

IPO Note

“SUBSCRIBE”

Apply for Listing Gains and Long Term Investments



***Indian Renewable
Energy Development
Agency Limited***

Mahesh M. Ojha
AVP – Research & Business Development
mahesh.ojha@hensex.com

ABOUT COMPANY:

- IREDA is a wholly owned Government of India ("GoI") enterprise under the administrative control of the Ministry of New and Renewable Energy. Established in 1987, IREDA is a NBFC incorporated to with an objective to provide innovative financing in RE and energy efficiency/ conservation and environmental technologies. IREDA provides a comprehensive range of financial products and related services from project conceptualization to the post-commissioning stage in RE projects and equipment manufacturing.
- Systemically Important Non-Deposit-taking NBFC:** IREDA is registered with the RBI as a Systemically Important Non-Deposit-taking NBFC (a "NBFC-ND- SI"), with Infrastructure Finance Company ("IFC") status. The company was also conferred with the Mini Ratna (Category I) status in June 2015 by the DPE. Since Fiscal 2021, the company has consistently been rated 'Excellent' by the MNRE in course of evaluation of performance in achieving key targets.
- Diversified portfolio of Term Loans Outstanding:** The company 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. As of September 30, 2023, its Term Loans Outstanding, stood at ₹ 47,514 Cr vs. ₹ 27,854 Cr in FY2021.
- Comprehensive suite of financial fund-based and non-fund-based products and services:** IREDA provides key fund-based products for RE developers are long-term, medium-term and short-term loans (for projects, manufacturing and equipment financing), top-up loans, bridge loans, takeover financing, and loans against securitization of future cashflows. The company also provide line of credit to other NBFCs for on-lending to RE and EEC projects. In addition, they provide loans to government entities and also provide financing schemes for RE suppliers, manufacturers and contractors.
- Financial Performance:** The Company's Term Loans Outstanding grew to ₹ 33,783 Cr in FY23 from ₹ 27,854 Cr in FY21, at CAGR of 30%, while Profit After Tax grew to ₹ 410.26 Cr from ₹ 346 Cr, at CAGR of 57.99% during the FY21 to FY23. The company's Net NPA's have improved from 5.61% in FY21 to 1.66% as of FY 23.

ISSUE BREAK-UP

Investor	No. of Eq Shares	₹ In Cr		% of Allocation
		@Lower	@Upper	
QIB	335,032,878	1,005.10	1,072.11	50%
NIB	100,509,864	301.53	321.63	15%
-NIB2	67,006,576	201.02	214.42	-
-NIB1	33,503,288	100.51	107.21	-
RET	234,523,015	703.57	750.047	35%
EMP	1,875,420	5.63	6.00	
Total	671,941,177	2,015.82	2,150.21	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Anchor Bid on: Monday, 20th November 2023
Issue opens on: Tuesday, 21st November 2023
Issue closes on: Thursday, 23rd November 2023

Issue Details *Fresh Issue of 403,164,706 Eq. shares & Offer for sale of 268,776,471 Eq. Shares*
Face value: ₹ 10/-
Price band: ₹ 30 – 32
Bid Lot: 460 Eq. Shares and in multiple thereof
Issue size: ₹ 2,016 – 2,150 Cr
Post Issue Implied Market Cap: ₹ 8,063 - 8,601 Cr
Employee Reservation: Upto 18,75,420 Shares
Listing On: BSE & NSE
BRLM BOB Capital Markets, IDBI Capital, SBI Capital Markets
Registrar: Link Intime India Pvt Ltd

INDICATIVE TIMETABLE:

Activity	On or about
Finalization of Basis of Allotment	28-11-2023
Refunds/Unblocking ASBA Fund	28-11-2023
Credit of equity shares to DP A/c	29-11-2023
Trading commences	01-12-2023

SHAREHOLDING (APPROX. NO. OF SHARES):

Pre Issue	Post Issue
2,284,600,000	2,687,764,706

SHAREHOLDING PATTERN(%)

