

ACME Solar Holdings

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR274 TP: INR385 (+41%) Buy

Execution remains a key monitorable for FY27

- ACME Solar Holdings (ACME) posted an in-line performance in 2QFY26, with revenue of INR4.7b (3% beat). 2QFY26 benefitted from healthy generation leading to EBITDA coming in line with our estimate of INR4b. Adj. PAT of INR1.1b was 13% above our estimate, aided by higher-than-expected other income.
- The company has continued to execute well and remains on track to scale up its installed capacity to an estimated ~5.4GW by FY28. This is expected to drive an EBITDA CAGR of 74% over FY25-28.
- Key monitorables in 2HFY26 include 1) PPA signing for pending projects and 2) Commissioning of 1GWh of BESS, which should be operationalized by 4QFY26, as this is expected to contribute an annual EBITDA of ~INR1.7b. This could pose an upside risk to our current EBITDA estimates for 4QFY26 and FY27.
- **We reiterate our BUY** rating with a TP of INR385, implying a 40% upside potential.

EBITDA in line; beat on APAT driven by higher other income

Financial highlights

- ACME's consol. revenue beat our est. by 3% at INR4.7b (+80% YoY, -8% QoQ), led by higher generation due to improved capacity utilization factor (CUF).
- EBITDA came in at INR4.0b (+81% YoY, -13% QoQ), in line with our estimate, with an EBITDA margin of 86%.
- Adj PAT was 13% higher than est. at INR1.1b (+624% YoY, -24% QoQ) on account of higher-than-expected other income.
- Net debt stood at INR89b. The net debt-to-TTM EBITDA ratio declined to 4.3x from 5x in 2QFY25.
- ACME secured INR70.5b debt for 680 MW FDRE projects.
- It received a ~75bp interest rate cut from the existing lender on INR20.8b debt tied to 600 MW SECI ISTS projects following a credit rating upgrade. Also, the rate was lowered to 8% p.a. on INR12.45b debt for a 300MW operational project.

Operational Highlights

- Generation stood at 1,539MUs in 2QFY26 (+133.8% YoY). The company recorded a CUF of 24.1% (22.2% in 2QFY25).
- Operational capacity reached 2,918MW as the company commissioned 28MW wind capacity during 2QFY26.
- During 1HFY26, ACME won 720 MW/2,460 MWh (Solar + ESS and FDRE) and 550 MWh standalone BESS capacity.
- In 2QFY26, PPAs were signed for 50 MW/220 MWh and 550 MWh, taking cumulative PPA signings in 1HFY26 to 600 MW/1,350 MWh and 550 MWh.
- The total portfolio of the company now stands at 7,390 MW, including 13.5 GWh of BESS installation, with PPAs signed for 5,180 MW.
- A phased delivery of the 5.1 GWh BESS order is expected to start in Dec'25, with phased commissioning from 4QFY26.

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USD\$)	165.7 / 1.9
52-Week Range (INR)	324 / 168
1, 6, 12 Rel. Per (%)	-7/22/-
12M Avg Val (INR M)	457

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	22.2	39.3	73.0
EBITDA	19.4	34.8	64.9
Adj. PAT	5.3	6.4	14.8
EPS (INR)	8.7	10.6	24.5
EPS Gr. (%)	92.5	22.2	130.7
BV/Sh.(INR)	83.0	93.7	118.1

Ratios

ND/Equity	4.0	6.4	5.7
ND/EBITDA	10.4	10.4	6.3
RoE (%)	11.0	12.0	23.1
RoIC (%)	5.5	5.7	7.9

Valuations

P/E (x)	31.5	25.8	11.2
EV/EBITDA (x)	19.5	15.4	9.0

Shareholding Pattern (%)

As On	Sep-25	Jun-25
Promoter	83.4	83.4
DII	6.4	6.6
FII	5.6	5.8
Others	4.6	4.2

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Highlights of the 2QFY26 performance

