

'CareEdge BBB+ /Stable' rating assigned to ATSOL Global IFSC Limited

USD 500 million foreign currency bonds

CareEdge BBB+ /Stable

CareEdge Global has assigned '**CareEdge BBB+ /Stable**' rating to USD 500 million foreign currency bonds issued by ATSO Global IFSC Limited (AGIL), a wholly owned subsidiary of Adani Transmission Step-One Limited (ATSOL), which is a wholly owned subsidiary of Adani Energy Solutions Limited (AESL) – part of India's Adani Group.

AESL had formed an obligor group ('ATSOL OG' or 'OG') comprising ATSO and its wholly owned subsidiaries: Adani Transmission (India) Ltd (ATIL) and Maharashtra Eastern Grid Power Transmission Company Ltd (MEGPTCL) and now ATSO Global IFSC Limited (AGIL). ATIL and MEGPTCL have four operational power transmission assets totalling ~5,000 circuit kilometre (ckm).

AGIL was recently formed as a treasury centre within the ATSO OG to facilitate bond issuances for refinancing the existing OG debt and managing ATSO's funding/treasury functions. These bonds benefit from a joint and several guarantee provided by ATSO and AESL. AGIL's credit rating is, thus, reflective of ATSO OG's credit profile.

Rationale

ATSO OG's credit profile is driven by stable and predictable cash flows from its transmission assets under long-term transmission service agreements (TSAs), which provide long-term revenue visibility. Profitability is supported by a regulated tariff mechanism under the cost-plus framework, which mitigates the volume risk. Transmission assets benefit from low operating risk, with line availability maintained well above normative levels over the years (at 99.7% in 9MFY26) and an operational track record of more than 10 years for each asset.

Additional support arises from the debt's structural features, wherein a cash flow waterfall mechanism prioritises debt servicing and capital expenditure (capex) over discretionary distribution of surplus cash flows, maintaining adequate liquidity for bondholders. Bond terms such as the minimum debt service coverage ratio (DSCR) of 1.2 times for surplus cash distribution and the maintenance of interest service reserve account (ISRA) equivalent to six months of interest obligations protect against temporary cash flow mismatches and bolster the credit profile.

However, these strengths are partly offset by counterparty risk, with over 44% of revenue and 60% of earnings before interest, taxes, depreciation and amortisation (EBITDA) from power distribution company (discom) of Maharashtra that have a weak credit profile. However,

a long track record of timely payment by the counterparty (within 30-50 days of invoicing) significantly mitigates this risk. Billing for the remaining assets is managed through Central Transmission Utility of India Limited (CTUIL, a sovereign entity) under the point of connection (PoC) pool mechanism, which reduces the risks associated with a single counterparty.

ATSOL OG is exposed to forex risk arising from a currency mismatch between INR-dominated cash inflows and USD-denominated debt. Since debt is not hedged for its full tenure, the group is subject to hedge roll-over risk. While the refinancing risk also exists due to the back-ended amortisation of bonds, it is appropriately mitigated by the long residual asset life beyond bond maturity.

The rating also factors in the risk of temporary cash flow mismatches stemming from delays in regulatory approvals or billing adjustments. Such adjustments often require true-up orders from regulators, as seen in the past.

Outlook: Stable

The stable outlook reflects CareEdge Global's expectation that ATSOL OG will be able to generate stable cash flows under the long-term TSA and PoC pool mechanism. The operational and financial metrics are expected to remain healthy, mitigating the refinancing risk to a large extent.

Rating Sensitivities

Upward factors

- An upward revision in India's credit rating ('CareEdge BBB+/ Stable¹') or rating outlook, and
- Upward revision in our view on credit profile of AESL

Downward factors

- Downward revision in India's credit rating or rating outlook
- Weakening of AESL's credit profile/financial metrics owing to high capex requirements or otherwise

Analytical approach

CareEdge Global has considered ATSOL OG's cash flows for the assessment of AGIL's credit profile. CareEdge Global's 'Project Finance Rating Methodology' has been applied for the assessment of ATSOL OG.

