

IPO Report

Choice

“SUBSCRIBE” to

Premier Energies Ltd.

Anticipating strong profitable business growth in the medium-term



Salient features of the IPO:

- **Premier Energies Ltd.** (PEL), a manufacturer of solar cells & modules is coming up with an IPO to raise around Rs. 2,800cr, which opens on 27th Aug. and closes on 29th Aug. 2024. The price band is Rs. 427 - 450 per share.
- This public issue is a combination of fresh (Rs. 1,291.4cr) and OFS (Rs. 1,460.3 - 1,539.0cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 968.6cr to part-finance the establishment of the cell & module facility at the subsidiary level. Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.72cr equity shares. Moreover, couple of funds managed by the climate-focused global private equity investor i.e. GEF Capital are also partially offloading their stake in the company. Post-IPO, P&PG will have 66.03% stake in the company, while public shareholding will be 32.42%.

Key competitive strengths:

- An integrated solar cell & solar module manufacturer
- A long track record in the solar module manufacturing market
- Experienced in solar cell-line production
- A diversified customer base with customer relationships both within India and overseas with a robust order-book
- An experienced promoter-led senior management team

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Disruption in the global supply chain mainly due to geo-political tensions
- Difficulty in expanding the overseas and the US market
- Delay in the commissioning of expansion projects
- Unfavorable foreign currency exchange rates
- Volatility in the key raw material prices
- Competition from Chinese imports

Below are the key highlights of the company:

- India with its strong commitment to renewable energy, ambitious targets and favorable regulatory framework has attracted substantial investments in solar power projects, positioning itself as a key player in the global solar market. The domestic solar manufacturing market is on an accelerated growth trajectory owing to various supply-side measures & restrictions like domestic content requirement (DCR), basic customs duty and approved list of models & manufacturers. Over FY17-24, India has reported a 34.8% and 50.1% CAGR rise in the solar cell and module capacity, respectively, to 8.1GW and 72GW in FY24. With favorable macros, both the capacities are expected to expand by 65% and 20.1% CAGR by FY28E, respectively, (Source: RHP).
- With around three decades of experience in the solar manufacturing, PEL was the 2nd largest integrated player in India with an annual solar cell manufacturing capacity of 2GW and solar module capacity of 4.13GW by the end of FY24. Currently, there are very few integrated solar cell & module manufacturers in India and among these integrated installed capacities, the company had a share of 27.7% in FY24.
- Apart for manufacturing solar cells & modules, PEL also provides engineering, procurement and construction (EPC) solutions, operations & maintenance (O&M) services and also operate as an independent power producer (IPP). As of FY24, PEL generated 86.8% of the consolidated business from the sales of manufactured solar cells & modules, while 4.7% of the revenue was generated from EPC/O&M contracts.

Issue details

Price band	Rs. 427 - 450 per share
Face value	Rs. 1
Shares for fresh issue	2.870 - 3.024cr shares
Shares for OFS	3.420cr shares
Fresh issue size	Rs. 1,291.4cr
OFS issue size	Rs. 1,460.3 - 1,539.0cr
Total issue size	6.290 - 6.444cr shares (Rs. 2,751.7 - 2,830.4cr)
Employee reservation	0.022 - 0.023cr shares (Rs. 10cr)
Net issue size	6.268 - 6.421cr shares (Rs. 2,741.7 - 2,820.4cr)
Bidding date	27 th Aug. - 29 th Aug. 2024
Implied MCAP at higher price band	Rs. 20,284cr
Implied enterprise value at higher price band	Rs. 20,208cr
Book running lead manager	Kotak Mahindra Capital Company Ltd., J.P. Morgan India Pvt. Ltd. and ICICI Securities Ltd.
Registrar	KFin Technologies Ltd.
Sector	Solar
Promoters	Mr. Surender Pal Singh Saluja and Mr. Chiranjeev Singh Saluja

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	3.134 - 3.210cr shares
Non institutional portion (Big)	10%	0.627 - 0.642cr shares
Non institutional portion (Small)	5%	0.313 - 0.321cr shares
Retail portion	35%	2.194 - 2.247cr shares

Indicative IPO process time line

Finalization of basis of allotment	30 th Aug. 2024
Unblocking of ASBA account	2 nd Sept. 2024
Credit to demat accounts	2 nd Sept. 2024
Commencement of trading	3 rd Sept. 2024

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	72.23%	66.03%
Public	26.12%	32.42%
Non-promoter & Non-public	1.65%	1.54%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Bid lot	33 shares per lot
Employee discount	Rs. 22 per share
Application money	Rs. 14,850 per lot

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM adjusted PAT (Rs. cr)	TTM EBITDA margin	TTM adjusted PAT margin
					1 M	3 M	6 M	1 Y					
Premier Energies Ltd.	1	450	20,284	20,208					4,190	765	398	18.2%	9.5%
Websol Energy System Ltd.	10	986	4,163	4,346	81.8%	59.5%	135.9%	708.2%	137	38	(94)	27.5%	-68.6%

