Azure Power ERIS Private Limited

March 11, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	44.00	CARE AA-; Stable	Final Rating Confirmed

Details of instruments/facilities in Annexure-1.

Rating in absence of pending steps/ documents	Withdrawn

Rationale and key rating drivers

The rating action on long-term bank facilities of the captioned entity considers execution of the inter-company agreement between the 14 entities: Azure Power Infrastructure Private Limited (APIFPL), Azure Power Eris Private Limited (APEPL), Azure Power Haryana Private Limited (APHPL), Azure Photovoltaic Private Limited (APPL), Azure Power Raj Private Limited (AP(R)PL), Azure Power Karnataka Private Limited (APKPL), Azure Sunrise Private Limited (ASPL), Azure Power Pluto Private Limited (APPPL), Azure Urja Private Limited (AUPL), Azure Clean Energy Private Limited (ACEPL), Azure Green Tech Private Limited (AGTPL), Azure Power Mars Private Limited (APMPL), Azure Power Sunshine Private Limited (APSSPL), and Azure Power Thirty-Seven Private Limited (ATSPL) of the Azure group mentioned in Annexure-6, herein referred to as Azure's Restricted Gorup (RG). This agreement is in line with the draft terms and is characterised by free fungibility of cash flows and a T-minus structured payment mechanism among 14 entities in the structure. This arrangement would allow surplus cash flows from one of the 14 special purpose vehicles (SPVs) to be utilised toward shortfall in debt servicing by others within the pool. The agreement is unconditional, irrevocable, valid for full tenure of the rated debt facilities and is characterised by the presence of cross default between the given entities.

The rating on bank facilities of the RG, which is operating a combined solar capacity of 599 MWAC (650 MWp), factors in a long operational track record of about nine years (weighted average) with satisfactory generation performance and timely collections. Actual generation has remained in line with designed energy estimates, as reflected by plant load factor (PLF) of 17.5% (AC) (P90 estimate of 17.7%) in FY25 compared to FY24 PLF of 18.5%. However, the performance moderated in 5MFY26, as reflected in PLF of ~17.3% compared to 18.1% recorded in 5MFY25, due to early arrival and prolonged monsoons. Going forward, per CareEdge Ratings' base case, generation performance is expected to remain subdued in FY26 but align with historical trends from FY27 onwards. Collections have remained timely in the last few years, and overall efficiency has improved, as reflected by the clearance of legacy dues by state discoms under the late payment surcharge (LPS) rules mechanism. While the receivable period increased to ~175 days in FY25 from ~144 days in FY24, this was primarily considering difference in billed tariff and actual payment received from off-takers due to some ongoing issues in three of the entities, ASPL, APPL, and APIFPL. The issue has been resolved for ASPL, and all previous dues have been paid by the off-taker; however, it is still outstanding for other two entities, which is expected to be resolved in the next few years. CareEdge Ratings expects the receivable period to improve to ~100 days by FY26-end.

The rating is further supported by the presence of long-term power purchase agreements (PPAs) for the entire 599-MW capacity with multiple central and state counterparties. However, RG faces counterparty-related risks, as ~64% of the portfolio capacity is contracted with state discoms having weak to moderate credit profiles. This risk is partly mitigated by a track record of timely payments. The RG benefits from geographical diversification, as assets are spread across seven states. The rating also derives strength from comfortable debt protection metrics, as reflected by cumulative debt service coverage ratio (DSCR) of over 1.3x over the debt tenor, per CareEdge Ratings' base case. CareEdge Ratings considers common parentage of these entities, as each entity is a subsidiary of Azure Power India Private Limited (APIPL; rated CARE A-: Stable/CARE A2+).

These rating strengths are tempered by leveraged capital structure, as reflected by total external debt to earnings before interest, taxation, depreciation, and amortisation (EBITDA) of ~5.2x at FY25-end. Going forward, leverage is expected to remain elevated, marked by proposed debt top-up, as reflected in expected total external debt/EBITDA remaining over 5.0x in the next few years, per CareEdge Ratings' base case. Consequently, the company remains exposed to interest rate variations, as the debt is linked to floating rates. CareEdge Ratings also considers vulnerability of project cash flows to adverse weather variations, given the PPA tariff is single-part and fixed for the full tenor.

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

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, positively impacting debt coverage indicators.
- Faster-than-expected deleveraging of the portfolio.

Negative factors

- Significant deterioration in the generation profile or increase in cost of debt on a sustained basis, leading to moderation of DSCR below 1.20x.
- Elongation in receivable cycle beyond 120 days on a sustained basis.

