



### IPO Details:

Premier Energies Ltd is coming out with an IPO of about Rs. 2,830.40 cr consisting of 6,28,97,778 shares of face value of Re. 1 each in a price band of Rs. 427 – Rs. 450. The IPO comprises of Fresh Issue of Rs. 1,291.00 cr and an Offer for Sale of Rs. 1,539.00 cr by the promoters and existing institutional shareholders. The IPO opens on 27<sup>th</sup> August' 2024 and closes on 29<sup>th</sup> August' 2024.

### Company Details:

- Company is an **Integrated solar photovoltaic cell and solar module manufacturer** with 29 years of experience in solar industry. It also executes **EPC projects** which include end-to-end solar services and is also an **independent power producer** through its **2 MW** solar power plant in Jharkhand.
- Operates **5** manufacturing facilities having total annual installed capacity of **2 GW** of solar cells and **4.13 GW** of solar modules in **Hyderabad, Telangana**.
- **Customer base includes** several independent power producers (IPP), OEMs and off-grid operators such as NTPC, Tata Power Solar Systems Ltd, Panasonic Life Solutions Pvt. Ltd, Green Infra Wind Energy Ltd, Madhav Infra Projects Ltd, etc.

### Strength:

- Being **2<sup>nd</sup> largest** integrated solar cell and solar module manufacturer in India aids in greater cost and quality control across its operations
- Established market presence, track record of capacity enhancements and vertical integration positions the Company to seize growth opportunities in the solar energy industry within India and overseas.
- **Automated solar module production lines** helps the Company in reducing the incidence of human error and possible degradation in the quality of modules.
- **Strategic focus** on regular updating and improving its manufacturing capabilities and infrastructure by adopting latest technologies available.

### Growth Drivers:

- India's solar installed capacity has grown nearly 4x in the past 6 years and is expected to reach nearly **200 GW** by FY2028 from **82 GW** in FY2024.



- **Increasing annual installed capacity** of solar cells by commissioning a **1,000 MW** TOPCon solar cell line in Unit II in FY2025.
- **Expansion of manufacturing facilities** by setting up an additional **4 GW** TOPCon solar cell line and an additional **4 GW** TOPCon solar module line at an estimated cost of about **Rs. 3,358.33 cr.**
- Healthy outstanding order book of **Rs. 5,926.57 cr** as of 31<sup>st</sup> July' 2024.
- **Plans to expand manufacturing footprint in the USA**, for which it has signed a Letter of Intent with American solar manufacturer, Heliene USA Inc, to enter into JV, to develop, construct and operate a TOPCon solar cell manufacturing facility in the USA.

**Objectives of Fund Raise – Fresh Issue of Rs. 1,291.00 cr:**

- Rs. 968.60 cr will be utilized towards investment in Premier Energies Global Environment Pvt. Ltd for part financing the module manufacturing facility in Hyderabad, Telangana.
- Balance funds will be utilized towards general corporate purposes.

**Key Financial Highlights:**

**Premier Energies Ltd (Rs. Cr)**

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY22	742.87	29.58	4.0%	-14.36	-0.44	3.6%	-4.7%
FY23	1,428.53	78.20	5.5%	-12.81	-0.38	5.9%	-3.2%
FY24	3,143.79	477.80	15.2%	231.36	5.48	25.7%	43.7%
Q1 FY25	1,657.37	358.31	21.6%	198.16	4.70	14.3%	26.5%

- Operating Revenue has grown from Rs. 742.87 cr in FY22 to Rs. 3,143.79 cr in FY24, translating into CAGR of 105.7%. In Q1 FY25, Company has registered operating revenues of Rs. 1,657.37 cr.
- Operating performance has improved with scale benefits as Ebitda margins has expanded from 4.0% in FY22 to 15.2% in FY24. In Q1 FY25, Ebitda margins has further inched up to 21.6%.



- From incurring loss of Rs. 14.36 cr in FY22, Company has turned around and reported Profits after Tax of Rs. 231.36 cr in FY24. Further in Q1 FY25, Company has reported Profits after Tax of Rs. 198.16 cr.
- Capital Efficiency has improved with business turning around. RoCE and RoE in FY24 stood at 25.7% and 43.7% in FY24. RoE is higher than RoCE as the growth has been funded through debt which as of 31<sup>st</sup> Mar' 24 stood at Rs. 1,392.24 cr. Debt has declined to Rs. 1,200.16 cr as at the end of Q1 FY25.

**Valuations:**

- At Upper end of the IPO price band of Rs. 450, Premier Energies Ltd will be valued at about Rs. 20,284.33 cr.
- On PE basis, Company will be available at PE of 47.7x its TTM EPS of 9.44.
- **Investments in Premier Energies can be avoided only due to very high valuations despite healthy growth prospects for solar cell and module manufacturing industry on the back of approximately 2.4x expected increase in solar power capacity in India between 2024 - 2028, Company's capacity expansion in India and it's plan to set up manufacturing capacity in the USA (which has very high demand-supply gap locally) through JV.**



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\*Long Term Investments could range from 3-5 years.