Acme Solar Holdings

Operator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 Earnings Conference Call of Acme Solar Holdings Ltd. As a reminder, all participant lines will be in 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 touch-tone phone. I now hand the conference over to management. Thank you, and over to you.

Ankit Verma – Director of Corporate Finance: Thank you. Good afternoon, everyone, and thank you for joining us today. I am Ankit Verma, Director of Corporate Finance. I am joined by our Chairman, Mr. Manoj Kumar Upadhyay, Mr. Nikhil Dhingra, Joint MD and CEO, and Mr. Arun Chokhra, CFO. It is my pleasure to present the highlights of our performance for the second quarter and the first half of FY27.

Let me begin with our financial performance. Total revenue for the quarter stood at INR 1,007 crore, which is up 67.5% year-on-year, while EBITDA increased 63.6% to INR 874 crore, driven primarily by short-term peak power BESS operations and renewable capacity additions.

Our blended EBITDA margin was 86.7%, which comprises 90.8% from renewable generation and 78.3% from BESS operations, where the cost of power purchased to charge the batteries sits within operating expenses.

Profit after tax rose 133.5% year-on-year to INR 269 crore, which represents a PAT margin of 26.7%.

Our asset base grew by INR 11,466 crore over the year to INR 28,462 crore following the commissioning of BESS and RE projects.

Coming to our business and execution updates, we made strong progress across commissioning, PPA signing, and short-term peak power BESS contracting. We have commissioned approximately 5.2 gigawatt-hours of BESS capacity to date, which is the second-largest BESS capacity in India as of date. We achieved our initial half-yearly target of 5 gigawatt-hours, which we mentioned in the last call.

With this BESS and solar commissioning, 1.9 gigawatts of our contracted projects are now partially commissioned. In addition, 1.7 gigawatts of modules have been delivered to site, out of which 1.1 gigawatts are already installed across multiple projects. Out of this installed 1.1-gigawatt module capacity, 200 megawatts peak of modules is already charged, and the balance is expected to be charged by November or December of this year.

We signed 430 megawatts of FDRE PPAs during the quarter. Additionally, we signed another 400-megawatt FDRE PPA with NTPC yesterday, taking the overall PPA-signed portfolio to 92% of the total contracted portfolio of 8,370 megawatts.

Through short-term BESS contracts, we have locked in more than 1,600 crore of revenue for the partial sale of FY27 capacity and more than 1,500 crore for the partial sale of capacity for FY28, with the balance to be tied up through future bids.

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Our CUF for the quarter improved from 24.1% to 27.8% year-on-year, and power generation grew 19.6% to 1,840 million units. Additionally, we sold 324 million units through short-term peak power BESS contracts.

The weighted average cost of debt for our fully operational projects is around 8.4%. Around 65% of these borrowings are from PFC, REC, IREDA, and NaBFID, whose rates follow their own long-term cost of funds, and this limits interest rate volatility.

Further, CRISIL has upgraded Acme Solar Holdings Ltd.'s rating outlook to AA- Positive from AA- Stable.

Turning to the key sector and regulatory updates, below are the favorable steps taken by the government, benefiting all stakeholders.

First, BESS connectivity. CTUIL has initiated the grant of BESS connectivity under the non-ROA route, speeding up deployment. For us, it helps build a large BESS pipeline at preferred high-GHI sites in Rajasthan.

Second, Green Energy Corridor Phase III. The Union Cabinet has approved INR 1.36 lakh crore for interstate transmission and intrastate transmission, and INR 50,000 crore for 50 gigawatt-hours of BESS, targeting the evacuation of 135 gigawatts of renewable energy. This is expected to open up new opportunities for us in state-connected renewable projects.

Third, the Pradhan Mantri Surya Sarovar Yojana. The scheme targets 5,000 megawatts of floating solar with at least 2 hours of collocated storage and provides central financial assistance of up to INR 1 crore per megawatt after commissioning. This opens up new business opportunities for us in the floating solar market.

Lastly, the use of curtailed energy for BESS charging. Wherever the GNA is delayed, curtailed solar under the PPA can now charge BESS for merchant sale. This gives us an opportunity to commission our solar capacity ahead of scheduled GNA and utilize that energy in BESS. Overall, these developments reduce risk, widen the opportunity set, and support our focus on BESS deployment.

Looking ahead, let me share our upgraded capacity roadmap. Given our execution momentum and the scale of the opportunity, we are raising our targets across all three timeframes.

For FY27, BESS commissioning guidance has been raised from 10 gigawatt-hours to more than 12 gigawatt-hours, driven by our early deployment strategy. By 2030, our renewable target rises from 10 gigawatts with 25 gigawatt-hours of BESS to 15 gigawatts and 50 gigawatt-hours of battery capacity, doubling the storage component.

Below are the several factors that support delivery of this roadmap. There is a strong tender pipeline of more than 20 gigawatts of upcoming tenders across solar-plus-BESS, FDRE, CFD, and PHSP; 50 gigawatt-hours of peak power bids already rolled out till September '27; another 200 to 250 gigawatt-hours of short-term peak power contracts expected in the near to medium term; and 20 gigawatt-hours of medium-term peak-only tenders expected shortly. As we speak today, SECI has launched a large 4-gigawatt/16-gigawatt-hour auction for 4 hours of assured peak power, which requires commissioning within the required 12 months. The tender also carries VGF funding

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of INR 15 lakhs per megawatt-hour.

Secondly, we have about 10 gigawatts of RE connectivity inventory, which is secured and applied for upcoming bids over and above the existing portfolio, and more than 5 gigawatts of BESS connectivity already granted.

Third, about 19 gigawatt-hours of BESS are already contracted with reputed suppliers, including CATL, Eve Energy, Ganfeng, Trina, and CLOU.