Company name	4Y revenue growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average CFO/EBITDA	4Y average CFO / Capital employed	4Y average fixed asset turnover	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Premier Energies Ltd.	64.9%	107.2%	114.4%	8.1%	2.0%	38.5%	-27.5%	43.6	130.9%	13.1%	1.7	0.6	3.9%	4.8%
Websol Energy System Ltd.	-44.8%			-17.4%	-142.1%	6.8%	-1.2%	(13.7)	-76.0%	6.4%	0.4	0.4	-22.8%	-4.0%

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Fixed asset turnover ratio (x)	Total asset turnover ratio (x)	RoE	RoCE	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield
Premier Energies Ltd.	8.8	43.2	0.0	0.8	3.4	0.9	20.5%	40.4%	50.9	10.4	4.8	26.4	4.8	2.0%
Websol Energy System Ltd.	(22.3)	25.5	0.0	1.7	0.5	0.4	-87.5%	-0.9%	(44.2)	38.7	31.7	115.1	30.3	-2.3%

Note: Considered annual financials for the period during FY21-24; TTM financial data as on 30th Jun. 2024; Source: Choice Broking Research

- Developed economies like the USA and Europe are the top destination for exports, mainly due to the restriction on the trade with the China. Over FY22-24, the Indian solar module export market has expanded by 369% CAGR (in volume terms) to 6.6GW. Further it is expected to expand by 33.4% CAGR over FY24-28E to a size of 20.9GW. In FY24, around 60% of the solar modules were exported to the USA, while PEL had almost 100% market share in the exports to the USA.
- The company's clientele includes several IPPs, OEMs and off-grid operators such as NTPC Ltd., TATA Power Solar Systems Ltd., Panasonic Life Solutions Pvt. Ltd., Continuum Green Energy, Shakti Pumps Ltd., First Energy, Bluepine Energies Pvt. Ltd., Luminous, Hartek Solar Pvt. Ltd., Green Infra Wind Energy Ltd. (a subsidiary of Sembcorp Green Infra Ltd.), Madhav Infra Projects Ltd., SolarSquare Energy Pvt. Ltd. and Axitec Energy India Pvt. Ltd.
- As of 31st Jul. 2024, it had an order book of Rs. 5,926.6cr, of which Rs. 1,609.1cr and Rs. 2,214.1cr was for non-DCR solar and DCR solar modules, Rs. 1,891.1cr was in-relation to solar cells and Rs. 212.3cr was for EPC projects. These orders are likely to be completed in next 18months.
- PEL's operations are supported by its five manufacturing facilities, all of which are located on owned land in Hyderabad, Telangana. One of its manufacturing facilities is India's first LEED gold rated solar manufacturing facility, as certified by the U.S. Green Building Council.
- It is one of the first domestic companies in the solar sector to engage in the backward integration of solar cells & module manufacturing. In 2022, PEL became India's first solar manufacturer to develop a bifacial monocrystalline PERC solar cell based on the M10-182mmx182mm format. The company uses "clean silicon" solar cell, a term that signifies raw materials sourced from ESG-compliant sources & vendors; which is key for expanding the export business. Further to extend its backward integration, PEL intends to produce ingots and wafers in future, which are the crucial elements in the production process of solar cells. With this, the company targets to have resilient operations against the market and supply fluctuations.
- To advance its solar manufacturing capabilities, PEL plans to invest in TOPCon (a solar cell manufacturing technology) manufacturing lines to produce more efficient solar cells. The advantages of TOPCon technology include higher efficiency, higher bifaciality, better longevity and greater versatility. The company is planning to utilize Rs. 968.6cr from the fresh issue net proceeds to part-finance the establishment of this i.e. TOPCon manufacturing lines with a capacity of 4GW of solar cell and 4GW of solar module. The solar module line is anticipated to be complete by FY26, while solar cell capacity by FY27. In the near-term, PEL is targeting to add 1GW of TOPCon solar cell manufacturing capacity at one of its facilities by FY25.
- Geographically, it plans to expand its manufacturing footprint in the USA and in this regards, it has signed a letter of intent in Feb. 2024 with Heliene USA Inc., (an American solar manufacturer) to establish a TOPCon based solar cell manufacturing facility.
- On financial performance front, PEL has reported a robust profitable growth in the business during FY21-24. During the FY21 and FY22, mainly due to the slower stabilization at one of the expanded facility and Covid-19 led restrictions, the company reported poor profitability and pre-tax losses.

