BUY (Maintain)

CMP: **INR 294** Target Price: **INR 350** ▲ 19%

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29 July 2025

India | Equity Research | Results Update

Acme Solar Holdings

Utilities

Locked and loaded (for growth)

ACME has had an impressive beginning to FY26 with revenue of INR 5.1bn (+65% YoY), EBITDA at INR 4.6bn (+68% YoY), and PAT of INR1.3bn. Generation more than doubled to 1.6BU, owing to operational capacity ramp-up to 2.9GW and improved PLF of 28.5%. Execution remains on track with 350MW commissioned in the quarter. New PPAs for 550MW and 550 MWh BESS were signed, improving the locked-in EBITDA with PPA to INR 60bn p.a. (vs. INR 55bn at end-Q4FY25). We expect another INR 10–15bn worth of PPA to be tied up in Q2, improving visibility further. It is looking to commission 100MW and another 2.5GWH of battery (ahead of commissioning timelines). We maintain **BUY** with a TP of **INR 350**, valuing the stock at 9x locked-in EBITDA. **Key risk:** Delay in commissioning of the projects.

In-line performance; run rate EBITDA at INR 20bn

ACME reported revenue of INR 5.1bn (+65% YoY), EBITDA came in at INR 4.6bn (+68% YoY) while PAT stood at INR 1.3bn (vs. INR 0.01bn YoY). Generation more than doubled to ~1.6BU as operational capacity increased to 2.9GW (+1.3GW YoY). Q1FY26 PLF improved to 28.5% (vs. 27% YoY), though marginally impacted due to transformer failure affecting grid availability.

Improved locked-in EBITDA with PPA at INR 60bn

ACME has demonstrated commendable execution capabilities with: 1) the commissioning of 0.35GW over the quarter and 1.5GW the last year; 2) the signing of PPA for 0.55 GW (FDRE 0.25 GW; solar 0.3GW); and 3) new project win of 0.5GWh standalone BESS. Locked-in EBITDA with PPA has increased to INR 60bn (+7bn QoQ). The company aims to add 0.45GW/1.9GW/2.2GW over FY26E–28E, giving strong earnings visibility.

FDRE/battery execution in focus

ACME has placed battery orders for 3.1GWh; expects to commission ~2.5GWH of storage capacity by Q3/Q4FY26. This capacity intended for future deployment under FDRE, shall initially operate on merchant basis, creating opportunity for incremental revenue beyond its core generation business.

Maintain BUY with TP of INR 350

Retain **BUY** with a TP of **INR 350**, valuing the stock at 9x locked-in EBITDA of ~INR 81bn. **Key risk**: Delayed execution of under construction capacity.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	13,193	14,051	22,177	38,833
EBITDA	10,892	12,354	19,811	33,782
EBITDA Margin (%)	82.6	87.9	89.3	87.0
Net Profit	(508)	2,731	4,497	6,605
EPS (INR)	(0.97)	4.5	7.4	10.9
EPS % Chg YoY	(18.3)	463.5	64.7	46.9
P/E (x)	(302.3)	65.2	39.6	27.0
EV/EBITDA (x)	20.4	20.3	26.2	17.5
RoCE (%)	(2.7)	6.6	4.5	4.4
RoE (%)	(2.2)	7.7	9.2	12.0

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Market Data

Market Cap (INR)	178bn
Market Cap (USD)	2,055mn
Bloomberg Code	ACMESOLA IN
Reuters Code	ACMO.BO
52-week Range (INR)	304 /168
Free Float (%)	17.0
ADTV-3M (mn) (USD)	4.6

Price Performance (%)	3m	6m	12m
Absolute	39.8	69.3	0.0
Relative to Sensex	39.0	62.7	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

