

ACME Solar Holdings (ACMESOLA IN)

Buy: Banking on battery

- ◆ Early and larger commissioning of BESS sets the stage for monetising diurnal variation in power prices
- ◆ 4Q earnings grew 13% y-o-y, but increase in gross block and net debt are key items to watch
- ◆ Maintain Buy and increase TP to INR370 (from INR350) as we factor in merchant BESS in our estimates

Q4FY26 review. ACME reported revenue growth of 13% y-o-y at INR5.5bn for Q4FY26, supported by generation growth of 14%. CUF for the quarter saw a 70bps y-o-y decline at 26.9% due to curtailment issues. Gross block increased by INR13.5bn q-o-q reflecting increased installation of Battery Energy Storage Systems (BESS) despite low generational capacity increase. This also resulted in net debt increase to 2.5x equity (1.7x in FY25) as the company spent INR64bn during the year. PAT growth of 13% y-o-y was largely the result of other income of cINR1.6bn (+200% y-o-y).

What we liked. (1) The company has commissioned c2.4GWh of BESS capacity. Management guided for c10GWh of installed BESS capacity by end FY27 of which c8.5GWh will be operated on merchant basis until the respective FDRE projects are commissioned. (2) Generation capacity commissioning is expected to be 1.5GW for FY27 as per the company. (3) Days of sales outstanding saw a reduction to 14 in FY26 vs 42 in FY25.

What we didn't like. (1) Finance cost as a percentage of revenue (increased to 62% in Q4FY26 vs 58% in the previous quarter, eating into earnings. PAT growth was supported by non-recurring hedging gains. (2) Management churn continues with CFO resignation announced along with earnings.

Investment view. We believe ACME, a fully vertically integrated renewable IPP, is in a high growth phase adding significant capacity over the next two years. Strategically, the business is evolving from a pure-play solar provider to more complex firm and dispatchable renewable energy (FDRE) projects, which require a combination of solar, wind, and battery storage capacity. Further, it is using a strategy of early BESS commissioning to generate merchant revenue before the BESS is integrated into their FDRE projects. All this positions it well to benefit from India's RE growth story.

Valuation and risks. We adjust our estimates to account for a more aggressive BESS strategy which is driving EBITDA and net debt increase. Our EPS estimates increased by 8-9% for FY27/FY28 and we introduce FY29 estimates. We value ACME on FY28 run-rate EBITDA, which is based on already-signed 25-year PPAs expected to be executed by end FY28. We assign a 10x EBITDA multiple which reflects growth. Adjusting for net debt as of March 2028, we derive an equity value of INR275bn. We discount it back to June 2026 (unchanged) to arrive at a TP of INR370 (INR350 earlier). Our TP implies c31% upside from current levels. **Downside risks:** (1) High leverage with projects financed with an 80-20 debt equity ratio, (2) rise in equipment and borrowing costs, (3) delay in commissioning of contracted capacity.

Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Equities Electric Utilities

India



MAINTAIN BUY

TARGET PRICE (INR)

370.00

PREVIOUS TARGET (INR)

350.00

SHARE PRICE (INR)

282.80

UPSIDE/DOWNSIDE

+30.8%

(as of 08 May 2026)

MARKET DATA

Market cap (INRm)	171,204	Free float	17%
Market cap (USDm)	1,816	BBG	ACMESOLA
3m ADTV (USDm)	5	RIC	ACMO.BO

FINANCIALS AND RATIOS (INR)

Year to	03/2026a	03/2027e	03/2028e	03/2029e
HSBC EPS	8.24	13.37	29.74	34.42
HSBC EPS (prev)	8.71	12.28	27.39	na
Change (%)	-5.4	8.9	8.6	na
Consensus EPS	8.53	10.84	23.39	26.75
PE (x)	34.3	21.2	9.5	8.2
Dividend yield (%)	0.1	0.1	0.1	0.1
EV/EBITDA (x)	16.4	15.3	10.1	8.9
ROE (%)	10.4	14.8	26.7	24.1

52-WEEK PRICE (INR)



Source: LSEG IBES, HSBC estimates

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Financials & valuation: ACME Solar