Key highlights of the company (Contd...):

- On the back of expanded capacities at couple of its facilities with improved technologies and significant increase in the demand of solar cells & modules from the existing & new clients from domestic and overseas clients, PAL reported a 64.9% CAGR growth in the consolidated revenue to Rs. 3,143.8cr in FY24. Geographically, revenue from the domestic and overseas market increased by 57.5% and 264.7% CAGR, respectively, during the period. Lower cost of key raw materials (mainly in FY24) led to a 60.5% CAGR (a rate lower than then top-line growth) rise in the net cost of production, thereby resulting in a 640bps expansion in the gross/material margin to 23.9% in FY24. Further, with relatively, lower employee and other expenses, EBITDA margin expanded by 754bps to 15.2%. Consequently, consolidated EBITDA increased by 107.2% CAGR to Rs. 477.8cr in FY24. With expansion in the operating capacities, depreciation expenses increased by 102.1% CAGR, while higher financial liabilities led to a 76.6% CAGR rise in finance costs. During the FY21 and FY22, mainly due to the slower stabilization at one of the expanded facility and Covid-19 led restrictions, the company reported poor profitability and pre-tax losses. However, over FY21-24, reported PAT increased by 114.4% CAGR to Rs. 231.4cr in FY24. PAT margin expanded by 401bps to 7.4% in FY24. The company reported positive operating cash flows during the period, though it declined by 27.5% CAGR. Average operating cash flow stood at Rs. 92.2cr during the period. Total consolidated financial liabilities increased by 57.8% CAGR, with debt-to-equity ratio of 2.3x in FY24, compared to 1.7x in FY21. Pre-issue average RoIC and RoE stood at 5.7% and 9.9%, respectively, during FY21-24.
- Continuing with the FY24 profitable growth momentum during Q1 FY25, PAL reported a 171.2% Y-o-Y rise in the consolidated revenue to Rs. 1,657.4cr. With further decline in the cost of key raw materials, EBITDA and PAT margin expanded by 992bps and 683bps, respectively, to 21.6% and 12% in Q1 FY25, compared to 11.7% and 5.1% during Q1 FY24. On TTM basis, consolidated revenue stood at Rs. 4,190.1cr, with EBITDA and PAT margin of 18.2% and 9.5%, respectively.
- Further, based on our conservative assumptions over FY24-26E, we are forecasting a 72.8% CAGR growth in the top-line to Rs. 9,385.4cr in FY26E. Factoring higher operating expenditure towards expanded facilities, EBITDA margin is likely to report a modest expansion of 50bps during the period to 15.7%. Further, PAT margin would expand by 16bps to 7.5% by FY26E. Post-issue, RoIC and RoE are estimated to be at 21.2% and 21.8%, respectively, in FY26E, compared to 10.5% and 11.9% in FY24.

Peer comparison and valuation: With pro-active regulations, policy support and commitments towards renewables energy by the government, the domestic solar manufacturing market is likely to witness an accelerated growth trajectory in the medium-term. Manufacturers like PEL with its dominant market position is well equipped to benefit from the expansion in the market. Continued restriction on trade with China by developed economies like the USA and Europe would continue to provide export opportunities for the company in the medium-term. The international solar wafer and cell prices are in declining trend since mid-2022 and current prices might be lower than FY21 levels. Declining raw material prices have positively impacted the financial performance of the company during FY24 and Q1 FY25. Thus any volatility in the raw material prices would be negative for the company.

At higher price band, PEL is demanding a EV/Sales multiple of 4.8x, which seems to be attractive considering the prevailing valuation of a sole listed peer (which is loss making). Thus, we assign a “**SUBSCRIBE**” rating for the issue.

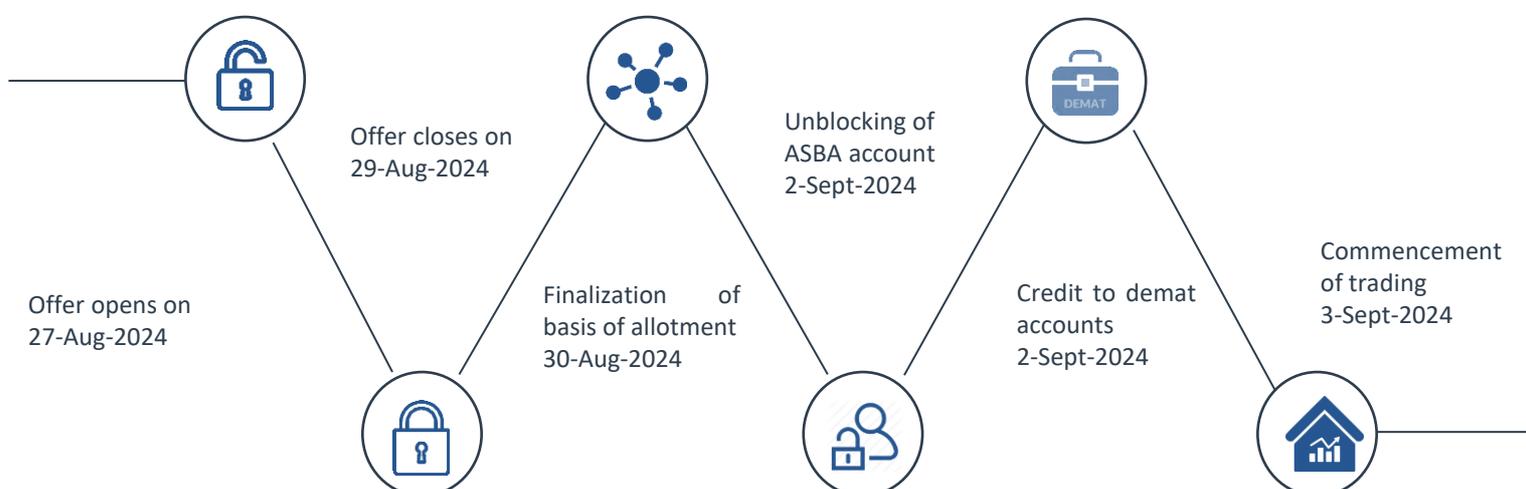
About the issue:

- PEL is coming up with an IPO with 6.290 - 6.444cr shares (fresh issue: 2.870 - 3.024cr shares; OFS shares: 3.420cr shares) in offering. This offer represents 13.95% - 14.25% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 2,751.7 - 2,830.4cr.
- The issue is through book building process with a price band of Rs. 427 - 450 per share.
- Lot size comprises of 33 equity shares and in-multiple of 33 shares thereafter.
- 0.022 - 0.023cr shares are reserved for eligible employees, with employee discount of Rs. 22 per share.
- The issue will open on 27th Aug. 2024 and close on 29th Aug. 2024.
- This public issue is a combination of fresh (Rs. 1,291.4cr) and OFS (Rs. 1,460.3 - 1,539.0cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 968.6cr to part-finance the establishment of the cell & module facility at the subsidiary level. Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.72cr equity shares. Moreover, couple of funds managed by the climate-focused global private equity investor i.e. GEF Capital are also partially offloading their stake in the company. Post-IPO, P&PG will have 66.03% stake in the company, while public shareholding will be 32.42%.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	72.23%	66.03%
Public	26.12%	32.42%
Non-promoter & Non-public	1.65%	1.54%
Total	100.00%	100.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY21-24: On financial performance front, PEL has reported a robust profitable growth in the business during FY21-24. During the FY21 and FY22, mainly due to the slower stabilization at one of the expanded facility and Covid-19 led restrictions, the company reported poor profitability and pre-tax losses.

On the back of expanded capacities at couple of its facilities with improved technologies and significant increase in the demand of solar cells & modules from the existing & new clients from domestic and overseas clients, PAL reported a 64.9% CAGR growth in the consolidated revenue to Rs. 3,143.8cr in FY24. Business from the sales of manufactured goods increased by 101.7% CAGR, with a revenue-mix of 86.8% in FY24, compared to 47.4% in FY21. Geographically, revenue from the domestic and overseas market increased by 57.5% and 264.7% CAGR, respectively, during the period.

Lower cost of key raw materials (mainly in FY24) led to a 60.5% CAGR (a rate lower than then top-line growth) rise in the net cost of production, thereby resulting in a 640bps expansion in the gross/material margin to 23.9% in FY24. Further, with relatively, lower employee and other expenses, EBITDA margin expanded by 754bps to 15.2%. Consequently, consolidated EBITDA increased by 107.2% CAGR to Rs. 477.8cr in FY24.

With expansion in the operating capacities, depreciation expenses increased by 102.1% CAGR, while higher financial liabilities led to a 76.6% CAGR rise in finance costs. During the FY21 and FY22, mainly due to the slower stabilization at one of the expanded facility and Covid-19 led restrictions, the company reported poor profitability and pre-tax losses. However, over FY21-24, reported PAT increased by 114.4% CAGR to Rs. 231.4cr in FY24. PAT margin expanded by 401bps to 7.4% in FY24.

The company reported positive operating cash flows during the period, though it declined by 27.5% CAGR. Average operating cash flow stood at Rs. 92.2cr during the period. Total consolidated financial liabilities increased by 57.8% CAGR, with debt-to-equity ratio of 2.3x in FY24, compared to 1.7x in FY21. Pre-issue average RoIC and RoE stood at 5.7% and 9.9%, respectively, during FY21-24.

Performance during Q1 FY25: Continuing with the FY24 profitable growth momentum, PAL reported a 171.2% Y-o-Y rise in the consolidated revenue to Rs. 1,657.4cr. With further decline in the cost of key raw materials, EBITDA and PAT margin expanded by 992bps and 683bps, respectively, to 21.6% and 12% in Q1 FY25, compared to 11.7% and 5.1% during Q1 FY24.

