Premier Energies Limited

August 26, 2024

IPO Note

Premier Energies Ltd. which operates in the solar manufacturing industry in India, is on an accelerated growth trajectory based on the requirements for renewable energy in the country. Premier Energies is India's second largest integrated solar cell and solar module manufacturer and its second largest solar cell manufacturer in terms of annual installed capacity as of FY24. Premier Energies has an aggregate annual installed capacity of 2 GW for solar cells and 4.13 GW for solar modules across 5 manufacturing units. As of July 31, 2024, the company had an order book of ₹59,265.65 million, comprising ₹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.

Investment Rationale:

Capitalize on available market opportunities to grow domestic business:

- The Indian government has an ambitious plan to achieve 500 GW of clean energy by CY30, out of which 300 GW will come from solar.
- Premier Energies Ltd. intends to continue expanding its operations and presence in India's solar sector, leveraging the favourable regulatory environment and several government initiatives promoting domestic production of solar cells and solar modules.

Expanding manufacturing capacities and utilization:

- Currently, Premier Energies is advancing towards the production of solar cells with TOPCon technology, which can achieve efficiencies of 24.5% to 25.2%.
- By FY25, Premier Energies plans to commission a new 1,000 MW annual installed capacity production line for TOPCon solar cells at Unit II.
- The company also intends to allocate part of the proceeds from the Fresh Issue to establishing additional TOPCon solar cell and solar module lines, each with a 4 GW annual installed capacity, at a new manufacturing facility.

Growing orderbook:

- As of July 31, 2024, Premier Energies had an order book of ₹59,265.65 million, consisting of ₹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.
- This order book includes a 350 MW module supply agreement with an independent power producer, announced on June 7, 2024, and a significant 611.04 MW bifacial solar module order from NTPC, received in December 2023.
- Additionally, Premier Energies has a four-year supply agreement with an Indian renewable power producer for up to 600 MW of solar modules per fiscal year, with a minimum offtake of 300 MW annually starting April 1, 2026.
- In April 2024, the company also entered into a letter of understanding for the supply of 500 MW of solar cells to a U.S.-based customer.
- As Premier Energies expands its manufacturing capacities and strengthens its brand in India and globally, it aims to develop new customer relationships across a broader range of markets.

Expanding overseas presence and increasing exports especially in the U.S. market:

- To further expand its global footprint, Premier Energies signed a letter of intent with Heliene USA Inc. in February 2024, exploring a joint venture to develop and operate a TOPCon solar cell manufacturing facility in the U.S.
- The potential for expansion into the European market is also increasing, especially with the anticipated implementation of the European Union's Carbon Border Adjustment Mechanism in 2025, which seeks to reduce global carbon emissions.

Developing and growing rooftop solar offering:

- Over the past decade, Premier Energies has established itself as an OEM in the rooftop solar market, working with major companies such as Panasonic, Luminous, and Axitec.
- The Grid Connected Solar Rooftop Programme, which aims to install rooftop solar systems in 10 million homes across India, presents a significant growth opportunity.
- The rooftop solar segment in India is projected to grow significantly, with the Grid Connected Solar Rooftop Programme expected to create 25 GW to 30 GW of installation opportunities over the next 2 to 3 years.

Valuation and Outlook: The Indian government has an ambitious plan to achieve 500 GW of clean energy by CY30, out of which 300 GW will come from solar. Based on recent government announcements, it is projected that India's annual solar capacity additions will likely double over the next 2 to 3 years. Premier is well-positioned to capitalize on the favourable regulatory environment and various government initiatives aimed at promoting domestic production of solar cells and modules. The company plans to commission a new 1,000 MW annual installed capacity for TOPCon solar cells at Unit II and allocate proceeds towards an additional 4 GW capacity for both TOPCon solar cells and modules at a new facility. This expansion is further bolstered by domestic manufacturing initiatives aimed at reducing import dependency, which saw a reduction in import costs from 80% to 60% by FY24. With the global solar industry poised for growth, particularly in the U.S., where 40-50 GW electricity expansion is expected, Premier Energies aims to leverage this opportunity by forming joint ventures with local partners to expand its global footprint. As of July 31, 2024, the company had an order book of ₹59,265.65 million. The company reported revenues of ₹31,437.93 million in FY24 growing 120.07% YoY. EBITDA was reported at ₹4778 million in FY24 compared with INR 782.03 million in FY23. The company's PAT was reported at ₹2961.77 million in FY24 compared with a loss of ₹133.36 million in FY23. The company's ROE and ROCE was reported at 43.73% and 25.65% in FY24. We recommend a subscribe to the issue due to Premier's strategic expansion, combined with the upcoming wafer manufacturing operations in India, positions Premier for long-term growth by enhancing cost-efficiency and tapping into expanding markets. We recommend to subscribe to the issue as a good long term investment based on the bright outlook for solar cells and module demand in India as well as internationally coupled with a growing and strong order book and the new capex that the company is undertaking to rake up solar cell and module manufacturing capacity to ~7 GW p.a. each.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY22	7428.71	5.57	295.76	3.98	-144.08	-0.56	-6.45	3.86
FY23	14285.34	92.30	782.03	5.47	-133.36	-0.48	-5.74	6.01
FY24	31437.93	120.07	4,778.00	15.2	2961.77	7.02	43.73	25.65

Issue Snapshot

Issue Open	27-August-24
Issue Close	29-August-24
Price Band	INR 427 - 450
Issue Size (Shares)	6,28,97,778
Market Cap (mln)	INR 202843

Particulars

Fresh Issue (INR mln)	INR 12914
OFS Issue (INR mln)	INR 15390
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure

Pre Issue Equity	42,20,65,168
Post Issue Equity	45,07,62,946
Bid Lot	33 shares
Minimum Bid amount @ 427	INR 14091
Maximum Bid amount @ 450	INR 14850

