

October 10, 2025

Avaada Electro Limited: Ratings reaffirmed; outlook revised to Positive; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund-based –Term loan	1,965.00	3,294.00	[ICRA]A- (Positive); reaffirmed; outlook revised to Positive from Stable; assigned for enhanced amount
Long term fund-based – Cash credit	36.00	157.00	[ICRA]A- (Positive); reaffirmed; outlook revised to Positive from Stable; assigned for enhanced amount
Short term - Non-fund based - Letter of credit	244.00	809.00	[ICRA]A2+; reaffirmed; assigned for enhanced amount
Short term - Non-fund based – Capex Bank Guarantee	-	86.00	[ICRA]A2+; assigned
Short term - Non-fund based - Forward cover	107.00	190.00	[ICRA]A2+; reaffirmed; assigned for enhanced amount
Total	2,352.00	4,536.00	

*Instrument details are provided in Annexure I

Rationale

To arrive at the ratings for Avaada Electro Limited (AEL), ICRA continues to factor in the support available from its parent, Avaada Ventures Private Limited (AVPL), given the strategic significance of AEL for AVPL and the expected extension of financial support to AEL by the parent for funding the ongoing capex and for any exigency.

The reaffirmation of the ratings and revision in outlook to positive on the long-term rating for AEL factors in the healthy ramp up in operations post commissioning for the 1.5 GW solar module line at Dadri, and commencement of commercial operations from 5 solar module lines at Butibori in Q2FY2026 capable of operating at an aggregate capacity of 7 GW. The company achieved healthy capacity utilisation of ~79% in FY2025 and ~88% in Q1FY2026 from 1.5 GW Dadri solar module plant (present ALMM enlistment at 1.311 GW). This has led to strong revenue generation and profitability for the company, with revenue standing at Rs. 911.6 crore and operating profit margin of 26.5% in FY2025 and revenue of Rs. 432.1 crore and operating profit margin of 26.8% in Q1FY2026.

ICRA also notes that AEL is in advanced stages of installing a 6 GW solar cell manufacturing capacity at Butibori Industrial Area, Maharashtra, planned for completion during FY2026. The rating further factors in healthy order book position of the company amounting to over 20 GW from its Group entity, Avaada Energy Private Limited (AENPL), which is to be executed over the next 4-5 years, thereby providing revenue visibility for AEL. Further, ICRA draws comfort from the established track record of the Group in the renewable energy sector with operational renewable capacity of ~5.5 GW and the presence of an experienced sponsor with demonstrated fund-raising capability. The promoter has infused required equity funding for the 1.5 GW module line at Dadri plant and infused majority of the equity portion for the project at Butibori.

Also, the strong policy support to domestic solar equipment manufacturers in the form of the Approved List of Models and Manufacturers (ALMM) to restrict the use of imported modules and cells favours the credit profile of the company. The company has received approval for 5.42 GW (4.11 GW for first 3 module lines at Butibori plant and 1.311 GW for Dadri plant) of solar module capacity under ALMM-I list.

The rating is however constrained by significant capex plans of the company and stabilisation risks associated with the upcoming cell units. Apart from the Butibori and Dadri plants, AEL is also planning to incur additional capex towards setting up an integrated solar module and cell manufacturing capacity of 5.1 GW and 6 GW respectively in Greater Noida, Uttar Pradesh. However, this plant is currently at initial stages of development with land acquisition completed and site development work being currently underway. Also, the funding tie-up for the project is under process. Apart from this, the group could explore to further backward integrate into ingot and wafer manufacturing, which would entail additional capex requirement.

The large-scale investment would expose the company to significant execution and funding risks, especially given the evolving policy and competitive landscape in the domestic solar manufacturing segment. Execution of the under-construction capacity within the budgeted time and cost along with the ability to ramp up and stabilise the newly commissioned capacities will be a key monitorable, going forward. Further, with the proposed capacity expansion at Greater Noida, the company would remain exposed to demand and pricing risks in the domestic and export markets, amid the large scale-up in domestic module manufacturing capacity as well as the headwinds in the global markets because of the tariff turmoil. ICRA will continue to closely track the progress of the under-construction capacity, demand environment, policy changes and their implications on AEL's credit profile.

