



**“ACME Solar Holdings Limited  
Q2 FY '26 Earnings Conference Call”  
November 04, 2025**



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**MODERATOR:** **MR. RUPESH SANKHE – ELARA SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to ACME Solar Holdings Limited Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rupesh Sankhe. Thank you and over to you, sir.

**Rupesh Sankhe:** Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY '26 ACME Solar Holdings. I take this opportunity to welcome the management of ACME Solar, represented by Mr. Manoj Kumar Upadhyay, Chairman and Managing Director, Mr. Nikhil Dhingra, CEO and Director, Mr. Rajat Kumar Singh, Group CFO, Mr. Ankit Verma, Head of Corporate Finance, Mr. Arun Chopra, Head of Finance and Accounts. So, we will begin the call with a brief overview by the management, followed by Q&A session. I will now hand over the call to Mr. Nikhil, sir, for his opening remarks. Over to you, sir.

**Nikhil Dhingra:** Thank you. So, thank you all for joining us today. I am Nikhil Dhingra, CEO and Director on Board of the company. I'm, like Rupesh mentioned, I'm joined today by our Founder and Chairman, Manoj Kumar Upadhyay, Rajat Kumar Singh, our Group CFO, Ankit Verma, Head of Corporate Finance, and Arun Chopra, Head of Finance and Accounts. It is my pleasure to share the highlights of our Q2 performance.

Before we delve into our performance, I'd like to share some sector highlights briefly. So, renewable energy sector achieved significant growth with 35 gigawatts of new capacity additions from January through October 2025, bringing the total installed renewable energy capacity, including hydro, to 247 gigawatts. This expansion enabled renewable sources to contribute approximately 27-odd percent of the India's total energy generation, marking a historic milestone for the sector.

I would also like to briefly mention a few key regulatory updates, which are instrumental in accelerating the power demand and renewable energy installations. There has been a reduction in GST rates, which has been a key reform by the government, on key solar and wind project equipment from 12% to 5%, directly impacting the capital cost and enhancing the viability of solar and wind projects. It should help in reducing the cost of power and, of course, which increases the demand from a renewable perspective as compared to other sources of power.

Secondly, the renewable energy purchase obligations have been replaced with a renewable energy consumption obligation with a wider compliance base prescribed for designated consumers like Discom, Open Access, and captive users. It sets out a progressive consumption target to achieve a minimum of at least 43% RE consumption by 2030. This will again positively impact the renewable energy demand in alignment with our 2030 renewable energy targets.

Also, on the regulatory side, the CERC notified the third amendment of connectivity and GNA regulations, which is very important for us, wherein it introduced the concept of solar and non-

solar access to accommodate battery energy storage system in the grid. This is aimed at managing the intermittent nature of solar and wind power while maintaining grid stability. This amendment particularly allows for all of grid power by battery energy storage system for usage of existing connectivity infrastructure, thereby enabling developers to utilize battery energy storage system in their existing operational substations for merchant operations.

Also very important, honorable Supreme Court, taking note of around INR1.5 lakh crores of regulatory assets, has directed all state regulatory commissions and Discoms to formulate a time-bound roadmap for liquidation of long-pending regulatory assets and for the liquidation of outstanding regulatory assets within four years.

This would bring much-needed financial discipline into how electricity tariffs are determined. This judgment is a very important one in India's regulatory landscape, as it reinforces the statutory obligation of regulatory commissions to ensure timely recovery of cost, thus holding financial liability in the power distribution sector.

Now, coming to our company's performance in this quarter. So, our execution guidance for FY26 was to commission 450 megawatts of renewable energy capacity, and we are on track to achieve it. We have commissioned 378 megawatts capacity till date, and balance 72 megawatts is under advanced stages of construction. We will most likely be done by early part of January with that.

In addition to our earlier guidance, we plan to approximately operate one gigawatt hour of battery energy storage system on merchant from Q4 FY26 onwards, which is expected to give an upside potential of annual EBITDA of around INR 170 crores, assuming price difference of INR 5 between merchant power saving during peak hours and cost of producing the same.

With recent commissioning, our operational portfolio now stands at around 2,918 megawatts, capable of delivering an annual steady state project level EBITDA of INR 2,025 to INR 2,075 crores, and an EBITDA yield of around 14%-15%.

For our under construction capacity, which is powering our work, we signed PPAs with Tata Power. This is our first with a private utility. It's with a private discom, a 50 megawatt FDRE, firm and dispatchable renewable energy, which effectively is around a battery of around 250 megawatt hour.

So, in terms of the capex, around INR 10 crores odd per megawatt capex, and 550 megawatt hour of stand-alone BESS projects with NHPC, which of course is with Andhra Pradesh, and these two PPAs were signed. This takes our total PPA signed capacity to around 2.3 gigawatts, which we are executing.

During the quarter, we won new projects aggregating to 720 megawatt capacity, comprising this 50 megawatt FDRE, which we were able to sign in quick time, the PPA, and 670 megawatt solar plus BESS, thus extending our under construction portfolio to around 4.5 gigawatt, which includes the signed PPA capacity of 2.3 gigawatts.

Both these solar and BESS projects, which is 220 megawatt RUMSL, Morena, and 450 megawatt SJVN, represent distinctive opportunities with strong strategic and financial merits,

and with a strong counterparty in place. Firstly, the 220 megawatt RUMSL Morena solar park, this project was secured at a competitive tariff of around 2.764 per unit, entailing four hours of peak supply, and two hours each in the morning and evening, while maintaining a maximum annual CUF of 35%.

