



**SMC Ranking**  
 ★★☆☆☆ (2/5)

**Issue Highlights**

Industry	Solar
Offer for sale (Shares)	34,200,000
Fresh Issue (Shares)	28,697,777
<b>Net Offer to the Public</b>	<b>62,897,777</b>
Issue Size (Rs. Cr.)	2685-2831
Price Band (Rs.)	427-450
Employee Discount	Rs 22 per share
Offer Date	27-Aug-24
Close Date	29-Aug-24
Face Value	1
Lot Size	33

**Issue Composition**

	In shares
Total Issue for Sale	62,897,777
QIB	31,448,889
NIB	9,434,667
Retail	22,014,222

**Shareholding Pattern (%)**

Particulars	Pre-issue	Post-issue
Promoters & promoters group	72.23%	66.03%
QIB	26.12%	25.45%
NIB	0.00%	2.09%
Retail	1.65%	6.43%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

\*calculated on the upper price band

**Objects of the Issue**

The company proposes to utilize the net proceeds, being the gross proceeds of the Fresh Issue less the Offer related expenses ("Net Proceeds"), towards funding the following objects (collectively, the "Objects"):

- 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"); and
- General corporate purposes

**Book Running Lead Manager**

- Kotak Mahindra Capital Company Limited
- J.P. Morgan India Private Limited
- ICICI Securities Limited

**Name of the registrar**

- KFin Technologies Limited

**About the company**

Premier Energies Limited, established in April 1995, is a leading manufacturer of integrated solar cells and panels. The Company's product portfolio encompasses cells, solar modules (both monofacial and bifacial), EPC solutions, and O&M services. The Company operates five manufacturing units in Hyderabad, Telangana. Its customer base includes prominent players in the industry, such as NTPC, TATA Power Solar Systems Limited, Panasonic, Continuum, Shakti Pumps, First Energy, Bluepine Energies, Luminous, Hartek, Green Infra Wind Energy, Madhav Infra Projects, SolarSquare, and Axitec. As of July 31, 2024, the Company had an order book of Rs. 5926.57 Crore, comprising Rs. 1609.11 Crore for non-DCR solar modules, Rs. 2214.06 Crore for DCR solar modules, Rs. 1891.12 Crore for solar cells, and Rs. 212.27 Crore for EPC projects. The Company has successfully exported its products to the 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 the Philippines.

**Strength**

**An integrated solar cell and solar module manufacturer:** The Company operates across five manufacturing facilities, all located on company-owned land in Hyderabad, Telangana. These facilities utilize industrial-grade automated tools for efficient production. Currently, Units I, IV, and V focus solely on solar module manufacturing, while Unit II produces both solar cells and modules. Unit III specializes in solar cell production. The Company is on track to commission a TOPCon solar cell line in Unit II with an annual installed capacity of 1,000 MW by Fiscal 2025. Its vertical integration and established market presence have enabled it to enter the DCR solar module market. The Company's deep expertise in solar cell and module manufacturing, along with its strong market position, track record of capacity enhancements, and vertical integration, have not only secured its current standing but also positioned it to capitalize on growth opportunities within the Indian and global solar energy industries. The high entry barriers, including substantial capital investment, technical expertise, and lengthy lead times for establishing and operationalizing manufacturing lines, create a significant barrier to new entrants in the integrated solar cell and module manufacturing market.

**The company has a long track record in the solar module manufacturing sector:** The Company commenced solar module manufacturing in 1999 and has grown this to 4.13 GW annual installed capacities. 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 TOPCon or HJT technology. Further, all its 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 the company produce. Through its long track record in the solar module manufacturing industry, the company has been able to build up recognition for its brand and has established its credentials. Its strength in module production is evidenced by awards such as its modules being recognized as "top performers" in module reliability from PV Evolution Labs ("PVEL") in PVEL's PV Module Reliability Scorecard in 2023 and 2024. Such recognition has aided us in becoming a supplier of modules to IPPs like Continuum, First Energy and other EPC players. The company is also an OEM provider for several business-to-consumer companies such as Panasonic, Luminous and Axitec, among others.

