

March 24, 2026

Avaada GJSustainable Private Limited: Ratings upgraded to [ICRA]A (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	798.00	798.00	[ICRA]A (Stable); upgraded from [ICRA]A- (Stable)
Long-term – Interchangeable - Letter of Credit	(580.00)	(580.00)	[ICRA]A (Stable); upgraded from [ICRA]A- (Stable)
Long-term – Non Fund Based - Bank Guarantee	42.24	42.24	[ICRA]A (Stable); upgraded from [ICRA]A- (Stable)
Total	840.24	840.24	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for Avaada GJSustainable Private Limited (AGPL) factors in the reduction in project risk as it has achieved partial commissioning in February 2026 for 108 MW, out of total capacity of 200 MW, along with advanced stages of completion for the remaining capacity by April 2026 (in line with revised SCOD approved by the offtaker). As of mid-February 2026, the project currently has completed 95% land acquisition, more than 80% of module installation along with 100% completion of transmission and pooling substation (PSS) infrastructure. Further, as per ICRA's projections, the cumulative debt service coverage (DSCR) of the project is expected to improve due to reduction in rate of interest compared to the previous rating.

The rating also factors in its strong parentage of Avaada Energy Private Limited (AEPL), which has an established track record in the renewable energy sector with an operating solar power portfolio of ~6.9 GWp and under-development capacity of another ~19 GWp. AEPL is promoted by Avaada Ventures Private Limited (AVPL) and at present its shareholding is held by AVPL and GPSC Thailand (a part of the PTT Group, Thailand) in a 60.1:39.9 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 currently exploring options to raise further capital to finance the requirements for developing its under-construction portfolio. The long-term power purchase agreements (PPAs) at competitive tariffs and satisfactory generation performance of the assets under AEPL, along with the availability of long-term project finance at competitive interest rates have led to adequate debt coverage metrics for the Group.

The rating also factors in the limited demand and tariff risks for AGPL resulting from the presence of a 25-year long-term power purchase agreement (PPA) with Solar Energy Corporation of India {SECI; [ICRA]AAA (stable)/A1+} for its entire solar power capacity of 200 MWac at a fixed tariff. The superior tariff competitiveness offered by the project is a credit positive for the company. The company has secured the required debt funding for the project, and the entire equity funding has been infused by AEPL.

After commissioning, the company's cash flows and debt protection metrics would remain sensitive to its generation performance, given the single-part tariff under the PPA. This constraint would be 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. The demonstration of generation performance in line or above the appraised P90 PLF levels remains a key credit monitorable. The availability of adequate moratorium period between the SCOD and the repayment start date is expected to enable the company to build the cash flow buffer for meeting the debt servicing obligations. However, the rating is constrained by the refinancing risk associated with bullet repayment for the loan facilities at the end of the five-year

tenure. However, the 25-year PPA in comparison with the debt tenor of five years provides adequate revenue visibility for the project life, coupled with healthy financial flexibility of the parent, AEPL, largely mitigates the refinancing risk.

The company also remains exposed to a single counterparty, SECI, post commissioning. However, comfort is drawn from the strong credit profile of SECI with expectations of timely payments. The company is also exposed to interest rate risks, given the leveraged capital structure and floating interest rate, subject to regular resets. Further, the company's operations remain exposed to the regulatory risks associated with forecasting & scheduling regulations.

The Stable outlook on the long-term rating reflects ICRA's opinion that AGPL would benefit from the presence of a long-term PPA for its solar power project, which coupled with expectations of a steady operational performance and the track record of the Group in developing and operating solar power projects is likely to translate into a stable credit profile.

Key rating drivers and their description

Credit strengths

Experienced promoter group with a demonstrated track record in the renewable energy sector - AGPL is a wholly-owned 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 AVPL, which holds a 60.1% stake and the remaining 39.9% stake is held by Global Renewable Synergy Company, which is a part of PTT Thailand. AEPL has an overall portfolio of ~25.9 GWp comprising an operating capacity of ~6.9 GW and the balance being under construction.