I would now hand over to Manoj Sir to discuss strategic priorities.

Manoj Kumar Upadhyay - Chairman: Thank you, Ankit. I would like to extend my sincere gratitude to our shareholders, our Board of Directors, and my team, who have continuously supported and guided the company in the right direction.

Our strategy going forward will rest on five pillars. Together, they are building a return-led, self-financing renewable platform with contracted, visible cash flows.

First, return on capital and profitability. We allocate capital to the highest-return opportunities. Megawatts matter, but the measures we would hold ourselves to are earnings, growth, and the quality of these earnings.

Second, BESS as a cash engine. On a rolling basis, we expect to operate around 10 gigawatt-hours of BESS, subject to tariff realization. Its cash flows fund our growth and reduce the equity needed for new projects, making this a self-financing platform.

Third, execution excellence. We are focused on higher CUF, continued BESS addition, and keeping solar and the balance of the system ready for upcoming projects. Being ready ahead of the grid improves margin and hedges us against transmission delays, as our assets can start earning before full GNA.

Fourth, margin improvement. Curtailed solar can now charge our BESS, so energy that would otherwise be lost lifts BESS EBITDA and cash flow.

Manoj Kumar Upadhyay - Chairman: We have tied up capex for both BESS and solar below budgeted costs, building better margins in from day one.

Fifth, contracted revenue visibility. Long-term PPAs anchor our portfolio revenue, while short-term peak power contracts monetize our BESS capacity, giving us high visibility of future cash flows.

With that, I conclude my remarks. Thank you for your continued support. We will now be happy to take your questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet – HSBC: Thank you so much, and congratulations on the great performance and on moving forward toward your target. My first question is, given the context of delays in transmission, what is the revised capacity addition that you intend to achieve for FY27 for power generation, and what should one think of as the annual capex and capitalization plan?

Management: Right, Puneet. We understand the delays in the GNA, and we have reoriented our strategy around them in terms of the BESS commissioning that we have done. As you would have noted in our quarterly presentation, we have partially commissioned around 1.9 gigawatts of capacity through a mix of solar commissioning and BESS commissioning.

As we are commissioning these capacities, we are realizing the revenue that is seen in this quarter. If you look at the complete commissioning of an FDRE plant or a hybrid plant, that is dependent on the GNA commissioning coming online. As per the current timeline, we are hopeful that we will be able to do 1.5 gigawatts, but it could be more or less by a quarter depending on the GNA commissioning. As far as partial commissioning is concerned, it will be substantially higher. It may be substantially higher, perhaps 2.5 to 3 gigawatts, because as far as AC commissioning is concerned, we have already charged 2.5 gigawatts of capacity.

In terms of revenue generation elements, as we have clearly mentioned, we have charged 1.9 gigawatts of commissioned capacity. Given these FDRE constructs and the peak power constructs, these are now distributed across multiple CTU substations. Tracking the full commissioning does not mirror the revenue generation, because the BESS comes online early. In one of our plants, or actually two of our plants, we have charged solar as well, and because the GNA is not live, we are using it to charge the BESS.

Where the GNA is partially available, for example at Bikaner-III, we are supplying to NTPC during the day whenever the GNA is available, and the rest of the time it is going to the BESS. The plant is commissioned, but since the GNA is not available, we are using it very productively by reducing our cost of production.

That is how we will continue to share the details in terms of the commissioning and also in terms of the elements commissioned.

Puneet – HSBC: Right. So the 2.9 gigawatts includes all this?

Management: Sorry, just to complete the reply on the capex. Capex is also something you asked about. We have done around 10,000 crores of capex this year to date. 3 6,000—sorry, 6,000 crores of spend, out of which 3.5 is capitalized and 3 is CWIP. So, 6,500 crore is what we have done already, and I think we will do a similar amount or a higher amount in the second half of this year.

Puneet – HSBC: And will capitalization also be a similar number?

Management: Yes. We are targeting to capitalize the whole of 12 gigawatt-hours of BESS in this financial year itself. I think the number will substantially go up from what we have done in the previous half year because the BESS is ordered, the LCs are being opened, and we have money lying with us. As you would have noted, there is a lot of cash because of the disbursements we

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received in September. All of this will be utilized for capex.

Puneet – HSBC: On the generation side, where should the 3 gigawatts end up by the end of FY27, including what you are using to power your own BESS?

Management: On the generation side, to power our own BESS, there is the BESS and there is generation to charge that BESS or to supply to the grid. You want to know that number. It will be upwards of 1.5 to 2 gigawatts in terms of that generation. In terms of megawatt peak, we will install that capacity.

That will be driven by Fatehgarh-II, where around 700 megawatts peak is already installed. We are just awaiting the GNA to go live. Our transmission line is more or less ready. Then there is Neemuch and Bikaner-III. These three alone will take this above 1.5 gigawatts. We also have Ananthapur coming, which will take it to around 2 gigawatts plus.

On the generation side, this could go upwards. I am just referring to the basic three or four projects that we expect to come online before March, depending on the timelines of their GNA. At not all places are we using this to charge the battery. At Ananthapur, because the substation is coming live earlier, we may charge the solar first and the battery may come later, or the battery may come concurrently as well.

Puneet – HSBC: Understood. On the debt side, how should one think about your cost of debt going into the future? You also have a credit rating upgrade, but at the same time, interest rates are also rising.

Management: Yes, you are right. The global and Indian situations are moving toward stabilization or some increase in interest rates. As Ankit mentioned, we have analyzed this issue and reviewed that 65% of our debt is from institutions that borrow for very long terms. If you look at PFC, REC, IREDA, and NaBFID, these institutions borrow for very long terms. Only 20% of their book is borrowing with a 5-year duration, which they refinance every 5 years. The rest of their book is fairly stable, and these institutions have not increased their base rates as frequently as an MCLR-linked institution would.

