



IPO Note

ACME Solar Holdings Limited

Recommendation: **AVOID!**

Company Background -

- **Background:** Incorporated in 2015, ACME Solar is a renewable energy company with its registered office being in Gurugram, Haryana, India.
- **Business Activity:** The company is a renewable energy company in India with a portfolio of solar, wind, hybrid and firm and dispatchable renewable energy ("FDRE") projects.
- **Revenue:** The company generates revenue through the sale of electricity.
- **Human Resource:** As on June 30, 2024, the company had 246 employees on its pay roll.

Objects of the Issue -

- Prepayment or scheduled repayment of a portion of certain outstanding borrowings availed by the Subsidiaries.
- General Corporate Purposes.

Promoters Name -

Mamta Upadhyay, Manoj Kumar Upadhyay, Acme Cleantech Solutions Private Limited, MKU Holdings Private Limited and Upadhyay Family Trust

Rationale for recommendation -

- ✓ The company has seen a decreasing trend in its top line and also has had loss for FY 2023.
- ✓ The company has very high debt and the debt-to-equity ratio and interest coverage ratios are not satisfactory.
- ✓ The company has several litigations pending against them which may hamper the company's growth
- ✓ The company also has a high level of concentration with the buyers and suppliers.
- ✓ The company is highly priced with Post Issue Annualised P/E of 115.36 times.

IPO Details

Opening Date	Nov 06, 2024
Closing Date	Nov 08, 2024
Allotment Date	Nov 11, 2024
Listing Date	Nov 13, 2024
Stock Exchange	BSE, NSE
Lot Size	51 Shares
Issue Price Per Share	₹275 to ₹ 289
Issue Size	2,900 Cr.
Fresh Issue	2,395 Cr.
Offer for Sale	505 Cr.
Application Amt	Min- ₹14,739 (51 shares), Max - ₹1,91,607 (663 shares)

INDUSTRY – Renewable Energy

P/E Average of Peers – 170.3 times

KPI's	KPIs (In Cr)		
	FY 22	FY 23	FY 24
Revenue	1,487.90	1,294.90	1,067.62
EBITDA	1,240.32	1,172.59	857.92
Net Profit	62.01	-3.17	11.94
RoCE	7.20%	6.13%	5.43%
ROE	3.25%	-0.17%	0.46%
P/E	258.04	-	23.03

Promoter Share Holding Pattern

Pre-Issue	Post Issue
100%	83.42%

*Annualized Particulars	Valuation Parameters	
	Pre-Issue	Post Issue*
EPS	12.55	2.51
BVPS	248.07	74.16
P/E	23.03	115.36
P/BV	1.16	3.90
Mkt Cap (In Cr)	15,091.81	17,486.81

Lead Managers -

Nuvama Wealth Management Limited
 ICICI Securities Limited
 JM Financial Limited
 Kotak Mahindra Capital Company Limited
 Motilal Oswal Investment Advisors Limited

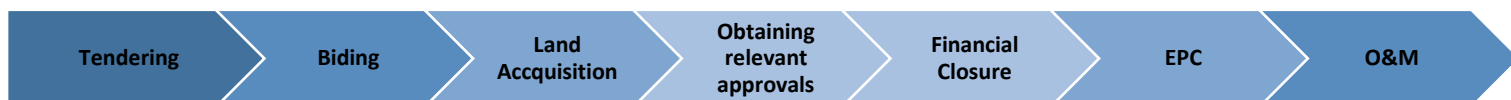
Registrar -

Kfin Technologies Limited

Business Overview -

Incorporated in 2015 ACME Solar Holdings Limited is a part of ACME Group. The company is a renewable energy company with a portfolio of solar, wind, hybrid and firm and dispatchable renewable energy (FDRE). The company develops, build, own, operates and maintain utility-scale renewable energy projects through EPC and O&M. Notable factors of the company includes it being one of the largest Individual Power Producers IIP in India and one of the top 10 renewable energy players in India in terms of operational capacity.