The capex plans are being funded by the company with a debt equity mix of 75:25, with the equity portion funded from promoter contribution and internal accruals. The large share of debt funding for the capex would keep the leverage level high for the company in the near term. Therefore, AEL's ability to consistently operate the commissioned module lines at optimal capacity utilisation levels would remain important to maintain adequate debt coverage metrics, going forward.

The ratings are also constrained by AEL's limited track record of operations in the solar module and cell manufacturing. Herein, comfort is drawn from the Group's track record in the renewable energy sector, presence of experienced professionals and timely commissioning and ramping of the module units. ICRA also takes note of the exposure of AEL's profitability to the volatility in raw material (RM) prices, mainly due to reliance on imports for solar PV cells, glass, back sheet and aluminium frame, among others, and the fixed prices nature of the contracts with AENPL over the medium term. Also, the company remains exposed to the variation in exchange rate on imported raw materials. Further, the ratings are tempered by a highly concentrated order book and the risk of delays in the execution of projects by key customer, AENPL.

ICRA notes that the domestic module manufacturing sector is characterised by stiff competition and continues to attract new players, given the transition from fossil fuel to renewable sources with a higher share towards the solar sector. Moreover, there is continuous innovation on the product side in the global market, which necessitates regular upgrades and investments in product development by the company to mitigate the risk of technological obsolescence. ICRA also takes note of the risks pertaining to any devolvement of warranties given on the supply of solar modules, however, the company has made appropriate provisions for warranty obligations in its books of account, thereby mitigating the risk of potential financial exposure arising from the same.

Key rating drivers and their description

Credit strengths

Presence of experienced sponsor Group with established track record in renewable energy and strong fund-raising capabilities – The presence of an experienced sponsor, AVPL, with a demonstrated track record of developing and operating solar power projects under Avaada Energy provides comfort to the company. At AVPL's level, Brookfield Energy Transition Fund has made an equity investment of ~\$1.0 billion through optionally convertible debentures (OCDs) with a tenure of 8 years and 6 months. AVPL has drawn \$400 million so far and deployed the funds towards AENPL, AEL and the Green Hydrogen and Ammonia venture. AENPL is the flagship company of the Group, wherein AVPL holds a 60.1% stake with the balance 39.9% stake held by PTT's Global Power Synergy Public Company (GPSC). AEPNL has an overall portfolio of ~25 GW, comprising an operating capacity of ~5.5 GW and the balance is under development.

Long-term revenue visibility from healthy order book position and Group's project pipeline – AEL is strategically important for the Group as it is the sole module manufacturing entity in the Group and is also backward integrating into cell

manufacturing. At present, majority of the orders are from AENPL, which has a large solar project pipeline of over 20 GW to be developed over the next four years, providing order visibility for AEL.

Favourable demand outlook for domestic module and cell manufacturers – The demand outlook for domestic solar module and cell manufacturers remains robust, supported by the Government of India’s strategic push towards renewable energy and self-reliance in solar manufacturing. AEL stands to benefit significantly from policy measures such as the mandatory procurement from entities listed under the Approved List of Models and Manufacturers (ALMM) for solar PV modules and cells. These initiatives enhance the competitiveness of domestic players like AEL. The company’s strategic positioning as the sole module manufacturer within the Avaada Group, coupled with its backward integration into cell manufacturing, aligns well with the evolving policy landscape.

