

January 27, 2026

Aditya Birla Renewables Solar Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	216.74	216.74	[ICRA]AA (Stable); reaffirmed
Long term – Non-fund based – Bank guarantee	2.00	2.00	[ICRA]AA (Stable); reaffirmed
Total	218.74	218.74	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Aditya Birla Renewables Solar Limited (ABReSL) factors in the company's strong parentage as a part of the Aditya Birla Group (ABG). ABReSL 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+}, ABG's flagship company. As on September 30, 2025, ABReL had an operational renewable (RE) power capacity of ~1.9 GW and under-construction capacity of ~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. ABReSL benefits on the financial, operational and managerial front because of its strong parentage.

The rating positively factors in the high revenue visibility and low offtake risk for the operational renewable power capacity of 143.6 MW (solar capacity of 101.6 MWp and wind capacity of 42 MW across multiple sites in Madhya Pradesh, Maharashtra, Karnataka, Gujarat and Uttar Pradesh) and under-construction renewable power capacity of 20.9 MW (solar capacity of 10.4 MWp and wind capacity of 10.5 MW in Gujarat), by virtue of the long-term power purchase agreements (PPA) signed with a strong counterparty - Hindalco Industries Limited (HIL) - under the group captive mode. ICRA notes that the under-construction capacity of 20.9 MW at one asset in Gujarat is expected to be operational in FY2027. Also, the tariff rates offered by ABReSL 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, ABReSL's debt coverage metrics are expected to be adequate over the debt tenure, supported by the long-term PPAs, the long tenure of the debt and competitive interest rate. Also, the liquidity profile of the company is expected to be supported by the presence of a one-quarter debt service reserve and expectation of timely payments from the customer.

The rating, however, is constrained by execution risk for the under-construction projects of 20.9 MW in Dahej, Gujarat. Land acquisition for the project is completed, and the installation of the solar module and wind turbine generator (WTG) machines is in progress. Hence, ABReSL's ability to commission the projects as per the schedule and within budgeted cost remains critical. Also, the average PLF for some of the operational assets has remained below the P-90 estimates in FY2025 and 7M FY2026 on account of project-specific factors, such as excessive soiling losses and lower radiation level. While the company has taken corrective measures, a sustained improvement in the generation performance in line or above the appraised P-90 estimate remains a key monitorable for the company.

The company's revenues and cash flows would remain sensitive to the variation in weather conditions, seasonality and equipment performance, because of the single-part tariff under the PPAs. Hence, the ability of the company to achieve the design P-90 PLF for its projects, on a sustained basis, remains crucial from a credit perspective. Further, the project credit metrics would remain exposed to the movement in interest rates, given the floating interest rates and a leveraged capital structure. Further, the company's operations remain exposed to the regulatory risk associated with forecasting & scheduling

regulations, changes in captive project norms and variation in open access charges, which could impact the competitiveness of the tariff offered for open access-based 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 the ABG Group.

Key rating drivers and their description

Credit strengths

Strong financial, operational and managerial support as part of Aditya Birla Group – ABReSL is a subsidiary of ABReL, which is a subsidiary of GIL. The Group has an operational portfolio of ~1.9 GW and under-construction capacity of ~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. The linkages between GIL/ABG and ABReL are very strong, given the significant portion of the 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. ABReSL benefits on the financial, operational and managerial front because of its strong parentage.

Revenue visibility from long-term PPAs at competitive tariff rates – ABReSL has signed long-term (22-25 years) PPAs with HIL for the operational and under-construction capacities 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.

Presence of strong counterparty and timely payments – 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 PPAs, ensuring fair compensation to ABReSL. Also, the PPAs have a deemed generation clause, ensuring payments to ABReSL in case of a disruption in generation due to reasons attributable to HIL.

Adequate debt coverage metrics and liquidity profile – ABReSL'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 the presence of a one-quarter debt service reserve over the tenure of the term loan. Additionally, ABReL is expected to extend funding support to ABReSL in case of any cash flow mismatch.

Credit challenges

Project execution risks for under-construction capacity – ABReSL remains exposed to execution risks for the under-development project of 20.9 MW (solar capacity of 10.4 MWp and wind capacity of 10.5 MW) in Gujarat, wherein the construction progress has been reasonable. The project is expected to be operational in FY2027. A timely completion of this project remains a key monitorable for the company.

Debt metrics sensitive to PLF levels – The company's revenues and cash flows would remain sensitive to the variation 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 for its projects, on a sustained basis, remains crucial from a credit perspective.

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 single-part nature of the tariff in the PPAs and a leveraged capital structure expose ABReSL'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 and adverse variation in open access charges, which could impact the competitiveness of the tariff offered for open access-based projects.

Liquidity position: Adequate

The liquidity position of the company is likely to remain adequate with the expected cash flow from operations sufficient to meet the debt obligations. In addition, the company had cash and bank balances and mutual fund investments of Rs. 32.46 crore, including a one-quarter DSRA, as on October 31, 2025. The funding for the under-construction asset is expected to be met through promoter contribution and debt funding. Further, ABReL is expected to support the company in case of any cash flow mismatch.

Rating sensitivities

Positive factors – ICRA could upgrade ABReSL’s rating if the credit profile of its parent, i.e., Aditya Birla Renewables Limited, improves.

