

June 11, 2026

Exide Energy Solutions Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term – fund-based – term loan	3,000.00	3,000.00	[ICRA]AAA(CE) (Stable); Reaffirmed
Long-term – others – interchangeable	(3,000.00)	0.00	-
Long-term/ Short-term – interchangeable – others	0.00	(2,850.00)	[ICRA]AAA (CE) (Stable)/ [ICRA]A1+ (CE); Reaffirmed
Long-term/ Short-term – fund-based limits	0.00	200.00	[ICRA]A+ (Stable)/[ICRA]A1; Reaffirmed and assigned for enhanced limits
Long-term – interchangeable	(10.00)	0.00	-
Long-term – others – fund-based	50.00	0.00	-
Long-term – fund-based cash credit	50.00	0.00	-
Short-term – fund-based – others	50.00	0.00	-
Short-term – interchangeable – others	(60.00)	0.00	-
Short-term – interchangeable	(10.00)	0.00	-
Total	3,150.00	3,200.00	

*Instrument details are provided in Annexure-II

Ratings Without Explicit Credit Enhancement

[ICRA]A+/[ICRA]A1

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

For the [ICRA]AAA (CE) (Stable)/[ICRA]A1+ (CE) ratings

The above ratings are based on the strength of the corporate guarantee provided by Exide Industries Limited (EIL; rated [ICRA]AAA (Stable)/[ICRA]A1+), the parent of Exide Energy Solutions Limited (EESL/the company), for the rated bank facilities. Further, ICRA's assessment on the strength of the linkages between EESL and EIL, including the corporate guarantee furnished by the parent to EESL for the rated facilities, is a key driver of the ratings. The Stable outlook on the long-term rating reflects ICRA's outlook on the long-term rating of the guarantor, EIL.

Adequacy of credit enhancement

For assigning the ratings, ICRA has assessed the attributes of the guarantee issued by EIL in favour of the rated instruments of EESL. While the guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument, and has the other relevant attributes specified in ICRA's methodology for considering a credit enhancement, the payment mechanism is post-default in nature. Yet, ICRA has assigned ratings of [ICRA]AAA(CE) / [ICRA]A1+(CE) for the said facilities against the unsupported ratings of [ICRA]A+/[ICRA]A1, and equivalent to the guarantor's ratings of [ICRA]AAA

(Stable)/[ICRA]A1+ in view of the strong linkages between the company and the guarantor. In case the ratings of the guarantor were to undergo a change in future, the same would reflect in the ratings of the aforesaid instruments as well. The ratings of these instruments may also undergo a change in a scenario whereby, in ICRA's assessment, there is a change in the strength of the business linkages between the guarantor and the rated entity, or there is a change in the reputation sensitivity of the guarantor to a default by the rated entity, or there is a change in the strategic importance of the rated entity for the guarantor.

Salient covenants of the rated facility

- The facility shall be utilised towards financing the project and other related costs. The proceeds shall not be utilised for capital market activities, land acquisition, real estate activities, acquisition of equity, buy back among others.
- During the entire duration of the facility, the management control of EESL would remain with EIL and EIL should continue to hold at least 51% stake in EESL.
- Prior approval of banker to be obtained for availing any fresh term borrowings not included in the company's projections or working capital borrowings outside the maximum permissible bank finance from any other bank/lender.

For the [ICRA]A+ (Stable)/[ICRA]A1 ratings

The above ratings take into account EESL's strong parentage, the favourable outlook for electric vehicles (EVs) and early mover advantage in lithium-ion (Li-ion) battery cell manufacturing in India. The ratings draw comfort from EESL's strong operational and financial linkages with EIL and financial flexibility arising from its parentage. EIL and EESL have common board members, and EIL has committed to provide timely and adequate financial support to EESL, should there be a need.

EESL is undertaking significant capex for its Li-ion cell manufacturing plant at Bengaluru, of which Phase 1 is expected to be operational by September 2026. The company has spent a significant portion of its capex of around Rs. 4,800 crore till FY2026, and around Rs. 1,000 crore is expected to be spent in FY2027. While EIL has infused Rs. 4,802 crore of equity into EESL, as on March 31, 2026, some part of the capex is likely to be debt-funded and the financial closure for the same has been achieved. Although the size of the investment is large, and the capex is partially debt-funded, ICRA notes that the capex is critical for early-mover advantage in Li-ion cell manufacturing.

