

Clean Max Enviro Energy Solutions Limited - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
23 February 2026	25 February 2026	₹1000 to ₹1053	Avoid

Investment Summary

Clean Max Enviro Energy Solutions Limited is a Mumbai-based renewable energy platform incorporated in 2010, focused on providing long-term clean power solutions to commercial and industrial (C&I) customers. Over the past decade, the company has scaled from a rooftop solar developer to a diversified renewable player with 1,058 MW operational capacity (solar and wind) and 492 MW under construction as of September 30, 2025. Backed by strategic investors including affiliates of Warburg Pincus and Brookfield, Clean Max has built a strong presence across 23 Indian states and select international markets. A key investment strength lies in its leadership within the C&I segment, supported by the largest customer base among peers and long average PPA tenors of 22.85 years, ensuring revenue visibility. The company benefits from high-quality counterparties, with over 94% of customers rated A- or above, translating into efficient collections and stable cash flows. Premium realized tariffs and repeat business from existing clients further enhance earnings durability. FY2025 revenue stood at ₹824.56 crore with EBITDA of ₹345.62 crore, reflecting a scalable and margin-accretive business model. With strong promoter alignment (~45% pre-IPO holding) and structural tailwinds from India's renewable transition, Clean Max is positioned as a focused C&I renewable growth platform with long-term cash flow visibility.

Company Overview

Clean Max Enviro Energy Solutions Limited was incorporated on September 22, 2010, in Mumbai, Maharashtra, under the Companies Act, 1956, initially focusing on solar power projects for commercial and industrial customers. Headquartered at Churchgate, Mumbai, the company began operations with its first rooftop solar installation and subsequently expanded across multiple Indian states, commissioning over 100 MW of capacity within its first five years. Between 2016 and 2018, Clean Max attracted strategic investments from global investors including affiliates of Warburg Pincus and DSDG, enabling diversification into wind, hybrid projects, and entry into international markets such as Thailand and the UAE. The company crossed 500 MW operational capacity by 2020, introduced group captive models, secured further backing from Brookfield affiliates, and expanded into energy storage solutions. From 2022 onwards, it surpassed 1 GW of installed capacity and initiated green hydrogen pilot projects while preparing for its public listing. As of September 30, 2025, Clean Max operated 1,058 MW (842 MWp solar and 216 MW wind) with an additional 492 MWp under construction. FY2025 revenue stood at **₹824.56 crore** with EBITDA of **₹345.62 crore**, reflecting scalable growth. The company converted into a public limited entity in 2023 and undertook corporate restructuring actions including share splits and bonus issues. Promoters led by founder Kuldeep Jain, along with strategic investor entities, hold approximately 45% on a fully diluted pre-IPO basis, underscoring continued promoter alignment.

Business Model

Clean Max operates a capital-efficient, yet asset-backed renewable energy platform built around long-term, predictable cash flows from commercial and industrial (C&I) customers. Its core model follows a **Build-Own-Operate (OPEX)** structure, where the company develops, finances, owns and operates solar, wind and hybrid assets and supplies power under fixed-price PPAs typically spanning 10–25 years with 2–3% annual escalation clauses. Customers incur no upfront capex, while Clean Max manages installation, operations, and financing through a mix of debt (70–80%), equity and internal accruals; this segment contributes 85% of total revenue.

For off-site projects, the company uses a **Group Captive/Open Access model**, setting up SPVs in which customers hold a 26% equity stake to comply with regulations and access power at 20–30% lower tariffs versus grid rates. Revenue is derived primarily from power sales (90%), supplemented by O&M income (5%) and other streams. Clean Max also undertakes selective **asset sales and EPC assignments**, generating upfront but non-recurring revenue. The business is structured to deliver 15–20% equity IRRs and benefits from India's renewable incentives, supporting a healthy 42% EBITDA margin in FY2025. Operationally, the portfolio is split between **on-site rooftop installations (350 MWp)** and **off-site**

open access/group captive projects (708 MWp), including wind and hybrid assets across key states. International exposure (50 MWp) in Thailand and the UAE remains modest but strategic. Emerging initiatives include energy storage, EV charging integration, green hydrogen pilots, and carbon credit monetization. With 300+ C&I clients and limited customer concentration (top five at 25%), the company maintains a diversified and scalable operating base.

