

ACME Solar Holdings

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR294 **TP: INR347 (+18%)** **Buy**

Strong quarter; BESS rollout and timely execution to drive growth

- ACME Solar Holdings (ACME) reported a robust performance in 1QFY26, with EBITDA growth of 68% YoY/5% QoQ to INR4.6b (3% beat), driven by capacity additions and improved capacity utilization factor (CUF). Adj. PAT of INR1.5b was 27% above our estimate, supported by higher other income.
- The company has continued to execute well and remains on track to scale up its installed capacity to ~7GW by FY27, which is expected to drive an EBITDA CAGR of 68% over FY25-27E.
- Key monitorables include: 1) ACME expects to sign PPAs for majority of its remaining capacity by 2025 end, 2) early commissioning plan of BESS for the 2.3GW projects (under construction contracted), which will enable sales in the merchant market during peak hours to boost earnings, and 3) the company has outlined a phased BESS rollout—installing 3 GWh by end-2025, followed by an additional 3-3.5 GWh in the first half of 2026 and the remaining 3-3.5 GWh in the second half of 2026, which could pose upside risks to our current EBITDA estimates for 4QFY26 and FY27.
- **Reiterate BUY** with a TP of INR347, implying an 18% upside potential.

Strong PAT beat; revenue in line

- Consol. revenue was in line with our est. at INR5.1b (+65% YoY, +5% QoQ), driven by capacity additions and improved CUF.
- EBITDA came in 3% higher than our est. at INR4.6b (+68% YoY, +5% QoQ), with an EBITDA margin of 90% vs. our est. of 86%, supported by favorable operating leverage and operational efficiency.
- Adj PAT was 27% higher than est. at INR1.5b (vs. INR1.4m in 1QFY25) on account of higher-than-expected other income. An exceptional loss of INR159m included ancillary costs of INR180.4m related to the prepayment of borrowings by subsidiaries and contingent consideration received related to investments disposed of in the previous year, amounting to INR39.6m.
- Net debt stood at INR78b. The net debt-to-net worth ratio remained at 1.7x, while net debt-to-EBITDA improved to 4.2x (4QFY25: 4.4x).

Operational highlights:

- Generation stood at 1,636MUs in 1QFY26 (+107% YoY). The company recorded CUF of 28.5% (27% in 1QFY25).
- Operational capacity reached 2,890MW as the company commissioned 300MW solar and 50MW wind projects, up 115.7% from 1QFY25.
- Secured 550 MWh of standalone BESS projects contracted with NHPC at a weighted average tariff of INR2.20 lakhs/MW/month.
- PPAs have been signed for 250 MW of FDRE, 300 MW of solar, and 550 MWh of standalone battery projects, covering over 55% of the under-construction capacity.
- The company tied up INR10.7b in refinancing at a fixed interest rate of ~8.5% p.a. for five years for its 250 MW operational project in Rajasthan, resulting in a ~95bp reduction in interest cost. Standard Chartered Bank, Bank of America, and India Infradebt have been added as new lenders to the debt portfolio.

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USD\$)	178.1 / 2.1
52-Week Range (INR)	304 / 168
1, 6, 12 Rel. Per (%)	22/62/-
12M Avg Val (INR M)	445

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	14.1	22.4	39.3
EBITDA	12.4	19.5	34.8
Adj. PAT	2.7	4.5	6.2
EPS (INR)	4.5	7.5	10.3
EPS Gr. (%)	-563.2	65.5	37.2
BV/Sh.(INR)	74.6	82.0	92.3

Ratios

ND/Equity	1.7	4.1	6.6
ND/EBITDA	6.1	10.5	10.5
RoE (%)	7.7	9.5	11.8
RoIC (%)	6.2	5.7	5.7

Valuations

P/E (x)	65.2	39.4	28.7
EV/EBITDA (x)	21.4	20.2	16.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25
Promoter	83.4	83.4
DII	6.6	7.1
FII	5.8	4.7
Others	4.2	4.8

- ACME's recently commissioned 4x300 MW SECI ISTS solar projects have received a rating of CRISIL AA-/Stable rating, while the 250 MW Acme Aklera project (SECI offtake) has been upgraded to ICRA A+/Stable.