If you notice their behavior over the last 5 or 10 years, we do not foresee interest rate hikes on, let us say, 10,000 crore out of our 15,000-crore operational debt book.

On the under-construction debt, once the project becomes operational, there is a substantial reduction in the interest rate, which happens purely because of credit risk reduction and has nothing to do with the prevailing interest rate cycle. The 9% plus interest rate that we are paying on a lot of these under-construction projects will move down to a substantially sub-9% rate. That is independent of the macroeconomic environment. It is a company-specific factor that will also play out.

Even during the under-construction phase, we are getting two projects refinanced. This is in progress where the battery is commissioned, the solar is very close to commissioning, but we are getting the projects refinanced. That is also going on because the risk is currently out of the picture in terms of the commissioning of both elements. The battery is commissioned, the solar is very near

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commissioning, and the GNA is also going to be commissioned. We are getting good demand for such projects where, even during the construction phase, we are able to refinance.

Puneet – HSBC: Understood. That is very clear. Lastly, on the 400-megawatt NTPC tender that you signed, who is the offtaker, and has the tariff been reduced to 4.37 from the earlier 4.7? What has driven that?

Management: NTPC is the offtaker for that FDRE PPA. Tushar, we have not reduced the tariff in that one. In the NTPC PPA, there is a 5% and 12% GST impact, which is a tentative estimate of that tariff. That is not a tariff reduction. That is basically the GST being reduced to 5% from 12% after the RFS. There is no tariff reduction in this particular PPA.

I think we have increased the battery duration by 1 hour, to 4.5 hours. We have increased the battery duration from 4 hours to 4.5 hours, but we have not reduced the tariff in this one.

Puneet – HSBC: Understood. That is very clear. Thank you so much, and all the best.

Management: Thank you.

Operator: The next question is from the line of Amit Bhinde from Axis Capital. Please go ahead.

Amit Bhinde – Axis Capital: Hello, sir. Am I audible?

Management: Yes.

Amit Bhinde – Axis Capital: Congratulations on a great set of numbers and the revised guidance. I have a few questions. In the previous question, you mentioned that you have done capex of around 6,000 crores and that you would do a similar amount or probably more in H2. That implies revised guidance of 12,000 crores. Earlier, we were talking about 15,000 to 17,000 crores. Has there been any change in the thought process because of transmission connectivity or for any other reasons?

Management: We have done capex of 6,500 crores already. We are yet to receive batteries of around 5 gigawatt-hours. We have around 7 gigawatt-hours of battery with us today at sites, and we are yet to receive 5 gigawatt-hours of batteries for which we have opened LCs. These have not been capitalized, and they are still part of—they are not part of the capex.

It will therefore be a substantially higher number than the 6,500 crore that we are hoping to do. We are also receiving modules for sites where we are able to charge these batteries. We are quite confident that it will be a higher number than 6,500 crore. I do not have a ready number with me right now for the exact H2 capex, but we will be able to share it with you. It should be higher based on these two factors.

In terms of the GNA dependency for this capex, we have no GNA dependency for the battery because we are only doing battery installations at places where GNA is available. For modules also, we are only installing them where we are able either to charge our battery or to supply to the grid. This gives us a significant runway because we have a large amount of megawatts that we can install at places where we have batteries or where we have GNA. Therefore, GNA will not be a limiting constraint for our capex.

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Amit Bhinde – Axis Capital: The second question I wanted to understand is this: you mentioned that you have done 1.9 gigawatts of partial commissioning of the projects. If I take a 25% PLF on that for this quarter, it would mean about 1,000 million units, while your BESS has supplied only 324 million units. In a way, are we implying that we had around 650 to 700 million units of curtailment? 700 million?

Management: I missed your query. Could you repeat it?

Amit Bhinde – Axis Capital: You have 1.9 gigawatts of capacity that is pre-commissioned. If I take a 25% PLF on that, it means about 1,050 million units of generation in a quarter. BESS is only 324 million units, and you have also made external purchases. In a way, is it right to conclude that curtailment was close to around 700 million units?

Management: No. You should look at this commissioning by looking at the elements that have been commissioned. Solar has been commissioned at some places, and at quite a few places the solar is not even commissioned; only the battery is commissioned. Wherever the battery is commissioned, it is purely charging and discharging of that battery. Since the solar is not there, the 25% CUF is not applicable.

Wherever the solar is charged, the capacity is also partially commissioned as of now, as we have mentioned. For example, at Bikaner, currently 133 megawatts is charged out of 300 megawatts. For 133 megawatts, you can benchmark 25% in that specific project.

We can give you the exact numbers in the next presentation so that you can match this 25%.

Amit Bhinde – Axis Capital: I request that we include in the presentation the planned configuration and how much has been commissioned in the operational table below.

Management: We will do that in the next presentation.

Amit Bhinde – Axis Capital: The last question I have is this: if I look at your Q1 to Q2 gross block difference, that is almost about 1,782 crores, whereas the operational debt I am seeing is increasing by around 31 billion, or 3,100 crores. Ideally, it should be 75:25 or 80:20 when you recognize it as operational debt. There is a mismatch. Could you help me understand the accounting behind that?

Management: Amit, are you comparing Q1 FY27 with Q2 FY27, or with the corresponding quarter of Q1?

Amit Bhinde – Axis Capital: Q1 FY27. It is a quarter-on-quarter comparison. Your gross block has gone up from 196 billion to 214 billion. That is an increase of 1,782 crores in gross block. Whereas, if I look at the increase in operational debt, it is around 3,100 crores. Ideally, I would have expected a 75:25 or 80:20 type of recognition into operational debt when the project gets capitalized. Here, the difference is higher. Could you help me understand that?

