

Shivam Gupta
shivamgupta@rathi.com

Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	28,304.0
Fresh Issue (No. of Shares in Lakhs)	287.0
Offer for Sale (No. of Shares in Lakhs)	342.0
Bid/Issue opens on	27-Aug-24
Bid/Issue closes on	29-Aug-24
Face Value	Rs. 1
Price Band	427-450
Minimum Lot	33

Objects of the Issue

- **Fresh issue: ₹12,914 million**
 - Investment in the Subsidiary, Premier Energies Global Environment Private Limited for part-financing the establishment of a 4 GW Solar PV TOPCon Cell and 4 GW Solar PV TOPCon Module manufacturing facility in Hyderabad, Telangana, India (the "Project").
 - General corporate purposes.
- **Offer for sale: ₹15,390 million**

Book Running Lead Managers	
Kotak Mahindra Capital Company Limited	
J.P. Morgan India Private Limited	
ICICI Securities Limited	
Registrar to the Offer	
Kfin Technologies Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	550.00
Subscribed paid up capital (Pre-Offer)	422.07
Paid up capital (post-Offer)	450.76

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	72.2%	66.0%
Public – Selling Shareholders	26.1%	32.4%
Shares Held by Employee Trust	1.6%	1.6%
Total	100.0%	100.0%

Financials

Particulars (₹ In million)	3M FY25	FY24	FY23	FY22
Revenue from operations	16,573.7	31,437.9	14,285.3	7,428.7
Operating expenses	12,990.5	26,659.9	13,503.3	7,133.0
EBITDA	3,583.1	4,778.0	782.0	295.8
Other Income	114.2	275.2	346.8	241.6
Depreciation	794.4	960.9	532.3	276.0
EBIT	2,903.0	4,092.3	596.5	261.4
Interest	452.3	1,211.8	686.3	430.0
PBT	2,457.3	2,893.7	(77.6)	(156.9)
Tax	475.7	580.1	55.8	(12.8)
PAT	1,981.6	2,313.6	(133.4)	(144.1)
EPS	4.40	5.13	(0.30)	(0.32)
Ratios	3M FY25	FY24	FY23	FY22
EBITDAM	21.6%	15.2%	5.5%	4.0%
PATM	12.0%	7.4%	-0.9%	-1.9%
Sales growth		120.0%	92.3%	

Company description

Incorporated in April 1995, Premier Energies Limited manufactures integrated solar cell and solar panel. The company's product portfolio includes Cell, Solar Module, Monofacial modules, Bifacial modules, EPC Solutions and O&M Solutions.

The company has five manufacturing units, all of which are situated in Hyderabad, Telangana, India.

The clientele of the company includes NTPC, TATA Power Solar Systems Limited, Panasonic Life Solutions Private Limited ("Panasonic"), Continuum, Shakti Pumps, First Energy, Bluepine Energies Private Limited, Luminous, Hartek Solar Private Limited ("Hartek"), Green Infra Wind Energy Limited (a subsidiary of Sembcorp Green Infra Limited), Madhav Infra Projects Limited ("Madhav"), SolarSquare Energy Private Limited ("SolarSquare") and Axitec Energy India Private Limited ("Axitec").

As of July 31, 2024, the company had an order book of 59,265.65 million. This total included 16,091.14 million for non-DCR solar modules, 22,140.60 million for DCR solar modules, 18,911.18 million for solar cells, and 2,122.72 million for EPC projects.

The company has exported its products to United States, Hong Kong, South Africa, Bangladesh, Norway, Nepal, France, Malaysia, Canada, Sri Lanka, Germany, Hungary, the United Arab Emirates, Uganda, Turkey, South Korea, China, Taiwan and Philippines.

The company has a focus on sustainability, and they have adopted several environment, social and governance ("ESG") strategies and initiatives to, among others, lower their carbon footprint.

As of June 2024, the company had 1,447 employees and 3,278 Contract laborers.

Valuation & outlook

As of March 31, 2024, Premier Energies Limited is rank as the second-largest integrated solar cell and module manufacturer in India and also hold the position of the country's second-largest solar cell producer by annual installed capacity. Their total annual installed capacity stands at 2 GW for solar cells and 4.13 GW for solar modules.

They are involved in multiple stages of the solar power value chain, ranging from manufacturing solar cells and modules to offering EPC solutions, O&M services, and operating as an independent power producer.

The company's P/E ratio is 87.7 times based on its FY24 earnings, though if we annualize the FY25 earning the P/E ratio comes down significantly to 25.5 times. Based on FY24 earnings it has a market cap-to-sales ratio of 6.4 times.

We believe that the company is well positioned for future growth due to its strong market position, well diversified customer base along with high technical expertise. Therefore, we recommend "Subscribe – Long Term" rating to the IPO.

Company's Operations

The Company is primarily an integrated solar cell and solar module manufacturer with 29 years of experience in the solar industry. Their business operations include:

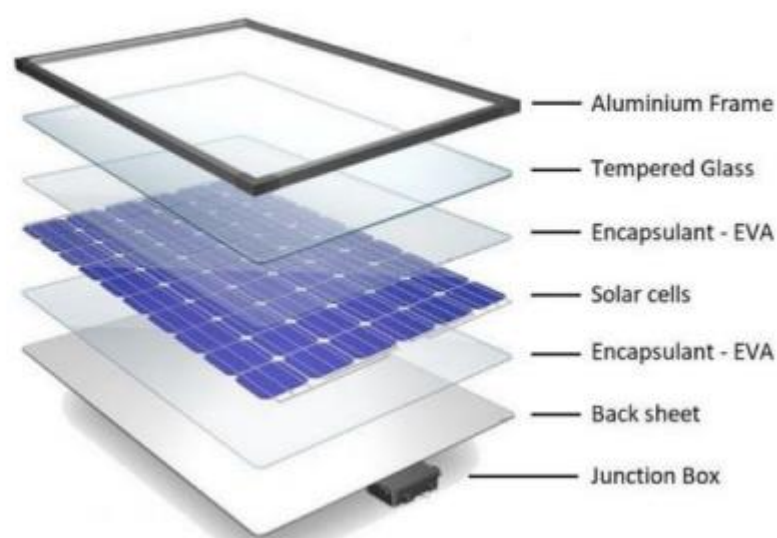
- (i) the manufacturing of solar photovoltaic ("PV") cells, in particular bifacial monocrystalline PERC cells using the M10 wafer size in a 182mm x 182mm format which may be assembled into solar modules
- (ii) the manufacturing of solar modules using different module technologies such as monocrystalline PERC and TOPCon, cell sizes and quantity, power output ranges and formats such as monofacial and bifacial. They also manufacture custom made modules for specific applications
- (iii) the sale of customizable and ad hoc solar-related products depending on customer requirements such as customized bespoke solar tiles
- (iv) the execution of EPC projects which include end-to-end solar services for ground-mounted, rooftop, floating, canal bank, canal top and hybrid power generation systems
- (v) the provision of O&M services with respect to EPC projects executed by their Company
- (vi) independent power production through their 2 MW solar power plant in Jharkhand, India.