**The company is experienced in solar cell line production:** In 2022, the Company successfully transitioned from polycrystalline to monocrystalline PERC solar cells,

recognizing the superior efficiencies offered by the latter. Now, the Company is planning to move towards the production of TOPCon solar cells, which are capable of achieving even higher efficiencies of 24.5% to 25.2% compared to PERC cells' 23.2% to 23.7%. The Company's ability to adapt to evolving technologies, as demonstrated by its previous transitions, is a key competitive advantage. Its experience in cell manufacturing allows it to avoid the typical initial stabilization lead times associated with new production lines. This positions the Company to capitalize on opportunities in the solar cell market through its transition to TOPCon technology. The Company's existing manufacturing facilities and equipment are well-suited for this upgrade, and the proposed 1,000 MW TOPCon solar cell line in Unit II will provide valuable experience as the Company establishes the 4 GW TOPCon solar cell and 4 GW solar module lines using the proceeds from the Fresh Issue.

**The company has a diversified customer base with customer relationships both within India and overseas with a robust order book:** The Company's substantial aggregate annual installed capacity and strong market position enable it to offer competitive pricing for its products, thereby attracting a large and diverse customer base both domestically and internationally. Within India, the Company has customers operating in 23 states and union territories. Over the past three fiscal years and the three months ended June 30, 2024, the Company served a total of 165, 193, 200, and 117 customers domestically, respectively. Meanwhile, its overseas customer base grew from 8 in Fiscal 2022 to 27 in the three months ended June 30, 2024. Notable domestic customers include Continuum, Shakti Pumps, First Energy, Hartek, Amplus KN One Power Private Limited, SolarSquare, Rotomag Motors and Controls Private Limited, and Madhav. Internationally, Arka Energy Inc. (U.S.A.) is a significant customer. As of July 31, 2024, the Company had an order book of Rs. 5926.60 Crore, comprising Rs. 1609.11 Crore for non-DCR solar modules, Rs. 2214.06 Crore for DCR solar modules, Rs. 1891.12 Crore for solar cells, and Rs. 212.27 Crore for EPC projects. This order book includes a 350 MW module supply agreement with an independent power producer announced on June 7, 2024, and an order from NTPC received in December 2023 for the supply of 611.04 MW bifacial solar modules.

## Strategy

**Expand its global reach and increase exports:** The Company aims to significantly expand its global reach and increase exports, particularly to the U.S. market, through strategic backward integration and the establishment of manufacturing capabilities outside of India. Currently, the company participates in various stages of the solar power value chain, including the production of solar cells and modules, EPC services, O&M, and independent power production. To bolster its international presence, the company plans to expand its manufacturing footprint into the United States. In February 2024, the company signed a letter of intent with Heliene USA Inc., an American solar manufacturer, to form a joint venture that will develop, construct, and operate a TOPCon solar cell manufacturing facility in the United States. This venture may potentially be expanded to include the production of solar modules.

**Develop and grow its rooftop solar offering:** For the past decade, the company has established itself 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 the company intend to capitalize on and meet this demand by tapping on its OEM status and using its channels sales across different states in India, an approach that is expected to enhance its brand recognition.

**Capitalize on available market opportunities to grow its domestic business:** The Company intends to capitalize on India's favorable regulatory environment and government initiatives promoting domestic solar manufacturing to expand its operations within the country's solar sector. Given its ability to produce DCR-compliant solar cells and modules at scale, and with the current demand for DCR modules outpacing domestic production capacity, the Company is well-positioned to increase its manufacturing capabilities. The Company has previously benefited from government

subsidies such as M-SIPS and SPECS and plans to continue availing these and other incentives going forward. In Fiscal 2023, its subsidiary, Premier Energies Photovoltaic Private Limited, received M-SIPS subsidies of Rs. 32.76 Crore. As of June 30, 2024, the Company has claimed further capital subsidy receivables of Rs. 33.86 Crore from the Government of Telangana, which will be recognized upon receipt. The Indian government's imposition of a basic customs duty on imported solar modules and cells has further benefited the Company by bolstering local manufacturing and reducing import dependency. Additionally, the government's 2024-2025 budget decision to impose a 10% basic customs duty on imported solar glass and exempt solar module manufacturing capital goods from GST and basic customs duty has increased the cost of imported modules, thereby shifting demand towards domestic alternatives.