Attractive tariff is supported by several cost efficiencies, including non-applicability of ALCM, so you can buy Chinese cells in this. And this was the last one to catch that timeline. Reduced GST rates, again this is the first one to catch this reduced GST rates. And free nights charging by DISCOM, which is again a first, because in all our PPAs earlier, we were charging ourselves.

Here, the free nights charging by DISCOM, which sometimes comes at a premium, for meeting morning peak demand, while tariff remains unchanged on discharge and bundled infrastructure within the solar park. So that all comes along with this whole package, making it easier to execute, making it easier to operate.

With land and connectivity infrastructure above 33 KV level to be provided by RUMSL, the project benefits from significant capex savings. Additionally, the presence of an identified off-taker, because here there is an off-taker which is very keen to sign the PPA as soon as possible. It is expected to expedite PPA signing.

Collectively, these factors ensure a strong risk-adjusted return for the project. As for analysis, we estimate that after accounting for all project benefits, the effective tariff for the bid now should be around equivalent of around INR 3.5/ unit plus for a solar plus 2-hour BESS configuration, delivering mid to high teen risk-adjusted returns.

Secondly, the 450 megawatt SJVN project with peak power we won, which is an ongoing 2,200 megawatt hour of battery we will put, at 6.75, this is again a very attractive tariff. It entails only peak hour supply for 4 hours to the off-taker. And this is one of a new kind of projects which will definitely solve a demand because the peak power deficit is a reality.

Of course, the solar hour deficit is no longer there for most states, but peak hour deficit is there for most of the states. So, this solves a problem which will find more takers. And we are getting great demand for this project with various off-takers. So we are very hopeful of signing this. And of course, the SJVN took consent of various buyers before winning the bid, which has been the scenario now for all the upcoming bids.

So, in this particular bid, the solar generation will primarily be used to charge the battery with surplus energy sold on power exchange. Given the unique project design, the project is expected to deliver a stronger EBITDA to capex yield of around 14%-15% and a strong counterparty demand anticipated to drive new PPAs signing.

With these new bids, our total portfolio now stands at around 7,390 megawatt, including 13.5 gigawatt hour of BESS capacity and 5,180 megawatt of PPA signed capacity. We have also placed new orders for 2 gigawatt hour BESS with global suppliers this quarter. This takes our total BESS orders to 5.1 gigawatt hour till date, which is expected to get installed in a phased manner starting in Q4 FY'26.

As communicated last quarter, we have successfully commissioned our pilot BESS project of 10 megawatt hour at our ISTS plant to assess the effectiveness in different configurations, which will help us reduce costs and increase efficiency for our FDRE BESS suited projects.

Moving to our financial performance now, our total revenue for the quarter stands at INR601 crore, a 104% increase year-on-year. One key point to note is that because of early commissioning by a quarter and delay in commissioning of one of the connectivity lines, the Narela K3 line, the ACME Sikar project of 300 megawatt hour is currently operating under a temporary GNA / STOA, basically short-term open access.

Having said that, the connectivity line is anticipated to be operational by December as per repeated assessments by CTU and of course confirmation at the highest possible level, post which the plant will shift to LTOA, long-term open access and achieve full revenue potential. So, EBITDA for the whole quarter comes in for us at around INR534 crores, again up by 108% with a margin of 89% as against 87% last year. PAT is at INR115 crores, with a PAT margin of around 19%.

We continue to maintain a strong balance sheet discipline. Our net operational debt to EBITDA stands at 4.3x and our net debt to net worth stands at 1.9x. Further, the days of sales outstanding has dropped to a record low of 27 days as the proportion of central offtake has increased in our operational portfolio, thus giving us a lot of cash flows, a new realization of our revenue.

Coming to the capital optimization efforts, we achieved a significant interest rate reduction of approximately 75 basis points on existing INR2,080 crores debt for our operational projects driven by the credit rating upgrade. Additionally, one of our operational projects has been refinanced with INR1,100 crores at an optimized interest rate of around 8.4%, which we see coming down further.

On the greenfield side, we secured financing to the tune of around INR7,000 crores this quarter for our 680 megawatt FDRE projects from SBI and REC, which will reduce our costs on the ongoing rate of greenfield because we will be taking buyers credit and LC mechanism, which is possible with the bank financing.

On the credit rating, we had a very significant positive, which is like ACME solar is now upgraded to AA handle. It is rated AA-, by both CRISIL and ICRA, which is a very significant positive for us this quarter. Additionally, our 1,100 megawatt of operational projects received a rating of AA-, from ICRA and CRISIL. That's something which happened this quarter on the capital optimization efforts.

On the operational metrics, just to wrap up, in quarter 2, we generated around 153.9 crores units, which is up from over 134% year-on-year. Also, our capacity utilization factor improved to 24.1% from 22.2% last year, with both plant and grid availability above 99%.

With that, I now open the floor for questions. We will be happy to take them. Thanks a lot.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:**

Yes, good afternoon, sir. And thanks for the opportunity. So, my first question is, do you see any risk of cancellation of the projects where PPA is yet to be signed? Do you see a few of the projects which are under LOA getting PPA in the next couple of months?

**Nikhil Dhingra:**

Right, right, Mohit. So, yes, there is an increased urgency from the central government to basically take a decision for the states to sign the pending PPAs. And that is why you see in the last six months, the bids have been low because the government wants to clear up the existing projects first before they go for new bids.