Product Portfolio

- **Solar Cell:** They currently produce their solar cells using monocrystalline PERC technology, which has higher efficiency than polycrystalline solar cells. Monocrystalline solar cells are made from a single, continuous crystal structure which is made from high purity silicon. Polycrystalline solar cells, on the other hand, are made from fragments of silicon crystals that are melted together in a mold before being cut into wafers. According to F&S, monocrystalline PERC solar cells are regarded as high-end solar products, are space efficient and long lasting, and have a more streamlined appearance. They manufacture bifacial monocrystalline PERC cells using the M10 wafer size in a 182mm x 182mm format which was a first in India, according to F&S. These solar cells have a specially etched surface which enhances their ability to absorb light and are bifacial (i.e. dual sided) as opposed to monofacial (i.e. single sided).
- **Solar Module:** A solar module is constructed through a series-parallel configuration of individual solar cells. This interconnected array is then safeguarded from the elements with layers of glass, encapsulant and backsheet material. Additionally, a junction box is integrated to facilitate the extraction of electrical power from the module. Their solar modules are currently manufactured using monocrystalline PERC solar cells, as well as TOPCon solar cells, which they currently procure from third parties. Their products are differentiated on the basis of module technology, cell size and quantity, and are sold across different power output ranges. They also produce both monofacial and bifacial modules.

Monofacial modules have only one side of solar cells collecting and converting light to electricity. They do not require reflective surfaces and special mounting equipment during installation, and it is sufficient that the solar cells are facing the sun. They manufacture monofacial modules with monocrystalline PERC technology in different sizes and wattage.

Monofacial modules



Bifacial solar modules feature a dual-sided design that allows the modules to capture sunlight from both the front and back surfaces. Unlike monofacial modules that only harvest light on one side, bifacial modules take advantage of the albedo effect where light is reflected from the ground or other surrounding surfaces onto the rear side of the module. This results in additional energy capture, which can significantly enhance the overall energy yield of the system. To maximize their potential, bifacial modules are often paired with special mounting systems and are best situated where ground reflectivity is high, such as on white gravel or snow. These modules are most beneficial at higher latitudes where the sun's path can be more effectively exploited through the dual capture surfaces and in large scale power plants which use sun trackers for mounting modules. The dual-glass design not only allows the modules to absorb light from multiple angles but also provides superior protection against environmental stressors, ensuring a long operational life and consistent power generation.

- **EPC Solutions:** Leveraging their expertise in manufacturing high quality solar cells and solar modules and experience in the solar industry, they also provide EPC solutions as a contractor through their Company and their Subsidiary, Premier Solar Powertech Private Limited. They have 12 years of experience in providing EPC solutions which include end-to-end solar services for ground-mounted, rooftop, floating, canal bank, canal top and hybrid power generation systems with a track record of 266.26 MW ground mounted projects and 22.86 MW roof top projects. They provide solar water pumps under their EPC solutions. These solar water pumps feature solar modules manufactured by them and pumps sourced from external vendors. Solar water pumps are a clean, efficient and sustainable solution that harnesses solar energy to pump water. These pumps are particularly useful in

remote locations where access to electricity is limited or non-existent. They also require minimal maintenance due to fewer moving parts and the absence of internal combustion engines. They manufacture solar water pumps which come in various sizes and capacities to meet diverse water requirements, from small-scale to large-scale agricultural irrigation.

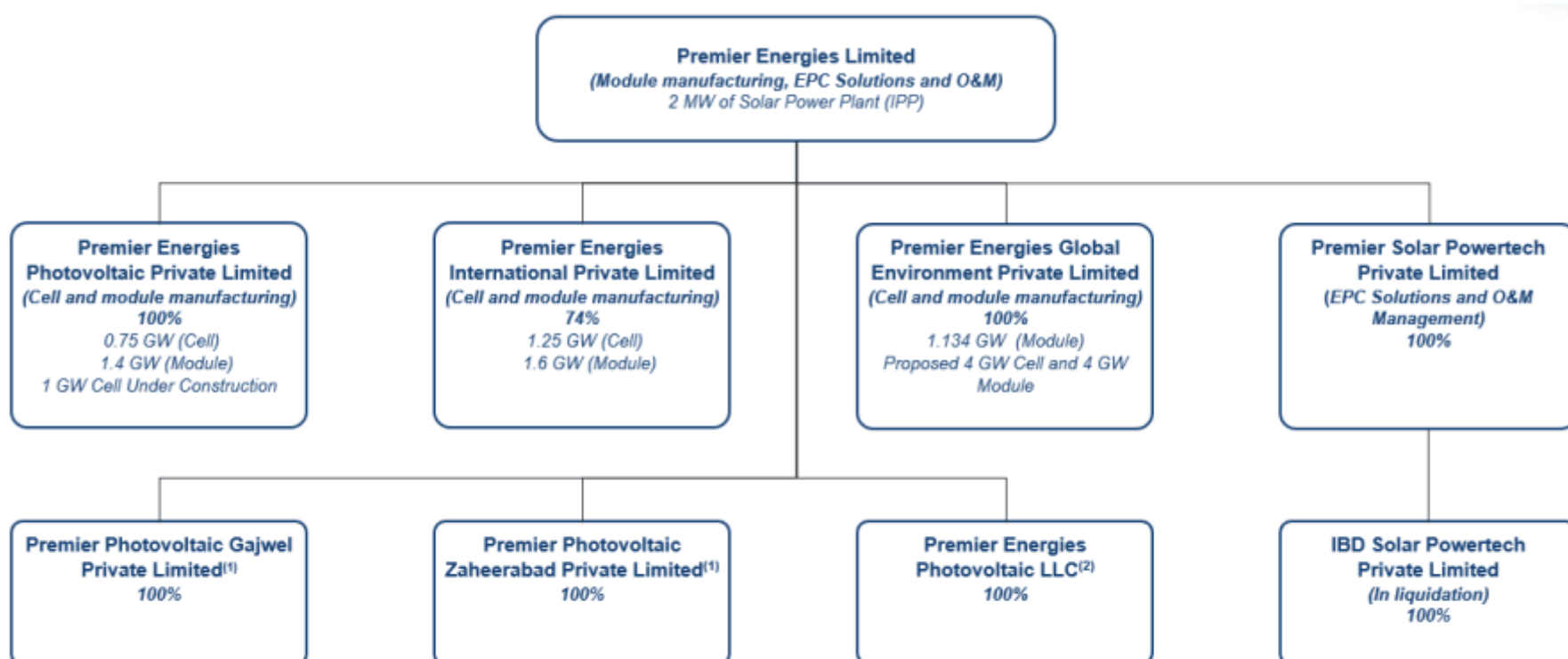
Some of their commercial and industrial ground mount solutions have been provided for various domestic customers, including public sector enterprises. Similarly, they have also installed a canal bank connected solar power plant in order to convert unutilized areas into generators of renewable energy. They have provided rooftop solar solutions to commercial, industrial and institutional customers and projects across India such as the establishment of a rooftop solar system, a canal top project, and other large-scale solar power projects.



