August 06, 2026

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	Financial sector regulator#
Long term fund based – Term loan	397.40	363.00	[ICRA]A+ (Stable) upgraded from [ICRA]A (Stable)	RBI
Total	**397.40**	**363.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The rating upgrade for Avaada MHGreen Private Limited (AMGPL) factors in the stabilisation of the project's generation performance, along with a track record of timely payment from the offtakers and an improvement in the debt service coverage metrics. Following the commissioning in June 2024, the project faced initial stabilisation issues, which adversely impacted the overall generation in FY2025. However, the plant availability as well as generation performance improved in FY2026. The plant availability and grid availability were above 99% in FY2026 with the generation inching closer to the P-90 estimates. The company reported a DC plant load factor (PLF) of 17.97% in FY2026 and 17.04% in FY2025 compared to the P-90 level of 18.06%. An improvement in the operational performance coupled with a reduction in interest rate is expected to improve the debt service coverage metrics. The cumulative debt service coverage ratio (DSCR) for the project is expected to remain above 1.35x over the debt tenor. Also, the receivables from the offtakers are being received in a timely manner for all the invoices raised for FY2026. A sustained generation performance in line or above the appraised P-90 PLF level continues to be a key credit monitorable.

The rating continues to derive support from its strong parent - Avaada Energy Private Limited (AEPL) - which has an established track record in the renewable energy sector with an operating portfolio of ~7.1 GWp and an under-development capacity of 19.4 GWp. AEPL is promoted by Avaada Ventures Private Limited (AVPL), which holds a 60.1% stake in the company, and Global Renewable Synergy Company (a part of the PTT Group, Thailand) holding the rest (39.9%). The long-term power purchase agreements (PPAs) at competitive tariffs, the satisfactory generation performance of the assets under AEPL and the availability of long-term project finance at competitive interest rates ensure adequate debt coverage metrics for AEPL's renewable energy portfolio. However, the credit profile of AEPL is constrained by the significant capital expenditure plans for its sizeable under-development projects comprising solar, wind, hybrid and FDRE projects. While the committed equity and available cash within the Avaada 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 its under-development portfolio.

AMGPL's credit profile is expected to benefit from the financial, operational and managerial support from its parent company. The rating also factors in the demonstrated need-based support from the parent in addressing cash flow mismatches, evident from the financial support extended to the Group SPVs over the years. The parent's high propensity to support is underpinned by the Group's strategic focus on renewable energy, its planned capital expenditure for medium- to long-term expansion, and the economic incentive reflected in the SPV's comfortable cumulative DSCR over the loan tenure.

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. However, the captive nature of the project exposes it to evolving state open access regulations.

Further, AMGPL's project has a long debt tenure of 20 years, a competitive interest rate and remunerative tariff which are expected to lead to comfortable debt coverage metrics over the debt tenure. The cumulative DSCR is estimated to remain around 1.35x over the loan tenure, indicating adequate coverage for the debt servicing obligations. Further, the liquidity is assessed as adequate on expectation of a satisfactory generation performance on a sustained basis coupled with the creation of debt service reserve (DSR) equivalent to two quarters of peak debt servicing obligations which should enable a stable cash flow generation for a timely servicing of debt.

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. Also, the company is exposed to interest rate risks because of the leveraged capital structure and floating interest rate, subject to regular resets. However, ICRA notes that these risks are mitigated to a certain extent because of the healthy buffer between the current and breakeven PLF, and the DSCR levels would remain adequate even upon a moderate increase in interest rates.

Further, the company's operations remain exposed to regulatory risks associated with forecasting & scheduling regulations, norms for captive projects and open access charges. ICRA notes that the changes in the banking policy in Maharashtra are expected to have a minimal impact on the project as the consumption profile of the offtakers matches the generation profile of the project. This reduces the reliance on banking and limits the project's exposure to adverse changes in banking regulations. Further, any significant increase in the open access charges or imposition of new levies could impact the competitiveness of the tariff offered under the PPAs. The attractive PPA tariffs vis-à-vis the grid tariff and the presence of a termination/buyout clause in the PPAs act as the risk mitigants.

The Stable outlook assigned to the long-term rating factors in the steady cash flow visibility offered by the long-term PPAs, timely payments from offtakers and expectation of a satisfactory generation level, which are likely to ensure healthy debt coverage and liquidity levels, going forward.

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 AVPL, which holds about a 60.1% stake and the remaining stake of about 39.9% is held by Global Renewable Synergy Company, which is a part of PTT Thailand. AEPL has an overall portfolio of ~26.5 GWp, comprising an operating capacity of ~7.1 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 above 1.35x 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.

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 sustained satisfactory generation performance over the longer term remains a key credit monitorable.

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. However, ICRA notes that this risk is mitigated to an extent by the project's adequate debt servicing headroom, with the DSCR expected to remain comfortable under a moderate interest rate stress scenario.

Regulatory risks related to scheduling, forecasting and open access – 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 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. The company is expected to generate cash flow from operations of ~Rs. 30 crore in FY2027-FY2028 against a debt repayment obligation of Rs. 14-15 crore. Further, the company has created a DSRA of Rs. 32.4 crore and has free cash balances of Rs. 12.7 crore as of June 2026.

Rating sensitivities

Positive factors – ICRA could upgrade AMGPL'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 1.25x, 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 and Wind
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 operates a 130.0-MW (DC)/100.0-MW (AC) solar power capacity at Soygaon village in the Aurangabad district of Maharashtra. The energy generated from the 100-MW solar plant is evacuated to the 132/33-kV Soygaon substation.

AMGPL has signed a 25-year PPA at a fixed tariff with two commercial and industrial (C&I) customers for 95.09-MW and 4.91 MW each under the group captive mode. The PPAs have a lock-in period of 25 years. The project was commissioned at its full capacity in June 2024.

Key financial indicators (audited)

	FY2025	FY2026*
Operating income	50.8	66.8
PAT	1.6	5.3
OPBDIT/OI	91.9%	91.0%
PAT/OI	3.1%	8.0%
Total outside liabilities/Tangible net worth (times)	2.3	2.3
Total debt/OPBDIT (times)	8.4	6.6
Interest coverage (times)	1.6	1.7

*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

			Current (FY2027)	Chronology of rating history for the past 3 years					
			FY2027	FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 06, 2026	Date	Rating	Date	Rating	Date	Rating
Letter of credit - Interchangeable	Long term	-	-	-	-	Apr 16, 2024	[ICRA]A- (Stable)	-	-
Term loan - Fund based	Long term	363.00	[ICRA]A+ (Stable)	Jul 31, 2025	[ICRA]A (Stable)	Apr 16, 2024	[ICRA]A- (Stable)	-	-
Unallocated	Long term	-	-	-	-	Apr 16, 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	Financial sector regulator#
NA	**Fund based - Term loan**	FY2024	NA	FY2045	363.00	[ICRA]A+ (Stable)	RBI

Source: Company

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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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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