

September 30, 2025

ACME Solar Holdings Limited: [ICRA]AA- (Stable): Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Non-fund based – Others	1,000.00	[ICRA]AA- (Stable); assigned
Total	1,000.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to ACME Solar Holding Limited (ASHL) reflects the established presence of the Group in the renewable energy sector for about two decades, its diversified renewable asset profile across multiple location and offtakers (primarily Cenral), a healthy growth in capacity addition, a satisfactory generation performance and comfortable debt coverage metrics.

ASHL has an operating renewable power portfolio of 2.89 GWac and an under-development project pipeline of 4.08 GWac¹ along with standalone battery storage projects of 550 MWh. The portfolio is diversified with a mix of solar, wind, hybrid, solar plus battery energy storage systems (BESS), standalone BESS and firm and dispatchable renewable energy (FDRE) projects. While the current operational capacity primarily comprises solar power projects, the under-construction pipeline features a diverse mix of solar, wind, hybrid, solar plus BESS, FDRE and standalone BESS projects. The portfolio is diversified across Rajasthan, Gujarat, Punjab, Madhya Pradesh, Uttar Pradesh, Bihar, Chhattisgarh, Maharashtra, Telangana, Andhra Pradesh and Odisha in India. Further, the offtaker mix of ASHL is spread across various Central and state counterparties, with Central counterparties (Solar Energy Corporation of India Ltd; SECI, NHPC, NTPC and SJVN) forming 86% and state distribution companies (discoms) forming the balance 14% of the overall capacity mix.

ASHL added a renewable power capacity of 1,200 MW (Solar Interstate transmission system; ISTS) in FY2025 and 350 MW (Solar & Wind) in Q1 FY2026, taking the operating capacity to 2,890 MW as on June 30, 2025. ASHL has demonstrated a satisfactory track record in developing and stabilising renewable power projects over the years. Moreover, recently commissioned projects have demonstrated a satisfactory generation performance in FY2025 and Q1 FY2026, including Solar ISTS which has been performing at P-75 levels since commissioning.

The operational and under-construction projects totalling to 5,130 MW and 550 Mwh of standalone BESS have tied up long-term power purchase agreements (PPAs)/battery energy storage purchase agreements (BESPA) with various state discoms and central offtakes (under-construction projects are primarily tied up with central offtakers). ICRA also notes the competitive weighted average tariffs of Rs. 3.4/KWh (for operational portfolio) and Rs. 3.9/KWh FY2026 (for under construction portfolio) are in line with the prevailing bid tariffs. 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 are expected to lead to comfortable debt coverage metrics for ASHL's renewable energy portfolio.

ASHL is currently developing ~2.24 GW renewable power capacity and 550MWh standalone BESS with signed PPAs/BESPA under multiple project special purpose vehicle. This apart, the company has another ~1.84 GW portfolio under pipeline, awaiting signing of PPAs. ICRA notes that while such a large project pipeline provides a healthy visibility for earnings growth, it leads to high execution and funding risks, given the complexity in executing capital-intensive and multi-location FDRE and storage projects. The credit profile of ASHL is constrained by its significant capital expenditure plans for its under-development projects of 2.24-GWac (where PPAs are signed) and the battery energy storage projects of 550 MWh capacity, exposing the Group to execution and funding related risks. Nonetheless, ICRA notes that there has been satisfactory progress towards land

¹ Including 1.84 GW awaiting signing of PPAs

acquisition, grid connectivity approvals, placement of orders of major equipment including BESS, upfront equity infusion as well as financial closure for 1.84-GW capacity which mitigates the execution related and upward revision in capex estimate related challenges to an extent.

Also, ASHL's financial profile has strengthened after the initial public offering (IPO) of ~Rs. 2,900 crore in November 2024 and the Group is sufficiently funded for the infusion of equity towards under-construction projects for which the PPAs have been tied up. Nevertheless, a timely completion and stabilisation of these projects within the budgeted capital cost remains a key credit monitorable.