Highlights of the 1QFY26 performance

- ACME commissioned 350MW of renewable projects, including its first 50MW wind project in Gujarat, taking the total operational capacity to 2890MW.
- PPAs have been signed for ~55% of the under-construction capacity, covering 2,240MW out of the total 4,080MW.
- Power generation increased by 107.1% to 1,636MUs, driven by higher CUF and additional new capacity.
- 1QFY26 net operational debt to EBITDA: 4.2x (within guided cap of 5.5x).
- Net debt to net worth improved to 1.7x.
- FY26/FY27 capex plan: INR120-140b annually. INR8b spent in 1Q.
- For Omega Urja project (300MW Solar project) with SJVN and ACME Renewtech (300MW Hybrid project SECI), PPA signing should happen by Aug'25. PPA for ACME Marigold (400MW FDRE project with NTPC) is also expected to be signed soon. Urja and Platinum Urja (FDRE projects with SECI), having respective unsigned capacity of 190MW and 200MW, are also in advanced stages for signing. ACME is positive to conclude PPA signing for this pipeline in the next four months.
- All FDRE projects signed before Dec'24 are scheduled to be commissioned by Dec'26.
- The company has ordered 3.1 GWh of battery storage, covering ~50% of its 2.3 GW contracted under-construction portfolio. Total requirement for the full 4GW pipeline is ~10 GWh, with additional orders planned soon.
- Approvals secured for early commissioning of BESS will enable merchant market sales during peak hours, enhancing near-term revenues. Since BESS is classified as a storage asset (not generation) under FDRE, early power dispatch is not restricted by PPA terms. In cases without explicit PPA provisions, NOCs have been obtained from offtakers.

Valuation and view

- We reiterate our BUY rating on ACME. We assign 10x FY28E EV/EBITDA (discounted by 1 year). Adjusting for the net debt, we derive our TP of INR347, implying an 18% potential upside.

Consolidated performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	(%)	(%)
Net Sales	3,096	2,596	3,490	4,869	5,110	5,449	5,556	6,256	14,051	22,371	5,160	-1%	65%	5%
YoY Change (%)	-0.2	-20%	5%	65%	65%	110%	59%	28%	7%	59%	67%			
EBITDA	2,717	2,208	3,072	4,357	4,578	4,730	4,825	5,345	12,354	19,478	4,460	3%	68%	5%
Margin (%)	88%	85%	88%	89%	90%	87%	87%	85%	88%	87%	86%			
Depreciation	556	599	697	1,022	1,076	1,181	1,234	1,234	2,873	4,725	1,063	1%	94%	5%
Interest	1,963	1,783	1,791	2,055	2,330	2,371	2,428	2,968	7,592	10,097	2,219	5%	19%	13%
Other Income	304	356	518	524	730	254	116	116	1,701	1,215	317	130%	140%	39%
PBT before EO expense	503	181	1,103	1,803	1,903	1,431	1,278	1,259	3,590	5,871	1,495			
Extra-Ord income/(exp.)	0	0	-69	-141	-159	0	0	159	-210	0	-			
PBT	503	181	1,034	1,663	1,744	1,431	1,278	1,418	3,380	5,871	1,495	17%	247%	5%
Tax	489	28	-87	442	436	357	319	238	872	1,350	344	27%		
Tax rate	97%	16%	-8%	27%	25%	25%	25%	17%	26%	23%	23%			
Minority Interest	0.0	0.0	0.0	-12.9	-0.1	0.0	0.0	0.0	-12.9	0.0	-			
Reported PAT	14	153	1,121	1,234	1,308	1,073	959	1,180	2,521	4,520	1,151	14%	9319%	6%
Adj PAT	14	153	1,190	1,374	1,467	1,073	959	1,021	2,731	4,520	1,151	27%	10465%	7%
YoY Change (%)	-1.0	LP	206%	LP	10465%	602%	-19%	-26%	LP	66%	82			
Margin (%)	0%	6%	34%	28%	29%	20%	17%	16%	19%	20%	22%			

Valuation table for ACME

Particulars	Units	Amount
FY28 EBITDA discounted by 1 year	INR m	59,216
EV/EBITDA	INR m	10
EV	INR m	576,766
Net debt	INR m	366,661
Market Cap	INR m	210,105
Target Price	INR/sh	347
CMP	INR/sh	294
Upside/(Downside)		18%

