January 27, 2026

Aditya Birla Renewables Subsidiary Limited: Rating upgraded to [ICRA]AA (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based –Term loan	2,056.21	2,056.21	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Long-term – Non-fund based – Bank guarantee	75.00	75.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Total	**2,131.21**	**2,131.21**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Aditya Birla Renewables Subsidiary Limited (ABRSL) factors in the progress achieved in the construction of the 100-MW inter-state transmission system (ISTS) connected round-the-clock (RTC) project coming up in Fatehgarh, Rajasthan, and reduced uncertainty in the execution of this project given the Supreme Court ruling on the Great Indian Bustard (GIB) issue in December 2025. This project is now expected to be commissioned before March 2027.

The rating continues to factor in the company's strong parentage as a part of the Aditya Birla Group (ABG). ABRSL is a 74% subsidiary of Aditya Birla Renewables Limited (ABReL; rated [ICRA]AA (Positive)/ [ICRA]A1+), which in turn is a subsidiary of Grasim Industries Limited (GIL; rated [ICRA]AAA (Stable)/ [ICRA]A1+). As on September 30, 2025, ABReL had an operational renewable (RE) power capacity of almost 1.9 GW and under-construction capacity of about 2.4 GW, with further plans to grow the RE platform, going forward. ABRSL benefits on the financial, operational and managerial fronts because of its strong parentage.

The rating positively factors in the high revenue visibility and low offtake risk for the operational solar power capacity of 34.2 MWp (two assets in Odisha and Chhattisgarh within client premises) and under-construction RTC projects with a contracted capacity of 300 MW of ABRSL, by virtue of the long-term (25 years) power purchase agreements (PPAs) signed with a strong counterparty—Hindalco Industries Limited (HIL)—under the group captive mode. The under-construction capacity comprises two ISTS projects offering RTC supply, namely HIL-ISTS-1, with a contracted capacity of 100 MW and a total installed capacity of 448.35 MW, comprising 262.50 MWp of solar capacity and 185.85 MW of wind capacity, and HIL-ISTS-2, with a contracted capacity of 200 MW and a total installed capacity of 724.60 MW, comprising 302.80 MWp of solar capacity and 421.80 MW of wind capacity. The under-construction capacity is spread across Rajasthan, Gujarat, and Karnataka.

Additionally, the projects have tied up with Greenko Group for using storage capacity of 110 MW/660 MWh from its pumped storage hydro plant (PSP) project in Andhra Pradesh (60 MW/360MWh) and Madhya Pradesh (50 MW/300MWh), wherein the excess energy generated by ABRSL's solar and wind power plants will be stored and subsequently supplied to HIL during periods of low generation. As per the PPAs with HIL, ABRSL has an obligation to supply energy with a minimum annual capacity utilisation factor (CUF) of 85% of the contracted capacity and at least 50% of the contracted capacity must be supplied in each 15-minute time block of the day. The tariff rates offered by ABRSL under the PPAs remain highly competitive against the grid tariffs and other sources of energy for HIL and would enable HIL to meet its renewable purchase obligation (RPO) and sustainability targets.

Going forward, ABRSL's debt coverage metrics are likely to be adequate over the debt tenure, supported by the long-term PPAs, the long tenure of the debt and competitive interest rates. Also, the liquidity profile of the company is expected to be supported by a one-quarter debt service reserve and expectation of timely payments from the customer.

The rating is, however, constrained by execution risks associated with the under-construction RTC projects. For the HIL-ISTS-1 project in Fatehgarh, Rajasthan, there has been significant progress in land acquisition and modest progress in construction of the project. The construction was delayed as the company was awaiting necessary approvals for the construction of the transmission line from the pooling sub-station to the grid sub-station. This plant will be connected to the Fatehgarh-III sub-station via a 400-KV line. However, the company is likely to significantly scale-up construction of this project since the regulatory approval for constructing the transmission line has been received following the recent Supreme Court ruling on the GIB issue. The project is now expected to be commissioned before March 2027 (revised commercial operations date (COD) approved by lender) against March 2026 previously. Further, the HIL-ISTS-2 project is in its initial stage of construction, with scheduled COD in FY2028. Hence, timely completion of these under-construction RTC projects remains a key monitorable for the company.