Buy

Financial statements

Year to	03/2026a	03/2027e	03/2028e	03/2029e
Profit & loss summary (INRm)				
Revenue	20,234	35,527	71,100	93,073
EBITDA	17,813	31,796	63,706	83,487
Depreciation & amortisation	-4,679	-10,021	-16,225	-20,935
Operating profit/EBIT	13,134	21,775	47,481	62,552
Net interest	-11,230	-15,957	-31,296	-43,149
PBT	6,768	10,792	24,006	27,780
Taxation	-1,789	-2,698	-6,001	-6,945
Net profit	4,979	8,094	18,004	20,835
Cash flow summary (INRm)				
Cash flow from operations	12,486	31,561	59,678	81,306
Capex	-53,212	-200,000	-180,000	-130,000
Cash flow from investment	-73,174	-200,000	-180,000	-130,000
Dividends	-242	-242	-242	-242
Change in net debt	55,266	194,718	159,277	97,665
FCF pre dividends	-40,706	-168,439	-120,322	-48,694
Balance sheet summary (INRm)				
Intangible fixed assets	0	0	0	0
Tangible fixed assets	200,893	400,952	572,144	686,789
Current assets	69,857	43,346	14,193	22,776
Cash & others	63,206	34,183	-817	4,154
Total assets	285,403	458,951	600,989	724,218
Operating liabilities	44,921	44,921	44,921	44,921
Financial liabilities	189,880	355,576	479,853	582,489
Total liabilities	234,801	400,497	524,773	627,410
Net debt	126,675	321,393	480,670	578,335
Shareholders' funds	50,615	58,467	76,229	96,822

Ratio, growth and per share analysis

Year to	03/2026a	03/2027e	03/2028e	03/2029e
Y-o-y % change				
Revenue	44.0	75.6	100.1	30.9
EBITDA	44.2	78.5	100.4	31.1
Operating profit	38.5	65.8	118.1	31.7
PBT	100.2	59.5	122.4	15.7
HSBC EPS	81.1	62.3	122.4	15.7
Ratios (%)				
ROE	10.4	14.8	26.7	24.1
ROCE	6.8	6.1	8.6	8.6
EBITDA margin	88.0	89.5	89.6	89.7
Operating profit margin	64.9	61.3	66.8	67.2
Net debt/equity	250.3	549.8	630.7	597.4
CF from operations/net debt	9.9	9.8	12.4	14.1
Per share data (INR)				
EPS reported (diluted)	8.22	13.37	29.74	34.42
HSBC EPS (diluted)	8.24	13.37	29.74	34.42
DPS	0.20	0.40	0.40	0.40
Gross CFPS	30.28	56.28	108.24	140.27

Key forecast drivers

Year to	03/2026a	03/2027e	03/2028e	03/2029e
Installed capacity (MW)	2,990	4,510	6,020	7,221
Average installed capacity (MW)	2,849	3,750	5,265	6,621
Average PLF (%)	25.9	29.9	37.9	38.5
Generation (MUs)	6,464	9,816	17,479	22,308
Average realization per unit (INR)	3.1	3.6	4.1	4.2
Revenue (INRm)	20,234	35,527	71,100	93,073

Valuation data

Year to	03/2026a	03/2027e	03/2028e	03/2029e
EV/sales	14.4	13.7	9.1	8.0
EV/EBITDA	16.4	15.3	10.1	8.9
P/CF	9.3	5.0	2.6	2.0
PE*	34.3	21.2	9.5	8.2
FCF yield (pre div) (%)	-23.8	-98.4	-70.3	-28.4
Dividend yield (%)	0.1	0.1	0.1	0.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	03/2025a	Governance Indicators	03/2026a
GHG emission intensity*	n/a	No. of board members	6
Energy intensity*	n/a	Average board tenure (years)	5.3
CO ₂ reduction policy	Yes	Female board members (%)	16.7
Social Indicators		Board members independence (%)	50
Employee costs as % of revenues	4.6		
Employee turnover (%)	23.9		
Diversity policy	Yes		

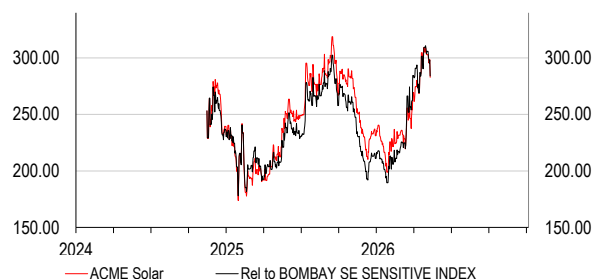
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (INR)	282.80	Free float	17%
Target price (INR)	370.00	Sector	Electric Utilities
RIC (Equity)	ACMO.BO	Country/Region	India
Bloomberg (Equity)	ACMESOLA IN	Analyst	Puneet Gulati, CFA
Market cap (USDm)	1,816	Contact	+91 82 9189 7591