Source: MOFSL



Highlights from the management commentary

■ Operational performance

- ACME commissioned 350MW of renewable projects, including its first 50MW wind project in Gujarat, taking the total operational capacity to 2890MW.
- Annual project EBITDA run rate: INR20b-20.5b with an expected pre-tax ROCE of 14.5%.
- Secured its first standalone project for battery energy storage system (BESS), totaling 550MWh, with NHPC.
- Signed PPAs for 550MW (250MW FDRE and 300MW Solar) and 550MWh standalone BESS.
- Placed orders for over 3.1GWh of BESS from top global energy system suppliers, including Zhejiang Narada and Trina Energy.
- The company believes that importing complete batteries from OEMs is preferable, as it offers longer warranties and greater reliability from established players compared to newer assembly manufacturers.
- 100MW Acme Eco Clean wind project is in the advanced stages of construction.
- PPAs have been signed for ~55% of the under-construction capacity, covering 2,240MW out of the total 4,080MW. Grid connectivity has been secured for the entire under-construction portfolio.
- CUF increased to 28.5% in 1Q, up from 27% in the same quarter last year.
- Power generation increased by 107.1% to 1,636MUs, driven by higher CUF and additional new capacity.

■ Financial Performance

- In 1QFY26, ACME secured refinancing of INR10.7b debt at a fixed interest rate of ~8.5% p.a. for five years for a 250MW operational project in Rajasthan, resulting in a 95bp reduction in interest cost.
- Added Standard Chartered Bank, Bank of America, and India Infradebt as new lenders.
- The company anticipates a further decline in interest rates due to government policy changes and ongoing loan refinancing.
- 1QFY26 net operational debt to EBITDA: 4.2x (within guided cap of 5.5x)
- Net debt to net worth improved to 1.7x.

■ Capex

- Capex plan: INR120-140b annually for the next two years.
- INR8b spent in 1Q
- Capex requirement: INR110m/MW for FDRE and INR80m/MW for Hybrid projects
- The debt component of INR115b for the total annual capex is expected to be secured by year-end, which will help to reduce WACC.

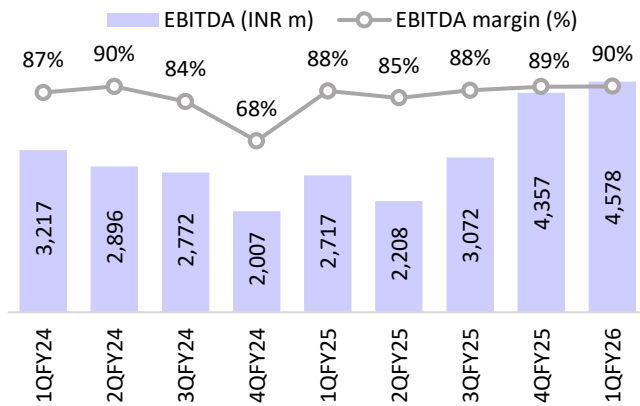
■ PPA signing

- For Omega Urja project (300MW Solar project) with SJVN and ACME Renewtech (300MW Hybrid project SECI), PPA signing should happen by Aug'25. PPA for ACME Marigold (400MW FDRE project with NTPC) is also expected to be signed soon. Urja and Platinum Urja (FDRE projects with SECI), having respective unsigned capacity of 190MW and 200MW, are also in advanced stages for signing. ACME is positive to conclude PPA signing for this pipeline in the next four months.

