



Issue Opens - November 6, 2024 to November 8, 2024

Price Band
₹275 to ₹289

Face Value
₹2

Issue Size
₹2,900 Cr

Lot Size
51 Shares

Issue Type
Book Built

Issue Size

100,346,022 shares / ₹2,900 Cr

Fresh Issue

82,871,973 shares / ₹2,395 Cr

Offer for Sale

17,474,049 shares / ₹505 Cr

Basis of Allotment

Monday, November 11, 2024

Initiation of Refunds

Tuesday, November 12, 2024

Credit of Shares to Demat

Tuesday, November 12, 2024

ACME Holdings Listing Day

Wednesday, November 13, 2024

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Objects of The Offer



The Offer comprises of Fresh issue and Offer for Sale by the Selling Shareholders. The objects of the Fresh Issue are:

- Investment in Subsidiaries for repayment/prepayment, in full or in part, of certain outstanding borrowings availed by their Subsidiaries; and
- To achieve the benefit of listing of Equity Shares on the Exchanges; and
- General corporate purposes.

Brief profile of the Directors

Manoj Kumar Upadhyay - Chairman and MD and one of the Promoters of Company - He is the founder of the ACME Group and is responsible for establishing the ACME Group. He was awarded the Entrepreneur of the Year Award (Start-up) in 2007 by Ernst & Young. Further, he is an inventor of the patents registered in the name of ACME Tele Power Private Limited (now ACME Cleantech Solutions Private Limited). He has experience in power, telecommunications, energy management and storage sectors.

Nikhil Dhingra - Whole-Time Director and CEO - He has been associated with the Company since February, 2023. He holds a bachelor's degree in engineering (electrical) from Kurukshetra University and a post-graduate diploma in management from IIM, Bangalore. Prior to joining the Company, he was associated with Oriental Tollways Private Limited as the chief executive officer, the Company as the chief executive officer and ICICI Securities Limited as the vice-president - corporate finance.

Shashi Shekhar - Whole-Time Director and Vice Chairman - He has been associated with the Company since 2018. He holds a bachelor's degree in science (Geology) from the Patna University and has served as an officer of the Indian Administrative Service. Prior to joining the Company, he was associated with the Ministry of New and Renewable Energy as the joint secretary. He has previously held the positions of MD at PTC Energy Ltd He is responsible for policy advocacy, business strategy and regulatory issues of the Company.

About The Company



Acme Solar Holdings Ltd. was established in 2015 to consolidate the ACME Group's renewable energy business and to capitalize on the opportunities in the Indian renewable energy industry. ACME Solar India is a renewable energy company in India with a portfolio of solar, wind, hybrid and firm and dispatchable renewable energy ("FDRE") projects. They are one of the largest renewable energy independent power producers ("IPP") in India and among the top 10 renewable energy players in India in terms of operational capacity as of June 30, 2024. They have diversified their portfolio from solar power projects to become an integrated renewable energy company in India.

Key Business Operations

Acme Solar Holdings Ltd. engages in a comprehensive range of activities within the renewable energy sector, encompassing the entire value chain from project development to operations and maintenance. The company's key operations include:

- **Project Development:** Identifying and evaluating sites, conducting feasibility studies, and securing necessary approvals.
- **Project Financing:** Arranging debt and equity financing, structuring deals, and managing financial resources.
- **Project Construction:** Overseeing the construction of solar power plants, ensuring quality and safety standards.
- **Operations and Maintenance:** Assuming responsibility for the operation and maintenance of solar power plants, maximizing energy output and minimizing downtime.
- **Power Trading:** Managing the sale of electricity generated from solar power plants, optimizing power dispatch, and leveraging power trading strategies.

Statement of Profit and Loss



Acme Solar Holdings Ltd.

