

## Azure Power Thirty-Four Private Limited

October 07, 2025

| Facilities/Instruments    | Amount (₹ crore)                | Rating <sup>1</sup> | Rating Action |
|---------------------------|---------------------------------|---------------------|---------------|
| Long Term Bank Facilities | 538.50<br>(Reduced from 574.00) | CARE A-; Stable     | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has applied a combined approach for rating the bank facilities of Azure Power Make Make Private Limited (AP-MM), Azure Power Uranus Private Limited (AP-U), Azure Power Venus Private Limited (AP-V), Azure Power Earth Private Limited (AP-E), Azure Power Thirty-Three Private Limited (AP-33), Azure Power Thirty-Four Private Limited (AP-34) and, Azure Power Thirty-Six Private Limited (AP-36), herein referred to as Azure's Restricted Group (RG), on account of the presence of an inter-company agreement wherein these entities have agreed to jointly and severally be responsible for servicing the shortfall in debt servicing, if any, in any of these entities. The agreement is unconditional, irrevocable, valid for the full tenor of the rated debt facilities, has a well-defined T-minus structured payment and invocation mechanism and is characterized by the presence of a cross-default clause between all the seven entities.

The rating reaffirmation on the bank facilities of the RG, which is operating a combined solar capacity of 615 MW (AC), continues to factor in long track record of ~7 years and satisfactory operating performance, wherein the actual generation has been in line with the designed energy estimates as reflected by FY25 PLF level of 23.6% (P90 estimate of 23.7%) as against FY24 PLF of 24.0% and timely collections, with average receivable days remaining under 80 days as on FY25 end. Further, the rating is supported by the presence of long-term PPAs for the entire 615 MW capacity with multiple central and state counterparties. However, RG is exposed to counterparty related risks, as ~42% of the capacity under the portfolio is contracted with state discoms having weak to moderate credit profiles. This risk is partly mitigated by an established record of timely payments. Further, the RG also benefits on account of geographical diversification as the assets are spread across five states. The rating continues to factor in the strong parentage by virtue of entities being subsidiaries of Azure Power India Private Limited (APIPL; rated at CARE A-; Stable/CARE A2+). The stated posture of APIPL towards these entities is strong, as reflected by presence of limited period unconditional and irrevocable corporate guarantee (CG) which will remain valid until project achieves stabilisation per the terms stipulated by the lender. Further, the rating also derives strength from satisfactory debt protection metrics as reflected by average Debt Service Coverage Ratio (DSCR) being upwards of 1.2x, per CareEdge Ratings' base case.

However, the rating is constrained on account of leveraged capital structure as reflected by Total External Debt/ EBITDA of 6.8x for FY25 end. Going forward, per CareEdge Ratings base case, the same is expected to remain rangebound within 6.5x and 5.9x over the course of FY26 and FY27. Consequently, the company remains exposed to variations in the interest rates as the debt is linked to floating rates. CareEdge Ratings also takes into account vulnerability of project cash flows to adverse variation in weather conditions, given the PPA tariff is single part and fixed for the full tenor.

Further, CareEdge Ratings notes that the FY25 audited financial statements continues to be qualified, though the internal controls over financial reporting of the Group have been assessed to be effective during the year ended March 31, 2025. Additionally, a penal interest of 0.5% per annum is being charged by the lenders for the same reason.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Achievement of generation levels better than envisaged levels per CareEdge Ratings' base case on a sustained basis, thereby positively impacting the debt coverage indicators above 1.25x
- Faster than expected deleveraging of the portfolio

#### Negative factors

- Significant deterioration in the generation profile on a sustained basis or significant increase in debt levels leading to moderation of DSCR below 1.15x
- Elongation in receivable cycle beyond 150 days on a sustained basis

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Analytical approach:** Combined

CareEdge Ratings has applied combined approach for rating the bank facility of the entity, on account of the co-obligor structure for pooling of surplus cash flows from the individual entities to service shortfall in debt servicing if any, in any of these entities. The agreement is unconditional, irrevocable, valid for the full tenor of the rated debt facilities and is characterised by free fungibility of cash flows, t-minus structured payment and invocation mechanism and presence of cross default clause amongst seven entities in the structure.

