



IPO NOTE

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD



Rating:

SUBSCRIBE



ISSUE OFFER

Issue Opens on	NOV 21, 2023
Issue Close on	NOV 23, 2023
Total IPO size (cr)	2,150.21
Fresh issue (cr)	1,290.13
Offer For Sale (cr)	860.08
Price Band (INR)	30- 32
Market Lot	460
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NIB Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

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

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	29-11-2023
Refunds/Unblocking ASBA Fund	30-11-2023
Credit of equity shares to DP A/c	01-12-2023
Trading commences	04-12-2023

IRDEA is an experienced financial institution that has been actively promoting, developing, and extending financial assistance for new and renewable energy projects, as well as energy efficiency and conservation projects for over 36 years. The company offers a comprehensive range of financial products and related services, from project conceptualization to post-commissioning, for RE projects and other value chain activities such as equipment manufacturing and transmission. The company ensure that its clients receive the best possible support and guidance throughout their projects.

OBJECTS OF THE ISSUE

- Expanding the capital base to accommodate onward lending and future capital needs.

OUTLOOK & VALUATION

As a Mini Ratna enterprise, IREDA holds a pivotal position in the government's renewable energy initiatives by financing such projects.

The company's stable operations are supported by its access to long-term financing sources. Also, the company has demonstrated consistent financial growth. However, the business remains susceptible to interest rate fluctuations. Additionally, its reliance on the renewable energy sector introduces a degree of industry-specific risk.

The IPO is priced at a P/BV of 1.23x, based on a NAV of 25.98, indicating a fair valuation. Thus, considering all these factors, we will assign Subscribe rating to this IPO.



KEY MANAGERIAL PERSONNEL

01

Pradip Kumar Das

Chairman and Managing Director of the Company. He has over 30 years of experience in various sectors such as power, renewable energy, banking and finance at various public and private organisations. He has also previously worked with REC Limited, Bharat Heavy Electricals Limited, Nuclear Power Corporation Limited, Bharat Heavy Plate and Vessels Limited and Kusum Products Limited.

02

Dr. Bijay Kumar Mohanty

Director (Finance) of the Company. He has been a Director of the Company since October 12, 2023. He also holds the position of Chief Financial Officer of the Company since October 16, 2023. He has over 25 years of experience in the Indian power sector and has experience in finance, accounts, commercial, project appraisal, execution and management, and legal functions.

03

Ekta Madan

Company Secretary and Compliance Officer of the Company. She also holds the position of Senior Manager in the Company. She has been associated with the Company since July 24, 2015. She has over 14 years of experience in corporate compliance and secretarial sector.



COMPANY PROFILE

- Indian Renewable Energy Development Agency Limited is a public limited government company. IREDA is a Mini Ratna (Category - I) government enterprise.
- It is administratively controlled by the Ministry of New and Renewable Energy (MNRE). In FY 2021-22, IREDA achieved the highest-ever loan sanctions of around Rs. 23921.06 crores and loan disbursements of around Rs. 16070.82 crores.
- IREDA provides loans to government entities and also provides financing schemes for RE suppliers, manufacturers, and contractors.
- IREDA non-fund-based products include letter of comfort, letter of undertaking, payment on order instruments and guarantee assistance schemes. Further, It provides consulting services on techno-commercial issues relating to the RE sector.

COMPETITIVE STRENGTHS

- Track record of growth, geared towards high-quality assets and diversified asset book, and stable profitability.
- Strategic role in Government of India initiatives in the Renewable Energy sector.
- Digitized process for borrower centricity and operational scalability, with presence across India.
- Comprehensive data-based credit appraisal process and risk-based pricing, with efficient post-disbursement project monitoring and recovery processes.
- Access to diversified and cost-effective long-term sources of borrowing with a judicious approach towards asset-liability management.

KEY STRATEGIES

- Optimize borrowing costs to enhance competitiveness and profitability.
- Leverage industry expertise to enhance presence in new and emerging green technologies
- Maintain leadership in RE sectors such as solar, wind, hydropower and biomass, biofuels and co-generation
- Streamline operating model to continue to support non-linear growth
- Continue to focus on the Environmental and Social Management System.

KEY CONCERNS

- Volatility in interest rates could adversely affect its business.
- The company has had negative cash flows from operations in the past.
- The business is entirely concentrated in, and dependent on, the Indian RE sector, which in general has many challenges.
- Business is dependent upon its timely access to, and the costs associated with, its borrowings for onward lending.
- It has witnessed a downgrade of its credit ratings in the past.


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

Name of the Company	P/B	P/E	EPS	NAV	RONW(%)
Indian Renewable Energy Development Agency Limited	-	-	3.78	25.98	15.43%
Peer Group					
REC Limited	1.48	7.71	42.28	220.72	20.41%
Power Finance Corporation	0.68	4.79	60.19	424.16	20.34%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	22,846.00	22,846.00	7,846.00
Other Equity	36,505.69	29,835.13	22,110.00
Net Worth	59,351.69	52,681.13	29,956.00
Advances	4,62,269.24	3,31,744.48	2,69,056.43
Interest Earned	33,738.27	27,132.21	25,643.38
EBITDA	31,507.96	23,297.75	20,313.92
NET PROFIT OF THE YEAR	8,646.28	6,335.28	3,463.81


DISCLAIMER:

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of Swastika Investmart Ltd. ("SIL"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. SIL shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors before making any investment in the Equity Shares of the Company.

Swastika Investmart Ltd or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Swastika Investmart Ltd nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Swastika Investment Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the Subject Company or third party in connection with the Research Report.

CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: compliance@swastika.co.in Phone: (0731) 6644 241

Swastika Investmart Limited, SEBI Reg. No. : NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532

CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.