Share Holding	Pre Issue	Post Issue
Promoters	72.22%	60.03%
Public	28.00%	39.97%

Particulars

Face Value	INR 1
Book Value	INR 14.35
EPS, Diluted	INR 7.02

Objects of the Issue

1. Investment in subsidiary for establishment of module manufacturing facility- ₹9686.03 million
2. General Corporate Purposes

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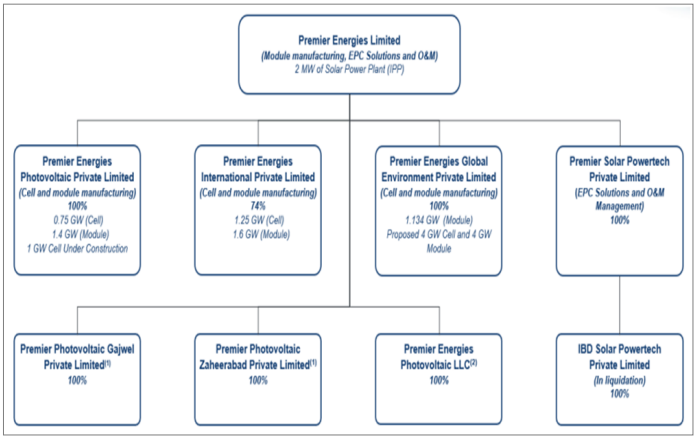
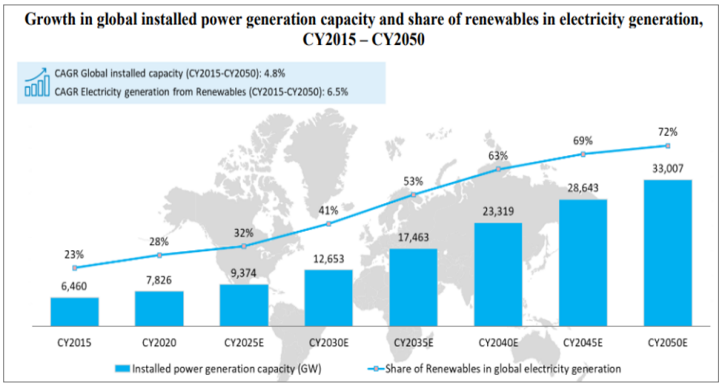
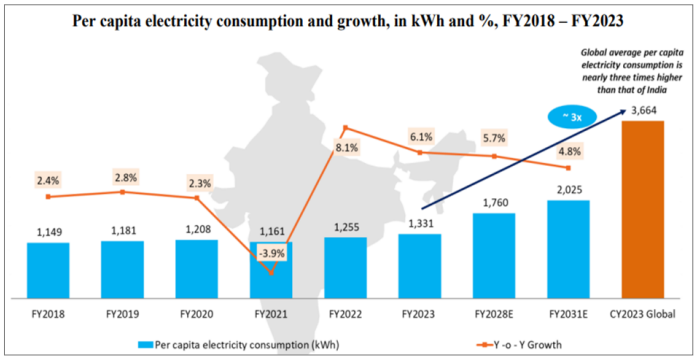
Particulars	Fiscal 2022		Fiscal 2023		Fiscal 2024	
	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Revenue from domestic sales	7,360.59	99.08	14,210.38	99.48	27,040.60	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**



Industry Overview:

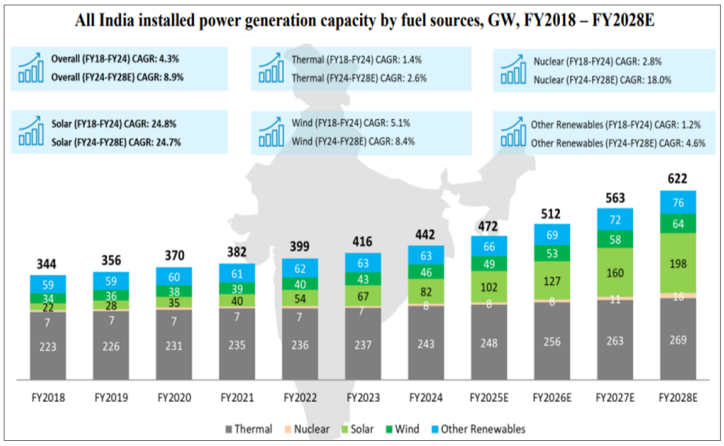


India's per capita electricity consumption recorded healthy growth in the last two years and is expected to reach approximately 2,000 kWh by FY31:



India is the third largest power producer and consumer globally

With 442 GW installed generation capacity at the end of FY2024, India is the third-largest producer and consumer of electricity globally – the capacity is expected to reach 622 GW by FY2028. Power generation capacity has grown more than 100-fold since independence and growth in electricity demand has been even higher due to heightened economic activities. As a result, India's energy companies have made substantial progress in the global energy market. India is making a big shift from coal to renewable energy primarily through solar power. The Government has set an ambitious goal of 500 GW renewable energy capacity by CY2030, out of which 300 GW would come from solar. This includes grid-connected solar, off-grid solar applications, and the Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahaabhiyaan (PM-KUSUM) program which promotes solar pumps for farmers. Additionally, the Government plans to replace 81 coal plants with renewable energy sources by CY2026. This move towards cleaner energy sources is a positive step for India's future. With these plans from the Government, solar is estimated to be the major contributor to the Indian power sector in the coming years. Given India's focus on net-zero carbon emissions and innovative collaborations with international organizations and countries, the steps taken towards energy transition should lead to a greener future for the country.



