

**Rating: Subscribe**

### Issue Offer

An Offer for Sale of 34,200,000 equity shares, and a Fresh Issue amounting to INR 1,5390 Mn.

### Issue Summary

Price Band INR	427-450
Face Value INR	1
Implied Market Cap INR bn.	202.84
Market Lot	33
Issue Opens on	Aug 27, 2024
Issue Close on	Aug 29, 2024
No. of share pre-issue	422,065,168
No. of share post issue	450,762,945
Listing	NSE, BSE

### Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

### Registrar

Kfin Technologies Limited

### Book Running Lead Managers

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

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	72.23%	66.03%
Public & Others	27.77%	33.97%

### Objects of the issue

- Investment in Subsidiary, Premier Energies Global Environment Private Limited for partially financing the establishment of several key projects.
- General corporate purposes.

Incorporated in April 1995, Premier Energies Limited is a leading Indian manufacturer specializing in integrated solar cells and panels. The company operates five manufacturing units in Hyderabad, Telangana, and has established itself as India's second-largest integrated manufacturer of solar cells and solar modules, with an annual installed capacity of 2 GW for solar cells and 3.36 GW for solar modules. Company offers a diverse product range that includes monofacial and bifacial solar modules, EPC solutions, and O&M services. It serves a broad clientele, including major industry players such as NTPC, TATA Power Solar Systems, Panasonic Life Solutions, and Sembcorp's Green Infra subsidiary, among others. As of July 31, 2024, the company has order book of total INR 59,265.65 mn, including significant contracts for solar cells INR 18,911.18 mn and rest others, and EPC projects INR 2,122.72 mn. Company has a global footprint, exporting products to the US, Germany, South Korea, France, and South Africa. The company employs 1,447 full-time staff and utilizes 3,278 contract laborers, reflecting its significant scale and capacity in the solar energy industry.

### Investment Rationale

**Key Player in India's Solar Market with Strong Capacity and Government Support:** Premier Energies Limited is India's second-largest solar cell and module manufacturer, with an annual capacity of 2 GW for solar cells and 4.13 GW for modules as of March 31, 2024. While Mundra Solar leads by 2 GW in modules, Premier Energies holds a small advantage in solar cell capacity. With its automated manufacturing and integrated operations, Company is well-positioned in the DCR Domestic Content Requirement solar module market, which is driven by government programs like PM-KUSUM and the Solar Rooftop Programme encouraging the use of domestically-produced solar products and supporting the company's steady growth in the Indian solar industry.

**Strong Market Position with High Entry Barriers and Leading Export Capabilities:** Company is well-positioned in the solar manufacturing industry due to high entry barriers such as substantial capital requirements, technical expertise, and long lead times of 15 to 18 months to set up a manufacturing line, with an additional 6 to 9 months to stabilize operations. These challenges, combined with established market presence, give it an advantage over new entrants, especially for government projects and tenders. The company's integrated manufacturing process also boost its international revenue, particularly from the US, where company was the largest Indian exporter of solar cells for FY24, holding nearly 100% market share. With a total export of 312.22 MW in FY24, It has ability to produce both solar cells and modules ensures strong cost and quality control across its operations.

**Broad Customer Base and Solid Order Book in Domestic and International Markets:** The company has annual installed capacity and strong market position allow the company to offer competitive pricing, attracting a broad and diverse customer base both domestically and internationally. Currently the company accounts an order book of INR 59,265.65 Mn. Company has also received a 4 year module supply agreement with an Indian renewable power producer for up to 600 MW of solar modules annually, starting April FY27, with a guaranteed minimum offtake of 300 MW per year. Additionally, in April FY25, the company established a letter of understanding to supply 500 MW of solar cells to a U.S.-based customer. Company has plans to further expand manufacturing capacities and enhance its global brand presence. Currently, the company serves 200 domestic customers across 23 states and union territories in India, and 27 international customers.

**Technological Transition and Expertise:** The company has fully transitioned from polycrystalline to monocrystalline PERC solar cells, achieving efficiencies of 24.5% to 25.2%, compared to 23.2% to 23.7% with polycrystalline cells. is also moving towards TOPCon cell technology, showcasing its strong technical expertise. The company has a 30-member team dedicated to optimizing solar cell production, ensuring high quality and efficiency. A new 1,000 MW TOPCon solar cell line is expected to start in FY25, reflecting ongoing commitment to technological advancement.

**Valuation and View :** The company is well positioned for future growth due to its strong market position, technical expertise, and operational efficiencies. The company has diverse customer base and holds 100% market share in the US region. Company also demonstrated its commitment to technological advancement through increased efficiencies and focusing on new customer base with quick adoption of TOPCon technology. At the upper price band of INR 450, the issue is priced at a P/E of 25.59x based on the FY25 EPS (annualised) of INR 17.6. We have a "Subscribe" rating for the issue.

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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