

ACME Solar Holdings

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR414 TP: INR495 (+20%) Buy

Strong earnings momentum to continue

- **In-line 2Q:** ACME Solar (ACME) reported revenue of INR8.9b (+2% vs. our estimate) and EBITDA of INR7.5b, in line with estimates. EBITDA margin stood at 85% (vs. our estimate of 83%), while adjusted PAT of INR2.7b beat estimates by 25%, driven by lower finance costs.
- **Key things we liked about the result:** 1) PPAs have been secured for 92% of the 8.3GW portfolio, providing visibility capacity additions beyond FY28, 2) cumulative BESS commissioned capacity reached 5.2GWh, meeting the H1FY27 target while management raised its FY27 BESS commissioning guidance from 10GWh to 12GWh+, 3) revenue of INR16b+ for FY27 and INR15b+ for FY28 BESS capacity is locked in, with 90–95% of FY27 and 50–60% of FY28 capacity contracted, and 4) management raised its 2030 RE capacity target from 10GW to 15GW.
- **Key monitorables:** 1) the pace of commissioning against FY27/FY28 renewable capacity addition guidance of 1.5GW and 2.5–3GW, 2) progress towards the 15GW RE capacity target by 2030 and sustainability of BESS margin, and 3) new bidding activity and the pace of PPA signings.
- **Valuation and view:** We assign an EV/EBITDA multiple of 11x to core FY28E EBITDA and 6x to merchant FY28E EBITDA. After adjusting for net debt, we derive our TP of INR495, implying a 20% potential upside. **Reiterate BUY.**

Bloomberg	ACMESOLA IN
Equity Shares (m)	707
M.Cap.(INRb)/(USDb)	292.6 / 3.1
52-Week Range (INR)	477 / 196
1, 6, 12 Rel. Per (%)	-6/42/57
12M Avg Val (INR M)	613

Financials Snapshot		(INR b)		
Y/E March	FY26	FY27E	FY28E	
Sales	20.2	41.4	80.1	
EBITDA	17.8	34.2	67.8	
Adj. PAT	5.0	9.3	18.7	
EPS (INR)	8.2	13.2	26.5	
EPS Gr. (%)	81.6	60.7	101.5	
BV/Sh. (INR)	83.6	124.4	150.7	
ND/Equity	2.5	2.7	3.3	
ND/EBITDA	7.2	7.0	5.2	
RoE (%)	10.4	13.4	19.3	
RoIC (%)	6.0	7.3	9.1	
Valuations				
P/E (x)	50.7	31.6	15.7	
EV/EBITDA (x)	22.3	16.0	9.8	

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	71.4	71.4	83.4
DII	17.5	19.1	6.4
FII	6.5	4.6	5.6
Others	4.6	4.9	4.6

EBITDA and APAT in line

Financial Highlights

- ACME reported 2QFY27 consolidated revenue of INR8.9b (+90% YoY, +3% QoQ), 2% below our est.
- EBITDA was in line with our est. at INR7.5b (+88% YoY, +3% QoQ) with an EBITDA margin of 85% (vs. our est. of 83%).
- Adjusted PAT came in 25% above our est. at INR2.7b (+142% YoY, +14% QoQ), driven by lower-than-estimated finance costs.

Other Highlights

- Generation for 2QFY27 stood at 1,840MUs (+19.6% YoY), driven by capacity addition and higher irradiation.
- Additional 324MUs were sold in 2Q through short-term peak power BESS operations.
- CUF for the quarter stood at 27.8% (vs. 24.1% in 2QFY26).
- BESS revenue in 2Q was INR3.2b (+43% QoQ).
- It commissioned ~2.1 GWh of BESS capacity during the quarter to date, taking the total commissioned BESS capacity to ~5.2 GWh.
- Weighted average cost of debt for fully operational projects stands at 8.4%.
- INR16b+ in revenue is locked-in for partial sale of FY27 BESS capacity, and INR15b+ for FY28 BESS capacity, with the balance to be tied up through future bids.