Healthy capacity utilisation of the operational module lines, leading to comfortable profitability in FY2025 and Q1 FY2026 – AEL has been able to quickly ramp up its capacity utilisation for module lines post commencement. Dadri plant with 1.5 GW capacity which commenced commercial operations in September 2024 and produced ~603 MW of solar modules in FY2025. Further, AEL produced ~1065 MW of solar module lines in 1st Half of FY2026, including ~570 MW of module production from the module lines at Butibori plant. The optimal utilisation of installed capacity has enabled the company to achieve healthy revenue and profitability during FY2025 and Q1 FY2026. AEL’s operating profitability stood at 26.5% and 26.8% in FY2025 and Q1FY2026 respectively. The sustained demand from group projects has ensured minimal idle time and consistent throughput, reflecting the company’s strong execution capabilities and competitive positioning in the domestic solar manufacturing segment.

Credit challenges

Significant capacity expansion plans expose the company to execution and stabilisation risks – AEL is setting up large integrated solar module and cell units at its Butibori and Greater Noida plants. Though the module lines at Butibori are commercially operational, the company remained exposed to execution and stabilisation risks related to the cell line. A timely completion of the proposed capacity within budgeted costs and successful ramp-up of operations will remain critical for sustaining the profitability and maintaining the credit metrics. Any delays or cost overruns during the implementation phase, or challenges in achieving optimal utilisation post commissioning, could impact the company’s operational efficiency and financial performance. The ability of the company to manage these risks effectively will be a key monitorable.

Capital structure expected to remain leveraged with ongoing debt-funded capacity expansion – Given the large debt-funded capacity expansion plans at AEL, the company’s capital structure is expected to be leveraged with the debt/OPBDITA remaining high over the next two to three years. While the expansion is expected to enhance the scale and strengthen the market presence, the reliance on external borrowings for funding the capex is likely to exert pressure on the company’s capitalisation and coverage metrics. The debt coverage metrics would, therefore, remain sensitive to AEL’s ability to consistently operate the module lines at optimal capacity utilisation levels, and a timely commissioning and scale-up of the under-construction cell lines. The extent of the leverage and the company’s ability to maintain adequate liquidity and service debt obligations in a timely manner will remain a key credit monitorable. A successful execution and stabilisation of the expanded capacity will be critical to support the cash flows and mitigate the risks associated with the elevated debt levels.

Lack of track record in cell manufacturing and risk of technology obsolescence – AEL remains exposed to execution and operational risks arising from its lack of track record in solar cell manufacturing. As the company ventures into this segment, successful commissioning and stabilisation of the new cell manufacturing lines will be critical to achieve the desired performance and cost efficiencies. Further, AEL remains exposed to the risk of technology obsolescence and has to make steady investments for continuous product and process innovation and rapid adoption of new technology to sustain its competitive advantage. This risk is partly mitigated by the ability of AEL’s facility to produce modules based on both the TOPCON and Mono PERC technologies.

Profitability remains vulnerable to volatility in key raw material prices along with competition and policy changes – AEL remains exposed to the volatility in price movements of key raw materials (RM) like solar cells/wafers, glass, back sheet and aluminium, among others, given the fixed price nature of its contracts with AENPL over near term. The pricing of the contracts

remains fixed over near term, except for change-in-law events like the imposition of duties. Also, the company remains exposed to adverse movements in foreign exchange as most of the raw materials are imported. Herein, the company proposes to mitigate this risk through appropriate currency hedging.

High customer concentration – AEL’s current order book is entirely from AENPL, and the future pipeline will be driven by the Group. Hence, any delay in the execution of the projects under AENPL will have an adverse impact on AEL’s revenue.

Liquidity position: Adequate

The company’s liquidity position is adequate. The company had free cash and cash equivalents of ~Rs. 247 crore as on August 31, 2025, which provides a buffer to absorb any cost overruns. It is further supported by the timely infusion of promoter equity and the availability of sanctioned debt funding, which together are adequate to complete the ongoing capex at the Butibori plant. AEL’s cash flow from operations is expected to improve with the phased commissioning of the manufacturing capacity and is expected to be sufficient to meet the debt servicing obligations in FY2026 and FY2027. For the capex at the Greater Noida unit, financial support from the sponsor, Avaada Ventures Private Limited, is expected to be forthcoming, given its strategic commitment and track record of backing AEL’s growth initiatives.