Generation capacity addition plans of the Indian government

Thermal: Thermal capacity additions would primarily be done through coal and lignite. As per the 20th Electric Power Survey, the peak electricity demand in the country is expected to reach approx. 295 GW by FY2028 and 366 GW by FY2032. In order to meet this demand, the Indian government has planned approx. 88 GW of thermal capacity additions till FY2032. Out of this, approx. 26 GW of thermal capacity is under construction, another 12 GW has been bid out and 19 GW is under clearance.

Nuclear: The Indian government has initiated steps to increase the country's nuclear power capacity from the current 7.5 GW to 22.5 GW by FY2032. At present, 23 nuclear power reactors are operational in the country. Construction and commissioning of 10 reactors totalling 8 GW is underway in the states of Gujarat, Rajasthan, Tamil Nadu, Haryana, Karnataka and Madhya Pradesh. In addition, pre-project activities of 10 more reactors have been initiated – these reactors will be commissioned by FY2032.

Solar: The Indian government has an ambitious plan to achieve 500 GW of clean energy by CY2030 out of which 300 GW will come from solar. Based on recent government announcements, it is projected that India's annual solar capacity additions will likely double over the next two to three years. MNRE launched a program to hold annual auctions for a massive 50 GW of renewable energy (RE) capacity, 80% of which would be solar. This substantial increase aims to rapidly expand India's clean energy infrastructure, 80% of this targeted capacity is specifically earmarked for solar power projects. Solar installed capacity in the country is expected to reach approx. 200 GW by the end of FY2028. As solar power is infirm in nature, Government has taken initiatives to ensure that RE power is available round-the-clock (RTC) through battery energy storage based bidding, pumped storage plants, etc.

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Wind: After initial successes, the wind sector in India has not done well for the past seven to eight years with average annual capacity additions hovering around 1.5 GW. However, the Indian government in the last one and a half years has taken multiple steps to improve the wind power scenario in the country that include specific carveouts for wind renewable purchase obligations ("RPOs"), revamping the auction mechanism for wind projects and carving-out 10 GW of exclusive tenders annually for wind projects. These projects are expected to drive at least 20 GW of wind capacity additions by FY2028.

Factors that will drive electricity demand in India

Urbanization and industrialization: Urbanization and industrialization are two critical drivers in boosting the country's electricity demand in the foreseeable future. As per the International Energy Agency's (IEA) India Energy Outlook 2021, over the period to CY2040, an estimated 270 million people are likely to be added to India's urban population. Urbanization underpins a massive increase in total residential floor space from less than 20 billion square meters today to more than 50 billion in two decades' time. Additionally, the growing middle class with rising disposable incomes is fueling demand for appliances and improved living standards, both of which necessitate increased electricity consumption. Further fueling the electricity demand is India's rapid industrialization. Modern factories rely heavily on electricity for machinery, lighting and climate control. As industries adopt automation and advanced technologies, their consumption increases even more creating a ripple effect, with increased demand for electricity through other sectors.

Government initiatives: The Government's initiatives such as 'Make in India' and related schemes like the PLI and Aatmanirbhar Bharat Abhiyaan have significantly bolstered industrialization in the country. Electrification of railway tracks by Indian Railways would also create domestic market opportunities. These initiatives are anticipated to boost domestic manufacturing, further amplifying electricity consumption. As part of their China+1 strategy, many global manufacturing majors are exploring setting up their manufacturing units in India to cater to both local and export demand. As per the IEA, the industrial sector currently uses the most energy in the country and its share is expected to rise from 36% today to 41% by CY2040. Several other Government initiatives like the National Infrastructure Pipeline and Saubhagya scheme are expanding access to electricity across the country.

Electric vehicle (EV) charging infrastructure: India has committed to achieving carbon neutrality by CY2070, with widespread promotion and adoption of EVs being a key strategy. This move aims to reduce India's dependence on foreign fossil fuels and address the critical issue of air pollution. As per an article from the Economic Times, the country is likely to have 10,000 public charging stations by CY2025 and would require 2 million charging stations by CY2030 to complement the EV sales till that time. This will create an additional electricity demand of four to five billion units in the country.

National hydrogen mission: Launched in August 2021 by the Indian government, the mission aims to produce 5 million metric ton (MMT) of green hydrogen by CY2030 with an estimated investment of ₹8 trillion. Approximately 125 GW of RE would be required to produce 5 MMT of green hydrogen.

India's energy transition to solar and regulatory policies

Solar energy is a core pillar of India's low carbon development strategy and a key enabler for Net Zero achievement by CY2070:

India has been at the forefront in taking actions for combating climate change while meeting its development and growth aspirations. Building upon the Prime Minister's Panchamrit (five nectar elements) pledges at the 26th Conference of Parties (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC) in Glasgow, including the target of net-zero emissions by CY2070, India updated its Nationally Determined Contributions (NDC) in August 2022 as follows:

(a) Meet 50% of India's cumulative electric power installed capacity from non-fossil sources by CY2030.

(b) Reduce the emission intensity of GDP by 45% below CY2005 levels by CY2030.

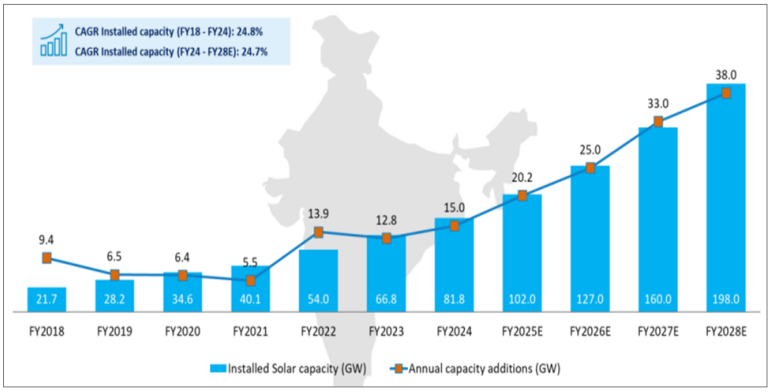
(c) Put forward and further propagate a healthy and sustainable way of living based on the traditions and values of conservation and moderation, including through a mass movement for LiFE – Lifestyle for Environment as a key to combating climate change.