The rating is also constrained by the vulnerability of the company's revenues and cash flows to variations in solar and wind power generation due to weather conditions and equipment performance, as the revenues are linked to the actual generation with single-part PPA tariffs. Moreover, in FDRE and storage projects, given the minimum annual availability and peak period availability requirements, any shortfall in generation can adversely impact a project's return metrics due to stringent penal provisions in the PPAs. Therefore, the ability of the commissioned and under-development projects to demonstrate a generation performance in line with the appraised estimates is critical for achieving credit metrics commensurate with the rating level.

The FDRE and BESS projects will also remain exposed to risks associated with the performance of battery storage systems, including availability, round trip efficiency and degradation. Herein, the company is proposing to tie up long-term service maintenance agreements with the battery suppliers to mitigate this risk. ICRA also notes the company's exposure to interest rate movements, given the fixed tariffs under the PPAs and a leveraged capital structure. Additionally, the projects face regulatory challenges in implementing scheduling and forecasting frameworks due to the variable nature of solar and wind energy generation. Nonetheless, the sizing and configuration of the project (including inclusion of wind component) has been done strategically to avoid high variation in the generation estimates resulting into higher BESS efficiency and lower penal implications.

ICRA understands from the management that ASHL will not offer any support to its parent company, ACME Cleantech Solutions Private Limited (ACSPL), to fund its ventures in green hydrogen or for any other requirement. The management has confirmed that that post ASHL listing, in November 2024, no additional intercompany funding has been provided to ACSPL. Any deviation from this understanding will have a bearing on the credit profile of ASHL.

The Stable outlook assigned to the long-term rating reflects ICRA's opinion that the company will complete its under-construction projects without any significant time/cost overruns, besides exhibiting a stable generation performance, continued revenue visibility from the long-term PPAs and timely payments by the offtakers.

Key rating drivers and their description

Credit strengths

Revenue visibility from long-term PPAs with diversified offtakers at fixed tariffs - The Group has tied up 25-year PPAs for its 2.89-GW operating portfolio with SECI and the discoms of various states, including Gujarat, Maharashtra, Uttar Pradesh, Karnataka, Andhra Pradesh, Telangana, Uttar Pradesh, Punjab, Odisha, Chhattisgarh and Madhya Pradesh, at fixed tariff rates. Further, PPAs for the under-construction projects 2.24 GWac and 550mWh of battery storage projects have also been signed with diverse central offtakers at competitive tariff rates. The availability of long-term PPAs at fixed tariffs offers high revenue visibility for the company and limits demand and tariff risks.

Strong counterparties for majority of the portfolio limits counterparty credit risks – Majority of the offtakers for the company have strong credit profiles with a timely payment track record, wherein the Central counterparties such as SECI (rated [ICRA]AAA (Stable)/ [ICRA]A1+), National Thermal Power Corporation Limited {NTPC, rated; [ICRA]AAA (Stable)/ [ICRA]A1+}, Gujarat Urja Vikas Nigam Limited {GUVNL; [ICRA]AA (Stable)/[ICRA]A1+} have a share of 71% of the power offtake for the operating portfolio and the balance is being made up by state distribution companies with moderate credit profiles. The Group

has been able to win bids over the last few years which has helped it diversify its counterparty base towards more stronger customers mainly Renewable Energy Implementing Agencies. The PPAs/BESPA for under-construction projects of 2.24 GWac and 550Mwh of battery energy storage have also been signed largely with Central counterparties, including NHPC, SJVN, SECI and NTPC, thereby mitigating the offtaker-related risks. Further, the receivable position at a consolidated level has improved over the last few years, with the implementation of the late payment surcharge rules since May 2022.

Experienced management team with established track record in renewable energy sector - The ACME Group has close to two decades of track record in developing and operating renewable energy projects in India and benefits from a highly experienced management team. Group has a strong track of executing ~5.6 GWp (including monetised assets) of solar projects since 2011. The Group's operational portfolio increased by 1.2 GWac during FY2025 and 350 MW during Q1 FY2026. The Group currently maintains an operational portfolio of around 2.89 GW with an under-construction pipeline of 4.08 GW and battery storage project of 550 Mwh.