- NTPC Alpha (150MW) hybrid project is currently pending approval from NTPC.
- **Battery rollout and commissioning plan for under-construction FDRE projects**
- The company has ordered 3.1GWh of battery storage, covering ~50% of the requirement for its 2.3GW contracted under-construction portfolio. Battery orders for remaining capacity will follow shortly.
- Total BESS requirement for the full 4GW under-construction capacity is ~10GWh.
- All FDRE projects signed before Dec'24 are scheduled to be commissioned by Dec'26. However, the company plans early commissioning of BESS for the 2.3GW projects, for which necessary approvals have been taken from counterparties and others. This enables merchant market sales during peak hours and will boost revenue generation.
- As a rule of thumb, 1GW requires 2.5GWh of battery storage. The company plans to install 3GWh of BESS in CY25, followed by an additional 3-3.5 GWh during Jan-Jun'26. The remaining installations are scheduled for the second half of CY26.
- In cases of partial early commissioning, the generated power must be offered to the offtaker at 50% of the PPA tariff. Since BESS is classified as a storage asset and not as a generation source under these FDRE projects, the associated power dispatch during early commissioning is not subject to PPA constraints. This classification has been explicitly stated in most PPAs. In instances where such clarity was absent, the company has obtained formal no-objection certificates (NOCs) from the respective counterparties.
- **Challenges in FDRE Projects**
- From an execution standpoint, battery storage is the only new component in FDRE projects and is not expected to pose significant operational challenges.
- However, regulatory approvals are being pursued for the first time. Additionally, wind variability introduces generation risk and potential penalties; hence, the company is strategically limiting wind exposure in these projects.
- **Standalone 550MWh BESS Project:**
- No investment required for evacuation infrastructure or substation development
- Capex limited to USD100/kWh for system installation
- Project offers an IRR of over 16%, inclusive of viability gap funding
- Timeline for the project is 18 months
- Revenue of INR700m is expected from this project.

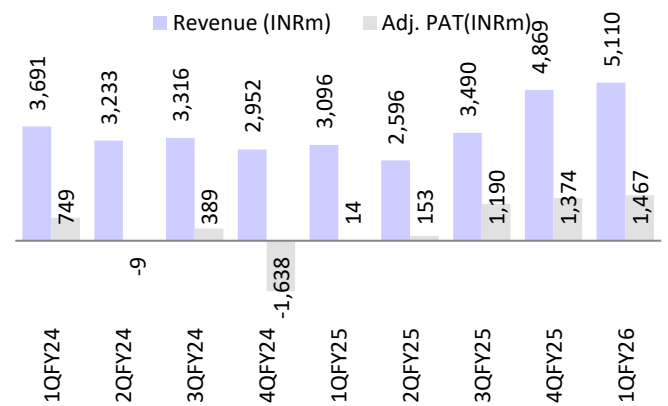
Story in charts – 1QFY26

Exhibit 1: EBITDA & EBITDA margin trends



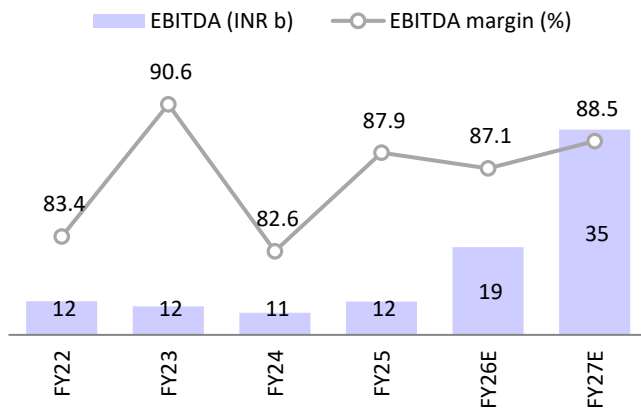
Source: Company, MOFSL

Exhibit 2: Revenue & PAT (INR m)



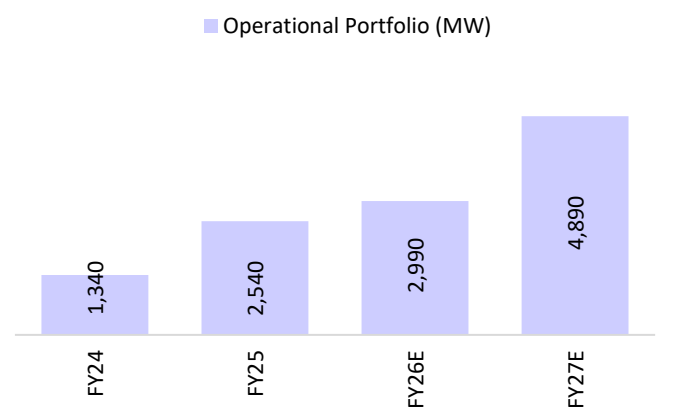
Source: Company, MOFSL

Exhibit 3: Annual EBITDA and EBITDA margin trends



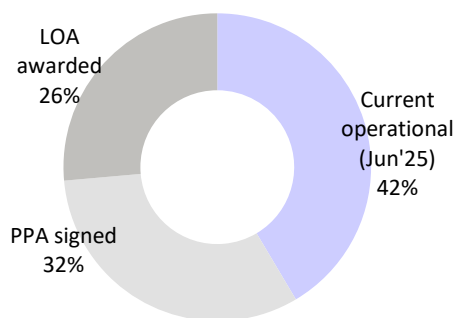
Source: Company, MOFSL

Exhibit 4: Operational portfolio (MW)