Particulars	Pre-Issue	Post-Issue
Promoters & Promoter Group	100%	75%
Public	0%	25%
Total	100.00%	100.00%

MINIMUM BIDS APPLICATION:

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII – Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	460 Shares	6440 Shares	31,280 Shares
Minimum Bid Lot Amount (₹)	₹ 14,720^	₹ 2,06,080^	₹ 10,00,960^
No. Of Applications For 1x	509,833 Application	5,202 Applications	10,405 Applications

BACKGROUND:

Company and Directors

IREDA is a NBFC established in 1987, with an objective to provide innovative financing in RE and energy efficiency/conservation and environmental technologies. IREDA provides a comprehensive range of financial products and related services from project conceptualization to the post-commissioning stage in RE projects and equipment manufacturing. It provides financial assistance through both fund-based and non-fund-based facilities including project finance, short-terms loans, debt refinancing, performance guarantee and letters of comfort. The company mainly finances projects in the wind, hydro, solar, bio-energy sectors as well as emerging areas, such as battery-powered vehicle sectors. IREDA is the largest pure-play green financing NBFC in India.

IREDA is the issuer of first debt security (green masala bond) in India listed on IFSC exchange. IREDA is the first financial institution in India to raise green masala bonds. IREDA is among the first financial institution to raise global funds for climate financing from DFIs / multilaterals in India. IREDA is a nodal agency for MNRE schemes such as Central Public Sector Undertaking Scheme, Phase-II (Government Producer Scheme); National Bioenergy Program; National Programme on High-Efficiency Solar PV Modules under PLI scheme, Tranche-I; and Generation-Based Incentive (GBI) Scheme. As on March 2023, the loan assets of IREDA had reached ₹ 470.7 billion.

KEY FINANCIALS:

(₹ in Cr)

	As at Jun' 30,		As at Mar' 31,		
	2023(03)	2022(03)	2023(12)	2022(12)	2021(12)
Total Income	2,320	1,578	3,483	2,874	2,658
Profit after tax	579	410	865	634	346
Net interest income	785	624	1,324	1,128	992
Net worth	6,581	5,638	5,935	5,268	2,996
Term Loans Outstanding	47,514	33,783	47,076	33,931	27,854
Total borrowings	39,850	30,230	40,165	27,613	24,000
Net interest margin (%)	1.68%	1.79%	3.32%	3.75%	3.93%
Total Debt to net worth	6.06	5.36	6.77	5.24	8.01
Cost to income ratio (%)	64.69%	60.95%	67.29%	70.99%	78.57%
ROA (%)	1.14%	1.06%	1.98%	1.89%	1.20%
CRAR (%)	20.92%	23.55%	18.82%	21.22%	17.12%
Gross NPAs (%)	3.13%	5.06%	3.21%	5.21%	8.77%
Net NPAs (%)	1.65%	2.72%	1.66%	3.12%	5.61%
EPS - Basic & Diluted (₹)	2.54^	1.80^	3.78	8.03	4.41
RONW (%) as stated	9.26%^	7.52%^	15.43%	15.33%	12.56%
NAV (₹) as stated	28.80	24.68	25.98	23.06	38.18

Source: RHP, *Restated Consolidated, ^ not annualised

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Offer for sale of Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoter Group	2,284,600,000	100.00%	268,776,471	2,015,823,529	75.00%
Total for Promoter and Promoter Group	2,284,600,000	100.00%	268,776,471	2,015,823,529	75.00%
Public	0	0.00%	403,164,706	671,941,177	25.00%
Total for Public Shareholders	0	0.00%	403,164,706	671,941,177	25.00%
Total Equity Share Capital	2,284,600,000	100.00%	671,941,177	2,687,764,706	100.00%

BUSINESS 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"). The Company was notified as a "Public Financial Institution" ("PFI") under Section 4A of the Companies Act, 1956 by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India on October 17, 1995 and is registered with the Reserve Bank of India (the "RBI") as a Systemically Important Non-Deposit-taking Non-Banking Finance Company (a "NBFCND-SI"), with Infrastructure Finance Company ("IFC") status. In September 2023, they

have been upgraded from Schedule B to Schedule A in the list of CPSEs by the Department of Public Enterprises ("DPE"). IREDA has also been conferred with the Mini Ratna (Category-I) status in June 2015 by the DPE. Since Fiscal 2021, it has consistently been rated 'Excellent' by the MNRE in course of evaluation of its performance in achieving key targets.

