

Acme Aklera Power Technology Private Limited

April 24, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	858.37	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of ACME Aklera Power Technology Private Limited (APTL) derives strength from the low sales risk emanating from the long-term power purchase agreement (PPA) at a fixed and competitive tariff of Rs 2.48 per kwh for its entire 250 MW AC capacity power plant at Barmer, Rajasthan. The presence of certain off-take assurance and payment security mechanism clauses in the PPA also provides comfort to the rating. Furthermore, the strong credit profile of the off-taker, i.e., the Solar Energy Corporation of India (SECI) along with timely collection track record of the project since commissioning adds strength to the rating. The rating also derives strength from experienced promoter group having proven track record of setting up and operating solar power projects in India. The rating also factors in long term inhouse operation and maintenance (O&M) contract with ACME Cleantech Solutions P Ltd.

The rating strengths are constrained considering limited track record of operations and associated stabilisation risk. The rating is sensitive to the leveraged capital structure as the project with moderate coverage metrics. The company will remain exposed to any adverse variations in the interest rates as the debt is linked to floating rates. CARE Ratings Limited (CARE Ratings) also considers vulnerability of project cash flows to adverse variation in weather conditions. The rating strengths are partially offset by the regulatory risk on account of the allowance of the basic customs duty (BCD) and goods and service tax (GST) components.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing Capacity Utilisation Factor (CUF) above P-90 level on sustained basis
- Faster-than-expected deleveraging of the project

Negative factors

- Significant delays in payments from SECI, adversely affecting the liquidity position of the project.
- Underperforming in actual generation on a sustained basis and/or any increase in the debt levels resulting in weakening of average debt service coverage ratio (DSCR).

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects the company's ability to sustain satisfactory generation levels, timely receipt of payments from the off-taker and steady interest outgo in the medium term.

Detailed description of the key rating drivers

Key strengths

Low sales risk with minimal counterparty credit risk

APTL will be supplying power to SECI as per the terms of the PPA signed for the supply of power at a fixed tariff, for a period of 25 years. This provides long-term revenue visibility to the company. The presence of a payment security mechanism in the form of letter of credit (LC) equivalent to one month of billing provides additional comfort.

This project was commissioned in phases with full capacity being operational in January 2024. As per the terms of PPA, SECI is required to make payments within 45 days from the date of invoice. However, SECI is making payment within 10-15 days from the date of invoice. The presence of a strong intermediate counterparty in SECI has led to the timely realisation of payments under the PPA. Moreover, the payment security mechanism in PPA/PSA arrangements is relatively superior to the state policy PPAs because of the letter of credit mechanism and the benefits available to SECI under the TPA with the Government of India (GoI), the Reserve Bank of India (RBI), and the state government.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Long-term in-house O&M contract in place

The company has signed fixed price O&M contract with ACME Cleantech Solutions P Ltd (in-house O&M arm of ACME group) which shall be valid for next 25 years from effective date.

Experienced promoter group with extension of limited period corporate guarantee to lender

The ACME group was founded by Manoj Kumar Upadhyay. As on November 30, 2023, the group had operational capacity of 2.4 GWDC and another 2.2 GWDC capacity under implementation stage. ACSPL, as a sponsor of the project, has provided limited period corporate guarantee for creation of DSRA and stabilisation of generation.

Key weaknesses

Limited track record of operation

APTL has setup a 250 MWAC solar power plant at Barmer, Rajasthan. Out of this, 200 MW capacity was commissioned in July 2023 while the entire capacity was commissioned in January 2024. Thus, the plant has operational track record of less than a year as on March 31, 2024.

Leveraged capital structure

The project has witnessed sizable time overrun in the past. Hence the company's capital structure is leveraged characterised by high total debt to installed capacity. The total debt/PBILDT for FY25 is expected to be more than 9x, While the projected average DSCR is around 1.20x. However, the minimum DSCR (after factoring in cash trapping for creation of debt service reserve account (DSRA)) is projected to be lower.

Exposure to climatic risk and interest rate risk

The achievement of the envisaged CUF in the renewable power projects is inherently dependent upon the climatic conditions in the areas of operations. Moreover, given the leveraged capital structure and single-part nature of the fixed tariff in the PPA, the profitability remains exposed to any increase in interest rates due to the floating interest rates for the term loan availed by the entity.

Regulatory risk

While the company has received in-principle approval for claim of BCD on certain equipment, the quantum of cost acknowledged by the regulator along with the timeliness is release of the annuity is yet to be seen.

Liquidity: Adequate

There is some headroom between the projected gross cash accrual of FY25 and FY26 vis a vis the scheduled debt repayment. While the payment from the counterparty is expected to be timely, the non availability of DSRA offsets the strengths in liquidity to some extent. The company had cash and cash equivalent of Rs. 14.31 crore as on January 31, 2024.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Utilities	Power	Power	Power Generation

APTL is a Special Purpose Vehicle (SPV) promoted for setting up Solar PV power plant in India. This plant is located in Rathkudia and nearby villages, Barmer, Rajasthan. The total project cost is estimated at around Rs. 1,640.34 crore. The entire capacity was commissioned In January 2024.

Brief Financials (₹ crore) ²	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	0.00	0.00
PBILDT	0.96	1.16
PAT	-0.05	-0.07
Overall gearing (times)	0.72	2.94
Interest coverage (times)	30.87	0.00

A: Audited UA: Unaudited; Note: 'these are latest available financial results'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	November 30, 2041	858.37	CARE A-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	858.37	CARE A-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

² Company was project stage entity till FY23 hence detailed financials are not available.

Contact us

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About us:

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