Highlights of the 2QFY27 performance

- FY27 BESS commissioning guidance revised from 10 GWh to 12+ GWh.
- The RE capacity target for 2030 has been revised upwards from 10GW to 15GW, leveraging FDRE/assured peak power, CfD, RE power for Green Hydrogen/Molecules, and data centers among others.
- Doubled the 2030 storage target to 50 GWh.
- It contracted over INR16b of BESS revenue for FY27 (90-95% tied up) and over INR15b for FY28 (50-60% tied up).
- Operational weighted average cost of debt stood at 8.4%, with 65% of borrowings sourced from long-term financial institutions (PFC, REC, IREDA, and NaBFID) and foreign currency debt exposure reduced to zero.
- Capex incurred in H1FY27 totaled INR65b (INR35b capitalized and INR30b in CWIP).
- Gross debt expanded to ~INR265b in Q2FY27 from INR200b in Q1FY27, reflecting front-ended debt disbursements for BESS capex, leaving an unutilized cash balance of INR100b at the end of the quarter.
- ACME's blended EBITDA margin of 86.7% reflected a divergence between renewable generation (90.8%) and BESS operations (78.3%), with the BESS margin weighed down by the cost of external power purchased on IEX to charge batteries, which is booked within operating expenses.

Valuation and view

- We **reiterate our BUY rating** on ACME with a TP of INR495. We assign an EV/EBITDA multiple of 11x to core FY28E EBITDA and 6x to Merchant FY28E EBITDA. After adjusting for net debt, we derive our TP of INR495, implying a 20% potential upside.

Consolidated performance

Consolidated performance												(INR m)		
Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Net Sales	5,110	4,677	4,968	5,479	8,575	8,870	11,077	12,915	20,234	41,437	9,035	-2%	90%	3%
YoY Change (%)	65%	80%	42%	13%	68%	90%	123%	136%	44%	105%	93%			
Total Expenditure	532	675	523	690	1,232	1,335	1,644	3,075	2,420	7,287	1,506	-11%	98%	8%
EBITDA	4,578	4,002	4,445	4,788	7,343	7,535	9,433	9,840	17,813	34,150	7,529	0%	88%	3%
YoY Change (%)	68%	81%	45%	10%	60%	88%	112%	105%	44%	92%	1			
Margin (%)	90%	86%	89%	87%	86%	85%	85%	76%	88%	82%	83%			
Depreciation	1,076	1,174	1,202	1,228	1,548	1,723	2,237	3,202	4,679	8,710	1,748	-1%	47%	11%
Interest	2,330	2,645	2,880	3,375	3,443	3,452	5,562	6,400	11,230	18,857	4,303	-20%	31%	0%
Other Income	730	1,336	1,200	1,571	963	1,201	1,632	2,019	4,837	5,814	1,376	-13%	-10%	25%
PBT before EO expense	1,903	1,519	1,563	1,756	3,315	3,560	3,266	2,256	6,741	12,397	2,854			
Extra-Ord income/(exp.)	-159	42	0	143	0	0	0	0	27	0	-			
PBT	1,744	1,562	1,563	1,900	3,315	3,560	3,266	2,256	6,768	12,397	2,854	25%	128%	7%
Tax	436	411	426	517	961	874	816	448	1,789	3,099	714	22%	112%	-9%
Tax rate	25%	26%	27%	27%	29%	25%	25%	20%	26%	25%	25%			
Minority Interest	-0.1	-0.1	-0.1	-10.1	0.0	2.6	0.0	0.0	-10.3	2.6	-			
Reported PAT	1,308	1,151	1,137	1,393	2,353	2,684	2,449	1,808	4,989	9,295	2,141	25%	133%	14%
Adj PAT	1,467	1,108	1,137	1,250	2,353	2,684	2,449	1,808	4,962	9,295	2,141	25%	142%	14%
YoY Change (%)	10465%	624%	-4%	-9%	60%	142%	115%	45%	82%	87%	93%			
Marain (%)	29%	24%	23%	23%	27%	30%	22%	14%	25%	22%	24%			

Valuation table

Particulars	Units	Amount
FY28 Core EBITDA	INR m	56,166
EV/EBITDA	Times	11
FY28 Merchant EBITDA	INR m	11,651
EV/EBITDA	Times	6
EV	INR m	7,04,575
Net debt	INR m	3,55,379
Market Cap	INR m	3,49,196
Target Price	INR/sh	495
CMP	INR/sh	414
Upside/(Downside)		20%