Industry Outlook

The global renewable energy sector is entering a structurally strong growth phase, with installed capacity projected to expand from 3,000 GW in 2023 to 7,300 GW by 2030, implying a 13% CAGR. Growth is being driven by accelerating net-zero commitments, continued cost deflation (solar LCOE down 85% since 2010), and supportive policy frameworks such as the U.S. IRA and Europe's Repower EU. Solar and wind are expected to account for nearly 80% of incremental additions, while energy storage is emerging as a critical enabler of grid stability. In India, renewable capacity stands at 180 GW and is targeted to reach 500 GW by 2030 (15% CAGR), with the commercial and industrial segment, Clean Max's core market growing at 20% CAGR. The C&I opportunity is underpinned by tariff arbitrage (₹7–10/kWh grid power versus ₹2–4/kWh renewable tariffs), Green Open Access Rules, and rising corporate ESG mandates. The addressable C&I renewables market is estimated at ₹1.5 trillion by 2030. Asia is expected to contribute nearly half of global capacity additions, with India ranking among the top renewable investment destinations.

Investment Rationale

Leadership in the C&I Renewable Segment with Deep Customer Relationships

Clean Max has established itself as a leader in India's Commercial & Industrial (C&I) renewable energy market, with the largest customer base among peers as of September 30, 2025, according to the CRISIL Report. The company's solutions-driven sales approach and ability to offer tailored products across Onsite, STU, and CTU models allow it to serve a wide range of corporate requirements. Its geographic footprint spans 23 Indian states and union territories as well as international markets such as UAE, Thailand, and Bahrain, reducing concentration risks. No single customer contributed more than 10% of revenue in Fiscal 2025, and credit quality remains strong, with 94.72% of customers rated A- or above or being subsidiaries of multinational corporations. This translates into superior working capital efficiency, with average collection days of 24 days compared to the industry average of 71.66 days. The stickiness of its relationships is evident, with 77.28% of new contracted volumes in Fiscal 2025 coming from repeat clients. Long average PPA tenors of 22.85 years and premium realized tariffs of ₹3.76/kWh (compared to ₹2.44–2.46/kWh for utility-scale projects) further strengthen revenue visibility. Additionally, ESG credibility highlighted by a perfect 5/5 GRESB score in 2025 enhances its attractiveness to sustainability-focused corporates and supports long-term predictable growth.

Proven Execution Capability and Operational Discipline

Execution remains one of Clean Max's core strengths, backed by strong in-house capabilities in project development, EPC, and asset management. All projects commissioned in Fiscal 2025 were delivered under budget, utilizing only 96.77% of planned costs, and the company maintained disciplined capital deployment with only 61.41% utilization of sanctioned interest during construction. It has proactively secured evacuation capacity (4.94 GW unused as of September 30, 2025) and land rights, ensuring scalability. The operational portfolio of 2.80 GW demonstrates strong performance metrics, including plant availability of 98.08% and grid uptime of 99.08%. The adoption of advanced technologies, such as Envisions 5 MW wind turbines, has helped reduce LCOE by 8–10% while improving site efficiency. Onsite solar projects in India average 0.55 MWp in size and are commissioned quickly, with an average of 0.35 MWp capacity per project. Strong plant load factors including 46.60% for hybrid projects and a robust 10.87 GW total pipeline position the company well for future growth while mitigating policy and execution risks in a regulated sector.