Price relative



Source: HSBC

Note: Priced at close of 08 May 2026

Quarterly performance

Operational generation capacity stood at c3GW along with c2.4GWh of BESS capacity as of May 2026

Operational highlights

	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Operational capacity (MW)	1,340	1,340	1,340	2,540	2,540	2,890	2,918	2,962	2,982
U/C contracted cap. (MW)	1,650	2,220	1,660	1,660	2,340	2,240	2,262	2,668	3,280
U/C awarded capacity (MW)	2,380	1,810	2,520	2,520	2,090	1,840	2,210	2,140	1,801
Total capacity (MW)	5,370	5,370	5,520	6,720	6,970	6,970	7,390	7,770	8,063
BESS capacity (MWh)	-	-	-	-	-	-	-	-	2,352
Average capacity (MW)	na	1,340	1,357	2,030	2,540	2,628	2,924	2,953	2,928
CUF (%)	na	27.0%	22.2%	23.7%	27.6%	28.5%	24.1%	24.3%	26.9%
Generation (million units)	na	790	658	1,051	1,514	1,636	1,539	1,567	1,720
Average realization (INR)	na	3.9	3.9	3.3	3.2	3.1	3.0	3.2	3.2
Revenue (INRm)	2,952	3,096	2,596	3,490	4,869	5,110	4,677	4,968	5,479

Source: Company data, HSBC

PAT growth in Q4FY26 was supported by other income and exceptional items of cINR1.7bn

Profit and loss statement (INRm)

	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Revenue from operations	2,952	3,096	2,596	3,490	4,869	5,110	4,677	4,968	5,479
<i>y-o-y growth (%)</i>		5%	-16%	34%	40%	5%	-8%	6%	10%
Less: Employee expenses	174	150	160	167	173	158	155	158	149
Less: Other OpEx	771	229	228	252	339	374	521	365	541
EBITDA	2,007	2,717	2,207	3,072	4,357	4,578	4,002	4,445	4,788
<i>y-o-y growth (%)</i>		35%	-19%	39%	42%	5%	-13%	11%	8%
<i>EBITDA margin (%)</i>	68%	88%	85%	88%	89%	90%	86%	89%	87%
Less: Finance cost	1,773	1,963	1,783	1,791	2,055	2,330	2,645	2,880	3,375
Less: D&A expense	612	556	599	697	1,022	1,076	1,174	1,202	1,228
EBIT	-379	199	-175	585	1,280	1,173	183	363	186
<i>y-o-y growth (%)</i>		-152%	-188%	-435%	119%	-8%	-84%	98%	-49%
<i>EBIT margin (%)</i>	-13%	6%	-7%	17%	26%	23%	4%	7%	3%
Other income/ exceptional	7,192	304	356	449	383	571	1,379	1,200	1,714
Tax expense	1,489	489	28	-87	442	436	411	426	517
PAT	5,323	14	153	1,121	1,221	1,308	1,151	1,137	1,383
<i>y-o-y growth (%)</i>		-100%	1013%	634%	9%	7%	-12%	-1%	22%
<i>PAT margin (%)</i>	180%	0%	6%	32%	25%	26%	25%	23%	25%

Source: Company data, HSBC

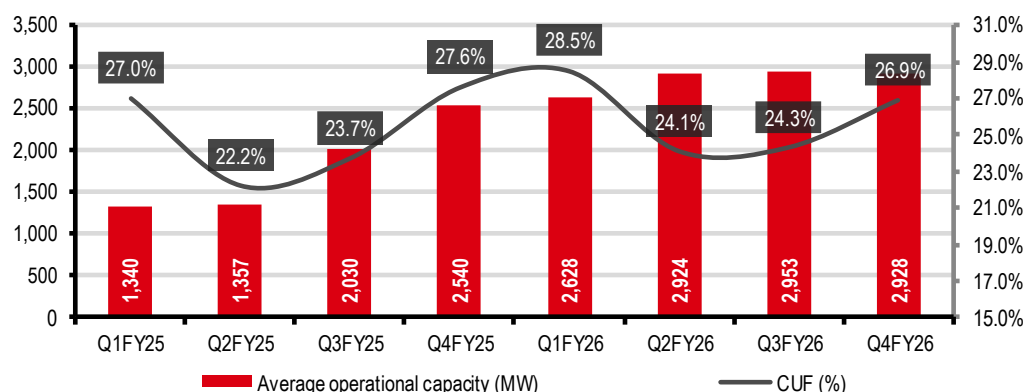
Balance sheet highlights (INRm)