Revenue visibility from long-term PPA at a fixed rate; superior tariff competitiveness - AGPL has signed a 25-year PPA for the entire capacity at a fixed tariff with SECI, providing revenue visibility and limiting the demand and pricing risks. Further, comfort is drawn from the superior tariff competitiveness offered by the project.

Debt coverage metrics expected to remain adequate, post commissioning – AGPL's debt coverage metrics are expected to be comfortable over the debt tenure, supported by the long-term PPA and competitive interest rates. Also, the liquidity profile of the company, post commissioning, is expected to be supported by the presence of a one-quarter debt service reserve account (DSRA), which will be created on commissioning from the project cost. While AGPL is exposed to refinancing risk associated with bullet repayment for the loan facilities at the end of the five-year tenure, comfort is drawn from the 25-year PPA tenor of the project and healthy financial flexibility of the parent, Avaada Energy Private Limited.

Low counterparty risk – The rating draws comfort from the presence of a strong counterparty like SECI. Further, the additional provisions in the PPA related to compensation in case of grid curtailment or backdown and the termination liability provide comfort. These factors, along with the superior tariff competitiveness of the project, mitigate the counterparty credit risk for the company.

Credit challenges

Project stabilisation-related risks - As the project is in the advanced stages of completion, the execution risk associated with the under-construction status of the project largely stands mitigated. Nonetheless, comfort is drawn from the partially commissioned project for 108-MW capacity, availability of ~95% of the required land, completion of the transmission line and pooling substation and the track record of the Group in developing solar power projects. However, execution risk persists with respect to generation stabilisation, as solar power projects typically require an initial period of 6–12 months to achieve stable operations. Generation performance of the asset close to or above the P90 level remains a key monitorable.

Debt metrics of solar projects sensitive to PLF levels - The company's debt coverage metrics remain exposed to the generation level, given the one-part structure under the PPA. 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 at a single location amplifies the generation risk. The demonstration of performance, post commissioning, remains to be seen.

Interest rate and regulatory risks - The interest rate on the term loan 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 AIPL's debt coverage metrics to the movement in interest rates. Also, securing a competitive interest rate at the time of refinancing will remain critical for adequate coverage metrics. 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.

Liquidity position: Adequate

The liquidity position of AGPL is supported by the tie-up of debt funding for its solar power project and the availability of adequate liquidity with the parent to infuse the equity requirement. AEPL had infused 100% of the promoter contribution as on January 31, 2026, and full disbursement of term debt is expected to be completed by March 2026. Moreover, AEPL is expected to support the project in case of any cost overrun. The company does not have any debt repayment obligation in FY2026 and is expected to generate adequate cash flow from operations to meet the interest obligation, post commissioning in FY2027.

Rating sensitivities

Positive factors – ICRA could upgrade AGPL's rating following demonstration of a satisfactory generation performance in line or above the P-90 estimate and timely payments from the customer. Also, the rating would remain sensitive to the credit profile of its parent, AEPL.

Negative factors – AGPL's rating can be downgraded if the actual generation performance, after commissioning, 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 Rating Methodology for Power - Solar and wind
Parent/Group support	The rating is based on the implicit support from the parent company, Avaada Energy Private Limited
Consolidation/Standalone	The rating is based on the standalone financials of the company

About the company

Avaada GJSustainable Private Limited (AGPL) is an SPV set up by Avaada Energy Private Limited (AEPL) as its wholly-owned subsidiary. The company is developing a 268.35 MW (DC)/200-MW (AC) solar power capacity at Bhachau in Kachchh district of Gujarat. The energy generated from the solar plant of 268.35 MW will be evacuated at 765/400/220kV Lakadia grid substation. AGPL has signed a 25-year PPA at a fixed tariff of Rs. 2.61 per unit with SECI, who has signed a PSA with NDMC Limited. The revised scheduled commissioning date of the project under the PPA is in April 2026.