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.

The company 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. The company 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.

IREDA's non-fund-based products include letter of comfort, letter of undertaking, payment on order instruments and guarantee assistance schemes. Further, the company provides consulting services on techno-commercial issues relating to the RE sector.

IREDA has been established as an integral part of and have played a strategic role in the Govt's initiatives for the promotion and development of the RE sector in India. IREDA is directly involved in implementing several significant schemes launched by the MNRE. The company was the fund handling agency for the Credit Linked Capital Subsidy Scheme. Further, it has been designated as the Central Nodal Agency for the National Bioenergy Programme (Phase I) for the Scheme to Support Manufacturing of Briquettes and Pellets and Promotion of Biomass (non-bagasse) based co-generation in Industries and the Programme on Energy from Urban, Industrial, Agricultural Waste/ Residues. The company is also the implementing agency for the Central Public Sector Undertaking (Government Producer Scheme) (Phase 2 Tranche III), Generation Based Incentive Scheme as well as the Rooftop, PV and Small Solar Generation Programme and the National Programme on High Efficiency Solar PV Modules under the Production Linked Incentive Scheme (Tranche I).

Tata Technologies Limited ("**Tata Technologies**") is a leading global engineering services company offering product development and digital solutions, including turnkey solutions, to global original equipment manufacturers ("**OEMs**") and their Tier-1 suppliers. They endeavour to create value for their clients by helping them develop products that are safer, cleaner and improve the quality of life for their end-customers. The company has deep domain expertise in the automotive industry and leverage this expertise to serve their clients in adjacent industries, such as in aerospace and transportation and construction heavy machinery ("**TCHM**"). As a global organization, they bring together diverse teams from different parts of the world with multiple skill sets to collaborate in real time and solve complex engineering problems for their clients.

The Company's globally distributed onshore-offshore service delivery capability helps them to suitably address clients' requirements. They leverage their deep manufacturing domain knowledge to deliver value-added services to their clients in support of their digital transformation initiatives including product development, manufacturing, and customer experience management.

Zinnov has estimated the global engineering, research and development ("**ER&D**") spend to be approximately \$1.81 trillion as of

2022 and expects it to grow to approximately \$2.67 trillion by 2026. The ER&D spend outsourced to third party service providers reached \$105 billion to \$110 billion in 2022 and is anticipated to grow at a 11-13% CAGR between 2022 and 2026. Key drivers for growth within the ER&D market, particularly the automotive market, include an increasing propensity to outsource services (following the COVID-19 pandemic), increased regulatory interventions for safer and cleaner products, shrinking product innovation cycles and next-generation product technologies that underpin autonomous, connected, electrification and shared ("**ACES**") technologies.

Additional growth drivers include a heightened focus on smart manufacturing, reducing product development time and cost, connecting the digital thread and enhancing customer experience. Typically, the TCHM industry lags behind the automotive industry by 3 to 5 years, but the demand for outsourced engineering services is driven by similar regulatory and technological challenges.

In Fiscal 2023 and the 6 months ended September 30, 2023, the Company's total loans sanctioned of ₹ 32,587 Cr and ₹ 4,745 Cr, respectively, included ₹ 27,687 Cr and ₹ 3,842 Cr of term loans for RE and EEC projects, ₹ 849 Cr and ₹ 280 Cr of short-term loans to RE developers and ₹ 152 Cr and ₹ 373.49 Cr of guaranteed loans and letter of comfort. In Fiscal 2023, the

company's total loans sanctioned included ₹ 3,750 Cr loan facilities to State Utilities and ₹ 98.45 Cr under the Guaranteed Emergency Credit Line.

