IPO REVIEW

Clean Max Enviro Energy Solutions IPO

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- The company is a unique player in renewable energy segment.
- It generates solar power and distributes it to corporates, data centers, AI and Technology industries.
- The company marked growth in its top line with improved bottom lines year on year.
- Based on its recent financial data, prima facie the issue appears aggressively priced.
- Considering its EBITDA margins and other parameters which are well above industry peers, the IPO appears reasonably priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Clean Max Enviro Energy Solutions Ltd. (CMEESL) is unique company differing from other renewable energy companies (listed or unlisted). With over one and half decade experience in the field, it has emerged as a leader in providing decarbonization solutions to consumers including supplying renewable power for commercial and industrial use, and offering energy services and carbon credit solutions. Its customer list included many leading global and national corporates as well as data centres.

Clean Max Enviro is India’s largest commercial and industrial (“C&I”) renewable energy provider as of March 31, 2025, according to the CRISIL Report. It is the most preferred renewable energy provider with 2.80 GW of operational, owned and managed capacity, and 3.17 GW of contracted, yet to be executed capacity, as of October 31, 2025, according to the CRISIL Report. With 15 years of experience since inception in 2010, it specialize in delivering Net Zero and decarbonization solutions, including supplying renewable power and offering energy services and carbon credit solutions to customers across data centres, AI and technology industries (“Technology customers”); and C&I enterprises across a range of sectors, including infrastructure, cement, steel, industrial manufacturing, FMCG, pharmaceuticals, real estate, and global capability centres (“Conventional C&I customers”).

Its expertise spans across providing energy contracting, engineering, procurement and construction (“EPC”) services, and operation and maintenance (“O&M”) services of renewable energy plants including solar, wind and hybrid plants, within its customer’s premises (“Onsite”) and within CleanMax-developed renewable energy (solar, wind and hybrid) farms (“Offsite”). It also provides end-to-end decarbonization solutions to customers such as turnkey development, O&M solutions for

renewable energy power plants and carbon credits solutions. CMEESL is committed to being a Net Zero partner to corporates, driven by a client-first culture, execution excellence, focus on capital efficiency and our people and culture.

It is one of the early movers in the C&I renewable energy sector in India, having played a key role in shaping the evolution of the industry and its operating models, according to the CRISIL Report. The company had a market share of 8% and 12% of the annual open access renewable energy capacity additions in Fiscal 2025 and Fiscal 2024, respectively, for C&I in the Indian market, with a higher market share in the states of Gujarat and Karnataka, according to the CRISIL Report, where the majority of its Operational Capacity was present during Fiscal 2024.

Its business model is distinct from utility-scale renewable energy developers, according to the CRISIL Report, as the company does not participate in competitive tenders with state-owned distribution companies or central government utilities, which award projects solely based on the lowest tariff bids. Instead, it pursues customer-specific contracting by tailoring projects for corporate consumers' needs and selling energy generated from its solar, wind, and hybrid renewable energy farms. This business model has enabled it to foster relationships with 555 customers as of September 30, 2025, with 71.72% of its Contracted Capacity for the six months period ended September 30, 2025 being attributable to demand from repeat customers. In addition, it has enabled it to price offerings at a premium, as compared to large utility-scale peers, according to the CRISIL Report.

Company's long-term relationships with key customers allows it to grow along with its customers, as it supports their growing decarbonization requirements. Its key customer cohorts consist of players from high growth industries of data centres, AI and technology. The company also has Conventional C&I customers spanning a range of sectors, including infrastructure, industrial manufacturing and real estate. As of September 30, 2025, 94.72% of its customers have a credit rating of "A-" or above by rating agencies in India, such as CARE, India Ratings and CRISIL, or are subsidiaries of multinational corporations with such credit ratings, which enables it to minimize counterparty risk. Through its disciplined contracting practices, it has built a portfolio of PPAs with a weighted average tenure of 22.85 years, and average lock-in period of 16.86 years, as of September 30, 2025. Its current investors include global renewable energy investors such as Brookfield and Augment India I Holdings, LLC. The company has signed long term contracts with global giants like Google, Amazon, Apple, Cisco, Equinix, and on domestic front, with Ultratech Cement, UPL, Exide Ind., Cipla, TVS Srichakra, MRF, Bajaj Auto, Grasim Ind., etc. to name a few. As of September 30, 2025, it had 565 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 3100 cr. (approx. 29439696 equity shares at the upper band) consisting of fresh equity share issue worth Rs. 1200 cr. (approx. 11396011 equity shares at the upper cap) and an Offer for Sale (OFS) worth Rs. 1900 cr. (approx. 18043685 equity shares at the upper cap). The company has announced a price

band of Rs.1000.00 – Rs. 1053.00 per equity shares of Re. 1 each. The issue opens for subscription on February 23, 2026, and will close on February 25, 2026. The minimum application to be made is for 14 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The company has done pre-IPO placement of 2819548 equity shares at a price of Rs. 1053.00 per share and mobilized Rs. 296.90 cr., following this, it has reduced the IPO float to that extent.

