

Rating Rationale

February 11, 2025 | Mumbai

ACME Solar Holdings Limited

'Crisil A+/Positive' reassigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.350 Crore (Enhanced from Rs.200 Crore)
Long Term Rating (Rs.200 Crore)	Crisil A+/Positive (Reassigned, in place of 'Crisil A1')
Long Term Rating (Rs.150 Crore)	Crisil A+/Positive (Assigned)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reassigned its '**Crisil A+/Positive**' rating to the bank facilities of Rs.200 crore of Acme Solar Holdings Ltd (ASHL; part of the Acme group), in place of 'Crisil A1' earlier. Crisil Ratings has also assigned its '**Crisil A+/Positive**' rating to enhanced bank facilities of Rs.150 crore. Crisil Ratings has assigned ratings to the long-term bank facilities on basis company request.

Crisil Ratings has noted successful equity listing of ASHL in November 2024, leading to a raise of ~Rs 2395 crores were through fresh issue by the company. ASHL has repaid ~Rs 2069 crores of debt (Subsidiary project loan / non project loan) from IPO proceeds. Also, ASHL has long track record of refinancing projects at Lower rate of Interest which gives comfort to overall liquidity of the group. In house execution of single location largest solar project in Rajasthan i.e. commissioned 1.2 GW in the current year proves the ability of group to deliver projects of large scale.

In line with changed philosophy of management and group structure post listing, Crisil Ratings has revised its analytical approach of assessing ASHL independently from Acme Cleantech Solutions Pvt Ltd (ACSPL). This is because the scope of the holding companies has been redefined.

ACSPL would serve as promoter holding company and undertake ventures such as development of green ammonia projects. ASHL would be the developer and operator for renewable energy projects including conventional solar and wind, RTC, FDRE, battery and pumped hydro projects. All EPC and O&M would be done by ASHL or its wholly owned subsidiaries. Comprehensive non-compete agreements have been signed by both the ACSPL and ASHL.

Positive outlook reflects that proportion of operational portfolio composition of ASHL may improve through commissioning of under implementation portfolio, especially projects with storage requirements, within time and cost.

The ratings reflect the track record of development and operation of renewable power assets, above average financial profile supported by diverse portfolio of assets, and above average financial flexibility supported. These strengths are partially offset by implementation risk and investment requirement of under-construction portfolio and variability in operating margin of engineering, procurement and construction (EPC) segment.

Analytical Approach

Crisil Ratings has considered the standalone business and financial risk profiles of ASHL and moderately consolidated it with its special purpose vehicles (SPVs). And in line with the moderate consolidation approach, equity requirement for under-construction SPVs, including cost overrun in projects under implementation projects, as estimated by Crisil Ratings, have also been factored into the projections.

ASHL is expected to be ring fenced and separated from ACSPL following management articulation and other safeguards such as independent board and committees which will monitor any related party transactions.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation

Key Rating Drivers & Detailed Description

Strengths:

Track record in the development and operation of solar power assets

ASHL has extensive experience of more than a decade in the execution and operation of solar power projects in India. This is reflected in commissioning of approximately 4 gigawatts (GW) alternate current (AC) of solar power projects without any material cost and time overruns by ASHL, a part of which has been sold in the past. Currently, the group has an operational solar capacity of ~2.54 GW_{AC}.

Above average financial risk profile, supported by large and diverse portfolio of assets

Acme group has an operational asset base of 2.54 GW_{AC} currently, the cash flow upstreaming to the holding company from surplus generation is expected to remain strong for fiscal 2026. The business profile is further supported by geographical and off-taker diversity. The portfolio is spread across more than 11 states and has 17 different counterparties. Additionally, power generation at an overall portfolio level has been satisfactory for the past three years.

From the IPO proceeds ASHL has repaid ~Rs 2069 crores of debt (Subsidiary project loan / non project loan). This has removed their dependency on cash flow from the operational SPVs to meet debt servicing obligations. Going forward, leverage profile is expected to be prudently managed with expectation that gross holding company and operational project debt to run-rate EBITDA of operational projects should stay less than 5.5 times.

Above average financial flexibility

ASHL successfully executed the IPO in November 2024 and raised Rs. 2900 crores through it (including offer for sale proceeds). This has improved its financial flexibility by diversifying funding sources. Additionally, group has track record of divesting operational solar power assets of around 1.4 GW in past.

Going forward, along with better access to markets, the total portfolio of around 2.54 GW_{AC} of solar power assets provides flexibility of raising funds through fresh issues, accrual, refinancing or stake sale, if required.

Weaknesses:

Sizeable under-construction portfolio

ASHL has a sizeable under-construction portfolio of 2340 MWs which exposes the company to implementation and stabilisation risks. PPAs have been signed for these projects and these projects are expected to be commissioned over next 2- 3 years. Also, under construction capacity around 1890 MW is FDRE, peak power and hybrid project which require considerably higher capital expenditure and operating risks as compared to pure play solar and wind power projects. As a result, under-construction pipeline entails implementation and stabilisation risks.

