BUY (Maintain)

CMP: **INR 238** Target Price: **INR 350** ▲ 47%

ICICI Securities

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20 May 2025

India | Equity Research | Results Update

ACME Solar Holdings

Utilities

A strong quarter as capacity zooms 2x

ACME reported a strong set of numbers – revenue grew 65% YoY to ~INR 5bn, EBITDA surged 117% YoY to INR 4.4bn with healthy EBITDA margin of ~90%, adj. PAT stood at INR 1.4bn (vs. INR 0.5bn loss in Q4FY24; adjusted for divestment of assets worth 369MW). Q4's strong show was owing to: 1) operational capacity doubling YoY (to 2.5 GW by Jan'25); and 2) better generation performance with average PLF of 25.6% (+200bps YoY). With new wins worth 1.9GW in FY25, locked-in capacity/EBITDA grew to ~7GW/INR 81bn. Target capacity addition for FY26/FY27/FY28 is 0.45GW/1.9GW/2.1GW; ~0.2GW already commissioned in May'25. Of the 4.3GW under-construction capacity, PPAs have been signed for 2.2GW and debt funding secured for 1.7GW. Signing of PPAs for balance capacity of 2.1GW is a monitorable. Retain **BUY**; INR 350 TP unchanged.

A strong quarter

ACME reported revenue/EBITDA for Q4FY25 at INR 5bn/INR 4.4bn (+65%/+117% YoY) while adj. PAT came in at INR 1.4bn (vs. INR 0.5bn loss in Q4FY24; adjusted for divestment of assets worth 369MW). Generation was up 108% YoY to 1,514MUs owing to: 1) doubling of operational capacity (to 2.5 GW, as of Jan'25, from 1.3GW, as of Mar'24), as 1.2GW solar capacity was commissioned in Dec'24–Jan'25; and 2) strong operating performance by the new 1.2GW assets with average PLF of 29.4% (vs. 25.6% portfolio average).

Locked-in EBITDA jumps to INR 81bn

ACME's locked-in capacity has increased substantially during FY25, as it secured 1.9GW of projects across FDRE, solar and hybrid segment. This takes the locked-in capacity to ~7GW with estimated EBITDA potential of INR 81bn. Capacity addition expected in FY26/FY27/FY28 is 0.45GW/1.9GW/2.1GW. 165MW capacity was commissioned in May'25, taking the operational capacity to 2.7GW.

Key monitorable: PPA signing

Out of the total locked-in-capacity of 7GW, PPAs for 2.1GW (30%) are yet to be signed and remain a key monitorable. However, PPAs are in place for the 2.2GW capacity to be added in by Mar'27.

Maintain BUY at TP of INR 350

We maintain **BUY** on the stock with an unchanged TP of INR 350, valuing the stock at 9x locked-in EBITDA of INR 81bn.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	13,193	14,051	24,515	38,833
EBITDA	10,892	12,354	21,251	33,782
EBITDA Margin (%)	82.6	87.9	86.7	87.0
Net Profit	(508)	2,731	4,830	6,605
EPS (INR)	2.6	4.4	8.0	10.9
EPS % Chg YoY	19.3	(563.5)	76.9	36.8
P/E (x)	(244.0)	52.6	29.8	21.8
EV/EBITDA (x)	17.7	17.5	22.8	16.4
RoCE (%)	(2.7)	6.6	4.6	4.4
RoE (%)	(2.2)	7.7	9.9	11.9

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Market Data

Market Cap (INR)	144bn
Market Cap (USD)	1,679mn
Bloomberg Code	ACMESOLA IN
Reuters Code	ACMO.BO
52-week Range (INR)	292 /168
Free Float (%)	9.0
ADTV-3M (mn) (USD)	2.6

Price Performance (%)	3m	6m	12m
Absolute	18.6	(10.0)	0.0
Relative to Sensex	11.4	(14.7)	0.0

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

04-04-2025: Initiating Coverage

Q4FY25 conference call highlights

Capacity addition

- Operational capacity increased by 1.2GW in FY25 to 2.5GW (vs. 1.3GW as of Mar'24).
- Total generation increased by 108% YoY to 1,514MUs in Q4FY25, on account of commissioning of 1.2GW solar capacity during FY25.
- 450MW of capacity was in advanced stage of construction, as of Mar'25; out of which, 165MW (solar) has been commissioned in May'25. The company expects the balance 285MW (solar: 135 MW; wind: 150 MW) to be commissioned in the next 1–2 months.