Management: Let me put up the numbers for your reference so that we are clear. In Q1 FY27, our gross debt was roughly 20,000 crore. In this quarter, it was roughly 26,500 crore. That is number one.

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Management: Gross block for Q1 was around 24,900 crore. For this quarter, it stands at roughly 28,500 crore, which represents capex of roughly 3,500 crore, as we were discussing during the quarter. Gross debt increased partially {? also for EV, and as we must have of that then ?}, and the rest of it went into CWIP. The rest of it went into CWIP.

Amit Bhinde – Axis Capital: I will try to trace this offline because the operational debt is appearing higher than the CWIP debt, [crosstalk] whereas some of the debt should be connected with CWIP.

Management: [crosstalk] Some of the debt was raised at the quarter end, which is reflected as a cash balance in the books, amounting to 10,000 crore.

Amit Bhinde – Axis Capital: Right.

Management: It is 10,000 crore.

Amit Bhinde – Axis Capital: Could there be a possibility that you are taking more debt on the operational asset and funding some of the equity through that for the CWIP? Is that a possibility?

Management: No, that has not happened, at least not in this quarter or the previous quarters. That is not the case because when we typically refinance is when the project just reaches COD. That is when you deserve a top-up because the debt-equity ratio can move from 75:25 to a higher number. This has not happened in these two quarters.

What we have really done is take disbursements early on these FDRE and peak power projects to fund our battery capex. That has resulted in this because, as you know, the battery capex for us is quite front-ended. We are ordering 5 gigawatt-hours of batteries. The debt for all those projects' batteries has come in early, and the battery LCs are opened only when required.

This is a factory acceptance test. At that time, you open an LC, even though you take the debt at the end of the quarter or whenever, because it is an aggregate disbursement that they make, not a disbursement against each individual LC period. There is therefore a time delay between the disbursement and the utilization of that debt.

That is why you see a hefty amount coming in terms of gross debt, whereas capex is happening as we open these LCs and install or deliver these batteries. That is how it will pan out. You will see this entire debt converting into gross block and also converting into revenue, because the time from installation to revenue is very short in a battery project, and we are ordering batteries only for locations where the GNA is live and where we are ready.

Amit Bhinde – Axis Capital: How many units were used internally to charge the BESS? If you can give us that, and also the average purchase price of the BESS that you recently ordered in Q2. I think Q1 ordering was around 15 gigawatt-hours. Now you have 19, so you ordered 4 gigawatt-hours during the quarter. How have the rates been? Lithium carbonate prices are going up, and BESS capex could see an increase from the 1 crore that you have been spending until now.

Management: In terms of the solar being used to charge the BESS, out of the 133 megawatts—Ashutosh, how much is it?

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Ashutosh: Around 700 megawatt-hours, roughly.

Management: That is around 80 to 90 megawatts of AC.

Ashutosh: Around—

Management: Around 90 to 100 megawatts of AC out of 133 megawatts is being used to charge the BESS, and 33 to 40 megawatts is going to the client.

Amit Bhinde – Axis Capital: On the BESS capex—

Management: On the BESS capex, we have done lower than 1 crore per megawatt-hour because the key difference in our capex is that we are installing BESS at operational substations. The capex for the transformers and the AC infrastructure already exists at these plants. We are not doing a greenfield installation. That saves us around 20 lakh per megawatt-hour of capex.

That is why we have been able to achieve between 90 lakh and 1 crore for the capex that we have capitalized in our books. Going forward, what we are seeing is that lithium carbonate prices have come down, copper prices have gone up, and the Chinese tax is coming into the picture in January. There is a 6% export tax.

It is a combination of factors, but overall, battery costs do not look likely to go up at all. They will go down. How much they go down will depend on the three or four factors we discussed, as well as supply and demand and various other geopolitical factors.

Amit Bhinde – Axis Capital: Those were my questions. This was really helpful. Thank you.

Operator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar – ICICI Securities: Good afternoon, sir, and thank you for the opportunity. My first question is whether you are seeing a change in the bidding environment where SECI is floating bids after completely tying up the power with discoms, and whether conversion to PPAs is happening faster. Is that understanding correct?

Management: Yes, that is a correct understanding. As you can see in the cycle of our recent PPA, we won a bid and it was signed as a PPA within 2 months. That is absolutely true.

The selectiveness with which the bids are being issued is also praiseworthy. They are collecting the exact bids they need from the states and coming up only with those bids, whether it is a PSP bid, a wind bid, or a peak power bid. It is catered only to the demand. They are not issuing bids where there is no customer, and there is a pre-tie-up of customers, because otherwise it would be impossible to go from bidding to signing within 2 months.

Mohit Kumar – ICICI Securities: Understood. My second question is on the batteries. Can you help us understand the battery PPA tie-ups that you have done for 15 billion and 60 billion rupees for FY27 and FY28? I believe those are the right numbers. Is it possible to quantify how much of the current capacity is tied up for FY27 and FY28? Are we exposed to input price volatility?

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Management: For FY27, we are around 90% to 95% tied up in terms of what we can produce and what we have contracted. We keep around 5% to 10% for RTM and RTM-type sales.

For FY28, we are around 65% tied up, or perhaps 50% to 60%. We will confirm that number, but it is around that level. We are tied up to that extent.

Regarding input prices, are you asking about capex, Mohit, or the cost of buying power? Are you talking about buying power?

Mohit Kumar – ICICI Securities: Buying power.

Management: We do not have any tie-up for buying power as of now. We are therefore dependent on IEX prices for buying power. Wherever we are producing our own solar, which is a large amount, we are increasingly reducing that risk.