Key financial indicators (audited): Not meaningful as the project is under construction

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 24, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long-term	798.00	[ICRA]A (Stable)	Mar 10, 2025	[ICRA]A- (Stable)	-	-	-	-
Interchangeable - Letter of Credit	Long-term	(580.00)	[ICRA]A (Stable)	Mar 10, 2025	[ICRA]A- (Stable)	-	-	-	-
Non Fund Based - Bank Guarantee	Long-term	42.24	[ICRA]A (Stable)	Mar 10, 2025	[ICRA]A- (Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Term loan	Simple
Long term – Non-fund based - Interchangeable	Simple
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	Fund-based – Term loan	FY2025	-	FY2030	798.00	[ICRA]A (Stable)
NA	Interchangeable - Letter of Credit	NA	NA	NA	(580.00)	[ICRA]A (Stable)
NA	Non Fund Based - Bank Guarantee	NA	NA	NA	42.24	[ICRA]A (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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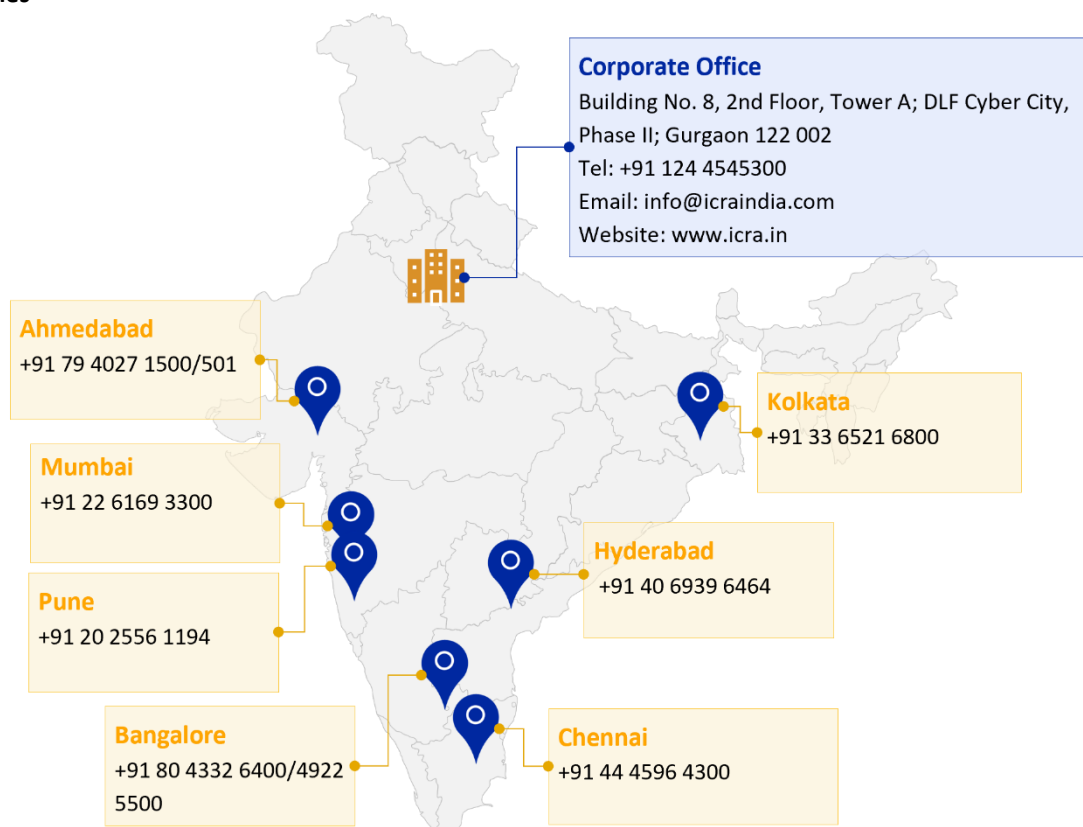
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