Debt coverage metrics expected to remain comfortable coupled with reasonable financial flexibility - The company's consolidated leverage level is expected to remain high due to the largely debt-funded nature of the renewable portfolio. Nonetheless, the company's debt coverage metrics are expected to remain comfortable at a consolidated level with a cumulative DSCR of above 1.35 times, supported by a satisfactory operating performance, long debt tenure and competitive interest rates. Further, ASHL successfully completed its IPO in November 2024, raising Rs. 2,900 crore, including proceeds from the offer for sale. This milestone has significantly enhanced the company's financial flexibility by broadening its funding avenues. The Group also has a proven track of record of refinancing its operational portfolio at a competitive interest rate and monetising operational solar assets, having divested approximately 1.4 GW in the past. Further, the Group maintains a healthy Net Debt/ Earnings before interest, taxes, depreciation, and amortization (EBITDA) of $4.8x^2$ as on June 30, 2025.

Credit challenges

Execution and funding risks due to large renewable project pipeline - The Group has an under-construction capacity of 2.24 GWac, of which 75% are FDRE projects, and there is additional standalone BESS capacity of 550 MWh, for which the offtake agreements have been signed. Further, the company has an additional pipeline of 1.84 GWac, wherein the PPAs are pending to be signed. Given the large project pipeline, the company remains exposed to execution and funding risks, including those related to land, transmission connectivity and equity funding. Herein, comfort is drawn from the track record of the Group in developing renewable energy projects in the past. The projects are to be funded in a debt-equity ratio of 75:25/80:20, wherein the equity is expected to be funded by the available cash balances and surplus cash flows from the operating projects, including through top-up debt for the operating assets. However, comfort can be drawn from the progress made by the company towards land acquisition, grid connectivity for all the under-construction projects, and placement of order for all major equipment's.

Sensitivity of debt metrics to energy generation and operating risks associated with BESS capacity - The revenues and cash flows from the company's power projects remain sensitive to the energy generation due to the single-part tariff in the PPAs. Any adverse variation in the solar irradiation level, wind speed or equipment performance may impact the energy generation and consequently the cash flows. Moreover, in FDRE projects, given the minimum annual availability and peak period availability requirements, any shortfall in generation can adversely impact the projects' return metrics due to stringent penal provisions in the PPAs. The FDRE and BESS projects will also remain exposed to risks associated with the performance of battery storage systems, including availability, round trip efficiency and degradation. Herein, the company is proposing to tie up long-term service maintenance agreements with the battery suppliers to mitigate this risk. Nonetheless, configuration of the FDRE projects has been done in a manner ensuring avoidance of high variation in generation estimates.

² Calculation as per management

Exposure to interest rate risks and regulatory risks - ASHL’s debt coverage metrics remain exposed to interest rate variation, given the fixed tariffs under the PPAs and a high leverage. Also, the company remains exposed to regulatory risks associated with scheduling and forecasting for its wind and solar projects. However, mix of fixed and floating interest rate debt mitigates the risk to an extent.

Liquidity position: Adequate

The company’s liquidity is expected to remain adequate, supported by healthy cash flow from operations and the availability of unencumbered cash/bank balances and liquid investments of ~Rs. 836.00 crore as on August 31, 2025, at a standalone level. The liquidity is expected to remain adequate for funding the equity requirements towards the under-construction projects and for meeting its annual operating expenses. The ongoing capex is expected to be met through a mix of sources, including internal accruals, cash balances, release of equity from refinancing proceeds, and external debt.

Rating sensitivities

Positive factors – The ratings can be upgraded if ASHL is able to complete its ongoing projects within the budgeted cost and time, along with a demonstration of generation performance of the operational portfolio in line or above the appraised estimate on a sustained basis, leading to healthy credit metrics.

Negative factors – The ratings can be downgraded in case of any major time or cost overruns for the projects under execution and/or long delays in payments by the offtakers, and/or underperformance in the generation of operating assets of the company’s renewable power projects, adversely impacting the liquidity profile and debt coverage metrics. A specific metric that can exert a downward rating pressure is the cumulative DSCR falling below 1.30 times. Moreover, any support from ASHL to ACSPL will remain a credit negative. Also, any leveraging on the books of ASHL to fund the project SPVs’ requirements may trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial profile of the company; the subsidiaries that have been consolidated are mentioned in Annexure II

About the company

ASHL was incorporated in June 2015 and is the holding company of the ACME Group's renewable energy business. The holding company is domiciled in India with its registered office at Gurugram, India. As on June 30, 2025, 83.14 % of the shares of ASHL are held by ACME Cleantech Solutions Private Limited, while MKU Holdings Private Limited is the ultimate holding company.

