April 01, 2026

Avaada Indsolar Private Limited: Rating reaffirmed; rating reaffirmed and withdrawn for bank guarantee

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based -Term loan	285.93	276.15	[ICRA]A- (Stable); reaffirmed
Long term – Non-fund based – Bank guarantee	32.51	-	[ICRA]A- (Stable); reaffirmed and withdrawn
Total	**318.44**	**276.15**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Avaada IndSolar Private Limited (AISPL) factors in the stabilisation of project operations together with the start of power supply to all the counterparties from June 2025. It also factors in its strong parentage - Avaada Energy Private Limited (AEPL) - which has an established track record in the renewable energy (RE) sector with an operating solar power portfolio of ~6.9 GWp and under-development RE capacity of ~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 pf 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 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 have led to adequate debt coverage metrics for the Group.

The rating factors in the limited demand and tariff risks for AISPL because of the 15–25-year long-term power purchase agreements (PPAs) for its solar power project of 91 MWp at fixed tariffs under the group captive mode with reputed commercial and industrial (C&I) customers at competitive rates. The tariffs offered by the company are at a significant discount to the state grid tariff rates, resulting in savings for the customers. The tie-up of PPAs with customers having comfortable credit profiles and the track record of timely payments in the past are expected to mitigate the counterparty credit risk.

The company has refinanced its project debt at a competitive cost with a long tenure of 18.25 years, which is expected to lead to adequate debt coverage metrics over the tenure of the debt. 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 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. Nonetheless, comfort is drawn from the demonstrated generation performance being in line with the appraised P-90 PLF level in FY2025 and 9M FY2026.

The rating also factors in the risk of cash flow mismatch as the PPAs have a lock-in period of 10-15 years, while the debt repayment is spread across 18.25 years. The competitive tariffs offered by the company to its customers against the high tension (HT) industrial grid tariff, the track record of the sponsor in securing PPAs with large C&I customers and the notice period available at the time of PPA termination to enable the company to replace a customer mitigate the risk to a certain extent. Also, the lender has a put option at the end of five years of the loan tenure which can expose the company to refinancing risks. Nonetheless, the long asset life, the availability of PPAs and the Group's strengths are expected to be the mitigants here.

The company is also exposed to interest rate risks, given the leveraged capital structure and floating interest rates, 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 charges would impact the competitiveness of the tariff offered under the PPAs. ICRA notes that due to change in banking regulations notified by Uttar Pradesh Electricity Regulatory Commission (UPERC) in October 2025, the company has applied for a reduction in the capacity tied up with one of its offtakers and is currently selling this excess power in the merchant market, thus exposing it to merchant market risk till PPAs are signed with other counterparties for the open capacity. Thus, regularisation of power offtake for all the customers and new PPA tie-ups will remain the key monitorables.

The Stable outlook on the long-term rating reflects ICRA's opinion that AISPL would benefit from the presence of long-term PPAs 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.

ICRA has reaffirmed and withdrawn the [ICRA]A- (Stable) rating assigned to the bank guarantee of Rs. 32.51 crore after receiving no dues certificate from the banker, in accordance with ICRA's policy on withdrawal of ratings.

Key rating drivers and their description

Credit strengths

Experienced promoter group with a demonstrated track record in the renewable energy sector – AISPL is a 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 60.1% stake and the remaining 39% is held by Global Renewable Synergy Company, which is a part of PTT Thailand. AEPL has an overall RE portfolio of 25.9 GWp, comprising an operational capacity of 6.9 GW and the balance is under development as of February 2026. AEPL is expected to provide financial support to AISPL, if required.

Revenue visibility from long-term PPAs; competitive tariff rates – AISPL has signed 15-25 year long-term PPAs for the entire 91 MWp at fixed tariffs with reputed C&I customers under the captive mode, providing revenue visibility and limiting the demand and pricing risks. The tariffs offered by the company are at a discount to the state grid tariff rates. Moreover, the power supplied by AISPL would enable the customers to meet their renewable purchase obligations and sustainability goals.

Comfortable credit profile of customers – The payments are expected to be largely timely from the customers, as demonstrated so far, given the comfortable credit profile of the customers with whom the PPAs have been inked.

