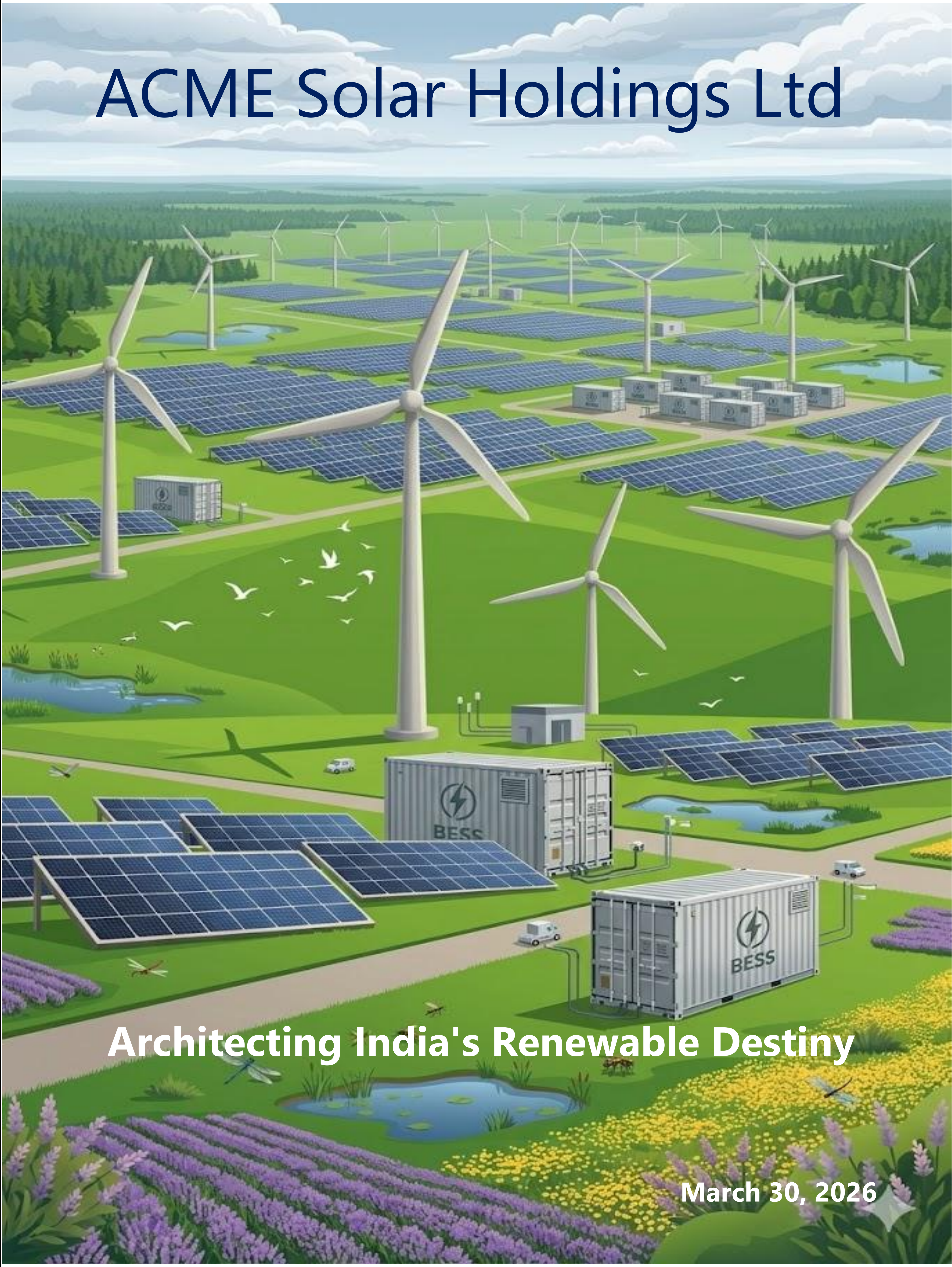
ACME Solar Holdings Ltd



Architecting India's Renewable Destiny

March 30, 2026

Reco	BUY

Industry	Utilities
LTP	Rs. 269.4
Entry Range	Rs. 275-265
Add on Dips	Rs. 240-230
Base Case Target	Rs. 290
Bull Case Target	Rs. 315
Time Horizon	4 Quarters

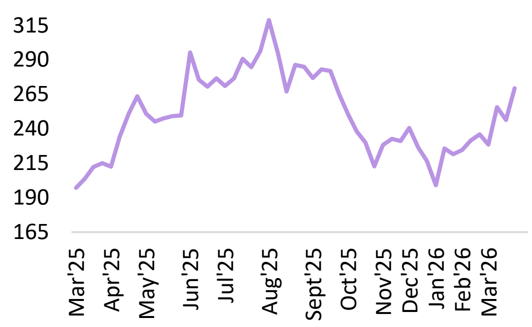
Stock Info

HDFC Scrip Code	ACMESOLAR
BSE Code	544283
NSE Code	ACMESOLAR
Bloomberg	ACMESOLA IN
Equity Capital (Rs Cr)	121.0
Face Value (Rs)	2
Equity Share O/S (Cr)	60.6
Market Cap (Rs Cr)	16,373
Book Value (Rs)	78.9
Avg. 52 Wk Volumes	14,49,822
52 Week High	324.3
52 Week Low	172.6