Operating performance

- PLF for FY25 improved to 25.6% (vs. 23.6% YoY).
- The improvement was led by the 1,200MW Rajasthan project commissioned in Dec'24, which had an average PLF of ~29.4%; with full-year operation of the asset in FY26, management expects further improvement in PLFs in FY26.

Locked-in capacity

- ACME won 1.9GW of capacity in FY25 – 1GW FDRE, 0.6GW solar and 0.3GW hybrid projects.
- Locked-in capacity stood at ~7GW, as of Mar'25.

Status of under construction capacity

- ACME has secured commitments for key long-lead items, including BESS, transformers, wind turbines, transmission lines, etc.
- The company has tied up debt of INR 165bn for 1.7GW of under-construction projects; ~INR 40bn equity required for these projects will likely be funded through: 1) cash accruals in operational assets; 2) ~INR 15bn in unutilised IPO proceeds; and 3) EPC margins.
- The capacity commissioning plan by the company is as follows –
  - FY26E: 450MW: solar 300MW and wind 150MW
  - FY27E: 1.89GW; largely FDRE/hybrid projects
  - FY28E: Balance locked-in capacity (~2.1GW)
- Of the 4.3GW under-construction projects, ACME has signed PPAs for 2.2GW worth of projects and is yet to sign PPA for the balance 2.1GW (30% of total locked-in capacity).

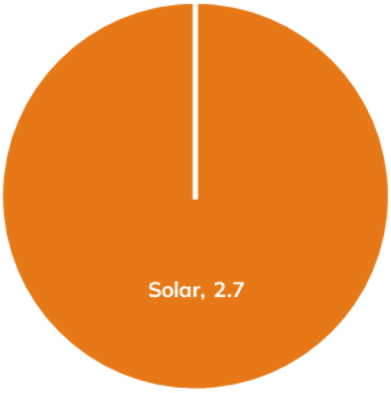
Early commissioning plan for BESS within FDRE projects

- The company has plan to procure BESS from China in Q2/Q3 of FY26 and plans to operationalise it before PPA timeline; it is planning to operate the BESS on merchant basis (until the defined PPA timelines).

Pumped storage project

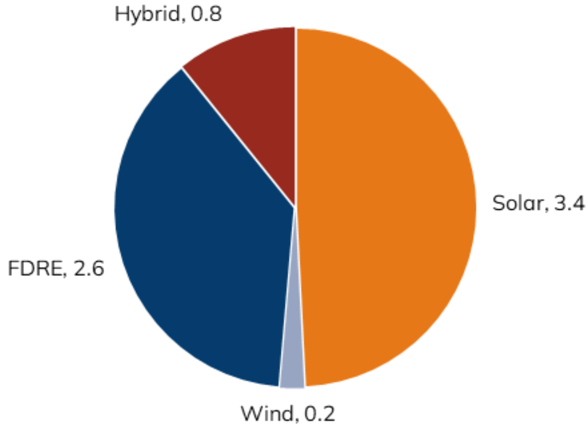
- ACME has Pumped Storage Projects (PSP) with total capacity of 600MW x 6hr in Uttar Pradesh, for which approvals are being obtained.
- ACME shall start the execution only when the PPAs are signed for the PSP capacity given higher execution risk in PSP projects.

