Azure Power Thirty-Six Private Limited

October 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	201.50 (Reduced from 244.00)	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

[1]Complete definition of ratings assigned are available at 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, BESCOM, HESCOM 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-36 was incorporated on May 05, 2016, as a 100% subsidiary of APIPL. The SPV was incorporated for developing and operating 50 MW solar power plant in the state of Andhra Pradesh, India. The company has signed PPA with SECI for a period of 25 years, at a fixed tariff of Rs. 4.43 per unit. The project was commissioned in May 2018.

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-36:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	43	43	42
PBILDT	36	36	32
PAT	1	0	15

Overall gearing (times)	5.2	4.4	3.6
Interest coverage (times)	1.4	1.3	1.0

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		-	-	-	201.50	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	201.50	CARE A-; Stable	-	1)CARE A-; Stable (08-Oct-24) 2)Provisional CARE A-; Stable (28-Jun-24)	-	-
2	Rating in the absence of the pending steps/documents	LT	-	-	-	1)Withdrawn (08-Oct-24) 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 for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Jatin Arya Director **CARE Ratings Limited** Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in Saurabh Singhal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: saurabh.singhal@careedge.in Soumya Ahuja Lead Analyst **CARE Ratings Limited** E-mail: Soumya.Ahuja@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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