**Expanding and upgrading manufacturing capacities using the latest technology:** The Company is committed to maintaining its position at the forefront of solar technology by continuously investing in and upgrading its manufacturing capabilities and infrastructure. Through the adoption of cutting-edge technologies, the Company aims to ensure its competitiveness in the solar cell and module manufacturing industry. Its transition from polycrystalline to monocrystalline solar cells, and its pioneering role in India in manufacturing M10 bifacial cells, demonstrate its proactive approach. The Company is now focused on producing solar cells with TOPCon technology, a process capable of achieving efficiencies between 24.5% and 25.2%. To further enhance the efficiency and performance of its solar cells, the Company plans to commission a new 1,000 MW annual installed capacity production line for TOPCon solar cells in Unit II within Fiscal 2025. Additionally, a portion of the proceeds from the Fresh Issue will be allocated towards establishing new TOPCon solar cell and module lines, each with an annual installed capacity of 4 GW, at a new manufacturing facility.

### Risk factor

- The Company's revenue is concentrated among a limited number of customers, making it vulnerable to the loss of any significant client.
- The Company's business and prospects are heavily reliant on the success of its two primary products: solar cells and modules.
- The Company's manufacturing facilities are located exclusively in Telangana, India, exposing its operations to potential geographical concentration risks.
- The Company has experienced a significant decline in actual production and annual installed capacity of solar modules over the past three fiscal years and the three months ended June 30, 2024.

### Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Websol Energy	137.28	-94.28	1.92	0	37.85	25.52	10	965.95	4076.92
Premier Energies Limited	4190.14	398.19	8.83	50.94	9.43	47.71	1	450.00	20284.33

\*Peer companies financials are TTM based

\*\*Premier Energies Limited financials are calculated on TTM

### Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.450, the stock is priced at pre issue P/E of 47.70x on TTM EPS of Rs. 9.43. Post issue, the stock is priced at a P/E of 50.94x on its EPS of Rs. 8.83. Looking at the P/B ratio at Rs. 450pre issue, book value of Rs. 20.36 of P/BVx 22.10x. Post issue, book value of Rs. 47.71 of P/BVx 9.43x.

Considering the P/E valuation, on the lower end of the price band of Rs.427, the stock is priced at pre issue P/E of 45.26x on TTM EPS of Rs. 9.43. Post issue, the stock is priced at a P/E of 48.34x on its EPS of Rs. 8.83. Looking at the P/B ratio at Rs. 450pre issue, book value of Rs. 20.36 of P/BVx 20.97x. Post issue, book value of Rs. 47.71 of P/BVx 8.95x.

## Industry Outlook

The company operates in the solar manufacturing industry in India which is on an accelerated growth trajectory owing to supply side measures such as the domestic content requirement, basic customs duty and approved list of models and manufacturers. India's module manufacturing capacity reached approximately 72 GW in FY2024 and while its current solar cell manufacturing capacity stands at 8.1 GW, it is also poised for future exponential growth. India's strong commitment to renewable energy, ambitious targets and favorable regulatory framework have attracted substantial investments in solar power projects, positioning India as a key player in the global solar market.

## Outlook

Premier Energies, a leading solar technology company backed by GEF Capital, is dedicated to manufacturing high-performance solar cells and modules. With a focus on innovative solutions, the company is at the forefront of the renewable energy industry. While Premier Energies has achieved significant growth, its revenue concentration among a few key customers poses a potential risk. The company's long-term success hinges on the continued success of its core products, solar cells and modules. Investors seeking exposure to the renewable energy sector may consider Premier Energies as a potential investment, although they should be aware of the company's concentration risk.