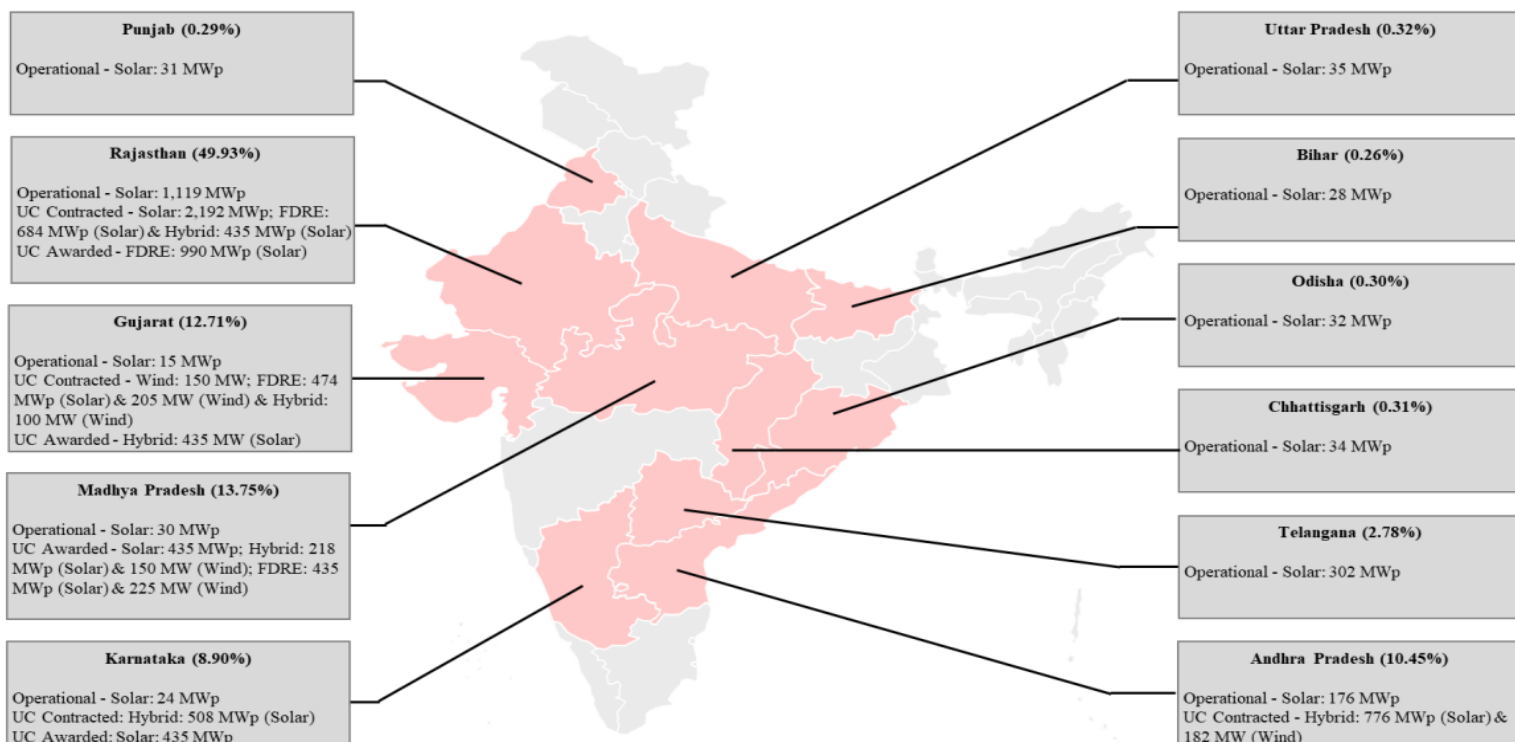
Key Activities Performed by the Company –



The company has three types of projects –

- i) Operational Projects
- ii) Under Construction Contracted Projects - comprise those projects for which a power purchase agreement has been signed but the project has not achieved its commercial operation date.
- iii) Under Construction Awarded Projects - comprise those projects for which have received a letter of award

State-wise Breakup -



History -

The company and the promoter company ACME Cleantech are a part of the ACME Group.

The company underwent internal restructuring to raise fresh proceeds through this offer. In this process, the company acquired 100% shareholding of 6 SPVs from ACME Cleantech and further company has also acquired 49% of its three subsidiaries from ACME Cleantech and has the right to acquire the remaining 51%. On June 17, 2024, the company acquired the entire equity share capital of ACME Urja Two Private Limited.

Revenue Generation -

The company generates revenue through the **Sale of Electricity** to off-takers who also include state and central government entities.