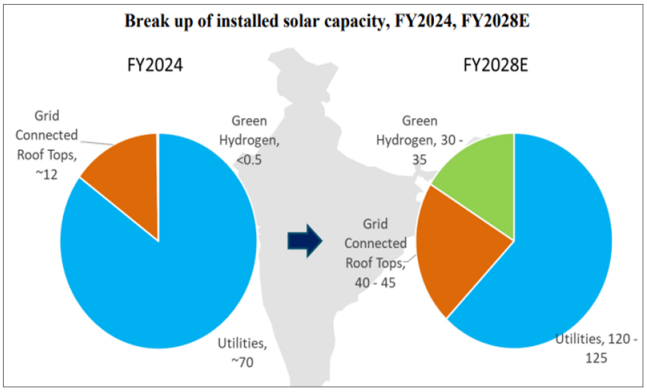
As India aspires to become carbon neutral by CY2070, low-carbon development of energy systems would be a critical contributor to this journey. To achieve this goal, India is aiming to rapidly expand its renewable energy capacity to 500 GW by CY2030 – Solar would account for 60% of this capacity or 300 GW and the same would be enabled through policy and financial incentives including solar park development, accelerated depreciation on investment, waiver on transmission charges and capital subsidy for residential solar roof-top and agricultural solar pumps.

India's solar installed capacity has grown nearly four times in the past 6 years – expected to reach nearly 200 GW by FY28

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, the country is well on course to achieve nearly 200 GW of solar capacity at the end of FY28.

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





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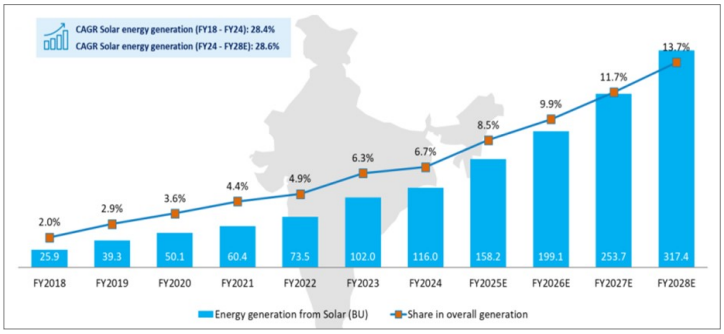
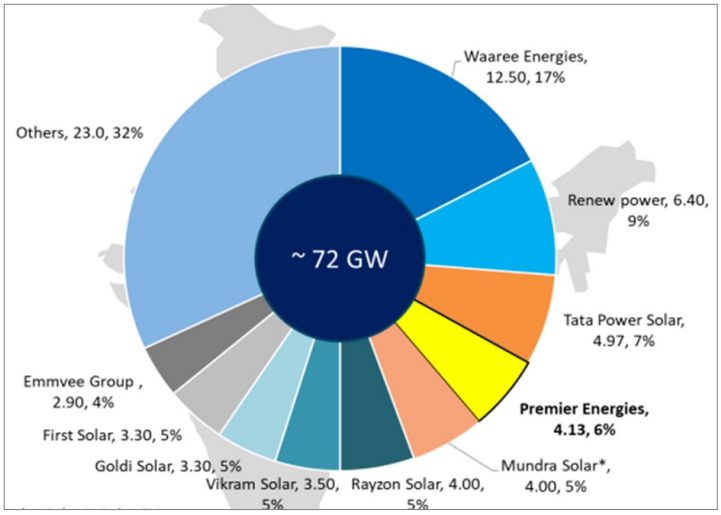
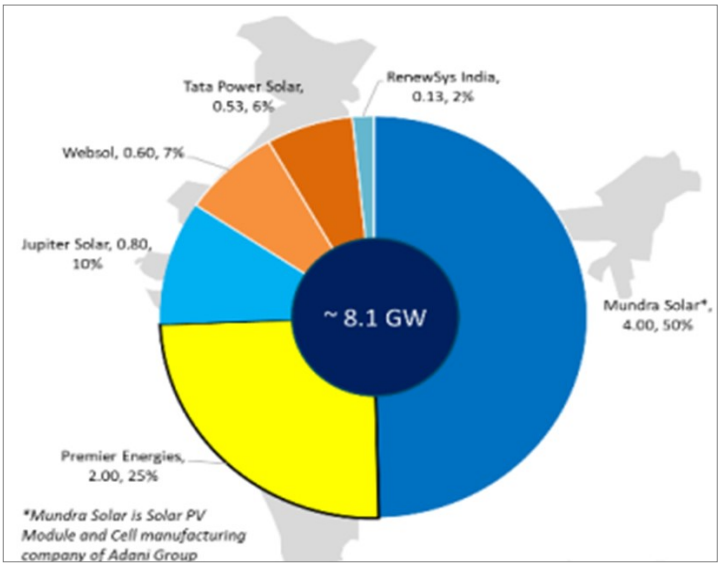
Growth in solar energy generation, India, Billion Units (BU), FY18 – FY28E



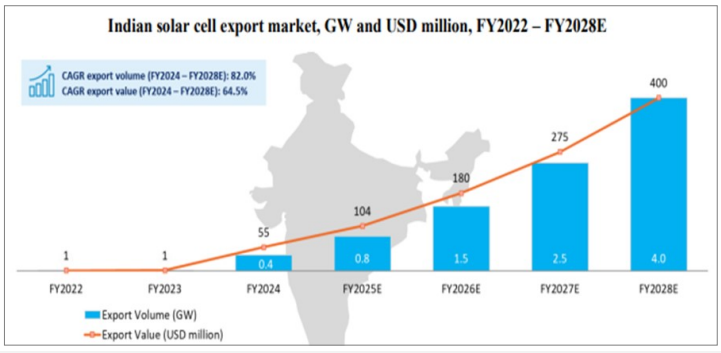
Solar module annual installed capacity by companies, in GW and % share, India, FY24