IREDA has a geographically diversified portfolio, with Term Loans Outstanding across 23 States and five Union Territories across India, as of September 30, 2023. The company has a secured asset base, and 93.41% of its Term Loans Outstanding as of September 30, 2023, has security cover.

The company has been rated highly by credit rating agencies and as of the date of the Red Herring Prospectus, India Ratings had rated its debt instruments AAA (Stable), ICRA has rated its Bonds ICRA AAA (Stable) and Acuite has rated its bank loans Acuite AAA Stable.

In addition to the financial products and services, IREDA also has its own 50 MW Solar Photovoltaic Project at Kasaragod Solar Park in the State of Kerala. The project generates power which is injected into the grid of Kerala State Electricity Board. The project was fully commissioned in September 2017. In Fiscal 2021, 2022, 2023, and the six months ended September 30, 2022 and September 30, 2023 their 50 MW Solar Photovoltaic Project generated revenue of ₹ 27.42 Cr, ₹ 28.49 Cr, ₹ 26.90 Cr, ₹ 11.83 Cr and ₹ 13.98 Cr, respectively.

KEY FINANCIAL AND OPERATIONAL METRICS

(₹ In Cr)

Particulars	As at Sep' 30		As at Mar 31,		
	2023	2022	2023	2022	2021
Total Income	2,320	1,578	3,483	2,874	2,658
Profit after tax	579	410	865	634	346
Net interest income	785	624	1,324	1,128	992
Net worth	6,581	5,638	5,935	5,268	2,996
Term Loans Outstanding	47,514	33,783	47,076	33,931	27,854
Term Loans Outstanding/ Average Term Loans Outstanding	1.00	1.00	1.16	1.10	1.08
Total assets/ Average Term Loans Outstanding	1.08	1.20	1.25	1.19	1.18
Total borrowings	39,850	30,230	40,165	27,613	24,000
Profitability ratios:					
Spread	1.11%	1.43%	2.21%	2.81%	3.26%
Net interest margin	1.68%	1.79%	3.32%	3.75%	3.93%
Total Debt to net worth	6.06	5.36	6.77	5.24	8.01
Average yield on average interest earning assets	4.96%	4.46%	8.63%	9.17%	10.44%
Average cost of borrowings	3.82%	3.22%	6.23%	6.33%	7.15%
Cost to income ratio	64.69%	60.95%	67.29%	70.99%	78.57%
ROA	1.14%	1.06%	1.98%	1.89%	1.20%
ROE	9.26%	7.52%	15.44%	15.33%	12.56%
Regulatory capital ratios:					
CRAR	20.92%	23.55%	18.82%	21.22%	17.12%
Asset quality ratios:					
Provision coverage ratio	48.11%	47.58%	49.25%	41.45%	38.14%
Gross NPAs (%)	3.13%	5.06%	3.21%	5.21%	8.77%
Net NPAs (%)	1.65%	2.72%	1.66%	3.12%	5.61%
EPS (basic)	2.54	1.80	3.78	8.03	4.41

Source: RHP

BUSINESS OPERATIONS

IREDA provides financial products and related services for solar power, wind power, hydro power, biomass including bagasse and industrial co-generation, waste-to-energy, ethanol, compressed biogas, EEC and green-mobility. The company's products and services are organized primarily in I) Fund Based Products and II) Non-fund Based Products.

The **Non-fund Based Products** and Services include:

- Letters of comfort / undertaking;
- Guarantee schemes such as : (i) Credit enhancement guarantee schemes, (ii) Guarantee assistance scheme to RE suppliers, manufacturers, developers and EPC contractors; and
- Consultancy services.