	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Gross block	85,620	85,570	85,600	132,280	141,440	152,960	156,300	162,400	175,950
<i>Gross block addition</i>		(50)	30	46,680	9,160	11,520	3,340	6,100	13,550
Capital work-in-progress	28,284	38,504	57,296	16,780	13,620	10,200	13,665	18,210	43,577
Net debt	67,530	75,460	87,550	68,820	75,070	78,420	89,230	100,020	128,300
Net debt to EBITDA (x)	na	6.9	8.9	6.5	5.1	4.4	5.2	5.9	6.9
Operating net debt/EBITDA	na	5.1	6.3	4.7	3.5	3.6	4.7	4.8	4.6

Source: Company data, HSBC

Capacity Utilization Factor (CUF) for Q4FY26 stood at 26.9%, 70bps lower y-o-y

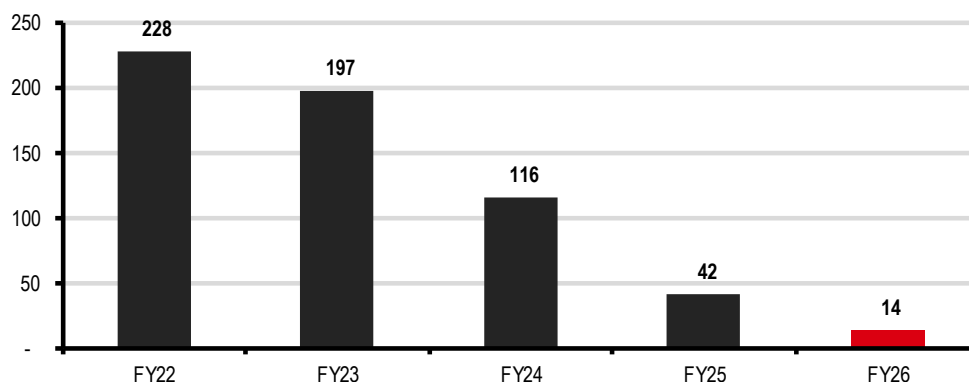
Average operational capacity and CUF



Source: Company data, HSBC

DSO reduced to 14 days in FY26 as the share of central off-takers in ACME's operational capacity increased

ACME's days of sales outstanding



Source: Company data, HSBC

Estimate changes

We adjust our estimates to account for a more aggressive BESS strategy which is driving EBITDA and net debt increase. Our EPS estimates increased by 8-9% for FY27/FY28 and we introduce FY29 estimates.

Changes in estimates (INRm)

	New			Old			% change		
	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e	FY27e	FY28e	FY29e
Revenue	35,527	71,100	93,073	30,468	60,017	na	16.6%	18.5%	na
EBITDA	31,796	63,706	83,487	27,269	53,775	na	16.6%	18.5%	na
PAT	8,094	18,004	20,835	7,430	16,575	na	8.9%	8.6%	na
EPS	13.37	29.74	34.42	12.28	27.39	na	8.9%	8.6%	na
Net debt	321,393	480,670	578,335	245,029	388,004	na	31.2%	23.9%	na
Run-rate EBITDA	52,480	75,566	92,478	42,288	65,373	na	24.1%	15.6%	na

Source: HSBC estimates

Valuation

The valuation of ACME is essentially the valuation of the cash flows from its projects, which have a 25-year life and growth. This makes it amenable to DCF-based valuation. Our reverse valuation analysis suggests that a DCF-based valuation results in 9x EV/EBITDA multiple for projects which are contracted and operational assuming cost of equity of 13.1%, cost of debt at 9%, and a debt-to-equity ratio of 75:25.

This is also the multiple at which we have seen private markets trade assets.

However, we use a 10x multiple on FY28 run rate EBITDA to arrive at a valuation of the company to account for new projects, which the company is likely to secure. The reason we use FY28 as the base is to capture the value of all the projects where contracts are signed and have very high probability of completion by FY28.

We adjust this enterprise valuation with net debt as of end FY28 to capture the full capex spend needed to achieve run rate EBITDA. This results in an equity value as of FY28e (March 2028).

