

## Rating Rationale

May 31, 2024 | Mumbai

### Acme Solar Power Technology Private Limited

'CRISIL A-/Stable' assigned to Bank Debt

#### Rating Action

Total Bank Loan Facilities Rated	Rs.268.58 Crore
Long Term Rating	CRISIL A-/Stable (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 assigned its '**CRISIL A-/Stable**' rating to the long-term bank facilities of Acme Solar Power Technology Private Limited (ASPTPL).

The rating factors the change in analytical approach with the inclusion of Acme Solar Power Technology Pvt. Ltd. (ASPTPL) to the ACG. Addition of another asset in ACG has led to improvement in debt servicing cushions and diversity of ACG from earlier structure where only Grahati Solar Energy Pvt Ltd (GSEPL) and Dayakara Solar Power Pvt Ltd (DSPPL) were part of ACG.

The rating continues to reflect the company's revenue visibility, adequate debt servicing metrics and a defined waterfall mechanism. These strengths are partially offset by exposure to counterparty risks and risks inherent in the operations of renewable energy assets.

#### Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of 3 Acme SPVs, in line with its criteria for rating entities in homogeneous groups. The rating of the individual SPVs has been equated to that of the group. The SPVs are Grahati Solar Energy Pvt Ltd (GSEPL), Dayakara Solar Power Pvt Ltd (DSPPL) and Acme Solar Power Technology Pvt Ltd (ASPTPL). All the entities operate solar power assets, have a centralised management and treasury, and remain critical to the group. Each SPV acts as a co-obligor to the other. Cash flows of each SPV can be used across the group for debt servicing and DSRA maintenance. Any deviation in this understanding remains a key rating sensitivity factor.

Additionally, all 3 SPVs have legally binding cross-guarantees which make them act as co-obligors to debt obligations.

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:**

- **Revenue visibility through PPA:** The 25-year power purchase agreement (PPA) signed with Telangana State Southern Power Distribution Company Ltd (TSSPDCL) for a capacity of 130 MW minimises the offtake risk and provides revenue visibility. The PPA has a tariff of Rs 5.95, Rs 6.84 and Rs 6.74 per kilowatt hour (kWh) for DSPPL (30 MW), GSEPL (50 MW) and ASPTPL (50 MW) respectively. DSPPL and GSEPL became operational in fiscal 2017 while ASPTPL became operational in fiscal 2019.
- **Adequate debt servicing metrics:** Fixed tariff PPAs with TSSPDCL should ensure adequate average debt service coverage ratio (DSCR) over the tenure of the debt for the SPVs. Furthermore, all the three SPVs have a healthy PPA tail period of 3-4 years.

Debt service reserve account (DSRA) covering two quarter of debt obligation (~Rs 62.1 crore) for all the 3 entities would be maintained in the form of fixed deposits. The entities have also confirmed that additional cash liquidity of one month, over and above the DSRA, would be maintained in three SPVs going forward. Any deviation in this understanding will be a rating sensitivity factor.

- **Defined waterfall mechanism:** The lenders have control over the cash flow of the three SPVs through a separate trust and retention account (TRA) for each SPV, with a defined waterfall mechanism for prioritisation of cash flow for repayment of debt. As per the TRA agreement, any outflow, including transfer of surplus, is subject to the defined TRA waterfall mechanism (detailed subsequently).

### **Weaknesses:**

- **Exposure to counterparty risk:** The three entities are tied up with TSSPDCL. The receivables in all the entities were earlier stretched due to delayed payments from TSSPDCL. However, this has improved to 74 days from June'22 since the implementation of the LPS scheme.

Receivables in DSPPL and GSEPL were ~Rs 50.6 crore (470 days) and ~Rs 81.3 crore (473 days), respectively, as on March 31, 2022. Due to delays in receipts from TSSPDCL, both DSPPL and GSEPL had to rely on surpluses from MSPPL to meet their debt servicing requirement.

DSPPL and GSEPL have received all prior dues in the form of instalments under the new Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, under which the dues from March 2021 till April 2022 were to be paid by TSSPDCL in 12 equated monthly instalments, the last of which was received in June 2023. Additionally, monthly dues since the implementation of the scheme have been received with a lag of 2-3 months from the billing date.

Continuation of timely receipts of the dues from TSSPDCL will remain a key monitorable.

- **Susceptibility to risks inherent in renewable power projects:** Cash flow of the SPVs remains sensitive to plant load factor (PLF), which depends entirely on solar irradiance and weather patterns that are inherently unpredictable. This uncertainty may impact the debt servicing capability of the company. All the SPVs in the group have performed close to P90 PLF in the past five years.

### **Liquidity: Adequate**

Cash accrual for the group at Rs 144-147 crore each in fiscals 2025 and 2026 (at P90 PLF), should cover debt servicing of Rs 127 and Rs 121 crore in fiscal 2025 and 2026 respectively. The entities would maintain cumulative DSRA fixed deposits of ~Rs 62 crore covering six months of debt servicing. Furthermore, the SPVs shall maintain additional cash liquidity equivalent to one month of debt servicing over and above the DSRA.

### **Outlook: Stable**

The group is expected to benefit in the medium term from sustained operational performance (PLF) and long term PPA with offtaker.

