



भारत सरकार  
नवीन और नवीकरणीय ऊर्जा मंत्रालय  
GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY

Dinesh Dayanand Jagdale  
Joint Secretary

Dated-11/10/2022

D.O. No. 1/9/2016-IREDA

Dear Sir,

As you are aware that Government of India has set target from non-fossil based electric power installed capacity of 500 GW by 2030 and meeting 50% of the energy requirement using Renewable energy by 2030. Indian Renewable Energy Development Agency Limited (IREDA), a CPSE under the administrative control of Ministry of New and Renewable Energy (MNRE) is primarily engaged in financing of projects in Renewable Energy (RE)/ Energy Efficiency (EE) sector in the country. IREDA has made its five year business plan inline with the GoI's RE targets where the target is to achieve a RE loan book of approx. Rs. 1.35 lakh crore by FY 25-26 (Annexure I). Thus, there is a requirement of higher capital for this purpose. To meet the capital requirement for FY 22-23, IREDA proposes to come out with IPO, however presently the approval for fresh issue of shares under the proposed IPO is for 13.90 crores shares i.e. 15% of the dilution of GoI stake on post issue basis in FY 2017.

2. Further, owing to the infusion of additional capital of Rs. 1,500 crore by GoI in FY 21-22 the book value per share of the company has got diluted, hence, with the existing approval of 13.90 crore shares, the amount of funds which could be raised would not suffice for the growth plans of the company. Thus IREDA has proposed to enhance the fresh issue of shares in IPO to the extent of 15% of dilution of GoI stake on post issue basis with the present share outstanding of 228.46 crore shares i.e. 40.30 crore fresh equity shares. Further, in order to meet the future capital requirement, IREDA has plans to come out with follow on offering (FPO) and other tier I / II instruments such as Perpetual debt instrument/ subordinate debt in FY 23-24, FY 24-25 and FY 25-26 besides the proposed IPO.

3. In view of the above IREDA has submitted a proposal for **fresh equity of 40.30 crore shares, alongwith OFS of upto 10% stake of Govt. of India** (Annexure II). IREDA proposal summarised as under :

- i. IREDA would come to market with follow on offering (FPO) and other tier I / II instruments such as Perpetual debt instrument/ subordinate debt in FY 23-24, FY 24-25 and FY 25-26 besides IPO .
- ii. As per the understanding given by the BRLMs, if IREDA goes for IPO in present capital market with 13.90 crore fresh issue of shares, it would be able to generate approx. Rs 290 crore only (Annexure II).
- iii. Brief details of the proposal of IREDA are as follows:

S. No.	Particulars	Number/Amount of shares
1	No. of shares before capital infusion of Rs. 1500 crores	78.46 crores
2	Fresh No. of shares issued for Rs.1500 crores capital infusion in FY 2021-22	150 crores
3	Total no. of shares at present (1+2)	228.46 crores
4	CCEA approval (p.35-49/c) was accorded in 2017 for fresh equity shares with GoI and Public shareholding as 85% and 15%	13.9 crores*
5	IPO size at time of DRHP in 2019 (13.9 crores shares X Rs.31.22 price/share)	Rs. 434 crores
6	IPO size estimated now with 13.9 crores shares at the rate of Rs.20.4/share	Rs.283 crores
7	Fresh no. of shares proposed in IPO now with GoI and Public shareholding as 85% and 15%	40.3 crores
8	IPO sized estimated with 40.3 crore shares at the rate of Rs.20.4/share	Rs.822 crores

It may be seen that with 13.9 crores shares, the indicative size of IPO will decrease from Rs. 434 crores in 2019 to Rs.283 crores in 2022.

\*

Particulars	% Holding	No. of shares
Total outstanding number of shares	100%	78,46,00,000
Fresh equity of shares to public	15%	13,90,00,000
Post issue shares of IREDA (considering GoI stake 85%)		92,36,00,000

As per IREDA, proceeds generated from the increased number of fresh issue will be as follows :

Particulars	% Holding	Number of Shares
Total outstanding number of shares	100%	228,46,00,000
Fresh equity of shares to public	15%	40,31,64,706
Post issue shares of IREDA (considering GoI stake 85%)		268,77,64,706

- v. The total IPO size estimated along with OFS of 10% GoI equity is Rs.1287 crores and the same is detailed below:

S. No.	Particulars	Amount
1	GoI shares to be sold through OFS	22.84 crores
2	Fresh equity shares	40.3 crores
3	Total shares to be offered in IPO	63.14 crores
4	Price per share estimated	Rs.20.4
5	Total IPO size	Rs.1288 crores

- vi. The existing CCEA approval of 13.90 crore fresh equity shares was accorded in 2017 based on 85% of the GoI stake in IREDA on post issue basis i.e. public issue of 15% of the paid-up capital at that point of time.

- vii. In view of the size of the fresh issue being inadequate in line with IREDA's business plan, and also as per the discussions held with the BRLMs, it would be prudent to increase the size of the fresh issue of shares for the purpose of IPO.
- viii. Using the same benchmark of 85% of the GoI stake in IREDA on post issue basis of existing capital and keeping the IPO at 15%, the fresh issue would be for 40.30 crore shares as detailed below and the proceeds generated from the increased number of fresh issue is detailed in **Annexure III** :

Particulars	% Holding	Number of shares
Total outstanding number of shares	100%	228,46,00,000
Fresh equity of shares to public on post issue basis	15%	40,31,64,706
Post issue shares of IREDA (considering GoI stake 85%)		268,77,64,706

- ix. Increasing fresh issue of shares from 13.90 crore to 40.30 crore will enhance IPO size from indicative Rs. 748 crore to Rs. 1287 crore. IREDA has set a target of loan book of Rs. 1.35 lakh crore by FY 25-26 for which higher capital is needed. Increasing the size of fresh issue will help in partially meeting the capital requirement. Further, higher Issue size will help to generate liquidity owing to interest from larger investors
- x. Further, basis the High-Level Committee meeting discussion held in August 2021; it is understood that GoI may go for offer for sale (OFS) along with fresh issue of shares through IPO in a piggyback manner. This would create higher liquidity and thereby help in realizing true value of the stock of the company.
4. In view of above, MNRE with the approval of Hon'ble Minister (NRE) and concurrence of Integrated Finance Division (IFD), recommends the proposal of IREDA for fresh equity of 40.30 crore shares, along with OFS of upto 10% stake of GoI, as mentioned above for consideration of DIPAM.

With Regards ,

Yours sincerely,

*(Dinesh Dayanand Jagdale)*  
 11/10/2022

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