Avaada Clean Sustainable Energy Private Limited

February 19, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	191.48 (Reduced from 220.53)	CARE A; Stable	Upgraded from CARE A-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating upgrade on the bank facilities of Avaada Clean Sustainable Energy Private Limited (ACSE), which is operating a 50-MWac / 70-MWp solar power project in Bihar, factors in satisfactory operational track record of around two years with generation levels broadly in line with designed estimates, and timely collections. The company reported a plant load factor (PLF) of 23.1% in FY25, which remain broadly in line with P90 of 23.5%. Going forward, CARE Ratings Limited (CareEdge Ratings) expects generation to remain in line with P-90 projections over the long term. Moreover, there is significant improvement noted in the debt coverage indicators reflected in comfortable debt service coverage ratio (DSCR) of ~1.3x, per CareEdge Ratings' base case, considering lower-than-expected debt, which was driven by significant cost savings in the project. CareEdge Ratings notes that the company has created two quarter equivalents 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 rating continues to derive strength from 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 ACSE is strong as reflected by the presence of limited period corporate guarantee extended by AEPL that will remain valid till achievement of project stabilisation (achieving P90 generation numbers for three years). The rating also derives strength from the presence of long-term (25 years) power purchase agreements (PPAs) with Bihar State Power Holding Company Limited (BSPHC) and its two discoms, North Bihar Power Distribution Company Limited (NBPDCL) and South Bihar Power Distribution Company Limited (SBPDCL) at a fixed tariff of ₹3.11/unit.

However, the rating is constrained by counterparty credit risk as BSPHC 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-taker has remained timely since the commissioning of the project. The company's capital structure is leveraged considering large debt-funded capex incurred for setting up of the project, as reflected through the debt 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 above ~6x over the next few years. Consequently, the project's cash flows are exposed to adverse movement in interest rates, as these are floating in nature and subject to periodic resets. The rating also considers vulnerability of project cash flows to adverse variations in weather conditions, considering that the PPA tariff is single part and fixed for full tenure of the PPA.

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 dilution in linkages/support philosophy between the parent and ACSE.

Analytical approach: Standalone plus factoring linkages with parent; AEPL.

CareEdge Ratings expects ACSE's parent, AEPL, to willingly support ACSPL, if required, given the high strategic importance of ACSE to AEPL.

Outlook: Stable

The stable outlook on the CARE A rating of ACSE reflects CareEdge Ratings' expectation that the company will continue to benefit from its long-term PPA for the underlying capacity, which provides necessary revenue visibility. Expected satisfactory generation and collections support 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, Avaada Group's flagship company. 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. Comfort is driven from the strong stated posture of the Avaada Group towards ACSE as reflected through the limited period corporate guarantee extended by AEPL, which shall be released upon creation and perfection of all securities including DSRA, and achievement of project stabilisation for three years.

Revenue visibility considering presence of long-term PPA with BSPHC and two of its discoms including NBPDCL and SBPDCL for the entire capacity at fixed tariff

The company has low off-take risks considering a long-term (25 years) PPA with BSPHC and two of its discoms including NBPDCL and SBPDCL at a fixed tariff of ₹3.11 per unit for the entire duration of the project starting from actual commissioning of project, providing revenue visibility to the company. The receivable position is also comfortable with timely receipt of payments from the counterparty.

Satisfactory operational track record of around two years

The company commenced operations in May 2024 and has an operational track record of around two years. The company's average PLF for FY25 is ~23.1% (AC) against P90 of 23.59% (AC). The company has been receiving payments from the off-taker within 10-15 days of invoicing. Going forward, CareEdge Ratings expects generation to remain in line with P-90 projections over the long term.

Comfortable debt protection metrics and healthy tail life of around seven years

ACSE's debt protection metrics remains comfortable as reflected by cumulative DSCR of ~1.3x over the tenure of term debt, per CareEdge Ratings' base case. The project has a tail life of around seven years aiding the company's financial flexibility.

Key weaknesses

Exposure to counterparty credit risk

The company's operations remain exposed to the counterparty credit risk as BSPHC is the sole off-taker with a moderate credit risk profile. The risks are however 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 adverse variation in interest rates

The company's capital structure is leveraged considering large debt-funded capex incurred for setting up of the project, as reflected through the debt equity mix of 75:25. Per CareEdge Ratings' base case, the total external debt / EBITDA is expected to remain above 6x over the next few years. Given the leveraged capital structure, single-part fixed tariff in the PPA and floating interest rates, profitability remains exposed to increase in the interest rates.

Vulnerability of cash flows to variation in weather conditions

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

Liquidity: Adequate

As of January 2026 end, the company had free cash balance of ~₹17.1 crore. This apart, the company is maintaining DSRA of ~ ₹13.15 crore, which is equivalent to two quarters of debt servicing obligations.

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.

Applicable criteria

Policy on Default Recognition
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Notching by Factoring Linkages in Ratings
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Solar Power Projects
Liquidity Analysis of Non-financial sector entities

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

ACSE was incorporated in 2022 as a special purpose vehicle (SPV) of AEPL, and has awarded as successful bidder for implementation and operation of a solar power plant with an aggregate capacity 50 MW(AC) at Jamua, Banka in Bihar. The entire capacity of 50 MWAC of power project has been contracted through 25-year PPAs with BSPHC at fixed tariff of ₹3.11/unit to ensure long-term revenue visibility and cash flow stability. The project was commissioned in May 2024.

Brief Financials (₹ crore)	March 31, 2025 (A)
Total operating income	27.8
PBILDT*	25.6
Profit after tax (PAT)	-0.5
Overall gearing (x)	2.8
Interest coverage (x)	1.7

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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-Proposed fund based limits		-	-	March 2042	191.48	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-Proposed fund based limits	LT	191.48	CARE A; Stable	-	1)CARE A-; Stable (19-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-Proposed fund based limits	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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