

January 15, 2026

Aditya Birla Renewables Limited: Ratings reaffirmed; outlook revised to Positive on the long-term rating and rated amount enhanced

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|--|--------------------------------------|-------------------------------------|--|
| Non-convertible debentures (NCD) | 2,500.00 | 2,500.00 | [ICRA]AA (Positive); reaffirmed; outlook revised to Positive from Stable |
| Short term - Fund-based - Overdraft | 250.00 | 750.00 | [ICRA]A1+; reaffirmed; assigned for enhanced amount |
| Long term/ Short term - Non-fund based | - | 150.00 | [ICRA]AA (Positive)/ [ICRA]A1+; Assigned |
| Total | 2,750.00 | 3,400.00 | |

*Instrument details are provided in Annexure I

Rationale

The revision in the outlook to Positive on the long-term rating assigned to Aditya Birla Renewables Limited (ABReL) factors in the proposed investment of up to Rs. 3,000 crore by Global Infrastructure Partners (GIP, part of the BlackRock Group) through GIP EM Star Pte Limited (GIP EM) into the company. The proposed investment by GIP EM will be through a preferential issue on a private placement basis, amounting to Rs. 2,000 crore in multiple tranches, through a combination of compulsory convertible preference shares (CCPS) and equity shares in ABReL. GIP EM also has an option to invest an additional amount of up to Rs. 1,000 crore in the form of equity shares, on a pro-rata basis to its shareholding in ABReL, subject to the terms and conditions set out in the shareholders' agreement. The above investment will be subject to the completion of customary closing formalities and statutory and regulatory approvals. Additionally, Essel Mining & Industries Limited [EMIL; part of Aditya Birla Group (ABG)] is also expected to infuse ~Rs. 500 crore into ABReL in FY2026. The above investments will enable ABReL to significantly scale up its renewable power portfolio, thereby improving its revenues and profitability.

ICRA also notes that the board of directors (BOD) of ABReL has approved a composite scheme of arrangement, which involves the transfer of EMIL's renewable energy (RE) portfolio to ABReL on a slump sale basis, the amalgamation of Electrotherm Renewables Private Limited (ERPL), a wholly owned subsidiary of EMIL, into ABReL, and the amalgamation of ABReL EPCCO Services Limited, ABReL Renewables EPC Limited and ABReL EPC Limited with ABReL. The above transactions will result in the transfer of a 156 MW RE operating portfolio from EMIL to ABReL, thereby consolidating the RE business under ABReL for the ABG. This is expected to result in improved efficiency on account of economies of scale and synergies for the company. The completion of the above scheme is subject to the receipt of necessary statutory and regulatory approvals.

The ratings continue to factor in the company's strong parentage, being part of the ABG. ABReL is a subsidiary of Grasim Industries Limited (GIL; rated [ICRA]AAA(Stable)/[ICRA]A1+). Following the conclusion of the scheme of arrangement and the proposed fund infusion by GIP EM and EMIL, GIP EM will hold a minority stake in ABReL, while the remaining stake will be held by GIL and other Aditya Birla Group companies. Hence, ABReL will continue to benefit on the operational, financial and managerial fronts due to its strong parentage.

As on September 30, 2025, ABReL has an operational RE power capacity of ~1.9 GW and an under-construction capacity of ~2.4 GW, which will take the overall group (ABReL and its subsidiaries) operating portfolio to over 4.3 GW over the next two years, with further plans to grow the RE platform, going forward. The ratings also positively factor in the presence of long-term power purchase agreements (PPAs) with UltraTech Cement Limited (UTCL), Hindalco Industries Limited (HIL), Grasim Industries Limited, Century Enka Limited and Gujarat Urja Vikas Nigam Limited (GUVNL) for about 95% of the overall portfolio capacity

of ~4.3 GW, providing revenue visibility. The balance capacity is tied up under long-term PPAs with the state distribution utilities (discoms) of Maharashtra, Karnataka and Odisha. The presence of strong counterparties for a majority of the portfolio is expected to result in the timely receipt of payments for the company. The tariff rates offered by the projects of ABReL remain highly competitive against grid tariffs for commercial and industrial (C&I) customers and would enable the counterparties to meet their renewable purchase obligation (RPO) and sustainability targets. Also, the tariff offered under the PPAs with the state utilities remains competitive for a majority of the portfolio in relation to the discoms' average power purchase cost. Further, ICRA factors in the competitive cost of debt and the long tenure of the debt availed by ABReL, which is likely to result in adequate debt coverage metrics for the company at a consolidated level.