By the end of March or perhaps by June, at quite a few locations, our solar will be fully ready to charge the batteries that we have at those stations because they have that kind of configuration. Our procurement from IEX would therefore reduce substantially.

In the next presentation, we will also include how much we will buy from outside versus how much we will have internally. We will give you that number.

Operator: Sorry to interrupt, Mr. Mohit Kumar. When management is answering your question, may we request you to please mute yourself, because there is a disturbance. You may go ahead with your questions.

Mohit Kumar – ICICI Securities: I am done. Thank you for the opportunity. Thank you, and all the best.

Operator: Thank you. The next question is from the line of Shaurya Arya from Oaklane Capital Management. Please go ahead.

Shaurya Arya – Oaklane Capital Management: Hi, sir. Am I audible?

Management: Yes, please.

Shaurya Arya – Oaklane Capital Management: Congratulations on a great set of numbers. I have two questions. One is on your Strategy 2.0. For 2030, we are now saying that we can be at 15 gigawatts. What we are seeing in the market is that grid connectivity is ultimately the challenge. For our existing projects, we are already not able to fully commission them. In that context, how realistic is this 15-gigawatt target? Could you provide some perspective?

Management: Shaurya, as you must have noticed from our strategic plan, which we have also mentioned in the presentation, we are focusing more on revenue generation capability than on the absolute megawatt number. Your point is valid that we are not flustered about the [cut off]

Operator: I am sorry to interrupt you here, sir. Mr. Shaurya Arya, may we request you to please mute your line when management is answering? There is a disturbance coming from your line. Thank you very much. Sir, you may please go ahead.

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Management: In terms of the strategy, we were explaining that the strategy is more about the numbers, the revenues we can generate, the profit we can generate, and the pace at which we can grow.

In terms of our strategic alignment, we are fully geared up to grow at a very fast pace in both of these areas. How we achieve these gigawatts and how we achieve these crores is linked to the connectivity we have, which is more than required for 15 gigawatts, and to the timelines of the substations, which are also well planned and being delivered.

The 15 gigawatts is not at risk in terms of GNA connectivity because the substations we are targeting for these 15 gigawatts have timelines of 2028 at the latest and possibly early 2029. The delays we see in these substations are being addressed, and the substations are now coming up with timelines of 36 months or 30 months. That is the extension already being provided by CTU or the MOP in terms of planning, which is another very positive step they have taken.

Even if you factor in a 6-month or 12-month delay, we remain within our goal of achieving this capacity. In terms of BESS capacity, we also have enough connectivity for the BESS projects we have discussed.

The main thing that we are working on and will continue to work on is the customers. We need to have the demand for such projects and be able to execute these projects. What may happen is that we may do, for example, 17 gigawatts and a higher amount of BESS, which is entirely likely given the amount of peak power deficit that is emerging.

If you notice the tender that Ankit discussed, a higher amount of peak power is needed, and the revenue realized per megawatt is much higher. The profit realized is also potentially higher.

In terms of connectivity and demand, both are available. We see good demand emerging because, as you see from power prices in India, people have realized that they have to go full steam on all sources and not choose a particular source. Thermal may come up, renewable is also coming up with firm demand backed up, and peak power is also coming up.

We see a lot of bids coming up that are rightly designed and capture real demand. From all three perspectives—connectivity tie-up, demand availability, and our execution abilities—we do not see a challenge. That is why we have upgraded the target.

We already have 8.5 gigawatts of PPAs, and we are going to participate in more than 3 to 4 gigawatts of PPAs very soon. If we get those PPAs done by the end of '27 or so, we will definitely be around 12 gigawatts of capacity by 2029.

If you assume that we are doing a lot of BESS for which there is a ready customer, there are many states that want to buy those peak power projects. It is therefore very safe to assume that in terms of contracted capacity, we can reach that level by 2027. The execution will continue through 2029 and '30, but in terms of PPA tie-ups, we can reach that level by the end of next calendar year.

Shaurya Arya – Oaklane Capital Management: Could you provide some more perspective on the 10 to 15 gigawatts? For this incremental {? 5 ?} gigawatts, how much are you considering for data centers, green ammonia, or perhaps from your own Acme Cleantech? Their plans are also

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progressing rapidly. Could you divide it? Will the nature of the business change from the current PPAs with state or central utilities?

Management: Shaurya, that is a good question. In terms of the overall growth we are seeing from demand centers, we do not see a change in the nature of the customer for us. There will of course be incremental demand from various other sources, including the data centers, green ammonia, and multiple other demand areas that you mentioned.

Our primary source for capturing this demand would be these AAA PPAs with counterparties such as SECI, NTPC, and primarily SECI now, as well as state governments. The addition of state governments is also entirely relevant. We will participate in the [cut off]

Management: SECI bids. SECI is procuring power for green ammonia projects as well. The feeder to SECI is therefore increasing. Whatever sources you mentioned, such as data centers and green ammonia, SECI is also catering to demand from these sources.

In terms of the conduit for us to obtain these PPAs, that will remain an AAA counterparty, and that is what we want to achieve.

We do not see a shortage of these bids. As we mentioned, we have sufficient bids to take us from 10 to 15 gigawatts. We are already at 8.5 gigawatts. If we had kept the target at 10 gigawatts, we would already be at 8.5 gigawatts in '26. That would not show any growth in our contracted capacity over the next 2 years in terms of bids won and PPAs signed.

We have been winning projects at a rate of around 1.5 gigawatts every year for the last 3 or 4 years. Even if you project it in that manner, we are bound to reach that number. We also see a significant increase in these bids because of the shortage of peak power in India, and that is already reflected in the prices.

We therefore see an incremental 5 gigawatts of capacity being won by us in the next 12 to 18 months for sure, taking us from 10 to 15 gigawatts.

