

July 31, 2025

Avaada MHGreen Private Limited: Rating upgraded to [ICRA]A (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Term loan - Fund based	397.40	397.40	[ICRA]A (Stable); upgraded from [ICRA]A- (Stable)
Long term - Letter of credit – Interchangeable	(270.00)	--	--
Long term - Unallocated	45.20	--	--
Total	442.60	397.40	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for Avaada MHGreen Private Limited (AMGPL) factors in the successful commissioning of its 100-MW (AC) solar power project in June 2024, along with a satisfactory generation performance post the initial stabilisation period, and expectation of comfortable debt coverage metrics.

The ratings continue to derive comfort from the presence of strong parent - Avaada Energy Private Limited (AEPL) – which has an established track record in the renewable energy (RE) sector with an operating solar power portfolio of ~5 GWp and under-development RE capacity of ~20 GWp. AEPL is promoted by Avaada Ventures Private Limited (AVPL). At present, its shareholding is held by AVPL and GPSC Thailand (a part pf the PTT Group, Thailand) in a 57:43 ratio, respectively. While the committed equity and available cash within the Group will enable AEPL to scale up its portfolio in the near to medium term, the Group is exploring options to raise further capital to finance its under-development portfolio.

The long-term power purchase agreements (PPAs) at competitive tariffs and the satisfactory generation performance of the assets under AEPL, along with the availability of long-term project finance at competitive interest rates are expected to result in adequate debt coverage metrics for the Group.

The rating also factors in the limited demand and tariff risks for AMGPL due to the presence of 25-year long-term power purchase agreements (PPAs) for its solar power project at a fixed tariff with two industrial customers under the group captive mode at competitive rates. The tariff rate offered by the company is at a comfortable discount to the state grid tariff rates, resulting in savings for the customers. ICRA also notes the payments from the offtakers have remained timely since the commissioning of the project. Further, AMGPL's project debt has a long tenure of 20 years, which is expected to lead to comfortable debt coverage metrics over the debt tenure.

However, the company's cash flows and debt protection metrics remain sensitive to its generation performance, given the single-part tariff under the PPAs. This constraint is further amplified by the geographic concentration of the asset. Any adverse variation in weather conditions and equipment performance can impact the generation levels and consequently the cash flows. ICRA notes that the generation was lower than the P-90 estimate in the initial four months after commissioning as the project was under stabilisation; however, the generation performance has improved thereafter, with the plant load factor (PLF) reaching the P-90 estimates. The sustainability of this performance remains a key monitorable, going forward.

The company is also exposed to interest rate risks because of the leveraged capital structure and floating interest rate, subject to regular resets. Further, the company's operations remain exposed to regulatory risks associated with forecasting & scheduling regulations, norms for captive projects and open access charges. Any significant increase in the open access charges or imposition of new levies would impact the competitiveness of the tariff offered under the PPAs.

The Stable outlook on the [ICRA]A rating reflects ICRA's opinion that AMGPL would benefit from the long-term PPAs for its portfolio with reputed customers and the track record of the Group in developing and operating solar power projects.

Key rating drivers and their description

Credit strengths

Experienced promoter group with a demonstrated track record – AMGPL is a 74% subsidiary of the renewable energy holding company of the Avaada Group i.e., AEPL, which has an established track record in the solar power sector. AEPL is backed by Avaada Ventures Private Limited (AVPL), which holds about a 57% stake and the remaining stake of about 43% is held by Global Renewable Synergy Company, which is a part of PTT Thailand. AEPL has an overall portfolio of ~25 GWp, comprising an operating capacity of ~5 GW and the balance is under development.

Revenue visibility from long-term PPAs; competitive tariff rates – AMGPL has 25-year long-term PPAs for the entire capacity at a fixed tariff with two industrial customers under the captive mode, providing revenue visibility and limiting the demand and pricing risks. The customers have subscribed to the equity capital of AMGPL, as required under the group captive regulations. The tariffs offered by the company are at a healthy discount to the state grid tariff rates. Moreover, the power supplied by AMGPL would enable the customers to meet their renewable purchase obligations and sustainability goals.