Solar cell annual installed capacity by companies, in GW and % share, India, FY24



Indian solar cell export market, GW and USD million, FY2022 – FY2028E



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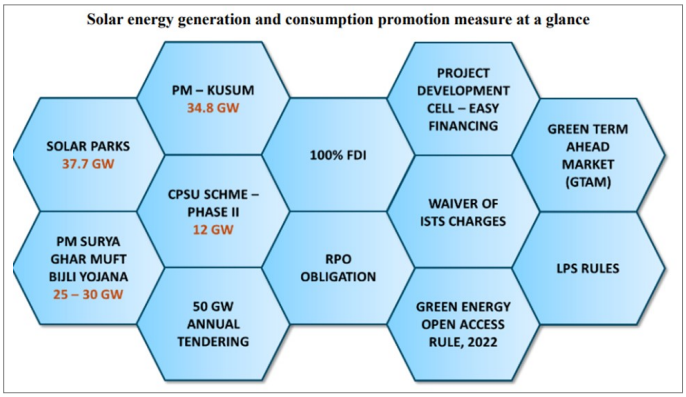
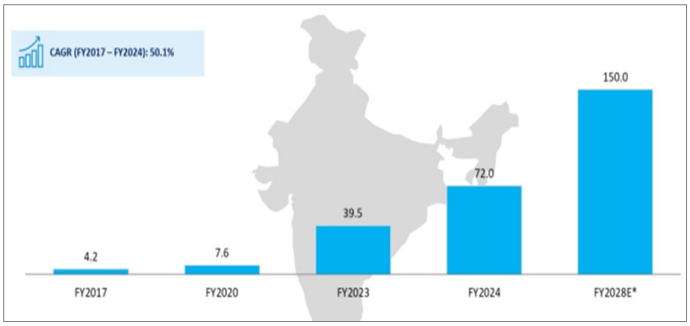
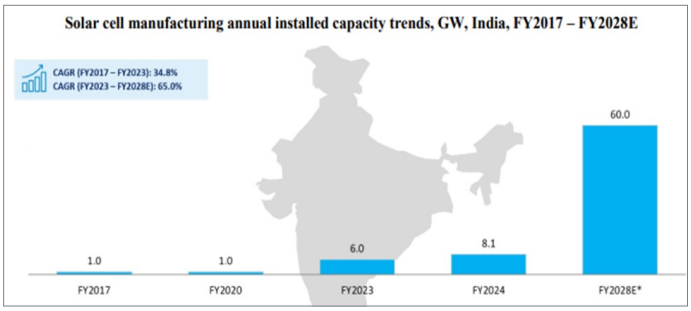


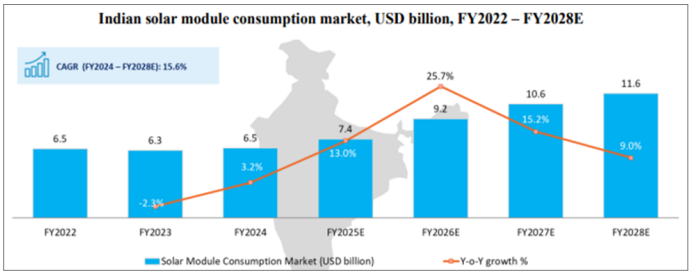
Solar module manufacturing installed capacity trends, GW, India, FY17 –



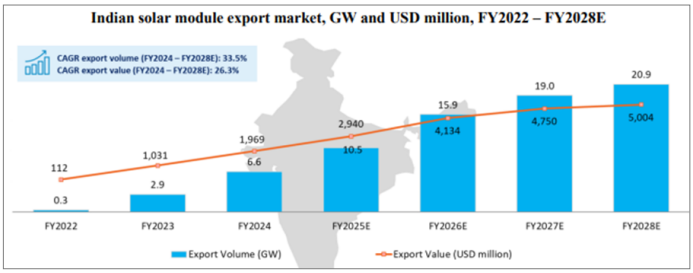
Solar cell manufacturing annual installed capacity trends, GW, India, FY2017 – FY2028E



Indian solar module consumption market, USD billion, FY2022 – FY2028E



Indian solar module export market, GW and USD million, FY2022 – FY2028E



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Investment Rationale:

Capitalize on available market opportunities to grow domestic business: India's per capita electricity consumption has steadily increased from 1,149 kWh in FY18 to 1,331 kWh in FY23 – this is approximately 1/3rd of the global average of 3,664 kWh at the end of CY23. Considering a historical average multiplier of 0.8 with GDP growth, per capita electricity consumption may reach 1,760 kWh by FY28 and may touch 2,025 kWh by FY31. The Indian government has an ambitious plan to achieve 500 GW of clean energy by CY30, out of which 300 GW will come from solar. Based on recent government announcements, it is projected that India's annual solar capacity additions will likely double over the next 2 to 3 years. India's module manufacturing capacity reached approximately 72 GW in FY24, while its current solar cell manufacturing capacity stands at 8.1 GW. India's strong commitment to renewable energy, ambitious targets, and favourable regulatory framework have attracted substantial investments in solar power projects, positioning the country as a key player in the global solar market.

Premier Energies Ltd. intends to continue expanding its operations and presence in India's solar sector, leveraging the favourable regulatory environment and several government initiatives promoting domestic production of solar cells and solar modules. The Government of India's (GoI) Domestic Content Requirement (DCR) mandates the use of locally produced solar cells and modules, complying with standards set by the Ministry of New and Renewable Energy (MNRE). With the company's ability to produce DCR-compliant solar cells and modules at scale, and with demand for DCR modules in India currently surpassing the production capacity of solar cells, Premier Energies is well-positioned to enhance its manufacturing capabilities by capitalizing on this market opportunity.

