

Cabinet approves Initial Public Offer of Indian Renewable Energy Development Agency Limited

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval to:

- (a) issue 13,90,00,000 fresh equity shares of Indian Renewable Energy Development Agency (IREDA) of Rs.10 each to the public on book-building basis through the IPO;
- (b) issue shares to retail investors and IREDA employees at a discount of 5% on the issue price of each equity share on book-building basis, with cap of 0.5% on equity post issue for CPSE employees and the allocation to retail investors in the net offer will not be less than 35%, as per the ICDR, 2009. However, the number of shares proposed to be issued to employees and retail investors will be finalized in consultation with the lead managers and as per the SEBI regulations and
- (c) conduct book building process for the said IPO by MNRE / IREDA through Book Running Lead Manager (BRLM) as per the guidelines of Department of Investment and Public Asset Management (DIPAM) and as per guidance of the Inter-Ministerial Group.

The Public issue of equity will enable IREDA to increase its equity base which will help them raise more debt resources for funding RE projects. Such public issue will also enable it to unlock its true value and increase its visibility in domestic and international financial markets. IREDA, being the premier institution for RE Sector, will be required to raise equity funds to leverage loan financing for RE Sector.

IREDA has to cater to the increasing needs of the sector to sustain its contribution to the Renewable Energy Sector. Government of India has scaled-up the RE targets to 175 GW by the year 2022. To achieve this ambitious target, substantial investments in RE sector will be required.

Background:

IREDA is a Public Financial Institution established in March, 1987 under the Company's Act, 1956. IREDA is registered as Non-Banking Financial Company with the Reserve Bank of India. Since its inception, IREDA has played a pioneering role in supporting and facilitating the policies and program of the Ministry of New & Renewable Energy (MNRE) that has nurtured the renewable energy industry in the country. IREDA has primarily worked with the private sector enterprises operating in the power sector. For the last three decades, IREDA has been supporting establishment of renewable energy projects and has greatly succeeded in commercialization of sustainable energy technologies in the country.

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