¹ Unsolicited

Key rating drivers

Strengths

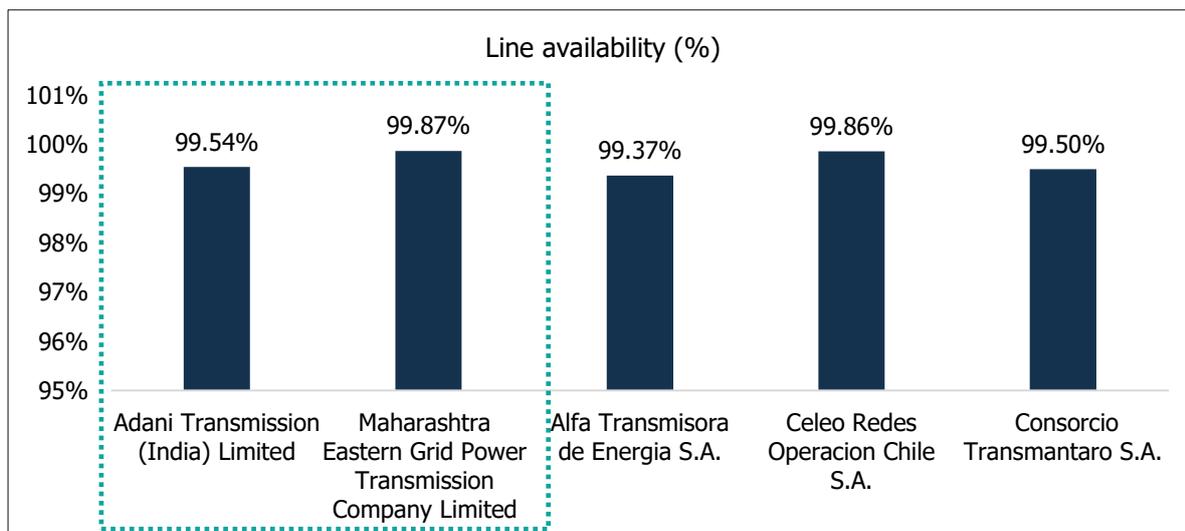
Revenue stability supported by regulated tariff framework

The power transmission segment operates under a regulated tariff framework in India, ensuring long-term revenue visibility and cash flow stability. Two of ATIL’s assets are inter-state transmission system (ISTS) projects, regulated by Central Electricity Regulatory Commission (CERC). The OG’s other two assets are under intra-state transmission system (InSTS), regulated by Maharashtra Electricity Regulatory Commission (MERC). Under the cost-plus tariff mechanism, all assets are entitled to a fixed post-tax return of 14-15.5%, contingent on achievement of normative availability targets for the transmission lines irrespective of the actual power throughput. This eliminates the volume risk.

Established track record, sustained availability provide cash flow visibility

MEGPTCL and ATIL have maintained line availability levels of more than 99% historically, reflecting stable operational performance. All asset platforms have been operational for more than 12 years and have generated steady revenue linked to line availability. During 9MFY26, the availability of MEGPTCL and ATIL averaged 99.9% and 99.7%, respectively (FY25: 99.9% and 99.5%). Asset-wise availability indicates that individual transmission lines have consistently operated above normative thresholds (95-98%). This has enabled the entities to earn incentive income ranging from Rs 380 million to Rs 480 million per annum over the past three years, providing additional cash flows.

The TSA outlines force majeure provisions that protect tariffs provided restoration occurs within the stipulated timeframe. These performance trends are aligned with comparable transmission projects, which have historically maintained high availability without significant operational disruptions.



Ring-fenced structure and cash flow protection mechanisms at ATSOL OG

ATSOL OG's cash flows are ring-fenced from its parent, AESL. Surplus distributions are allowed only after meeting certain requirements and under a well-defined 14-step cash flow waterfall structure. The structure governs the prioritisation of cash flows, with allocations directed first towards debt servicing, followed by O&M expenses, hedging obligations, reserve creation, and capex. Surplus distributions are permitted only after meeting all senior obligations and achieving a minimum DSCR threshold of 1.2x, resulting in automatic retention of cash during periods of lower coverage. The covenants are tested every six months for 12-month periods ending March 31 and September 30. Surplus distribution can be initiated subsequently upon compliance to covenants and as per the waterfall structure. The OG is also required to maintain an ISRA balance equivalent to the ensuing six months of interest obligations.

Weaknesses

State-level counterparty concentration, sensitivity to timely regulatory approvals

The OG is exposed to counterparty risk, with nearly 44% of its revenue billed to a single state-owned discom in Indian state of Maharashtra, which has an inherently weak credit profile. However, a long track record of timely payment (within 30-50 days of invoicing) mitigates the risk. Additionally, billing and collections for OG's remaining revenues are facilitated under the PoC pool mechanism under which the transmission charges collected from an array of discoms are pooled by CTUIL and then distributed to transmission companies in proportion of their billing. This framework evenly distributes the risk of non-payment/delayed payment from a single discom to all transmission companies thereby lowering the counterparty risk.

OG is also exposed to risks pertaining to regulatory orders and true-up processes, leading to temporary mismatches between revenue and cashflows as seen in past. For instance, ATIL's receivables increased during FY23 as CTUIL withheld from the billing of year certain disputed amount pertaining to prior periods. However, the entire amount was released this fiscal after the OG received favourable order from Appellate Tribunal for Electricity (APTEL). Similarly, unbilled revenues had increased in MEGPTCL due to non-allowance of certain expenses during the true-up. However, a favourable order from MERC in March 2023 resulted in recovery of this amount in entirety.

Refinancing and foreign currency-related risks

ATSOL OG's debt amortisation profile includes back-ended repayments. As per the debt terms, repayment of 36% of the outstanding debt is scheduled between FY35 and FY37, necessitating refinancing. However, the assets have a long tail period beyond debt maturity (considering auto-renewal provision for two assets), thereby largely mitigating the refinancing risk. The operating performance of the assets is expected to remain above normative levels, thereby sustaining a robust project life coverage ratio (PLCR). The management also intends to refinance the bonds sufficiently before maturity.