We then discount this value by 21 months to arrive at the fair value as of June 2026. We use 13.1% as cost of equity, which is based on HSBC's cost of equity assumptions (see [Cost of Equity 2025](#), 30 June 2025) and beta of 1.4.

Valuation

	(INRm)
Run rate EBITDA – FY28e	75,566
EV/ EBITDA multiple	10.0
Enterprise value (March 2028)	755,657
Net debt – FY28e	480,670
Equity value (March 2028)	274,987
Months to discount	21.0
Current fair value of equity (June 2026)	221,694
Number of shares	605
Current fair value target price	366.20
Current fair value target price (rounded)	370.00

Source: HSBC estimates

Valuation and risks

		Valuation	Risks to our view
ACME Solar Holdings ACMESOLA IN	Current price: INR282.80 Target price: INR370.00 Upside: +30.8%	<p>Methodology: FY28e target EV/EBITDA multiple</p> <p>Assumptions: We value the company on FY28 run-rate EBITDA, which is based on already-signed 25-year PPAs and those which we expect to be executed by end FY28. We assign a 10x EBITDA multiple, which reflects growth (c9x multiple reflects no growth as per our analysis) and is also in line with average multiple for FY28 for peers.</p> <p>Valuation: Assigning a 10x target EV/EBITDA multiple on FY28e run-rate EBITDA, we derive an EV of cINR756bn (INR654bn earlier). Adjusting for net debt as of March 2028, we derive an equity value as of March 2028 of INR275bn (INR266bn earlier). We discount it to June 2026 (unchanged) to arrive at a target price of INR370 (INR350 earlier). Our target price implies c31% upside from current levels; accordingly, we maintain our Buy rating.</p>	<p>Downside risks: (1) High leverage with projects financed with an 80-20 debt equity ratio, (2) rise in equipment and borrowing costs, (3) delay in commissioning of contracted capacity, and (4) lower-than-expected generation.</p>
Buy			

Note: Priced as of 8 May 2026
 Source: Bloomberg, HSBC estimates

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Puneet Gulati, CFA and Sambhav Kela

Important disclosures

Equities: Stock ratings and basis for financial analysis

HSBC and its affiliates, including the issuer of this report ("HSBC") believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations and that investors utilise various disciplines and investment horizons when making investment decisions. Ratings should not be used or relied on in isolation as investment advice. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations and therefore investors should carefully read the definitions of the ratings used in each research report. Further, investors should carefully read the entire research report and not infer its contents from the rating because research reports contain more complete information concerning the analysts' views and the basis for the rating.

From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 March 2026, the distribution of all independent ratings published by HSBC is as follows:

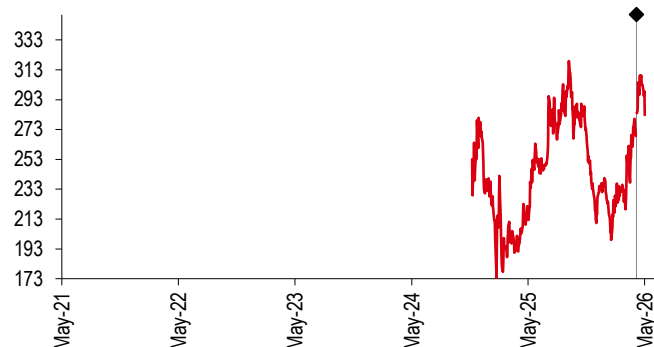
Buy	59%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	36%	(12% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(6% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see “Stock ratings and basis for financial analysis” above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at <http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures>.

Share price and rating changes for long-term investment opportunities

ACME Solar (ACMO.BO) share price performance INR Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	12 Apr 2026	Puneet Gulati, CFA
Target price	Value	Date	Analyst
Price 1	350.00	12 Apr 2026	Puneet Gulati, CFA

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

Clients of HSBC Private Bank: www.research.privatebank.hsbc.com/Disclosures

All other clients: www.research.hsbc.com/A/Disclosures

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
ACME SOLAR	ACMO.BO	282.80	08 May 2026	2

Source: HSBC

- 1 HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.
- 2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
- 4 As of 31 March 2026, HSBC beneficially owned 1% or more of a class of common equity securities of this company.
- 5 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.

- 6 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.
- 7 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.
- 8 A covering analyst/s has received compensation from this company in the past 12 months.
- 9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
- 10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
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- 12 As of 01 May 2026, HSBC beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.
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