The ratings, however, are constrained by exposure to execution risks, as ~2.4 GW of capacity under ABReL is under construction. The timely completion of land acquisition and transmission infrastructure, as well as sourcing the required equipment within the budgeted costs, will remain important to enable the completion of the projects within the scheduled timelines and capital costs. ICRA notes that there have been delays in the execution of some under-development projects, including the ~1.1 GW inter-state transmission system (ISTS)-connected hybrid projects contracted with UTCL and HIL, due to delays in land acquisition and pending approvals for transmission line construction. However, the Supreme Court ruling on the Great Indian Bustard (GIB) issue in December 2025 reduces the uncertainty for the ISTS projects in Fatehgarh, Rajasthan, which is expected to lead to faster project execution. The revised commercial operation date (COD) for these ISTS projects, as per the sanctioned debt, is March 2027, providing a sufficient window for the company to complete construction. The ability of the company to complete the projects as per the revised schedule and without any major cost overruns remains a key monitorable, going forward.

The ratings are also constrained by the vulnerability of the company's cash flows and debt protection metrics to its generation performance. Any adverse variation in weather conditions and equipment performance may impact the PLF levels and, consequently, affect cash flows, given that the PPA tariff is single-part in nature. ICRA notes the sub-par performance of a few projects due to lower-than-expected radiation, excessive soiling losses and the impact of heavy monsoons on some of the assets. While the company has taken corrective measures, a sustained improvement in generation performance, in line with or above the appraised P-90 estimates, including for the upcoming capacity, remains a key monitorable. The ratings further factor in risks pertaining to the scheduling and forecasting framework for renewable energy projects and any adverse changes in regulations for group captive projects.

Given the largely debt-funded nature of the projects, ABReL is expected to have a leveraged capital structure, and the debt coverage metrics would remain exposed to adverse interest rate movements. Further, ICRA notes that ABReL raised Rs. 2,500 crore through non-convertible debentures (NCDs) in September 2024 at the holding company level to part-fund the equity portion of projects under construction and to repay loans extended by the promoters to the company and/or other loans, as well as for general corporate purposes. While this has increased the consolidated leverage of ABReL, its growing asset base, satisfactory generation performance of assets and the proposed fund infusion for growth provide comfort. Timely support is expected to be forthcoming from GIL in case of any cash flow mismatch for servicing the interest payments on the NCDs. Further, the NCDs are expected to be repaid through fund infusion from GIL and other Aditya Birla Group companies or any such similar arrangement in September 2027. Overall, ICRA expects GIL/ABG to extend funding support to ABReL in case of any cash flow mismatch.

Key rating drivers and their description

Credit strengths

Strong financial, operational and managerial support as part of Aditya Birla Group - ABReL is the primary renewable energy holding company of the ABG and is a subsidiary of GIL, which is the flagship entity of the Aditya Birla Group. The linkages between GIL/ABG and ABReL are very strong, given the significant portion of operational capacity procured by group entities and the sharing of common centralised resources. The Group remains committed to providing need-based support to ABReL. The company also benefits from the strong financial flexibility of ABG/GIL, reflected in the cost-competitive rate of funding for its various projects. ICRA also notes that the proposed investment by the Blackrock Group will enable ABReL to significantly scale up its renewable power portfolio, thereby improving its revenues and profitability.

High revenue visibility and low offtake risks, supported by long-term PPAs and superior tariff competitiveness for ultimate offtakers - The long-term PPAs, with tenures of 20-25 years, signed with UTCL, HIL, GIL, Century Enka Limited and GUVNL for about 95% of the overall portfolio capacity of ~4.3 GW, and the balance with the state utilities of Maharashtra, Karnataka and Odisha, provide revenue visibility and mitigate demand and tariff risks. The tariff offered by the projects of ABReL remains highly competitive against grid tariffs for ABG captive customers. Also, the tariff offered under the PPAs with the state utilities remains competitive for a majority of the portfolio in relation to the average power purchase cost.