- About 378 MW has been commissioned in FY26 to date, with another 72 MW nearing completion.
- The total portfolio of 7,390 MW included 13.5 GWh of BESS, with a 10 GW target by 2030.
- New wins included 720 MW of projects (450 MW SJVN, 220 MW RUMSL, 50 MW Tata Power FDRE).
- Generation stood at 1,539MUs, and CUF was 24.1%.
- Successfully commissioned a 10 MWh pilot BESS at the ISTS plant to evaluate performance across configurations.
- Placed new orders for 2GWh during the quarter. A phased delivery of the 5.1 GWh BESS order is expected to start in Dec'25, with phased commissioning from 4QFY26 onward.
- About 1GWh of BESS (merchant capacity) should be operationalized from 4QFY26 onwards, which is expected to generate an annual EBITDA of INR1.7b (assuming an INR5/unit difference between merchant power sale during peak hours and the cost of generation of the same).
- The net debt-to-TTM EBITDA ratio was 4.3x, and net debt/net worth was 1.9x.
- ACME incurred ~INR14b capex in 1HFY26 but remains on track to meet its full-year target of INR120b, subject to a delay of a maximum of one quarter.

Valuation and view

- **We reiterate our BUY rating on ACME.** We assign a 10x FY28E EV/EBITDA . Adjusting for the net debt, we derive our TP of INR385, implying a 40% potential upside.

Consolidated performance

Y/E March	FY25				FY26E				FY25	FY26E	(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY26E 2QE	Var. %	YoY (%)	QoQ (%)
Net Sales	3,096	2,596	3,490	4,869	5,110	4,677	5,857	6,596	14,051	22,240	4,559	3%	80%	-8%
YoY Change (%)	-0.2	-20%	5%	65%	65%	80%	68%	35%	7%	58%	76%			
EBITDA	2,717	2,208	3,072	4,357	4,578	4,002	5,107	5,675	12,354	19,362	4,007	0%	81%	-13%
Margin (%)	88%	85%	88%	89%	90%	86%	87%	86%	88%	87%	88%			
Depreciation	556	599	697	1,022	1,076	1,174	1,170	1,307	2,873	4,725	1,125	4%	96%	9%
Interest	1,963	1,783	1,791	2,055	2,330	2,645	2,658	2,663	7,592	10,296	2,371	12%	48%	14%
Other Income	304	356	518	524	730	1,336	300	300	1,701	2,666	796	68%	276%	83%
PBT before EO expense	503	181	1,103	1,803	1,903	1,519	1,579	2,005	3,590	7,007	1,306			
Extra-Ord income/(exp.)	0	0	-69	-141	-159	42	0	0	-210	-117	-			
PBT	503	181	1,034	1,663	1,744	1,562	1,579	2,005	3,380	6,890	1,306	20%	761%	-10%
Tax	489	28	-87	442	436	411	387	516	872	1,750	327	26%	1344%	-6%
Tax rate	97%	16%	-8%	27%	25%	26%	25%	26%	26%	25%	25%			
Minority Interest	0.0	0.0	0.0	-12.9	-0.1	-0.1	0.0	0.0	-12.9	-0.1	-			
Reported PAT	14	153	1,121	1,234	1,308	1,151	1,192	1,489	2,521	5,140	980	17%	652%	-12%
Adj PAT	14	153	1,190	1,374	1,467	1,108	1,192	1,489	2,731	5,257	980	13%	624%	-24%
YoY Change (%)	-1.0	LP	206%	LP	10465%	624%	0%	8%	LP	92%	540%			
Margin (%)	0%	6%	34%	28%	29%	24%	20%	23%	19%	24%	21%			

Valuation table

Particulars	Units	Amount
FY28 EBITDA	INR m	64,857
EV/EBITDA	INR m	10
EV	INR m	642,088
Net debt	INR m	409,350
Market Cap	INR m	232,736
Target Price	INR/sh	385
CMP	INR/sh	274
Upside/(Downside)		41%



Highlights from the management commentary

■ Operational performance

- 378 MW of generation capacity commissioned in FY26 so far, while 72MW is in advanced stages of construction, and operational capacity as of 2QFY26 stood at 2,918MW.
- 7,390 MW is the total portfolio capacity, including 13.5 GWh of BESS capacity, with a targeted capacity of 10GW by 2030.
- During the quarter, ACME won new projects aggregating to 720MW (220MW with RUMSL, 450MW with SJVN), including 50 megawatt FDRE (PPA with Tata Power signed), thus extending the UC portfolio to around 4.5GW (PPA signed for 2.3GW).