Shaurya Arya – Oaklane Capital Management: Are we factoring anything from Acme Cleantech into this, or is that also part of it?

Management: We are not factoring anything from Acme Cleantech. This 15 gigawatts could of course increase further if Acme Cleantech were to buy power for green ammonia, data centers, or any other sources through SECI or through any other agencies. We are not factoring that into this 15 gigawatts.

Shaurya Arya – Oaklane Capital Management: Fifteen gigawatts, understood. The second question is that we all expect BESS spreads to decline over 2 or 3 years. What matters is the pace at which new BESS comes into the system. You are yourselves putting up such large BESS numbers. What should we expect regarding BESS spreads? Should they narrow very quickly? I do not know the reason, but Q1 to Q2 itself is down, although that may be for a different reason. How should we think about this market from a spread perspective over the next 2 or 3 years?

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Management: If you look at Q1 to Q2, and if you look at the prices we have signed up for this year and next year, they have substantially gone up. In terms of delivery, those contracts were already signed in Q1. We do not wait because we want to reduce risk. We sign for, let us say, the next two quarters.

These projects and bids are also for the next 6 months. They are not for 15 months onward; they are for a maximum of 6 to 12 months. The Q2 contracts were already signed, so the tariffs did not move from Q1 to Q2. They were already contracted. We can tell you our tariff for Q3 as well. These contracts are already contracted.

The new bids we have won for, let us say, Q4 or Q1 of next year are substantially higher. The tariffs are substantially higher than what we have realized so far. It depends on how the states view their power demand in the near term, because these are near-term bids.

Structurally, there is a major shift happening from RTC procurement, which is thermal or gas procurement, to BESS procurement. As we said in our previous conference call, this is a new form of power. BESS is a new form of power that has developed trust with perhaps 10 to 12 governments, to which our peers and we have supplied.

People are increasingly confident about shifting their near-term power mix from RTC to batteries. A lot of new demand is therefore being created.

In terms of tariffs, RTC at Rs.7 or Rs.6 is much more expensive than BESS at Rs.10 because, when you contract RTC, you are buying a large volume of power that you do not necessarily need during the day. Around 85% of near-term power is RTC, and this is the portion that is currently waiting to be disrupted.

Shaurya Arya – Oaklane Capital Management: That is quite helpful. Thank you.

Management: Thank you. All the best.

Shaurya Arya – Oaklane Capital Management: Thank you.

Operator: Thank you. The next question is from the line of Shounak Godbole from SBI Life Insurance. Please go ahead.

Shounak Godbole – SBI Life Insurance: Hello, sir. Thank you for the opportunity. I wanted to understand the capacity addition target for FY28 in megawatt terms, for FY27 and FY28.

Management: In FY28, in terms of GNA availability, we are looking at upwards of 3 gigawatts. Around 2.5 to 3 gigawatts is what we are looking at in FY28.

Shounak, we are seeing all of our substations coming alive during that particular year, and the total is aggregating around that level. You will see that from June to December, the bulk of our substations are coming alive if you look at the current dates for most of the substations. That is where they are, and of course, they are subject to some delay.

We are very confident that there will not be further delays because the elements are ready and the work is progressing at a very good pace.

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Shounak Godbole – SBI Life Insurance: What about FY27? Initially, I think it was 1.5 gigawatts. When I was looking at the presentation last quarter, around 700 megawatts was the only capacity for which the substations were ready according to the GNA timelines in the presentation. What is the status of that? In this quarter, we have not commissioned any project, and H1 capacity addition is not significant if I compare it with the two quarters.

Management: When we look at capacity addition, we look at the elements for which we have charged each of these projects. We have laid out in our presentation that we have partially commissioned around 1.9 gigawatts of capacity so far out of our total under-construction portfolio.

Of that 1.9 gigawatts, we have partially commissioned solar at two locations and battery at around four locations. All of these projects, excluding one project, Acme Suryodaya, are under PPAs and are generating revenue.

If you are referring to the generating source, which is solar, and are tracking only that, or if you are referring to contracted capacity, we have operationalized 133 megawatts of grid-facing solar. That is what we have done in this quarter.

In terms of the commissioning targeted for FY27, depending on the operationalization of Fatehgarh-II, we could still do 1.5 gigawatts. It could move by a quarter, perhaps to June, but 1.5 gigawatts is what we are targeting for FY27.

Shounak Godbole – SBI Life Insurance: On the financials, I had a query. Your interest cost has been flat for the past 2 to 3 quarters. What is the reason for that? We have commissioned battery capacity, so depreciation is increasing. Ideally, finance cost should also increase.

Management: There are a couple of reasons for that. First, we did a QIP raise of around 2,800 crores. That resulted in our paying down some of the debt, which has saved interest cost. That is one of the key reasons.

The second factor is that some of the cash flows we are generating from BESS are also reducing the debt drawdown from our side. We are able to use these cash flows as equity, and we are not increasing the debt. The internal accruals available are increasing, and we can either use them to pay down debt, because we are paying down debt from these internal accruals, or avoid incurring interest cost.

We are also drawing down less debt because these accruals are to be used for capex or debt reduction. In some cases, lenders have allowed us to use these accruals as equity as well. That is resulting in the interest cost remaining flat.

The third factor is that we have refinanced a higher-interest-rate bond. We now have no dollar exposure in the overall book. It is 100% rupee-denominated, and that has resulted in substantial interest savings for us this quarter. This will continue going forward.

These are the three or four reasons.

Shounak Godbole – SBI Life Insurance: I had one question regarding other expenses. For the past 2 to 3 quarters, they were somewhat higher, and this quarter, compared with the last quarter, they are

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around 45 crores. Is there a specific trend, or how should we look at it?

Management: Tarun, what do these other expenses include?