Low counterparty credit risk with majority of exposure to Group entities with strong credit profiles and state discoms of Gujarat - The counterparty credit risk for the company is low, as ~70% of the capacity is tied up with customers such as GIL, HIL, UTCL and Century Enka Limited, which have strong credit profiles. Further, ~22% of the capacity is tied up with GUVNL ([ICRA]AA (Stable)/[ICRA]A1+) whose credit profile is also robust. Hence, the presence of strong counterparties for a majority of the portfolio is expected to result in the timely receipt of payments for the company.

Timely execution and satisfactory operational track record - ICRA takes comfort from the company's track record of timely execution and its experienced operations team. The portfolio has demonstrated a satisfactory operating track record, despite issues with some projects. ICRA notes that for some assets, the PLF in FY2025 and 9M FY2026 remained below the P-90 estimates on account of project-specific factors such as excessive soiling losses, lower radiation levels, the impact of storms and grid unavailability. However, the company has taken necessary corrective measures to improve generation performance for these assets, going forward. Hence, the company's ability to improve and sustain generation performance remains a key monitorable.

Credit challenges

Execution and stabilisation risks from large under-construction portfolio - The projects under ABReL remain exposed to execution and stabilisation risks, as ~2.4 GW of capacity is under construction. The entire under-construction capacity is expected to become operational over the next two years. ICRA notes that there have been delays in execution in some under-development projects due to delays in land acquisition and pending regulatory approvals. The ability of the company to complete the projects as per the revised schedules and without any major cost overruns remains a key monitorable, going forward. Post commissioning, ABReL's ability to achieve timely stabilisation of assets and ensure satisfactory operational performance in line with expected PLF levels remains important from a credit perspective.

Exposure to PLF variation and interest rate risk - The debt metrics for solar and wind power projects remain sensitive to PLF levels, given the single-part tariff structure under the PPAs. Hence, any adverse variation in weather conditions and/or equipment performance may impact PLFs and, consequently, cash flows. Moreover, given the single-part tariff for the entire project duration and the leveraged capital structure of the project SPVs, the company's consolidated cash flows and debt metrics remain exposed to interest rate risk.

Elevated leverage due to debt availed for funding equity requirement; Group support is a key mitigant - The capital expenditure (capex) for the under-construction portfolio of ~2.4 GW under the various SPVs is expected to be funded through a mix of debt at the SPV level and equity infusion from the holding company. ICRA notes that ABReL had earlier raised Rs. 2,500 crore through NCDs to part fund the equity requirements of project SPVs and to repay loans extended by promoters to the company and/or other loans, as well as for general corporate purposes. While this has increased consolidated leverage, the growing asset base, satisfactory generation performance and proposed fund infusion by GIP EM and EMIL provide comfort. Timely support is expected from GIL and/or ABG in case of any cash flow mismatch for servicing interest payments on the NCDs. Further, the NCDs are expected to be repaid through fund infusion from GIL and/or other Aditya Birla Group companies or any such similar arrangement in September 2027. Overall, ICRA expects GIL and/or ABG to extend funding support to ABReL in case of any cash flow mismatch.

Regulatory risks from exposure to open access regulations and forecasting & scheduling framework - The Group's operations remain exposed to regulatory risks pertaining to scheduling and forecasting requirements applicable to renewable energy projects, given the intermittent nature of generation. The Group also remains exposed to any adverse revisions in regulations for captive projects and open access charges, which could impact tariff competitiveness.

Liquidity position: Adequate

The company's liquidity position is expected to remain adequate, with the cash flow from operating projects likely to be sufficient to meet corresponding debt obligations. Funding for new projects is expected to be met through project-specific debt, NCDs availed at the standalone level, and the proposed investments from GIP EM and EMIL. ICRA draws comfort from the support available from the parent, GIL, and/or ABG in case of any cash flow mismatch. At a standalone level, the company had cash/bank balances and mutual fund investments of ~Rs. 493.0 crore as on October 31, 2025. Further, at the consolidated level, the company had cash/bank balances and mutual fund investments of ~Rs. 780.1 crore, including debt service reserve account (DSRA) amount, as on October 31, 2025.

Rating sensitivities

Positive factors - The long-term rating could be upgraded if the company demonstrates significant progress in commissioning under-construction projects without any major time or cost overruns and achieves healthy generation performance of its renewable assets in line with or above appraised PLF levels, thereby improving debt coverage metrics. The timely receipt of the proposed fund infusion/investment would also be a trigger for an upgrade.