And also, the new bids are now coming with a pre-demand locked in, such that the PPA signing is not extended. Because as far as government is concerned, they want to realize the connectivity utilization. They want to improve the connectivity utilization such that there is no connectivity which is not utilized in the earliest possible time. So that's a wastage of national resource.

So as far as our signing is concerned, we have attractive tariffs across hybrid, across FDRE. And we have ongoing conversations where either the consent letter is coming or the project is at a board stage.

So we have, you can say, with four counterparties split equally almost with all the four counterparties. So we are quite advanced in a couple of them. And, of course, we are not advanced in one or two of them. So now what is happening is because of this urgency, we will see that some of them will get signed earlier and some of them will get signed later.

But if there is a decision taken to basically, let's say, but our tariffs are attractive. So we remain confident because the directive is not to do the legacy PPAs which are not finding any takers. So that sort of determination of no demand. So we are not seeing in any of our PPAs that there is no demand for it from any state. There is a demand for the state.

But the procedure is a multi-legged sort of procedure at the state where first Discom and then regulatory commission approves. So we are in discussion with all the DRs, wherever we have got. And fortunately, in our cases, there is a demand from states. So we will, as soon as we have clarity on any of these, we have no negative confirmation from anything that they are not finding because we are personally also in touch with most of the states.

So we are not seeing that there is no taker for, let's say, any of these PPAs because the tariffs are competitive, like we mentioned and some of them the tariffs have not fallen like in terms of the FDRE with four hour peak power, there has not been any tender which has come up, which has beaten that tariff because we have throughout the spectrum of that.

And what makes the earlier ones slightly attractive is that they are coming up in shorter timeline where ISTS waiver is not expiring. So there is a benefit to the buyer if they buy that. Because if a new bid comes, they will surely have to pay the whole ISTS charges. And also, there is a benefit of ALCM because, as you know, there is a big difference between Indian modules and the Chinese cell modules.

So these are the benefits which are appealing. Now, the only thing is it's up to the states to take early decisions and given that we are now picking up on the energy demand. We are hopeful

that some of the large states will take up early decisions. So that's where we are on the PPA timeline.

**Mohit Kumar:**

Yes, understood. The second question is on the transmission issues. It seems like the transmission projects are facing a lot of issues in terms of commissioning. How do you see the risk to the under-construction project which can delay our commissioning timeline?

**Nikhil Dhingra:**

Sure. So we assess this every fortnight in terms of the connectivity timelines of the substations where our projects are coming up. So just to give you some examples, we like Fatehgarh substations. There are STOA available so we can evacuate power from the STOA. And you look at Neemuch, you look at Bikaner 3, they're all coming within the timeline.

At max, one to three months kind of timeline delay and they are all within the PPA. Like Neemuch plant of ours, which we have signed up with Damodar Valley Corporation through NHPC. So that is actually coming up early because the Neemuch connectivity is operational.

It depends on the choices of substation you allotted to that PPA and whether that is coming on time or not. So what we do is the PPA, which has been signed and what our best connectivity is, which are well within the timeline of that PPA. So max delay of a quarter from the signed PPA dates is what we are seeing.

And as an additional mechanism to prepone our revenue, as we mentioned before, we have lined up the battery installations earlier. So that's a separate point, but that is something we are doing on top of this to increase the revenue. But connectivity-wise, from our PPA timelines, we are not seeing delay more than a quarter in the allotted connectivity.

It is also a function of whether you have taken the liberty of allotting connectivity, which are getting delayed and using the maximum possible time allowed in the PPA or you are looking for early commissioning. And also the inventory of the connectivity available with each and every sort of player. So as far as we are concerned, we have quite a lot of connectivity coming up at various timelines in '26.

So that gives us a lot of flexibility wherever and we have taken connectivity with flexibility, basis Land and basis bank guarantees, which allow you to allocate the connectivity across PPAs. And very little connectivity we have basis letter of award, which kind of lock you in. So that's through our allocation and connectivity inventory, we have been able to address, let's say, if there are delays, then they are allotted to later PPAs.

**Mohit Kumar:**

Understood, sir. Thank you and all the best.

**Moderator:**

Thank you. The next question comes from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:**

Good afternoon, sir. Thank you so much for the chat. Sir, there's a bridge tariff...

**Moderator:**

I'm sorry to interrupt you, Mr. Balasubramanian, but your voice is breaking. Can you please use a handset while speaking?

**Balasubramanian:** Right now it's clear, madam?

**Moderator:** Yes.

**Balasubramanian:** So this current under construction weighted average tariff is around 4.2 per kilowatt hour, which is relatively higher than current operational portfolio of INR3.4 per kilowatt hour. And this trend is sustainable, especially driven by FDRE or BESS or do you anticipate any tariff compression as the renewable market matures and becomes more competitive?

**Nikhil Dhingra:** Sure, Bala. Thanks for inquiry. So, see, in renewable sector because the kind of bids is very dynamic. So I will request you to look at return on capital employed or EBITDA divided by revenue or EBITDA divided by tariff as a metric because all these PPA, let's say the peak power tariff of 6.5, 6.75 looks high on a top line perspective, but the capital requirement is also high.

So I would not compare, I would not do a weighted average of tariffs to realize whether everybody is going up or not, because it is also because it takes a lot of batteries there, it takes a lot of solar there to charge. So the weighted average tariff is sometimes misleading, unless you adjust that for capex. And unless you adjust that for what is the component of that, because each source either generates or stores.