Negative factors – The rating could be downgraded in case of any major cost or time overruns in the under-construction project, 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 the 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 ABReSL’s parent, ABReL, to be willing to extend financial support to ABReSL, should there be a need, given the high strategic importance that ABReSL 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

ABReSL is an SPV promoted by ABReL (74% stake) and HIL (26% stake). The company currently has an operational solar capacity of 101.6 MWp in Madhya Pradesh, Uttar Pradesh, Maharashtra and Gujarat. It also has 42-MW wind capacity in Gujarat and Karnataka. It has another 20.9 MW under construction, which is currently in the middle stages of construction, in Dahej, Gujarat. The project is expected to be commissioned in FY2027. With this addition, the total operational capacity of all the projects under ABReSL will reach 164.5 MW.

Key financial indicators (audited)

ABReSL – Standalone	FY2024	FY2025	H1 FY2026*
Operating income	43.34	79.81	48.98
PAT	-13.08	-14.21	-0.95
OPBDIT/OI	72.88%	80.09%	80.54%
PAT/OI	-30.19%	-17.81%	-1.94%
Total outside liabilities/Tangible net worth (times)	3.84	4.67	4.63
Total debt/OPBDIT (times)	13.11	10.14	8.16
Interest coverage (times)	1.02	1.20	1.39

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore, *H1 FY2026 results are provisional financials

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years						
FY2026			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Jan 27, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	216.74	[ICRA]AA (Stable)	Mar 31, 2025	[ICRA]AA (Stable)	-	-	Mar 24, 2023	[ICRA]AA (Stable)
				Jun 28, 2024	[ICRA]AA (Stable)				
Bank guarantee	Long term	2.00	[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/Short term – 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	Term loan-I	June 2021	-	June 2037	105.74	[ICRA]AA (Stable)
NA	Term loan-II	Sept 2021	-	December 2040	22.00	[ICRA]AA (Stable)
NA	Term loan-III	July 2024	-	June 2024	38.00	[ICRA]AA (Stable)
NA	Term loan-IV	July 2024	-	Sept 2044	51.00	[ICRA]AA (Stable)
NA	Bank guarantee	July 2024	-	NA	2.00	[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

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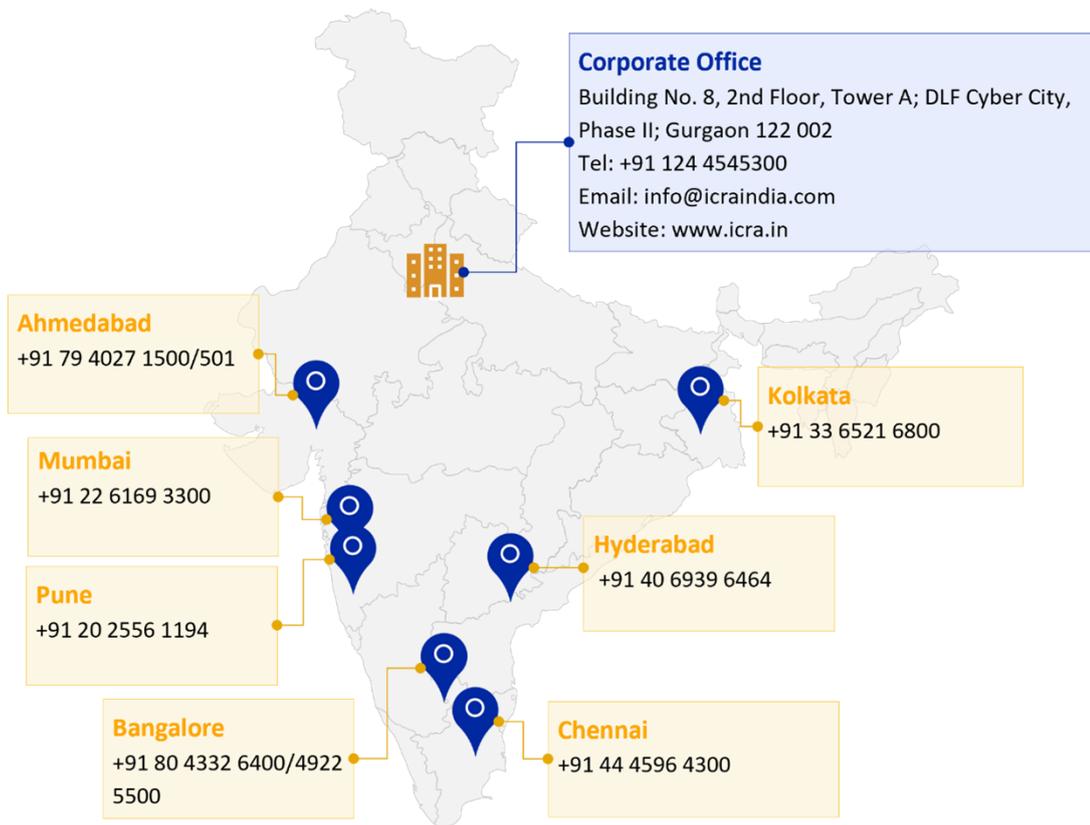
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