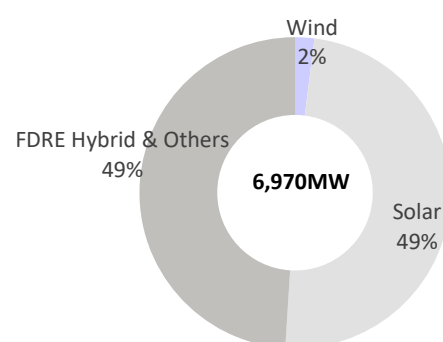
Source: Company, MOFSL

Exhibit 5: ACME's portfolio of 6,970MW



Source: Company, MOFSL

Exhibit 6: Split of 6,970MW targeted by FY27/28



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement						(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	14,879	12,949	13,193	14,051	22,371	39,319
Change (%)		-13%	2%	7%	59%	76%
EBITDA	12,403	11,726	10,891	12,354	19,478	34,814
Change (%)		-5%	-7%	13%	58%	79%
Margin (%)	83.4	90.6	82.6	87.9	87.1	88.5
Depreciation	5,463	4,848	3,081	2,873	4,725	9,207
EBIT	6,940	6,878	7,810	9,481	14,753	25,607
Net forex loss	0	0	0	0	0	0
Int. and Finance Charges	9,960	8,091	7,673	7,592	10,097	19,607
Other Income	748	665	1,470	1,701	1,215	2,057
PBT bef. EO Exp.	-2,271	-548	1,607	3,590	5,871	8,056
EO Items	3,296	394	7,487	-210	0	0
PBT after EO Exp.	1,024	-154	9,094	3,380	5,871	8,056
Total Tax	404	-122	2,116	872	1,350	1,853
Tax Rate (%)	39.5	79.4	23.3	25.8	23.0	23.0
Minority Interest/Share of JVs/associates	0	0	0	-13	0	0
Reported PAT	620	-32	6,978	2,521	4,520	6,203
Adjusted PAT	-1,375	-113	-509	2,731	4,520	6,203
Change (%)		Loss	Loss	LP	66%	37%
Margin (%)		-0.9	-3.9	19.4	20.2	15.8

Consolidated - Balance Sheet						(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,044	1,044	1,044	1,210	1,210	1,210
Total Reserves	18,043	17,961	24,864	43,896	48,416	54,620
Net Worth	19,088	19,006	25,909	45,106	49,626	55,830
Minority Interest	1,004	299	0	-13	-13	-13
Loans	69,509	80,993	76,964	98,572	2,26,727	3,95,283
Deferred Tax Liabilities	901	1,600	2,120	2,968	2,968	2,968
Other non-current liabilities	2,682	6,589	10,702	17,144	17,144	17,144
Lease liabilities, Provisions, etc.	3,222	3,687	3,982	7,065	7,065	7,065
Non-current liabilities	76,315	92,869	93,768	1,25,749	2,53,904	4,22,460
Capital Employed	96,406	1,12,173	1,19,677	1,70,842	3,03,518	4,78,277
Gross Block	84,614	94,054	90,355	1,48,800	2,72,534	4,42,640
Less: Accum. Deprn.	22,843	27,744	22,775	25,649	29,672	38,879
Net Fixed Assets	61,771	66,309	67,579	1,23,151	2,42,863	4,03,762
Capital WIP	12,728	21,473	28,284	13,623	26,061	29,029
Investments & other financial assets	1,469	1,845	549	5,813	3,939	3,939
Non-current tax assets (net)	413	898	316	651	651	651
Deferred tax assets (net)	1,598	2,476	1,929	2,635	2,635	2,635
Other non-current assets	7,490	1,847	2,620	346	346	346
Non-current assets	85,468	94,848	1,01,277	1,46,220	2,76,494	4,40,362
Curr. Assets, Loans&Adv.	23,399	27,021	32,721	37,817	40,219	51,111
Account Receivables	9,314	6,993	4,209	3,808	6,491	10,110
Cash and Bank Balance	7,631	13,385	13,149	29,160	27,005	34,277
Loans and Advances	1,623	3,439	1,168	0	1,874	1,874
Investments	0	0	1,499	0	0	0
Other Current Asset	4,831	3,204	12,697	4,849	4,849	4,849
Curr. Liability & Prov.	12,461	9,696	14,321	13,195	13,195	13,195
Account Payables	2,730	621	738	2,247	2,247	2,247
Loans	6,127	5,581	5,212	5,655	5,655	5,655
Provisions	2	5	5	12	12	12
Other Current Liability	3,601	3,489	8,367	5,281	5,281	5,281
Net Current Assets	10,938	17,325	18,400	24,622	27,024	37,915
Appl. of Funds	96,406	1,12,174	1,19,677	1,70,842	3,03,518	4,78,277