In 'Combined Approach', CareEdge Ratings evaluates the group of entities as if it were a single entity and combines the financials and business risk profiles of these entities to take a view on the ratings. All the seven entities (i.e. AP-MM, AP-U, AP-V, AP-E, AP-33, AP-34, AP-36) are part of the Azure Group and are engaged in similar lines of business.

Refer Annexure-6 for the list of entities getting combined.

**Outlook:** Stable

CareEdge Ratings believes that the Azure RG would continue to benefit on account of long term PPAs for the portfolio under the RG. The operational performance of the assets is likely to remain in line with the existing trend which supports the outlook.

**Detailed description of key rating drivers:****Key strengths****Presence of a co-borrower arrangement for assets under the RG**

The seven SPVs (AP-MM, AP-U, AP-V, AP-E, AP-33, AP-34, AP-36) of Azure group have formed an RG wherein these entities are jointly and severally servicing the combined debt obligations. The shortfall in meeting the debt obligations by one entity shall be met through surplus cash flows from the other entities in the structure. The agreement is unconditional, irrevocable, valid for the full tenor of the rated debt facilities and is characterised by free fungibility of cash flows, t-minus structured payment and invocation mechanism and presence of cross default clause amongst seven entities in the structure.

**Revenue visibility on account of long term PPAs for majority capacity**

The rating factors in the presence of long term PPAs for the entire capacity under the RG with a weighted average tariff of Rs. 3.22 per unit, thus providing revenue visibility. Moreover, around 58% of the portfolio is tied up with stronger counterparties, viz, SECI, GUVNL etc and the remaining is tied up with state discoms, viz, MSEDCL, BESCO, HESCO etc. CareEdge Ratings notes that the collection cycle remains satisfactory with average receivable days remaining under 80 days as on FY25 end.

**Satisfactory operational track record**

The portfolio has a satisfactory operational track record of ~6.7 years, wherein the generation performance has been in line with the designed energy estimates as reflected by FY25 PLF level of 23.6% as against P90 estimate of 23.7% and FY24 PLF of 24.0%.

**Assets being a part of Azure Group, which has long operating track record in renewable energy segment**

The entities under the Azure RG-II are wholly owned subsidiaries of APIPL. APIPL is a subsidiary of Azure Power Global Limited (APGL), which is the flagship company of the Azure group. The group is engaged in the business of developing and operating renewable power capacity and has an experience of over a decade in this segment. The shareholders of APGL include CDPQ, which holds 53.4%, followed by OMERS, which holds 21.4%, and the remaining is owned by multiple financial investors, including mutual funds, hedge funds, etc.

The major shareholder, CDPQ, is fully involved in the group's strategy, including investment plans and oversight of operations, and continues to strengthen the company's risk management practices. CDPQ continues as a strategic long-term investor in the platform, and its stake is expected to remain above 50% in the group. CDPQ and OMERS who jointly hold around 75% shareholding at the group level have maintained their stance of backing the Azure group and provide need-based support in case of a funding mismatch.

CareEdge Ratings also notes that the stated posture of APIPL towards these entities is strong, as reflected by presence of a limited period unconditional and irrevocable CG which will remain valid until project achieves stabilisation per the terms stipulated by the lender.

## Key weaknesses

### Leveraged capital structure with moderately comfortable debt protection metrics

The capital structure of the RG is leveraged as reflected by Total External Debt/EBITDA in excess of 6.5x as on FY25 end. Going forward, the capital structure is expected to be leveraged with Total External debt/EBITDA multiple remaining rangebound within 6.5x and 5.9x over the course of FY26 and FY27. The debt protection metrics for the RG are expected to remain moderately comfortable as reflected by average DSCR being upwards of 1.2x for the tenor of the debt.

### Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature, the company may report lesser revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality. This in turn would affect its cash flows and debt servicing ability.

### Liquidity: Adequate

As of July 2025 end, the RG has adequate liquidity as reflected by total cash and bank balance of ~₹159.8 crore, including DSRA of ~₹83.6 crore, equivalent to one quarter of debt servicing obligations.

Going forward, CareEdge Ratings expects the generation performance of assets to be in-line with the estimated figures and collection to remain timely. The internal accruals from the structure are expected to be adequate to service its debt obligations.

Per CareEdge Ratings' base case, adjusted GCA for FY26 and FY27 is expected to be rangebound between ₹150 crore to ₹168 crore as against the annual repayments of ₹127 crore and ₹137 crore respectively.

## Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry   |
|-------------------------|--------|----------|------------------|
| Utilities               | Power  | Power    | Power Generation |

AP-34 was incorporated on May 31, 2016, as a 100% subsidiary of APIPL. The SPV was incorporated for developing and operating 130 MW solar power plant in the state of Rajasthan, India. The company has signed PPA with Maharashtra Discom (MSEDCL) for a period of 25 years, at a fixed tariff of Rs. 2.72 per unit. The project was commissioned in August 2019.

### Brief Financials - Combined:

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income     | 432                | 412                | 405                |
| PBILDT                     | 366                | 349                | 337                |
| PAT                        | -54                | -82                | 116                |
| Overall gearing (times)    | 5.2                | 5.5                | 5.3                |
| Interest coverage (times)  | 1.1                | 1.0                | 0.9                |

A: Audited; Note: these are latest available financial results

### Brief Financials – AP-34:

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income     | 95                 | 87                 | 84                 |
| PBILDT                     | 83                 | 76                 | 74                 |
| PAT                        | -3                 | -8                 | 34                 |

|                           |     |     |     |
|---------------------------|-----|-----|-----|
| Overall gearing (times)   | 5.3 | 5.3 | 4.1 |
| Interest coverage (times) | 1.2 | 1.1 | 0.9 |

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

| Name of the Instrument    | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Term Loan |      | -                             | -               | -                          | 538.50                      | CARE A-; Stable                    |

#### Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities               | Current Ratings |                              |                 | Rating History                              |                                                                              |                                             |                                             |
|---------|------------------------------------------------------|-----------------|------------------------------|-----------------|---------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
|         |                                                      | Type            | Amount Outstanding (₹ crore) | Rating          | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025                                  | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Fund-based - LT-Term Loan                            | LT              | 538.50                       | CARE A-; Stable | -                                           | 1) CARE A-; Stable (08-Oct-24)<br>2) Provisional CARE A-; Stable (28-Jun-24) | -                                           | -                                           |
| 2       | Rating in the absence of the pending steps/documents | LT              | -                            | -               | -                                           | 1) Withdrawn (08-Oct-24)<br>2) CARE BBB- (28-Jun-24)                         | -                                           | -                                           |

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

#### Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument    | Complexity Level |
|---------|---------------------------|------------------|
| 1       | Fund-based - LT-Term Loan | Simple           |

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated:**

| Sr. No. | Name of the entity                       | Extent of consolidation | Rationale for consolidation        |
|---------|------------------------------------------|-------------------------|------------------------------------|
| 1       | Azure Power Make-Make Private Limited    | Full                    | Operational and Financial Linkages |
| 2       | Azure Power Uranus Private Limited       | Full                    | Operational and Financial Linkages |
| 3       | Azure Power Venus Private Limited        | Full                    | Operational and Financial Linkages |
| 4       | Azure Power Thirty-Six Private Limited   | Full                    | Operational and Financial Linkages |
| 5       | Azure Power Thirty-Three Private Limited | Full                    | Operational and Financial Linkages |
| 6       | Azure Power Earth Private Limited        | Full                    | Operational and Financial Linkages |
| 7       | Azure Power Thirty-Four Private Limited  | Full                    | Operational and Financial Linkages |

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

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