

IPO NOTE

Issue Details

Price Band: ₹ 30 to ₹ 32
Issue Opens on: November 21, 2023
Issue Closes on: November 23, 2023
Lot Size: 460 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 2,150.21 Cr.
No of Shares:	671,941,177
Face Value:	₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	1,290.13
Offer for Sale	860.08
Total	2,150.21

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	1,072.11
HNI	15	321.63
Retail	35	750.47
Employee	-	6.00
Total	100	2,150.21

Listing

BSE & NSE

Lead Managers

- IDBI Capital Markets & Securities Ltd.
- BOB Capital Markets Ltd.
- SBI Capital Markets Ltd.

Registrar

Link Intime India Pvt Ltd.

ANALYST

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COMPANY OVERVIEW

IREDA is a wholly owned Government of India ("GoI") enterprise under the administrative control of the Ministry of New and Renewable Energy (the "MNRE"). It was notified as a "Public Financial Institution" ("PFI") and is registered with the Reserve Bank of India (the "RBI") as a Systemically Important Non-Deposit-taking Non-Banking Finance Company (a "NBFC-ND-SI"), with Infrastructure Finance Company ("IFC") status. IREDA is a financial institution with over 36 years of experience in the business of promoting, developing and extending financial assistance for new and renewable energy ("RE") projects, and energy efficiency and conservation ("EEC") projects. It provides a comprehensive range of financial products and related services, from project conceptualisation to post-commissioning, for RE projects and other value chain activities, such as equipment manufacturing and transmission.

IREDA has financed projects across multiple RE sectors such as solar power, wind power, hydro power, transmission, biomass including bagasse and industrial co-generation, waste-to-energy, ethanol, compressed biogas, hybrid RE, EEC and green-mobility. It also offers financial products and schemes for new and emerging RE technologies such as, biofuel, green hydrogen and its derivatives, battery energy storage systems, fuel cells, and hybrid RE projects.

It provides loans to government entities and also provide financing schemes for RE suppliers, manufacturers and contractors. Their non-fund-based products include letter of comfort, letter of undertaking, payment on order instruments and guarantee assistance schemes. Further, they provide consulting services on techno-commercial issues relating to the RE sectors.

HIGHLIGHTS

1. Track record of growth, geared towards high quality assets and diversified asset book and stable profitability.
2. Strategic role in Government of India initiatives in the Renewable Energy sector.
3. Established and trusted brand name operating in a rapidly expanding sector
4. Digitized process for borrower centricity and operational scalability, with presence across India
5. Comprehensive data-based credit appraisal process and risk-based pricing.
6. Access to diversified and cost-effective long-term sources of borrowing

OBJECTS OF THE ISSUE

1. Augmenting capital base to meet future capital requirements and onward lending
2. General corporate purpose.

Offer for sale up-to 268,776,471 Equity Shares. The Company will not receive any proceeds from Offer for Sale.

OUR VIEW

IREDA is India's largest pure-play green financing NBFC. It's a Schedule 'A' enterprise - 100% owned by Government of India. They have an established track record of consistent growth in loan book and stable profitability in the RE financing space in India. With the announcement of 500 GW non-fossil fuel-based capacity installation by 2030 and net-zero emissions by 2070, India has set itself on one of the most accelerated energy transition trajectories in the world.

The total income grew at a CAGR of 14.47% over FY21- 23 and grew about 47% H1FY24 YOY. The company operated on a spread of 2.21% for FY23 and 1.11% H1FY24. The PAT margin stood at 24.82% for FY23 and 24.96% for H1FY24. The gross NPA improved from 8.77% in FY21 to 3.21% in FY23 and further to 3.13% in H1FY 2024. The Net NPA improved from 5.61% in FY21 to 1.66% in FY23 and further to 1.65% in H1FY24. ROA expanded to 1.98 in FY23 from 1.20% in FY21 and stood at 1.14* at H1FY24.

The company is asking for a PE of 8.47x taking the FY23 EPS (₹ 3.78) on the upper end of the price band, and a PE of 6.3x annualizing H1FY24 EPS (₹ 2.54). The issue is priced at a P/BV of 1.11 based on its NAV of Rs. 28.80 as of September 30, 2023.

IREDA has strong financial track record and growth as GoI initiatives towards Renewable Energy Projects, IREDA can get benefit which can boost company's growth. On the other side the company could suffer if they are unable to maintain and effectively manage the quality of growing asset portfolio and NPAs. Volatility in interest rates can affect its business. Company's credit ratings for its bonds got downgraded in the past and Sector volatility and Technology risk is also there.

Keeping in mind the favorable and unfavorable factors, the issue is fully priced, however being in renewable energy sector one can consider long term investment.

Brief Financials

PARTICULARS	As at September 30, 2023 (Standalone)	FY '23 (Standalone)	FY '22 (Standalone)	₹ in Millions FY '21 (Consolidated)
	Total Income	23,204.58	34,830.44	28,741.55
Total Expenditure	15,010.24	23,437.96	20,403.15	20,882.28
EBITDA	23,120.31	31,507.96	23,297.75	20,313.92
Profit before Tax	8,194.34	11,392.49	8,338.40	5,695.16
Profit after Tax	5,793.15	8,646.28	6,335.28	3,463.81
E.P.S.	2.54	3.78	8.03	4.41
P/E (x)	-	8.47	-	-
RONW (%)	9.26	15.43	15.33	12.56

PRICE CHART (@ ₹ 32) (Retail Category)

LOT SIZE	Amount
460	14,720
920	29,440
1,380	44,160
1,840	58,880
2,300	73,600
2,760	88,320
3,220	103,040
3,680	117,760
4,140	132,480
4,600	147,200
5,060	161,920
5,520	176,640
5,980	191,360

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	6,440	206,080
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	30,820	986,240
Above ₹ 10 Lakhs	31,280	1,000,960

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	28/11/2023
Initiation of refunds/unblocking ASBA Fund	28/11/2023
Credit of Equity Shares to demat accounts of Allottees	29/11/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	01/12/2023

[For more details, Please refer RHP,](#)
(SEBI | Indian Renewable Energy Development Agency Limited - RHP)

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