Earnings Revisions (%)	FY26E	FY27E
Revenue	(10.5)	-
EBITDA	(7.3)	-
EPS	(7.4)	-

Previous Reports

21-05-2025: Q4FY25 results review

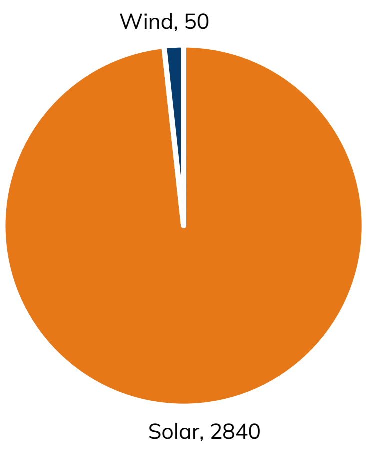
04-04-2025: Initiating Coverage

Exhibit 1: Financial highlights

Particulars (INR mn)	Q1FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Net Sales	**3,096**	**4,869**	**5,110**	***5%***	***65%***
EBITDA	**2,717**	**4,357**	**4,578**	***5%***	***68%***
Margin	*88%*	*89%*	*90%*	*10 bps*	*184 bps*
Depreciation	556	1,022	1,076	*5%*	*94%*
Finance Cost	1,963	2,055	2,330	*13%*	*19%*
Other Income	304	524	730	*39%*	*140%*
PBT	**503**	**1,803**	**1,903**	***6%***	
Tax	489	442	436	*-1%*	*-11%*
tax rate	97%	25%	23%	*-161 bps*	*-7434 bps*
Adjusted PAT	**14**	**1,362**	**1,467**	***8%***	
Margin(%)	*0%*	*28%*	*29%*	*75 bps*	*2827 bps*
EPS	**0.0**	**2.3**	**2.4**	***8%***	
Operational Capacity (MW)	**1,340**	**2,705**	**2,890**	***7%***	***116%***

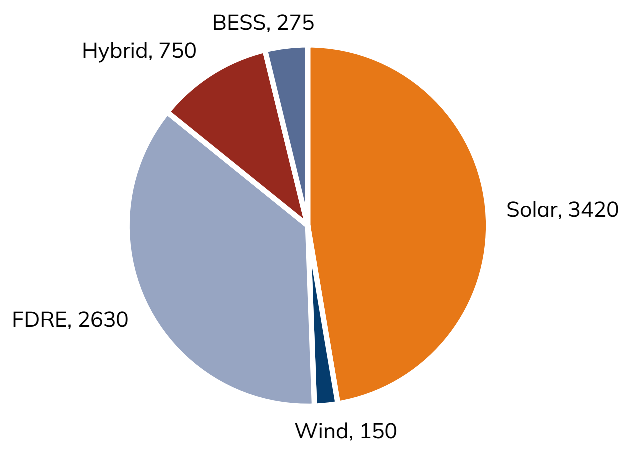
Source: I-Sec research, Company data

Exhibit 2: Operational capacity (MW)



Source: Bloomberg, I-Sec research

Exhibit 3: Locked-in capacity (MW)



Source: Bloomberg, I-Sec research

Q1FY26 conference call highlights

Capacity addition

- Operational capacity increased by 350MW in Q1FY26 to 2890MW
  - 300MW Acme Sikar (solar) contracted with SECI
  - 50MW Acme Pokhran (wind) contracted with GUVNL
  - 100MW Acme Eco Clean (wind) under advanced stages of construction
- Total generation increased by 108% YoY to 1,514MUs in Q4FY25, on account of commissioning of 1.2GW solar capacity during FY25.
- As stated above, 100MW is in advance stage; the company also expects to add 2500MWh of battery storage of FDRE projects in Q3FY26/Q4FY26.
- PPA has been signed for 55% of the total under construction capacity

Operating performance

- PLF for Q1FY26 improved to 28.5% (vs. 27% YoY).
- In Q1FY26, Rajasthan-based operational assets with 2,2501MW contracted capacity delivered an average CUF of 30.3%.
- GA dropped 0.8% due to transformer failure at a solar park pooling substation in Rajasthan (beyond company's control), for which insurance claim is under process.