■ Financial Performance

- Revenue for the quarter came in at INR6.0b, a 104% increase YoY.
- Reported PAT stood at INR1.2b.
- Net debt to EBITDA stood at 4.3x, and net debt to net worth was 1.9x.
- A rise in other income was due to hedging gains from battery-related hedges.

■ Capex

- The company has incurred about INR14b capex in 1HFY26 but remains on track to meet its full-year target of INR120b, subject to a delay of a maximum of one quarter due to contingent transmission issues.
- Around INR50b of capex is tied to 5.1GWh of battery orders, whose expenditure will be recorded once deliveries begin.
- The INR120b capex is backed by balance sheet cash, undrawn securitization proceeds (INR10b) and upcoming refinancing proceeds (INR10b), EPC margins, annual depreciation cash flow, and early BESS commissioning and sale in the Merchant market, allowing higher capacity due to lower prices.

■ Update on new projects

- Two major PPAs were signed during the year: 50MW of FDRE with Tata Power and 550MW of capacity with Andhra Pradesh.
- The SJVN project includes 2,200 MWh of battery at INR6.75/unit, which entails an off-taker to provide four hours of peak power supply. This project is unique and will involve the solar generation being used primarily to charge the battery, and surplus, if any, to be sold on power exchanges. This project enables a strong EBITDA yield of around 14-15%.
- The NTPC 300 MW project was cancelled because the pooling scheme with NTPC (which combined thermal and renewable projects) was discontinued by the Ministry of Power.
- 1GWh of BESS (merchant capacity) from 4QFY26 onwards is expected to give an annual EBITDA of INR1.7b, assuming an INR5/unit difference between merchant power sale during peak hours and the cost of generation of the same.
- Technical trials of the standalone BESS improved system efficiency and reliability, achieving 4–5% higher round-trip efficiency.
- The ACME Sikar project of 300MW is currently operating under Short-Term Open Access because of its early commissioning by one quarter and the delay in

commissioning of one of the connectivity lines. Post December, when the line becomes operational, the plant will shift to Long-Term Open Access.

■ **Debt Structuring and Refinancing**

- The company has refinanced debt with an average tenure of 20 years at an effective interest rate of around 8%, linked to MCLR plus 10bp.
- Rating upgrades are likely to bring down rates from 8.4% to about 8% for AA-rated assets under bank financing.
- While bond financing could offer slightly lower yields, it is less preferred due to fees and limited long-term participation from mutual funds.
- The company maintains a mix of fixed and floating debt, including a recent 8.5% fixed NCD with Bank of America, and has refinancing sanctions in place for upcoming maturities.

■ **Challenges in Execution**

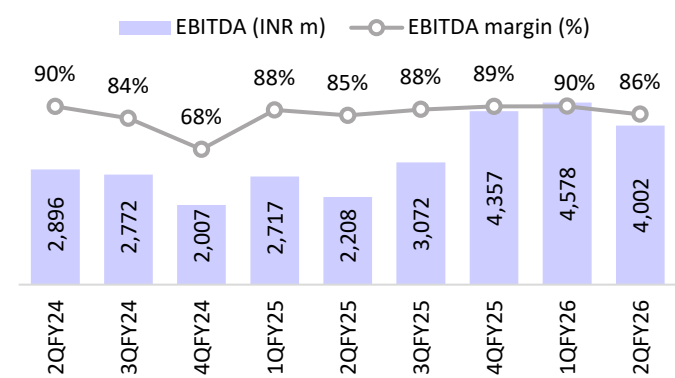
- Transmission-related delays are limited to about one quarter, as most substations are on schedule and the company has allocated reliable connectivity with flexibility to reassign if needed.
- In the past six months, tendering activity has slowed down because the central government wants to clear up existing projects first, and is increasing pressure on the state government to get PPAs signed.
- The management does not foresee any risk of project cancellation where PPAs are pending.