Negative factors - The ratings could be downgraded in case of significant delays or cost overrun for the projects under development, thereby increasing the leverage level and moderating the debt coverage metrics. Further, a material underperformance in the generation of the operating assets adversely affecting the debt service coverage metrics or delays in receiving payments from the offtakers impacting ABReL's liquidity profile could warrant a downgrade. Also, delay in the inflow of equity proceeds/parent funding, or a change in the support policy of the parent/ ABG to ABReL, or a downgrade of the parent's credit profile could weigh on the rating.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology Power - Solar and Wind |
| Parent/Group support | Parent Company: Grasim Industries Limited ICRA expects ABReL's parent, Grasim Industries Limited (rated [ICRA]AAA(Stable)/[ICRA]A1+), and/or ABG to extend financial support to ABReL, should there be a need. Further, the name - Aditya Birla - has been given to the renewable business, which in ICRA's opinion would persuade GIL/ABG to provide financial support to ABReL to protect its reputation from the consequences of distress. |
| Consolidation/Standalone | For arriving at the ratings, ICRA has considered the consolidated financials of ABReL and its subsidiaries [Details in Annexure II] |

About the company

ABReL is the primary renewable energy holding company of the Aditya Birla Group and is a subsidiary of GIL. In renewable energy, ABReL has an operating capacity of ~1.9 GW and an under-construction capacity of ~2.4 GW as on September 30, 2025. The under-construction capacity includes 1.8 GW of ISTS-connected renewable projects with HIL and UTCL. The Group is focused on increasing its presence in the renewable energy segment and plans to reach an overall portfolio capacity of ~10 GW in the medium term.

Key financial indicators (audited)

| ABReL - Consolidated | FY2024 | FY2025 | H1 FY2026* |
|--|--------|--------|------------|
| Operating income | 377.5 | 511.1 | 451.3 |
| PAT | -188.4 | -348.7 | -180.4 |
| OPBDIT/OI | 59.9% | 66.2% | 68.9% |
| PAT/OI | -49.9% | -68.2% | -40.0% |
| Total outside liabilities/Tangible net worth (times) | 9.1 | 18.4 | 14.3 |
| Total debt/OPBDIT (times) | 33.8 | 37.0 | 21.8 |
| Interest coverage (times) | 0.8 | 0.7 | 0.8 |

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 (FY2026) | | | Chronology of rating history for the past 3 years | | | | | | |
|------------------|-----------|--------------------------|---|--------------|-------------------|--------|--------|--------|---|
| Instrument | Type | Amount rated (Rs. crore) | FY2025 | | FY2024 | | FY2023 | | |
| | | | Date | Rating | Date | Rating | Date | Rating | |
| NCD | Long Term | 2500.00 | [ICRA]AA (Positive) | Sep 12, 2024 | [ICRA]AA (Stable) | - | - | - | - |
| | | | | Mar 31, 2025 | [ICRA]AA (Stable) | - | - | - | - |
| Fund-based | Long Term | 750.00 | [ICRA]A1+ | Mar 31, 2025 | [ICRA]A1+ | - | - | - | - |
| Non-fund based | Long Term | 150.00 | [ICRA]AA (Positive)/ [ICRA]A1+ | - | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|--|----------------------|
| Non-convertible debentures (NCD) | Simple |
| Short term - Fund-based - Overdraft | Simple |
| Long term/ Short term - Non-fund based | 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 |
|--------------|-----------------|------------------|-------------|--------------|--------------------------|-----------------------------------|
| INE01QP08016 | NCD | Sep 24, 2024 | 8.60% | Sep 24, 2027 | 2,500.00 | [ICRA]AA (Positive) |
| NA | Overdraft | - | - | - | 750.00 | [ICRA]A1+ |
| NA | Non-Fund Based | - | - | - | 150.00 | [ICRA]AA (Positive)/ [ICRA]A1+ |