Share Holding Pattern % (Dec'25)

Promoters	83.29
Institutions	10.90
Non Institutions	5.81
Total	100

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

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Architecting India's Renewable Destiny

Acme Solar Holdings Ltd is a leading Indian renewable energy IPP founded in 2015, managing a Contracted portfolio of 7.39 GW of solar, wind, hybrid, and FDRE projects across 10 states. The company made its commercial debut with a landmark 15 MW solar power plant in Gujarat, commissioned in 2011, laying the foundation for what would become a scaled, full-lifecycle renewable energy platform. Today, ACME Solar is principally engaged in the development, construction, ownership, operation, and maintenance of utility-scale renewable energy projects. Underpinning this integrated model is an in-house Engineering, Procurement, and Construction (EPC) division and a dedicated Operations and Maintenance (O&M) team — enabling end-to-end project execution and long-term asset performance with minimal reliance on third parties.

We recommend investors BUY the stock with a Base/Bull case Fair Value of Rs. 290/315 as we expect ACME to grow its Revenue/EBITDA/PAT at a CAGR of 68.9%/68.5%/59.6% over FY26E-FY28E backed by capacity commissioning and improving weighted-average tariffs. We value the locked-in renewable capacity of 7.39 GW at 9x FY29E (discounted by 1 year) EV/EBITDA multiple.

Our Take

Prominent Player in the Renewable IPP Space

ACME Solar is one of the largest independent power producers ("IPP") in renewable energy and among the top 10 renewable energy players in India by operational capacity, with a portfolio spanning solar, wind, hybrid, and firm and dispatchable renewable energy ("FDRE") projects. Over the years, ACME Solar has diversified and expanded its portfolio from solar power projects to become an integrated renewable energy company in India. ACME Solar boasts an operational contracted capacity of 2,966 MW and an under-construction contracted capacity of 4,424 MW, including approximately 17 GWh of BESS capacity. The under-construction portfolio with signed PPAs stands at 3,304 MW.

Front-Runner in FDRE and BESS Solutions

ACME Solar's Hybrid and Firm and Dispatchable Renewable Energy (FDRE) solutions integrate solar, wind, and battery energy storage systems (BESS) to deliver a more reliable, consistent power supply. The combination of various renewable energy technologies enhances the availability of dispatchable power, allowing greater flexibility in meeting grid demand and further reducing dependence on conventional fossil-fuel-based generation. ACME Solar has projected a target capacity of 10 GW of renewable portfolio under operations by FY2030 and is currently developing hybrid and FDRE projects totaling 4,472 MW across strategically important states, including Andhra Pradesh, Madhya Pradesh, Gujarat, Karnataka, and Rajasthan, positioning the company as a key player in India's renewable energy transition. Moreover, with a total capacity under implementation of ~13.5 GWh across the portfolio, ACME is among the first movers in the industry and offers significant economies of scale in BESS project implementation.

Valuation & Recommendation:

As India's power demand continues shifting towards clean and sustainable sources, ACME Solar is well-positioned to play an increasingly important role in this transition. The company's strategic expansion is characterised by prudent project selection, prioritising ventures with strong return ratios and sustainable growth trajectories, rather than aggressive expansion at the expense of financial health. ACME Solar has demonstrated its commitment to innovation by investing in new technologies such as battery energy storage systems and hybrid renewable solutions, supporting grid stability and round-the-clock green power supply. Backed by transparent governance and manageable debt levels, the company's disciplined approach not only broadens its operational footprint across key Indian states but also strengthens its contribution to the country's renewable energy goals.