Clientele -

The company has several clients with the top contributing being SECI (Solar Energy Corporation of India) – 22.36%, Telangana State Southern Power Distribution Company Limited – 16.36%, Andhra Pradesh Southern Power and Maharashtra State Electricity Distribution Company both contributing 15.12% and 13.97% respectively.

Overview of entire portfolio capacity -

Particulars	Contracted Capacity (AC) MW	Solar (AC) MW	Solar (DC) MWp	Wind MW	Battery MWh
Operational	1,340	1,340	1,826	-	-
Under Construction Contracted	3,250	3,566	5,068	637	2,756
Under Construction Awarded	1,730	2,033	2,948	375	2,000

The table below sets forth the percentage of bids the ACME Cleantech, and ACME Solar Holdings won against the total bids that it participated in and those that came up for auction in the Indian solar power sector -

Particulars	Jun-24	FY 24	FY 23	FY 22
ACME Cleantech				
Capacity of bids participated in (in MW)	-	18,600	1,750	-
Quoted capacity (in MW)	-	3,830	750	-
Allotted capacity (in MW)	-	2,380	-	-
Percentage of bids won against capacity of total bids quoted	-	62.14%	0.00%	-
Percentage of bids won as a percentage of capacity of bids participated	-	12.80%	0.00%	-
ACME Solar Holdings				
Capacity of bids participated in (in MW)	4,150	250	500	4,985
Quoted capacity (in MW)	1,150	70	300	3,885
Allotted capacity (in MW)	350	-	-	675
Percentage of bids won against capacity of total bids quoted	30.43%	0.00%	0.00%	17.37%
Percentage of bids won as a percentage of capacity of bids participated	8.43%	0.00%	0.00%	13.54%

Revenue Bifurcation -**(Amt in Crore)**

Particulars	FY 22	FY 23	FY 24*	Jun-24
Sale of Electricity	1,374.49	1,270.15	1,318.85	309.64
EPC	93.82	3.25	-	-
Project Management Services	19.10	21.00	-	-
Other Operating	0.50	0.51	0.40	-

*FY 2024 is considered as per the consolidated statement

Competition -

Market Competition: High, presence of established domestic and international renewable energy players, along with significant project bidding competition, intensifies rivalry.

Barriers to entry: Moderate, New entrants may emerge as renewable energy gains traction, though financial and technical requirements present barriers.

Bargaining Power of Suppliers: Moderate, Mergers between suppliers and competitors could limit supplier options, affecting project flexibility and execution.

Bargaining Power of Buyers: High, Buyers' power is controlled to an extent due to government auction processes, though pricing remains a competitive factor.

Government Support: Moderate, Policy support favours renewable energy but may shift to other sources, increasing the competitive environment within renewable sectors.

Business Strategies -

- The company intends to expand and diversify its portfolio. ACME Cleantech has signed a memorandum of understanding with the Government of Uttar Pradesh for the development of a 600 MW closed loop pump storage project in the state by ACME Urja Two Private Limited, the relevant project SPV.
- The company will continue to leverage its supplier relationships and diversify the supplier base to maintain a stable supply of high-quality and cost-effective components.
- The company intend to install additional modules every two to three years, to match the actual or expected loss of output from the existing modules, thereby maintaining production output and high CUF. Company also purchased additional land for use to repower or add more DC capacity to counter module degradation.
- The company will continue to diversify the funding sources, optimise the cost of capital and identify partners/investors for future growth.

Risk Factors -

The business is dependent on the top 10 off-takers, which contributed 95.42%, 89.42%, 89.97%, 87.48% and 81.11% of the revenue from operations during the three months ended June 30, 2024, and June 30, 2023, and for Fiscal 2024, 2023 and 2022, respectively.

The company procured 84.48%, 77.15%, 79.37%, 69.84% and 69.95% of the total purchases during the three months ended June 30, 2024, and June 30, 2023, and in Fiscal 2024, 2023 and 2022, respectively from ACME Cleantech, promoter company.

ACME Solar Holdings, ACME Cleantech and ACME Solar Energy have received orders from the Directorate of Enforcement related to investigations under the Foreign Exchange Management Act, of 1999. Additionally, MKU Holdings has received notices from the Economic Offences Wing in connection with an ongoing investigation under the Prevention of Money Laundering Act, 2002, involving the IREO group.

The company has incurred a loss for the Financial Year Ended 2023. Certain subsidiaries have also incurred losses during FY Ended 2022, 2023, and 2024.