Capital Efficiency with Strong Risk Controls

Clean Max follows a disciplined and capital-efficient approach to project deployment. Offsite projects operational for at least 12 months achieved a 3.37-year equity payback period as of March 31, 2025, highlighting attractive capital rotation. The company enhances returns through structured models such as customer co-investments (minimum 26% equity in STU Group Captive SPVs) and strategic partnerships with marquee global players like Apple and Toyota, while retaining majority control (51%). The Renewable Services business further strengthens cash flow dynamics, operating with negative

net working capital of ₹523.46 million in Fiscal 2025. Debt management remains conservative, with a diversified lender pool of 25 institutions supporting ₹102,611 million in borrowings, an average project debt cost of 8.93%, and a CARE A+ Positive rating. While net debt to Adjusted EBITDA stood at 9.43x, refinancing high-cost loans within two years and disciplined capital recycling help optimize returns. Cash ROIC stood at 13.03% (opening funds basis) in Fiscal 2025. Importantly, strong governance and risk mitigation frameworks including board-level oversight and use of bank guarantees for lower-rated clients provide resilience in a sector exposed to regulatory and macro volatility.

Strong Organizational Culture Supporting Scalable Growth

Clean Max's people-first culture is a meaningful competitive advantage that underpins execution and client relationships. As of September 30, 2025, the company reported low overall attrition of 5.48% and only 1.90% among its top 20% performers, reflecting strong retention. Leadership stability is high, with an average tenure of 8 years, supported by hiring from premier institutions such as IITs and a structured internal growth philosophy where 90% of employees receive annual training. The organization employs 565 people and emphasizes meritocracy and professional development. ESOP incentives align long-term performance, with leadership ESOP vesting equivalent to 222.43% of CTC in Fiscal 2025. Cultural initiatives such as "I belong" and programs like Ashirwad Day reinforce engagement, purpose alignment, and work-life integration. This cohesive culture supports innovation in ESG, operational excellence, and disciplined scaling as the company grows its 2.80 GW operational portfolio and advances toward its broader renewable expansion strategy.

Key Risks

Historical Losses and Subsidiary-Level Performance

Although Clean Max has remained EBITDA positive, the company reported restated losses of ₹37.64 crore in Fiscal 2024 and ₹59.47 crore in Fiscal 2023. These losses are largely attributable to the capital-intensive nature of the renewable energy business, where high upfront investments and financing costs precede project stabilization. Typically, projects take up to two years post-commissioning to reach optimal generation levels, during which debt remains elevated, and cash flows gradually ramp up. Several subsidiaries also reported losses in the six months ended September 30, 2025, and in Fiscals 2025, 2024, and 2023, primarily because they were early-stage or non-operational entities. If the company is unable to secure new PPAs, manage operating costs efficiently, or refinance debt on favourable terms, further losses may occur. Insufficient cash generation could impact scheduled loan repayments and overall profitability, which may materially and adversely affect the company's business, financial condition, cash flows, and prospects.

Customer Concentration

A significant portion of Clean Max's revenue is concentrated among a limited number of customers. The top 10 customers contributed 34.95%, 38.55%, 36.16%, 45.39%, and 44.32% of revenue from operations in the six months ended September 2025, and 2024, and in Fiscals 2025, 2024, and 2023, respectively. This proportion is expected to increase as additional projects under construction for these customers are commissioned. While the company has not experienced any material terminations or reductions in business from these clients in recent years, failure to maintain, renew, or expand these relationships could adversely affect operations. Diversification efforts may not be successful, and high customer concentration increases exposure to changes in customer demand, financial health, or broader economic conditions. Any reduction in business from key customers could materially impact revenue, financial condition, and operating results.

Risk of PPA or EAPA Termination

Clean Max's business relies heavily on long-term PPAs and Energy Attribute Purchase Agreements (EAPAs), which had a weighted average tenure of 22.85 years and a lock-in period of 16.86 years as of September 30, 2025. These agreements may be terminated by counterparties in cases such as construction delays, failure to achieve grid connectivity, or inability to meet committed supply levels. Although termination penalties exist, the company may not be able to secure replacement agreements on comparable terms. This risk is particularly acute for Onsite Solar projects, where termination may require asset abandonment. While no major terminations were reported in the six months ended September 30, 2025, or in prior fiscals, future breaches could result in penalties or the invocation of put options by group captive consumers. Additionally, failure to meet minimum supply guarantees due to weather variability or technical breakdowns could trigger compensation obligations. Such disruptions could materially affect revenue streams, cash flows, and operational stability.



