



IPO Details:

Indian Renewable Energy Development Agency Ltd (IREDA Ltd) is coming out with an IPO of about Rs. 2,150.21 cr consisting of 67,19,41,177 shares of face value of Rs. 10 each in a price band of Rs. 30 – Rs. 32. The IPO comprises of Fresh Issue of Rs. 1,290.13 cr and Offer for Sale of Rs. 860.08 cr by the promoter – Government of India. The IPO opens on 21st November and closes on 23rd November.

Company Details:

- **Largest pure-play green financing NBFC** in India engaged in the business of promoting, developing extending financial assistance for new and renewable energy (RE) projects.
- **Finances projects across multiple RE sectors** such as solar power, wind power, hydro power, transmission, biomass, waste-to-energy ethanol, compressed biogas, green mobility, etc.
- Offers comprehensive suite of financial products and services including various **fund-based and non fund-based products** while also providing **consulting services on techno-commercial issues** relating to the Renewable sector.

Strength:

- Established as an **integral part of Govt. of India's initiatives** for the promotion and development of RE sector in India.
- **Directly involved in implementing** several significant schemes launched by the Ministry of New and Renewable Energy.
- Enjoys **highest credit rating of AAA** by leading credit rating agency viz. India Ratings and ICRA.
- Has geographically diversified portfolio with Term Loans outstanding across **23 states** and **5 Union Territories** across India.

Growth Drivers:

- Government of India's thrust on the renewable energy sector to achieve India's climate targets of **500 GW of non-fossil fuel energy** capacity by 2030.



- Increasing the share of renewable energy in terms of installed capacity from current 42% to 50% by 2030.
- Installed renewable power capacity in India is expected to inch up from current capacity of approximately 178.5 GW to 595 GW by FY 2032, entailing a **total outlay of Rs. 24.43 lac crores** between FY2023 – FY2032.
- Government of India's target of 30% EV adoption by 2030, will require **massive expansion** of the **EV charging infrastructure**.

Objectives of Fund Raise – Fresh Issue of Rs. 1,290.13 cr:

- Net Proceeds from the fresh issue will be utilized towards augmenting its capital base to meet future capital requirements and onward lending.

Key Financial Highlights:

IREDA Ltd (Rs. Cr)

Particulars	FY2020-21	FY2021-22	FY2022-23	H1 FY24
AUM	27,854	33,931	47,076	47,514
Disbursements	8,828	16,071	21,639	6,273
Net Interest Income (NII)	992	1,128	1,324	785
PAT	346	634	865	579
Networth	2,996	5,268	5,935	6,581
Total Debt	24,000	27,613	40,165	39,850
<u>Key Ratios -</u>				
Average Yields	10.44%	9.17%	8.63%	4.96%
Cost of Funds	7.15%	6.33%	6.23%	3.82%
Spreads	3.26%	2.81%	2.21%	1.11%
NIMs	3.93%	3.75%	3.32%	1.68%
Cost/Income Ratio	78.6%	71.0%	67.3%	64.7%
RoA	1.20%	1.89%	1.98%	1.14%
RoE	12.56%	15.33%	15.44%	9.26%
Debt/Equity	8.01	5.24	6.77	6.06
Gross NPAs	8.77%	5.21%	3.21%	3.13%
Net NPAs	5.61%	3.12%	1.66%	1.65%
PCR	38.14%	41.45%	49.25%	48.11%



- AUM of the Company has grown at CAGR of 30.0% between FY21 – FY23 to touch Rs. 47,076 cr as of 31st Mar' 23.
- Disbursements have grown from Rs. 8,828 cr in FY21 (impacted by Covid-19) to Rs. 21,639 cr in FY23.
- Net Interest Income has grown from Rs. 992 cr in FY21 to Rs. 1,324 cr in FY23, translating into CAGR of 15.5%.
- Profits after Tax has also inched up at a rapid rate (CAGR of 58.0%) between FY21 – FY23 on the back of sharp fall in provisions. Provisions have declined from Rs. 341.65 cr in FY21 to Rs. 66.58 cr in FY23.
- Asset quality has improved with Gross NPAs declining from 8.77% in FY21 to 3.21% in FY23. It has further declined to 3.13% in H1 FY24. Similarly Net NPAs too have declined from 5.61% in FY21 to 1.66% in FY23.

Valuations:

- At Upper end of the IPO price band of Rs. 32, IREDA Ltd will be valued at about Rs. 8,600.85 cr.
- On Price/Book basis, Company is valued at 1.09x its post IPO networth of Rs. 7,870.74 cr while on Price/Adjusted Book it is valued at 1.21x.
- **Investments can be made in IREDA Ltd considering significant growth opportunity in financing renewable power projects on the back of Government of India's thrust on increasing the share of renewable power in overall installed power capacity in the country from current 42% to about 66% in FY32, faster adoption of EVs in the country, improved asset quality, healthy capital efficiency, and attractive valuations.**



Wellworth Share & Stock Broking Ltd

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159008/67159097 Fax: 022-67159090

www.wellworthgroup.co

Disclaimer: For Private Circulation Only

The contents of report in the above company are based on information generally available to the public from sources believed to be reliable. No representation is made that it is TIMELY, ACCURATE or COMPLETE

Wellworth Share and Stock Broking Ltd has taken due care and caution in compilation of data as this has been obtained from various Sources, which it considers reliable. However, Wellworth Share and Stock Broking Ltd does not guarantee the accuracy, adequacy or completeness of any information and it is not responsible for any errors or omissions or for the results obtained from the use of such information. Wellworth Share and Stock Broking Ltd is also not responsible for any errors in transmission and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. The information herein, together with all estimates and forecasts, can change without notice. This report does not purport to be a complete solicitation of offers to buy or sell any securities. Reader of this report are advised to consult experts or study prospectus and other legal offer documents issued by companies before taking any decisions based on information provided in the Report.

All material presented in this report, unless specifically indicated otherwise, is under copyright to Wellworth Share & Stock Broking Ltd. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Wellworth Share & Stock Broking Ltd. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of Wellworth Share & Stock Broking Ltd or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Either WSSBL or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. WSSBL may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall WSSBL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

*Long Term Investments could range from 3-5 years.