Rating sensitivities

Positive factors – The ratings may be upgraded, post successful commissioning and ramp-up of production from the cell and module lines within the budgeted cost and time, leading to a scaling up of AEL’s operations, along with comfortable debt coverage metrics and liquidity position. The credit profile would also remain sensitive to an improvement in the credit profile of the parent, AVPL.

Negative factors – The ratings may be downgraded if the company is unable to scale up its operations and/or if there are delays in commissioning of the under-construction cell and module lines, thereby adversely impacting the earnings, debt coverage metrics and liquidity. A larger-than-expected debt-funded capex adversely impacting the leverage and coverage metrics could also result in a downgrade. The credit profile would also remain sensitive to a deterioration in the credit profile of the parent, AVPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate credit Rating Methodology
Parent/Group support	ICRA has assessed the standalone credit profile of AEL and factored in the support from its parent, AVPL, given the strategic significance of AEL for AVPL. The parent is expected to extend financial support to AEL during any exigency
Consolidation/Standalone	Standalone

About the company

Avaada Electro Limited (AEL) commenced operations at its first solar module manufacturing plant in Dadri, Uttar Pradesh, in July 2024. The 1.5 GW facility, set up at a cost of Rs. 207.85 crore and funded through equity and unsecured loans from Avaada Ventures Private Limited (AVPL), was partially refinanced in FY2025 via a Rs. 145 crore term loan from SBI. AVPL also acted as the EPC contractor for this plant. The plant, spread across 1,95,000 sq. ft. of leased space, imports solar cells for module assembly and is capable of producing both TOPCON as well as Mono PERC-based modules. It has an approved capacity of 1,311

MW under the ALMM-I list.

AEL is also developing an integrated solar cell and module manufacturing units in Butibori, Nagpur. Company has started commercial operations of the module lines in Q2FY2026. and cell lines are planned for completion during FY2026 at the Butibori plant. The first 3 module lines received ALMM-I approval for 4,111 MW in September 2025.

Additionally, AEL plans to set up a 5.1 GW module and 6 GW cell manufacturing facility in Greater Noida, Uttar Pradesh. The project is in the early stages, with land acquisition completed, and site development activities underway, and commissioning is targeted in fiscal year 2027.

Key financial indicators (audited)

AEL	FY2025	Q1 FY2026*
Operating income	911.6	432.1
PAT	173.3	86.6
OPBDITA/OI	26.9%	28.2%
PAT/OI	19.0%	20.0%
Total outside liabilities/Tangible net worth (times)^	2.5	3.2
Total debt/OPBDITA (times)^	2.5	2.6
Interest coverage (times)	19.8	27.7

Source: Company, ICRA Research; * Unaudited numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

^Funding support from promoters in the form of unsecured debt is considered as debt; adjusted for promoter debt and interest the ratios are as follows:

Total outside liabilities/Tangible net worth- FY2025: 0.4 times, Q1FY2026: 0.9 times;