■ **Sector Highlights**

- Reduction in GST rates from 12 to 5% reduces the cost of power.
- RPOs have been replaced by Renewable Consumption Obligations with a wider compliance base prescribed for designated consumers like DISCOMs, open access, captive consumers, etc.
- The CERC's third amendment to connectivity regulations allows battery energy storage systems to use existing grid connectivity at solar and non-solar substations, enabling merchant operations and improving grid stability.
- All SERCs and DISCOMs are directed to formulate roadmaps for liquidation of pending regulatory assets within four years by the Supreme Court.

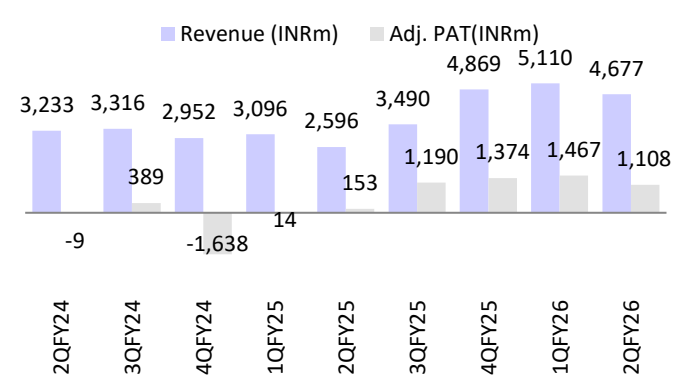
Story in charts – 2QFY26

Exhibit 1: EBITDA & EBITDA margin trends



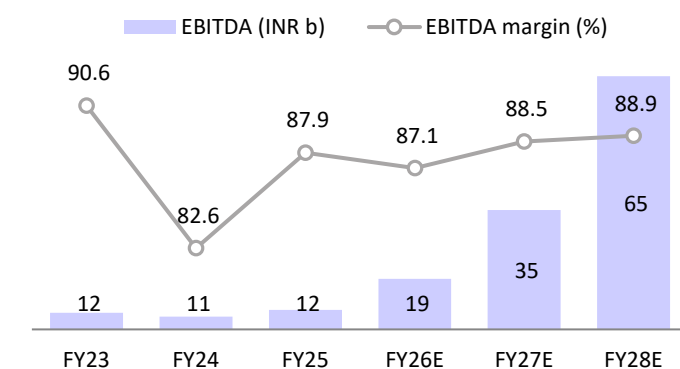
Source: Company, MOFSL

Exhibit 2: Revenue & PAT (INR m)



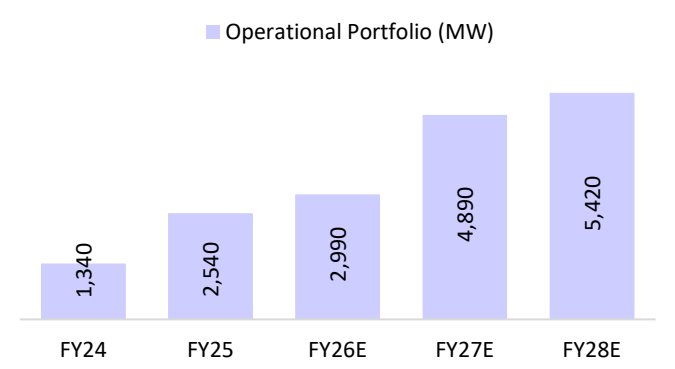
Source: Company, MOFSL

Exhibit 3: Annual EBITDA and EBITDA margin trends



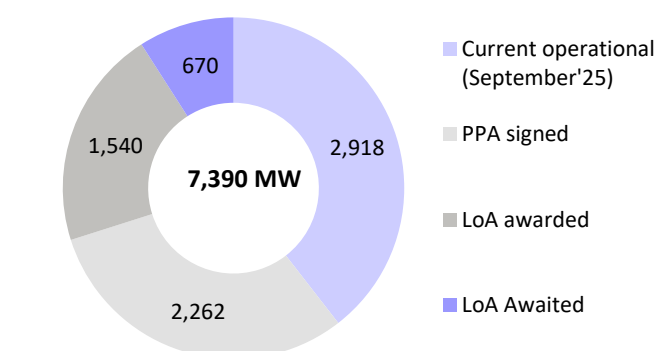
Source: Company, MOFSL

Exhibit 4: Operational portfolio (MW)