Canal top solar power plant on 35-meter-wide Yamuna Power Channel in Uttarakhand installed by our Company using suspension rope technology

- **O&M Solutions:** They also have a presence in the O&M segment through the provision of O&M solutions for their EPC solution customers. They currently provide O&M services for 178.38 MW of solar ground mount and rooftop solar solutions as well as for the solar water pumps, they have installed.
- **Independent Power Production:** Their Company has a 2 MW solar power plant which was commissioned in 2012 under the Jawarharlal Nehru National Solar Mission in Jharkhand, India

As of June 30, 2024, the Group is structured as follows:



Notes:

- (1) Non-operating.
- (2) As of June 30, 2024, Premier Energies Photovoltaic LLC is yet to commence operations.

The company has five manufacturing facilities, all of which are situated on land that they own, in Hyderabad, Telangana, India. Combined, their manufacturing facilities have an annual installed capacity of 2 GW for solar cells and 4.13 GW for solar modules as of the date of this Red Herring Prospectus. Their Unit II manufacturing facility is India’s first LEED gold rated solar manufacturing facility as certified by the U.S. Green Building Council (“USGBC”) v4 Building Design and Construction: New Construction and Major Renovations in August 2022.

The company has taken steps such as ordering the necessary equipment and machines to increase their annual installed capacity for solar cells by commissioning a 1,000 MW TOPCon solar cell line in Unit II. They have procured financing for this additional cell line through IREDA, which has estimated

project costs of ₹6,694 million. They expect the additional cell line to be ready within Fiscal 2025. With the market for solar modules expected to continue to grow in India on account of ambitious government targets and increasing demand for clean energy according to F&S, they intend to capitalize on this growth momentum by utilizing a portion of the proceeds from the Fresh Issue to further expand their current manufacturing capacities by commissioning an additional 4 GW TOPCon solar cell line and an additional 4 GW TOPCon solar module line. The company established a 75 MW capacity solar cell manufacturing line in 2011 before manufacturing solar cells at scale through the introduction of a solar cell line with an annual installed capacity of 500 MW in Fiscal 2021 and 250 MW in Fiscal 2022. The experience they gained through this process is one of the contributing factors which led to the development of their bifacial monocrystalline PERC solar cell based on the M10 - 182mm x 182 mm format in 2022. On a monthly basis, they are able to manufacture up to 14 million M10 sized solar cells.

The company's key customers across their business offerings include several IPPs, OEMs and off-grid operators such as NTPC, TATA Power Solar Systems Limited, Panasonic Life Solutions Private Limited ("Panasonic"), Continuum, Shakti Pumps, First Energy, Bluepine Energies Private Limited, Luminous, Hartek Solar Private Limited ("Hartek"), Green Infra Wind Energy Limited (a subsidiary of Sembcorp Green Infra Limited), Madhav Infra Projects Limited ("Madhav"), SolarSquare Energy Private Limited ("SolarSquare") and Axitec Energy India Private Limited ("Axitec"). As of July 31, 2024, they had an order book of ₹59,265.65 million of which ₹16,091.14 million was in relation to non-DCR solar modules, ₹22,140.60 million was in relation to DCR solar modules, ₹18,911.18 million was in relation to solar cells and ₹2,122.72 million was in relation to EPC projects. The company has a professional and experienced management team led by Promoters who have significant experience in the solar industry. Surender Pal Singh Saluja, their Chairman and Whole-Time Director, founded the Company in 1995 and oversees the operations and finance functions of the Group. Their Managing Director, Chiranjeev Singh Saluja, was instrumental in the growth in their operations to 2 GW annual installed capacity for solar cells and 4.13 GW annual installed capacity for solar modules as of the date of this Red Herring Prospectus. They are also supported by their Key Managerial Personnel as well as their Senior Management. The experience of their management team has been critical in building their operations over the years.

In September 2021, they received investment of ₹1,770 million from South Asia Growth Fund II Holdings LLC and South Asia EBT Trust, affiliates of a global private equity management fund focused on investing in climate solutions. The tables below provide details of their segmented income as a percentage of revenue from operations for Fiscals 2022, 2023 and 2024.