On TTM basis, consolidated revenue stood at Rs. 4,190.1cr, with EBITDA and PAT margin of 18.2% and 9.5%, respectively.

Pre-issue consolidated financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	Q1 FY24	Q1 FY25	TTM	CAGR over FY21-24	Y-o-Y (FY24 annual)
Income from sale of manufactured goods	332.8	317.9	1,142.3	2,728.7	494.8	1,448.0	3,681.9	101.7%	138.9%
Income from sale of traded goods	81.8	237.9	167.0	257.9	80.9	150.8	327.8	46.6%	54.5%
Revenue from power supply	3.9	4.0	4.3	3.8	1.1	1.0	3.8	-0.6%	-10.4%
Income from contracts	282.9	183.0	113.8	148.7	32.1	56.1	172.8	-19.3%	30.6%
Other operating revenue			1.2	4.6	2.1	1.4	3.9		298.3%
Revenue from operations	701.5	742.9	1,428.5	3,143.8	611.0	1,657.4	4,190.1	64.9%	120.1%
EBITDA	53.7	29.6	78.2	477.8	71.5	358.3	764.7	107.2%	511.0%
Reported PAT	23.5	(14.4)	(12.8)	231.4	31.3	198.2	398.2	114.4%	
Restated reported EPS	0.5	(0.3)	(0.3)	5.1	0.7	4.4	8.8	114.4%	
Cash flow from operating activities	236.9	5.0	36.7	90.2	2.7	623.1	710.5	-27.5%	145.8%
NOPLAT	19.4	1.8	(4.1)	305.2	40.3	224.9	489.7	150.4%	
FCF		(305.2)	(105.0)	(372.3)		(322.6)	(347.2)		254.4%
Revenue growth rate		5.9%	92.3%	120.1%		171.2%			
EBITDA growth rate		-44.9%	164.4%	511.0%		401.4%			
EBITDA margin	7.7%	4.0%	5.5%	15.2%	11.7%	21.6%	18.2%	754 bps	972 bps
Restated reported PAT growth rate			-10.8%			532.5%			
Restated reported PAT margin	3.3%	-1.9%	-0.9%	7.4%	5.1%	12.0%	9.5%	401 bps	826 bps
Inventories days	32.6	68.7	108.6	95.3	98.1	46.1	73.9	43.0%	-12.2%
Trade receivables days	84.3	75.5	26.1	38.8	21.5	32.1	51.5	-22.8%	48.4%
Trade payables days	(84.4)	(106.2)	(85.3)	(79.7)	(65.6)	(56.3)	(90.4)	-1.9%	-6.6%
Cash conversion cycle	32.4	38.0	49.4	54.5	54.0	21.8	35.0	18.8%	10.3%
Fixed asset turnover ratio	1.6	1.3	1.5	2.6	0.6	1.3	3.2	16.0%	69.4%
Total asset turnover ratio	0.7	0.6	0.7	0.9	0.3	0.4	1.1	7.2%	30.7%
Current ratio	1.1	1.4	1.1	1.2	1.0	1.3	1.3	2.8%	14.4%
Quick ratio	1.0	0.9	0.4	0.7	0.4	0.8	0.8	-12.1%	53.4%
Total debt	384.0	487.9	933.0	1,472.1	1,029.0	1,272.5	1,272.5	56.5%	57.8%
Net debt	369.6	359.6	816.6	1,215.1	909.6	806.3	806.3	48.7%	48.8%
Debt to equity	1.7	1.2	2.3	2.3	2.3	1.5	1.5	9.6%	0.3%
Net debt to EBITDA	6.9	12.2	10.4	2.5	12.7	2.3	1.1	-28.2%	-75.6%
RoIC (%)	4.1%	0.2%	-0.4%	19.0%	3.8%	12.1%	26.4%	1,489 bps	1,943 bps
RoE	10.6%	-3.6%	-3.1%	35.8%	7.1%	23.4%	47.0%	2,519 bps	3,888 bps
RoA	2.4%	-1.1%	-0.6%	6.5%	1.4%	5.3%	10.7%	411 bps	712 bps
RoCE	7.5%	0.3%	2.5%	25.5%	5.2%	18.7%	40.4%	1,803 bps	2,299 bps

Note: Pre-IPO financials; Source: Choice Equity Broking

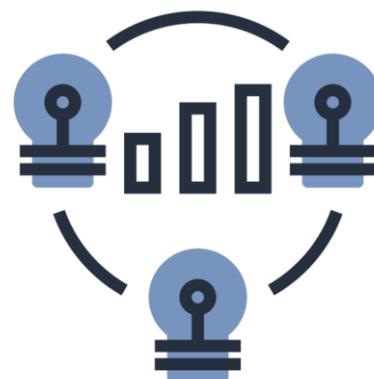


Competitive strengths:

- An integrated solar cell & solar module manufacturer
- A long track record in the solar module manufacturing market
- Experienced in solar cell-line production
- A diversified customer base with customer relationships both within India and overseas with a robust order-book
- An experienced promoter-led senior management team

Business strategy:

- Expand overseas presence and increase exports especially in the U.S. market through strategic backward integration of production chain and establishing manufacturing capabilities outside of India
- Develop and grow rooftop solar offering
- Capitalize on available market opportunities to grow the domestic business
- Expanding & upgrading manufacturing capacities using the latest technology



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Disruption in the global supply chain mainly due to geo-political tensions
- Difficulty in expanding the overseas and the US market
- Delay in the commissioning of expansion projects
- Unfavorable foreign currency exchange rates
- Volatility in the key raw material prices
- Competition from Chinese imports

Financial statements:

Consolidated profit and loss statement (Rs. cr)									
	FY21	FY22	FY23	FY24	Q1 FY24	Q1 FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Revenue from operations	701.5	742.9	1,428.5	3,143.8	611.0	1,657.4	4,190.1	64.9%	120.1%
Cost of raw materials consumed	(476.8)	(398.7)	(1,110.5)	(2,228.0)	(561.2)	(939.6)	(2,606.4)	67.2%	100.6%
Purchases of stock-in-trade	(52.0)	(228.1)	(156.8)	(239.9)	(77.2)	(142.8)	(305.4)	66.5%	53.0%
Changes in inventories of finished goods and work-in-progress	8.1	39.8	93.4	124.3	163.2	(41.6)	(80.6)	148.7%	33.1%
Contract execution expense	(57.7)	(31.6)	(24.6)	(47.4)	(11.2)	(14.5)	(50.7)	-6.4%	92.5%
Gross profit	123.1	124.2	230.0	752.8	124.6	518.9	1,147.1	82.9%	227.3%
Employee benefits expenses	(19.7)	(24.6)	(44.8)	(61.5)	(12.8)	(29.9)	(78.7)	46.2%	37.2%
Other expenses	(49.7)	(70.0)	(107.0)	(213.5)	(40.4)	(130.7)	(303.8)	62.6%	99.6%
EBITDA	53.7	29.6	78.2	477.8	71.5	358.3	764.7	107.2%	511.0%
Depreciation & amortization expenses	(11.6)	(27.6)	(53.2)	(96.1)	(15.4)	(79.4)	(160.1)	102.1%	80.5%
EBIT	42.0	2.0	25.0	381.7	56.0	278.9	604.5	108.6%	1428.7%
Finance costs	(21.7)	(43.0)	(68.6)	(121.2)	(18.4)	(45.2)	(148.0)	77.5%	76.6%
Other income	34.8	24.2	34.7	27.5	5.2	11.4	33.7	-7.5%	-20.6%
Share of profit of associates	0.7	1.2	1.2	1.3	0.7	0.7	1.3	26.7%	8.5%
PBT	55.8	(15.7)	(7.8)	289.4	43.5	245.7	491.6	73.1%	
Tax expenses	(30.0)	1.3	(5.6)	(58.0)	(12.2)	(47.6)	(93.4)	24.6%	940.4%
PAT before minority interest	25.8	(14.4)	(13.3)	231.4	31.3	198.2	398.2	107.7%	
Minority interest	(2.3)	0.0	0.5				0.0		
Reported PAT	23.5	(14.4)	(12.8)	231.4	31.3	198.2	398.2	114.4%	

