Avaada Solar Power Private Limited

February 19, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	731.25	CARE A; Stable	Upgraded from CARE BBB+; Stable
Short-term bank facilities	27.00	CARE A1	Upgraded from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The Ratings upgrade on bank facilities of Avaada Solar Power Private Limited (ASPPL), which is operating a 200 MWac / 280 MWp solar power plant in Bikaner, Rajasthan, factors in successful commissioning of the entire capacity in phases till September 2025, which is within the scheduled timeline and envisaged cost. The credit profile is supported by satisfactory generation performance of the commissioned capacity in the initial five months and timely receipt of payments from the off-taker. CARE Ratings Limited (CareEdge Ratings) notes that the company has created one quarter equivalent of debt service reserve account (DSRA) as per the stipulated terms. Furthermore, the rating is also supported by the improvement in the credit profile of the parent entity i.e. Avaada Energy Private Limited (AEPL).

The Ratings continue to factor in the strong and resourceful parentage by virtue of it being a 100% subsidiary of AEPL. AEPL has a satisfactory track record of developing and operating renewable energy projects, with an operating capacity of ~6 GWp and ~ 7 GWp of under-construction capacity as of January 2026 end. The stated posture of Avaada Group towards ASPPL is strong, as reflected through the presence of limited period corporate guarantee extended by AEPL, which will remain valid till the creation and perfection of all securities including DSRA. Additionally, AEPL has provided an unconditional and irrevocable Sponsor Support Undertaking to ASPPL, valid until the final settlement date, committing to support debt restructuring in the event that the base case DSCR is not achieved for two consecutive years. Ratings also derive strength from the presence of a long-term power purchase agreement (PPA) spanning 25 years for the entire capacity with Rajasthan Urja Vikas and IT Services Limited (RUVITL) at a fixed tariff. The presence of enabling clauses in the PPA such as payment security mechanism in the form of a letter of credit (LC) and termination payments act as necessary safeguards. Going forward, the debt coverage indicators are expected to remain comfortable as reflected by average debt service coverage ratio (DSCR) being upwards of 1.2x, per CareEdge Ratings' base case.

However, ratings are constrained considering counterparty credit risk, as RUVITL is the sole off-taker with a moderate credit risk profile. The company's capital structure is leveraged considering large debt-funded capex incurred for setting up of the project, as reflected through the debt to equity mix of 75:25. Per CareEdge Ratings' base case, the total external debt / earnings before interest, taxation, depreciation, and amortisation (EBITDA) is expected to remain ~6x over the next few years. Consequently, the project's cash flows are exposed to adverse movement in interest rates, which is floating in nature and subject to yearly resets. CareEdge Ratings also considers vulnerability of project cash flows to adverse variations in weather conditions, given that the PPA tariff is single part and fixed for the full tenor of the debt instrument.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in generation levels as reflected by actual PLF remaining above P-90 levels on a sustained basis and receivable cycle remaining below 90 days on a sustained basis resulting in improvement of debt coverage indicators.
- Faster-than-expected deleveraging of the asset.
- Improvement in the credit profile of the parent, i.e., AEPL

Negative factors

- Significant underperformance in generation or sustained elongation in receivables beyond 120 days on a sustained basis, adversely impacting liquidity profile.
- Increase in debt level or interest rates, adversely impacting coverage metrics with cumulative DSCR declining to less than 1.20x.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

- Weakening of the credit profile of the ultimate parent, AEPL, or any change in linkages/support philosophy between the parent and ASPPL.

Analytical approach: Standalone plus factoring linkages with parent; AEPL

CareEdge Ratings expects ASPPL's parent, AEPL, to be willing to support ASPPL, if required, given the high strategic importance of ASPPL to AEPL.

