

August 26, 2024

IPO Note

IPO NOTE

Issue Details

Price Band: ₹ 427 to ₹ 450
Employee Discount: ₹ 22/Share
Issue Opens on: August 27, 2024
Issue Closes on: August 29, 2024
Lot Size: 33 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 2,830.40 Cr.
No of Shares:	62,897,777
Face Value:	₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	1,291.40
Offer for Sale	1,539.00
Total	2,830.40

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	1,410.20
HNI	15	423.06
Retail	35	987.14
Employee	-	10.00
Total	100	2,830.40

Listing

BSE & NSE

Lead Managers

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

Registrar

KFin Technologies Limited

ANALYST

Krishna Rana

krishna.rana@sushilfinance.com

+91 22 4093 6081

SALES

Manan Divan

manan.divan@sushilfinance.com

+91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Premier Energies Ltd. is primarily an integrated solar cell and solar module manufacturer with 29 years of experience in the solar industry. In addition, to manufacturing solar cells and modules, the company provides engineering, procurement and construction solutions, operations and maintenance services and operates as an independent power producer. It is the 2nd largest integrated solar cell and solar module manufacturer in India as well as its 2nd largest solar cell manufacturer in terms of annual installed capacity as of March 31, 2024.

The company has 5 manufacturing facilities all located in Hyderabad, Telangana, India, and it conduct its operations through 8 subsidiaries in India and overseas.

As on July 31, 2024 the company had an order book of ₹ 5,926.56 Cr. of which ₹ 1,609.11 Cr. was in relation to non-DCR solar modules, ₹ 2,214.06 Cr. was in relation to DCR solar modules, ₹ 1,891.12 Cr. was in relation to solar cells and ₹ 212.72 Cr. was in relation to EPC projects.

The company's key customers across its business offerings include several IPPs, OEMs and off-grid operators such as NTPC, TATA Power Solar Systems, Panasonic Life Solutions, Continuum, Shakti Pumps, First Energy, Bluepine Energies, Luminous, Hartek Solar, Green Infra Wind Energy (a subsidiary of Sembcorp Green Infra), Madhav Infra Projects, SolarSquare Energy and Axitec Energy India.

HIGHLIGHTS

1. Integrated solar cell and solar module manufacturer
2. Long track record in the solar module manufacturing sector
3. Diversified customer base with customer relationships both within India and overseas with a robust order book
4. Experienced in solar cell line production.

OBJECTS OF THE ISSUE

1. Investment in Subsidiary, Premier Energies Global Environment Private Limited for part-financing the establishment of the project (₹ 968.60 Cr.)
2. General corporate purposes

Offer for sale up to 34,200,000 equity shares. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Established in 1995, Premier Energies Ltd. is primarily an integrated solar cell and solar module manufacturer with 29 years of experience in the solar industry. It has five manufacturing units, all of which are based in Hyderabad, Telangana, India. Premier Energies exports its products worldwide, reaching consumers in the USA, Hong Kong, South Africa, Bangladesh, and many other nations in Europe, Asia, and Africa.

The company's 67.03% of revenues are dependent on the top 10 customers of the company. Its business and prospects depends to a great extent on solar cells and modules. Manufacturing concentration in the state of Telangana, India exposes them to local risks and supply chain issues that could cause disruption in their operations. Its financial condition and cash flows could limit their ability to operate and grow the business as expected. The company faces intense competition in the market.

The revenue CAGR for the period FY 22-24 stood at about 105.72%. The company operated on an EBITDA margin of 15.93% and PAT margin of 7.3% for year ended FY24. Generating ROE and ROCE of 43.73% and 25.65% respectively for FY24. The company's total debt to equity is around 2.18 in FY24 which is an increase from 1.86 in FY23.

The issue is priced at a P/BV of 23.24 based on its NAV of Rs. 19.36 as of June 30, 2024. The company asking price is at a P/E of 82, based on FY24 diluted EPS of ₹ 5.48, and if we attribute FY25 earnings, then the asking price is at a P/E of 25x.

The company has robust order book and has also turned positive in recent times. Also the Industry is in the high growth stage and with government initiatives the company can benefit from the opportunities. Looking at all the factors, risks, opportunities and valuation, investors may subscribe for the issue with a long-term view.

Brief Financials

PARTICULARS	As at June 30, 2024			₹ in Million
		FY '24	FY '23	FY '22
Total Income	16,687.90	31,713.11	14,632.12	7,670.33
Total Expenditure	14,237.20	28,832.62	14,721.91	7,838.99
EBITDA	3,697.36	5,053.18	1,128.81	537.38
Profit before Tax	2,457.32	2,893.72	(77.60)	(156.91)
Profit after Tax	1,981.60	2,313.60	(133.36)	(144.08)
E.P.S. (Diluted)	4.70*	5.48	(0.38)	(0.44)
P/E (x) (Diluted)	-	82.11	-	-
RONW (%)	24.25*	37.46	(3.35)	(3.65)

* Not Annualized

PRICE CHART (@ ₹ 450) (Retail Category)

LOT SIZE	Amount
33	14,850
66	29,700
99	44,550
132	59,400
165	74,250
198	89,100
231	103,950
264	118,800
297	133,650
330	148,500
363	163,350
396	178,200
429	193,050

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	462	207,900
Big HNI	2,244	1,009,800

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	30/08/2024
Initiation of refunds/unblocking ASBA Fund	02/09/2024
Credit of Equity Shares to demat accounts of Allottees	02/09/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	03/09/2024

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/aug-2024/premier-energies-limited-addendum-rhp_86076.html)

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