The favourable outlook for EVs and EESL's early mover advantage augur well for the company. However, any project-specific challenges related to demand/off-take, supply chain or technology obsolescence or delay in the ramp-up upon commencement of operations, has the potential to impact EESL's credit profile and, hence, remain key credit monitorables. Significant dependence on imports for sourcing raw materials exposes the entity to geopolitical and region-specific risks for raw materials. Also, there are risks on the off-take front, given that EV penetration is still at a nascent stage and the company does not have any 'take-or-pay' agreements. While the company is investing in Li-ion cells, the emergence of any alternative battery technologies such as solid-state batteries would expose it to obsolescence risks. However, its collaboration with SVOLT Energy Technology Company Limited (SVOLT) for the technology/supply chain mitigates the risks to an extent. The company could also face competition from imports and other players who have invested in Li-ion cell manufacturing in India. However, the relatively high capital intensity, EESL's early mover advantage, strong parentage and wide distribution/ customer network are expected to mitigate the competition to an extent.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that EESL will maintain strong linkages with EIL and be able to ramp up the project to optimal levels over a reasonable time frame.

Key rating drivers and their description

Credit strengths

Strong parentage – EIL holds a 100% stake in EESL. ICRA draws comfort from EESL's strong operational and financial linkages with EIL. EESL has strong financial flexibility and lender/investor comfort as a subsidiary of EIL. Further, EESL's day-to-day operations are monitored by EIL, and the latter's representatives are part of EESL's board of directors. Also, EIL has extended

corporate guarantee for majority of EESL's sanctioned bank lines and is expected to extend timely and adequate financial support to EESL, as and when required. Further, EIL has infused Rs. 4,802 crore of equity into EESL, as on March 31, 2026.

Favourable demand outlook for EVs – While India is a large automobile market globally, the EV industry is still at a nascent stage. However, there continues to be a strong push by both the Central and state governments for faster adoption of EVs. ICRA expects EV penetration to be around 25% for two-wheelers (2Ws), 60% for three-wheelers (3Ws), 30% for buses, 20% for light commercial vehicles (LCVs) and 15% for passenger vehicles (PVs), as a percentage of total sales by 2030.

Early mover advantage in Li-ion cell manufacturing – Given the medium to long-term demand prospects for EVs, domestic auto original equipment manufacturers (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. EESL is setting up a 6-GWh Li-ion cell manufacturing facility at Bengaluru in the first phase, and plans to expand to 12-GWh based on demand, once the first phase is completed. It has tied up with SVOLT for technology licence and services. The construction of the first phase has been progressing well, and its commercialisation is expected by September 2026 (against earlier expectations of H2 FY2026). ICRA expects EIL's brand equity, established clientele and distribution network to mitigate offtake risks to a large extent. Moreover, while the capex is significant, ICRA notes that it is critical to capitalise on opportunities from EVs.

Credit challenges

Sizeable ongoing capex plans – EESL is undertaking significant capex for its Li-ion cell manufacturing plant at Bengaluru for which a large portion of the first phase of the capex has been completed. The capex incurred so far has been majorly funded by the equity infusion of Rs. 4,802 crore from EIL, while part of the remaining capex is likely to be debt-funded. While the capex is significant, ICRA notes that it is critical to capitalise on opportunities from EVs. EIL is expected to extend timely and adequate financial support to EESL, as and when required.

Project exposed to risks of execution, demand/off-take, supply chain and technology obsolescence – The project is exposed to risks arising from time and cost overruns. Further, significant dependence on imports for sourcing raw materials exposes the entity to geopolitical and region-specific risks for raw materials. Also, there are risks on the off-take front, given that EV penetration is still at a nascent stage in India and the company does not have any 'take-or-pay' agreements. 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. However, its collaboration with SVOLT for the technology/supply chain mitigates the risks to an extent.

Exposed to competitive risks – The company could face competition from imports and other players who have invested in Li-ion cell manufacturing in India. However, the relatively high capital intensity, EESL's early mover advantage, its strong parentage and EIL's wide distribution/ customer network are expected to mitigate the competition to an extent.

Liquidity position

For the rated entity – EESL: Adequate

EESL's liquidity is adequate, supported by periodic infusion of funds from its parent, EIL, and undrawn lines of over Rs. 2,000 crore as on date. The company had unencumbered cash and liquid investments of Rs. 594.8 crore as on March 31, 2026. While it has significant capex plans of over Rs. 1,000 crore in FY2027, which is expected to be funded through a mix of equity from EIL and debt. At Rs. 25.2 crore, its repayment obligations are minimal in FY2027. EIL would also extend timely and adequate financial support to EESL, as and when required.

