Avaada Non-Conventional UPProject Private Limited

May 11, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	134.69 (Reduced from 143.05)	CARE A+ (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of financial sector regulators (FSRs), and the names of respective FSRs have been disclosed under Annexure-7.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has adopted a combined approach for the two entities of the Avaada Group mentioned in Annexure-6. These entities are wholly owned subsidiaries of Avaada Energy Private Limited (AEPL) and have been combined considering the presence of a cash pooling agreement, which is unconditional, irrevocable and valid for the full tenor of the rated debt facilities. Per the inter-company pooling agreement, each entity is jointly and severally liable for debt servicing obligations.

CareEdge Ratings has placed the rating of Avaada Clean Energy Private Limited (ACEPL) and Avaada Non-Conventional UPProject Private Limited (ANCUPPL), referred to as 'Avaada Restricted Group' (RG), on 'rating watch with developing implications'. The rating action is considering the proposed amalgamation of these entities, along with 10 other entities into Avaada Sunshine Energy Private Limited (ASEPL; rated 'CARE A-; Rating watch with developing implications').

The rating watch would be resolved upon completion of the proposed amalgamation. The outstanding rated limits of these special purpose vehicles (SPVs) are likely to get transferred to ASEPL and CareEdge Ratings would evaluate these limits, basis the consolidated credit profile of ASEPL. The final clarity pertaining to ASEPL's overall business profile, its leveraging philosophy and the management's stated posture pertaining to this pool remains unknown and CareEdge Ratings would take a final action upon gaining further clarity on these factors. CareEdge Ratings notes that the company has received No Objection Certificates (NOCs) from lenders for the amalgamation, and interim procedural approval from the National Company Law Tribunal (NCLT). However, the final approval from the NCLT and other regulatory approvals (approval from MCA and some other statutory approvals) are expected within the next couple of months.

The rating on bank facilities of Avaada RG structure, which is operating solar power capacity of 55 MW (AC) continues to factor in the weighted average track record of ~5.3 years and satisfactory operational performance. The generation of the combined entity has been lower the P-90 (post factoring in degradation) and FY25 levels, which is reflected by weighted average capacity utilisation factor (CUF) of 20.9% in FY26, against P-90 (post factoring in degradation) CUF of 21.85% and FY25 CUF of 22.6%. The primary reason for the lower generation performance was the extended monsoon season and significantly lower solar irradiation levels during FY26 compared to the last couple of years. The collection cycle continues to remain satisfactory with receivables remaining below 30 days. Going forward, CareEdge Ratings expects the coverage indicators of the combined entity to remain healthy as reflected by cumulative debt service coverage ratio (DSCR) being upwards of 1.3x for the tenor of the term debt.

The rating continues to factor in the strong parentage for these entities by virtue of them being a part of the Avaada Group, which has a satisfactory track record of developing and operating renewable energy projects. The group has an operating capacity of ~7 GW as of April 2026 end. The underlying capacity in the restricted group has long-term (25 years) power purchase agreements (PPAs) with Ordnance Factory (a part of Ministry of Defence) for 5-MW (AC) capacity and Uttar Pradesh Power Corporation Limited (UPPCL) for 50-MW (AC) capacity at a weighted average tariff of ₹3.32 per unit.

However, the rating is constrained considering leveraged capital structure as reflected by total debt to earnings before interest, taxation, depreciation, and amortisation (EBITDA) of 5.8x as of FY26 end. The rating is also constrained considering exposure to UPPCL for 90% of the capacity. The rating also factors in exposure of project cash flows to adverse variations and interest rate fluctuation risk given the single part tariff of the project.

[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

- Satisfactory operational performance primarily driven by improvement in YoY plant load factor (PLF) resulting in improvement in coverage metrics as reflected average DSCR moving above 1.4x.
- Faster-than-expected deleveraging of the project.

Negative factors

- Any significant underperformance in generation and/or increase in the debt levels of the entity weakening the cumulative DSCR on project debt to less than 1.25x, on a sustained basis.
- Non-adherence to the power purchase agreement (PPA) terms by the off-taker including timely receipt of payments and honouring of tariff for full PPA tenor.

Analytical approach: Combined

CareEdge Ratings has applied combined approach for rating bank facilities of ACEPL and ANCUPPL, owing to the presence of a co-obligor arrangement between these entities where the shortfall in meeting debt obligations by one entity shall be met through surplus cash flows from the other entity in the structure. The agreement is valid for full tenure of the rated debt facilities, has a well-defined structured payment mechanism and is characterised by presence of cross default clause between both the entities. CareEdge Ratings considers the common lender and common promoter group for these projects. In a '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 ratings. Both entities are subsidiaries of AEPL and are engaged in similar lines of business. Combined entities are mentioned in Annexure-6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Presence of a co-obligor agreement for debt servicing

The two SPVs (ACEPL and ANCUPPL) of Avaada group have entered a co-obligor agreement where the surpluses available in one entity can be utilised for meeting shortfalls, if any, in the cash flows of the other entity. CareEdge Ratings also factors in the presence of a structured waterfall mechanism per the Trust and Retention Account (TRA) documents. The first priority of the cash flows would be to meet payments of taxes and statutory dues followed by operating costs. Thereafter, servicing of debt obligations shall be done, and the remaining balance is to be used for maintenance of necessary reserves including debt service reserve account (DSRA), liquidity reserve, and internal rate of return (IRR). The surplus thus remaining shall be available for meeting the shortfall of other SPV. The co-obligor agreement is valid for full tenure of the rated debt facilities, has a well-defined structured payment mechanism and is characterised by presence of cross default clause between both the entities. Per the financing document, the parent (AEPL) is also defined as one of the obligors resulting in strong linkages between the credit profile of the parent and these two entities.