Consolidated balance sheet statement (Rs. cr)									
	FY21	FY22	FY23	FY24	Q1 FY24	Q1 FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Equity share capital	25.0	26.3	26.3	26.3	26.3	33.4	33.4	1.8%	0.0%
Instruments entirely equity in nature		169.9	169.9	169.9	169.9	169.9	169.9		0.0%
Other equity	197.1	198.4	215.0	450.6	247.0	643.1	643.1	31.7%	109.6%
Minority interest	16.9	9.3	13.0	13.0	13.0	13.0	13.0	-8.4%	0.0%
Non-current borrowings	259.0	363.3	611.3	964.4	643.8	947.7	947.7	55.0%	57.8%
Non-current lease liabilities	0.5	0.4	0.1	7.3	5.0	6.9	6.9	139.8%	5208.0%
Non-current provisions	35.0	30.8	28.7	48.8	30.1	72.1	72.1	11.7%	69.6%
Net deferred tax liabilities	18.9	7.6	8.4	30.7	19.3	15.9	15.9	17.6%	265.6%
Other non-current liabilities	25.3	52.7	41.9	43.2	43.3	59.3	59.3	19.5%	3.1%
Trade payables	162.3	269.9	397.9	974.6	445.6	1,037.5	1,037.5	81.8%	144.9%
Current borrowings	86.2	90.0	152.3	427.8	178.4	252.4	252.4	70.6%	181.0%
Current lease liabilities	0.3	0.3	0.3	1.5	0.8	1.6	1.6	82.2%	398.4%
Other current financial liabilities	38.0	33.9	169.0	71.0	200.9	63.8	63.8	23.1%	-58.0%
Current provisions	0.4	0.9	0.5	1.0	0.5	0.6	0.6	29.1%	84.0%
Net current tax liabilities	1.1			23.1	2.8	49.4	49.4	174.5%	
Other current liabilities	110.8	87.8	276.0	300.8	258.9	368.7	368.7	39.5%	9.0%
Total liabilities	976.9	1,341.5	2,110.7	3,554.1	2,285.7	3,735.5	3,735.5	53.8%	68.4%
Property, plant & equipments	419.6	471.4	583.6	1,188.7	568.9	1,270.5	1,270.5	41.5%	103.7%
Intangible assets	0.2	0.5	2.1	0.0	1.9	0.0	0.0	-39.3%	-97.6%
Right-of-use assets	0.9	0.7	0.4	8.7	5.8	8.2	8.2	110.3%	1972.4%
Capital work-in-progress	0.1	114.2	349.3	19.8	433.3	18.2	18.2	512.8%	-94.3%
Investment property	4.7	5.9	5.8	5.7	5.8	5.7	5.7	7.0%	-1.1%
Goodwill		0.0	0.0	0.0	0.0	0.0	0.0		0.0%
Non-current investments	9.1	6.5	7.0	9.1	8.5	9.8	9.8	-0.2%	29.5%
Non-current loans			2.2		2.2		0.0		
Other non-current financial assets	59.3	53.1	39.8	68.6	41.1	64.5	64.5	5.0%	72.6%
Net deferred tax assets	1.6	1.1	0.2	17.2	4.4	9.6	9.6	122.2%	6804.0%
Net income tax assets			5.6	1.2	3.7	1.3	1.3		-78.5%
Other non-current assets	36.4	23.6	58.9	53.2	82.4	23.5	23.5	13.5%	-9.7%
Inventories	62.6	216.9	632.9	1,009.3	666.0	848.1	848.1	152.6%	59.5%
Trade receivables	162.0	145.2	59.5	609.0	146.2	590.8	590.8	55.5%	924.2%
Current investments		48.2	51.8		47.2	250.2	250.2		
Cash & cash equivalents	14.5	80.1	64.6	257.0	72.2	216.0	216.0	161.0%	298.0%
Bank balances other than above	65.0	79.6	128.9	145.7	102.6	237.2	237.2	30.9%	13.0%
Current loans	1.8	0.7	0.4	0.9	0.5	1.2	1.2	-21.5%	154.6%
Other current financial assets	6.8	11.8	8.0	36.6	5.0	42.5	42.5	75.6%	357.5%
Net current tax assets		1.3	2.1	1.9	2.3	2.2	2.2		-6.7%
Other current assets	117.8	78.9	107.8	121.4	85.6	136.0	136.0	1.0%	12.7%
Assets classified as held-for-sale	14.4	1.7					0.0		
Total assets	976.9	1,341.5	2,110.7	3,554.1	2,285.7	3,735.5	3,735.5	53.8%	68.4%

Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)									
	FY21	FY22	FY23	FY24	Q1 FY24	Q1 FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	83.9	42.4	87.7	484.2	70.7	387.9	801.3	79.4%	452.2%
Working capital changes	166.7	(25.5)	(40.7)	(368.8)	(66.8)	263.5	(38.4)	-230.3%	806.9%
Cash flow from operating activities	236.9	5.0	36.7	90.2	2.7	623.1	710.5	-27.5%	145.8%
Purchase of fixed assets and CWIP	(324.5)	(198.7)	(276.0)	(451.4)	(81.3)	(116.4)	(486.5)	11.6%	63.5%
Cash flow from investing activities	(352.8)	(217.9)	(303.9)	(446.6)	(44.9)	(438.9)	(840.6)	8.2%	47.0%
Cash flow from financing activities	109.1	278.6	251.7	548.9	49.8	(225.3)	273.8	71.3%	118.1%
Net cash flow	(6.8)	65.6	(15.5)	192.4	7.7	(41.0)	143.7		
Opening balance of cash	21.2	14.5	80.1	64.6	64.6	257.0	72.2	44.9%	-19.4%
Closing balance of cash	14.5	80.1	64.6	257.0	72.2	216.0	216.0	161.0%	298.0%

