

August 25, 2025

Birla Estates Private Limited: [ICRA]AA (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Proposed non-convertible debentures (NCD)	500.00	[ICRA]AA (Stable); assigned
Total	500.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating for Birla Estates Private Limited (BEPL) factors in the strong parentage of the Aditya Birla Group and its strategic importance to Aditya Birla Real Estates Limited (ABREL), the flagship real estate development entity of the Group. The rating also considers the healthy sales velocity in FY2025, which is expected to continue in the medium term. The company has sold 4.9 million square feet (msf) of area with a sales value of Rs. 7,008 crore in FY2025 (against 1.2 msf with a sales value of Rs. 1,044 crore for FY2024). The collections increased to Rs. 1,599 crore in FY2025 compared to Rs. 831 crore for FY2024. As of March 2025, BEPL has nine ongoing residential projects with a total saleable area of around 15.5 msf and launched saleable area of 11.6 msf across Bengaluru, the National Capital Region (NCR), Mumbai Metropolitan region (MMR), and Pune. BEPL has sold 8.4 msf (72% of the total launched area and 54% of the total saleable area) as of March 2025. The healthy sales velocity backed by favourable locations of its projects has led to strong cash flow adequacy ratio¹ of 96% as of March 2025 and years to sell (YTS) of less than 12 months for the inventory. The collections and cash flow from operations (CFO) are expected to further improve in FY2026 and FY2027, driven by healthy sales velocity in the ongoing projects, strong launch pipeline and adequate pace of construction. The promoter group, Aditya Birla, aided by its brand strength lends exceptional financial flexibility to BEPL. The company has also entered strategic partnerships with reputed global investors from Mitsubishi Estate and International Finance Corporation (IFC) for few projects, which shows its ability to attract capital from marquee investors.

These strengths, however, are partially offset by BEPL's exposure to execution and market risks for the ongoing residential projects and proposed launch pipeline of ~17-18 msf across Bengaluru, NCR, MMR, and Pune. The timely launch of these projects, along with healthy sales and collection momentum, would be critical for increasing cash flow from operations. Although Debt/CFO is high as of March 2025, with the expected increase in CFO, it is likely to improve as of March 2026 and March 2027. Further, the company has limited track record of projects delivered till July 2025 (cumulatively only around 2 msf of projects has received occupancy certificate). Timely delivery of ongoing and upcoming projects will remain critical from credit perspective. However, ICRA takes comfort from the favourable location of the ongoing and upcoming projects, and associated with strong brand, which aids sales velocity. The company is also exposed to cyclicity in the residential real estate market.

The Stable outlook on the long-term rating reflects ICRA's opinion that BEPL will maintain healthy sales velocity in its ongoing and upcoming projects leading to improvement in collections, CFO and leverage metrics.

¹ Receivables from Sold Area/ (Pending cost + Total external residential debt outstanding)

Key rating drivers and their description

Credit strengths

Estimated healthy growth in collections in FY2026 and FY2027 along with strong cash flow adequacy ratio – The company has sold 4.9 msf of area with a sales value of Rs. 7,008 crore in FY2025 (against 1.2 msf with a sales value of Rs. 1,044 crore for FY2024). The collections increased to Rs. 1,599 crore in FY2025 compared to Rs. 831 crore for FY2024. As of March 2025, BEPL has nine ongoing residential projects with a total saleable area of around 15.5 msf and launched saleable area of 11.6 msf across Bengaluru, NCR, MMR, and Pune. BEPL has sold 8.4 msf (72% of the total launched area and 54% of the total saleable area) as of March 2025. The healthy sales velocity backed by favourable locations of its projects has led to strong cash flow adequacy ratio² of 96% as of March 2025 and years to sell (YTS) of less than 12 months for the inventory. The collections and CFO are expected to further improve in FY2026 and FY2027, driven by healthy sales velocity in the ongoing projects, strong launch pipeline and adequate pace of construction.

Exceptional financial flexibility and strong parentage of Aditya Birla Group – BEPL (being a wholly-owned subsidiary of Aditya Birla Real Estate Limited (ABREL)) enjoys extraordinary support from its parent, evident from the infusion of significant unsecured loans into BEPL to support its cash flows. Further, ABREL contributes managerial expertise to BEPL with its board members actively participating on BEPL's board. The promoter group, Aditya Birla, aided by its brand strength lends exceptional financial flexibility to BEPL. BEPL has entered strategic partnerships with reputed global investors from Mitsubishi Estate and IFC for few projects, which shows its ability to attract capital from marquee investors. Also, the Chairman of ABREL is Mr. Kumar Mangalam Birla. The Aditya Birla Group is committed to extend extraordinary support to ABREL, given ABREL's strategic importance to the Group and its reputation sensitivity from the consequence of a Group company's distress. Further, the Aditya Birla Group has an established track record of infusing equity in ABREL.

Credit challenges

Exposure to execution and market risks – BEPL is exposed to execution and market risks for the ongoing residential projects and proposed launch pipeline of 17-18 msf across Bengaluru, NCR, MMR, and Pune. The timely launch of these projects, along with healthy sales and collection momentum, would be critical for increasing cash flow from operations. Further, the company has limited track record of projects delivered till July 2025 (cumulatively only around 2 msf of projects has received occupancy certificate). Timely delivery of ongoing and upcoming projects will remain critical from credit perspective. However, ICRA takes comfort from the favourable location of the ongoing and upcoming projects, and associated with strong brand, which aids sales velocity.