Adequate debt coverage metrics and liquidity profile – AISPL's debt coverage metrics are expected to be adequate with a cumulative debt service coverage ratio (DSCR) of more than 1.25x 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 one-quarter debt service reserve account (DSRA).

Credit challenges

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 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 at a single location amplifies the generation risk. However, comfort is drawn from the demonstrated generation performance being in line with the appraised P-90 PLF level in FY2025 and 9M FY2026.

Risk of cash flow mismatch owing to lower lock-in period under PPAs in relation to debt tenure - The PPAs have a lock-in period of 10-15 years, lower than the debt repayment tenure of 18.25 years, which could lead to the risk of cash flow mismatch. Also, the termination payment provision in the PPAs does not cover the entire debt outstanding. Nonetheless, comfort can be drawn from the discount offered by the company to its customers against the HT industrial grid tariff, the track record of the sponsor in securing PPAs with large C&I customers and the notice period available at the time of PPA termination to enable the company to replace a customer.

Exposed to interest rate and regulatory risks – The interest rates on the term loans availed by the company for its project is floating and subject to regular resets. The fixed tariffs under the PPAs and a leveraged capital structure expose the debt coverage metrics to the movement in interest rates. Also, the lender has a put option at the end of five years of the loan tenure which can expose the company to variations in interest rate at the time of refinancing. Further, 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 group captive power projects and adverse variation in open access charges, which could impact the competitiveness of the tariff offered. Further, a timely receipt of the open access approvals remains important to ensure uninterrupted operations.

Exposure to merchant risk - Due to change in banking regulations notified by the UPERC in October 2025, the company has applied for a reduction in capacity tied up with one of its offtaker and is currently selling the excess power in the merchant market, thus exposing it to market risk in the near future till other PPAs are signed for the open capacity at remunerative tariffs.

Liquidity position: Adequate

The liquidity of the company is expected to remain adequate, aided by positive cash flow from operations The company is expected to generate cash flow from operations of ~Rs. 16 crore in FY2026 and ~Rs. 20 crore in FY2027 against a debt repayment of Rs. 12.5 crore in FY2026 and Rs. 12.6 crore in FY2027. Further, the loan agreement has a provision for maintaining a one-quarter DSRA. The company has already created a DSRA in the form of a cash of ~Rs. 25 crore. Additionally, AISPL has free cash balance of ~Rs. 8 crore as of January 2026.

Rating sensitivities

Positive factors - ICRA could upgrade the rating if the company is able to demonstrate PPA availability for its entire capacity, along with the fulfilment of minimum guaranteed offtake commitments from all its customers. ICRA could also upgrade the rating if the project demonstrates a generation performance in line with or better than the P-90 PLF estimates and receives timely payments from the offtakers, resulting in healthy and sustained debt coverage metrics. Further, an improvement in the credit profile of the parent entity, AEPL, could also support an upgrade.

Negative factors - The rating could be downgraded in the event of a significant underperformance in generation or the offtake by the customers falling below the minimum guaranteed levels, adversely impacting the debt coverage metrics. A specific credit metric for downgrade would be the cumulative DSCR deteriorating below 1.20 times. Moreover, any significant delays in the receipt of payments from the offtakers, adversely affecting the liquidity profile, would be a negative trigger. Further, the rating would remain sensitive to the credit profile of the parent entity, AEPL, as well as any weakening of linkage with AEPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind Policy On Withdrawal Of Credit Ratings
Parent/Group support	Parent Company: Avaada Energy Private Limited. The rating assigned to AISPL factors in the implicit support available from AEPL, if required
Consolidation/Standalone	Standalone

About the company

Avaada IndSolar Private Limited (AISPL) is a subsidiary of Avaada Energy Private Limited (AEPL). The company operates a 91MWp/70MWac solar power plant in the Banda district of Uttar Pradesh. The plant was commissioned in February 2024. The energy generated from the solar plant is evacuated in Uttar Pradesh Power Transmission Corporation Limited's (UPPTCL) Pailani 132/33kV substation.

The project has been set up under the group captive mode (C&I). The power generated from the project is supplied to various reputed private counterparties through 15-25 year PPAs with a lock-in period of 10-15 years.