ASHL is engaged in the business of developing, building, owning, operating and maintaining utility scale renewable energy projects and also has an in-house engineering, procurement and construction (EPC) and operation and maintenance (O&M) team to build and operate the projects. As on June 30, 2025, the company has an operational capacity of 2.89 GWac across 11 states in India and has an under-construction capacity of 4.08 GWac (including projects wherein PPA has not been signed) and 550 Mwh of BESS projects

Key financial indicators (audited)

ASHL Consolidated	FY2024	FY2025
Operating income	1,325.1	1,407.7
PAT	697.8	250.8
OPBDIT/OI	83.6%	88.1%
PAT/OI	52.7%	17.8%
Total outside liabilities/Tangible net worth (times)	4.1	3.0
Total debt/OPBDIT (times)	7.7	8.9
Interest coverage (times)	1.4	1.6

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: A member of the board of directors of ICRA Limited is also an Independent Director on the board of directors of ACME Solar Holding Limited. This Director was not involved in any of the discussions and processes related to the rating(s) of the instrument mentioned herein.

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Date	FY2025		FY2024		FY2023			
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term - Non-fund based – Others	Long term	1,000.00	Sep 30, 2025	[ICRA]AA-(Stable)	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Non-fund based – Others	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	Long term – Non-fund based – Others				1,000.00	[ICRA]AA- (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

Company name	Ownership	Consolidation approach
ACME Rewa Solar Energy Private Limited	100%	Full
ACME Jodhpur Solar power Private Limited	100%	Full
Aarohi Solar Private Limited	100%	Full
Niranjana Solar Energy Private Limited	100%	Full
Dayanidhi Solar Power Private Limited	100%	Full
ACME Jaisalmer Solar Power Private Limited	100%	Full
Vishwatma Solar Energy Private Limited	100%	Full
ACME Mahbubnagar Solar Energy Private Limited	100%	Full
ACME Yamunanagar Solar Power Private Limited	100%	Full
ACME Solar Power Technology Private Limited	100%	Full
ACME PV Powertech Private Limited	100%	Full
Dayakara Solar Power Private Limited	100%	Full
Grahati Solar energy Private Limited	100%	Full
ACME Odisha Solar Power Private Limited	100%	Full
ACME Raipur Solar Power Private Limited	100%	Full
ACME Solar Energy (Madhya Pradesh) Private Limited	100%	Full
ACME Solar Technologies (Gujarat) Private Limited	100%	Full
ACME Magadh Solar Power Private Limited	100%	Full
ACME Nalanda Solar Power Private Limited	100%	Full
Nirosha Power Private Limited	100%	Full
ACME Solar Rooftop Systems Private Limited	100%	Full
ACME Heergarh Powertech Private Limited	100%	Full
ACME Aklera Power Technology Private Limited	100%	Full
ACME Raisar Solar Energy Private Limited	100%	Full
ACME Deoghar Solar Power Private Limited	100%	Full
ACME Dhaulpur Powertech Private Limited	100%	Full
ACME Phalodi Solar Energy Private Limited	100%	Full
ACME Solar Energy Private Limited	100%	Full
ACME Urja One Private Limited	100%	Full
ACME Sun Power Private Limited	100%	Full
ACME Surya Power Private Limited	100%	Full
ACME Urja Two Private Limited	100%	Full
ACME Solartech Private Limited	100%	Full
ACME Sigma Urja Private Limited	100%	Full
ACME Alpha Renewables Private Limited	100%	Full
ACME Renewtech Private Limited	100%	Full
ACME Hybrid Urja Private Limited	100%	Full
ACME Gamma Urja Private limited	100%	Full