The **Fund Based Products** as on 30th September included the following:

- Term loans for RE generation, manufacturing projects and EEC projects;
- Project specific funding;

- Takeover financing from banks and financial institutions;
- Short term loans to RE developers, suppliers, contractors and manufacturers;
- Term loan facility to government bodies, DISCOMs, transport companies and state-owned trading companies;
- Guaranteed Emergency Credit Line;
- Co-financing, underwriting of debt, loan syndication and consortium financing;
- Bridge loan assistance to RE developers against capital subsidies or VGF available under various state or Gol schemes;
- Loan against securitization of future cash flows;
- Line of credit to NBFCs for on- lending to RE and EEC projects;
- Financing rooftop solar PV grid-connected or interactive power projects (industrial, commercial and institutional);
- Financing of transmission projects;
- Top-up loan;
- Financing manufacturing of biomass pellets, briquettes, torrefied pellets and refuse derived fuels;
- Financing of new ethanol distilleries and expansion of distillery production;

- Financing new technologies and funding of green mobility segment;
- Financing for compressed bio-gas under Sustainable Alternative Towards Affordable Transportation Scheme;
- Special products for funding RE project through bonds, banks loans and other financial instruments; and
- Refinancing of loans.

Geographic Spread

As of September 30, 2023, the company's Term Loans Outstanding in 23 States and 5 Union Territories

State	Number of Projects Financed	Term Loans Outstanding as of September 30, 2023 (in ₹ Cr)	Percentage of Term Loans Outstanding
Rajasthan	17	7,363	15.50%
Karnataka	70	6,558	13.81%
Andhra Pradesh	39	6,490	13.66%
Gujarat	35	4,683	9.86%
Maharashtra	45	3,749	7.89%
Telangana	29	3,058	6.44%
Tamil Nadu	33	2,787	5.87%
Madhya Pradesh	13	2,132	4.49%
Uttarakhand	22	1,670	3.52%
Others	10	1,289	2.71%
Odisha	11	1,053	2.22%
Himachal Pradesh	24	1,040	2.19%
Uttar Pradesh	17	979	2.06%
Punjab	15	918	1.93%
Sikkim	1	744	1.57%
Kerala	5	611	1.29%
Haryana	7	507	1.07%

Lending Policies and Procedures

The company follows a detailed business process for providing financing to specific projects under various schemes for the generation of energy through new and renewable sources of energy and for energy conservation projects. The company's lending norms are generally as follows:

- Range of Interest rates: 8.65% to 12.10%;
- Moratorium: 6 months to 18 months from the date of commercial operation date;
- Repayment period: up to 25 years.

Type of Project	Loan Funding as a % of Project Cost	Maximum Loan Tenure
Wind Power	Up to 80%	25 years*
Solar Energy	Up to 80%	25 years*
Solar Energy	Up to 80%	25 years*
Biomass-based Co-generation	Up to 50%	15 years
Waste-to-energy	Up to 70%	15 years
EEC	Up to 80%	15 years
Emerging Technologies	Up to 80%	20 years, with one year moratorium
Ethanol	Up to 95%	7 years
Transmission	Public sector (90%); Private sector (80%)	25 years*