Key financial indicators (audited)

Avaada IndSolar Private Limited (Standalone)	FY2024	FY2025
Operating income	8.0	45.9
PAT	0.1	2.2
OPBDIT/OI	75.2%	90.8%
PAT/OI	1.1%	4.9%
Total outside liabilities/Tangible net worth (times)	3.6	2.3
Total debt/OPBDIT (times)	33.5	6.9
Interest coverage (times)	1.9	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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	April 01, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based - Bank guarantee	Long term	32.51	[ICRA]A- (Stable); withdrawn	-	-	Mar 24, 2025	[ICRA]A- (Stable)	Jan 03, 2024	[ICRA]A- (Stable)
Fund based - Term loan	Long term	276.15	[ICRA]A- (Stable)	-	-	Mar 24, 2025	[ICRA]A- (Stable)	Jan 03, 2024	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	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**	August 2023	-	FY2044	276.15	[ICRA]A- (Stable)
NA	**Bank guarantee**	August 2023	-	NA	32.51	[ICRA]A- (Stable); withdrawn

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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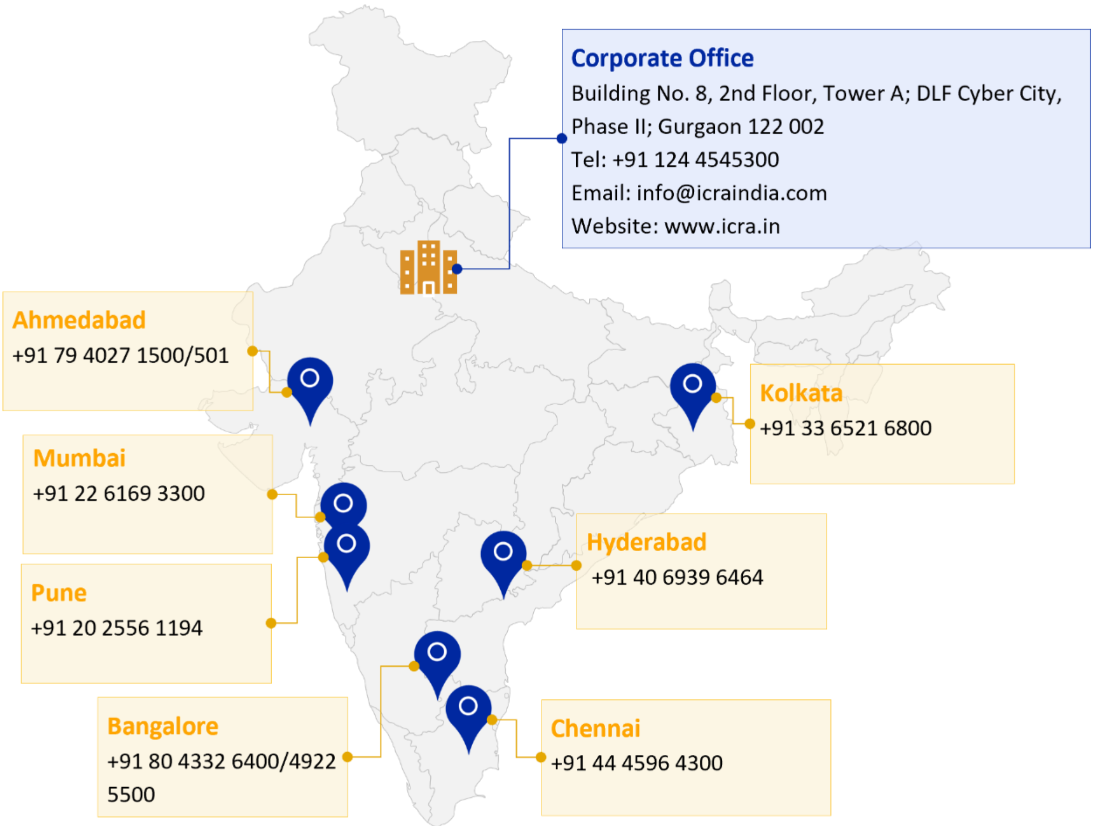

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