So wind, as you know, sometimes generates higher CUF in certain geographies where the capex is slightly higher. The battery is storing and realizing the benefit of the peak power. So, of course, the tariff has gone up, but the configuration of PPA is also important. What are you giving there? Let's say somewhere you have a leased kind of a project where you are giving lakh per megawatt of, let's say, 2.5, 2.2 lakh odd megawatt monthly.

So the market has got slightly more varied for us to do a weighted average tariff analysis. Of course, for estimating our revenue and capex, but revenue should be looked at with capex. So what guidance we can give you is we will always bid for projects with the 14%, 15% ROCE. That is something we really want to stick to, but tariff and revenue, I would request you to not look at it on a standalone basis.

**Balasubramanian:** Okay, sir. Sir, on that BESS side, I think we have operational 10 megawatt hour pilot with two different container configurations. What are the key learnings regarding efficiency in terms of round-trip losses, degradation rates and operation reliability?

Why I'm asking this question earlier, we have our decision to import complete BESS containers which is prioritized reliability over cost. Just want to know about the key learnings. And is there any long-term service agreements with our vendors, especially for specific terms regarding durations, performance guarantees and degradation losses?

**Nikhil Dhingra:** Right. So, see, we have a mix of technical and contractual reasons to basically prepone the battery capex like we explained the last time and before last time. So, the contractual reason is that it allows us to capture the arbitrage between the peak power prices and the solar prices prevailing.



So, you can use solar to charge or lower rates to charge the batteries and sell it on the merchant. So, that makes a compelling business sense. And, of course, the capex is well within, much below the range we targeted when we had bid for these projects. So, that makes the commercial part of the decision about getting the batteries early. In terms of the technical part, we, of course, have been operating battery in the group on the Green Ammonia side for the last four or five years.

But here we were trying to, let's say, work out the various combinations of the PCS, of the battery management system, of the inverters, how we can operate with a particular equipment, without a particular equipment. So, we are pleased to say that we have been able to increase the efficiency. By efficiency, I mean reduce the capex and generate the same sort of energy.

And also, basically, get the reliability in terms of the round trip efficiency numbers which we have contracted and in terms of the discharge rates we have contracted and we have bought. And these all 10 megawatt hours each have been done using some of the suppliers which we are going to work in the future. So, that allows us to reduce the installation time also as we get these large batteries coming up starting early next month.

So, it allows us to reduce the installation time, not any sort of surprises we may get in terms of the various equipments. And also reduce the bill of material for the future projects because some of the configurations we have tested allows us to reduce the capex for our ongoing projects where we are yet to order various equipment. So, it has been quite successful.

And, of course, it will help us because in some projects you need to charge only batteries so you have a little more headroom. In some projects you are installing batteries where solar is already installed so it gives you less headroom. So, I can tell you, let's say, our RUMSL project where we are getting nighttime power from the customer.

So, that gives us some more flexibility to try out this experiment. So, it is dependent on the configuration of the PPA where you can apply some of these tests we have done. So, we will apply each and when and this allows us to improve our convictions on those configurations. So, in terms of the long-term agreement, like we mentioned last time, we have long-term service agreement for 15 years with the vendors we have signed up BESS for.

So, of course, we are paying them annual maintenance fee also and they will have on-ground people and they will have on-ground reserves to service, to guarantee the availability and the round trip efficiency they have told us. And, we have done the factory test in both of our vendors we have done the factory test also with the required levels of efficiency. So, before the dispatch from the third party. So, they are in the range and they are now getting logistics. So, they are on the way to come to India.

**Manoj Upadhyay:**

Nikhil, let me also reply. Here, my name is Manoj. Let me give you one more reply that we were testing the battery for the EMS requirement where we wanted to see that how the battery will behave in the various conditions of discharge, not only what is given in the PPA, but also in the support of if we need the battery for what is called ancillary support in the afternoon or in the morning for short time.

So, we were testing and it was a very successful test. We did in two configurations and both the configurations helped us to improve not only the long-term discharge, but also very short-term discharge. That was the first. And, second question I think what you had is whether the round-trip efficiency is okay what we have taken in the bid. Fortunately, we were able to improve by 4-5% of the round-trip efficiency because of these configurational adjustments.

So, what we wanted to achieve I think with these two golden containers. We call it golden containers because they come first and we do the whole installation testing. And, with that we are able to ascertain what we have bid and beyond that some of those improvements which Nikhil mentioned we could achieve it.

**Balasubramanian:**

Okay, sir. So, my next question, I think we have refinanced nearly 1,100 crores to 8.4%. So this is a fixed rate or floating rate and what is the average debt tenure and is there any significant near-term bullet repayments are there? And, are we having any hedging strategy given the expectation of volatile interest rates?

**Nikhil Dhingra:**

Right. So, all of our debts which we have refinanced is for a tenure of 20 years average because that is what we have done. And in terms of interest rates, we are effectively getting a rate of around 8% because it is linked to MCLR plus 10 basis points spread. That is the typical rate we are getting. Of course, because the rating upgrades have happened.

In this project where we have reached 8.4%, it is shortly likely to be reduced to 8%. And that is the rate we are seeing in all of our refinancings for a AA asset from bank financing. If we go for a bond financing, we could catch maybe a better effective rate.

But of course, because of the pre-payment fees and because of the short-term nature of mutual funds and financing because typically mutual fund players are only there in bonds. Insurance is currently not very highly present for the long-term, where infra-debt funds are typically fund spreading along with banks in the long-term only. So, we are able to capture them in the bank financing.