Premier Energies Photovoltaic Private Limited, a subsidiary of the company, is included in the Approved List of Models and Manufacturers (ALMM) by MNRE, making its modules eligible for use in government and government-assisted solar projects, as well as projects under government schemes like the CPSU Scheme, PM-KUSUM Scheme, and the Grid Connected Solar Rooftop Programme. These schemes offer financial assistance, including viability gap funding, for projects using domestically manufactured DCR cells and modules.

The company also benefits from capital subsidies provided by both state and central governments, such as M-SIPS and SPECS, and intends to continue utilizing these incentives. In FY23, Premier Energies Photovoltaic Private Limited received M-SIPS subsidies of ₹327.66 million, with further capital subsidy receivables from the Government of Telangana amounting to ₹338.64 million as of June 30, 2024.

Additionally, Premier Energies benefits from the Indian government's imposition of basic customs duties of 40% on imported solar modules and 25% on imported solar cells, effective from April 1, 2022, which aims to boost domestic manufacturing and reduce import dependency. The 2024-2025 budget further imposes a 10% customs duty on imported solar glass while exempting GST and customs duty on capital goods used in solar module manufacturing. These policies increase the cost of imported solar modules, driving demand toward domestically produced alternatives.

Expanding manufacturing capacities and utilization: Premier Energies is strategically focused on consistently upgrading and enhancing its manufacturing capabilities and infrastructure by adopting the latest technologies to maintain its leadership position in the solar cell and solar module manufacturing industry. The company's proactive approach is exemplified by its transition from polycrystalline to monocrystalline solar cells and being the first in India to manufacture M10 bifacial cells. Currently, Premier Energies is advancing towards the production of solar cells with TOPCon technology, which can achieve efficiencies of 24.5% to 25.2%. The company remains committed to staying at the forefront of solar technology, continually improving the efficiency and performance of its solar cells to meet evolving market demands.

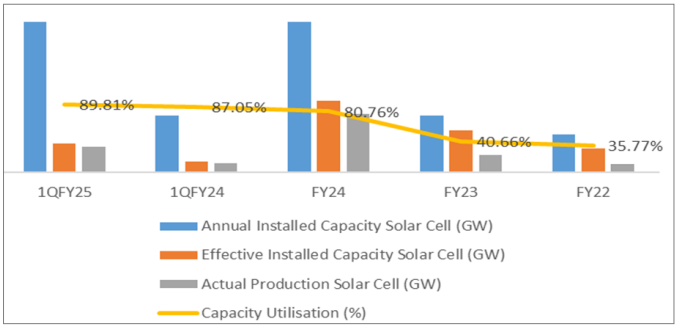
By FY25, Premier Energies plans to commission a new 1,000 MW annual installed capacity production line for TOPCon solar cells at Unit II. The company also intends to allocate part of the proceeds from the Fresh Issue to establishing additional TOPCon solar cell and solar module lines, each with a 4 GW annual installed capacity, at a new manufacturing facility.

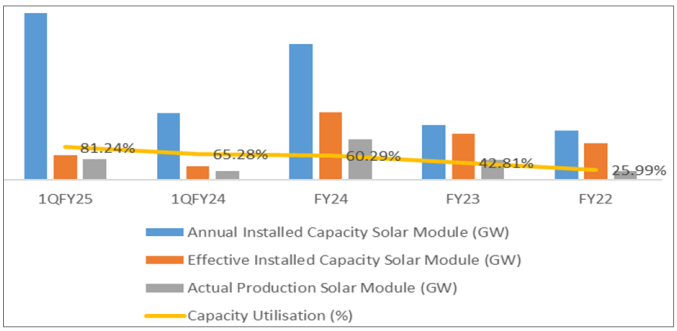
TOPCon cells offer several advantages, including higher efficiency, reduced degradation, and superior performance in high-temperature environments, making them suitable for a wide range of climates and enhancing their market appeal. Additionally, TOPCon technology is compatible with Premier Energies' existing PERC production lines, allowing for seamless upgrades with minimal disruption and without the need for extensive overhauls.

Moving forward, Premier Energies will continue to focus on process improvement through increased automation and sourcing equipment from Europe to reduce supplier concentration and optimize production lines.

Capacity & Capacity Utilisation	1QFY25	1QFY24	FY24	FY23	FY22
Annual Installed Capacity Solar Cell (GW)	2	0.75	2	0.75	0.5
Effective Installed Capacity Solar Cell (GW)	0.38	0.14	0.95	0.56	0.31
Actual Production Solar Cell (GW)	0.34	0.12	0.77	0.23	0.11
Capacity Utilisation (%)	89.81%	87.05%	80.76%	40.66%	35.77%

Capacity & Capacity Utilisation	1QFY25	1QFY24	FY24	FY23	FY22
Annual Installed Capacity Solar Module (GW)	4.13	1.66	3.36	1.37	1.22
Effective Installed Capacity Solar Module (GW)	0.62	0.34	1.67	1.14	0.9
Actual Production Solar Module (GW)	0.51	0.22	1.01	0.49	0.23
Capacity Utilisation (%)	81.24%	65.28%	60.29%	42.81%	25.99%



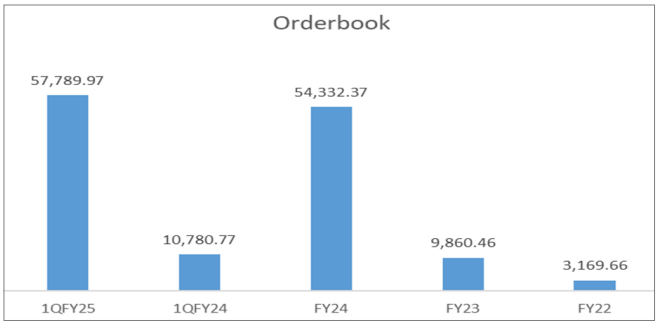


Growing orderbook: Premier Energies' aggregate annual installed capacity and strong market position allow it to offer competitive pricing for its products, enabling access to a large and diversified customer base across domestic and global markets. As of the date of the Red Herring Prospectus, Premier Energies' domestic customers are spread across 23 states and union territories in India. The company had 165, 193, 200, and 117 domestic customers for FY22, FY23, FY24, and the three months ended June 30, 2024, respectively, while it served 8, 6, 27, and 3 customers in overseas markets during the same periods.