Total debt/OPBDITA- FY2025: 1.0 times, Q1FY2026- 1.8 times

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Oct 10, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	3294.00	[ICRA]A- (Positive)	Feb 06, 2025	[ICRA]A- (Stable)	-	-	-	-
Fund based – Cash credit	Long term	157.00	[ICRA]A- (Positive)	Nov 05, 2024	[ICRA]A- (Stable)	-	-	-	-
				Feb 06, 2025	[ICRA]A- (Stable)	-	-	-	-
Non-fund based - Letter of credit	Short term	809.00	[ICRA]A2+	Nov 05, 2024	[ICRA]A2+	-	-	-	-
				Feb 06, 2025	[ICRA]A2+	-	-	-	-
Non-fund based - Forward cover	Short term	190.00	[ICRA]A2+	Nov 05, 2024	[ICRA]A2+	-	-	-	-
				Feb 06, 2025	[ICRA]A2+	-	-	-	-
Non-fund based – Capex bank guarantee	Short term	86.00	[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based –Term loan	Simple
Long term fund based – Cash credit	Simple
Short term - Non-fund based - Letter of credit	Very Simple
Short term - Non-fund based - Forward cover	Very Simple
Short term - Non-fund based – Capex bank guarantee	Very 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	NA	NA	FY2024	3,294.00	[ICRA]A- (Positive)
NA	Fund based – Cash credit	NA	NA	FY2024	157.00	[ICRA]A- (Positive)
NA	Non-fund based - Letter of credit	NA	NA	FY2026	809.00	[ICRA]A2+
NA	Non-fund based - Forward cover	NA	NA	FY2025	190.00	[ICRA]A2+
NA	Non-fund based – Capex bank guarantee	NA	NA	FY2024	86.00	[ICRA]A2+

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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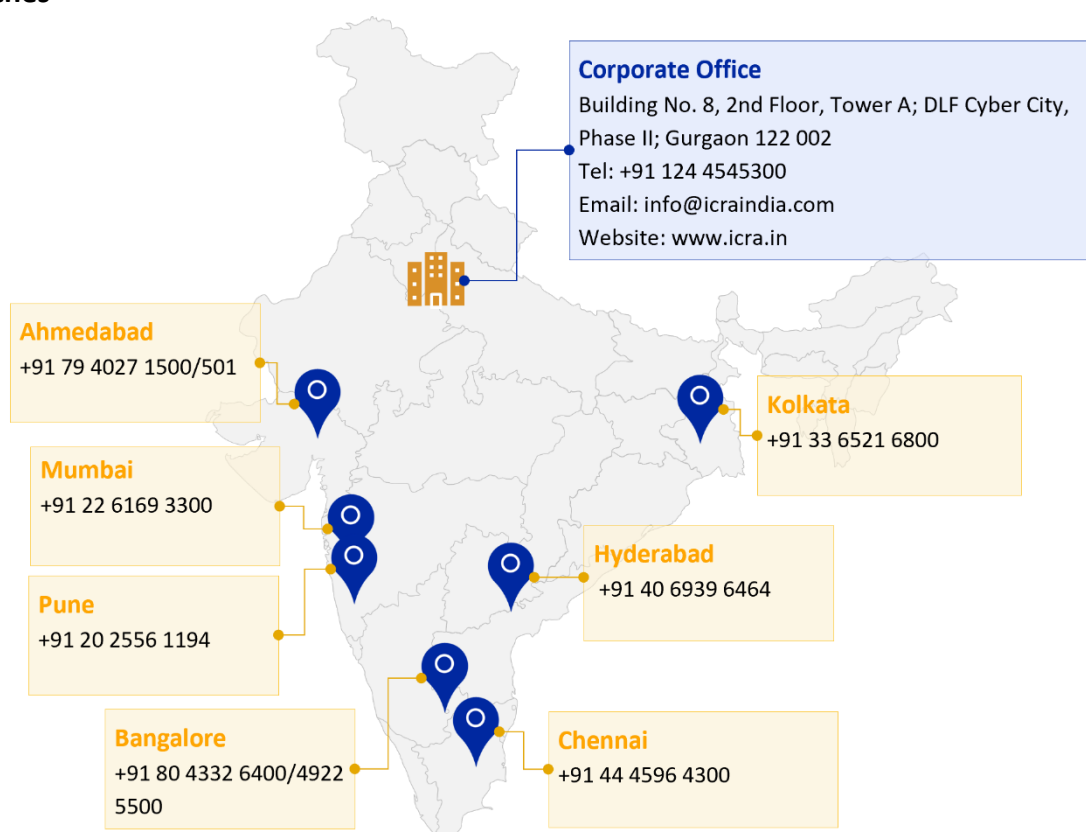
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