Locked-in capacity

- ACME won maiden standalone BESS projects of 550MWh contracted with NHPC.
- Locked-in capacity stood at ~7.2GW, 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 incurred capex of INR 8bn in the quarter.
- The company has placed purchase orders worth ~INR 70bn so far for their under-construction portfolio.
- The company plans to incur capex of INR 140 to150bn in FY26 as well as FY27,
- The company plans to fund it in a 75:25 D/E ratio. Debt required would be ~INR 115bn over the next couple of years.
- Landed cost for battery system are approximately USD 100 per kilowatt hour, which includes duties, logistics and everything required for project setup.

Other highlights

- Revenue from the NHPC BESS tender of 550MWh would be ~INR 700mn at its peak. The project is expected to be commissioned in 18 months from Jun'26
- The capacity commissioning plan by the company is as follows –
  - FY26: 100MW: 100MW wind
  - FY27: 1.9GW; largely FDRE/hybrid projects
  - FY28: Balance locked-in capacity (~2.2GW)
- Of the 4.2GW under-construction projects, ACME has signed PPAs for 2.4GW worth of projects and is yet to sign PPA for the balance 1.8GW (25% of total locked-in capacity).

Valuation and Outlook

We are valuing ACME based on its locked-in portfolio of 7.2GW. It has delivered 2.9GW of operating assets at a capex to EBITDA of ~8x. We expect it to maintain capital efficiency as it scales up to 7.2GW. It is expected to commission another 0.45GW in FY26, followed by 1.7GW/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 (1.8GW or 25% of locked-in portfolio); and 2) smaller scale of locked-in portfolio (7.2GW).

We revise FY26E earnings on back of delay in capacity commissioning.

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

Key risks: 1) Delays in PPA signing for balance 1.8GW 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: Earnings revision

Earnings Revision	FY26E			FY27E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	24,515	22,177	(10.5)	38,333	38,333	0%
EBITDA	21,251	19,811	(7.3)	33,782	33,782	0%
PAT	4,830	4,497	(7.4)	6,605	6,605	0%

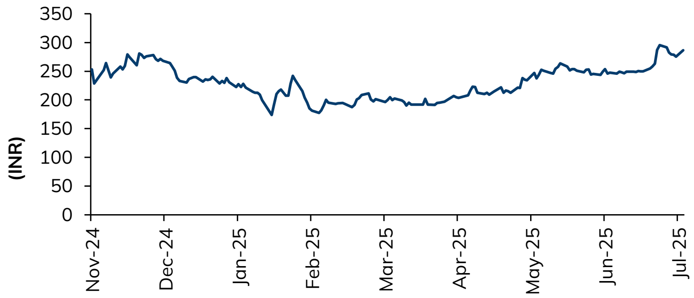
Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	83.4	83.4	83.4
Institutional investors	12.5	11.8	12.4
MFs and other	4.3	4.4	4.1
Banks/ FIs	0.6	0.6	0.6
Insurance Cos.	2.1	2.1	1.9
FIIs	5.5	4.7	5.8
Others	4.1	4.8	4.2

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	**13,193**	**14,051**	**22,177**	**38,833**
Operating Expenses	590	619	650	683
EBITDA	**10,892**	**12,354**	**19,811**	**33,782**
EBITDA Margin (%)	82.6	87.9	89.3	87.0
Depreciation & Amortization	3,081	2,873	5,321	8,963
EBIT	7,811	9,481	14,490	24,819
Interest expenditure	7,673	7,592	10,443	16,716
Other Non-operating Income	1,470	1,701	1,950	703
Recurring PBT	**1,608**	**3,590**	**5,996**	**8,806**
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,116	872	1,499	2,202
PAT	(509)	2,718	4,497	6,605
Less: Minority Interest	0	(13)	-	-
Extraordinaries (Net)	7,487	(210)	-	-
Net Income (Reported)	**6,978**	**2,521**	**4,497**	**6,605**
Net Income (Adjusted)	**(508)**	**2,731**	**4,497**	**6,605**