Consolidated financial ratios							
Particulars	FY21	FY22	FY23	FY24	Q1 FY24	Q1 FY25	TTM
Profitability ratios							
Revenue growth rate		5.9%	92.3%	120.1%			171.2%
Gross profit growth rate		0.9%	85.2%	227.3%			316.3%
Gross profit margin	17.5%	16.7%	16.1%	23.9%	20.4%	31.3%	27.4%
EBITDA growth rate		-44.9%	164.4%	511.0%			401.4%
EBITDA margin	7.7%	4.0%	5.5%	15.2%	11.7%	21.6%	18.2%
EBIT growth rate		-95.3%	1164.3%	1428.7%			397.6%
EBIT margin	6.0%	0.3%	1.7%	12.1%	9.2%	16.8%	14.4%
Restated adjusted PAT growth rate			-10.8%				532.5%
Restated adjusted PAT margin	3.3%	-1.9%	-0.9%	7.4%	5.1%	12.0%	9.5%
Turnover ratios							
Inventory turnover ratio	11.2	5.3	3.4	3.8	0.9	2.0	4.9
Trade receivable turnover ratio	4.3	4.8	14.0	9.4	4.2	2.8	7.1
Accounts payable turnover ratio	4.3	3.4	4.3	4.6	1.4	1.6	4.0
Fixed asset turnover ratio	1.6	1.3	1.5	2.6	0.6	1.3	3.2
Total asset turnover ratio	0.7	0.6	0.7	0.9	0.3	0.4	1.1
Liquidity ratios							
Current ratio	1.1	1.4	1.1	1.2	1.0	1.3	1.3
Quick ratio	1.0	0.9	0.4	0.7	0.4	0.8	0.8
Total debt	384.0	487.9	933.0	1,472.1	1,029.0	1,272.5	1,272.5
Net debt	369.6	359.6	816.6	1,215.1	909.6	806.3	806.3
Debt to equity	1.7	1.2	2.3	2.3	2.3	1.5	1.5
Net debt to EBITDA	6.9	12.2	10.4	2.5	12.7	2.3	1.1
Cash flow ratios							
CFO to PAT	10.1	(0.3)	(2.9)	0.4	0.1	3.1	1.8
CFO to Capex	0.7	0.0	0.1	0.2	0.0	5.4	1.5
CFO to total debt	0.6	0.0	0.0	0.1	0.0	0.5	0.6
CFO to current liabilities	0.6	0.0	0.0	0.1	0.0	0.4	0.4
Return ratios							
RoIC (%)	4.1%	0.2%	-0.4%	19.0%	3.8%	12.1%	26.4%
RoE (%)	10.6%	-3.6%	-3.1%	35.8%	7.1%	23.4%	47.0%
RoA (%)	2.4%	-1.1%	-0.6%	6.5%	1.4%	5.3%	10.7%
RoCE (%)	7.5%	0.3%	2.5%	25.5%	5.2%	18.7%	40.4%
Per share data							
Restated adjusted EPS (Rs.)	0.5	(0.3)	(0.3)	5.1	0.7	4.4	8.8
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	4.9	8.8	9.1	14.4	9.8	18.8	18.8
Operating cash flow per share (Rs.)	5.3	0.1	0.8	2.0	0.1	13.8	15.8
Free cash flow per share (Rs.)		(6.8)	(2.3)	(8.3)		(7.2)	(7.7)
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Pvt. Ltd. ("CEBPL") is a registered Research Analyst Entity (Reg. No. INH000000222; Cin. No. U65999MH2010PTC198714). Registered Address: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400-099. Tel. No. 022-6707 9999.

Compliance Officer: Prashant Saliang; Tel. No. 022-6707-9999; Ext. 2310; email-id: compliance@choiceindia.com

Grievance officer: Deepika Singhvi ; Tel. No. 022-6707-9999; Ext. 834; email-id: ig@choiceindia.com

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors .

This Research Report (hereinafter referred as "Report") has been prepared by Choice Equity Broking Pvt. Ltd. as a Research Entity (hereinafter referred as "CEBPL RE"). The Research Analysts, strategists are principally responsible for the preparation of "CEBPL RE" research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his/her own risk and CEBPL does not accept any liability as a result. Securities and derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

General disclaimer: This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Yester performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

Disclaimers in respect of jurisdiction: This Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this Report.

Disclosures of interest (Additional):

- 1) "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company (ies) covered in this Report.
- 2) "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than one of the securities of the company (ies) covered in this Report as of the end of the month immediately preceding the distribution of the research report.
- 3) "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this Report.
- 4) "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in this Report, in the past twelve months.
- 5) "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this Report.
- 6) "CEBPL", or its associates have not received compensation or other benefits from the company (ies) covered in this Report or from any third party, in connection with the Report.
- 7) CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Report.
- 8) "CEBPL", its research analyst has not been engaged in market making activity for the company (ies) covered in the Report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. <https://choiceindia.com/research-listing>.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (Contd...)

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Report are given below:

Sr. no.	Particulars	Yes / No
1.	Whether compensation has been received from the company (ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2.	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company (ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company (ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company (ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in the Research report, in the last twelve months	No

Copyright: The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.