The company's domestic clients include well-known names like Continuum, Shakti Pumps, First Energy, Hartek, Amplus KN One Power Private Limited, SolarSquare, Rotomag Motors and Controls Private Limited, and Madhav. Globally, Arka Energy Inc. is one of its customers.

As of July 31, 2024, Premier Energies had an order book of ₹59,265.65 million, consisting of ₹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. This order book includes a 350 MW module supply agreement with an independent power producer, announced on June 7, 2024, and a significant 611.04 MW bifacial solar module order from NTPC, received in December 2023. Additionally, Premier Energies has a four-year supply agreement with an Indian renewable power producer for up to 600 MW of solar modules per fiscal year, with a minimum offtake of 300 MW annually starting April 1, 2026. In April 2024, the company also entered into a letter of understanding for the supply of 500 MW of solar cells to a U.S.-based customer.

As Premier Energies expands its manufacturing capacities and strengthens its brand in India and globally, it aims to develop new customer relationships across a broader range of markets.



Expanding overseas presence and increasing exports especially in the U.S. market: Premier Energies is actively engaged across several stages of the solar power value chain, from the manufacturing of solar cells and modules to providing EPC solutions, O&M services, and even operating as an Independent Power Producer (IPP). Premier Energies was one of the first Indian solar companies to achieve backward integration by combining solar cell manufacturing with solar module production. The company plans to further enhance its backward integration by producing ingots and wafers, essential components in solar cell manufacturing, which will help strengthen resilience against market and supply fluctuations. These components will be used in Premier Energies' own production while also being offered in the market.

This strategic move is aimed at increasing cost efficiency, improving supply chain management, and enhancing the quality of its solar products. In particular, Premier Energies aims to maintain better traceability of the components used, especially for "clean silicon" solar cells sourced from ESG-compliant suppliers, which are in demand in export markets. Traceability is crucial for customers in countries like the U.S., where legislation mandates transparent supply chains, particularly in solar products. This demand is expected to drive growth in Premier Energies' offering of TOPCon cells and modules, which align with these regulations.

To further expand its global footprint, Premier Energies signed a letter of intent with Heliene USA Inc. in February 2024, exploring a joint venture to develop and operate a TOPCon solar cell manufacturing facility in the U.S. The potential for expansion into the European market is also increasing, especially with the anticipated implementation of the European Union’s Carbon Border Adjustment Mechanism in 2025, which seeks to reduce global carbon emissions.

Domestically, Premier Energies stands to benefit from government policies such as anti-dumping duties on imports from China and Taiwan, encouraging the growth of a 'China Plus One' strategy and positioning India as a key competitive location for solar manufacturing. Favourable labour costs, government incentives, and the push to diversify manufacturing bases away from China are enhancing India’s attractiveness in the global solar manufacturing landscape.

Developing and growing rooftop solar offering: Over the past decade, Premier Energies has established itself as an OEM in the rooftop solar market, working with major companies such as Panasonic, Luminous, and Axitec. The Grid Connected Solar Rooftop Programme, which aims to install rooftop solar systems in 10 million homes across India, presents a significant growth opportunity. This program is expected to drive demand for Domestic Content Requirement (DCR) modules, as these are essential for applicants seeking subsidies. Premier Energies intends to capitalize on this anticipated expansion by leveraging its OEM status and extensive sales channels across various states in India, a strategy that will also bolster its brand recognition.

The rooftop solar segment in India is projected to grow significantly, with the Grid Connected Solar Rooftop Programme expected to create 25 GW to 30 GW of installation opportunities over the next 2 to 3 years.

Valuation and outlook: The Indian government has an ambitious plan to achieve 500 GW of clean energy by CY30, out of which 300 GW will come from solar. Based on recent government announcements, it is projected that India’s annual solar capacity additions will likely double over the next 2 to 3 years. Premier is well-positioned to capitalize on the favourable regulatory environment and various government initiatives aimed at promoting domestic production of solar cells and modules. The company plans to commission a new 1,000 MW annual installed capacity for TOPCon solar cells at Unit II and allocate proceeds towards an additional 4 GW capacity for both TOPCon solar cells and modules at a new facility. This expansion is further bolstered by domestic manufacturing initiatives aimed at reducing import dependency, which saw a reduction in import costs from 80% to 60% by FY24. With the global solar industry poised for growth, particularly in the U.S., where 40-50 GW electricity expansion is expected, Premier Energies aims to leverage this opportunity by forming joint ventures with local partners to expand its global footprint. As of July 31, 2024, the company had an order book of ₹59,265.65 million. The company reported revenues of ₹31,437.93 million in FY24 growing 120.07% YoY. EBITDA was reported at ₹4778 million in FY24 compared with INR 782.03 million in FY23. The company’s PAT was reported at ₹2961.77 million in FY24 compared with a loss of ₹133.36 million in FY23. The company’s ROE and ROCE was reported at 43.73% and 25.65% in FY24. We recommend a subscribe to the issue due to Premier’s strategic expansion, combined with the upcoming wafer manufacturing operations in India, positions Premier for long-term growth by enhancing cost-efficiency and tapping into expanding markets. We recommend to subscribe to the issue as a good long term investment based on the bright outlook for solar cells and module demand in India as well as internationally coupled with a growing and strong order book and the new capex that the company is undertaking to rake up solar cell and module manufacturing capacity to ~7 GW p.a. each.