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	31,426	37,721	67,864	(7,737)
of which cash & cash eqv.	13,146	29,160	3,674	4,538
Total Current Liabilities & Provisions	9,057	7,540	11,239	10,147
Net Current Assets	**22,369**	**30,181**	**56,625**	**(17,884)**
Investments	-	2,764	2,764	2,764
Net Fixed Assets	67,579	1,23,234	1,38,954	3,40,406
ROU Assets	-	-	-	-
Capital Work-in-Progress	28,228	13,623	2,22,751	1,74,464
Total Intangible Assets	-	-	-	-
Other assets	6,708	6,695	6,695	6,695
Deferred Tax Assets	-	-	-	-
Total Assets	**1,24,884**	**1,76,497**	**4,27,789**	**5,06,445**
Liabilities				
Borrowings	**82,167**	**1,04,227**	**3,48,375**	**4,21,166**
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	51,026	56,892
Total Net Worth	**25,913**	**45,106**	**52,236**	**58,102**
Minority Interest	-	(13)	-	-
Total Liabilities	**1,24,884**	**1,76,497**	**4,27,789**	**5,06,445**

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	**7,401**	**10,921**	**(47,433)**	**90,941**
Working Capital Changes	8,208	8,202	(51,930)	75,374
Capital Commitments	(8,025)	(41,050)	(2,24,848)	(1,62,129)
Free Cashflow	**15,425**	**51,970**	**1,77,415**	**2,53,070**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	(8,025)	(41,050)	(2,24,848)	(1,62,129)
Issue of Share Capital	7,416	16,462	2,633	(739)
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(4,407)	22,060	2,44,148	72,790
Dividend paid	-	-	-	-
Others	5,286	7,622	13	-
Cash flow from Financing Activities	8,295	46,144	2,46,794	72,052
Chg. in Cash & Bank balance	**7,671**	**16,015**	**(25,486)**	**864**
Closing cash & balance	13,146	29,160	3,674	4,538

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	(1.0)	4.5	7.4	10.9
Adjusted EPS (Diluted)	2.6	4.4	7.4	10.9
Cash EPS	4.9	9.3	16.2	25.7
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	49.6	74.5	86.3	96.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	1.9	6.5	57.8	75.1
EBITDA	(7.1)	13.4	60.4	70.5
EPS (INR)	(18.3)	463.5	64.7	46.9
Valuation Ratios (x)				
P/E	(302.3)	65.2	39.6	27.0
P/CEPS	59.7	31.8	18.1	11.4
P/BV	5.9	3.9	3.4	3.1
EV / EBITDA	20.4	20.3	26.2	17.5
P / Sales	13.5	12.7	8.0	4.6
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	87.0	92.3	92.3	88.8
EBITDA Margins (%)	82.6	87.9	89.3	87.0
Effective Tax Rate (%)	131.6	24.3	25.0	25.0
Net Profit Margins (%)	(3.9)	19.3	20.3	17.0
NWC / Total Assets (%)	0.1	0.1	-	-
Net Debt / Equity (x)	2.7	1.6	6.5	7.1
Net Debt / EBITDA (x)	6.3	5.9	17.3	12.3
Profitability Ratios				
RoCE (%)	(2.7)	6.6	4.5	4.4
RoE (%)	(2.2)	7.7	9.2	12.0
RoIC (%)	(2.7)	6.6	4.5	4.4
Fixed Asset Turnover (x)	0.2	0.1	0.2	0.2
Inventory Turnover Days	-	-	-	-
Receivables Days	118	102	110	115
Payables Days	21	60	24	25

Source Company data, I-Sec research

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