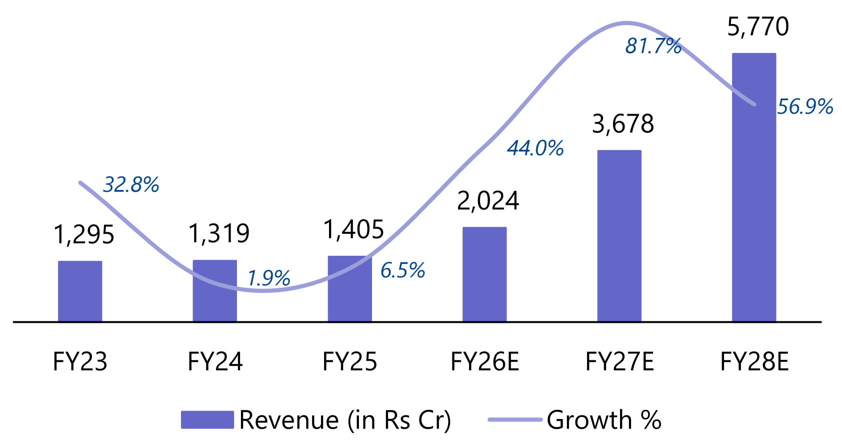
ACME Solar is poised to enter a high-growth phase with its ambitious goal of reaching 10 GW of contracted capacity by FY30. This expansion is expected to be executed while maintaining healthy margins, even accounting for potential delays of up to one quarter in capacity commissioning. With a seasoned management team emphasising sustainable, margin-accretive projects, ACME Solar is well-positioned to capitalise on India's rapidly increasing demand for clean energy while preserving operational efficiency and shareholder value. Moreover, the shift in offtaker split from state to central entities will further ease working capital constraints and improve cash flows for the company. **We recommend investors BUY the stock with a Base/Bull case Fair Value of Rs. 290/315** as we expect ACME to grow its Revenue/EBITDA/PAT at a CAGR of 68.9%/68.5%/59.6% over FY26E-FY28E backed by capacity commissioning and improving weighted-average tariffs. We value the locked-in renewable capacity of 7.39 GW at 9x FY29E (discounted by 1year) EV/EBITDA multiple.

Financial Summary

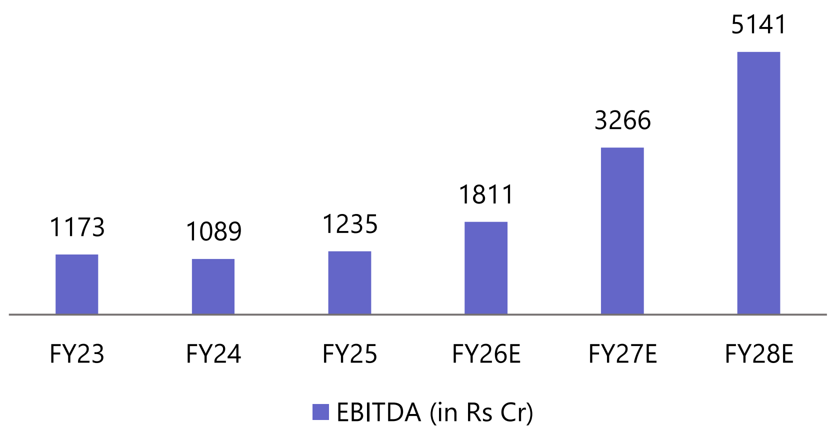
Particulars (Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	497	349	42.3%	468	6.2%	1,295	1,319	1,405	2,024	3,678	5,770
EBITDA	444	307	44.7%	400	11.1%	1,173	1,089	1,235	1,811	3,266	5,141
APAT	114	112	1.5%	115	-1.2%	-43	-51	272	458	724	1,166
Diluted EPS (Rs)	1.9	1.9	1.1%	1.9	-0.5%	-0.1	11.5	4.1	7.6	12.0	19.2
Adjusted RoE-%						-0.2	-2.3	7.1	9.7	13.6	18.4
P/E (x)						-	-	60.8	30.3	19.2	11.9
EV/EBITDA (x)						-	19.4	17.8	18.5	13.2	9.5

Story in Charts

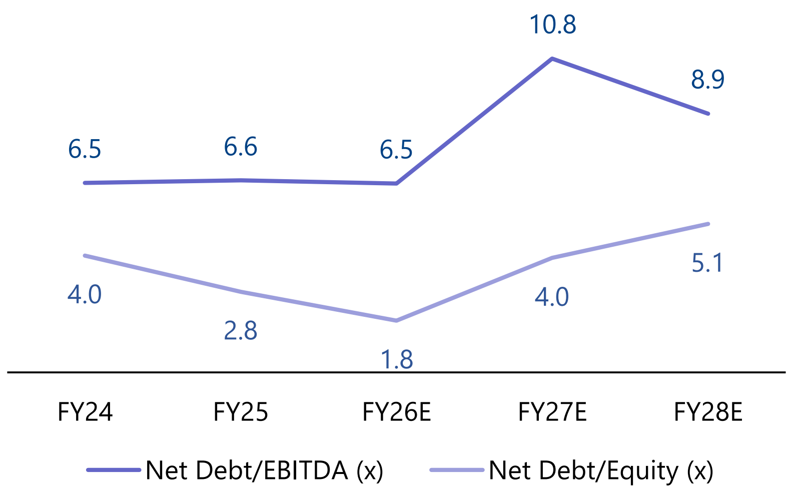
Revenue to boost led by capacity addition and higher realisations