The company's revenues and cash flows would remain sensitive to variations in weather conditions, seasonality and equipment performance, because of the single-part fixed tariff under the PPA. Hence, the ability of the company to achieve the design P-90 PLF and meet the contractual supply obligations, especially for the RTC project, on a sustained basis remains crucial from a credit perspective. ICRA notes that HIL has the right of first refusal to offtake excess electricity generated over and above the contracted energy. However, the company will be exposed to volume and tariff risks in the merchant market, if HIL does not offtake the excess energy generated.

Further, the project credit metrics would remain exposed to the movement in interest rates, given the fixed tariff under the PPA, the floating interest rates and a leveraged capital structure. The company's operations also remained exposed to the regulatory risk associated with forecasting and scheduling regulations and adverse changes in regulations for captive projects.

The Stable outlook assigned to the long-term rating of the company is supported by the long-term PPAs providing revenue visibility and a strong counterparty, i.e., HIL, along with the benefits of being a part of ABG.

Key rating drivers and their description

Credit strengths

Strong financial, operational and managerial support as part of the Aditya Birla Group– ABRSL is a subsidiary of ABReL, which is a subsidiary of GIL. The Group has an operational solar power portfolio of nearly 1.9 GW and under-construction capacity of about 2.4 GW, which will take the overall group (ABReL and its subsidiaries) portfolio to over 4.3 GW in the next two years, with further plans to grow the RE platform, going forward. GIL has significant control over the operations of the renewable arm. The linkages between GIL and ABReL are very strong, given the significant portion of operational capacity procured by the Group entities and the common centralised resources. The Group remains committed to providing need-based support to ABReL's assets. ABRSL benefits on the financial, operational and managerial front because of its strong parentage.

Revenue visibility from long-term PPAs at competitive tariff rates – ABRSL has signed long-term (25 years) PPAs with HIL for 34.2-MW operational solar capacity and 300-MW contracted capacity for the RTC project at a competitive tariff, providing high revenue visibility and low offtake risks for the company. The tariffs offered by the projects remain competitive against the grid tariffs and other sources of energy and would enable HIL to meet its RPO and sustainability targets.

Strong credit profile of customer – The rating draws comfort from the presence of a strong counterparty like HIL, which has resulted in timely payments for the company. Moreover, comfort can be drawn from the presence of a termination payment clause in the PPA, ensuring fair compensation to ABRSL. Also, the PPA has a deemed generation clause ensuring payments to ABRSL in case of a disruption in generation due to reasons attributable to HIL.

Adequate debt coverage metrics and liquidity profile, after commissioning – ABRSL's debt coverage metrics are expected to be adequate over the debt tenure, supported by the availability of long-term PPAs, the long tenure of the debt and competitive interest rates. The liquidity profile of the company is expected to be supported by a one-quarter debt service reserve over the tenure of the term loan. Additionally, ABReL is likely to extend funding support to ABRSL in case of any cash flow mismatch.

Credit challenges

Project execution risks – ABRSL remains exposed to execution risk due to the under-construction status of the RTC projects in Rajasthan, Gujarat and Karnataka. For the HIL-ISTS-1 project in Fatehgarh, there has been significant progress in land acquisition and modest progress in construction of the project. The company is likely to significantly scale-up construction of this project since the regulatory approval for constructing the transmission line has been received following the recent Supreme Court ruling on the GIB issue. The project is expected to be commissioned before March 2027. For the HIL-ISTS-2 project, the construction is in its initial stages with scheduled COD in FY2028. The debt tie-up for this project is expected shortly. Hence, timely completion of the HIL-ISTS projects remains a key monitorable for the company.