Exhibit 1: Operational capacity (GW)



Source: Bloomberg, I-Sec research

Exhibit 2: Locked-in capacity (7GW)



Source: Bloomberg, I-Sec research

Exhibit 3: Financial highlights (INR mn)

Particulars (INR mn)	Q4FY24	Q3FY25	Q4FY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Net Sales	2,952	3,490	4,869	*40%*	*65%*	13,193	14,051	*7%*
EBITDA	2,007	3,072	4,357	*42%*	*117%*	10,892	12,354	*13%*
Margin	*68%*	*88%*	*89%*	*148 bps*	*2151 bps*	*83%*	*88%*	*536 bps*
Depreciation	612	697	1,022	*47%*	*67%*	3,081	2,873	*-7%*
Finance Cost	1,773	1,791	2,055	*15%*	*16%*	7,673	7,592	*-1%*
Other Income	229	518	524	*1%*	*128%*	1,470	1,701	*16%*
PBT	(150)	1,103	1,803	*64%*		1,608	3,590	*123%*
Tax	375	(87)	442		*18%*	2,116	872	*-59%*
Adjusted PAT	(525)	1,190	1,362	*14%*		(509)	2,718	
Reported PAT	5,324	1,121	1,234	*10%*	*-77%*	6,978	2,521	*-64%*
EPS	-1.0	2.0	2.3	*14%*		-1.0	4.5	
Operational Capacity (MW)	1,340	2,313	2,540	*10%*	*90%*	1,340	2,540	90%

Source: I-Sec research, Company data

Valuation and Outlook

We are valuing ACME based on its locked-in portfolio of 7GW. It has delivered 2.7GW of operating assets at a capex to EBITDA of ~8x. We expect it to maintain capital efficiency as it scales up to 7GW. It is expected to commission another 0.3GW in FY26, followed by 1.9GW/2.1GW in FY27/FY28.

After assigning an EV to locked-in EBITDA multiple of 9x, we subtract the debt to build this portfolio to arrive at its equity value. The 9x EV to EBITDA multiple for ACME is due to: 1) higher proportion of untied capacities (2.1GW or 30% of locked-in portfolio); and 2) smaller scale of locked-in portfolio (7GW).

We reiterate **BUY** with a TP of **INR 350** per share (unchanged).

Key risks: 1) Delays in PPA signing for balance 2.1GW capacity, 2) Delays in execution of under-construction capacity.

Exhibit 4: Valuation

EV/EBITDA Valuation	
Locked in EBITDA (INR bn)	81
Multiple (x)	9
Total Value (INR bn)	727
Less: Value of Debt (INR bn)	(440)
Equity Value (INR bn)	**286**
Discounted Value	**212**
No. of Shares (mn)	605
Equity Value (INR)	**350**

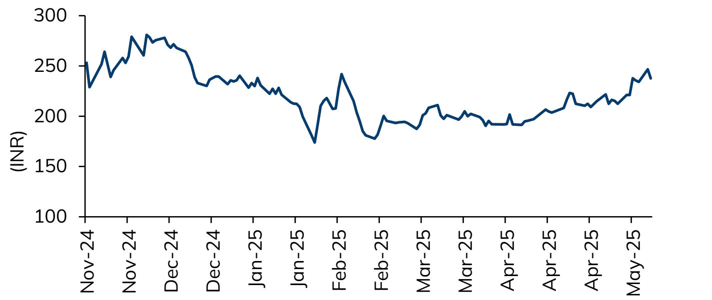
Source: I-Sec research, Company data

Exhibit 5: Shareholding pattern

%	Nov'24	Dec'24	Mar'25
Promoters	83.4	83.4	83.4
Institutional investors	12.4	12.5	11.8
MFs and other	3.3	4.3	4.4
Banks/ FIs	0.4	0.6	0.6
Insurance Cos.	2.0	2.1	2.1
FIIs	6.7	5.5	4.7
Others	4.2	4.1	4.8

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	**13,193**	**14,051**	**24,515**	**38,833**
Operating Expenses	590	619	650	683
EBITDA	**10,892**	**12,354**	**21,251**	**33,782**
EBITDA Margin (%)	82.6	87.9	86.7	87.0
Depreciation & Amortization	3,081	2,873	5,201	8,963
EBIT	7,811	9,481	16,051	24,819
Interest expenditure	7,673	7,592	10,350	16,715
Other Non-operating Income	1,470	1,701	740	703
Recurring PBT	**1,608**	**3,590**	**6,440**	**8,807**
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,116	872	1,610	2,202
PAT	(509)	2,718	4,830	6,605
Less: Minority Interest	0	(13)	-	-
Extraordinaries (Net)	7,487	(210)	-	-
Net Income (Reported)	**6,978**	**2,521**	**4,830**	**6,605**
Net Income (Adjusted)	**(508)**	**2,731**	**4,830**	**6,605**