**An Indicative timetable in respect of the Issue is set out below:**

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	27-August-24
BID/ISSUE CLOSES ON	29-August-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	30-August-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	02-September-24
Credit of Equity Shares to Demat Accounts of Allottees	02-September-24
Commencement of trading of the Equity Shares on the Stock Exchanges	03-September-24

## Annexure

### Consolidated Financials

#### Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-24 (3 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1657.37	3143.79	1428.53
Total expenditure	1299.05	2665.99	1350.33
<b>Operating Profit</b>	<b>358.31</b>	<b>477.80</b>	<b>78.20</b>
OPM%	2.16	1.52	0.55
Other Income	11.42	27.52	34.68
<b>Total Net Income</b>	<b>369.74</b>	<b>505.32</b>	<b>112.88</b>
Interest	45.23	121.18	68.63
<b>PBDT</b>	<b>324.51</b>	<b>384.14</b>	<b>44.25</b>
Depreciation	79.44	96.09	53.23
<b>Restated Profit before tax</b>	<b>245.07</b>	<b>288.05</b>	<b>-8.98</b>
Share of profit of associates	0.66	1.32	1.22
<b>Restated Profit /(Loss) before tax</b>	<b>245.73</b>	<b>289.37</b>	<b>-7.76</b>
Tax	47.57	58.01	5.58
<b>PAT</b>	<b>198.16</b>	<b>231.36</b>	<b>-13.34</b>

**Balance sheet is on next page**

## Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-24	As on 31-Mar-24	As on 31-Mar-23
<b>Non-current assets</b>			
Property, plant and equipment	1270.48	1188.66	583.61
Right-of-use assets	8.21	8.70	0.42
Capital work in progress	18.19	19.79	349.33
Investment property	5.73	5.74	5.80
Goodwill	0.01	0.01	0.01
Other intangible assets	0.02	0.05	2.06
Financial assets			
Investments	9.77	9.08	7.01
Loans	0.00	0.00	2.20
Other financial assets	64.49	68.63	39.77
Deferred tax assets (net)	9.64	17.19	0.25
Other non-current assets	23.54	53.23	58.93
Income tax assets (net)	1.25	1.19	5.55
<b>Total non-current assets</b>	<b>1411.31</b>	<b>1372.27</b>	<b>1054.95</b>
<b>Current asset</b>			
Inventories	848.12	1009.33	632.86
<b>Financial Assets</b>			
Investments	250.18	0.00	51.76
Trade receivables	590.85	608.98	59.46
Cash and cash equivalents	215.95	257.00	64.57
Bank balances other than (iii) above	237.22	145.69	128.90
Loans	1.22	0.89	0.35
Other financial assets	42.46	36.62	8.00
Current tax assets (net)	2.20	1.93	2.07
Other current assets	135.99	121.42	107.78
Assets classified as held for sale	0.00	0.00	0.00
<b>Total current assets</b>	<b>2324.19</b>	<b>2181.85</b>	<b>1055.74</b>
<b>Total Assets</b>	<b>3735.50</b>	<b>3554.13</b>	<b>2110.69</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	860.62	878.38	569.81
Lease Liabilities	6.90	7.33	0.14
Provisions	72.14	48.76	28.75
Deferred tax liability (net)	15.93	30.65	8.38
Other non-current liabilities	59.34	43.22	41.93
<b>Total Non- Financial liabilities</b>	<b>1014.92</b>	<b>1008.33</b>	<b>649.01</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	339.54	513.86	193.73
Lease Liabilities	1.59	1.53	0.31
Trades Payable - MSME	25.89	21.38	14.25
Trades Payable - Other than MESE	1011.58	953.18	383.66
Other financial liabilities	63.83	71.03	168.97
Other current liabilities	368.70	300.84	275.98
Provisions	0.63	0.96	0.52
Current tax liabilities (net)	49.44	23.13	0.00
<b>Total Financial liabilities</b>	<b>1861.20</b>	<b>1885.91</b>	<b>1037.43</b>
<b>Total</b>	<b>2876.12</b>	<b>2894.24</b>	<b>1686.44</b>
Net worth represented by:			
Equity Share Capital	33.41	26.35	26.35
Instruments entirely equity in nature	169.87	169.87	169.87
Other equity	643.07	450.63	215.00
Non controlling interest	13.03	13.03	13.03
<b>Net Worth</b>	<b>859.38</b>	<b>659.89</b>	<b>424.25</b>

## RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★★
EXCELLENT	★★★★★

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