Analytical approach: Combined

CareEdge Ratings has applied a combined approach for rating bank facilities of RG considering the proposed co-borrower structure arrangement for pooling of surplus cash flows from individual entities to service shortfall in debt servicing in these entities. The agreement shall be unconditional, irrevocable, and valid for the full tenor of the rated debt facilities and shall be characterised by the presence of a cross-default clause between all 14 entities. In a 'Combined Approach', CareEdge Ratings evaluates the group of entities as if it were a single entity and combines financial and business risk profiles of these entities to take a view on ratings. All 14 entities are subsidiaries of the Azure Group and are engaged in similar business (power generation). Combined entities are mentioned in Annexure-6.

Outlook: Stable

CareEdge Ratings believes the RG would continue to benefit considering long-term PPAs for the portfolio under the RG. Expectations of operational performance of the assets to remain aligned with existing trend and sustenance of timely collections from the off-takers, supports the outlook.

Detailed description of key rating drivers:

Key strengths

Presence of inter-company agreement for pooling of surplus cash flows and comfortable debt coverage metrics

The 14 SPVs of the Azure Group have formed an RG, where these entities have entered an inter-company co-obligor agreement, under which each entity is jointly and severally liable for servicing the combined debt obligations. The co-obligor agreement is unconditional and irrevocable, valid for the full tenor of the rated debt facilities and characterised by the presence of a T-minus structure and cross-default clause among the 14 entities. Each entity is required to transfer funds from its surplus account in the event of any shortfall in debt servicing in other entities. The debt protection metrics of the RG are comfortable, with the cumulative DSCR estimated to remain upwards of 1.30x, per CareEdge Ratings' base case.

Revenue visibility considering long-term PPAs for majority capacity

CareEdge Ratings considers presence of long-term PPAs for the entire capacity under the RG pool with a weighted average tariff of ₹6.05 per unit, providing healthy revenue visibility, however cost-competitiveness remains moderate. Moreover, ~36% of the portfolio is tied up with stronger counterparties such as Solar Energy Corporation of India (SECI), Gujarat Urja Vikas Nigam Limited (GUVNL) and NTPC Limited, and the balance is held by state discoms such as Southern Power Distribution Company of Andhra Pradesh Limited (SPDCAPL), Bangalore Electricity Supply Company Limited (BESCOM), and Hubli Electricity Supply Company Limited (HESCOM) among others. CareEdge Ratings notes that receivable days stood at ~175 as of FY25, driven mainly by the recognition of older dues. These dues have since been cleared under the LPS framework after court directions, and collection cycle is expected to improve going ahead.

Long operational track record with satisfactory generation performance

The portfolio has a satisfactory operational track record of around nine years (weighted average), where generation performance has remained in line with designed energy estimates, as reflected by FY25 (FY refers to April 01 to March 31) weighted average PLF of 17.5% compared to P90 estimate of 17.7% and FY24 PLF of 18.5%. However, performance moderated in 5MFY26, as reflected in PLF of ~17.3% compared to 18.1% recorded in 5MFY25, due to early arrival and prolonged monsoons. Going forward, per CareEdge Ratings' base case, generation performance is expected to remain subdued in FY26 but align with historical trends from FY27 onwards.

Diversified asset portfolio in terms of geography, and counterparty

The entire solar capacity of 599 MWAC under RG is distributed across 14 SPVs. The asset pool is geographically diversified with projects across seven states, including Andhra Pradesh, Bihar, Gujarat, Karnataka, Punjab, Rajasthan, and Telangana. Counterparty credit profile is diversified with exposure to central (~36%) and state (~64%) counterparties. Around 36% portfolio is tied up stronger counterparties, such as SECI, GUVNL, and NTPC having low credit risk and an established track record of making payments to the developers in a timely manner. PPAs with SECI are stronger than PPAs with state discoms and contain provisions pertaining to compensation in case of grid unavailability, backdowns, and termination penalties among others. The remaining capacity is exposed to moderate to high counterparty credit risk as there have been instances in the past with few discoms delaying payments to developers.

Assets being part of the Azure Group, having long operating track record in renewable energy segment

The entities under the RG are wholly owned subsidiaries of APIPL, which is a subsidiary of Azure Power Global Limited (APGL). The group develops and operates renewable power capacity and has experience of over 10 years in this segment. APGL's shareholders include Caisse de dépôt et placement du Québec (CDPQ), which holds 53.4%, followed by Ontario Municipal Employees Retirement System (OMERS), which holds 21.4%, and the balance is owned by multiple financial investors such as mutual funds and hedge funds.

