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ACME Solar Holding in talks to raise up to ₹3,000 cr through InvIT

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ACME Solar Holdings Ltd plans to raise up to ₹3,000 crore through an infrastructure investment trust (InvIT) amid a prolonged delay in a planned initial share sale.

"Given our 100% shareholding from sponsor and no requirement of liquidity at secondary level to liquidate shareholding like a financial sponsor, we believe an investment trust would be an ideal platform to establish a vehicle, targeting long-term yield seeking investors," Nikhil Dhingra, ACME Solar's chief executive, said in an interview.

The firm expects to raise ₹2,500-3,000 crore through

the InvIT, he said, adding that the trust will likely include assets totaling 600-800 megawatts. The firm is in talks with potential bankers, he added.

InvITs are trusts that manage income-generating assets, typically offering investors regular yield and a liquid method of investing in projects.

A successful completion of the InvIT plan will make ACME the first renewable energy producer in India to tap the trust route for raising funds.

Promoted by Manoj Upadhyay, ACME Solar was founded in 2015 to consolidate ACME Group's solar power business and to tap other solar prospects. Dhingra said the firm has a sizeable portfolio of operating assets delivering predictable yields, making them attractive for a product such as

Fund-raising plans

The trust will likely include assets totaling 600-800 megawatts

The company has about 2.3 gigawatts of solar capacity across 13 states

The firm is also looking at raising debt via overseas and local bond issuance

Many renewable firms have looking to tap the equity markets to raise funds

an infrastructure investment trust.

He said the firm has about 2.3 gigawatts of solar capacity across 13 states, "which will give us an Ebitda (earnings before interest, tax, depreciation and amortization) of ₹1,800 crore and annual cash accruals of

around ₹550 crore."

ACME Solar had in September 2017 filed a draft red herring prospectus (DRHP) to raise ₹2,200 crore via an IPO. The company plans to re-file the DRHP, *Mint* reported in April.

"The jury is still out if IPO is the right solution for this sector, given the high-growth pipeline, which gives it a characteristic of a growth sector that traditionally a utility sector like power is not perceived to by public investors," said Dhingra.

He said the firm is also exploring raising debt through an overseas and local bond issuance to diversify its lender base

and refinance the portfolio.

ACME's plans to look at an InvIT also reflect a change of strategy for renewable firms, many of which were looking to tap the equity markets to raise funds. In July, *The Economic Times* reported India's largest

ACME will be the first Indian renewable energy firm to tap trust route for raising funds if the plan goes through

renewable energy firm ReNew Power Ltd may defer its IPO because of differences with investors on valuation. Apart from ReNew, Sembcorp India Energy Ltd, which has an over

IGW portfolio of renewable assets has also been trying to go public. Mytrah Energy had hired banker to look at a public listing but did not go ahead.

So far, only three firms have tapped the InvIT route belonging to either road or transmission sectors. In May, Canada's largest pension fund Canada Pension Plan Investment Board (CPPIB) and Allianz Capital Partners (ACP), part of insurance giant Allianz, invested in the first private infrastructure investment trust in India—IndInfravit Trust, sponsored by L&T Infrastructure Development Projects Ltd.

CPPIB invested Canadian \$200 million for 30% of IndInfravit units, while ACP acquired 25% of the units, *Mint* reported.

IRB Infrastructure Developers raised ₹5,033 crore in 2017 from listing its InvIT, while India Grid Trust, an InvIT sponsored by Sterlite Power Grid Ventures Ltd, raised ₹2,250 crore.

<https://www.livemint.com/Companies/nvoVJliGffkvjiAH9uwHBO/ACMESolar-Holding-in-talks-to-raise-up-to-3000-crore-thro.html>

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