Debt metrics sensitive to PLF levels – The company's revenues and cash flows would remain sensitive to variations in weather conditions and seasonality because of the single-part fixed tariff under the PPAs. Any adverse variation in weather conditions and/or equipment performance may impact the power generation and consequently the cash flows. Hence, the ability of the company to achieve the design P-90 PLF and contractual obligations under the PPAs, on a sustained basis, remains crucial from a credit perspective. ICRA notes that HIL has the right of first refusal to offtake the excess electricity generated over and above the contracted energy. However, the company will be exposed to volume and tariff risks in the merchant market, if HIL does not offtake the excess energy generated.

Exposed to interest rate risks – The interest rate on the term loans availed by the company for its project is floating and subject to regular resets. The fixed tariff under the PPA and a leveraged capital structure expose ABRSL's debt coverage metrics to the movement in interest rates.

Regulatory risks – The company's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable power projects, given the variable nature of power generation. Also, the company remains exposed to regulations related to captive power projects.

Liquidity position: Adequate

The liquidity position of the company is expected to remain adequate with sufficient buffer between the cash flow available for debt servicing and the debt obligations over the next 12 months. In addition, the company has cash/bank balances and mutual fund investments of Rs. 14.3 crore, including DSRA equivalent to one quarter of debt servicing as on October 31, 2025. ICRA also notes the debt tie-up for the HIL-ISTS-1 project and part infusion of promoter contribution for the under-construction projects. ABReL is expected to bring in the pending promoter contribution for the under-construction projects, as per the construction progress. The debt-tie-up for the HIL-ISTS-2 project is expected shortly. Further, ABReL is likely to support the company in case of any cash flow mismatch and cost overrun for the under-construction projects.

Rating sensitivities

Positive factors – ICRA could upgrade ABRSL's rating if the credit profile of its parent (ABReL) improves, along with the commissioning of the under-construction ISTS projects and a satisfactory generation performance after commissioning.

Negative factors – The rating could be downgraded in case of any major cost or time overruns in the under-construction projects, impacting the company's coverage metrics. Also, the rating may be affected if the generation performance is lower than the estimated levels, bringing down the cumulative DSCR below 1.20 times, or if there are delays in payments from the offtaker impacting its liquidity position. Further, any weakening of linkages with the parent or a deterioration of the credit profile of the parent will be a negative factor.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Parent Company: Aditya Birla Renewables Limited ICRA expects ABRSL's parent, ABReL, to be willing to extend financial support to ABRSL, should there be a need, given the strategic importance that ABRSL has for ABReL and out of its need to protect its reputation from distress in a group entity.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

About the company

ABRSL is a Special Purpose Vehicle (SPV) promoted by ABReL (74% stake) and HIL (26% stake). At present, the company has an operational solar capacity of 34.2 MWp across Odisha (30MWp) and Chhattisgarh (4.2MWp). Apart from the operational project, ABRSL is setting up two 300-MW ISTS-connected RTC projects under the group captive mode, which consists of a solar power project of 565.30 MWp (DC) and a wind power project of 607.65 MW spread across Karnataka, Rajasthan and Gujarat. The company has a long-term PPA for 25 years with HIL at fixed tariff rates.