Highlights from the management commentary

Financial performance and capital allocation

- ACME's 1HFY27 capex stood at INR 65b, including INR 35b capitalized and INR 30b in CWIP. FY27 capex is expected to exceed INR 120b, driven by accelerated commissioning and capitalization of over 12GWh of BESS capacity.
- ACME's gross debt increased to INR265b in Q2FY27 from INR200b in Q1FY27 due to front-ended debt disbursements, while unutilized cash stood at INR100b.
- Operational project debt carries a weighted average cost of 8.4%, with ~65% sourced from long-term financial institutions.
- Under-construction debt currently costs 9%+, but is expected to reprice below 9% upon COD. Interest costs remained stable QoQ, supported by INR28b of QIP proceeds, internal accruals and refinancing of dollar bonds into rupee debt.

BESS commissioning and monetization

- ACME commissioned ~5.2GWh of BESS capacity, achieving its H1FY27 target of 5GWh, and raised FY27 commissioning guidance from 10GWh to over 12GWh.
- Short-term peak-power contracts have secured over INR 16b of revenue for FY27 and INR 15b for FY28, covering 90–95% and 50–60% of the respective capacity, with residual capacity available for merchant sales.
- BESS operations generated 324MUs during Q2FY27 at a 78.3% EBITDA margin, compared with 90.8% for renewable generation. Margins are expected to improve as captive solar capacity ramps up from March–June'27, reducing reliance on power purchases from IEX.
- The company has secured ~19GWh of BESS supply contracts with tier-1 manufacturers. Co-location at existing substations helps lower project costs to INR 9-10m/MWh by avoiding ~INR2m/MWh of additional infrastructure capex.

Renewable execution and earnings

- Power generation increased 19.6% YoY to 1,840MUs, while blended CUF improved to 27.8% from 24.1%, despite relatively flat operational capacity. Growth was driven by 150MW of new wind capacity operating at a 41% CUF, full-quarter operations at the Sikar plant, repowering gains and favorable weather conditions.
- Contracted projects aggregating 1.9GW have achieved partial commissioning.

- Full commissioning guidance for FY27 remains at 1.5GW, while partial commissioning is expected to reach 2.5–3GW, subject to GNA availability, particularly at Fatehgarh 2.

PPA execution and tariff developments

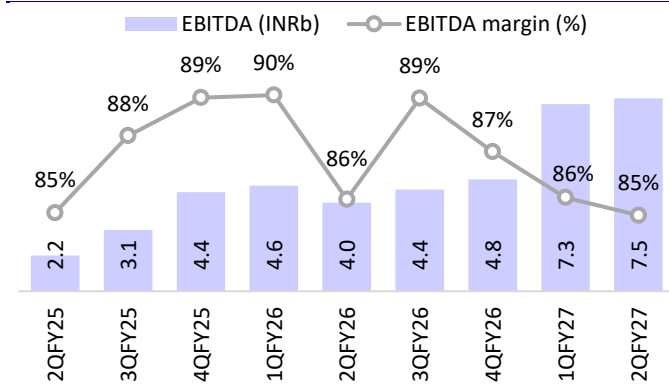
- ACME signed 430MW of FDRE PPAs during Q2FY27 and an additional 400MW PPA with NTPC post-quarter, taking signed PPAs to 92% of the 8,370MW contracted portfolio.
- Under the 400MW NTPC PPA, the tariff was reduced by a net 33 paise/unit, comprising an 11 paise/unit adjustment linked to the GST rate reduction from 12% to 5% and a voluntary 22 paise/unit reduction. Battery storage duration was simultaneously increased from 4 to 4.5 hours.
- ACME plans to participate in 3–4GW of PPA tenders over the next 12–18 months, primarily with AAA-rated central counterparties such as SECI and NTPC.