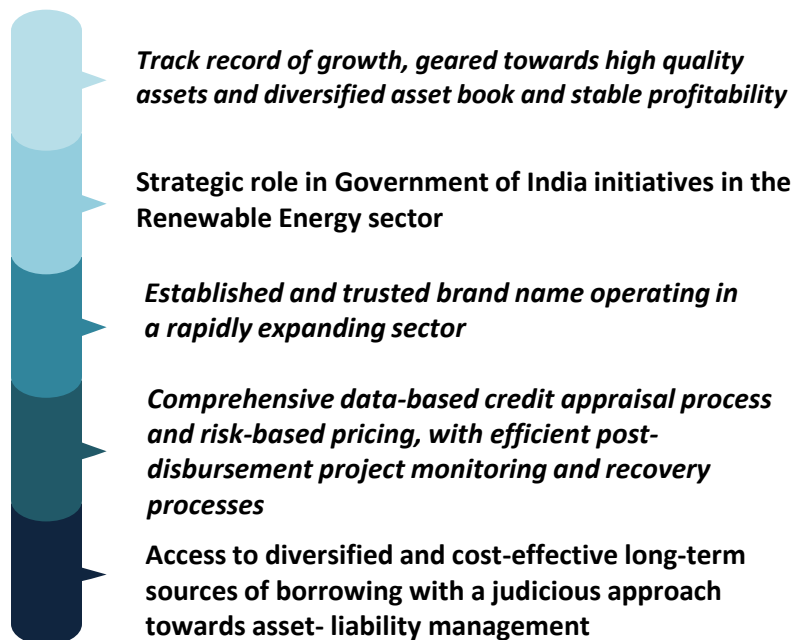
Sources of Funding

The company also funds its business with borrowings of various maturities from the domestic and international markets. The borrowings include, among others, taxable and tax-free bonds, foreign currency lines of credits from multilateral and bilateral agencies, borrowings from domestic banks and financial institutions as well as external commercial borrowings.

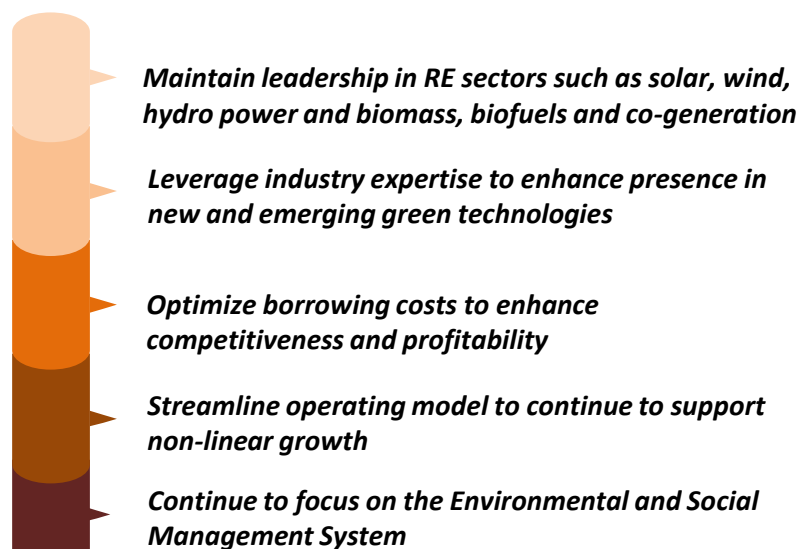
Borrowings from / Period	As of Sept. 30, 2023	%	FY2023	%	FY2022	%	FY2021	%
Domestic Banks & Financial Institutions	17,930	44.9	18,492	46.0	7,043	25.5	3,385	14.1
International Banks and Financial institutions	9,686	24.3	10,133	25.2	10,432	37.8	10,318	42.9
Taxable Bonds (non-convertible)	8,785	22.1	8,086	20.1	4,523	16.4	4,417	18.4
Tax-free Bonds (non-convertible)	2,758	6.9	2,758	6.8	2,758	9.9	2,758	11.5
External Commercial Borrowings	-	-	-	-	1,948	7.1	1,946	8.1
Subordinated Debt	649	1.6	649	1.6	649	2.4	649	2.7
Borrowings from Banks - repayable on demand	-	-	-	-	201	0.7	460	1.9
National Clean Energy Fund	43	0.1	48	0.1	58	0.2	67	0.3
Total	39,850	100	40,165	100	27,613	100	24,000	100

Source: RHP; *% of Total Borrowings

COMPETITIVE STRATEGIES:



KEY BUSINESS STRATEGIES



INDUSTRY OVERVIEW

India is the world's third-largest producer and second-largest user of energy. Power demand in the country has been on the rise in the past decade, with an exception during Fiscal 2021 due to the Covid-19 pandemic. Peak energy demand grew at a CAGR of 4.7% from 148 GW in Fiscal 2014 to 216 GW in Fiscal 2023, while peak supply grew at a CAGR of 5.3% over the same time period. The peak deficit stood at 0.5% i.e. 758.2 crore units ("MU") in Fiscal 2023. Driven by the Government's thrust, the installed renewable power capacity is expected to reach 595







GW by Fiscal 2032 and account for 66% of the total power generation capacity. A total outlay of ₹ 24.43 trillion is expected towards renewable capacity additions between Fiscal 2023 - Fiscal 2032.