There are outstanding legal proceedings involving the company, subsidiaries, and promoters amounting to Rs. 934 Crore.

The majority of the Operational Projects are located in the states of Andhra Pradesh, Rajasthan and Telangana which contributed 79.81%, and 56.23%, of the revenue from operations in the three months ended June 30, 2024, and June 30, 2023, respectively and 63.22%, 54.73% and 55.54% of the revenue from operations during Fiscal 2024, 2023 and 2022, respectively.

The company's debt/ equity ratio was 4.80 while the net debt to equity ratio was 3.89, as of June 30, 2024.

The company has contingent liabilities amounting to Rs. 611.98 Crore. which if they materialize, may adversely affect the results of operations, cash flows and financial condition.

PEER ANALYSIS

Particulars	ACME Solar Holdings Limited			Adani Green Energy Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	4.2%	-0.2%	1.1%	0.3%	0.5%	0.5%
EBITDA Margin	83.4%	90.6%	80.4%	2.5%	3.0%	3.8%
RoCE	12.3%	8.6%	5.4%	6.7%	7.4%	10.8%
ROE	3.2%	-0.2%	0.5%	41.1%	16.6%	18.1%
EPS (INR)	1.12	-0.06	12.55	3.13	6.19	6.99
P/E	258.04	-	23.03	621.44	142.35	262.39

Note -

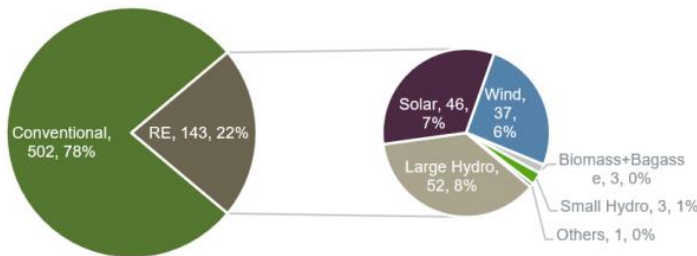
ReNew Energy Global PLC is listed on NASDAQ thus peer analysis is not conducted for the same.

Renewable Energy Sector -

Overview -

Renewable sources are a clean source of energy as they do not burn like fossil fuels, preventing the release of pollutants into the air. Increasing use of RE would help avoid carbon emissions, and thereby, restrict global warming. Further, the wide availability of these resources makes them less susceptible to depletion unlike conventional sources of energy. While there are multiple renewable sources that can be utilised, including solar, wind, small hydro, biomass, and bagasse remain key sources.

India’s RE (incl. large hydro) penetration was about 23% between April 2024 to August 2024.



Solar Sector -

In the renewable energy basket (including large hydro) as of August 2024, solar energy accounted for a share of approximately 44%. Growth in the solar power sector over the last five years has been robust. As much as approximately 70 GW capacity was added in the segment over Fiscals 2018-24, registering a CAGR of approximately 24.8%, although on a low base. Despite the second wave of COVID-19 infections, Fiscal 2022 witnessed solar capacity additions of approximately 14 GW. In a relief to developers, the MNRE provided total extension of seven-and-a-half months for the projects affected by the first and second waves of pandemic. This is estimated to have delayed commissioning in Fiscal 2022, leading to a spillover into Fiscals 2023 and 2024. In Fiscal 2023, solar capacity additions stood at approximately 13 GW, with approximately 2.2 GW coming from rooftop solar projects. Similarly, in Fiscal 2024, solar capacity additions stood at approximately 15 GW, with approximately 3 GW coming from grid connected rooftop solar projects. The first five months of Fiscal 2025 saw a capacity addition of approximately 7.6 GW.

Tendering activity in renewable energy -

In the last three Fiscals, India issued over 150 GW of utility scale renewable energy tenders across all technologies including ESS. However, the auction has been about half of the tendering capacity over the same period whereas the allocation has been at around 44% of the tendering capacity and 86% of auctioned capacity. The tendering activity increased about three-fold between Fiscal 2023 and 2024 due to significant increase in government targets, innovative tendering solutions, discom’s shift to offtake more stable and firm power and increase in power sector investment

The tendering activity for utility scale RE projects has outpaced the government’s target of 50 GW for Fiscal 2024. The government selected SECI, NTPC, SJVN and NHPC as RE implementing agencies (“REIA”). However, there was a shortfall of about 6 GW in the cumulative target set for these REIAs due to non-issuance of wind tenders. The tender issuance in the first quarter of Fiscal 2024 was a bit slow but it picked up in the subsequent quarters to surpass the overall target of 50 GW due to participation from other state nodal agencies and state discoms. Apart from this, over 20 GW of standalone ESS tenders were also issued including pumped hydro storage. The average allocation of tenders has been above 85% of the auctioned capacity in the last three years.

