May 05, 2026

ACME SIDLAGHATTA SOLAR ENERGY PRIVATE LIMITED: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	57.24	[ICRA]A- (Stable); assigned
Total	**57.24**	

**Instrument details are provided in Annexure II*

Rationale

The long-term rating assigned to Acme Sidlaghatta Solar Energy Private Limited (ASSEPL) factors in the company's parentage with ASSEPL being a 100% wholly-owned subsidiary of ACME Solar Holding Limited {ASHL; rated [ICRA]AA- (Stable)}, which has an established track record of about two decades in the renewable energy sector. ASHL has an operational capacity of 2.96* GWac along with an under-development project pipeline of 4.8 GWac[*] of wind, hybrid and firm and dispatchable renewable energy (FDRE) projects and battery energy storage projects of 550-MWh capacity.

ASHL has a diversified renewable asset profile across multiple locations and have offtake arrangements with several Central (84%) and state offtakers (16%). The long-term power purchase agreements (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 renewable energy portfolio. However, the credit profile of ASHL is constrained by the significant capital expenditure plans for its under-development projects of 2.67-GWac* comprising wind, hybrid and FDRE projects, and battery energy storage projects of 550-MWh capacity*. Moreover, ASHL has commissioned ~1 GWh of BESS during Q4 FY2026 ahead of its under-construction FDRE projects, to generate early cash flows. These BESS are connected with existing operational Inter-State Transmission System (ISTS) and will run on merchant basis on short term basis, generating additional revenue stream through price differential between peak and non-peak demand hours. The Group also has under-construction projects of 2.14-GWac* for which the PPAs have not been signed. Nonetheless, ASHL has exhibited satisfactory progress towards the completion of the 2.67-GWac* under-development projects, which mitigates the execution related challenges to an extent. Also, the Group is sufficiently funded for the infusion of equity towards the under-construction projects for which the PPAs have been tied up.

The assigned rating factors in the presence of a 25-year PPA at a competitive fixed tariff of Rs. 2.97 per unit for the entire project capacity with Bangalore Electricity Supply Company Limited (BESCOM), which mitigates the demand and tariff risks. Although the generation had remained below the anticipated levels since commissioning, comfort is derived from the improvement in generation following the repowering of ~4MW of capacity in June 2025. Consequently, the plant load factor (PLF) improved to 23.7% in FY2026 from 21.4% in FY2025. Further, the additional cost of repowering was fully funded by promoter contribution, and no additional external debt was raised. However, the sustainability of the improvement in generation remains a key monitorable. Nevertheless, the expected improvement in generation is likely to support the coverage metrics, with the project likely to maintain an adequate cumulative debt service coverage ratio (DSCR) of around 1.3 times over the debt tenure.

The rating, however, is constrained by the counterparty credit risk pertaining to the sole offtaker (BESCOM), which has a modest credit profile. ICRA notes that after the implementation of the Late Payment Surcharge (LPS) scheme, the company's

[*] As per the investor presentation of the company for Q3 FY2026

receivable position improved to 45-60 days in FY2026 and FY2025 compared to 70-80 days in FY2023 and FY2024. Moreover, the average receivable days during FY2026 was 47 days. The improvement in the payment cycle along with creation of a debt service reserve account (DSRA) equivalent to two quarters of debt service obligations in April 2025 has further bolstered the liquidity of the company. Nevertheless, given the offtaker's credit profile, exposure to counterparty risk persists, and a sustained timely receipt of payments from BESCOM remains a key monitorable.

The rating factors in the geographic concentration of the project at a single location in Karnataka, which exposes it to high asset concentration risk, making it vulnerable to location-specific disruptions and weather-related conditions. Further, the rating is constrained by the exposure of the company's debt coverage metrics to the movement in interest rates on the project debt. The rating also reflects ASSEPL's exposure to regulatory risks associated with the proposed implementation of the revised scheduling and forecasting norms recently notified by the Central Electricity Regulatory Commission (CERC).

The Stable outlook assigned to the long-term rating factors in the steady cash flow visibility offered by the long-term PPA and expectation of a satisfactory generation level, which is likely to lead to healthy debt coverage and liquidity levels, going forward.

Key rating drivers and their description

Credit strengths

Benefits of parentage as the SPV is wholly owned by ASHL - The presence of an experienced sponsor, the ACME Group, with an established track record of developing and operating renewable power projects provides comfort. The Group has a strong track of executing ~5.6 GWp (including monetised assets) of solar projects since 2011. Further, the Group has an operational capacity of 2.96 GWac* and an under-development project pipeline of 2.67 GWac* of wind, hybrid and FDRE projects and battery energy storage projects of 550-MWh capacity*. For the under-development projects, the Group has already signed long-term PPAs/battery energy supply purchase agreements (BESPA) primarily with Central offtakers having strong credit profiles. In addition, the Group has under-construction projects of 2.14 GWac* for which the PPAs have not been signed. Moreover, ASHL has commissioned ~1 GWh of BESS during Q4 FY2026 ahead of its under-construction FDRE projects. ICRA notes that ASHL has infused funds in ASSEPL for repowering the capex as well as for the creation of DSRA in the recent past. ICRA expects ASHL to extend need-based financial support to ASSPL, as and when required.