Growth outlook and sector opportunity

- ACME raised its 2030 portfolio target from 10GW of RE and 25GWh of BESS to 15GW of RE and 50GWh of BESS, reflecting its increased focus on peak-power supply.
- FY28 capacity additions are expected to exceed 2.5–3GW as major CTU substations become operational between June and December 2027.
- The company has ~10GW of secured/applied transmission connectivity beyond its existing portfolio, including over 5GW of granted BESS connectivity.
- Management highlighted a structural shift in discom procurement from thermal baseload RTC contracts towards peak-hour storage. Over 20GW of upcoming tenders across solar-plus-BESS, FDRE and pumped hydro, alongside 50GWh of peak-power tenders through September 2027, provide significant growth visibility.
- ACME aims to establish a rolling operational BESS base of ~10GWh to generate internal accruals, fund future equity requirements and reduce reliance on incremental corporate debt.

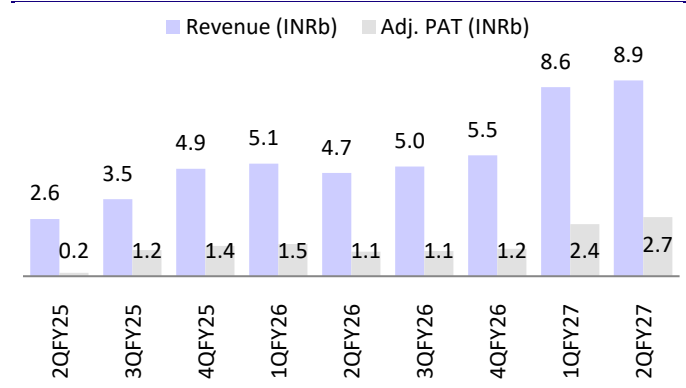
Story in charts – 2QFY27

Exhibit 1: EBITDA and EBITDA margin trends



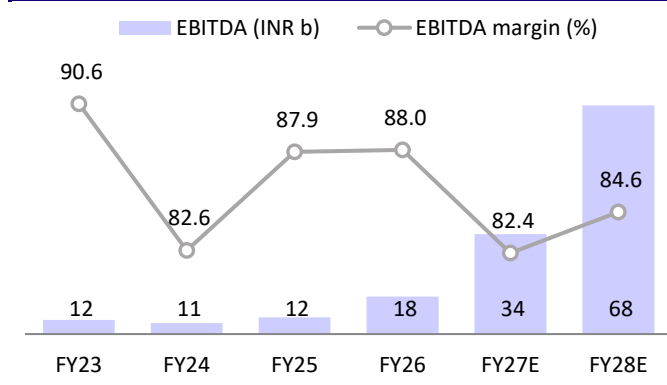
Source: Company, MOFSL

Exhibit 2: Revenue and APAT (INRb)



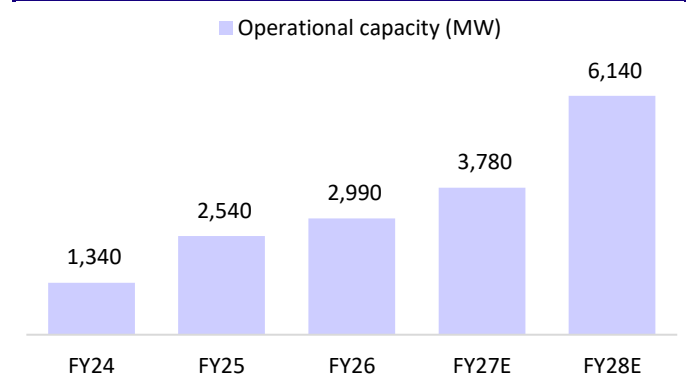
Source: Company, MOFSL

Exhibit 3: Annual EBITDA and EBITDA margin trends



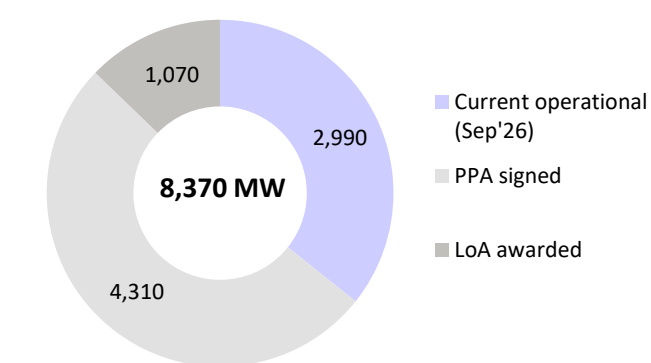
Source: Company, MOFSL

Exhibit 4: Operational portfolio (MW)