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	31,426	37,721	69,640	(5,831)
of which cash & cash eqv.	13,146	29,160	3,737	4,643
Total Current Liabilities & Provisions	9,057	7,540	12,424	10,992
Net Current Assets	**22,369**	**30,181**	**57,216**	**(16,823)**
Investments	-	2,764	2,764	2,764
Net Fixed Assets	67,579	1,23,234	1,39,074	3,40,527
ROU Assets	-	-	-	-
Capital Work-in-Progress	28,228	13,623	2,21,679	1,71,516
Total Intangible Assets	-	-	-	-
Other assets	6,708	6,695	6,695	6,695
Deferred Tax Assets	-	-	-	-
Total Assets	**1,24,884**	**1,76,497**	**4,27,429**	**5,04,679**
Liabilities				
Borrowings	**82,167**	**1,04,227**	**3,47,571**	**4,18,955**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	16,804	27,177	27,177	27,177
Equity Share Capital	1,044	1,210	1,210	1,210
Reserves & Surplus	24,869	43,896	51,470	57,336
Total Net Worth	**25,913**	**45,106**	**52,680**	**58,546**
Minority Interest	-	(13)	-	-
Total Liabilities	**1,24,884**	**1,76,497**	**4,27,429**	**5,04,679**

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	**7,401**	**10,921**	**(47,628)**	**90,514**
Working Capital Changes	8,208	8,202	(52,459)	74,946
Capital Commitments	(8,025)	(41,050)	(2,23,897)	(1,60,253)
Free Cashflow	**15,425**	**51,970**	**1,76,268**	**2,50,767**
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(8,025)	(41,050)	(2,23,897)	(1,60,253)
Issue of Share Capital	7,416	16,462	2,744	(739)
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(4,407)	22,060	2,43,344	71,384
Dividend paid	-	-	-	-
Others	5,286	7,622	13	-
Cash flow from Financing Activities	8,295	46,144	2,46,101	70,645
Chg. in Cash & Bank balance	**7,671**	**16,015**	**(25,424)**	**906**
Closing cash & balance	13,146	29,160	3,737	4,643

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	(1.0)	4.5	8.0	10.9
Adjusted EPS (Diluted)	2.6	4.4	8.0	10.9
Cash EPS	4.9	9.3	16.6	25.7
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	49.6	74.5	87.1	96.8
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	1.9	6.5	74.5	58.4
EBITDA	(7.1)	13.4	72.0	59.0
EPS (INR)	19.3	(563.5)	76.9	36.8
Valuation Ratios (x)				
P/E	(244.0)	52.6	29.8	21.8
P/CEPS	48.2	25.7	14.3	9.2
P/BV	4.8	3.2	2.7	2.5
EV / EBITDA	17.7	17.5	22.8	16.4
P / Sales	10.9	10.2	5.9	3.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	87.0	92.3	89.3	88.8
EBITDA Margins (%)	82.6	87.9	86.7	87.0
Effective Tax Rate (%)	131.6	24.3	25.0	25.0
Net Profit Margins (%)	(3.9)	19.3	19.7	17.0
NWC / Total Assets (%)	0.1	0.1	-	-
Net Debt / Equity (x)	2.7	1.6	6.5	7.0
Net Debt / EBITDA (x)	6.3	5.9	16.0	12.2
Profitability Ratios				
RoCE (%)	(2.7)	6.6	4.6	4.4
RoE (%)	(2.2)	7.7	9.9	11.9
RoIC (%)	(2.7)	6.6	4.6	4.4
Fixed Asset Turnover (x)	0.2	0.1	0.2	0.2
Inventory Turnover Days	-	-	-	-
Receivables Days	118	102	114	110
Payables Days	21	60	25	25

Source Company data, I-Sec research

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