IPO Note

IPO Note

Peer Comparison

Particulars	Premier Energies Ltd.					Websol Energy System Ltd.				
	1QFY25	1QFY24	FY24	FY23	FY22	1QFY25	1QFY24	FY24	FY23	FY22
Revenue	16,573.67	6,110.23	31,437.93	14,285.34	7,428.71	1,116.00	1.8	258.6	172.24	2,132.23
EBITDA	3,697.36	766.65	5,053.18	1,128.81	537.38	442	-12.3	-65.8	-98.68	310.07
EBITDA Margin (%)	22.16	12.44	15.93	7.71	7.01	39.52	-410	-24.54	-48.77	14.24
PAT	1,981.60	313.29	2,313.60	-133.36	-144.08	228.8	-50	-1,209.60	-236.7	96.7
PAT Margin (%)	11.87	5.08	7.3	-0.91	-1.88	20.46	-1,666.67	-451.18	-116.99	4.44
Debt to Equity	1.43	1.88	2.18	1.86	1.15	-	-	1.7	0.14	0.19
Net Working Capital	4,629.96	-150.69	2,959.48	183.1	1,506.03	-	-	-493.1	-401.6	-55.27
ROE (%)	26.54%	7.33%	43.73%	-3.18	-4.66	-	-	-88.89	-12.36	5.04
ROCE (%)	14.26%	5.08%	25.65%	5.94	3.63	-	-	-	-60.66	88.89

Particulars	Total Income	Closing Price on Aug 25-08-24	Diluted	P/E
Premier Energies Ltd.	31,713.11	450	6.57	68.49
Listed Peer				
Websol Energy System Ltd.	268.1	955	-29.99	-

Premier Energies Limited

August 26, 2024

IPO Note

Income Statement

Y/E (INR mn)	FY22	FY23	FY24
Revenue	7428.71	14285.34	31,437.93
Expenses:			
Employee Cost	220.83	421.39	614.94
Cost of materials consumed	3987.20	11105.19	22,280.15
Purchases of stock-in-trade	2281.31	1568.23	2,398.83
Total Expenses	7,132.95	13,503.31	26,659.93
EBITDA (ex. Other Income)	295.76	782.03	4,778.00
EBITDA Margin %	3.98	5.47	15.2
Interest	430.03	686.27	1,211.76
Depreciation	276.01	532.33	960.93
Other Income	241.62	346.78	275.18
PBT	-156.91	-77.60	3,541.89
PAT	-144.08	-133.36	2,961.77
EPS	-0.56	-0.48	7.02

Balance Sheet

Y/E (INR mn)	FY22	FY23	FY24
Source of funds			
Equity Share Capital	263.46	263.46	263.46
Reserves	3682.78	3848.69	6205.05
Total Share holders funds	3946.24	4112.15	6468.51
Total Debt	6,239.68	9,342.13	13,922.40
Curent Liabilities	5,137.59	10,374.31	18,859.06
Trade Payables	2699.42	3979.15	9745.58
Total Non-Current Liabilities	307.60	287.49	10,083.34
Total Liabilities	13,403.76	21,104.39	35,541.25
Application of funds			
Fixed Assets	4726.40	5861.03	11973.63
CWIP	1141.96	3493.26	197.88
Cash and Bank	1596.77	1934.69	4026.92
Current Assets	6626.48	10557.41	21818.54
Other current assets	788.97	1077.76	1214.18
Sundry Debtors	1,451.82	594.61	6,089.80
Total Assets	13,403.76	21,104.39	35,541.25

Cash Flow

Y/E (INR mn)	FY22	FY23	FY24
Profit Before Tax	-156.91	-77.60	3541.89
Adjustment	580.72	954.44	1948.00
Changes In working Capital	-255.14	-406.64	-3597.87
Cash Flow after changes in Working Capital	168.67	470.20	1153.85
Tax Paid	-119.03	-103.35	-252.31
Cash From Operating Activities	49.64	366.85	901.54
Cash Flow from Investing Activities	-2179.31	-3038.75	-4466.33
Cash from Financing Activities	2786.12	2516.61	5489.10
Net Cash Inflow / Outflow	656.45	-155.29	1924.31
Opening Cash & Cash Equivalents	144.54	800.99	645.70
Closing Cash & Cash Equivalent	800.99	645.70	2570.01

Key Ratios

Y/E (INR mln)	FY22	FY23	FY24
Growth Ratio			
Net Sales Growth(%)	5.90	92.30	120.07
EBITDA Growth(%)	-39.26	110.06	510.97
PAT Growth(%)	-155.83	7.44	-
Margin Ratios			
Gross Profit	20.97	17.82	85.12
EBITDA	3.98	5.47	15.2
PBT	-2.11	-0.54	11.27
PAT	-1.94	-0.93	9.42
Return Ratios			
ROA	-1.24	-0.77	10.46
ROE	-6.45	-5.74	43.73
ROCE	3.86	6.01	25.65
Turnover Ratios			
Asset Turnover(x)	0.64	0.83	1.13
Inventory Turnover(x)	5.31	3.36	2.85
Debtors Turnover(x)	4.84	13.96	9.41
Fixed Asset Turnover (x)	1.49	2.30	3.53
Solvency Ratios			
Total Debt/Equity(x)	2.78	3.90	2.15
Current Ratio(x)	1.29	1.02	1.16
Quick Ratio(x)	0.87	0.41	1.14
Interest Cover(x)	0.64	0.89	3.94

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