So, 8% is the typical rate for all the refinances and we are hopeful that we will get all of our portfolios, whichever can be refinanced closer to that rate. And that is a significant upside for us, because -- and this is all floating to your other question. It is floating because we are able to capture the downside in the interest rate -- the down cycle in the interest rate.

We have, of course, done one refinancing last quarter which we did with Bank of America. That was on an NCD. So, that was fixed at around 8.5% which we achieved last quarter. So, that is one fixed.

So, we maintain a proportion of fixed and floating. So, some of the projects which are coming up for refinancing, we will try and see if we can get a longer term bond. Because a three-year tenure, we can do. But we are just going to take a decision about that in terms of the economics of it because it requires you to refinance at a shorter interval.

In terms of the payments come up, there is no payment which is not backed by a refinancing sanction in place. So, we have refinancing sanctions in place for whatever is coming up for refinance.

**Moderator:** The next question comes from the line of Ketan Jain from Avendus Spark. Mr. Ketan, you are not audible.

**Ketan Jain:** Hello. Hello. Hi. Good afternoon, sir. Am I audible now?

**Moderator:** Yes, sir.

**Ketan Jain:** Yes. Sir, it is a follow-up for the first question. There was a media article saying that out of the 93-gigawatt of capacity awarded in FY '24 and '25, 42-gigawatt is still pending to be signed. PPA is pending to be signed and they are planning to cancel these awards and re-bid these awards. How do you think this will impact the industry and how does it impact our projects? Are these only solar projects which they will cancel or even the complex and FDRE projects are in the risk of getting cancelled?

**Nikhil Dhingra:** Right. Right. Sir, you are right. So, basically, their target is primarily the solar projects which have been bid, and because they were bids very long back also. And like you know that the government has come up with guidelines that no project should come up without storage on a central bid and that is no longer happening, because storage is now a key part of all the upcoming bids.

So in terms of the take-up at the states of these capacities, so there has been a lot of traction in the last three months to six months about the improvement in the PPA signing. Like, SECI has effectively around 6-6.5 gigawatts of PPA left and same -- and the status with the others are also kind of. So these 42 gigawatts may have gone down. I think if you look at some numbers, they would have gone down.

And the other thing is the regime under which they have been done, that is also sometimes very, the states also like that, what plan is coming up with what timeline it allows them to give ISTS waiver or not. So these -- and if you look at it, these are significant commitments for the state. Each of these projects will have a revenue of at least \$100 million or something if you look at the overall bid and maybe in some cases more than \$200 million if you look at the 1.5-gigawatt bid. So significant decisions for the state.

Of course, the bids were done in a quick time, and of course, the inventory clearance takes time. But like the mandate from the government is to -- for the states to make a decision. And of course, if there is no demand, let's say, if somebody is saying that they don't want to buy a plain solar, right?

They basically have no demand for plain solar, because if they had surplus solar in some states, they will basically - But some states still have demand. You see some of the states are not reaching renewables themselves and they have some shortage. And of course, they are looking at some bids where they call batches in their state at each substation.

So we are quite hopeful that this will find takers. It's a matter of time. And of course, it's a matter of government policy whether they -- I think each REIA will take their own decision in terms of each PPA. So, it will not be a very uniform that out of 40, 20 have been cancelled or something.

For a government, the decision is about not letting the connectivity go waste. So all this is coming up from the point of view of, if, let's say, somebody is sitting with an LOA. Their dates have expired for that connectivity. But still they are hanging on to that LOA, neither building the plant. So, that is a scenario government effectively wants to avoid as per my reading and that is something which you will see most likely this will converge towards.

So not to basically -- whenever there is a dialogue going on, whenever there is a probability of something happening, I think, the time will be given. And whenever somebody is putting up a plant in anticipation and there is a fair progress towards building the plant, those will be allowed to continue and there will be -- so that's how we are thinking about it.

**Ketan Jain:** Understood. Just in our under construction projects, these -- there are two solar projects for which I think PPA has not been signed. One is ACME Sigma Urja and ACME Omega Urja. This is 300-megawatt, one with NTPC and one with SJVN. What is the status on these projects? One of these projects is not there in the current presentation. Are these at the risk of cancellation, sir?

**Nikhil Dhingra:** So, this NTPC project, I think we had updated a couple of months back that, it was done in a pooling mechanism with NTPC. I think there was -- we had announced to the stock exchanges also. So, that project, because the pooling scheme has been cancelled by Ministry of Projects. Basically, they were pooling thermal with renewable. The NTPC itself was doing that on their own plants. But I think that is under litigation with Bengal. So, that project is, of course, that is why...

**Ketan Jain:** Understood.

**Nikhil Dhingra:** That scheme itself is not there and that we had announced a couple of months back. But that is a special case. That 2.52 with SJVN, that is under consideration, because that is under consideration with some states which need that because it is the most competitive tariff in terms of the solar. Now, the decision is how they use that solar is up to states. So some of the states have shown interest. If you notice, you can basically track these all PPA things through tariff filings. So, if you look at...

**Ketan Jain:** Right. Tariff.

**Nikhil Dhingra:** Punjab -- tariff filings in the various regulatory commissions.

**Ketan Jain:** Okay. Understood. Understood. Understood.

**Nikhil Dhingra:** What -- so, you will get to know which all states have signed, which all states have got tariffs. So, if you look at this specific solar side, you look at Punjab which has recently bought a 2-gigawatt of solar, right? And they want -- that shows that they can want more. So, they are putting it up to the regulatory commission. So, because it is a multi-state process.