Particulars (₹ In million)	FY22		FY23		FY24	
	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)
Income from sale of manufactured goods	3,179.01	42.80	11,422.77	79.95	27,287.13	86.80
-Sale of solar cells	336.01	4.53	1,856.26	12.98	7,066.36	22.48
-Sale of solar modules	2,843.00	38.27	9,566.51	66.97	20,220.77	64.32
Income from sale of traded goods	2,379.02	32.02	1,669.72	11.70	2,579.29	8.21
- Sale of solar modules	—	—	549.31	3.85	1,775.47	5.65
- Sale of solar cells	744.45	10.02	768.03	5.38	634.06	2.02
-Sale of solar accessories and silicon wafers	1,634.57	22.00	352.38	2.47	169.76	0.54
Revenue from power and supply	40.47	0.54	42.87	0.30	38.43	0.12
Income from contracts	1,830.21	24.64	1,138.44	7.97	1,487.12	4.73
- Construction and project related activity	1,812.80	24.41	1,103.74	7.73	1,437.12	4.57
-Engineering and service fees	17.41	0.23	34.70	0.24	50.00	0.16
Other operating revenue	—	—	11.54	0.08	45.96	0.14
-Job work services	—	—	4.49	0.03	16.36	0.05
- Sale of scrap	—	—	7.05	0.05	29.60	0.09
Total	7,428.71	100.00	14,285.34	100.00	31,437.93	100.00

The tables below set forth their export sales in their top jurisdictions for Fiscals 2022, 2023 and 2024:

Particulars (₹ In million)	FY22		FY23		FY24	
	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)
United States	—	—	—	—	2,758.35	8.77
Hong Kong	—	—	—	—	1,472.25	4.68
Others	68.12	0.92	74.96	0.52	166.73	0.53
Total export sales	68.12	0.92	74.96	0.52	4,397.33	13.99

The tables below set their revenue from the Company and Subsidiaries as a percentage of their revenue from operations for Fiscals 2022, 2023 and 2024:

Particulars (₹ In million)	FY22		FY23		FY24	
	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)	Amount (Rs Million)	Percentage of Revenue from Operations (in %)
Premier Energies Limited	7,478.4	100.7	7,212.56	50.49	10,502.5	33.4
Premier Energies Photovoltaic Private Limited	2,784.7	37.5	12,073.62	84.52	31,169.6	99.1
Premier Energies International Private Limited	—	—	—	—	4,390.6	13.9
Premier Energies Global Environment Private Limited	—	—	—	—	55.3	0.2
Premier Solar Powertech Private Limited	166.9	2.3	128.78	0.90	198.2	0.6
Premier Photovoltaic Gajwel Private Limited	—	—	—	—	—	—
Premier Photovoltaic Zaheerabad Private Limited	—	—	—	—	—	—
Premier Energies Photovoltaic LLC	—	—	—	—	—	—
IBD Solar Powertech Private Limited	—	—	—	—	—	—
Eliminations	3,001.4	(40.4)	(5,129.6)	(35.91)	(14,878.3)	(47.3)
Total as per Restated Consolidated Financial Information	7,428.7	100.0	14,285.3	100.0	31,437.9	100.0

Strengths:

➤ They are an integrated solar cell and solar module manufacturer

They are the second largest integrated solar cell and solar module manufacturer in India as well as its second largest solar cell manufacturer in terms of annual installed capacity as of March 31, 2024. They have an aggregate annual installed capacity of 2 GW for solar cells and 4.13 GW for solar modules. According to F&S, the largest integrated solar cell and solar module manufacturer in India as of March 31, 2024, is Mundra Solar with an aggregate annual installed capacity of 4 GW of solar cell and 4 GW of solar module. This translates to a difference between their Company and Mundra Solar's annual installed capacity of 2 GW for solar modules in Mundra Solar's favor and 0.13 GW for solar cells in their favor.

At present, they manufacture their solar cells and solar modules across five manufacturing facilities, all of which are situated on land that they own, in Hyderabad, Telangana, India. They use industrial-grade automated tools throughout their manufacturing facilities. Currently in Units I, IV and V, they only manufacture solar modules while in Unit II, they manufacture both solar cells and solar modules and in Unit III, they only manufacture solar cells. They are on course to commission a TOPCon solar cell line in Unit II with an annual installed capacity of 1,000 MW within Fiscal 2025.

Their backward integration and integrated structure helped them gain access to the market for DCR solar modules. According to F&S, DCR requires solar cells and modules to be manufactured in India. With government initiatives like the PM-KUSUM Scheme and the CPSU scheme in play, there is an emphasis on the utilization of DCR solar modules within the domestic solar market. Similarly, the recent Grid Connected Solar Rooftop Programme, a government scheme that aims to provide free electricity to 10 million households in India by providing households with a subsidy to install solar rooftop systems on the roof of their homes, also exclusively requires the utilization of DCR solar modules. These programs are essential as they provide a framework for the adoption and use of domestically produced solar products. They believe they are well insulated from new entrants into the integrated solar cell and module manufacturing industry owing to high entry barriers such as high capital expenditure, technical expertise and long lead times of approximately 15 to 18 months in order to establish a manufacturing line and approximately six to nine months to operationalize and stabilize the manufacturing line and process. These high entry barriers, coupled with their status as an established and sizeable integrated player, hold them in good stead compared to new entrants for such government initiatives and tenders. Their integrated status supports their overseas revenue streams especially from countries such as the United States owing to their products, particularly their solar cells, being manufactured in India, thereby providing such overseas customers with comfort with respect to the traceability of the components they use in their manufacturing process.

➤ They have a long track record in the solar module manufacturing sector

They commenced solar module manufacturing in 1999 and have grown this to 4.13 GW annual installed capacity as of the date of this Red Herring Prospectus. This includes the 1,600 MW annual installed capacity module line commissioned in Unit IV in December 2023 which is equipped with TOPCon technology, and the 1,034 MW annual installed capacity module line commissioned in Unit V in June 2024 which is capable of assembling modules with solar cells which employ either TO PCon or HJT technology. Further, all their solar module production lines are automated. This is important as this reduces the incidence of human error and possible degradation in the quality of the modules they produce. Through their long track record in the solar module manufacturing industry, they have been able to build up recognition for their brand and have established their credentials.