Financials and valuations

Ratios

Y/E March (INR)	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)						
EPS	-2.6	-0.2	-1.0	4.5	7.5	10.3
Cash EPS	7.8	9.1	4.9	9.3	15.3	25.5
BV/Share	36.6	36.4	49.6	74.6	82.0	92.3
Valuation (x)						
P/E	-111.8	NA	-302.0	65.2	39.4	28.7
Cash P/E	37.6	32.5	59.8	31.8	19.3	11.6
P/BV	8.1	8.1	5.9	3.9	3.6	3.2
EV/Sales	14.7	17.7	17.3	18.8	17.6	14.1
EV/EBITDA	17.6	19.5	20.9	21.4	20.2	16.0
FCF per share	-58.7	9.5	-26.6	-39.0	-215.4	-266.6
Return Ratios (%)						
RoE	-7.2	-0.6	-2.3	7.7	9.5	11.8
RoCE	4.8	1.5	6.1	5.7	5.2	5.4
RoIC	5.4	1.8	7.0	6.2	5.7	5.7
Working Capital Ratios						
Fixed Asset Turnover (x)	0.2	0.1	0.1	0.1	0.1	0.1
Asset Turnover (x)	0.2	0.1	0.1	0.1	0.1	0.1
Debtor (Days)	228	197	116	99	106	94
Creditor (Days)	67	18	20	58	37	21
Leverage Ratio (x)						
Current Ratio	1.9	2.8	2.3	2.9	3.0	3.9
Interest Cover Ratio	0.7	0.9	1.0	1.2	1.5	1.3
Net Debt/Equity	3.6	3.9	2.7	1.7	4.1	6.6
Net Debt/EBITDA	5.5	6.2	6.3	6.1	10.5	10.5

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	1,024	-154	9,094	3,380	5,871	8,056
Depreciation	5,463	4,848	3,081	2,873	4,725	9,207
Direct Taxes Paid	-256	-547	-112	-1,324	-1,350	-1,853
(Inc)/Dec in WC	3,318	8,488	2,278	4,119	-2,682	-3,620
CF from Operations	9,550	12,635	14,342	9,049	6,563	11,790
(Inc)/Dec in FA	-40,186	-7,688	-28,241	-32,660	-1,36,874	-1,73,074
Free Cash Flow	-30,637	4,947	-13,899	-23,611	-1,30,310	-1,61,284
(Pur)/Sale of Investments	36,446	-6,411	10,934	-7,101	0	0
CF from Investments	-3,741	-14,099	-17,307	-39,761	-1,36,874	-1,73,074
Inc/(Dec) in Debt	3,698	9,832	9,913	21,389	1,28,155	1,68,556
Issuance of Equity	0	0	0	22,933	0	0
Others	-9,256	-7,678	-7,755	-10,239	0	0
CF from Fin. Activity	-5,558	2,154	2,158	34,082	1,28,155	1,68,556
Inc/Dec of Cash	251	690	-807	3,370	-2,155	7,272
Opening Balance		4,785	5,474	3,092	12,843	10,688
Closing Balance		5,474	4,667	6,461	10,688	17,959

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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