Wind Sector -

India has a vast wind energy potential, estimated at 695.5 GW at 120 meters above ground level (“AGL”) as per estimates by the National Institute of Wind Energy.

India has the fourth largest installed wind power capacity in the world, with approximately 47 GW as of July 31, 2024. Wind power accounted for nearly 10.5% of India’s total installed utility power generation capacity. Wind power capacity is mainly spread across the southern, western, and northwestern states of India. Leading states in wind power installations include Tamil Nadu, Gujarat, Maharashtra, Rajasthan, and Karnataka. Over the last 7 to 8 years, the installed wind power capacity in India has grown at approximately 7% (“CAGR”).

Key Management -



Key Management Persons Name -	Manoj Kumar Upadhyay
Age	54
Designation and No. of years of experience	Promoter, Chairman and Managing Director, founder of ACME group.
Qualification	Diploma in electronics engineering
Roles and Responsibility	-
Other Directorships	Oman Green Hydrogen and Chemicals (UK) Private Limited, and etc

Key Management Persons Name -	Nikhil Dhingra
Age	44
Designation and No. of years of experience	Whole-Time Director and Chief Executive Officer
Qualification	B.E (electrical), post-graduate diploma in management from IIM, Bangalore.
Roles and Responsibility	Developing and implementing the long-term growth strategies of the Company and overseeing all aspects of Company operations.
Other Directorships	-

Key Management Persons Name -	Shashi Shekhar
Age	67
Designation and No. of years of experience	Whole-Time Director and Vice Chairman, associated with the company since April 9, 2018
Qualification	Bachelor’s degree in science (Geology)
Roles and Responsibility	policy advocacy, business strategy and regulatory issues.
Other Directorships	Pres Renewable Power Private Limited, and etc

Key Management Persons Name -	Atul Sabharwal
Age	49
Designation and No. of years of experience	Independent Director, associated with the Company since Sept 18, 2017
Qualification	Bachelor’s degree in science, Post-Graduation degree in business administration
Roles and Responsibility	-
Other Directorships	founder and chief executive officer of Snipp Interactive Inc. since 2012.

Key Management Persons Name -	Sanjay Dhawan
Age	66
Designation and No. of years of experience	Independent Directo, associated with the Company since June 29, 2024.
Qualification	Bachelor’s degree in technology (chemical engineering), post-graduate diploma in management
Roles and Responsibility	-
Other Directorships	manging director of Punchline Energy Private Limited

Key Management Persons Name -	Anuranjita Kumar
Age	52
Designation and No. of years of experience	Independent Directo, associated with the Company since April 25, 2024.
Qualification	Bachelor’s degree of arts in psychology, post graduate diploma.
Roles and Responsibility	experience in human resources and organisational development.
Other Directorships	co-founder and chief executive officer at WeAce. .

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Cr.

Particulars	FY 22	FY 23	FY 24 (Proforma)	Jun-24
Revenue from Operations	1,487.90	1294.904	1,067.62	309.64
Other Income	74.82	66.47	122.93	30.37
Total Income	1,562.73	1,361.37	1,190.56	340.01
Expenses				
Cost of Material Consumed	93.85	-	-	-
Employee benefits expense	38.24	34.64	58.95	15.01
Finance Cost	996.01	809.10	672.45	196.28
Depreciation and Amortization expense	546.28	484.80	207.79	55.56
Other Expenses	115.49	87.67	150.76	22.91
Total Expenses	1,789.86	1,416.21	1,089.94	289.76
EBITDA	1,240.32	1,172.59	857.92	271.72
EBITDA Margin	83.36%	90.55%	80.36%	87.75%
Profit/(Loss) before exceptional items & tax	-227.14	-54.84	100.61	50.251
Exceptional Items	329.563	39.44	-	-
Profit/(Loss) before tax	102.43	-15.40	100.61	50.25
Tax Expense				
Current tax	2.73	5.55	13.73	46.86
Income tax adjustment related to the earlier year	-13.50	0.15	0.08	-
Deferred Tax (net)	51.19	-17.921	74.868	2.00
Total Tax Expense	40.42	-12.23	88.67	48.86
Profit/(Loss) for the year	62.01	-3.17	11.94	1.39
Net Profit Margin	3.97%	-0.23%	1.00%	0.41%

Statement of Equity, Assets and Liabilities

Amt in Cr.