So, some states have something like Punjab as a particular demand. Even in summer, they need peak power for their agricultural load. So, there are some states, specific states which need that power. That is why SJVN is trying, SJVN is looking at and some states have called bids like Madhya Pradesh was considering it.

They have called -- and they have filed it in the tariff also. But what happens is sometimes they call their own bids. So it is a function of each state. So, I would not say this is a low probability. This can get signed. We have to go and it is a state-by-state situation.

**Ketan Jain:**

Understood. Just the last question, book-keeping question on capex. I think we have spent around INR1,400 crores in first half. Our target was around INR12,000 crores to INR14,000 crores. Are we on track for that at capex?

**Nikhil Dhingra:**

See, we have ordered batteries. Like we told you, we have ordered around 5-gigawatt hour of batteries. So, LCs have been opened. You cannot account for the capex in the balance sheet until the goods have arrived. So, it is very, very lumpy. Like the batteries arrive, you will see this capex doubling or increasing, because a battery typically around a INR1 crore or so once it is fully installed in terms of the capex.

So, INR5,000 odd crores of capex will be done once we have done with this 5-gigawatt hours of batteries which are coming up in phases starting from January onwards. So, INR5,000 crores on batteries, you can say the modules of course are the last item to come. They are typically 50% to 60% of the overall capex now with Indian modules.

So, that is also lumpy, right, because that -- like the plants which are getting commissioned in June, you will see that modules start coming in January to February there. So, modules for, you can say, around 1-gigawatt - 1.5-gigawatt which is targeted around June. So, you will see that that will again have a significant capex on them.

So, INR12,000 crores may get split to June. But I think we are by and large there in terms of the capex plan and we have given orders which are in sync with the INR12,000 crores. The delivery timelines are on track like battery has got preponed. Like I said in the connectivity answer that a quarter of connectivity delay may be there. So, a quarter of capex delay may be also there at max.

**Moderator:**

The next question comes from the line of Puneet from HSBC.

**Puneet:**

Yes. My first question is you talked about division of transmission between solar and non-solar hours. How are you trying to use the non-solar part of it? If you can talk a bit more, can you use it with the existing plants or will you have to put up additional capacities?

**Nikhil Dhingra:**

Right. Thanks a lot for the question. So, see, non-solar connectivity is a very significant GNA amendment which has come and it is basically aimed at utilizing the connectivity which is operational but not to be utilized because of the intermittent nature of renewable and because of, let's say, 6-8 hours of operation of solar.

So, it allows you to basically put up a plant, a pure plant which generates clean non-solar hours. So, you can put up solar there and you can put up batteries there to charge. The solar is charging that battery and you can basically discharge during any of the non-solar hours and you can also send that solar output after, let's say, even the solar you have put up to charge battery.

That can also supply through that connectivity if there is a room available in that connectivity because the solar goes like a sinusoidal wave. So you have --that is a non-solar hour connectivity. You can use the output of that solar when you are not charging the batteries to supply through the grid through that connectivity.

So, the aim is basically to use the connectivity to the maximum possible extent and that is where these guidelines really help. And also they have allowed you to charge it from the batteries from the grid. If somebody doesn't want to put solar to charge the batteries, they can draw power from the grid. They are allowed through this mechanism that has also been done in this amendment like we mentioned in the introduction. So, these are the ways in which you can use connectivity.

**Puneet:** Okay. But for that you will need to put up additional solar plants. There is no way you can use the existing solar plants because you overbuild and optimize. That room is not possible in this. Is it fair to assume that?

**Nikhil Dhingra:** So -- yes, so you can use -- you can install batteries. For the existing solar plant utilization, what you can do is, let's say, if you have a 300-megawatt plant, right? And if you in some -- and you generate more than 300-megawatt because of, let's say, excess utilization and because of, let's say, if you have some sort of curtailment or some sort of situation where your power is not getting utilized. Then what you can do is, take a counterparty approval and then supply the excess power into the battery and that is also allowed.

Basically, let's say, we are seeing it, but let's say, for 1 hour of the day you generate more than 300-gigawatt. So, that power can go to the battery and that power can basically you can sell outside the PPA also. So, that is allowed. Of course, you need to be going above the rated capacity to do that, because in that rated capacity there is a right of first refusal with that counterparty.

**Puneet:** Okay. Okay. Understood.

**Manoj Upadhyay:** Just -- I want to clarify that clipping, if your question was whether the...

**Puneet:** Yes.

**Manoj Upadhyay:** Clipping power can be charged.

**Puneet:** Correct.

**Manoj Upadhyay:** Yes. Clipping power can be charged but you have to take NOC from the existing PPA holder.

**Puneet:** And you have to supply it to the PPA holder at the same price this clipping power...

**Manoj Upadhyay:** Not necessary.

**Puneet:** Or can you supply it...

**Manoj Upadhyay:** No. No.

**Puneet:** At the market price also?

**Manoj Upadhyay:** You don't need to. You don't need. Because it's a clipping power, you can charge...

**Puneet:** Yes.

**Manoj Upadhyay:** The battery and supply it in the evening to the market or we see whether any other...

**Nikhil Dhingra:** They don't have a right over 300-megawatt plus, but of course, you need to apply to them. As per the PPA, they have a right of first refusal only till the rated capacity.