Comfortable debt coverage metrics and liquidity profile – AMGPL's debt coverage metrics are expected to be comfortable with the cumulative DSCR at ~1.30x over the debt tenure, supported by PPAs at attractive rates, the long tenure of the debt and competitive interest rates. Also, the liquidity profile of the company is supported by the presence of a peak two-quarter DSRA, where AMGPL has already created a DSRA of ~Rs. 18.8 crore in place as of May 2025 and the balance ~Rs. 6 crore will be created shortly.

Credit challenges

Debt metrics of solar projects sensitive to PLF levels – The debt coverage metrics remain exposed to the generation level because of the one-part structure under the PPAs. Hence, any adverse variation in weather conditions and/or module performance may impact the PLF and consequently the cash flows. The geographic concentration of the asset amplifies the generation risk. The demonstration of a satisfactory generation performance over the longer term remains to be seen, given the limited track record of operations.

Exposed to interest rate risks – The interest rates on the term loans availed by the company for its project is floating and subject to regular resets. Given the fixed nature of the tariffs under the PPAs and a leveraged capital structure, the debt coverage metrics are exposed to the movements in interest rates.

Regulatory risks – The company's operations are exposed to regulatory risks pertaining to the scheduling and forecasting requirements of solar power projects. However, the risk of variation is relatively low for solar power projects compared to wind power projects. Also, the company remains exposed to regulations related to captive power projects and the adverse variation in open access charges, which could impact the competitiveness of the tariffs offered.

Liquidity position: Adequate

The liquidity of the company is expected to remain adequate, aided by the healthy cash flow from operations because of the long-term PPAs at a fixed rate for the solar power project and expectation of timely receipt of payments from the customers with comfortable credit profiles. The debt repayment is scheduled to commence in September 2025, giving the project adequate time for the operations to stabilise. The company is expected to generate cash flow from operations of Rs. 27 crore in FY2026 against a debt repayment of Rs. 7.8 crore. Further, the company has created a DSRA of Rs. 18.8 crore as of May 2025 and has free cash balances of Rs.13.4 crore as of May 2025-end.

Rating sensitivities

Positive factors - ICRA could upgrade AMPL's rating if its generation performance exceeds the P-90 estimate on a sustained basis, thereby strengthening its debt coverage metrics, along with registering continued timely payments from the offtakers. Also, the rating would remain sensitive to the credit profile of its parent, AEPL.

Negative factors - The rating may be downgraded if the actual generation performance is lower than the P-90 level on a sustained basis, pulling down the cumulative DSCR to less than 1.20x, or if there are delays in payments from the customer, impacting its liquidity profile. Further, the rating would remain sensitive to the credit profile of its parent, AEPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
Parent/Group support	Parent Company: Avaada Energy Private Limited The rating factors in the implicit support available from AEPL, if required
Consolidation/Standalone	Standalone

About the company

Avaada MHGreen Private Limited (AMGPL) is a 74% subsidiary of Avaada Energy Private Limited (AEPL). The company has developed a 130.0 MW (DC)/100.0 MW (AC) solar power capacity under the group captive mode in the Aurangabad district of Maharashtra. The plant was commissioned in June 2024. AMGPL has signed 25-year long term PPAs at a fixed tariff with two industrial customers in Maharashtra. As required under the group captive regulations, the customers have subscribed to the shareholding of the company.

Key financial indicators

	FY2025*
Operating income	50.7
PAT	1.5
OPBDIT/OI	91.9%
PAT/OI	2.9%
Total outside liabilities/Tangible net worth (times)	2.3
Total debt/OPBDIT (times)	8.4
Interest coverage (times)	1.6

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	FY2026					Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	31-Jul-25	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Letter of credit - Interchangeable	Long term	--	-	-	-	16-APR-2024	[ICRA]A-(Stable)	-	-	-	-
Term loan - Fund based	Long term	397.40	[ICRA]A (Stable)	-	-	16-APR-2024	[ICRA]A-(Stable)	-	-	-	-
Unallocated	Long term	--	-	-	-	16-APR-2024	[ICRA]A-(Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Term loan - 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
NA	Fund based - Term loan	FY2024	NA	FY2045	397.40	[ICRA]A (Stable)

Source: Company

[Please click here to view lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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