Tarun: Currently, these include O&M expenses, which we generally incur. In the last quarter, other expenses were higher because there was a one-time expense related to the authorized capital fees of companies. There were almost 7 to 8 companies, and the expense was almost 20 crores. That is why it was higher in the last quarter, but generally, it remains static on a quarter-to-quarter basis.

Management: I will explain this ROC fee. When you put equity into a company, you have to pay a fixed ROC fee for issuing share capital. That is very lumpy and only arises when you start a project. That makes the expense lumpy. Perhaps we can have a line item showing this, or show it in the schedules as a one-time expense. That will help you predict it on a quarter-on-quarter basis.

Shounak Godbole – SBI Life Insurance: Could you repeat what that one-time expense was? I did not—

Management: ROC refers to the Registrar of Companies. When you put share capital into a company—

Tarun: When you increase your authorized capital, you have to pay an ROC fee.

Management: When you start a project, how much is that ROC fee typically?

Tarun: It is limited to 2.5 crores.

Management: Around 2.5 crore per SPV has to be paid. Whenever you start putting equity into a company, you need to pay this 2.5-crore fee per SPV. That makes it slightly unpredictable to that extent.

Shounak Godbole – SBI Life Insurance: Thank you very much.

Operator: Thank you. The next question is from the line of Apurva Bahadur from IIFL Capital. Please go ahead.

Apurva Bahadur – IIFL Capital: Thank you for the opportunity. I have a couple of questions. One is on the partial commissioning of the projects that we have done. It would be helpful if you could explain how we account for this. Do we capitalize these assets and start charging all the expenses to the P&L, or are they still capitalized on the balance sheet?

Management: Wherever we are selling power, we are expensing the relevant costs because we have capitalized the assets. Wherever we are not selling power, it is not yet capitalized.

Apurva Bahadur – IIFL Capital: The solar that is used to charge your batteries—would that be capitalized, or is it only the battery?

Management: That is capitalized completely. When we say we are selling power, it means that we can sell to the grid or sell to our own BESS. In both cases, the sale is being made from that SPV. Wherever the sale is being made, we have capitalized the asset. Wherever we have said that a

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project is partially commissioned, it has been capitalized.

Apurva Bahadur – IIFL Capital: Understood. So our gross block already includes these assets, and they are no longer in CWIP?

Management: Yes, exactly.

Apurva Bahadur – IIFL Capital: Secondly, on the new PPAs that we are signing, I believe they will now be under the ambit of ALMM II. How are you seeing the pricing for DCR ALMM II-compliant modules? What is your view? When would you tie up for these—this year or next year?

Management: We have plans to buy modules for these projects from June onward next year because the commissioning targets for these projects are from December onward, from December to March of '28. Those are the timelines for commissioning these projects.

We have had some initial negotiations and discussions because we do not intend to buy immediately. Based on the briefings we have had, we are currently receiving prices of lower than 17, but this is highly dependent on various factors.

We are substantially within the prices we had assumed in the bids, so that is not a risk we see. Given the Chinese regulations that have come into force, particularly the recent Chinese regulations, we will have to assess the impact if they affect cell capacity in India. However, it does not appear likely at this point. Substantial cell capacity has already come up, or is ALMM-registered and already available. We therefore do not see these prices increasing because of [cut off]

Management: a shortage of suppliers. We believe that prices will not increase because of that.

Apurva Bahadur – IIFL Capital: For all these projects, did we have to declare connectivity before bidding, or will we still have to wait for CTU to commission those substations? Could there be a deferral in setting up these capacities?

Management: Most of these projects are peak power projects. Are you talking only about ALMM-2, or about all projects?

Apurva Bahadur – IIFL Capital: I am referring to the recent ones—the ones for which we signed PPAs this quarter and so on.

Management: Most of these projects are peak power projects. We are already installing them where GNA is almost operational. There is therefore no GNA risk because these peak power projects are largely immune to GNA delays. We typically install them at projects where GNA is live.

In a large part of our book, there is no GNA dependency or delay because the projects are operational. For most of the peak power projects we are undertaking, the GNA is operational, so there is no risk to these timelines.

The exception may be an RTC project or a REMCL project, where you need to install a grid-facing solar project. There, you are more dependent on the GNA and are exposed to delays. In peak power projects such as those where the battery is supplying power to the grid, we allocate the projects in a manner that makes delays due to GNA impossible from our side.

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Apurva Bahadur – IIFL Capital: On these peak power projects, one of the recent projects was signed at a tariff of about 6 rupees, where we have to supply during peak hours and also arrange the charging power. How does the math work at 6 rupees? I think the battery cost at 100 dollars itself would be closer to 4.5 rupees, implying a 12% IRR. On top of that, there is the cost of charging. What type of equity IRR are we seeing at a 6-rupee tariff?

Management: {? Apoorva ?}, in terms of that project and the resulting economics, there are a couple of factors. First, there is the early commissioning. As I mentioned, we have allocated these projects to locations with operational GNA.

The solar takes time to come up because of right-of-way issues and land acquisition issues. The battery, however, comes up fairly early for us. As you see, we have brought forward the commissioning of many of these batteries.

In terms of battery commissioning, the battery will come up earlier for these projects. Since the PPA is signed, the debt is also available. There is therefore early commissioning revenue that you realize from these projects because, specifically, they are available to sell power today.

That is the key difference between our earlier projects and this project. Of course, it depends on the competition. Nobody likes to reduce their returns. We make a high-teen return on this even if we factor in 6 to 12 months of short-term power operations. We will of course have around 24 months, so perhaps we will achieve a higher return than that.

Apurva Bahadur – IIFL Capital: Fair enough. Thanks a lot. [crosstalk] All the best.

Management: Thank you. Thanks.