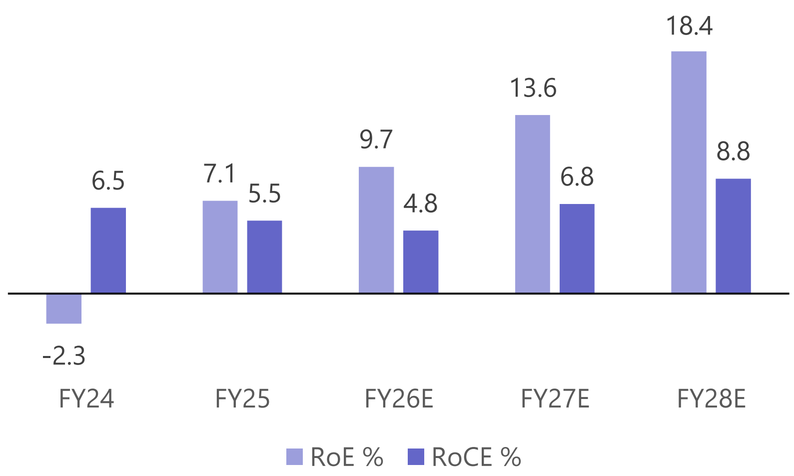
While EBITDA growth is deemed multi-fold



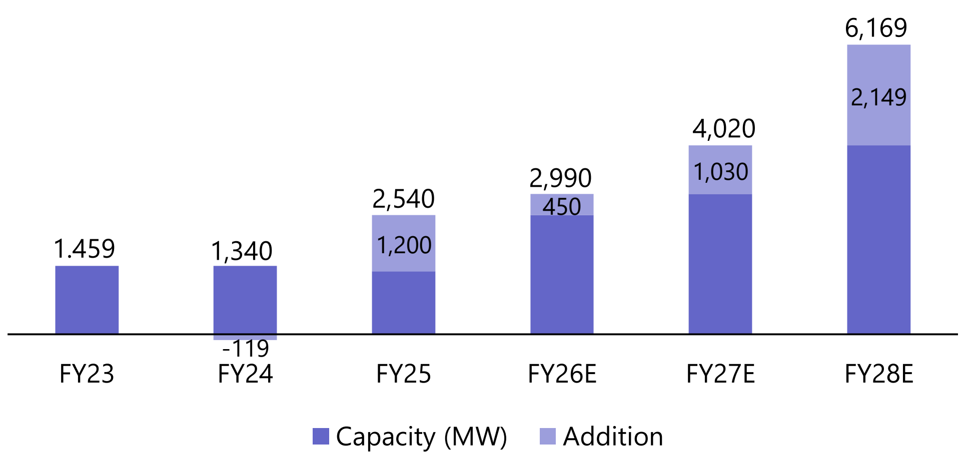
Leverage ratio (x) will moderate led by higher commissioning



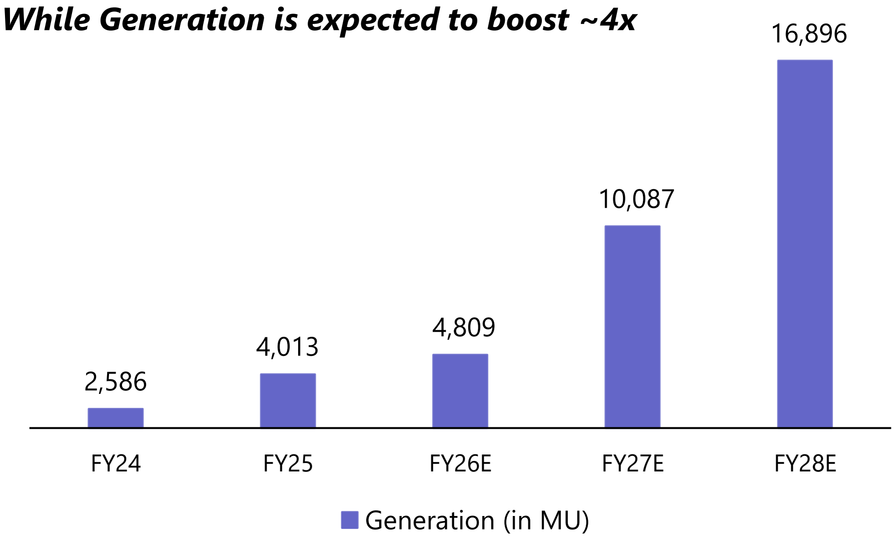
Return Ratios expected to notice significant improvement



Capacity addition to ramp up by FY28



While Generation is expected to boost ~4x



Q3FY26 Result Update

Operational Revenue increased by 42.3%/6.2% YoY/QoQ to Rs 496.7 Cr, driven by capacity addition and improved CUF across the portfolio. EBITDA grew by 44.7%/11.1% YoY/QoQ to Rs 444.47 Cr, with EBITDA margins rising to 89.5% as compared to 88% in Q3FY25 on account of favourable operating leverage and optimized operational efficiency. While PAT grew 1.5% YoY to Rs 113.70 Cr, it noticed a minor decline by -1.2% QoQ due to lower other income and higher financial costs from funding of CAPEX for upcoming projects.

Net Generation grew 49.1% YoY from 1,052 MU to 1,567 MU with CUF % rising from 22.7% in Q3FY25 to 24.3% in the current quarter. Average realisation were also reported higher from new capacity additions containing higher tariff rates. BESS commissioning planned to be ~2 GWh by Q4 FY26, up from 1 GWh expected earlier.