➤ **They are experienced in solar cell line production**

In 2022, they completely transitioned from the production of polycrystalline solar cells to monocrystalline PERC solar cells owing to higher efficiencies provided by the latter. A majority of their peer competitors have similarly made the same transition. Now, they have plans to transition towards the manufacturing of TOPCon solar cells given the even greater efficiency afforded by such cells. According to F&S, TOPCon solar cells are capable of achieving efficiencies between 24.5% to 25.2% compared to between 23.2% to 23.7% for PERC cells. They believe the ability to adapt to new and ever-changing technologies, as evidenced by their transition from polycrystalline cells to monocrystalline cells and now to TOPCon cell technology, is one of their key strengths.

Their experience in the cell manufacturing process means they can bypass the initial stabilization lead times for new lines, which they believe is a competitive advantage over newer market participants. They believe that they are well positioned to capitalize on opportunities in the solar cell market through better technologies as they transition into 242 TOPCon cell production technology, the upgradation to which is supported by the manufacturing facilities and equipment they currently have. Through the proposed 1,000 MW TOPCon solar cell line which they expect to bring online in Unit II within Fiscal 2025, they expect to gain significant experience as they establish the 4 GW TOPCon solar cell and 4 GW solar module lines using the proceeds of the Fresh Issue.

➤ **They have a diversified customer base with customer relationships both within India and overseas with a robust order book**

Their aggregate annual installed capacity and market position enables them to offer competitive pricing for their products, which in turn facilitates access to a large and diversified customer base, both domestic and global. As of the date of this Red Herring Prospectus, their domestic customers are located and operate in 23 states and union territories in India and for Fiscals 2022, 2023 and 2024 and the three months ended June 30, 2024, their total number of customers from India was 165, 193, 200 and 117, respectively, while their total number of customers from overseas markets was 8, 6, 27 and 3, respectively. Some of their domestic customers are Continuum, Shakti Pumps, First Energy, Hartek, Amplus KN One Power Private Limited, SolarSquare, Rotomag Motors and Controls Private Limited and Madhav, and their global customers include Arka Energy Inc. (U.S.A).

PAN INDIA CUSTOMER PRESENCE



➤ **They have an experienced Promoter-led senior management team**

They are led by their Promoters comprising their Chairman and Whole-Time Director, Surender Pal Singh Saluja and their Managing Director, Chiranjeev Singh Saluja, who have a combined experience of approximately 29 years in the solar industry and who have been responsible for the experience they have across their operations including solar module and solar cell manufacturing and the EPC projects that they undertake. Each of their Promoters is actively involved in the critical aspects of the business. Surender Pal Singh Saluja is responsible for providing strategic advice to the Board and developing and executing their Company's business strategies. Chiranjeev Singh Saluja is responsible for the overall operations of their Company and leading the Company's short and long-term strategy and setting strategic goals. Apart from the Promoters, they also have a management team with considerable industry experience that comprises senior executives with extensive experience in solar manufacturing and business administration roles.

Strategies

➤ **Expand their overseas presence and increase their exports especially in the U.S. market through strategic backward integration of their production chain and establishing manufacturing capabilities outside of India:**

They have a presence in various steps along the solar power value chain from the manufacturing of solar cells to solar modules to providing EPC solutions, O&M services and being an independent power producer. According to F&S, they were one of the first in the Indian solar sector to engage in the backward integration of solar cell manufacturing with solar module production. They are continuing in this direction, aiming to extend their backward integration to include the production of ingots and wafers which are crucial elements in the production process of solar cells and will improve their resilience against market and supply fluctuations. Once implemented, they intend to utilize these components for their own solar cell production needs and also offer wafers in the market. The move towards further integration is strategically aimed at improving cost efficiency, strengthening supply chain management and enhancing the overall quality and efficiency of their solar cells. In managing more of the production

process, their goal is to ensure better traceability of the components they use in their manufacturing process, particularly for “clean silicon” solar cells – a term that signifies raw materials sourced from ESG compliant sources and vendors and is of growing significance in the export.

They understand that traceability is particularly important for customers in certain countries, and they accordingly aim to attract customers who are seeking alternatives to products which rely on raw materials connected to forced labor by producing and providing “clean silicon” products. The U.S. market is particularly significant, with a growing demand for solar cells and solar modules that use materials with clear traceability due to certain policies and legislation. They aim to seize this opportunity by offering products such as TOPCon cells and modules which use TOPCon cells that align with these regulatory requirements. The European market may also become more accessible with the anticipated implementation of the European Union’s Carbon Border Adjustment Mechanism, a scheme aimed at reducing global carbon emissions and preventing “carbon leakage”, where companies might transfer production to countries with less stringent greenhouse gas emissions controls, in 2025. To reduce reliance on imported products, the government has implemented various measures, including antidumping duties on shipments from China and Taiwan which is expected to benefit their export activities. This environment is fostering a ‘China Plus One’ strategy in the industry, encouraging the diversification of manufacturing bases. These positive external factors coupled with favorable labor costs and government support and incentives position India as an attractive and competitive location for solar manufacturing.

➤ **Develop and grow their rooftop solar offering**

For the past decade, they have established themselves as an OEM in the rooftop market for companies such as Panasonic, Luminous and Axitec. With the recent announcement of the Grid Connected Solar Rooftop Programme, which aims to equip 10 million homes in India with rooftop solar systems, the rooftop solar segment in India is anticipated to expand substantially due to an increased need for DCR modules, which is a prerequisite for applicants to avail themselves of the subsidies. The Grid Connected Solar Rooftop Programme is expected to generate 25 GW to 30 GW of rooftop solar installation opportunities over the next two to three years and they intend to capitalize on and meet this demand by tapping on their OEM status and using their channels sales across different states in India, an approach that is expected to enhance their brand recognition.

➤ **Capitalize on available market opportunities to grow their domestic business**

They intend to continue growing their operations and presence in India’s solar sector especially given the favorable regulatory environment and several government initiatives geared towards encouraging domestic production of solar cells and solar modules. With their ability to produce DCR-compliant solar cells and solar modules at scale and with the demand for DCR modules in India currently outpacing the production capacity of solar cells according to F&S, they believe they are ideally positioned to expand their manufacturing capabilities by capitalizing on this market opportunity.

