April 14, 2025

ACME Aklera Power Technology Private Limited: [ICRA]A+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund-based – Proposed term loan	1,000.00	[ICRA]A+ (Stable) assigned
Total	**1,000.00**	

Instrument details are provided in Annexure I

Rationale

The long-term rating assigned to ACME Aklera Power Technology Private Limited (AAPTPL) factors in the company's parentage as a part of the ACME Group. AAPTPL is a 100% wholly owned subsidiary of ACME Solar Holdings Limited (ASHL), which has an established track record in the renewable energy sector with an operating portfolio of 2.54 GWac and under-development project pipeline with capacity of 4.43 GWac. ASHL recently completed its initial public offering (IPO), wherein it raised ~Rs.2900 crore[1] to fund its future renewable energy (RE) projects. The long-term PPAs at competitive tariffs, the satisfactory generation performance of the assets under ASHL and the availability of long-term project finance at competitive interest rates ensure adequate debt coverage metrics for ASHL's RE portfolio. However, the credit profile of ASHL is constrained by its large capital expenditure plans with an ongoing capex of ~Rs.38,000-39,000 crore for its under-development 4.43 GWac capacity (where PPAs are signed and financial closure is achieved for 2.34 GWac with an estimated project costs of Rs.20,000 – 21,000 crore and the for the balance the PPA is yet to be signed) over the next three to four years and the associated execution and funding risks.

The rating also factors in the operational status of the 250-MWac solar power capacity under AAPTPL and the presence of a 25-year power purchase agreement (PPA) with Solar Energy Corporation of India (SECI, rated [ICRA]AAA(Stable)/[ICRA]A1+) at a fixed tariff of Rs. 2.48 per unit for the entire capacity, thus limiting the demand and pricing risks. Further, comfort is drawn from the strong credit profile of the counterparty, SECI, leading to a timely realisation of payments within 10 days of bills issued.

The rating is, however, constrained by the vulnerability of the company's cash flows to module performance and weather conditions, as the revenues are linked to the actual units generated and exported, given the fixed nature of the tariff. Also, the project has a limited track record of generation performance. It was commissioned in a phased manner - 200 MWac in July 2023 and 50 MWac in January 2024. Nonetheless, comfort is derived from the asset's satisfactory performance with the actual PLF of 29.42% in the trailing 12-months between January 2024 and December 2024, being marginally better than the P-90 estimate of 29.34%. Additionally, ICRA notes that AAPTPL is looking to implement robotic cleaning system for the entire plant, where the OEM has guaranteed soiling loss to be limited to ~0.4%. This expected improvement in operating efficiency, along with the proposed renegotiation of its O&M contract on more favourable terms[2], would support improved generation levels and lead to sizeable cost savings going forward. That said, the rating is tempered by the geographic concentration of the project at a single location in Rajasthan, which exposes it to high asset concentration risk.

ICRA notes that AAPTPL is in the process of refinancing its long-term debt with a top-up loan of ~Rs.350 crore, which is expected to moderate its debt coverage metrics from the current levels. As per ICRA's baseline estimates, the cumulative DSCR post refinancing is expected to remain adequate at 1.3x times, supported by the re-negotiated O&M agreement at lower cost subject to lender's approval resulting in recurring cost savings, long tenure of the proposed debt at 20 years at a competitive

[1] Rs. 2395 crore primary issuance and Rs. 505 crore of offer-for-sale.
[2] O&M contract renegotiation is subject to lender approval.

interest rate locked in for 5 years, and expectations of an additional annuity revenue stream recoverable from SECI against the change-in-law provision of the PPA for the customs duty & GST paid on ~30 MW solar modules imported, subject to receipt of final order from Rajasthan Electricity Regulatory Commission (RERC).

The rating also reflects AAPTPL's exposure to regulatory risks associated with the implementation of scheduling and forecasting norms. Further, the rating reflects the risk associated with a potential unfavourable outcome at the apex court for an ongoing legal dispute with the Central Board of Indirect Taxes and Customs (CBIC) related to the deferment of Rs. 492-crore import duty against the Manufacturing & Other Operations in Warehouse Regulations scheme (MOOWR) availed by the company for importing solar modules. Any adverse legal outcome will result in a large financial liability for AAPTPL, which is a credit negative. While the company has received an order from the RERC for a pass-through of the customs duty paid on the imported non-MOOWR modules under the change-in-law conditions of the PPA, there could be a lag in the receipt of the additional tariff on the modules imported under the MOOWR scheme, thereby necessitating additional funding lines and parent support to fund the duty payout. Herein, comfort is drawn from the financial flexibility demonstrated by the group in the past. ICRA also notes that the company has received a favourable verdict on the BCD matter for MOOWR assets from Delhi High Court, and legal finality of the matter in the Supreme Court of India will remain a key monitorable.