The issue constitutes 25.15% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 1122.67 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 30.00 cr. (approx. 284900 equity shares at the upper cap) for its eligible employees and offering them a discount of Rs. 100 per share. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35% for Retail investors.

The eight Book Running Lead Managers (BRLMs) to this issue are Axis Capital Ltd., J.P. Morgan India Pvt. Ltd., BNP Paribas, HSBC Securities and Capital Markets (India) Pvt. Ltd., IIFL Capital Services Ltd., Nomura Financial Advisory and Securities (India) Pvt. Ltd., BOB Capital Markets Ltd. and SBI Capital Markets Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue. SBICAP Securities and Investec Capital Services (India) Pvt. Ltd. are the syndicate members.

After issuing initial equity shares at par, the company has issued/converted further equity shares in the price range of Rs. 5.3114 – Rs. 1053.00 per share (based on FV of Re. 1), between May 2011, and February 2026. It has also issued bonus shares in the ratio of 1 for 1 in August 2025. The average cost of acquisition of shares by the promoters/selling shareholders is Rs. 0.50, Rs. 0.70, Rs. 26.38, Rs. 285.31, Rs. 288.21, Rs. 311.40, and Rs. 434.40 per share.

Post-IPO, its current paid-up equity capital of Rs. 10.57 cr. will stand enhanced to Rs. 11.70 cr. Based on upper price band of the IPO, the company is looking for a market cap of Rs. 12325.29 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit/ - (loss), of Rs. 960.98 cr. / Rs. – (59.47) cr. (FY23), Rs. 1425.31 cr. / Rs. – (37.64) cr. (FY24), and Rs. 1610.34 cr. / Rs. 19.43 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 19.00 cr. on a total income of Rs. 969.35 cr. Though at net level it marked losses for FY23 and FY24, it has turned the corner for FY25, it is poised for better performances going forward with its on hand contracts. And if we consider global evaluation practices, the company is at much comfort levels on EBITDA margins and based on this, the IPO is leaving something on table for new investors.

For the last three fiscals, the company has posted an average negative EPS of Rs. – (1.38 – basic) and an average negative RoNW of – (0.92) %. The issue is priced at a P/BV of 4.11 based on its NAV of Rs. 256.14 as of September 30, 2025, and at a P/BV of 3.01 based on its post-IPO NAV of Rs. 349.88 per

share (at the upper cap).

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 324.00. Based on FY25 earnings, the P/E stands at 634.34. Though prima-facie, the issue appears aggressively priced, its worth for medium to long term.

IPO VALUATION MATRIX:

The Company operates in the renewable power sector, which is characterized by stable and predictable EBITDA and operating cash flows. However, Profit After Tax (PAT) typically scales up as assets mature, due to the impact of depreciation and financing costs being higher in the initial years. Given that the average age of the Company's portfolio is relatively young (<2.5 years), the current PAT does not fully reflect the normalized earnings potential and long-term return profile of the business. As the portfolio matures, profitability is expected to improve meaningfully, a trend that is already visible in FY25 and the first half of FY26 - where company reported positive PAT.

The Company has demonstrated industry-leading growth, along with strong cash RoI and cash RoE metrix, supported by attractive project payback periods and high-quality contracted cash flows.

From a valuation perspective, while the P/E multiple may not be the most lucrative metric at this stage, given the early vintage of assets, the IPO valuation appears compelling on other relevant parameters. On a Price-to-Book basis, the Company is valued at approximately 2.95x, which represents a meaningful discount to listed peers such as Adani Green Energy and NTPC Green Energy. Similarly, on an EV/EBITDA basis (September 2025), the IPO valuation is approximately 15x, which is lower than comparable companies in the sector that trade at higher multiples.

Given these factors, the Company's medium- to long-term outlook remains very strong. It represents a unique opportunity to participate in India's energy transition, and is also a direct beneficiary of the increasing power demand driven by AI adoption, digital infrastructure expansion, and decarbonization initiatives by Indian corporates. Recent budget has also favored renewable energy segment with more allocation of funds. Creamy investors parking funds in its Pre-IPO placement have paid the same price of Rs. 1053 per share.

Dividend Policy

The company has not declared any dividends for the referred periods of the offer document. It has adopted a dividend policy in August 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Acme Solar, NTPC Green, Adani Green, ReNew Global PLC, as its listed peers. They are currently trading at a P/E of 28.4, 136, 102, and NA (as of February 17, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The eight BRLMs associated with this offer have handled 132 public issues in the past three years, out of which 34 issues closed below the issue price on listing date.

Conclusion / Investment Strategy

CMEESL is a unique player in renewable energy segment. It generates solar power and distributes it to corporates, data centers, AI and Technology industries. The company marked growth in its top line with improved bottom lines year on year. Based on its recent financial data, prima facie the issue appears aggressively priced. Considering its EBITDA margins and other parameters which are well above industry peers, the IPO appears reasonably priced. The company may fetch first mover fancy post listing. Well-informed investors can park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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