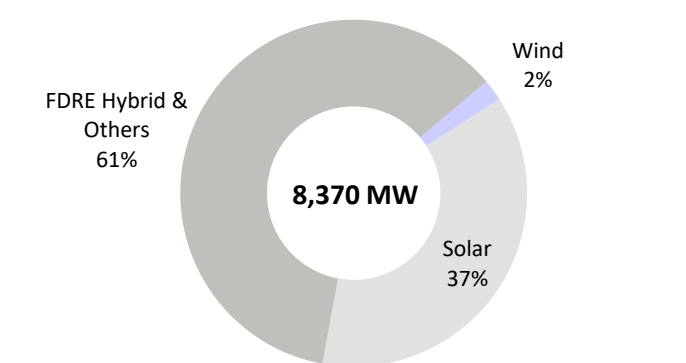
Source: Company, MOFSL

Exhibit 5: ACME's portfolio of 8,370MW



Source: Company, MOFSL

Exhibit 6: Split of the 8,370MW portfolio



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	12,949	13,193	14,051	20,234	41,437	80,115
Change (%)	-13%	2%	7%	44%	105%	93%
EBITDA	11,726	10,891	12,354	17,813	34,150	67,816
Change (%)	-5%	-7%	13%	44%	92%	99%
Margin (%)	90.6	82.6	87.9	88.0	82.4	84.6
Depreciation	4,848	3,081	2,873	4,679	8,710	18,526
EBIT	6,878	7,810	9,481	13,134	25,440	49,290
Net forex loss	0	0	0	0	0	0
Int. and Finance Charges	8,091	7,673	7,592	11,230	18,857	31,109
Other Income	665	1,470	1,701	4,837	5,814	6,789
PBT bef. EO Exp.	-548	1,607	3,590	6,741	12,397	24,970
EO Items	394	7,487	-210	27	0	0
PBT after EO Exp.	-154	9,094	3,380	6,768	12,397	24,970
Total Tax	-122	2,116	872	1,789	3,099	6,243
Tax Rate (%)	79.4	23.3	25.8	26.4	25.0	25.0
Minority Interest/Share of JVs/associates	0	0	-13	-10	3	0
Reported PAT	-32	6,978	2,521	4,989	9,295	18,728
Adjusted PAT	-113	-509	2,731	4,962	9,295	18,728
Change (%)	Loss	Loss	LP	82%	87%	101%
Margin (%)	-0.9	-3.9	19.4	24.5	22.4	23.4

Consolidated - Balance Sheet

(INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,044	1,044	1,210	1,211	1,411	1,411
Total Reserves	17,961	24,864	43,896	49,404	86,358	1,04,944
Net Worth	19,006	25,909	45,106	50,615	87,769	1,06,355
Minority Interest	299	0	-13	-13	-13	-13
Loans	80,993	76,964	98,572	1,67,399	3,20,621	4,29,884
Deferred Tax Liabilities	1,600	2,120	2,968	4,389	4,389	4,389
Other non-current liabilities	6,589	10,702	17,144	19,735	19,735	19,735
Lease liabilities, Provisions, etc.	3,687	3,982	7,065	11,077	11,077	11,077
Non-current liabilities	92,869	93,768	1,25,749	2,02,600	3,55,823	4,65,085
Capital Employed	1,12,173	1,19,677	1,70,842	2,53,202	4,43,578	5,71,427
Net Fixed Assets	66,309	67,579	1,23,137	1,57,316	3,17,732	4,43,651
Capital WIP	21,473	28,284	13,623	43,577	28,748	36,652
Investments & other financial assets	1,845	549	5,827	5,911	5,911	5,911
Non-current tax assets (net)	898	316	651	263	263	263
Deferred tax assets (net)	2,476	1,929	2,635	3,950	3,950	3,950
Other non-current assets	1,847	2,620	346	4,529	4,529	4,529
Non-current assets	94,848	1,01,277	1,46,220	2,15,546	3,61,133	4,94,956
Curr. Assets, Loans&Adv.	27,021	32,721	37,817	69,857	1,14,650	1,08,673
Account Receivables	6,993	4,209	3,808	3,329	3,993	6,739
Cash and Bank Balance	13,385	13,149	29,160	61,581	1,05,710	96,986
Loans and Advances	3,439	1,168	0	0	0	0
Investments	0	1,499	0	0	0	0
Other Current Asset	3,204	12,697	4,849	4,947	4,947	4,947
Curr. Liability & Prov.	9,696	14,321	13,195	32,202	32,202	32,202
Account Payables	621	738	2,247	153	153	153
Loans	5,581	5,212	5,655	22,482	22,482	22,482
Provisions	5	5	12	17	17	17
Other Current Liability	3,489	8,367	5,281	9,550	9,550	9,550
Net Current Assets	17,325	18,400	24,622	37,656	82,448	76,471
Appl. of Funds	1,12,174	1,19,677	1,70,842	2,53,202	4,43,581	5,71,427