BEPL had an external residential debt of Rs. 276.6 crore as of March 2025 (Rs. 240 crore as of March 2024). Further, ABREL has advanced loans of Rs. 2,461.5 crore to BEPL as of March 31, 2025 (Rs. 743.8 crore as of March 31, 2024) by raising debt in its books. The Group is in the growth phase and increase in debt is primarily to buy the land for upcoming projects. Additionally, BEPL has raised strategic investments of Rs. 280 crore from Mitsubishi Estate in February 2025 and Rs. 420 crore from IFC in July 2025 to fund land/project development. Although Debt/CFO is high as of March 2025, with the expected increase in CFO, it is likely to improve as of March 2026 and March 2027.

BEPL has also raised Rs. 900.0 crore of lease rental discounting (LRD) debt in FY2024 against lease rentals of 'Birla Aurora' and 'Birla Centurion'. These assets which are given as security are lying in the books of ABREL, parent company of BEPL. The LRD will be serviced through lease rentals received by ABREL. Additionally, ABREL has provided a corporate guarantee for the LRD debt.

Susceptibility to cyclical in real estate sector – The real estate sector is cyclical and has a highly fragmented market structure because of the presence of a large number of regional players. In addition, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which exposes the company's sales to any downturn in demand.

² Receivables from Sold Area/ (Pending cost + Total external residential debt outstanding)

Liquidity position: Adequate

BEPL's liquidity is adequate with Rs. 251.7-crore free cash balance along with undrawn debt of Rs. 298.7 crore as of March 2025. The cash flow adequacy ratio remains healthy at 96% aided by healthy sales velocity. Its cash flow from operations are expected to remain sufficient to meet its scheduled debt servicing obligations of Rs. 180 crore for FY2026.

Rating sensitivities

Positive factors – The rating may be upgraded if the company is able to demonstrate timely project completions, significant increase in sales and collections leading to an improvement in cash flows from operations, lower reliance on debt funding and comfortable leverage metrics on a sustained basis.

Negative factors – Pressure on BEPL's rating could arise if the company's cash flow from operations or leverage position is impacted by any sustained weakness in sales of ongoing and upcoming projects or large debt-funded investments. Any weakening in linkages with the parent or a deterioration in the parent's credit risk profile could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty- Commercial/Residential/Retail
Parent/Group support	Parent: Aditya Birla Real Estate Limited (ABREL) ICRA expects that BEPL's parent will be willing to extend financial and operational support, if required, given the strategic importance of BEPL to ABREL and the Aditya Birla Group and ABREL's reputation sensitivity from the consequence of a subsidiary's distress.
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of BEPL and its subsidiaries/JVs on account of strong business and financial linkages among these entities. Refer to Annexure II for list of entities considered for consolidation.

About the company

With over 125 years of legacy, Aditya Birla Real Estate Limited (formerly known as Century Textiles & Industries Limited) forayed into real estate with Birla Estates in 2016. BEPL is a wholly-owned subsidiary of ABREL. BEPL was incorporated to focus on the residential real estate business. BEPL is currently developing land parcels owned by it and has entered joint venture developments (JDAs) with other developers to develop residential properties across NCR, MMR, Bengaluru and Pune. All the residential projects are under BEPL except Birla Niyaara (residential project of 2.4 msf) and two completed commercial properties - Birla Aurora and Birla Centurion of ~0.6 msf, which are under ABREL.

Key financial indicators (audited)

BEPL Consolidated	FY2023	FY2024
Operating income	329.0	1,361.4
PAT	-44.0	-18.7
OPBDIT/OI	-15.4%	10.1%
PAT/OI	-13.4%	-1.4%
Total outside liabilities/Tangible net worth (times)	55.7	25.5
Total debt/OPBDIT (times)	-23.9	17.3
Interest coverage (times)	-1.1	0.9

Source: Company, ICRA Research; All numbers and 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	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Aug 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
1 NCD	Long term	500.00	[ICRA]AA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
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	NCD*	NA	NA	NA	500.00	[ICRA]AA (Stable)

Source: Company; *Proposed to be listed

Annexure II: List of entities considered for consolidated analysis

Company Name	BEPL Ownership	Consolidation Approach
Avarna Projects LLP	50%	Full Consolidation
Birla Tisya LLP	40%	Full Consolidation
Birla Arnaa LLP	47%	Full Consolidation
Ekamaya Properties Private Limited	100%	Full Consolidation
Vypak Properties Private Limited	100%	Full Consolidation
Vardhita Properties Private Limited	90%	Full Consolidation
Vibhavya Properties Private Limited	100%	Full Consolidation
Isira Realcon Private Limited	100%	Full Consolidation
Tarusa Properties Private Limited	100%	Full Consolidation
Unnatam Properties Private Limited	100%	Full Consolidation

Source: Company

Note: ICRA has consolidated all the above entities as management control is with BEPL.

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