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 | Ownership | Consolidation approach |
|---|---------------------------|------------------------|
| Aditya Birla Renewables Limited | 100.00% (Holding Company) | Full Consolidation |
| Aditya Birla Renewables SPV1 Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables Subsidiary Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables Utkal Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables Energy Limited | 74.00% | Full Consolidation |
| ABReL SPV2 Limited | 100.00% | Full Consolidation |
| Aditya Birla Renewables Solar Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables Green Power Private Limited (formerly known as Waacox Energy Private Ltd) | 100.00% | Full Consolidation |
| ABREL Solar Power Limited | 74.00% | Full Consolidation |
| ABReL Renewables EPC Limited | 100.00% | Full Consolidation |
| ABReL Century Energy Limited | 74.00% | Full Consolidation |
| ABREL EPPCO Limited | 100.00% | Full Consolidation |
| ABREL EPC Limited | 100.00% | Full Consolidation |
| ABREL (Odisha) SPV Limited | 74.00% | Full Consolidation |
| ABREL (MP) Renewables Limited | 74.00% | Full Consolidation |
| ABREL Green Energy Limited | 74.00% | Full Consolidation |
| ABREL (RJ) Project Limited | 74.00% | Full Consolidation |
| ABReL Hybrid Projects Limited | 100.00% | Full Consolidation |
| Aditya Birla Renewables SPV3 Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables SPV4 Limited | 74.00% | Full Consolidation |
| Aditya Birla Renewables SPV5 Limited | 100.00% | Full Consolidation |

Source: Company

Note: The ownership in aforementioned subsidiaries is reported as of September 30, 2025

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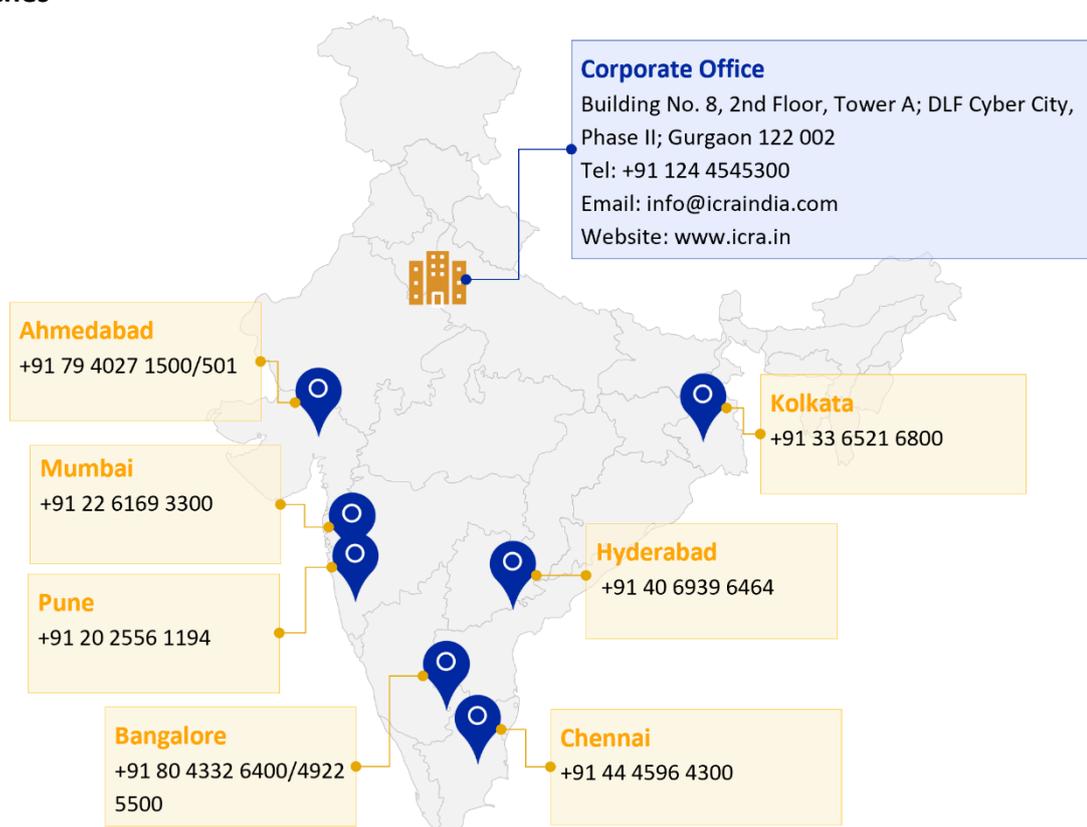
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