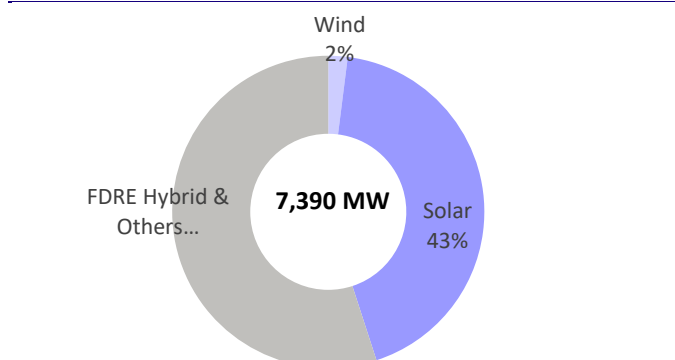
Source: Company, MOFSL

Exhibit 5: ACME's portfolio of 7,390MW



Source: Company, MOFSL

Exhibit 6: Split of 7,390MW portfolio



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(InR m)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	12,949	13,193	14,051	22,240	39,319	72,983
Change (%)	-13%	2%	7%	58%	77%	86%
EBITDA	11,726	10,891	12,354	19,362	34,814	64,857
Change (%)	-5%	-7%	13%	57%	80%	86%
Margin (%)	90.6	82.6	87.9	87.1	88.5	88.9
Depreciation	4,848	3,081	2,873	4,725	9,021	17,700
EBIT	6,878	7,810	9,481	14,637	25,793	47,158
Net forex loss	0	0	0	0	0	0
Int. and Finance Charges	8,091	7,673	7,592	10,296	19,507	30,427
Other Income	665	1,470	1,701	2,666	2,166	2,768
PBT bef. EO Exp.	-548	1,607	3,590	7,007	8,452	19,499
EO Items	394	7,487	-210	-117	0	0
PBT after EO Exp.	-154	9,094	3,380	6,890	8,452	19,499
Total Tax	-122	2,116	872	1,750	2,028	4,680
Tax Rate (%)	79.4	23.3	25.8	25.4	24.0	24.0
Minority Interest/Share of JVs/associates	0	0	-13	0	0	0
Reported PAT	-32	6,978	2,521	5,140	6,423	14,819
Adjusted PAT	-113	-509	2,731	5,257	6,423	14,819
Change (%)	Loss	Loss	LP	92%	22%	131%
Margin (%)	-0.9	-3.9	19.4	23.6	16.3	20.3

Consolidated - Balance Sheet

(InR m)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	1,044	1,044	1,210	1,210	1,210	1,210
Total Reserves	17,961	24,864	43,896	49,036	55,459	70,278
Net Worth	19,006	25,909	45,106	50,246	56,669	71,489
Minority Interest	299	0	-13	-13	-13	-13
Loans	80,993	76,964	98,572	224,619	391,770	449,838
Deferred Tax Liabilities	1,600	2,120	2,968	2,968	2,968	2,968
Other non-current liabilities	6,589	10,702	17,144	17,144	17,144	17,144
Lease liabilities, Provisions, etc.	3,687	3,982	7,065	7,065	7,065	7,065
Non-current liabilities	92,869	93,768	125,749	251,797	418,947	477,015
Capital Employed	112,173	119,677	170,842	302,030	475,604	548,491
Gross Block	94,054	90,355	148,847	269,539	437,464	506,613
Less: Accum. Deprn.	27,744	22,775	25,710	29,671	38,692	56,392
Net Fixed Assets	66,309	67,579	123,137	239,868	398,772	450,221
Capital WIP	21,473	28,284	13,623	26,231	29,506	32,782
Investments & other financial assets	1,845	549	5,827	3,953	3,953	3,953
Non-current tax assets (net)	898	316	651	651	651	651
Deferred tax assets (net)	2,476	1,929	2,635	2,635	2,635	2,635
Other non-current assets	1,847	2,620	346	346	346	346
Non-current assets	94,848	101,277	146,220	273,683	435,863	490,588
Curr. Assets, Loans&Adv.	27,021	32,721	37,817	41,541	52,936	71,099
Account Receivables	6,993	4,209	3,808	6,458	10,110	18,234
Cash and Bank Balance	13,385	13,149	29,160	28,360	36,102	46,141
Loans and Advances	3,439	1,168	0	1,874	1,874	1,874
Investments	0	1,499	0	0	0	0
Other Current Asset	3,204	12,697	4,849	4,849	4,849	4,849
Curr. Liability & Prov.	9,696	14,321	13,195	13,195	13,195	13,195
Account Payables	621	738	2,247	2,247	2,247	2,247
Loans	5,581	5,212	5,655	5,655	5,655	5,655
Provisions	5	5	12	12	12	12
Other Current Liability	3,489	8,367	5,281	5,281	5,281	5,281
Net Current Assets	17,325	18,400	24,622	28,346	39,741	57,903
Appl. of Funds	112,174	119,677	170,842	302,030	475,604	548,491