For the guarantor – EIL: Strong

EIL's liquidity position is strong, supported by its strong operational cash flows of over Rs. 1,000 crore annually, sizeable cash and bank balances and liquid investments of Rs. 1,082 crore (as on March 31, 2026) along with sanctioned fund-based working capital lines of Rs. 400.0 crore (on standalone basis, which have been unutilised for most of the year) as well as undrawn term loans of around Rs. 2,000 crore in EESL. While the company has consolidated capex plans of Rs. 1,000-1,500 crore and

repayment obligations of over Rs. 70 crore in FY2027 against these sources of cash, these are expected to be funded from the aforementioned liquidity sources. The company’s liquidity position is likely to remain strong over the medium term, supported by its strong operational profile.

Rating sensitivities

For the [ICRA]AAA (CE) (Stable)/[ICRA]A1+ (CE) ratings

Positive factors: Not applicable

Negative factors: The ratings could be downgraded if there is any weakening in the parent’s (EIL’s) credit profile or EESL’s linkages with its parent. Additionally, pressure on the ratings could arise if there are significant time or cost overruns, or delays in the ramp-up upon commencement of operations, leading to a weakening of debt metrics or liquidity position.

For the [ICRA]A+ (Stable)/[ICRA]A1 ratings

Positive factors: The ratings could be upgraded when the entity demonstrates a successful ramp-up in operations, such that it generates steady free cash flows on a sustained basis.

Negative factors: The ratings could be downgraded if there is any weakening in the parent’s (EIL’s) credit profile or EESL’s linkages with its parent. Additionally, pressure on the ratings could arise if there are significant time or cost overruns, or delays in the ramp-up upon commencement of operations, leading to a weakening of debt metrics or liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components Rating Approach - Explicit third-party support
Parent/Group support	Parent Company: Exide Industries Limited (EIL; rated [[ICRA]AAA (Stable)/ [ICRA]A1+) is expected to extend timely and adequate financial support to EESL, as and when required.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of EESL.

About the company

Exide Energy Solutions Limited is a 100% subsidiary of Exide Industries Limited. The company was incorporated in March 2022. EESL is setting up a 12-GWh Li-ion cell manufacturing facility in Karnataka, of which the first phase of 6 GWh is expected to become operational by September 2026. In addition to the Li-ion cell project, the company has also amalgamated Exide Energy Private Limited’s operations (battery pack assembling) with its own (cell manufacturing) for backward integration and for bringing the Li-ion cell business under one single entity with effect from FY2024.

About the guarantor

Exide Industries Limited, incorporated in 1947, is a leading battery manufacturer in India. The company started operations as Associated Battery Makers (Eastern) Ltd., a subsidiary of Chloride Overseas, UK, which 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. The promoter holds 45.99% stake in EIL as of March 31, 2026. As on date, EIL has the largest storage battery manufacturing capacity in India with geographically diversified manufacturing facilities. The company manufactures batteries for automotive, power, telecom, infrastructure projects, as well as the railways, mining and defence sectors. The company is present in Li-ion battery pack assembly, and is setting up a 12-GWh Li-ion cell manufacturing facility in Karnataka.

Key financial indicators (audited)

Standalone	FY2025	FY2026
Operating income	117.6	158.3
PAT	-209.1	-248.2
OPBDIT/OI	-142.5%	-116.4%
PAT/OI	-177.8%	-156.8%
Total outside liabilities/Tangible net worth (times)	0.7	0.5
Total debt/OPBDIT (times)	-5.4	- 5.2
Interest coverage (times)	-11.9	-10.7

Source: Company, ICRA Research; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; 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

Current rating (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			Jun 11, 2026	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	3,000.00	[ICRA]AAA(CE) (Stable)	Jul 02, 2025	[ICRA]AAA(CE) (Stable)	Mar 04, 2025 Nov 29, 2024	[ICRA]AAA(CE) (Stable)	Sep 21, 2023	[ICRA]AAA(CE) (Stable)
Interchangeable – Others	Long Term	0.00	-	Jul 02, 2025	[ICRA]AAA(CE) (Stable)	Mar 04, 2025 Nov 29, 2024	[ICRA]AAA(CE) (Stable)	Sep 21, 2023	[ICRA]AAA(CE) (Stable)
Non fund based – Letter of Credit	Long Term	-	-	-	-	Mar 04, 2025 Nov 29, 2024	[ICRA]AAA(CE) (Stable)	Sep 21, 2023	[ICRA]AAA(CE) (Stable)
Interchangeable	Short Term	0.00	-	Jul 02, 2025	[ICRA]A1+(CE)	Mar 04, 2025 Nov 29, 2024	[ICRA]A1+(CE)	Sep 21, 2023	[ICRA]A1+(CE)
Interchangeable	Long Term	0.00	-	Jul 02, 2025	[ICRA]AAA(CE) (Stable)	Mar 04, 2025 Nov 29, 2024	[ICRA]AAA(CE) (Stable)	Sep 21, 2023	[ICRA]AAA(CE) (Stable)
Interchangeable – Others	Long term and Short term	(2,850.00)	[ICRA]AAA (CE) (Stable)/ [ICRA]A1+ (CE)	-	-	-	-	-	-
Fund based limits	Long term and Short term	200.00	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-
Cash credit-fund based	Long Term	0.00	-	Jul 02, 2025	[ICRA]A+ (Stable)	-	-	-	-
Fund based – others	Long Term	0.00	-	Jul 02, 2025	[ICRA]A+ (Stable)	-	-	-	-
Fund based – others	Short Term	0.00	-	Jul 02, 2025	[ICRA]A1	-	-	-	-
Interchangeable - Others	Short Term	0.00	-	Jul 02, 2025	[ICRA]A1	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI

