of March 31, 2024, USPL only had one subsidiary – UEPL (details in Annexure II).

About the company

Upgrid Solutions Private Limited (known as Battery Smart) owns and operates India’s largest battery swapping network for electric vehicles (e-rickshaws and electric 2Ws). It provides IoT enabled Li-ion batteries-as-a-service, which can be swapped for a fully charged battery in a short time interval at a partner operated Battery Smart swapping station.

USPL, incorporated in November 2019, is the operating company that houses the team, technology, brand, IP, and customers, and operates the battery swapping network. USPL acquires batteries on operating leases and deploys batteries in the network, generates revenues, and uses the revenues to service the lease payments. Upgrid Electrilease Pvt Ltd (UEPL, incorporated in December 2021) is a wholly owned subsidiary of USPL. UEPL raises long-term debt on its balance sheet, uses the capital to purchase batteries from OEMs, leases these batteries to USPL, collects lease payments, and uses the lease payments received to service the debt. Most of USPL’s batteries are owned by UEPL. Given the high degree of financial, managerial and operational linkages between the entities, a consolidated view has been taken for both USPL and UEPL.

Key financial indicators (audited)

USPL (consolidated)	FY2024	FY2025*
Operating income	164.6	252.9
PAT	(140.7)	(257.8)
OPBDIT/OI	-20.0%	-16.1%
PAT/OI	-85.5%	-101.9%
Total outside liabilities/Tangible net worth (times)	1.7	1.6
Total debt/OPBDIT (times)	(12.9)	(14.6)
Interest coverage (times)	(0.7)	(1.0)

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; *Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (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
Proposed Term Loan	Long term	500.0	Aug 19, 2025	[ICRA]BBB-(Stable)	Oct 22, 2024	[ICRA]BBB-(Stable)	-	-	-	-
Proposed Non-Convertible Debenture	Long term	100.0	Aug 19, 2025	[ICRA]BBB-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term- Fund based – Proposed Term Loan	Simple
Proposed non-convertible debentures	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	Long term- Fund based – Proposed Term Loan	-	-	-	500.0	[ICRA]BBB- (Stable)
Yet to be placed	Proposed Non-convertible debentures	-	-	-	100.0	[ICRA]BBB- (Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	USPL ownership	Consolidation approach
Upgrid Electrilease Private Limited	100.00%	Full consolidation

Source: Company

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