Particulars	FY 22	FY 23	FY 24 (Proforma)	Jun-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	104.44	104.44	104.44	104.44
Instruments entirely equity in nature	650	650	650	-
Other Equity	1,154.32	1,146.12	1,836.43	1,837.68
Total Equity	1,908.76	1,900.56	2,590.87	1,942.12
Minority Interest	100.39	29.90	-	-
Total Equity	2,009.16	1,930.46	2,590.87	1,942.125
2. Non-current liabilities				
Financial Liabilities				
(i) Borrowings	6,950.90	8,099.26	7,696.43	8,852.20
(ii) Lease Liabilities	319.80	325.33	288.20	302.03
(iii) Other financial liabilities	-	38.11	103.51	132.51
Provisions	2.44	5.29	6.51	7.17
Deferred tax liabilities (net)	90.13	160.01	211.99	207.94
Other non-current liabilities	268.20	658.89	1,070.22	1,320.55
Total non-current liabilities	7,631.46	9,286.89	9,376.85	10,822.40
3. Current liabilities				
Financial Liabilities				
(i) Borrowings	612.70	558.09	521.17	467.71
(ii) Lease Liabilities	31.13	30.87	30.56	30.76
(iii) Trade Payables	-	-	-	-
(a) Outstanding Dues to MSME	36.60	7.04	6.69	6.64
(b) Outstanding Dues to other than MSME	236.41	55.07	67.07	85.11
(iv) Other Financial Liabilities	286.83	240.34	676.93	493.37
Other current liabilities	41.82	77.70	103.20	67.33

Particulars	FY 22	FY 23	FY 24 (Proforma)	Jun-24
Provisions	0.24	0.48	0.51	0.83
Current Tax Liabilities (net)	0.36	0.01	25.97	68.87
Total Current liabilities	1,246.10	969.60	1,432.08	1,220.61
Total Liabilities	8,877.56	10,256.49	10,808.93	12,043.01
Total Equity and Liabilities	10,886.72	12,186.95	13,399.80	13,985.14
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	5,721.06	6,172.39	6,352.53	6,297.35
Investment Property	-	-	1.40	1.40
Right-of-use assets	456.02	458.52	403.96	415.87
Capital work-in-progress	1,272.80	2,147.34	2,828.43	3,850.39
Intangible Assets	0.03	0.03	0.03	0.03
Investments	24.53	22.67	-	275.00
Loans	-	-	116.80	187.44
Other financial assets	122.34	161.83	54.94	147.94
Deferred tax assets (net)	159.76	247.55	192.85	186.85
Non-Current Tax Assets (net)	41.27	89.81	31.56	31.11
Other non-current assets	749.00	184.68	261.99	92.23
Total non-current assets	8,546.81	9,484.81	10,244.49	11,485.60
2. Current assets				
Financial Assets				
(i) Current Investments	-	-	149.87	0.50
(ii) Trade receivables	931.44	699.30	420.89	380.69
(iii) Cash and cash equivalents	478.46	547.45	309.16	1,020.72
(iv) Bank balances other than (iii)	284.64	791.01	1,005.72	753.12
(v) Loans	162.32	343.94	-	-
(vi) Other financial assets	318.89	215.44	158.35	158.28
Other current assets	164.17	105.00	1,098.73	174.30
Assets held for sale	0.01	0.01	12.61	11.92
Total Current assets	2,339.91	2,702.14	3,155.32	2,499.54
Total Assets	10,886.72	12,186.95	13,399.80	13,985.14

Cash Flow Statements	Amt in Cr.			
Particulars	FY 22	FY 23	FY 24	Jun-24
Net Cash Flow from Operating Activities	954.96	1,263.48	1,434.17	1,322.69
Net Cash Flow from Investing Activities	-374.06	-1,409.92	-1,730.69	-807.20
Net Cash Flow from Financing Activities	-555.81	215.43	215.78	196.08

