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Issue Offer

Fresh Issue of 82,871,973 equity shares up to INR 23.95 Bn and OFS of 17,474,049 shares up to INR 5,050 Mn by Promoters group taking the total issue size of 100,346,022 shares at INR 29 Bn.

Issue Summary

Price Band INR	275-289
Face Value INR	02
Implied Market Cap INR Bn.	174.87
Market Lot	51
Issue Opens on	Nov 06, 2024
Issue Close on	Nov 08, 2024
No. of share pre-issue	522,207,910
No. of share post issue	605,079,883
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 75
Retail Portion	≥ 10
NII Portion	≥ 15

Registrar

KFIN Technologies Ltd

Book Running Lead Managers

ICICI Securities Limited
JM Financials Ltd
Kotak Mahindra Capital Limited
Nuvama Wealth Management Ltd., etc.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	83.42%
Public & Others	0%	16.58%

Objects of the issue

- Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Subsidiaries; and
- General corporate purpose

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Acme Solar Holdings is a renewable energy company ranks among India's top 10 independent power producers (IPPs) with a diverse portfolio that includes solar, wind, hybrid, and firm and dispatchable renewable energy (FDRE) projects. It develops, owns, operates, and maintains utility-scale projects via its in-house EPC and O&M teams, supplying electricity to a mix of government-backed and other off-takers. The ACME Group was an early entrant in India's solar IPP space, commissioning its first solar project in FY12, and has developed and executed 2,719 MW (3,668 MWp) of solar projects to date. With an integrated, in-house approach, the company seamlessly manages projects from the initial bid through to commercial operations and long-term maintenance.

Investment Rationale:

Positioned for Growth in India's Expanding Renewable Energy Landscape: The company is one of the largest and among top 10 players renewable energy players in India. Renewable energy installations have increased fivefold to ~200 GW as of August 2024, as compared with ~63 GW in FY12, led by various central and state level incentives. Solar energy accounted for a share of approximately 44%. Growth in the solar power sector over the last five years has been robust. ~75 GW capacity was added from FY2018-24. The company's current portfolio includes an operational capacity of 1,340 MW (1,826 MWp) in solar projects, along with an under-construction contracted capacity of 3,250 MW, covering 1,500 MW (2,192 MWp) in solar, 150 MW in wind, 1,030 MW in hybrid, and 570 MW in FDRE projects. The government initiative for Late payment surcharge rule (LPS) has significantly reduced the unpaid bills from INR 1.4 Tn in FY22 to currently at INR 480 Bn in FY24. Company has well established to capitalize on the growth opportunities in the Indian renewable energy sector.

In-house Development and Robust Connectivity Winning Bids: The company employs an integrated in-house approach for executing renewable projects, managing all stages from PPA signing to commercial operations. Its end-to-end capabilities span tendering, bidding, land acquisition, approvals, financial closure, engineering, procurement, construction, and ongoing maintenance. Supported by robust site connectivity including solar irradiation, wind speed, and access to approximately 1,200 acres of owned and leased land this connectivity has built to secure bids efficiently. In FY24, it achieved a 61% bid success rate against a capacity of 49,000 MW. With its scale, the company maintains a full EPC team and strategically deploys resources for timely project delivery.

Extensive portfolio Diversified Across Renewable Technologies: Company boasts a broad portfolio diversified across multiple renewable energy technologies, with projects spanning 11 states with 50% of which are in Rajasthan. Building up through government tenders and policies, the company aims to enhance grid stability by reducing renewable energy variability. Recently, it acquired projects from ACME Cleantech with a contracted capacity of 2,080 MW, including 830 MW of hybrid projects and 1,250 MW of firm and dispatchable renewable energy (FDRE) projects, further strengthening its position in the sector.

Secured Long-Term Stability and Strategic Financial Growth: The company's project portfolio is largely secured through 25-year power purchase agreements (PPAs) with central and state-backed entities, offering long-term cash flow stability. With an average remaining PPA duration of 19.94 years, most agreements are won through transparent, competitive bidding, backed by strong regulatory support and minimal counterparty risk. The company's expertise in diversified financing strategies strengthens its capital structure, lowers investment risks, and maximizes project returns. Through green bond refinancing, it has extended debt terms and reduced interest costs. Additionally, strategic divestments allow capital to be reinvested in new projects.

Valuation and View:

The company is focused on strengthening its leadership in renewable energy by expanding and diversifying its extensive project portfolio. Aiming for backward integration, the company seeks enhanced supply chain visibility and cost efficiency, improving both reliability and control over resources. By capitalizing on economies of scale, it strategically minimizes capital churn and invests in new projects to reduce costs. Company having a well-established land bank of 1,200 acres, expanding by 450 acres to support additional DC capacity and Solar PV module installations every 2–3 years through its manufacturing utility in Rajasthan. The company plans to build this capacity through an optimal mix of equity and debt, securing favorable commercial terms for sustainable growth. **At the upper band of INR 289, the issue is valued at a EV/EBITDA ratio of 23.32x. We are recommending a "Subscribe" for this issue.**

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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