9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term -Fund Based – Term loans	Simple
Long term/Short term – Interchangeable – Others	Simple
Long term/short term – fund based limits	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term -fund based- term loan	Feb 2023	6.82%	FY2033	3,000.00	[ICRA]AAA(CE) (Stable)
NA	Long term/Short term – Interchangeable – Others	-	-	-	(2,850.00)	[ICRA]AAA (CE) (Stable)/ [ICRA]A1+ (CE)
NA	Long term/short term – fund based limits	-	-	-	200.00	[ICRA]A+ (Stable)/[ICRA]A1

Source: Company

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

Annexure III: List of entities considered for consolidated analysis: Not applicable

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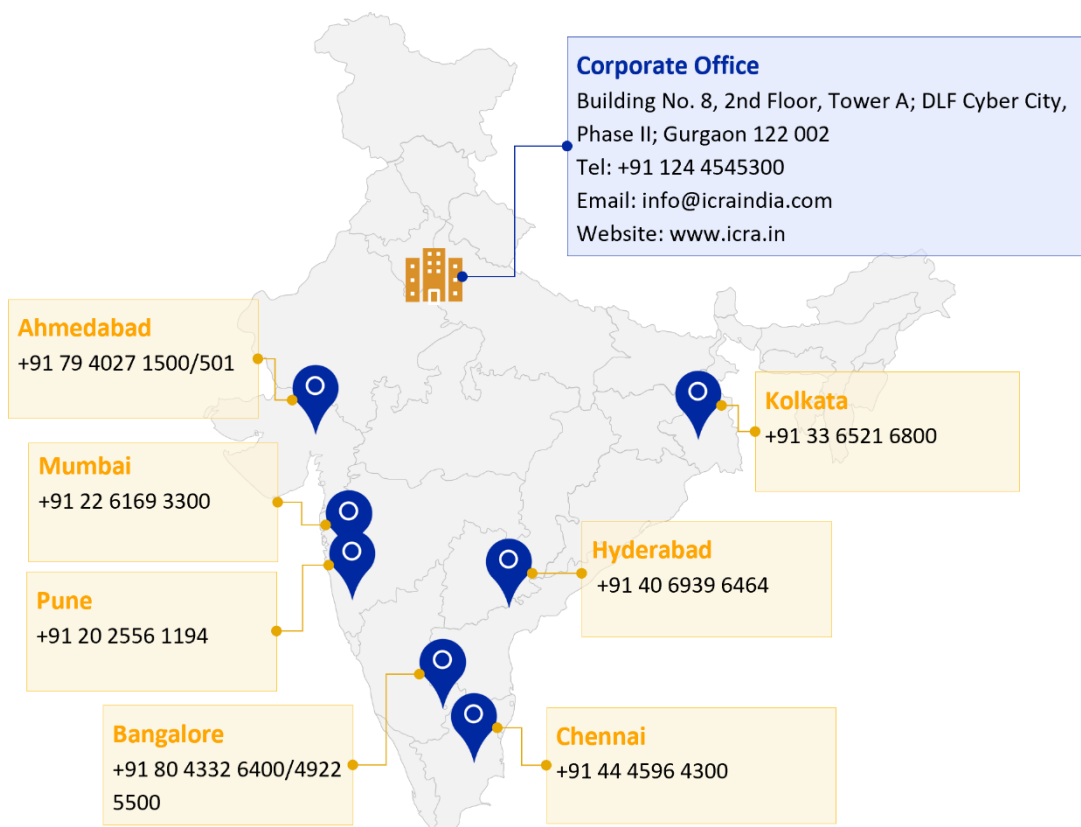
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