### **Rating Sensitivity factors**

#### **Upward factors**

- Sustained higher generation at ~P90 levels for 2-3 years for sustained period along with track record of receivables from TL discoms
- Faster-than-expected deleveraging leading to a sharper improvement in average DSCR (at P90 performance)

#### **Downward factors**

- Deterioration in the receivable cycle or weakening in performance from P90 PLF levels
- Weakening of financial risk profile of overall co-obligor group
- Non-adherence to the terms of the corporate guarantee

### **Unsupported ratings - CRISIL A-**

Unsupported rating disclosure for ratings without 'CE' suffix, where the instruments are backed by specified support considerations, is in compliance with SEBI's circular dated September 22, 2022.

### **Key drivers for unsupported ratings**

CRISIL Ratings has combined the business and financial risk profiles of all SPVs under Acme RG (together referred as the group) and has equated the ratings with that of the group. This is driven by expected high fungibility of cash flows across all SPVs and timely support to all SPVs at the time of distress for any debt repayments. The management's intention to have high fungibility is also supported by cross guarantees across the SPVs, presence of TRA waterfall mechanism, mandatory cash sweeps/ traps, cross default clauses and other financial covenants. Consequently, unsupported and supported ratings, with the cross guarantees, stand at the same level and are equated to that of the group.

### **TRA waterfall mechanism**

The receivables deposited or credited into the designated account shall be appropriated for the following purposes in the following order of priority:

- For Payment of Statutory Dues
- For Meeting O&M Expenses as per the operating budget
- For Payment of Interest on Term Loan to the Bank
- For Principal Payments of the Term Loan to the Bank
- For DSRA replenishment
- Creation of Maintenance & Replacement Reserves as stipulated by the bank
- For Meeting shortfall in interest or debt servicing or shortfall in DSRA of the Lender in other Co-obligors on or before due date of such repayments or DSRA Creation.
- Cash Sweep as per Cash Sweep Clause
- Remaining Surplus shall be allowed to flow down to Restricted Payments after submission of compliance certificate to Lender for verification of compliance with Restricted Payment Condition and with approval of the Lender(s)

### **About the Company**

ASPTPL was incorporated in June 2015 under the Companies Act, 2013. The company operates a solar power project of 50 MW in Telangana and has executed a PPA with a fixed tariff of Rs 5.59 per kWh with TSSPDCL for a period of 25 years. It is a part of the Acme solar group.

### **Key Financial Indicators**

Particulars	Unit	2023	2022
Revenue	Rs crore	158	157
Profit after tax (PAT)	Rs crore	22	-8
PAT margin	%	13.9%	-5.1%
Adjusted gearing	Times	2.34	2.69
Interest coverage	Times	2.29	1.96

### **Key clauses of guarantee deed**

Key Terms	Description
Invocation mechanism	Within 5 (Five) Business Days from the Repayment Due Date and/or Replenishment Due Date by raising a Demand Notice and in case of insufficient balance in the Other Borrower's account for discharging the Secured Obligations of Other Borrowers and availability of funds in DSRA.
Payment mechanism	Within 2 (Two) Business Days from the date of issuance of the Demand Notice.

**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.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit [www.crisilratings.com](http://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 assigned with outlook
NA	Long term loan	NA	NA	Sep-2037	268.58	NA	CRISIL A-/Stable

## Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Acme Solar Power Technology Pvt Ltd	Full Consolidation	Homogenous Group
Dayakara Solar Power Pvt Ltd	Full Consolidation	Homogenous Group
Grahati Solar Energy Pvt Ltd	Full Consolidation	Homogenous Group

## Annexure - Rating History for last 3 Years

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	268.58	CRISIL A-/Stable		--		--		--		--	--

All amounts are in Rs.Cr.

## Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Loan	268.58	State Bank of India	CRISIL A-/Stable

## Criteria Details

Links to related criteria
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Criteria for rating instruments backed by guarantees</a>
<a href="#">Criteria for rating solar power projects</a>
<a href="#">Criteria for rating entities belonging to homogenous groups</a>

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Aveek Datta</b> Media Relations <b>CRISIL Limited</b> M: +91 99204 93912 B: +91 22 3342 3000 <a href="mailto:AVEEK.DATTA@crisil.com">AVEEK.DATTA@crisil.com</a></p> <p><b>Prakruti Jani</b> Media Relations <b>CRISIL Limited</b> M: +91 98678 68976 B: +91 22 3342 3000 <a href="mailto:PRAKRUTI.JANI@crisil.com">PRAKRUTI.JANI@crisil.com</a></p> <p><b>Rutuja Gaikwad</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:Rutuja.Gaikwad@ext-crisil.com">Rutuja.Gaikwad@ext-crisil.com</a></p>	<p>Manish Kumar Gupta Senior Director <b>CRISIL Ratings Limited</b> B:+91 22 3342 3000 <a href="mailto:manish.gupta@crisil.com">manish.gupta@crisil.com</a></p> <p>Ankit Hakhu Director <b>CRISIL Ratings Limited</b> D:+91 124 672 2107 <a href="mailto:ankit.hakhu@crisil.com">ankit.hakhu@crisil.com</a></p> <p>Aaditya Gupta Rating Analyst <b>CRISIL Ratings Limited</b> B:+91 124 672 2000 <a href="mailto:Aaditya.Gupta1@crisil.com">Aaditya.Gupta1@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>



**Note for Media:**

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

## About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvTs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit [www.crisilratings.com](http://www.crisilratings.com)

## About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit [www.crisil.com](http://www.crisil.com)

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

---

### CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com).

### DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other

business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, [www.crisilratings.com](http://www.crisilratings.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, [www.crisilratings.com](http://www.crisilratings.com). For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at [crisilratingdesk@crisil.com](mailto:crisilratingdesk@crisil.com), or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>