**Puneet:** Understood. And secondly, you talked about the GST reduction also potentially benefiting. Are any DISCOMs coming back and asking for a reduction or that's not being discussed at all?

**Nikhil Dhingra:** No, no. For the -- see, that change in law is good without saying that any benefit you get, you have to pass it back. Of course, depending on the regulations. So, we are talking more about the demand perspective that it gives renewable an edge over thermal or any other source, because they are by and large constant, but renewable have got this advantage of significant GST reduction.

So wherever states are thinking about their future capacity expansion, they will have more reason to buy renewable. So in that context, the GST helps. And of course it helps to reduce the upfront capex, but of course your tariffs will be adjusted for any GST reduction. That's the -- so in terms of wherever the PPA allows. So that's the -- it's a future benefit, it's not a current benefit.

**Manoj Upadhyay:** Actually just to clarify, all our existing PPAs, right, which is getting implemented, we have to pass on this benefit to whichever is implemented in the regime -- in the 5% regime. We will pass on that benefit to the customers.

**Puneet:** Is it automatic pass-on or will the DISCOM have to apply for that change in law?

**Nikhil Dhingra:** DISCOM will have to apply.

**Manoj Upadhyay:** They have to apply.

**Nikhil Dhingra:** Of course, will have to apply. We have been in touch with DISCOM So, it is basically as per the, I think there is some technical thing where currently the DISCOM is not mentioned in some PPA transmission. It is mentioned because it is flowing from main guideline, but that's a technical point. But as far as the regulations allow, we will have to give that change in law.

**Puneet:** Understood. And lastly on the new capacities that you have set up in the last 1-year, what kind of CUF have you experienced for your solar and wind?

- Nikhil Dhingra:** As a plant at Sikar, right, adjusting for curtailment, it is doing excellently well. And they are done using domestic modules. So, of course this is our first plant using domestic modules. So we have been doing in the, let's say, in the June quarter 30% plus CUFs. And of course in the wind, we have installed wind also like you know. So we had a very good quarter on the monsoon quarter.
- And of course the second quarter was a normal quarter. So, we are on track as per our business plan on the wind side. Of course it is early days because we have 78 megawatts only of wind. So we are yet to see the full year. But by and large as per our predictions.
- Puneet:** So, in terms of, if you can talk in terms of bit of P90, P75, are they hitting...?
- Moderator:** Mr. Puneet, I am sorry to interrupt you. But if you have further questions, please rejoin the queue.
- Puneet:** I will join back. No worries. Thank you.
- Moderator:** Thank you.
- Nikhil Dhingra:** So, Yes, solar is close to P50. Wind is also around P75. But the wind is early days because we are yet to see the seasonal. Because the seasonal element is very high in wind. So of course the expectation in the monsoon season is quite high and it is delivered. We are yet to see on the, let's say, non-monsoon season. So till now it is around P75.
- Moderator:** The next question comes from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.
- Murtuza Arsiwalla:** Yes. Hi, sir. I just wanted to reconcile. I think my question is sort of answered. We talked about 720 megawatts of project wins. But when I look at the change in size of portfolio, it is only 420. I am guessing that is to do with the NTPC 300 which is taken off from the project portfolio.
- Nikhil Dhingra:** Right. You are correct. Yes. Sure.
- Murtuza Arsiwalla:** Thank you so much.
- Nikhil Dhingra:** Okay.
- Moderator:** Thank you. The next question comes from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Thanks for taking my question, sir. As you explained the capex details for FY '26, but can you give us some funding details in terms of the data and equity portions for FY '26 capex and next year also based on your operating cash flows?
- Nikhil Dhingra:** Right. So, in terms of the capex, like, we have a target of INR12,000 crores capex like we discussed. So, all of our capex is between 75-25 to 80-20 debt equity. Lately, we have been getting 80-20 and debt sanctions. But typically, historically, it has been 75-25 debt equity.



So for INR12,000 crores, it will be INR9,000 crores debt and INR3,000 crores equity. And on 20-80, it will be basically INR2,400 crores equity and you can say around 10,000-odd from debt. So, that's the basic breakup of each project. And of course, we have the debt. 80% of our signed PPA projects have got loan documents done ready to disburse kind of debt.

In some cases, we have drawn the first disbursement. Most cases, we have taken the first disbursement. And the rest of the 20% where the timeline is '27, and we are getting the sanctions done in this quarter also. So, that's the broad number on the capex side. Like we mentioned that bulk of the capex is done when the LCs are open. Let's say for batteries, we have done the capex. To an extent, we have got the batteries LC open.

Now, we have also wherever the modules you do 4 to 6 months before commissioning. So, let's say, starting December, January, you will get modules at the site also. So it's back in it. It helps us to reduce the interest during construction component, getting the capex done at the -- we getting the -- and also it helps you to deliver just in time in terms of the equipment.

So some of the long-lead equipments like transformers, the GIS, they have been open long back and we are getting delivered earlier also. But some of the equipment which is available in plenty and which contributes a large, let's say, turbines and all, they come just in time, let's say 3 to 4 months before the target COD. And of course, the whole execution is planned around that.

**Yogesh Patil:**

Just follow-up on that side, considering the INR12,000 crores kind of a capex in FY '26, our operating cash flows are not such as strong enough to support the INR12,000 crores kind of a cash flow. In that scenario, we will utilize our cash of INR3,000 crores which are already in the balance sheet. But for next year, from where we will get the equity portion?