Key financial indicators (audited)

ARSL	FY2024	FY2025	H1 FY2026*
Operating income	14.3	14.7	6.8
PAT	0.2	-3.7	0.8
OPBDIT/OI	80.3%	53.5%	69.6%
PAT/OI	1.3%	-25.1%	11.2%
Total outside liabilities/Tangible net worth (times)	3.1	41.6	3.0
Total debt/OPBDIT (times)	7.0	93.8	116.6
Interest coverage (times)	1.5	1.0	1.3

*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					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jan 27, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long-Term	2056.21	**[ICRA]AA (Stable)**	Mar 31, 2025	[ICRA]AA- (Stable)	-	-	-	-
Non-fund-based - Bank guarantee	Long-Term	75.00	**[ICRA]AA (Stable)**	Mar 31, 2025	[ICRA]AA- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term- Fund-based -Term loan	Simple
Long term – Non-fund-based - Bank guarantee	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 -Term loan**	FY2025	NA	FY2045	2056.21	[ICRA]AA (stable)
NA	**Long term – Non-fund-based - Bank guarantee**	NA	NA	NA	75.00	[ICRA]AA (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 – Not applicable

ANALYST CONTACTS

Girishkumar Kashiram Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Rachit Mehta
+91 22 6169 3328
rachit.mehta2@icraindia.com

Arnav Gandhi
+91 22 6169 3352
arnav.gandhi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

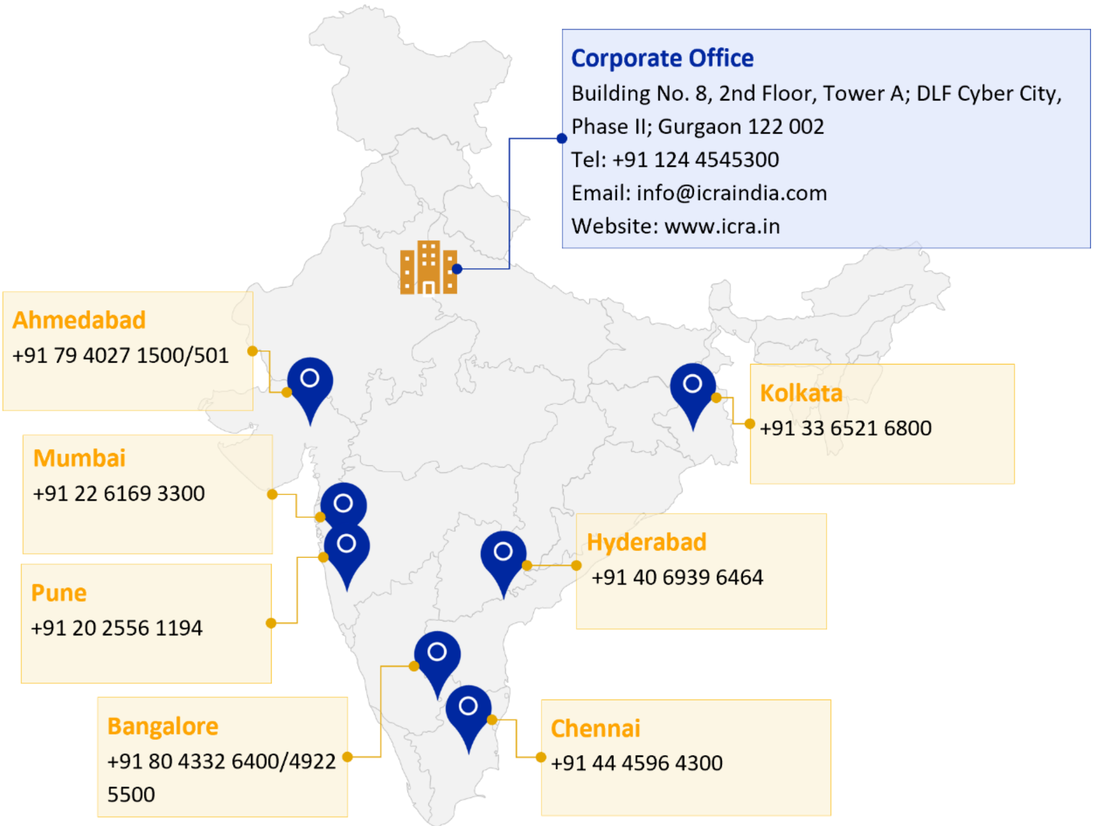
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.