Operator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal – HDFC Asset Management: Thank you. You made a comment that 85% of near-term power is RTC and is waiting to be disrupted. I did not understand that point. Could you please expand on it?

Management: In terms of the DEEP portal, as you must be aware, there is a DEEP portal where discoms procure short-term to medium-term power. Of the volumes on that DEEP portal, 85% are through thermal RTC-type tenders, and only 15% are through gas or other sources.

That is what we meant when we said that this 85% was waiting to be disrupted because there was no availability of other sources. People are buying a large amount of RTC power even when they need only peak power because no other source is available.

For example, Gujarat used to buy a large amount of RTC power. This year, Gujarat bought a large amount of peak power. That has reduced its RTC purchase volume for short-term and medium-term power. That is what I was referring to.

Dhruv Muchhal – HDFC Asset Management: Understood. In your presentation, you mentioned 50 gigawatts of peak power bids rolled out by September '27 and more than 20 gigawatts per hour of

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upcoming tenders. This is a large quantum. In your assessment, is it backed by state demand, or did SECI and others previously issue tenders without any demand assessment? Is it backed by state demand?

Management: Primarily, it is state demand because SECI does not have demand of its own. We are also working on this because we are now selling power to many of these states on a short-term basis. We therefore have a good understanding of what they need and within what timeframe.

We have mapped their demand in the short term, medium term, and long term. What we realized is that there is very high demand for peak power in the short to medium term.

There are many 5-year PPAs. Many parties are trying to contract some of these PPAs expecting their thermal capacity to come up, their PSP capacity to come up, or a slowdown in demand. Some states are appropriately looking at 20-year PPAs as well. It varies from state to state.

Everybody is short of peak power, and nobody wants to depend on weather patterns to assess their demand or on other capacities coming up. They are also affected by GNA delays. As you must have noticed, many states are affected because plants are not coming up due to GNA delays in the short term.

They are therefore skeptical of commissioning timelines and are contracting surplus power. Depending on their plans, they may be contracting more surplus power than they may need, or they may not need. This is why states such as Chhattisgarh, Odisha, [off-mic discussion] and Telangana are issuing bids.

A large number of bids have come up from Telangana, and now from Chhattisgarh and Andhra Pradesh. Many of these states are issuing their own bids. In our SECI bid, states such as West Bengal are buying, and many other states are buying as well because everybody is short of peak power. They do not have a firm tie-up for peak power.

In terms of solar, some states are surplus, which is correct. However, nobody is now installing solar and sending it to the grid. Everybody is converting it into peak power, and that is also the intent with which the states are buying power.

All the states are responding to this need. A recent SECI tender has come up today, which Ankit also discussed. It is a 16-gigawatt-hour tender, comprising 4 gigawatts multiplied by 4 hours, and it comes with VGF and a 12-month commissioning requirement.

That is purely in response to the power situation prevailing today. It caters to parties that are ready to supply power because the states want to promote battery installations sooner rather than later. That is where the issue lies in terms of power procurement.

That is where the procurement trend will go, and that is where we see the shortage. The pure solar, conventional method of looking at solar bids and similar tenders is no longer applicable. That is why megawatt-hour tenders are also coming up.

In terms of RTC, RTC at 5.25 is again a very competitive bid that happened at SECI and is currently being sold. Once it becomes mainstream and people are able to commission that plant, it will also

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lead to substantially higher confidence in these PPAs.

The issue with some of these bids is that the plants have not yet been commissioned. Once these plants come online with the GNA going live, I think confidence in these PPAs will also increase substantially. We will then see a lot of procurement happening from these RTC projects as well because the pricing is very competitive. It is much more competitive than thermal or any other source.

Awareness is building up, and that is why states such as Telangana have come up with RTC and peak power project bids. More and more states are adopting this. In terms of competitiveness, it remains competitive for all three renewable sources—solar, wind, and battery—and, in certain contexts, PSP as well, in terms of the project life and the stability it provides.

The fundamentals are strong, so states are buying. Demand has shifted significantly toward the states. We now understand that a lot of aggregation will happen at the central level for peak power. SECI has already come up with a bid, and perhaps other agencies will also come up with similar bids for large-scale battery procurement.

Dhruv Muchhal – HDFC Asset Management: One quick question. Your generation has grown by about 20% year-on-year, your capacity is almost flat, and I see that PLF has improved. Is this just repowering driving the significant increase in generation, or are the partially commissioned assets also included in generation now?

Management: There are two reasons. First, as you rightly said, capacity has increased, and repowering has also increased. Third, the wind capacity has come online. As you see, it achieved around 41% CUF in this quarter.

The introduction of wind is contributing significantly to the average CUF. Wind was not present last year, and 150 megawatts of wind capacity is now contributing significantly. Of course, the weather patterns also played a role.

Dhruv Muchhal – HDFC Asset Management: Is repowering a significant element?

Management: Last year, our Sikar plant was not fully operational, whereas it became operational on a year-on-year basis this year. Last year, it was contributing less. If you look at the next quarter after that, the growth curve will be much less steep.

Dhruv Muchhal – HDFC Asset Management: Understood. Great, sir. Thank you so much, and all the best.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question. With that, we come to the end of this [crosstalk] call.

Management: One last thing. I would like to correct one query. I think Puneet asked about the reduction we shared in the newly signed PPA. There was a reduction of around 33 paisa, of which 11 paisa is a tentative change in law and 20 to 22 paisa is voluntary. I think that is the broad reduction

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in the tariff for the NTPC PPA. I wanted to clarify this for everyone's reference. I do not know whether Puneet is still on the call, but I wanted to clarify it. Thank you.

Operator: Thank you very much, sir. Ladies and gentlemen, on behalf of Acme Solar Holdings Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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