Financials and valuations

Ratios

Y/E March (INR)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)						
EPS	-0.2	-1.0	4.5	8.7	10.6	24.5
Cash EPS	9.1	4.9	9.3	16.5	25.5	53.7
BV/Share	36.4	49.6	74.5	83.0	93.7	118.1
Valuation (x)						
P/E	NA	-280.9	60.7	31.5	25.8	11.2
Cash P/E	30.2	55.6	29.6	16.6	10.7	5.1
P/BV	7.5	5.5	3.7	3.3	2.9	2.3
EV/Sales	16.9	16.4	17.9	17.0	13.7	8.0
EV/EBITDA	18.6	19.9	20.3	19.5	15.4	9.0
FCF per share	9.5	-26.6	-39.0	-209.6	-263.4	-79.4
Return Ratios (%)						
RoE	-0.6	-2.3	7.7	11.0	12.0	23.1
RoCE	1.5	6.1	5.7	5.5	5.5	7.4
RoIC	1.8	7.0	6.2	5.5	5.7	7.9
Working Capital Ratios						
Fixed Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.1
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.1
Debtor (Days)	197	116	99	106	94	91
Creditor (Days)	18	20	58	37	21	11
Leverage Ratio (x)						
Current Ratio	2.8	2.3	2.9	3.1	4.0	5.4
Interest Cover Ratio	0.9	1.0	1.2	1.4	1.3	1.5
Net Debt/Equity	3.9	2.7	1.7	4.0	6.4	5.7
Net Debt/EBITDA	6.2	6.3	6.1	10.4	10.4	6.3

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-154	9,094	3,380	6,890	8,452	19,499
Depreciation	4,848	3,081	2,873	4,725	9,021	17,700
Direct Taxes Paid	-547	-112	-1,324	-1,750	-2,028	-4,680
(Inc)/Dec in WC	8,488	2,278	4,119	-2,650	-3,652	-8,124
CF from Operations	12,635	14,342	9,049	7,215	11,792	24,395
(Inc)/Dec in FA	-7,688	-28,241	-32,660	-134,063	-171,201	-72,424
Free Cash Flow	4,947	-13,899	-23,611	-126,848	-159,408	-48,029
(Pur)/Sale of Investments	-6,411	10,934	-7,101	0	0	0
CF from Investments	-14,099	-17,307	-39,761	-134,063	-171,201	-72,424
Inc/(Dec) in Debt	9,832	9,913	21,389	126,047	167,151	58,068
Issuance of Equity	0	0	22,933	0	0	0
Others	-7,678	-7,755	-10,239	0	0	0
CF from Fin. Activity	2,154	2,158	34,082	126,047	167,151	58,068
Inc/Dec of Cash	690	-807	3,370	-800	7,742	10,039
Opening Balance	4,785	5,474	3,092	12,843	12,042	19,785
Closing Balance	5,474	4,667	6,461	12,042	19,784	29,824

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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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