Key Con-Call Takeaways

BESS commissioning guidance upgraded

Project outlay on track with expectations

- 422 MW commissioned YTD, and remaining 28 MW will be commissioned in Q4, thereby achieving their guided target of 450 MW.
- Company has guided 2 gWh BESS commissioning (guidance upgraded from 1 gWh) in Q4FY26 and another 2 gWh in Q1FY27.
- Committed total CAPEX of Rs. 8,200 Cr which includes CAPEX incurred of about INR 2,550 Cr and purchase order aggregating to about Rs. 5,700 Cr.
- Transmission connectivity is available for all under construction projects including unsigned PPAs
- signed PPAs of 450 MW capacity which includes 200 MW of Solar+BESS with SECI and 250 megawatt FDRE project with NHPC, taking their PPA signed portfolio to about 3.3 GW
- Weighted Average CoD for entire outstanding debt covering operational and under construction projects stood at 8.6% p.a.
- 1.7 GW Modules have been procured for their FY27 planned capacity commissioning of 1.5 GW, as well as BESS procurement has been on track
- The company has saved ~10% of CAPEX against the budgeted cost on the procured orders
- Guided 1.5GW of project in FY27, 10gWh of BESS commissioning by CY27. Majority of debt for these projects have been tied up and land has been acquired.
- 7.5 gigawatt of secured and applied connectivity inventory available for upcoming bids over and above existing portfolios, coming live in phases till FY'33
- The impact of rise in Solar cell prices affects their procurement cost by Rs.1, which would increase the CAPEX cost to Rs 3.35 Cr MW from 3.3 Cr per MW on a DC Basis
- Capex Guidance: ~Rs 12,000/10,000 Cr in FY27/FY28, where capacity commissioning will be near 1.5/1.1 GW in FY27/FY28.
- More projects around RTC and FDRE focused as it reduces reliance and impact from ISTS waiver removal in the future.

Key Drivers

Robust Capacity Expansion along with portfolio diversification

Diversification bundled with higher realisations

- ACME Solar aims to aggressively scale up its renewable energy portfolio to 10 GW by FY30. This expansion will significantly increase its market share and revenue, allowing the company to benefit from economies of scale, stronger refinancing credibility, and a more diversified asset base. Moreover, ACME's portfolio diversification across multiple states and various types of renewable energy projects provides the company with a comprehensive measure of risk management. By spreading assets geographically, the company mitigates location-specific risks like weather variability, regulatory changes, and local operational challenges.
- Additionally, the mix of solar, wind, hybrid, and firm dispatchable renewable energy projects balances technological and resource risks, enhancing overall portfolio stability. This diversified

approach reduces exposure to any single revenue stream or regional dependency, thereby supporting more predictable cash flows and resilient operational performance.

Upcoming offtaker split to improve cash flows and provide financial visibility

Long-term PPAs provide robust revenue visibility

- ACME Solar's current operational offtake of 69% Central and 21% State entities will shift to 83% and 17% respectively, which is expected to reduce the credit risk and DSO (Days of Sales Outstanding) for the company as they commission their under-construction assets. The company is also expanding into private projects, exemplified by its recent power purchase agreement with Tata Power, which will further strengthen its financial position. Additionally, Long-term Power Purchase Agreements (PPAs) with government-backed entities and creditworthy customers ensure stable and predictable revenue streams. These PPAs reduce market risks and provide financial certainty, enabling ACME Solar to secure project financing on better terms and plan capacity additions with confidence.

Financial profile to remain healthy despite strong undertaking of debt

Improving cash flows to aide debt comfortably

- The company's consolidated leverage is expected to remain elevated due to the predominantly debt-financed nature of its renewable energy portfolio. However, debt coverage ratios are projected to remain comfortable, supported by the rapid commissioning of projects in FY27/28E. Financial resilience is supported by stable operating performance, extended debt maturities, and competitive interest rates. Additionally, ACME Solar Holdings Limited successfully completed its Initial Public Offering (IPO) in November 2024, raising approximately Rs 2,900 Cr, including proceeds from the offer for sale. This achievement has significantly bolstered the company's financial flexibility by expanding its funding options. Furthermore, the group has a consistent track record of refinancing its operational assets at competitive rates and monetising solar assets, having divested about 1.4 GW in the past.

Risks & Concerns

Executional risk could negatively impact the company's financial performance

External headwinds could risk financial and executional progress

- The company plans to execute approximately 4.4 GW of projects over the next three fiscal years, largely funded through debt-financed capital expenditure. While the management has secured the necessary land, potential risks related to execution—including delays in equipment shipments, grid connectivity challenges, or grid congestion—may impede project commissioning and exert pressure on profit margins. The company has provided guidance limiting commissioning delays related to grid availability to no more than one quarter; however, any further extension beyond this timeframe could pose significant financial strain and negatively impact the company's overall financial health.