The Stable outlook assigned to the long-term rating factors in the steady cash flow visibility offered by the long-term PPA, a satisfactory generation level and the timely collections expected from the offtaker, which is expected to keep the DSCR adequate.

Key rating drivers and their description

Credit strengths

Presence of experienced sponsor- The presence of an experienced sponsor, the ACME Group, with an established track record of developing and operating solar power projects provides comfort. Further, the Group has operational renewable assets of 2540 MWac and under-construction projects of 4,430 MWac. Majority of the PPAs are signed with offtakers having strong credit profiles. ICRA expects ASHL to extend need-based financial support to AAPTPL, as and when required.

Low offtake and tariff risks; revenue visibility from long-term PPA - The project is backed by a 25-year PPA with SECI. The PPA has a fixed annual tariff of Rs. 2.48 per unit that provides revenue visibility to the project and limits the offtake and tariff risks.

Strong counterparty with track record of timely payments, mitigating risk of working capital blockage - SECI is the sole counterparty for the entire project capacity and is rated [ICRA]AAA (Stable) / [ICRA]A1+. ICRA expects the presence of a strong counterparty to result in timely payments of the dues, as has been already consistently demonstrated with a typical collection period of 10 days. Hence, the working capital requirement for the project is expected to be minimum, which would support the generation of positive free cash flows.

Satisfactory generational performance and expected reduction in O&M expense to support debt coverage metrics- The generation performance of the project for the full capacity in the first year of operations has been marginally better than the P-90 level (Trailing 12-months PLF ending December 2024 stood at 29.42% against P-90 PLF of 29.34%). Additionally, following the ongoing implementation of full robotic cleaning system, where OEM has guaranteed soiling loss to be limited to ~0.4%, the generation performance is expected to improve. While the leverage level is expected to increase with the proposed debt refinancing having a top-up loan of ~Rs.350 crore, the debt coverage metrics are expected to remain adequate with the cumulative DSCR being estimated at 1.30 times. The coverage metrics will be supported by the satisfactory generation performance, expectations of O&M costs to be reduced in the range 14% - 18% through re-negotiated agreement (which is subject to lender's approval), additional revenue stream recoverable under change-in-law provision in the PPA for modules imported under non-MOOWR, coupled with increased tenure of the refinanced debt, a ballooning debt repayment structure, and interest rates being locked in at an attractive rate for 5 years.

Credit challenges

Cash flow remains vulnerable to variability in solar irradiance and geographic concentration of project - AAPTPL is entirely dependent on power generation from the solar power project for its revenues and cash accruals, given the single part tariff in the PPA. Therefore, it remains exposed to the variability in solar irradiance and equipment performance. The risk is amplified by the geographic concentration of the asset as the entire capacity is at a single location and the limited track record of operations.

Interest rate and regulatory risks - AAPTPL's debt coverage metrics remain sensitive to the floating nature of the interest rate on the project debt, considering the single-part nature of the PPA tariff and a leveraged capital structure. Given the fixed revenue stream for the projects, any increase in interest rates can adversely impact the DSCR metrics. Nevertheless, the company derives comfort from interest rate locked in for 5 years. The company's operations are also exposed to regulatory risks pertaining to the scheduling and forecasting requirements of solar power projects.

Regulatory risk associated with potential unfavourable outcome in ongoing legal dispute - The company has availed the MOOWR scheme for claiming deferment on customs duty payable on imported modules. ICRA understands that while the company received approval from the tax department initially, it subsequently received a notice from the CBIC for the payment of the duty. The company appealed against the notice before the Delhi High Court, wherein it received a favourable order. The matter is currently pending with the Supreme Court of India, which remains key monitorable. Any adverse outcome would require the company to pay about Rs. 492 crore as duty. While the company has received an order from the RERC (as the ultimate offtakers for the project are Rajasthan discoms) for claiming additional tariff under change-in-law on the payment of the customs duty, there could be a lag in recovering the additional tariff, which would necessitate interim support from the parent company and additional funding lines. Herein, comfort is drawn from the financial flexibility demonstrated by the group in the past.

Liquidity position: Adequate

The liquidity position of the company is adequate mainly on account of the timely realisations from SECI, along with an expected continuation of a satisfactory generation performance. The company's free cash flows in FY2026/FY2027 are expected to remain adequate to meet its debt obligations. Additionally, ICRA highlights that AAPTPL has maintained a DSRA of Rs. 41 crores as of December 2024, which can cover its scheduled one-quarter debt service obligations. Further, ICRA expects ASHL to extend need-based financial support to AAPTPL, as and when required.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the credit profile of the holding company, ACME Solar Holdings Limited, improves. An improvement in the generation performance above P-90 levels, leading to an improvement in the company's debt coverage indicators, could result in an upgrade.

Negative factors – ICRA could downgrade AAPTPL's rating due to under-performance in generation impacting its debt coverage metrics, pulling down the cumulative DSCR below 1.25x. An elongation in the realisation period from SECI or any deterioration in the credit profile of ASHL would also be negative rating triggers. Further, weakening of linkages between parent ASHL and AAPTPL can also exert downward pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar
Parent/Group support	ICRA expects AAPTPL's parent, ASHL to be willing to extend financial support to AAPTPL, should there be a need, given the strategic importance that AAPTPL has for ASHL, and out of its need to protect its reputation from distress in a Group entity.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

Acme Aklera Power Technology Private Limited (AAPTPL), incorporated in September 2018, has developed a solar PV project of 250-MW capacity in Barmer, Rajasthan, which was fully commissioned in January 2024. The company is a wholly-owned subsidiary of Acme Solar Holdings Limited (ASH). It has a long-term PPA for 25 years with SECI at a fixed tariff of Rs. 2.48/unit.

Key financial indicators (audited)

AAPTPL Standalone	FY2024
Operating income	75.0
PAT	-0.4
OPBDIT/OI	92.9%
PAT/OI	-0.5%
Total outside liabilities/Tangible net worth (times)	8.0
Total debt/OPBDIT (times)	15.9
Interest coverage (times)	1.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based - Proposed term loan	Long term	1000.0	14-April-2025	[ICRA]A+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Proposed term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Proposed term loan	-	-	-	1000.00	[ICRA]A+ (Stable)

Source: Company

[*Please click here to view details of lender-wise facilities rated by ICRA*]

Annexure II: List of entities considered for consolidated analysis- Not applicable

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Vikram V
+91 40 6939 6410
vikram.v@icraindia.com

Ritabrata Ghosh
+91 3065216813
ritabrata.ghosh@icraindia.com

Rohit Shahu
+91 22 61693300
rohit.shahu@icraindia.com

Sarthak Goyal
+91 40 6939 6414
sarthak.goyal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

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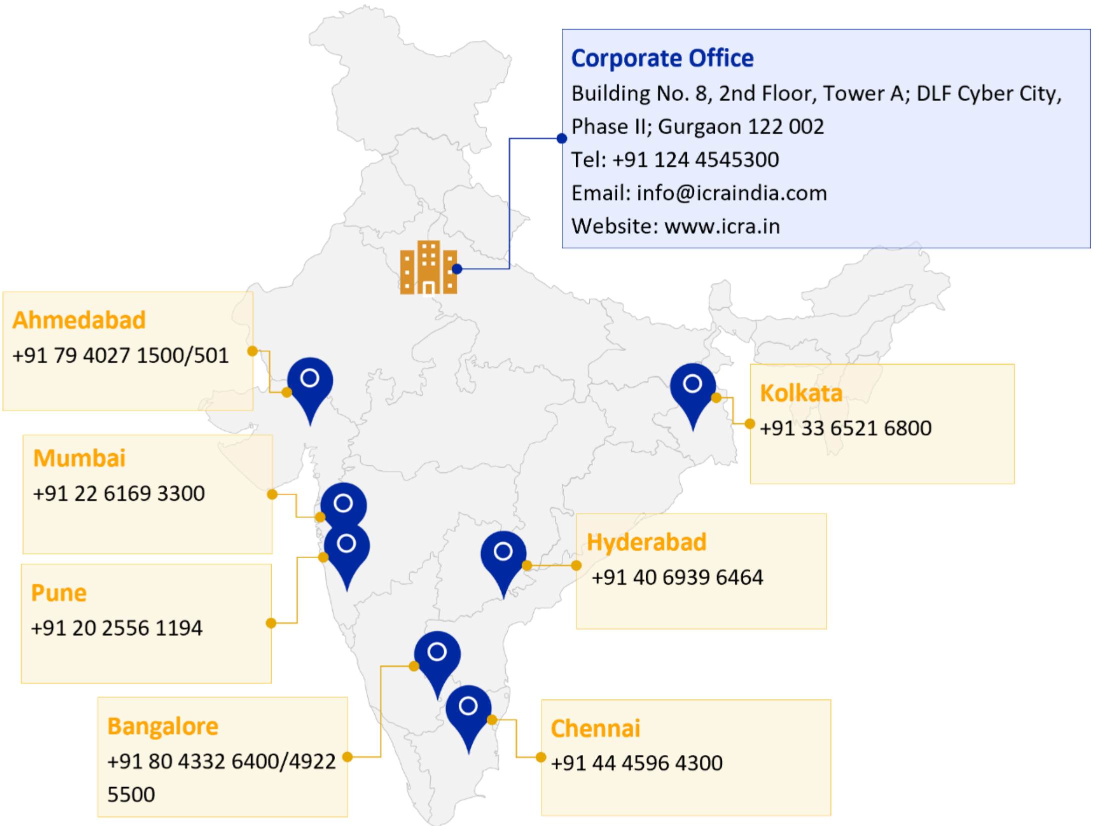

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