Revenue visibility owing to presence of long-term PPA leading to low offtake risk - The project is backed by a 25-year PPA with BESCOM. The PPA has a competitive fixed annual tariff of Rs. 2.97 per unit that provides revenue visibility for the project and limits the offtake and tariff risks. Additionally, the project has received a change-in-law order towards compensation of safeguard duty, that allows it to recover Rs. 0.90 crore annually for entire PPA tenor.

Improved generation post-repowering expected to support healthy debt coverage over the debt tenor – While the project's generation levels have remained lower-than-anticipated since commissioning, the company completed the repowering of ~4MW of capacity in June 2025. Though the repowering of the power plant helped increase the generation levels in FY2026, the sustainability of the same remains a key monitorable. Further, ICRA expects the improvement in generation levels to support an adequate cumulative DSCR of around 1.3 times over the debt tenure.

Credit challenges

Cash flow remains vulnerable to variability in solar irradiance and geographic concentration of project – ASSEPL 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

* As per the investor presentation of the company for Q3 FY2026

by the geographic concentration of the asset as the entire capacity is at a single location. However, the company has partly mitigated the risk arising from irradiance variability through repowering, which is expected to support more stable generation.

Exposure to counterparty credit risk – The company has signed a PPA for 25 years with BESCOM which has a modest credit profile. While the debtor days have come down to 45-60 days FY2025 onwards from 70-80 days in FY2023 and FY2024 due to the implementation of the LPS scheme in June 2022, which enforces payment discipline and ensures timely realization of receivables. Moreover, the average receivable days during FY2026 was 47 days. Nevertheless, the company still remains exposed to counterparty credit risk owing to the modest credit profile of the offtaker.

Interest rate risk and regulatory risks - The company's capital structure remains leveraged as a major portion of the cost was funded through debt at a high interest rate. The interest rate is subject to regular reset, which exposes the company to the risk of higher interest cost at the time of each reset during the tenor of the loan. As a result, the company's debt coverage metrics remain exposed to any movement in interest rates. The company's operations are also exposed to regulatory risks pertaining to the recently proposed tightening of scheduling and forecasting norms by the CERC for solar power projects.

Liquidity position: Adequate

The liquidity position of the company is adequate, supported by cash flow from operations, expected continuation of a satisfactory generation performance and no capex spends from FY2027 onwards. The company's projected cash flow from operations in FY2027 and FY2028 is expected to remain adequate to meet its debt servicing obligations. Additionally, ICRA notes that ASSEPL has created DSRA which covers the project's scheduled two-quarter debt service obligations. Further, ICRA expects ASHL to extend need-based financial support to ASSPL, as and when required.

Rating sensitivities

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

Negative factors – ICRA could downgrade ASSEPL's rating due to under-performance in generation impacting its debt coverage metrics, pulling down the cumulative DSCR below 1.2 times. Further, any significant delays in receiving payments from the offtaker, adversely impacting its liquidity profile, would be a negative rating trigger. Further, deterioration in the credit profile of ASHL or any weakening of linkages between ASHL and ASSEPL can also exert downward pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	ICRA expects need-based financial support from ASHL, given ASSEPL's importance to the Group and the associated reputational impact arising from distress at a Group entity
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

ASSEPL has developed a solar power project of 20-MWac capacity in the Chikkaballapur district of Karnataka. The project has a AC capacity of 20.0 MWp as on March 31, 2026. The project was commissioned in October 2019. The company has a 25-year long-term PPA with BESCOM at a tariff of Rs 2.97/unit for 25 years. It is a wholly-owned subsidiary of Acme Solar Holdings Ltd (ASHL).

Key financial indicators (audited):

ASSEPL Standalone	FY2024	FY2025
	Audited	Audited
Operating income	11.48	11.10
PAT	1.15	0.83
OPBDIT/OI	88.1%	87.2%
PAT/OI	10.0%	7.5%
Total outside liabilities/Tangible net worth (times)	6.65	6.12
Total debt/OPBDIT (times)	9.62	9.70
Interest coverage (times)	1.23	1.17

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 Holdings 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

		Current (FY2027)			Chronology of rating history for the past 3 years					
		FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	57.24	May 05, 2026	[ICRA]A- (Stable)	-	-	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (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 Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

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

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based –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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loan**	December 31, 2018	9.70%*	October 31, 2038	57.24	[ICRA]A- (Stable)

Source: Company
**subject to change*

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

Annexure III: List of entities considered for consolidated analysis

Not applicable

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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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