Company name	Ownership	Consolidation approach
ACME Surya Modules Private Limited	100%	Full
ACME Eco Clean Energy Private Limited	100%	Full
ACME Pokhran Solar Private Limited	100%	Full
ACME Sikar Solar Private Limited	100%	Full
ACME Renewable Solutions Private Limited	100%	Full
ACME Renewable Resources Private Limited	100%	Full
ACME Urja Private Limited	100%	Full
ACME Venus Urja Private Limited	100%	Full
ACME Sidlaghatta Solar Energy Private Limited	100%	Full
ACME Omega Urja Private Limited	100%	Full
ACME Platinum Urja Private Limited	100%	Full
ACME Marigold Urja Private Limited	100%	Full
ACME Suryodaya Private Limited	100%	Full
ACME Taurus Urja Private Limited	100%	Full
ACME Renewtech First Private Limited	100%	Full
ACME Renewtech Second Private Limited	100%	Full
ACME Renewtech Fourth Private Limited	100%	Full
ACME Renewtech Fifth Private Limited	100%	Full
ACME Renewtech Sixth Private Limited	100%	Full
ACME Greentech First Private Limited	100%	Full
ACME Greentech Second Private Limited	100%	Full
ACME Greentech Fourth Private Limited	100%	Full
ACME Greentech Fifth Private Limited	100%	Full
ACME Greentech Sixth Private Limited	100%	Full
ACME Greentech Seventh Private Limited	100%	Full
ACME Greentech Eighth Private Limited	100%	Full
ACME Greentech Tenth Private Limited	100%	Full

Source: Annual report of ASHL for FY2025

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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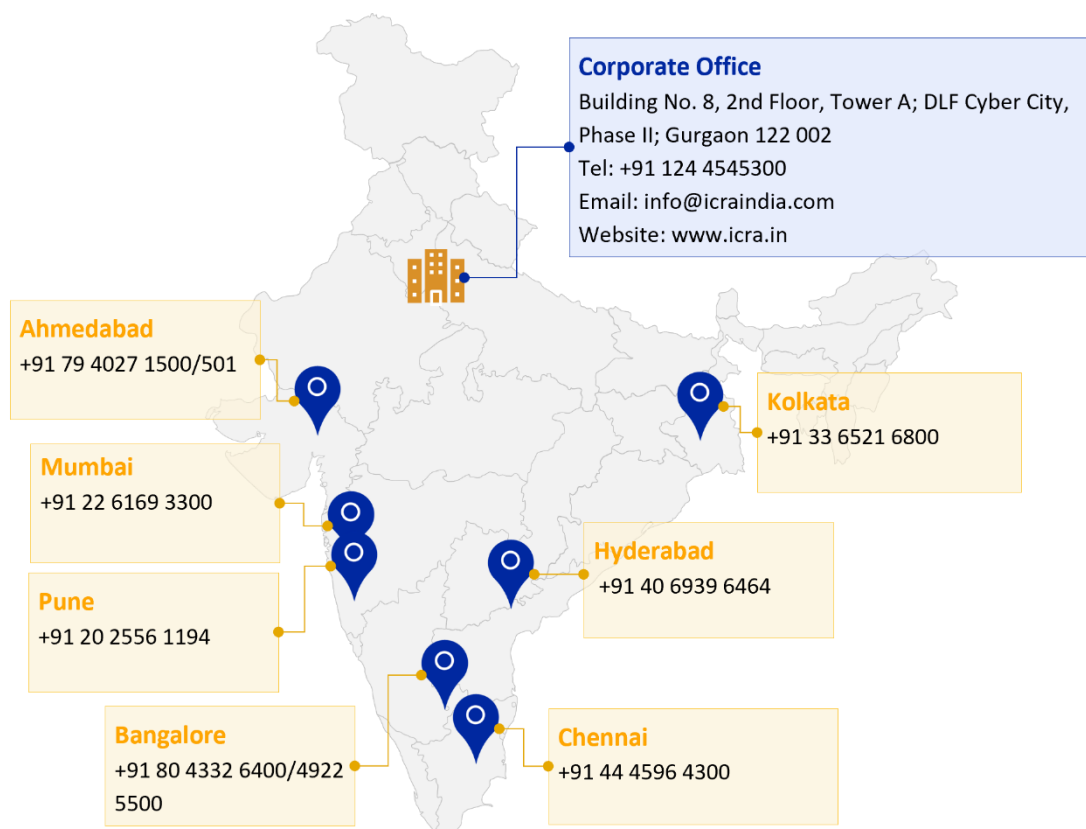
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