The renewable sector has been gaining significant traction over the years and power financing NBFCs have been playing a key role in funding renewable projects. In Fiscal 2023 based on the loan book of six major power financing NBFCs, their credit towards renewable sector reached nearly ₹ 150,000 crore.




Share in Credit towards power financing NBFCs

Power Financing NBFCs	Share in Credit towards Renewable sector	CAGR % (Fiscal 2021 - Fiscal 2023)
IREDA	31%	30%
PFC	32%	13%
PFS	1%	-34%
REC	19%	33%
TCCL	7%	29%
India Infradebt	9%	33%
Aggregate	100%	22%

Comparison of the key performance indicators with listed industry peers:

Key financial performance summary (FY2023)						
	IREDA	PFC	REC	India Infradebt	Tata Cleantech Capital	PFS
Loan Book size or AUM (₹ Cr)	47,076	8,57,500	4,35,012	17,486	10,464	7,339
Revenue from operations (₹ Cr)	3,482	77,568	39,478	1,593	1,025	791
Profit after tax (₹ Cr)	865	21,179	11,167	351	279	176
Net Interest Income (₹ Cr)	1,324	26,390	13,999	375	452	335
Total Debt (₹ Cr)	40,165	7,51,158	3,80,790	16,299	9,187	5,122
Net Worth (₹ Cr)	5,935	1,11,981	58,121	2,717	1,957	2,443
Return on assets (%)	1.98%	2.51%	2.55%	1.84%	2.82%	2.05%
Return on equity (%)	15.44%	20.34%	20.41%	13.74%	15.33%	7.47%
Net Interest Margin (%)	3.32%	3.27%	3.41%	2.34%	4.94%	4.18%
CRAR (%)	18.82%	24.37%	25.78%	21.79%	22.20%	33.05%
Gross NPA (%)	3.21%	3.66%	3.42%	0.74%	0.52%	13.59%
Net NPA (%)	1.66%	1.06%	1.04%	0.33%	0.18%	8.00%
Provision coverage ratio (%)	49.25%	71.73%	70.64%	49.49%	65.00%	57.24%
Basic EPS (₹)	3.78	60.19	42.28	4.04	6.06	2.74
Diluted EPS (₹)	3.78	60.19	42.28	4.04	6.06	2.74

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Financial Parameters				
		IREDA	REC	PFC
Face Value		10	10	10
EPS	Basic	3.78	42.28	60.19
	Diluted	3.78	42.28	60.19
PE Ratio		[•]	7.71	4.79
NAV Per Share		25.98	220.72	424.16
RoNW		15.43%	20.41%	20.34%

HENSEX OUTLOOK: “**SUBSCRIBE**”

Rating: Apply for Listing Gains as well as for Long Term Investment

Considering company's Strategic role in Government of India initiatives in the Renewable Energy sector, Established and trusted brand name operating in a rapidly expanding sector, Digitized process for borrower centricity and operational scalability, with presence across India, Access to diversified and cost-effective long-term sources of borrowing with a judicious approach towards Asset liability management, Comprehensive data-based credit appraisal process and risk-based pricing, with efficient post-disbursement project monitoring and recovery processes. We recommend a 'SUBSCRIBE' to issue for listing Gains as well as for long term investment perspective.