Land Acquisition and Title-Related Challenges

Land acquisition and title risks remain a structural challenge in India’s renewable energy sector. Clean Max relies on a mix of leased and acquired land parcels for solar and wind projects, but Indian land records are often fragmented or subject to disputes, increasing the risk of encumbrances or ownership claims. Delays in converting land from agricultural to non-agricultural use or in obtaining required NOCs can hinder project timelines. As of September 30, 2025, the company paid penal interest of ₹1.78 crore related to delays in security perfection, partly attributable to land issues. For wind projects, easement rights are non-transferable and non-securable, exposing the company to potential third-party claims. There are also pending litigations concerning certain land parcels, which could affect titles and operational continuity. Failure to resolve such issues may result in project delays, cost overruns, loan recalls, or even loss of invested capital, materially impacting business performance and financial condition.

Financial Snapshot

Particulars	FY23 (₹ cr)	FY23 (%)	FY24 (₹ cr)	FY24 (%)	FY25 (₹ cr)	FY25 (%)	1HFY26 (₹ cr)	1HFY26 (%)
Renewable Energy Power Sales	474.8	51.1	866.3	62.3	1,107.2	74.0	719.2	77.1
Renewable Energy Services	454.8	48.9	518.0	37.3	376.7	25.2	205.0	22.0
Other	–	–	5.5	0.4	11.8	0.8	8.7	0.9
Total	929.6	100.0	1,389.8	100.0	1,495.7	100.0	933.0	100.0

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	929.58	1389.84	1495.70
EBITDA (₹ Cr)	405.92	741.57	1015.07
Reported Net Profit (₹ Cr)	(16.1)	6.19	59.7
Adjusted Net Profit (₹ Cr)	(59.4)	(37.6)	19.4
EBITDA Margin (%)	43.67	53.36	67.86
Adjusted PAT Margin (%)	6.39	2.7	1.29
Adjusted EPS (Basic) (₹)	(20.2)	(12.7)	6.59

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Clean Max Enviro Energy Solutions.
IPO Structure	Fresh Capital & OFS
Issue Size	Total Issue Size: ₹3100 Cr Fresh Issue: ₹1200 Cr OFS: ₹900 Cr
Price Band	₹1000 to ₹1053 per share
Face Value	₹1 per share
Post-Issue Market Cap	₹12,325.29 Cr.
IPO Opening Date	23 February 2026
IPO Closing Date	25 February 2026
Listing	BSE & NSE
Promoter Holding (Pre/Post)	65/49%
Book Running Lead Manager(s)	1.Axis Capital Ltd. 2.JP Morgan India Pvt.Ltd. 3.BNP Paribas 4.HSBC Securities & Capital Markets (India) Pvt.Ltd 5.IIFL Capital Services Ltd. 6.Nomura Financial Advisory & Securities (India) Pvt.Ltd 7.BOB Capital Markets Ltd. 8.SBI Capital Markets Ltd.
Use of Proceeds	<ul style="list-style-type: none"> • Prepayment or Repayment of certain outstanding borrowings – 1122 Cr • General corporate purposes – 77 Cr

Valuation and Recommendation

Clean Max operates in the C&I renewable energy segment with an estimated market share of ~8%, targeting corporates that account for a significant share of India's power consumption. While increasing green energy sourcing by corporates may support industry growth over the medium term, the business remains capital intensive and dependent on project execution, funding availability, and tariff stability. At the **upper price band of Rs 1,053**, the issue is **valued at EV/EBITDA multiples of ~18.8x on FY25**, which appear relatively demanding in the context of sector risks and leverage levels. We maintain an **Avoid rating** from a valuation perspective until further monitoring.

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