Outlook: Stable

The Stable outlook on the long-term rating of ASPPL reflects CareEdge Ratings' opinion that the company would benefit from the presence of long-term PPA for the entire capacity. Expectations of satisfactory generation and improvement in collection performance supports the outlook.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoter group with proven track record in renewable energy business

The entity is a wholly owned subsidiary of AEPL, the flagship company of Avaada Group. The Avaada group is among the leading renewable energy developers in the country as reflected by its operating capacity of ~6 GWp and ~ 7 GWp of under-construction capacity as of January 2026 end. The portfolio is distributed across several states and the capacity is contracted through long-term PPAs with central off-takers, state off-takers, and corporates. CareEdge Ratings derives comfort from the strong stated posture of Avaada Group towards ASPPL as reflected through the limited period corporate guarantee extended by AEPL, which will be released upon creation and perfection of all securities including DSRA. Additionally, AEPL has provided an unconditional and irrevocable Sponsor Support Undertaking to ASPPL, valid until the final settlement date, committing to support debt restructuring in the event that the base case DSCR is not achieved for two consecutive years

Revenue visibility considering presence of long-term PPA with RUVITL

The company has low off-take risks considering long-term PPA spanning 25 years for its entire capacity of 200 MWac / 280 MWp with RUVITL at a fixed tariff. The presence of enabling clauses in the PPA such as payment security mechanism in the form of a letter of credit (LC) and termination payments act as necessary safeguards.

Comfortable debt coverage metrics

Per CareEdge Ratings' base case, ASPPL's coverage metrics are expected to be comfortable as reflected by cumulative DSCR of above 1.2x. Per sanctioned terms, ASPPL has created one quarter DSRA and second quarter DSRA to be created within 12 months of full operational year from commercial operations date (COD).

Key weaknesses

Exposure to counterparty credit risk

The company's operations remain exposed to the counterparty credit risk as RUVITL is the sole off-taker with a moderate credit risk profile. However, the risks are mitigated to an extent as the collections from the off-takers have remained timely since the commissioning of the project.

Leveraged capital structure and exposure to interest rate risks

The company's capital structure of the company is leveraged considering large debt-funded capex incurred for setting up of the project, as reflected through the debt to equity mix of 75:25. Per CareEdge Ratings' base case, the total external debt / EBITDA is expected to remain ~6x over the next few years. Consequently, the project's cash flows are exposed to adverse movement in interest rates, which is floating in nature and subject to yearly resets. CareEdge Ratings also considers vulnerability of project cash flows to adverse variations in weather conditions, given that the PPA tariff is single part and fixed for the full tenor of the debt instrument.

Vulnerability of cash flows to variation in weather conditions

As tariffs are single-part in nature, the company may book lower revenues if power is not generated due to variation in weather conditions or equipment quality. This would affect its cash flows and debt-servicing ability. The geographical concentration of the asset amplifies generation risk.

Liquidity: Adequate
As on January 01, 2026, end the company had free cash balance of ~₹11 crore. Apart from this, the company has ~₹17 crore of DSRA equivalent to one quarter of debt servicing obligations, in line with the stipulated terms of the sanction.

Per CareEdge Ratings' base case, gross cash accruals (GCA) in FY26 and FY27 is expected to be sufficient to cover the company's debt obligations.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Short Term Instruments
Notching by Factoring Linkages in Ratings
Solar Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

Incorporated on May 19, 2023, ASPPL is a portfolio company of AEPL. ASPPL is setting up 200 MW / 280 MWp solar power project at Bikaner District, Rajasthan. The company entered PPA for the entire capacity of 200 MW with RUVITL for 25 years for sale of power generated from the project. The project was fully commissioned in September 2025.

Financial performance: Not applicable, since the plant got commissioned in September 2025 and FY26 would be the first year of operations.

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		-	-	31-03-2046	731.25	CARE A; Stable
Non-fund-based-Short Term		-	-	31-03-2046	27.00	CARE A1

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	731.25	CARE A; Stable	-	1)CARE BBB+; Stable (26-Feb-25)	-	-
2	Non-fund-based-Short Term	ST	27.00	CARE A1	-	1)CARE A2 (26-Feb-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short 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
2	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated: Not applicable

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

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