Refinancing key for margin improvement

- Over the years, the company has successfully established its creditworthiness by maintaining comfortable profit margins and consistently meeting repayment schedules, which has fostered strong relationships with lenders. This solid track record places the company in a favourable position when negotiating refinancing terms. ACME Solar is optimistic about gradually refinancing its debt portfolio to achieve an approximate 8% interest rate, which would substantially reduce financing costs and enhance profitability. However, any disruptions or delays in the refinancing process could significantly impact profit margins and impede the realisation of expected shareholder value.

Change in government policies or initiatives could hinder growth ambitions

Viable tariff rates, tender awarding and Govt initiatives key to sustained growth

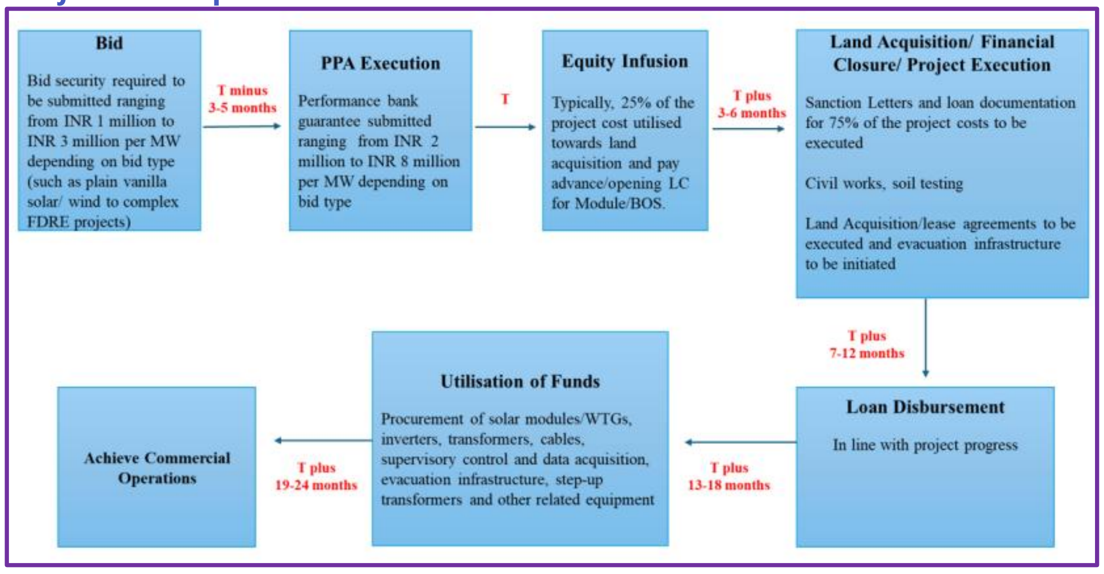
- Government policies and initiatives play a pivotal role in shaping the operational and financial landscape for ACME Solar Holdings Limited. Favourable government policies such as accelerated depreciation benefits, renewable energy tariffs, and capital subsidies can significantly reduce project costs, improve returns, and enhance the financial viability of new and operational renewable energy projects. Conversely, any changes or delays in government incentives, tariffs, or regulations—such as reductions in the ISTS (Inter-State Transmission System) charges waiver, changes in DCR (domestic content requirements) policies, or delays in implementation of renewable purchase obligations (RPOs)—can increase project costs, delay timelines, and compress margins.

Company Description

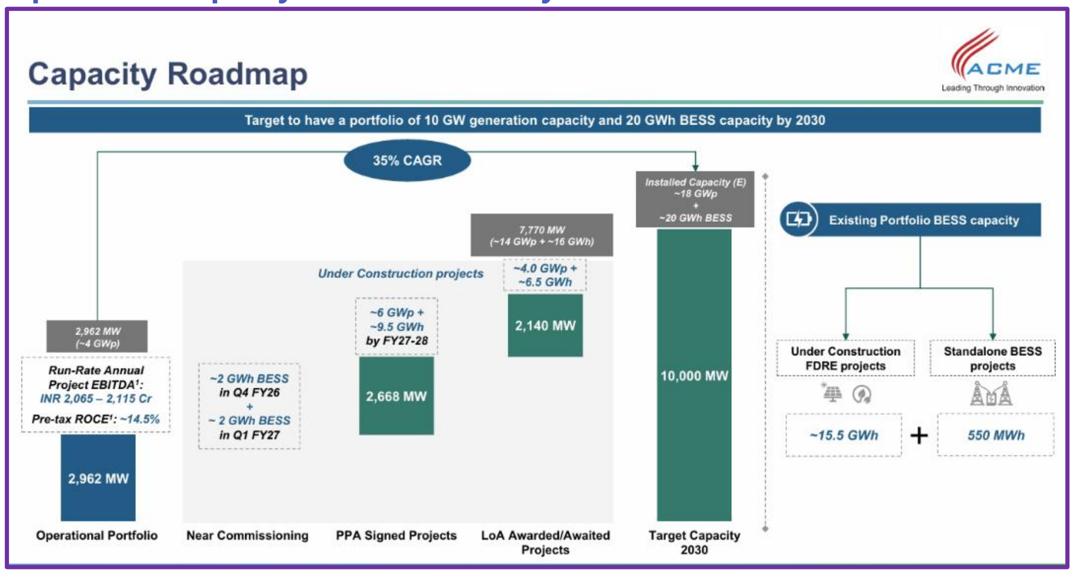
ACME Solar began its journey with the incorporation of ACME Cleantech Solutions (the parent company) in 2003, initially focusing on energy management solutions for wireless telecommunications operators in India. Within five years, ACME expanded its energy services internationally, covering over 250,000 sites in countries such as Cyprus, Singapore, and Indonesia. Entering the renewable energy space, ACME Solar was incorporated to consolidate its renewable energy Independent Power Producer (IPP) business under one umbrella. The company's first major solar project was a 15 MW power plant in Gujarat, commissioned in 2011. It pioneered India's first Solar Thermal Power Plant, a 2.5 MW plant in Bikaner, Rajasthan. The company is engaged in the development, construction, ownership, operation, and maintenance of utility-scale renewable energy projects. These activities are carried out through its in-house Engineering, Procurement, and Construction (EPC) division along with a dedicated Operations and Maintenance (O&M) team. ACME Solar generates revenue primarily by selling electricity to a diverse set of off-takers, including both central- and state-government-backed entities.