Their Subsidiary, Premier Energies Photovoltaic Private Limited, is on the ALMM, a list of models and manufacturers of solar modules which have been approved by the MNRE for use in solar projects in India such as government projects, government-assisted projects, and projects under government schemes and programs, including projects set up for the sale of electricity to the government. Further support comes from various governmental schemes aimed at promoting domestic solar module usage including the CPSU scheme, the PM-KUSUM Scheme and the aforementioned Grid Connected Solar Rooftop Programme. Some of these schemes offer central financial assistance or a viability gap funding element to bridge the price gap between imported and domestic solar cells and modules. Utilizing domestically manufactured DCR cells and modules is a prerequisite for accessing some financial support from the government or to participate in such schemes. Additional domestic market opportunities include, among others, Indian Railways’ move to electrify its railway tracks.

➤ **Expanding and upgrading manufacturing capacities using the latest technology**

They are strategically focused on regularly updating and improving their manufacturing capabilities and infrastructure. They do this by adopting the latest technologies available to ensure their position in the solar cell and solar module manufacturing industry. Their transition from polycrystalline to monocrystalline solar cells and being the first in India, according to F&S, to manufacture M10 bifacial cells, reflects their proactive approach. They are now moving towards the production of solar cells with TOPCon technology, a process capable of reaching efficiencies of between 24.5% to 25.2%. They are committed to maintaining their position at the forefront of solar technology and continuing to meet the market’s developing needs by enhancing the efficiency and performance of their solar cells. Within Fiscal 2025, they plan to commission a new 1,000 MW annual installed capacity production line for the production of solar cells using TOPCon technology in Unit II. Additionally, they aim to allocate a portion of the proceeds from the Fresh Issue towards establishing additional TOPCon solar cell and solar module lines each with an annual installed capacity of 4 GW, at a new manufacturing facility.

TOPCon cells offer several benefits including higher efficiency, less degradation, and enhanced performance under high temperatures, making them suitable for various climates and increasing their appeal in the market. TOPCon technology is also designed to be compatible with their existing PERC production lines. This allows them to upgrade their existing facilities with minimal disruption and without the need for extensive overhauls.

Moving along with advancements in the industry, they will continue their focus on improving their processes through further automation using the most optimal equipment available in their production lines as well as sourcing equipment from Europe to reduce supplier concentration.

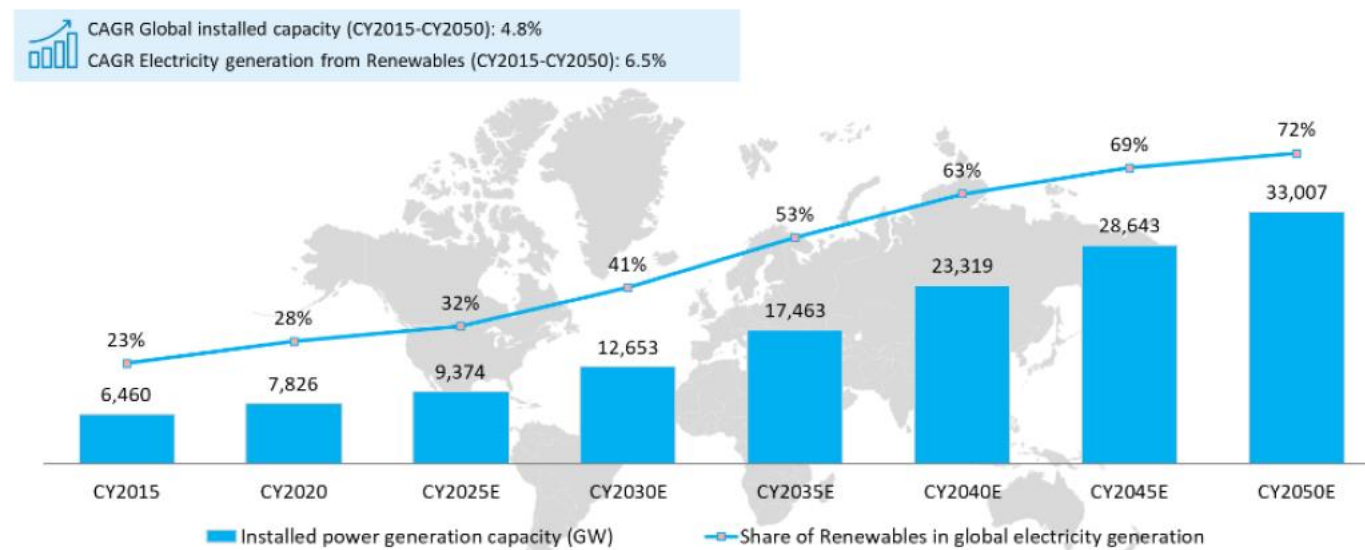
Industry Snapshot

OVERVIEW OF THE INDIAN POWER SECTOR

Global installed power generation capacity is expected to grow four folds by CY2050 – nearly 75% of the electricity to be generated from renewables by CY2050

As per the latest data available, global installed power generation capacity has reached 9,063 GW at the end of CY2023. The Asia-Pacific region accounts for approximately 40% of this installed capacity, followed by 22% for North America and 18% for Europe. India accounts for approx. 5% of global installed power generation capacity at the end of CY2023. Global installed power generation capacity is expected to grow at 4.8% CAGR till CY2050 to reach approximately 33,000 GW. Nearly three-quarters of this capacity would be added through renewable sources. Global annual renewable capacity additions increased by almost 55% to nearly 475 GW in CY2023 as against 305 GW in CY2022, the fastest growth rate in the past two decades. As per the latest projections available with IEA, global renewable energy installed capacity is expected to cross 7,300 GW by CY2028. Share of renewables in global electricity generation is expected to increase from 28.5% in CY2020 to 72.3% by CY2050 – from approximately 5,700 Terawatt-hour (“TWh”) in CY2020 to 51,000 TWh in CY2050 at a CAGR of 6.5%. In India, share of renewables (including large hydro) in electricity generation stands at 20.7% in FY2024. As per the climate actions presented by the Indian government during COP-26, 50% of the country’s energy requirement would be met from renewable sources by CY2030.

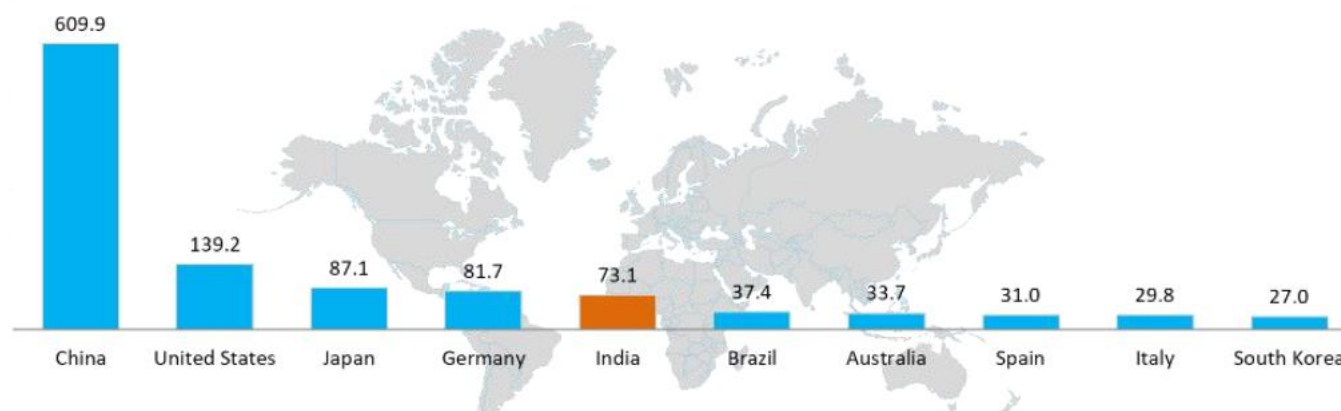
Growth in global installed power generation capacity and share of renewables in electricity generation, CY2015 – CY2050



India stands at 5th position in solar PV deployment across the globe at the end of CY2023

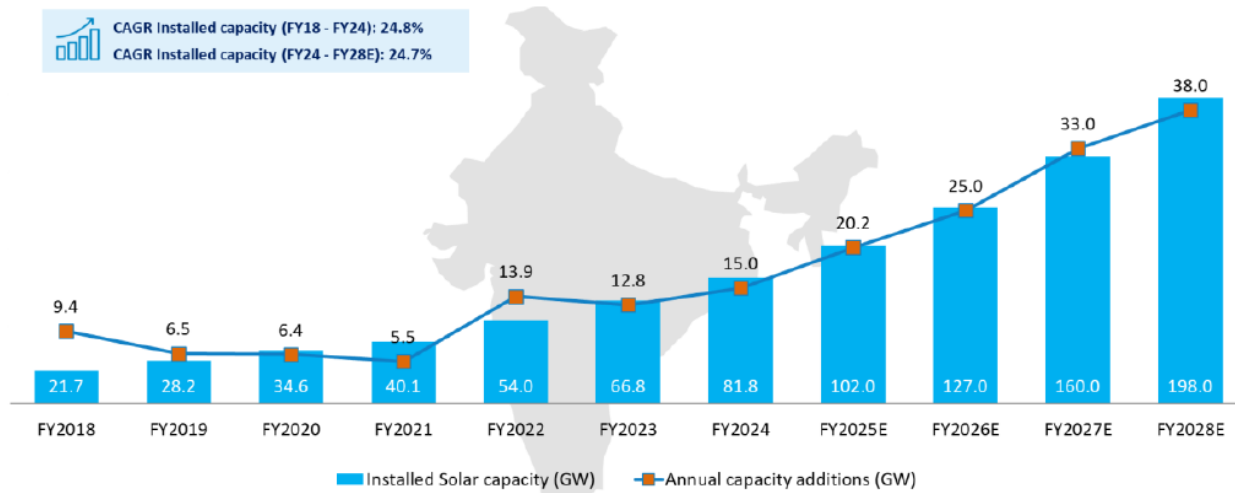
With an installed solar capacity of 73 GW at the end of CY2023, India is the fifth largest solar energy country in the world. China, USA, Japan and Germany are the only four countries that are ahead of India in solar PV deployment. The country has vast solar potential, as most states of India receive sunshine for more than 300 days a year. To harness this potential, the Indian government is constantly churning out policies and initiatives that encourage the shift to solar among the population. The nation is also determined to reduce import dependence in the solar sector and build domestic manufacturing capabilities.

Top 10 solar nations in the world, CY2023



India’s solar installed capacity has grown nearly four times in the past six years – expected to reach nearly 200 GW by FY2028: India’s strategic location in the solar belt, spanning from 400 S to 400 N, positions it as one of the world’s prime recipients of solar energy, boasting abundant availability throughout the year. The nation’s commitment to solar energy is evidenced by a remarkable increase in installed solar capacity, which has grown by nearly four times in the past six years – from 22 GW in FY2018 to 82 GW in FY2024. The transition to solar energy has not only contributed to environmental sustainability but also yielded significant economic benefits. Based on various demand and supply side measures, as per Frost & Sullivan analysis, the country is well on course to achieve nearly 200 GW of solar capacity at the end of FY2028.

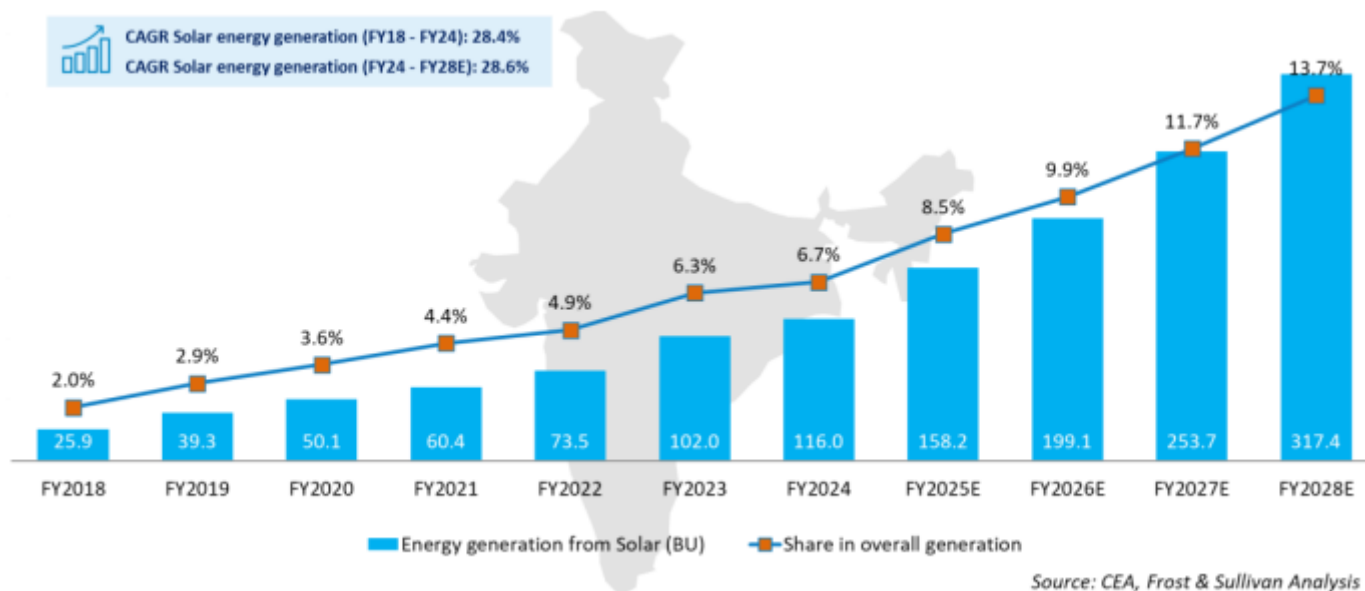
Growth in solar installed capacity, India, GW, FY2018 – FY2028E



At the end of FY2024, nearly 85% of the country's installed solar capacity is through utility scale solar projects and the rest coming through grid connected roof tops. Production of green hydrogen is still at a nascent stage in the country and as per input from the industry experts, would be lower than 0.5 GW – GAIL and NTPC have recently started blending green hydrogen in the City Gas Distribution Grid. However, with government policies incentivizing roof top installation in the country and an increase in green hydrogen production in the coming years, the share of roof tops and green hydrogen is expected to increase to 20 – 22% and 15 – 17%, respectively.

116 Billion Units ("BU") of electricity generated from Solar in FY2024 – share in the overall generation is expected to cross 15% by FY2028: Electricity generation from solar energy has grown four folds between FY2018 and FY2023 to cross the 100 BU milestone. Share of solar in the country's overall generation has increased from 2.0% to 6.3% during this period. Solar energy generation has further increased by 14% to reach 116 BU in FY2024 – 6.7% of the country's overall electricity generation. As the country is gearing for capacity addition at an accelerated pace, solar energy generation is expected to cross 300 BU by FY2028 – accounting for approximately 14% share in overall generation.

Growth in solar energy generation, India, Billion Units (BU), FY2018 – FY2028E



Comparison With Listed Peers

Name of the company	Total Income (in Rs Million)	Face Value (Rs per Share)	EPS	NAV Per Share	P/E Ratio	RoNW
Premier Energies Limited	31,713.11	1	5.1	14.63	87.7	37.46
Listed Peer						
Websol Energy System Limited	268.10	10	(29.9)	NA	NA	NA

Key Risks

- The business and prospects of the Company are dependent on the success of two products, namely, solar cells and modules, and therefore their continued success is necessary for their business and prospects.
- They incurred losses of ₹ (144.08) million and ₹ (133.36) million in Fiscals 2022 and 2023, respectively, and any similar losses in the future may adversely affect their business, financial condition and cash flows.

- They had negative cash flows of ₹ (155.29) million in Fiscal 2023 and ₹ (410.48) million in the three months ended June 30, 2024 and may continue to have negative cash flows in the future.
- Under-utilization of their manufacturing capacities and an inability to effectively utilize their expanded and proposed manufacturing capacities could have an adverse effect on their business, prospects, financial performance and cash flows.
- Expansion of their annual installed capacity despite existing underutilization may adversely affect their business, financial condition and results of operations if there is insufficient demand for their products.
- The Company has experienced a significant decline in actual production and annual installed capacity of solar modules in the past three Fiscals and the three months ended June 30, 2024. Should similar decreases occur in the future, their business, financial condition and results of operations may be adversely affected.
- They have significant working capital requirements and an inability to meet such working capital requirements may have an adverse effect on their results of operations.
- They face intense competition in their markets and may lack sufficient financial or other resources to maintain or improve their competitive position.
- Improper storage, processing and handling of materials and products may cause damage to their inventory leading to an adverse effect on their business, results of operations and cash flows.
- Their manufacturing processes for solar cells and solar modules currently rely significantly on nonrenewable energy sources. Such reliance could result in increased costs, affect compliance and harm their reputation if they fail to transition to renewable energy sources.

Valuation & Outlook

As of March 31, 2024, Premier Energies Limited is ranked as the second-largest integrated solar cell and module manufacturer in India and also holds the position of the country's second-largest solar cell producer by annual installed capacity. Their total annual installed capacity stands at 2 GW for solar cells and 4.13 GW for solar modules.

They are involved in multiple stages of the solar power value chain, ranging from manufacturing solar cells and modules to offering EPC solutions, O&M services, and operating as an independent power producer.

The company's P/E ratio is 87.7 times based on its FY24 earnings, though if we annualize the FY25 earnings the P/E ratio comes down significantly to 25.5 times. Based on FY24 earnings it has a market cap-to-sales ratio of 6.4 times.

We believe that the company is well positioned for future growth due to its strong market position, well diversified customer base along with high technical expertise. Therefore, we recommend “**Subscribe – Long Term**” rating to the IPO.

DISCLAIMER:**Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from us may go down as theyll as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are their current opinions as of the date appearing on this Research only. They do not undertake to advise you as to any change of their views expressed in this Report. Research Report may differ bettheyen ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrotheyr to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on their theybsite i. e. www.rathi.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Anstheys to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past ttheylve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past ttheylve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past ttheylve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past ttheylve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO

Other Disclosures pertaining to distribution of research in the United States of America

The research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. Hotheyver, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on our own account or on behalf of our clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- Additional information on recommended securities/instruments is available on request.
- Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
- Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
- ARSSBL registered address: Express Zone, A Wing, 9th Floor, Theystern Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.