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	1.12	-0.06	12.55	EV/EBITDA	7.02	7.86	11.07
BV per share	182.76	181.97	248.07	Market Cap / Sales	11.75	13.50	16.38
Operating Ratios				P/E	258.04	-	23.03
EBITDA Margins	83.36%	90.55%	80.36%	Price to Book Value	1.58	1.59	1.16
PAT Margins	3.97%	-0.23%	1.00%	Solvency Ratios			
Inventory days	-	-	-	Debt / Equity	3.96	4.56	3.17
Debtor days	228.49	197.11	143.89	Current Ratio	1.88	2.79	2.20
Creditor days	1,061.79	-	-	Quick Ratio	1.88	2.79	2.20
Return Ratios				Asset Turnover	0.14	0.11	0.08
RoCE	7.20%	6.13%	5.43%	Interest Coverage Ratio	0.70	1.43	0.46
RoE	3.25%	-0.17%	0.46%				

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are ICICI Securities Limited, Nuvama Wealth Management Limited, JM Financial Limited, Kotak Mahindra Capital Company Limited and Motilal Oswal Investment Advisors Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

ICICI Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Northern Arc Capital Limited	777.00	263.00	September 24, 2024	259.40
2.	Premier Energies Limited	2,830.40	450.00	September 03, 2024	1,147
3.	Ola Electric Mobility Limited	6,145.56	76.00	August 09, 2024	80.84

ICICI Securities Limited has had 49 mandates in the last three years (including current year).

Nuvama Wealth Management Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	P N Gadgil Jewellers Limited	1,100.00	480.00	September 17, 2024	712.45
2.	Allied Blenders and Distillers Limited	1,500.00	281.00	July 02, 2024	321.50
1.	Go Digital General Insurance Limited	2614.65	272.00	May 23, 2024	339.85

Nuvama Wealth Management Limited has had 15 mandates in the last three years (including current year).

JM Financial Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Western Carriers (India) Limited	492.88	172.00	September 24, 2024	128.44
2.	Bajaj Housing Finance Limited	6,560.00	70.00	September 16, 2024	135.33
3.	Bazaar Style Retail Limited	834.68	389.00	September 06, 2024	344.95

The company has had 43 mandates in the last three years (including current year).

Kotak Mahindra Capital Company Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Hyundai Motor India Limited	27,870.16	1,960.00	October 22, 2024	1,814.45
2.	Western Carriers (India) Limited	492.88	172.00	September 24, 2024	128.44
3.	Bajaj Housing Finance Limited	6,560.00	70.00	September 16, 2024	135.33

The company has had 30 mandates in the last three years (including current year).

Motilal Oswal Investment Advisors Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	P N Gadgil Jewellers Limited	1,100.00	480.00	September 17, 2024	712.45
2.	R K Swamy Limited	423.56	288.00	March 12, 2024	234.54
3.	Happy Forgings Limited	1,008.59	850.00	December 27, 2023	1,109.15

The company has had 11 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 26th June 2024.

As per the offer document, from the above-mentioned mandates Hyundai Motor India Limited, Western Carriers (India) Limited, and R K Swamy Limited opened at a discount and the remaining all opened at premiums.

Recommendation -

The company was incorporated in the year 2015 and the Promoter company engaged in the same business has been in the industry since 2003 and thus has vast experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO and annualised basis is around 115.36 times which makes it aggressively priced by looking at the performance of the company and sector. The Sector P/E is 170.3 times.

The company operates in the renewable energy sector, which has experienced a significant surge in demand over recent years, driven by global shifts towards sustainable energy solutions. Additionally, the company has secured a solid clientele and maintains a pipeline of under-construction contracted projects, which may aid in future growth prospects.

However, there are several aspects of the company's financial health and operational practices that are concerning. Notably, the company has displayed a declining revenue trend and reported a loss in FY 2023. Although there is some improvement in other income for FY 2024, it may not be indicative of sustainable core business growth. High debt levels and unsatisfactory debt-to-equity and interest coverage ratios further underscore financial instability, while a significant number of ongoing litigations could constrain its future growth. The company also has seen a concentration in its buyers and suppliers.

We recommend **AVOID** applying to this IPO at this time. Despite the company's potential within a growth sector, the high-risk profile due to its financial weaknesses, limited utilisation of IPO proceeds for growth, and high valuation make it a risky investment currently. If the company demonstrates stronger financial performance, resolves legal and debt issues, and justifies its valuation through improved revenue generation and project completions, it may be considered for investment

Disclaimer

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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