Financials and valuations

Ratios

Y/E March (INR)	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)						
EPS	-0.2	-1.0	4.5	8.2	13.2	26.5
Cash EPS	9.1	4.9	9.3	15.9	25.5	52.8
BV/Share	36.4	49.6	74.5	83.6	124.4	150.7
DPS	0.0	0.0	0.2	0.2	0.2	0.2
Payout (%)	0.0	0.0	4.4	2.4	1.5	0.8
Valuation (x)						
P/E	NA	-426.6	92.1	50.7	31.6	15.7
Cash P/E	45.9	84.4	44.9	26.1	16.3	7.9
P/BV	11.4	8.4	5.6	5.0	3.3	2.8
EV/Sales	22.6	22.1	24.0	19.6	13.2	8.3
EV/EBITDA	25.0	26.7	27.3	22.3	16.0	9.8
FCF per share	9.5	-26.6	-39.0	-80.0	-194.1	-167.0
Return Ratios (%)						
RoE	-0.6	-2.3	7.7	10.4	13.4	19.3
RoCE	1.5	6.1	5.7	6.2	6.7	8.3
RoIC	1.8	7.0	6.2	6.0	7.3	9.1
Working Capital Ratios						
Fixed Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.2
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.1
Debtor (Days)	197	116	99	60	35	31
Creditor (Days)	18	20	58	3	1	1
Leverage Ratio (x)						
Current Ratio	2.8	2.3	2.9	2.2	3.6	3.4
Interest Cover Ratio	0.9	1.0	1.2	1.2	1.3	1.6
Net Debt/Equity	3.9	2.7	1.7	2.5	2.7	3.3
Net Debt/EBITDA	6.2	6.3	6.1	7.2	7.0	5.2

Consolidated - Cash Flow Statement

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	-154	9,094	3,380	6,768	12,397	24,970
Depreciation	4,848	3,081	2,873	4,679	8,710	18,526
Direct Taxes Paid	-547	-112	-1,324	-822	-3,099	-6,243
(Inc)/Dec in WC	8,488	2,278	4,119	-5,870	-663	-2,746
CF from Operations	12,635	14,342	9,049	4,756	17,344	34,508
(Inc)/Dec in FA	-7,688	-28,241	-32,660	-53,212	-1,54,297	-1,52,350
Free Cash Flow	4,947	-13,899	-23,611	-48,456	-1,36,953	-1,17,842
(Pur)/Sale of Investments	-6,411	10,934	-7,101	-19,962	0	0
CF from Investments	-14,099	-17,307	-39,761	-73,174	-1,54,297	-1,52,350
Inc/(Dec) in Debt	9,832	9,913	21,389	87,019	1,53,223	1,09,262
Issuance of Equity	0	0	22,933	0	28,000	0
Dividend	0	0	0	-242	-141	-141
Others	-7,678	-7,755	-10,239	-16,622	0	0
CF from Fin. Activity	2,154	2,158	34,082	70,155	1,81,082	1,09,121
Inc/Dec of Cash	690	-807	3,370	1,737	44,129	-8,721
Opening Balance	4,785	5,474	3,092	12,843	22,309	66,438
Closing Balance	5,474	4,667	6,461	14,579	66,438	57,718

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

NOTES

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.

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