Diversifying beyond pure solar, ACME Solar has ventured into complex renewable energy projects, winning 3,380 MW of Hybrid and Firm & Dispatchable Renewable Energy (FDRE) projects awarded by major central offtakers such as Solar Energy Corporation of India (SECI), Satluj Jal Vidyut Nigam (SJVN), National Hydroelectric Power Corporation (NHPC), and National Thermal Power Corporation (NTPC). It has also been awarded its first 150 MW wind energy project by Gujarat Urja Vikas Nigam Limited (GUVNL). Today, ACME operates 2,962 MW worth of projects, with ~4,400 MW worth of various projects under its pipeline. The company aims to achieve an operational capacity of 10GW by 2030.

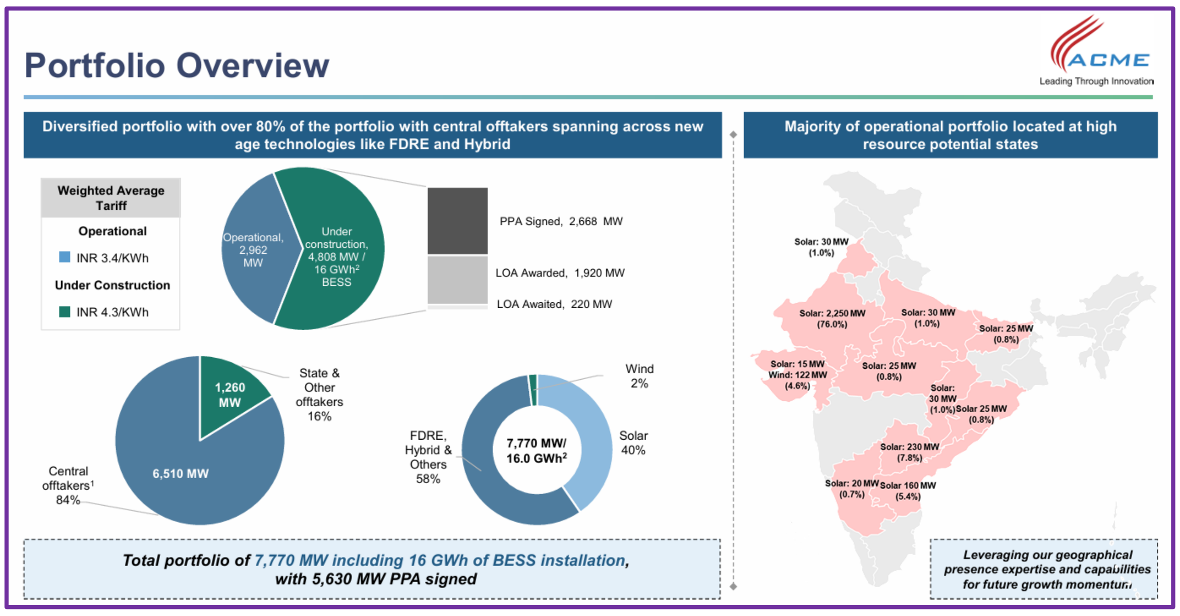
Project Development Mechanism



Operational capacity to reach 10 GW by 2030



Upcoming Portfolio composition will support growth



Source: (Company, HDFC Sec.)