Because the next year also in FY '27, we are planning a INR12,000 crores to INR13,000 crores kind of a capex. And to manage that 30% or 25% of the equity to fund that capex. So, just wanted to understand on that side, if you could be a little bit elaborate on that side?

**Nikhil Dhingra:**

Sure, Yogesh. See, like you said, we have that cash in the balance sheet for the current capex. We have undrawn securitization proceeds, which is the debt proceeds, the refinancing proceeds of around INR1,000-odd crores, which we have not drawn. And there are some refinancing coming up which will add another INR1,000 crores to that.

So, you know, when the project gets operational and you are going from a 9%, 9.5% rate to 8% rate, it leads to the securitization or a refi proceeds getting added to that project. And then to add to this sort of number, we have the, you see the annual PAT plus tax depreciation, right? Which is half a year, we've done around 275 to 260 kind of numbers.

So, if you analyze it, that is the annual cash flow we generate, right, on this side. And as you do, let's say, an 8% to 10% margin, which is on the EPC side, that will also generate some cash flows from the -- from that organic cash flow generation. Plus, of course, the debt reduction will further, the interest rate reduction will further aid into that cash flows.

So, and in terms of the capex itself, right, the INR12,000 crores number will allow us to do more projects because the effective rates of the prices of the things have reduced in terms of battery,

in terms of solar. And of course, we have shifted to solar heavy configuration like we have told you earlier. So that has also reduced the capex required to be done.

So, INR12,000 crores number will get us to a fairly higher capacity as compared to the earlier. So, we think that in terms of the equity drawdown, because of -- and the battery, like we mentioned, 1 gigawatt hour will give us around INR170 crores of cash flow. So that is another early sort of revenue generation, which will help us improve the numbers we told you from the past profitability.

**Manoj Upadhyay:** I think I would like to also, just a minute, I would like to also add that this year, most of the expenses, what we have done is we have done through equity. So out of INR12,000 crores, INR3,000 crores was the equity. I think initial investment, what we have done is all through equity. So, technically what you see, 3,000 is left in this one. Only the small portion of that will be used in these projects and the rest will be used for the next year project.

**Yogesh Patil:** Okay. And the last one, other expenses have gone up sharply and other income was also higher. Any thoughts on that side?

**Nikhil Dhingra:** Right. So the other income, we had a hedging gain, which contributed because we had hedged for batteries, which have now started dispatching. So there was a gain on the hedging side, which has contributed to the other income increase from the last quarter to this quarter. So that is the reason for the other income. On the other expensive side, I think it is the increase in the ESOPs and other things which have led to that.

**Yogesh Patil:** Thanks. Thanks a lot, sir. And best of luck.

**Nikhil Dhingra:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Akash Mehta from Canara HSBC Life. Please go ahead.

**Akash Mehta:** Yes. Hi. I just wanted to understand on the bid curtailment front. I just want to clarify, actually, that is it only related to, I mean, is it related to demand? Is it related to the, I mean, the transmission lines not being available on time or, I mean, and what kind of capacity is exposed to such issues going ahead and in the current quarter, last quarter gone by?

**Nikhil Dhingra:** Right. So, see, the curtailment, wherever you are seeing, is only because of transmission line delays. There is, because in all the PPAs, there is a must-run clause for renewables. So, whenever you have got a long-term open access, you are, you have a legal right to get the full evacuation or full payment for your power which you have generated.

So what happens is when the line is, let's say, our Sikar plant, which we mentioned, got commissioned right in June. So the timeline for that line was around September from the power grid and it got stretched to December now. So it is on the delay of that last mile connectivity because the land prices in Delhi region was asked to be higher than before and there was an election in there.

So that led to the prices of that ROW or a land parcel in the transmission line, which was falling in the Delhi region, led to delay in that. So it is mostly because of transmission line and the only project in which we are impacted is this Sikar project and that is because of early commissioning and we are better off doing it early commissioning than not.

We do the math, are we better off or not, and then we are overall better off doing it early commissioning. Of course, it will have an impact of 1.5%- 2% on the annual revenue, but that is in an overall sense beneficial because of early commissioning.

**Akash Mehta:** So, I mean, go ahead. So if we commission on the PPA timelines and obviously there is no transmission availability because of some reason, we get compensated, but in this case, because of early commissioning, we won't be getting compensated, right?

**Nikhil Dhingra:** In early commissioning also, see, if you get a LTOA, then you are within the rights. In the STOA, of course, you can ask for compensation, but that is dependent on the merits of the case. But in LTOA, you are 100% likely to win the case.

In STOA, it is the precedents are yet to be established. So that is what we of course try, but there are no precedents currently because it is a new sort of case. So, we will let you know when we get a positive hearing on that. But LTOA, there is no issue. So, how we typically plan is because it was a very short, it was a June '25 bid where you had to commission projects for June '25.

So it was, you can say, a one-off sort of bid where the gap between PPA and commissioning was very short and overall it made sense to commission it. But typically, you don't commission until you have the LTOA. So that is where I was saying that this is more of an exceptional situation than a normal situation. But you get -- in that case, you get the full damage. In STOA, we are yet to see the precedents.

**Akash Mehta:** Sure. I think that is quite helpful, Yes. That is it for my side. Thank you.

**Nikhil Dhingra:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint, we will take that as the last question for today's call. I would now like to hand the conference over to Mr. Rupesh Sankhe for closing comments.

**Rupesh Sankhe:** ACME Solar Holding Management, for giving opportunity to host this call. We also thank all the investors and the analysts for joining this call.

**Moderator:** On behalf of ACME Solar Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.