Long-term revenue visibility considering presence of PPAs for entire capacity

Both SPVs under the structure have long-term PPAs of 25 years with weighted average tariff of ₹3.32 per unit. ACEPL has a PPA with Ordnance Factory, Kanpur, for off-take of 5-MW (AC) capacity at a fixed tariff of ₹4.18 per unit and ANCUPPL has a PPA with UPPCL for off-take of 50 MW (AC) capacity at a fixed tariff of ₹3.23 per unit.

Satisfactory operational track record and timely collection of payment from off-taker

The 55-MW (AC) solar power capacity were commissioned between September 2018 and May 2021, and as a result the combined entity now has a weighted average operational track record of ~5.3 years. The generation of the combined entity has been lower than the P-90 (post factoring in degradation) and FY25 levels, which is reflected by weighted average CUF of 20.9% in FY26, against P-90 (post factoring in degradation) CUF of 21.85% and FY25 CUF of 22.6%. The primary reason for the lower generation performance was the extended monsoon season and significantly lower solar irradiation levels during FY26 compared to the last couple of years.The receivable cycle of the company is satisfactory with overall receivables remaining below 30 days. Going forward, CareEdge Ratings, expect the generation and collection performance to be in line with the existing trends, which would remain a key monitorable from credit perspective.

Key weaknesses

Leveraged capital structure and exposure to interest rate risk
The portfolio's capital structure is leveraged as reflected by total debt/EBITDA of 5.8x as of FY26 end. Going forward, total debt/EBITDA is expected to remain ~5 over the next two years. Given the leveraged capital structure, single part nature of the fixed tariff in the PPA and floating interest rates, the company's profitability remains exposed to increase in interest rates.

Exposure to counterparty credit risk for majority capacity
The structure is exposed to the counterparty credit risk as ~90% of the capacity under the structure is tied up with UPPCL having modest credit profile. Any significant delay in payments by the counterparty will stretch the company's receivable cycle and in turn adversely impact the overall liquidity profile. While the payments are being received in a timely manner at present, going forward, sustenance of current payment trend would remain critical from a credit perspective.

Vulnerability of cash flows to variation in weather conditions
As tariffs are one part in nature, the company may book 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
The combined entity has a strong liquidity position as reflected by ~₹35.8 crore cash balance available as on March 31, 2026. This includes DSRA aggregating to ~₹12 crore, which is in line with sanctioned terms. Around ₹4.2 crore is free cash and bank balance and the rest amount has been allocated in liquid mutual funds. The required DSRA for 5-MW Ordinance factory asset is one quarter and for the 50 MW UPPCL asset is two quarters.

Applicable criteria
Consolidation
Definition of Default
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

Incorporated in May 2018, ANCUPPL is a wholly owned subsidiary of AEPL. The company is operating a solar power plant of 50-MW (AC) / 71-MW (DC) capacity in Uttar Pradesh. The 50-MW (AC) solar power plant achieved commissioning in two phases where 30 MW (AC) was commissioned on February 21, 2021 and 20 MW (AC) was commissioned on May 29, 2021. The company entered a PPA with Uttar Pradesh Power Corporation Limited (UPPCL) for 25 years from the actual commercial operations date (COD) and supplying power of the entire capacity at a tariff of ₹3.23/kWh.

Combined financials of ACEPL and ANCUPPL

Particular	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	34.30	34.86	32.4
PBILDT	30.39	30.67	28.04
PAT	4.55	4.93	3.59
Overall gearing (times)	2.42	2.17	1.99
Interest coverage (times)	1.85	1.94	1.77

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

Brief Financials: Standalone (ANCUPPL)

Particular	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	30.36	31.25	28.69
PBILDT	27.09	27.72	24.94
PAT	4.16	4.62	3.16
Overall gearing (times)	2.36	2.12	1.93
Interest coverage (times)	1.86	1.98	1.78

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-Term Loan		-	-	15/03/2039	134.69	CARE A+ (RWD)

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	134.69	CARE A+ (RWD)	-	1)CARE A+; Stable (10-Jun-25)	1)CARE A; Stable (05-Jun-24)	1)CARE A; Stable (08-Jun-23)

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 combined

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Avaada Clean Energy Private Limited	Full	Operational and financial linkages
2	Avaada Non-Conventional UPProject Private Limited	Full	Operational and financial linkages

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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