Material delays in the implementation of these projects and higher-than-projected investment requirement can exert pressure on cash flow upstreaming to holding companies and weaken the financial flexibility of Acme group.

Variability in EPC margin

The renewable power industry has in past faced cost pressures on account of volatility in module prices, exchange rates, freight, and commodity prices. This may impact the EPC margin of ASHL.

Liquidity: Strong

Crisil rating expects cash accruals (including upstreaming from operational SPVs) to be over Rs 500 crores during fiscal 2026. ASHL has long track record of refinancing projects at lower rate of interest which gives comfort to overall liquidity of the group. From the IPO proceeds they have completely repaid the non-project debt and hence there are no debt servicing obligations. ASHL has an unencumbered cash balance of ~Rs 1900 crores as on December 31, 2024.

Outlook: Positive

Reflects increase in operational capacity of ASHL through project commissioning basis past track record of developing renewable projects.

Rating Sensitivity Factors

Upward Factors

- Timely commissioning of under-construction portfolio of 2.34 GW without external non-project debt resulting in an improvement in the proportion of operational projects in the portfolio
- Improvement in standalone credit profiles of operating SPVs resulting in materially higher cash inflows along with maintenance of leverage profiles

Downward Factors

- Time/ cost over-run from under-construction portfolio and/ or weaker than anticipated performance of operational portfolio
- Higher-than-expected debt levels especially 0 non-project debt at ASHL currently

About the Company

Established in 2015, ASHL is a renewable power developer with 2.54 GW of operational capacity and another 2.34 GW of capacity under construction. Their projects include pure play solar and wind power projects and FDRE, hybrid and solar power projects with energy storage systems. Apart from this ASHL is also into EPC and O&M for in-house renewable power projects.

It is promoted by Mr. Manoj Kumar Upadhyay, a first-generation entrepreneur, having close to 25 years of experience in clean energy.

Key Financial Indicators (Standalone)

As on/for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	471	469
Reported profit after tax (PAT)	Rs crore	419	(30)
PAT margin	%	88.9	(6.5)
Adjusted debt/adjusted networkth	Times	0.01	0.01
Interest coverage	Times	3.73	0.57

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Long Term Loan	NA	NA	31-Mar-30	200.00	NA	Crisil A+/Positive
NA	Long Term Loan	NA	NA	31-Mar-30	150.00	NA	Crisil A+/Positive

Annexure – List of Entities Consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
ACME Solar Technologies (Gujarat) Private Limited	Moderate	No recourse of project debt to ASHL; expected support towards cash flow mismatches during operations, if required
ACME Solar Energy MP Private Limited		
ACME Odisha Solar Power Private Limited		
Acme Raipur Solar Power Private Limited		
Acme Solar Rooftop Systems Private Limited		
Aarohi Solar Power Private Limited		
Acme Jaisalmer Solar Power Private Limited		
Dayanidhi Solar Power Private Limited		
Niranjana Solar Power Private Limited		
Viswatma Solar Energy Private Limited		
ACME Magadh Solar Power Private Limited		
ACME Nalanda Solar Power Private Limited		
Dayakara Solar Power Private Limited		
Grahati Solar Power Private Limited		
ACME PV Powertech Private Limited		
ACME Solar Power Technology Private Limited		
Acme Yamunanagar Solar Power Private Limited		
Acme Mahbubnagar Solar Energy Private Limited		
Nirosha Power Private Limited		
ACME Sidlaghatta Solar Energy Private Limited		
ACME Jodhpur Solar Power Private . Limited		
ACME Rewa Solar Power Private Limited		
Acme Heergarh Powertech Private Limited		
ACME Aklera Power Technology Private Limited		

ACME Raisar Solar Energy Private Limited		
ACME Dhaulpur Powertech Private Limited		
ACME Deoghar Solar Power Private Limited		
ACME Phalodi Solar Energy Private Limited		

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	350.0	Crisil A+/Positive		--		--		--		--	--
Non-Fund Based Facilities	ST		--		--	03-04-24	Crisil A1	12-04-23	Crisil A1	07-04-22	Crisil A1	--
			--		--	27-02-24	Crisil A1/Watch Developing		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Loan	200	REC Limited	Crisil A+/Positive
Long Term Loan	150	REC Limited	Crisil A+/Positive

Criteria Details

Links to related criteria
<u>Basics of Ratings (including default recognition, assessing information adequacy)</u>
<u>Criteria for consolidation</u>

Media Relations	Analytical Contacts	Customer Service Helpdesk
Ramkumar Uppara Media Relations Crisil Limited M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com Sanjay Lawrence Media Relations Crisil Limited M: +91 89833 21061 B: +91 22 6137 3000 sanjay.lawrence@crisil.com	Manish Kumar Gupta Senior Director Crisil Ratings Limited B:+91 124 672 2000 manish.gupta@crisil.com Ankit Hakhu Director Crisil Ratings Limited B:+91 124 672 2000 ankit.hakhu@crisil.com Aaditya Gupta Rating Analyst Crisil Ratings Limited B:+91 124 672 2000 Aaditya.Gupta1@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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