(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the period ending				
	30-Jun-24	30-Jun-23	31-Mar-24	31-Mar-23	31-Mar-22
Revenue					
Revenue from operations	3,096.40	3,691.32	13,192.50	12,949.04	14,879.02
Other income	303.74	574.30	1,470.17	664.69	746.24
Total revenue	3,400.14	4,265.62	14,662.67	13,613.73	15,627.26
Expenses:					
Cost of material consumed	-	-	-	-	938.50
Employee benefits expense	150.05	132.78	589.95	346.44	382.37
Finance costs	1,962.83	1,878.40	7,672.93	8,090.97	9,960.08
Depreciation and amortisation expense	555.62	765.57	3,051.38	4,848.02	5,462.75
Other expenses	229.13	341.56	1,711.07	876.67	1,154.93
Total expense	2,897.63	3,118.31	13,055.33	14,162.10	17,898.63
Profit/ (loss) before exceptional items	502.51	1,147.31	1,607.34	(548.37)	(2,271.37)
Exceptional items	-	74.47	7,486.91	394.36	3,295.63
Profit/ (loss) before tax	502.51	1,221.78	9,094.25	(154.01)	1,024.26
Tax expense					
Current tax expense	465.64	30.53	1,069.21	55.48	27.26
Income tax adjustment relating to earlier year	-	0.03	0.85	1.46	(135.02)
Deferred tax (credit)/ expense	19.98	367.91	1,046.38	(179.21)	511.92
Total tax (credit)/ expense	485.62	398.47	2,116.44	(122.27)	404.16
Profit/ (Loss) for the year	13.89	\$23.31	6,977.81	(31.74)	620.10
Earnings/ (Loss) per equity share :					
Basic earnings/ (loss) per share	0.03	1.48	12.55	(0.06)	1.12
Diluted earnings/ (loss) per share	0.03	1.48	12.55	(0.06)	1.12

Strengths



- Large renewable energy player well positioned to capitalize on **strong industry tailwinds** in their IPP business;
- End-to-end **value chain capabilities** and an integrated approach to developing renewable power projects by in-house project development, EPC and O&M teams;
- **Expansive portfolio** of projects diversified across different renewable energy technologies
- Long-term **stable cash flows** from all most all of the portfolio based on contracts with central and state government entities;
- Extensive experience in **effectively financing** their renewable power projects, minimizing investment risks, optimizing their capital structure and maximizing returns for each project
- Design and value engineering leading to **higher efficiencies**.

Threats

- The business is dependent on their **top 10 off-takers**, which contributed 95.42%, and 89.42% of their revenue from operations during the three months ended June 30, 2024 and June 30, 2023 respectively.
- They are dependent on their relationship with one of their **Promoters, ACME Cleantech** and any adverse developments in such relationship may adversely affect their business and reputation.
- Restrictions on renewable energy **equipment imports** may increase their costs of procurement of such equipment.
- They may face significant risks in relation to upgrading and improving their renewable energy projects that could result in **reduced power generation** and increased expenses in the maintenance of their renewable energy projects.
- They operate in a **capital intensive** industry and their **debt to equity ratio** was 4.80 and net debt to equity ratio was 3.89 as of June 30, 2024.
- The reduction, modification or elimination of government and economic **incentives** may reduce the economic benefits of their existing renewable energy project

Valuation and Outlook



Acme Solar Holdings Ltd IPO is expected to be priced between ₹275 to ₹289 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 23x versus the industry P/E ratio of 170x.

Name of the Company	Face Value (₹ Per Share)	Closing price on October 3, 2024 (₹)	Revenue from operations for Fiscal 2024 (in ₹ million)	EPS (₹ per		NAV (₹ per share)	P/E(x)	RoNW(%)
				Basic	Diluted			
Our Company*	2	NA	13,192.50	12.55	12.55	49.61	NA*	26.93
Peer Group								
Adani Green Energy Limited**	10.00	1,808.55	92,200	6.21	6.20	85.86	291.7x	7.22
ReNew Energy Global PLC**	10.00	484.49 ¹	81,948	9.94	9.92	332.16	48.8x	3.07

Acme Solar Holding's Revenue has been stagnant over the last three years and has been in losses in 2 out of last 3 fiscal years, after adjusting for exceptional gains during the same period. Its debt equity ratio of 3.89 as of June 30, 2024, is very high and raises concerns.

However, the potential for growth in sales and EBITDA is healthy as expanded capacity gets commercialised over next the 2-3 years.

Given the Fact that company is unable to grow its revenue and Profits on a consistent basis and Its High Debt Balance sheet coupled with the capital intensive nature of the busines, We believe that company is over priced at a PE multiple of 23X. Hence, we rate Acme Solar Holdings Ltd IPO with **"Avoid"** rating.

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