Financial Statements

Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue From Operations	**1,295**	**1,319**	**1,405**	**2,024**	**3,678**	**5,770**
Growth %	*32.8%*	*1.9%*	*6.5%*	*44.0%*	*81.7%*	*56.9%*
Employee Expense	35	59	65	69	132	208
Operating Expense	88	171	105	144	280	421
EBITDA	**1,173**	**1,089**	**1,235**	**1,811**	**3,266**	**5,141**
Margin %	*90.6%*	*82.6%*	*87.9%*	*89.5%*	*88.8%*	*89.1%*
Depri. & Amort.	485	308	287	492	881	1,288
EBIT	**688**	**781**	**948**	**1,319**	**2,385**	**3,853**
Margin %	*53.1%*	*59.2%*	*67.5%*	*65.2%*	*64.9%*	*66.8%*
Other Income	66	147	170	172	162	288
Finance Cost	809	767	759	872	1,755	2,760
Exceptional Items	39	749	(21)	-	-	-
Earnings Before Tax	**(15)**	**909**	**338**	**619**	**987**	**1,576**
Tax Expense	(12)	212	87	161	257	410
Profit After Tax	**(3)**	**698**	**251**	**458**	**724**	**1,166**
Profit Margin %	*-0.2%*	*52.9%*	*17.9%*	*22.6%*	*19.9%*	*20.2%*
Adjusted PAT	**(43)**	**(51)**	**272**	**458**	**731**	**1,166**
Diluted EPS	(0.1)	11.5	4.1	7.6	12.1	19.2

Balance Sheet

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	104	104	121	121	121	121
Reserves and Surplus	1,146	1,836	4,390	4,848	5,578	6,828
Minority Interest	30	-	-1	-	-	-
Shareholders Fund	**1,901**	**2,591**	**4,511**	**4,969**	**5,699**	**6,949**
Borrowings	9,014	8,536	10,976	21,308	31,079	38,547
Trade Payables	62	74	225	205	393	632
Other Liabilities & Provisions	1,211	2,199	2,693	2,713	4,340	6,194
Equity + Liabilities	**12,187**	**13,400**	**18,404**	**29,195**	**41,511**	**52,323**
Net Fixed Assets	6,631	6,756	12,314	17,656	34,514	44,722
CWIP	2,147	2,828	1,362	7,912	2,412	1,212
Other Non-current Assets	707	660	946	973	993	1,011
Total non-current Assets	9,485	10,244	14,622	26,542	37,920	46,945
Cash & Bank Balances	1,338	1,315	2,916	1,670	2,185	3,526
Debtors	699	421	381	554	977	1,423
Other Current Assets	664	1,420	485	428	428	428
Total Assets	**12,187**	**13,400**	**18,404**	**29,195**	**41,511**	**52,323**

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Earnings Before Tax	**-15**	**909**	**338**	**619**	**987**	**1,576**
Depri. & Amort.	485	308	287	492	881	1,288
Others	-10	-23	-10	0	0	0
Inc (-)/Dec (+) in work cap.	144	341	412	-79	177	205
Taxes Paid	-55	-11	-132	-161	-257	-410
Cash Flow From Operations	**1,263**	**1,434**	**1,543**	**1,743**	**3,544**	**5,419**
Capex	-769	-2,823	-3,266	-11,893	-11,358	-8,708
Free Cash Flow	**495**	**-1,389**	**-1,723**	**-10,150**	**-7,814**	**-3,288**
Others	-641	934	-710	153	153	153
Cash Flow from Investing	**-1,410**	**-1,888**	**-3,976**	**-11,740**	**-11,205**	**-8,555**
Share Capital Issuance	0	0	2,293	0	0	0
Debt Issued /(Repaid)	934	889	2,078	10,326	9,770	7,214
Interest Paid	-718	-668	-963	-872	-1,755	-2,760
Others	0	-5	0	0	0	0
Cash Flow from Financing	**215**	**216**	**3,408**	**9,454**	**8,015**	**4,454**
Net Cash Generated	69	-238	975	-543	354	1,318
Closing Cash Balances	**547**	**309**	**1,284**	**742**	**1,096**	**2,363**

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data (Rs)						
Earnings Per Share (EPS)	(0.1)	11.5	4.1	7.6	12.0	19.2
Book Value Per Share (BVPS)		49.6	74.5	82.0	93.9	114.7
Profitability Ratios (%)						
EBITDA Margin	90.6	82.6	87.9	89.5	88.8	89.1
PAT Margin	-	52.9	17.9	22.6	19.7	20.2
Adjusted RoE*	(0.2)	(2.3)	7.1	9.7	13.6	18.4
RoA	3.2	6.5	5.5	4.8	6.8	8.8
Solvency Ratios (x)						
Net Debt/EBITDA	6.5	6.6	6.5	10.8	8.9	6.8
Net Debt/Equity	4.0	2.8	1.8	4.0	5.1	5.0
Valuation (x)						
P/E	-	-	60.8	30.3	19.2	11.9
P/B	-	5.5	3.7	2.8	2.4	2.0
EV/EBITDA	-	19.4	17.8	18.5	13.2	9.5
EV/Sales	-	16.0	15.6	16.6	11.7	8.5

(Source: Company, HDFC sec.)

** Excludes exceptional items*

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HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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