ATSOL OG's revenue is INR-denominated, while the borrowings are dollar-denominated. The management intends entering cross-currency swaps (CCS) to hedge the foreign currency risk.

However, the use of short-tenure CCS introduces hedge rollover risk over the life of the debt by exposing the structure to potential volatility in hedging costs (emanating from change in the interest rate differential and the USD-INR conversion ratio) at the time of renewal. Consequently, CareEdge Global assesses the foreign currency risk as moderate in its rating evaluation.

Liquidity

ATSOL OG's liquidity position is adequate, supported by available cash balance and defined reserve-creation mechanisms. As of December 2025, the OG held unencumbered cash of Rs 246 million and an ISRA balance of Rs 1,019 million. The bond documents further mandate the creation of an additional ISRA of Rs 1,300-1,350 million upfront for the rated bonds, along with a liquidity reserve account equivalent to six months of anticipated capex.

Liquidity is further bolstered by a cash flow waterfall mechanism, which mandates the prioritisation of operating expenses, debt servicing, reserve funding, and capex before any distribution of surplus cash. Compliance certificate for covenant testing is presented at AESL's board meetings, which typically occurs after the scheduled repayment date for the rated bonds. This sequencing results in automatic retention of cash within the structure until debt obligations are met, ensuring inherent liquidity protection.

Environmental, social and governance (ESG) considerations

AESL's ESG profile drives that of AGIL. AESL's environmental profile is supported by a defined sustainability framework, with disclosed targets on emissions reduction, renewable energy sourcing, and resource efficiency. The company has articulated a net-zero target by 2050, with interim goals for reduction in Scope 1, 2 and 3 emissions. It has also outlined targets for renewable power procurement in its distribution business, water positivity, waste management, and biodiversity. These initiatives provide visibility into its environmental transition roadmap.

AESL's social profile is supported by the formalisation of social and stakeholder-related considerations within its ESG framework, including policies on health and safety, human rights, and corporate social responsibility. The company's distribution business emphasises customer- and community-linked initiatives such as green energy options, charging infrastructure for electric vehicles, and energy-efficiency programmes. Its social profile remains linked to the successful execution of these initiatives across its expanding business segments.

Governance remains a relevant consideration for AESL, with board composition and committee oversight providing some support. The board comprises an optimal mix of executive, non-executive, and independent directors. This includes female representation, with independent directors contributing extensive expertise in regulation, policy, and governance. All material related party transactions (RPTs) are subject to approval by the Audit Committee, which is composed entirely of independent directors.

About the company

AGIL is a newly incorporated financial services entity within ATSOL OG, established in GIFT City, Gandhinagar, Gujarat. Strategically, AGIL will play a key role in the group's offshore financing structure. It serves as ATSOL OG's dedicated financing and treasury management hub, enabling efficient capital structuring, enhancing access to international debt markets, and providing support to the group's operations and refinancing plans.

About ATSOL OG

ATSOL OG comprises ATSOL and its three wholly owned subsidiaries: ATIL, MEGPTCL and AGIL. ATSOL is a key operating subsidiary of AESL, which is a part of the infra-conglomerate Adani Group. ATSOL OG has two operating entities, ATIL and MEGPTCL, with three transmission lines and one transmission line, respectively. The cumulative spread of the lines is ~5,000 ckm.

AESL operates a large and diversified portfolio of transmission and distribution assets across India. It is the country's largest utility infrastructure platform and the largest private participant in the power transmission and distribution sector, operating a network of ~19,950 ckm. It is expected to undertake capex of Rs 130-150 billion in FY27 to support expansion across its regulated and competitive bid assets. AESL has a market capitalisation of ~Rs 1,190 billion as on March 15, 2026, reflecting its scale and position in the sector.

Recent updates and financial summary

ATIL and MEGPTCL have maintained an availability of 99.65% and 99.88% respectively, for 9MFY26, improving from 99.47% and 99.87% respectively for FY25. The collection efficiency improved to 133% in 9MFY26 from 104% in FY25, given the release of certain disputed amount of prior period. As on March 31, 2025, loans extended by ATIL and MEGPTCL to AESL stood at Rs 15.3 billion and Rs 32.4 billion respectively.

Key summary financial metrics (ATSOL OG)

Particulars	Unit	March 31, 2023	March 31, 2024	March 31, 2025
Revenue	Rs bn	28.8	22.1	27.5
EBITDA	Rs bn	22.9	15.9	17.3
PAT	Rs bn	7.6	1.8	3.3
Total debt	Rs bn	82.1	80.1	78.2
FFO to debt	%	16.2	9.4	10.6
Interest cover	Times	3.1	2.2	2.4

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of instruments

Instrument	ISIN	Date of issuance	Maturity Date	Issue Size	Rating
Foreign Currency Bonds	-	-	-	USD 500 million	CareEdge BBB+/Stable

Rating history

Instrument	Type	Rating	Date
Foreign Currency Bonds	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	March 26, 2026

Criteria applied

[CareEdge Global's Project Finance Rating Methodology](#)

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About Us

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