Points to consider:

- ✓ IREDA is a wholly owned Government of India (“GoI”) enterprise under the administrative control of the Ministry of New and Renewable Energy (the “MNRE”).
- ✓ IREDA has a geographically diversified portfolio, with Term Loans Outstanding across 23 States and five Union Territories across India, as of September 30, 2023. The company has a secured asset base, and 93.41% of its Term Loans Outstanding as of September 30, 2023, has security cover.
- ✓ The company has been rated highly by credit rating agencies India Ratings had rated its debt instruments AAA (Stable), ICRA has rated its Bonds ICRA AAA (Stable) and Acuite has rated its bank loans Acuite AAA Stable.
- ✓ The company has maintained strong control over NPAs, which have demonstrated a declining trend over the three preceding Fiscals and the 6 months ended September 30, 2023
- ✓ As on March 31, 2023, the company's Term Loans Outstanding stood at ₹ 47,076 Cr, compared to ₹ 27,854 Cr as on March 31, 2021, increasing at a CAGR of 30.00%, and as of September 30, 2022 and September 30, 2023, Company's Term Loans Outstanding were ₹ 33,783 Cr and ₹ 47,514 Cr, respectively.
- ✓ IREDA believes its average cost of borrowing is competitive. Its average cost of borrowings in Fiscal 2021, 2022, 2023 and the six months ended September 30, 2022 and September 30, 2023 was 7.15%, 6.33%, 6.23%, 3.22% and 3.82%, respectively.

MAJOR RISK FACTOR:

- ✓ Business is subject to periodic inspections by the RBI
- ✓ Company's 60.72% of Term Loans Outstanding on five states as of September 30, 2022
- ✓ Company has had witnessed negative cash flow in last 3 Fiscals i.e. 2021 to 2023. Company however, in the RHP states that they might continue to witness negative cash flows in the future.



Our Branches

JODHPUR

7 Bhagat Ki Kothi Extension,
NH-65, New Pali Road, JODHPUR-
342005(Rajasthan)

MUMBAI

12 A, 2nd Floor, Sonawala Building,
Opp. Bombay Stock Exchange, Fort
Mumbai, 400001

JAIPUR

5th Floor, Okay Plus Tower,
Government Hostel Circle, Ajmer
Road, Jaipur, 302001 (Raj).



VADODARA

151-153, Paradise Complex,
sayajiganj, Vadodara - 390005,
Gujarat.

AHMEDABAD

928, Shyamal Iconic, Shyamal
Cross Road, Shyamal,
Ahmedabad 380015

BENGALURU

No. 156/1, 1st Floor, Opp.
Karnataka Bank, Near Minerva
Circle, R.V. Road, V.V. Puram,
Bangalore, 560004

DISCLAIMER:

The views expressed in this research report ("Report") accurately reflect the personal views of the research analysts ("Analysts") employed by Hensex Securities Private Limited (HSPL) about any and all of the subject issuer(s) or company (ies) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable.

I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative:-

- Do not have any financial interests in the subject company mentioned in this Report;
- Do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report;
- Do not have any material conflict of interest at the time of publication of the Report

The Analysts engaged in preparation of this Report:-

- Have not received any compensation from the subject company in the past twelve months;
- Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- Has not received any compensation or other benefits from the Subject Company or third party in connection with the Report;
- Has not served as an officer, director or employee of the subject company;
- Is not engaged in market making activity for the subject company.

For more info: <https://rb.gy/omrkv>

HENSEX SECURITIES PVT LTD (HSPL)

Is a Registered Research Analyst Entity

SEBI Research Analyst No. INH000012209

Email: mahesh.ojha@hensex.com

SEBI Reg. No. INZ000209725 | NSE Member ID: 14345

BSE Member ID: 6720 | MCX Member ID: 45785

ARN : 169492

Regional Office: 12A, 2nd Floor, Sonawala Building,
Opp. BSE Building, Mumbai Samachar Marg, Mumbai - 400
001

Regd. Address: 7 Bhagat Ki Kothi Extension,
NH-65, New Pali Road, JODHPUR-342005(Rajasthan)

Compliance Officer: Mr. Tahir Hussain |

Tel.: +91-291-2720168 | **Email:** tahir@hensex.com

Download Hensex Etrade App:



For Daily Updates Join Us on:

