

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

PREMIER ENERGIES LIMITED

Aug 27, 2024





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Details of the Issue

Price Band	₹ 427 - ₹ 450
Issue Size	₹ 2830.40 Cr
Face Value	₹ 1
Bid Lot	33
Listing on	BSE, NSE
Post Issue Mcap	₹ 20284.33 Cr
Investment Range	₹ 14,091 - ₹ 14,850

Important Indicative Dates (2024)

Opening	27 - Aug
Closing	29 - Aug
Basis of Allotment	30 - Aug
Refund Initiation	02 - Sep
Credit to Demat	02 - Sep
Listing Date	03 - Sep

Lead Manager

Kotak Mahindra Capital Company Limited

J.P Morgan India Private Limited

ICICI Securities Limited

Offer Details

Offer Size	₹ 2830.40 Cr
Fresh Issue	₹ 1291.40 Cr
OFS	₹ 1539 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	1415.2	31.44	33.14	50
NIB	424.56	9.43	9.94	15
Retail	990.64	22.01	23.2	35
Em- ploy.	-	-	-	-
Total	2830.40	62.88	66.28	100

Invest NowCompany Profile

Incorporated in April 1995, Premier Energies Limited is a leading manufacturer of integrated solar cells and solar panels, with a diverse product portfolio that includes mono-facial and bifacial modules, EPC solutions, and O&M services. The company operates five manufacturing units in Hyderabad, Telangana, India, with a combined annual capacity of 2 GW for solar cells and 4.13 GW for solar modules. Premier Energies produces bifacial monocrystalline PERC cells, various solar module technologies, and custom modules, and also offers bespoke solar-related products. It undertakes end-to-end EPC projects and provides O&M services, and manages a 2 MW solar power plant in Jharkhand. The company's clientele includes major entities such as NTPC, TATA Power Solar Systems, and Panasonic, while its products are exported to numerous countries including the United States, Germany, and South Korea. Premier Energies is expanding its capacity with a new 1,000 MW TOPCon cell line, financed through IREDA, with estimated project costs of ₹6,694 million.

Business Highlights & Services

Premier Energies, with 29 years of industry expertise, offers a strong growth opportunity through its comprehensive solar solutions, including advanced bifacial monocrystalline PERC cells and diverse module technologies. The company's strategic focus on backward integration—expanding into ingot and wafer production—enhances cost efficiency and supply chain resilience while meeting the growing demand for ESG-compliant “clean silicon” products. Premier Energies is also expanding globally, with a joint venture in the U.S. for TOPCon solar cell manufacturing and a new wafering venture in India. Supported by favorable policies and incentives, the company is well-positioned to leverage market opportunities and drive sustainable growth in the global solar sector.

The company is well-positioned to capitalize on significant growth opportunities in India's rooftop solar market, driven by the Grid Connected Solar Rooftop Programme, which aims to equip 10 million homes with solar systems and create 25-30 GW of installation potential. With a decade of OEM experience serving companies like Panasonic and Luminous, Premier Energies is strategically positioned to meet the increased demand for domestic content requirement (DCR) modules, benefiting from favorable regulatory conditions and government initiatives. The company's ability to produce DCR-compliant solar cells and modules at scale aligns with India's push for local production, supported by policies such as capital subsidies, basic customs duties on imports, and exemptions on certain goods. Premier Energies' existing subsidies, including M-SIPS and SPECS, further enhance its market position, while recent policy shifts favoring domestic production bolster its competitive edge in the growing solar sector.

The company is further enhancing its leadership in the solar industry through continuous upgrades and technological advancements. The company has transitioned to monocrystalline and M10 bifacial cells and is now adopting TOPCon technology, which offers efficiencies of 24.5% to 25.2%. Plans include a new 1,000 MW TOPCon production line and additional 4 GW capacity at a new facility. This strategic move, compatible with existing PERC lines, ensures efficient technology upgrades and operational improvements. Ongoing investments in automation and advanced equipment reinforce Premier Energies' commitment to staying at the forefront of the solar sector, positioning it to meet growing market demands and drive future growth.



Segment-Wise Revenue Breakdown as a Percentage of Total Income:

Particulars	Three months ended June 30, 2023		Three months ended June 30, 2024	
	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations
	(₹ million)	(%)	(₹ million)	(%)
Income from sale of manufactured goods	4,948.42	80.98	14,480.32	87.36
- Sale of solar cells	391.63	6.40	4,286.85	25.86
- Sale of solar modules	4,556.79	74.58	10,193.47	61.50
Income from sale of traded goods	809.28	13.24	1,507.82	9.10
- Sale of solar modules	270.00	4.42	1,378.59	8.32
- Sale of solar cells	490.75	8.03	0	0
- Sale of solar accessories and silicon wafers	48.53	0.79	129.23	0.78
Revenue from power supply	10.89	0.18	10.07	0.06
Income from contracts	320.68	5.25	561.23	3.39
- Construction and project related activity	320.68	5.25	543.45	3.28
- Engineering and service fees	0	0	17.78	0.11
Other operating revenue	20.96	0.35	14.23	0.09
- Job work services	13.78	0.23	0	0
- Sale of scrap	7.18	0.12	14.23	0.09
Total	6,110.23	100.00	16,573.67	100.00

Domestic vs Export Sales as a Percentage of Total Revenue:

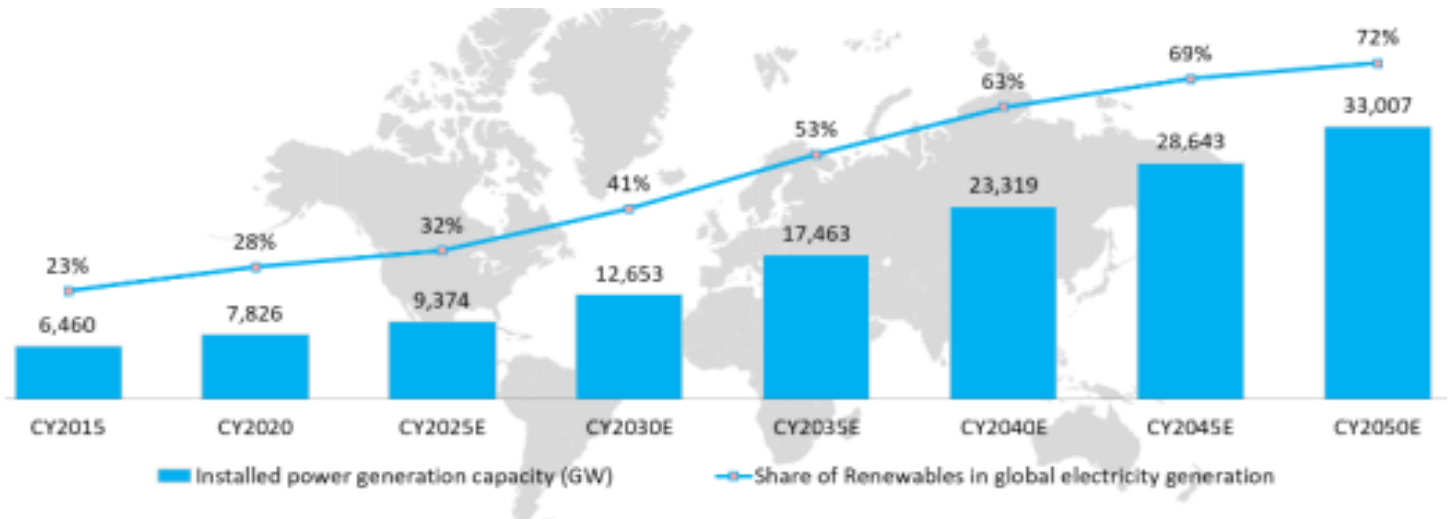
Particulars	Fiscal 2022		Fiscal 2023		Fiscal 2024	
	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Revenue from domestic sales	7,360.59	99.08	14,210.38	99.48	27,040.60	86.01
Revenue from export sales	68.12	0.92	74.96	0.52	4,397.33	13.99
Total	7,428.71	100.00	14,285.34	100.00	31,437.93	100.00

Export Sales By Top Jurisdictions:

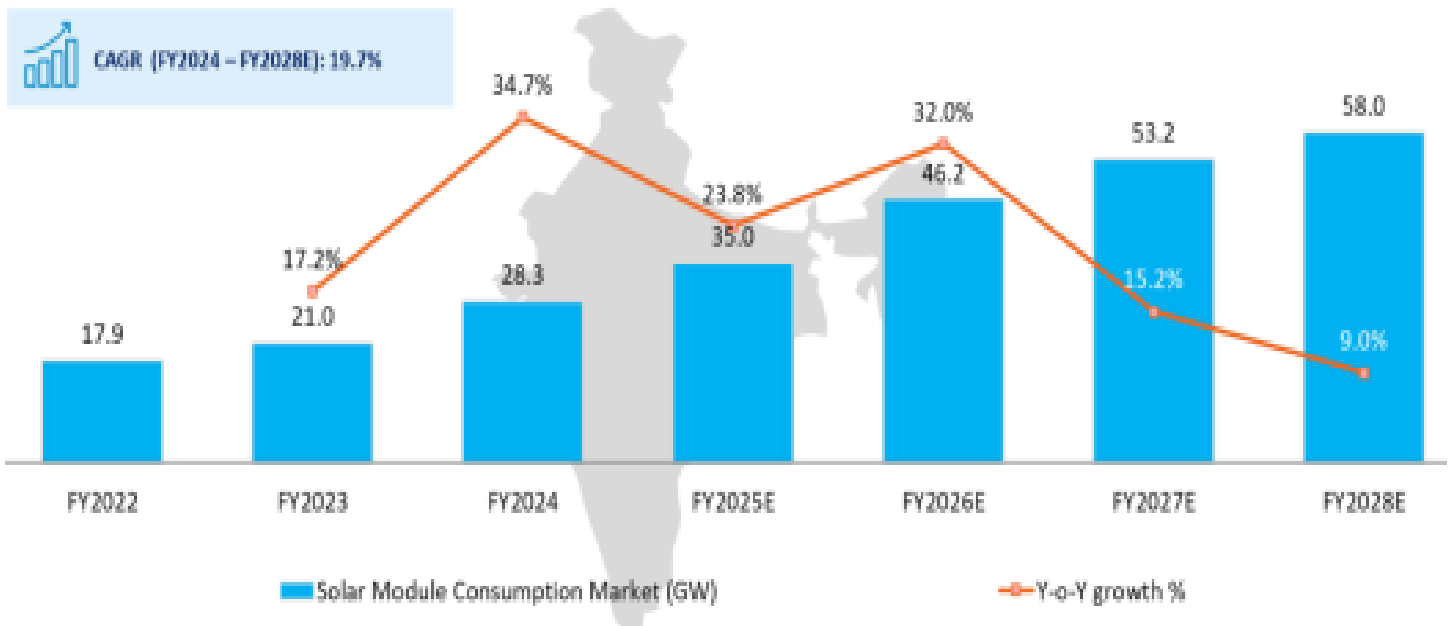
Particulars	Fiscal 2022		Fiscal 2023		Fiscal 2024	
	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
United States	—	—	—	—	2,758.35	8.77
Hong Kong	—	—	—	—	1,472.25	4.68
Others ⁽¹⁾	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



Global Power Capacity and Rising Renewable Share



Indian Solar Module Consumption Market



Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Premier Energies Limited	1	3171	5.48	14.63	NA	37.46%
Peers Group						
Websol Energy System Limited	10	27	29.99	NA	NA	NA



Companies Competitive Strength

- Integrated solar cell and solar module manufacturer.
- Long track record in the solar module manufacturing sector.
- Experienced in solar cell line production.
- Diversified customer base with customer relationships both within India and overseas with a robust order book.
- Experienced Promoter-led senior management team.

Key Strategies Implemented by Company

- Expand their overseas presence and increase exports especially in the U.S. market through strategic backward integration of the production chain and establishing manufacturing capabilities outside of India.
- Develop and grow rooftop solar offering.
- Capitalize on available market opportunities to grow their domestic business.
- Expanding and upgrading manufacturing capacities using the latest technology

Particular (INR in Cr)	3MFY25	FY24	FY23	FY22
Equity Capital	33	26	26	26
Reserves and Surplus	643	451	215	198
Net Worth	859	660	424	404
Revenue	1,657	3,144	1,429	743
Growth (%)		120%	92%	
EBITDA	359	478	80	32
EBITDAM (%)	22%	15%	6%	4%
PAT	198	231	-13	-14
PATM (%)	12%	7%	-1%	-2%
ROCE (%)	14%	26%	6%	4%
ROE (%)	27%	44%	-3%	-4%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 25.6X. Thus the issue appears to be fairly priced compared to peers.
- PEL is a leading solar cell and module manufacturer in India with a robust track record and a diverse customer base. The company has a significant order book of INR 5,926 crore and has recently seen increased profitability. With an annual installed capacity of 2.0 GW, PEL covers 28% of India's total capacity and has pioneered India's first bifacial monocrystalline PERC solar cell. Over the past three years, PEL has demonstrated strong financial growth, with revenue and EBITDA rising by 62% and 146% CAGR, respectively. The company became profitable in FY24 with a profit of INR 231 crore. Despite its extensive experience and strong international relationships, PEL faces substantial industry competition. As the Indian solar module consumption market is projected to grow at a 40% CAGR over the next five years, PEL is well-positioned to capitalize on this growth. .Hence, we recommend an "Subscribe" rating for the issue.



Notes

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