The major shareholder, CDPQ, is actively involved in the group's strategy, including investment plans and operational oversight, and continues to strengthen its risk management practices. CDPQ remains a strategic long-term investor in the platform, and its stake is expected to stay above 50% in the group. CDPQ and OMERS jointly hold ~75% shareholding at the group level and have maintained their stance of backing the Azure Group and providing need-based support in case of a funding mismatch.

CareEdge Ratings also notes that APIPL's stated posture towards these entities is strong, as reflected by presence of an unconditional and irrevocable corporate guarantee (CG), which will remain valid until the project achieves stabilisation per terms stipulated by the lender. However, these linkages are not considered credit-enhancing for the purpose of the rating.

Key weaknesses

Leveraged capital structure for RG with exposure to interest rate risks

The RG's capital structure is leveraged, as reflected in total external debt/EBITDA of ~5.2x at FY25-end. Going forward, leverage is expected to remain elevated, marked by proposed debt top-up, as reflected in expected total external debt/EBITDA remaining over 5.0x in the next few years, per CareEdge Ratings' base case. Consequently, the company remains exposed to interest rate variations, as debt is linked to floating rates.

Moderate financial risk profile of off-takers

The RG is exposed to counterparty-related risks, as ~64% of the portfolio capacity is contracted with state discoms, having weak to moderate credit profiles. Current receivable cycle remains comfortable as payments are being cleared within 60-90 days of raising an invoice for almost off-takers and clearance of past dues. With LPS Rules in place, CareEdge Ratings expects the collection cycle to remain rangebound within 60-90 days for regular billing, and significant deterioration will be a key credit monitorable.

Vulnerability of cash flows to variation in weather conditions

As tariffs are single part in nature, the company may report lower revenue if power generation declines due to variation in weather conditions or equipment quality. This would affect its cash flows and ability to service debt.

Liquidity: Adequate

As of October 2025-end, on a combined basis, the RG's liquidity position is adequate, as reflected by total free cash and bank balance of ~₹421.1 crore, with a restricted cash balance of ~₹0.5 crore in the form of bank guarantee (BG) margin. Per stipulated terms of the proposed debt, the company maintains one quarter cash debt service reserve account (DSRA) on disbursement of the debt.

Per CareEdge Ratings' base case, internal accruals from the structure are expected to be adequate to service its debt obligations.

Applicable criteria

Definition of Default
Consolidation
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

APEPL is a wholly owned subsidiary of APIPL. The company operates a 10 MW_{AC} solar power plant in Bihar, India and has entered a long-term PPA with Bihar Power Distribution Company Limited (BPDCL) for a duration of 25 years at a fixed tariff of ₹8.39 per unit. The project was commissioned in July 2016, and thus, has an operational track record of over 9 years.

Brief Financials: Combined

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	589.0	577.9	550.4
PBILDT	497.4	500.4	430.7
PAT	164.1	183.1	379.6
Overall gearing (times)	2.72	2.08	1.42
Interest coverage (times)	1.03	1.05	1.24

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

Brief Financials: Standalone

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	11.6	10.8	5.7
PBILDT	10.2	8.9	1.3
PAT	1.6	3.8	-3.4
Overall gearing (times)	1.63	1.30	1.20
Interest coverage (times)	1.37	2.59	0.29

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		-	-	March, 2038	44.00	CARE AA-; Stable
Rating in the absence of the pending steps/documents		-	-	-	0.00	Withdrawn

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	44.00	CARE AA-; Stable	1)Provisional CARE AA-; Stable (22-Dec-25)	-	-	-
2	Rating in the absence of the pending steps/documents	LT	-	-	1)CARE A- (22-Dec-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

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 Infrastructure Private Limited	Full	Operational and financial linkages
2	Azure Power Eris Private Limited	Full	Operational and financial linkages
3	Azure Power Haryana Private Limited	Full	Operational and financial linkages
4	Azure Photovoltaic Private Limited	Full	Operational and financial linkages
5	Azure Power (Raj) Private Limited	Full	Operational and financial linkages
6	Azure Power Karnataka Private Limited	Full	Operational and financial linkages
7	Azure Sunrise Private Limited	Full	Operational and financial linkages
8	Azure Power Pluto private limited	Full	Operational and financial linkages
9	Azure Urja Private Limited	Full	Operational and financial linkages
10	Azure Clean Energy Private Limited	Full	Operational and financial linkages
11	Azure Green Tech Private Limited	Full	Operational and financial linkages
12	Azure Power Mars Private Limited	Full	Operational and financial linkages
13	Azure Sunshine Private Limited	Full	Operational and financial linkages
14	Azure Power Thirty-Seven 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.

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