

Research Report

IREDA Limited



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

About

Indian Renewable Energy Development Agency Limited (IREDA) is a 'Navratna' Government of India Enterprise under the administrative control of Ministry of New and Renewable Energy (MNRE). IREDA is a Public Limited Government Company established as a Non-Banking Financial Institution in 1987 engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation with the motto: "ENERGY FOR EVER". The main objectives of IREDA are : To give financial support to specific projects and schemes for generating electricity and / or energy through new and renewable sources and conserving energy through energy efficiency. To maintain its position as a leading organisation to provide efficient and effective financing in renewable energy and energy efficiency / conservation projects. To increase IREDA's share in the renewable energy sector by way of innovative financing.

Synopsis of Financials

- **Revenue grew by 43% in FY24.**
- **Interest Income: ~97%**
- **Fees & Commission: ~1%**
- **Other Operating Income: ~2%**
- **The net-worth of the company as on FY24 has reached to Rs.8,559.43 Cr. as against Rs.5,935.17Cr., in FY23. (increased by 44.22%).**
- **GNPA's - 2.36% in FY24 vs 3.21% in FY23**
- **NNPA's 0.99% in FY24 vs 1.66% in FY23**

Stock data (as 18th October 2024)

Nifty Price	: 24,849.85
52 week High (in Rs.)	: 310
52 week Low (in Rs.)	: 50
Market Cap. (in Crore)	: 58,257
NSE Code	: <u>IREDA</u>

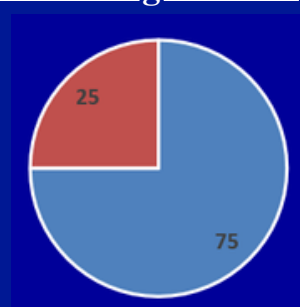
Stock data



-NIFTY50

-IREDA Limited

Shareholding Pattern (September 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Revenue	4,965	3,483	2,860
Interest	3,164	2,088	1,587
Expenses +	85	232	430
Financing Profit	1,716	1,163	843
Financing Margin %	35%	33%	29%
Net Profit +	1,252	865	634
EPS in Rs	4.66	3.78	2.77

Quarterly Results



Particular	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Revenue	1,036	1,143	1,177	1,253	1,391	1,510	1,630
Interest	638	764	793	760	847	975	1,030
Expenses +	104	-66	-3	99	56	51	131
Financing Profit	294	445	387	394	488	484	468
Financing Margin %	28%	39%	33%	31%	35%	32%	29%
Other Income +	0	0	0	0	0	0	1
Depreciation	6	6	7	8	9	9	9
Profit before tax	288	440	380	386	480	476	460
Tax %	12%	33%	25%	13%	30%	19%	16%
Net Profit +	254	295	285	336	337	384	388

Source: Screener

Key Ratios

Sl.	Particulars	Unit	As at / for the year ended 31.03.2024	As at / for the year ended 31.03.2023
1	Debt Equity Ratio ¹	times	5.80	6.77
2	Outstanding Redeemable preference shares	₹ In Lakhs	-	-
3	Debenture Redemption Reserve	₹ In Lakhs	39,774.60	39,797.48
4	Net Worth ²	₹ In Lakhs	8,55,942.55	5,93,516.95
5	Net Profit After Tax	₹ In Lakhs	1,25,222.90	86,462.83
6	Earnings Per Share	₹ per share	5.16	3.78
7	Total debts to total assets ³	times	0.79	0.80
8	Operating Margin Percent ⁴	%	33.92%	32.69%
9	Net Profit Margin Percent ⁵	%	25.22%	24.82%
10	Sector specific equivalent ratios			
	CRAR ⁶	%	20.11%	18.82%
	Gross Non-Performing Assets Ratio ⁷	%	2.36%	3.21%
	Net Non-Performing Assets Ratio ⁸	%	0.99%	1.66%

Source: Annual Report

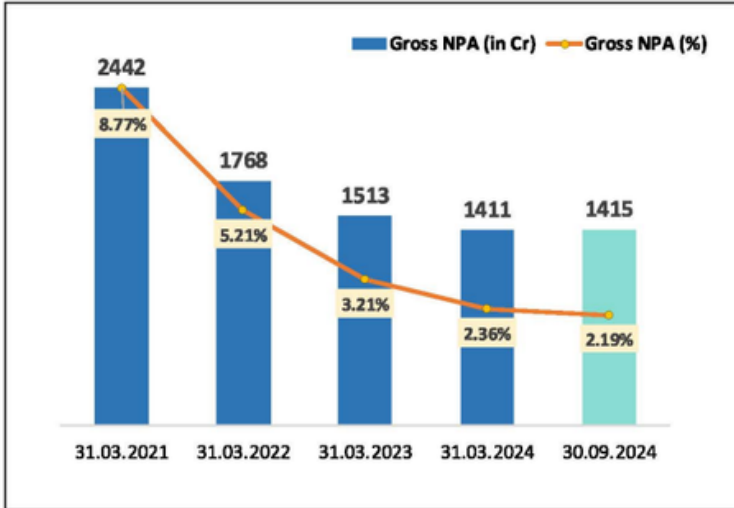
Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	2,688	2,285	2,285
Reserves	5,872	3,651	2,984
Borrowings +	49,687	40,165	27,613
Other Liabilities +	4,354	4,347	3,827
Total Liabilities	62,600	50,447	36,708
Fixed Assets +	361	229	248
CWIP	0	144	131
Investments	99	99	99
Other Assets +	62,140	49,975	36,230
Total Assets	62,600	50,447	36,708

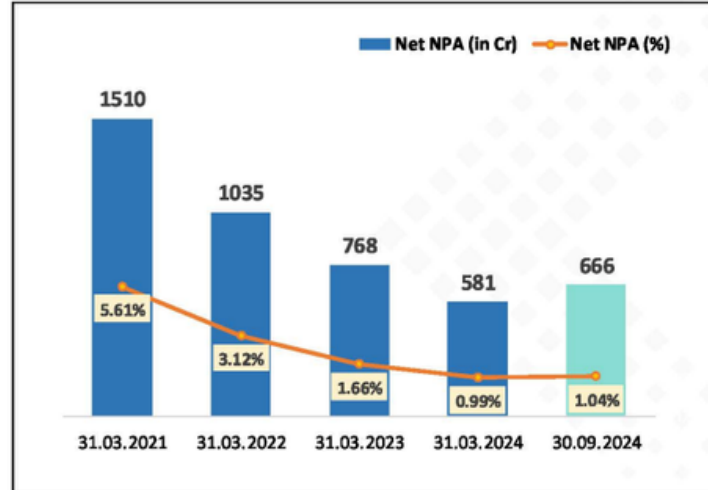
Revenue Highlights



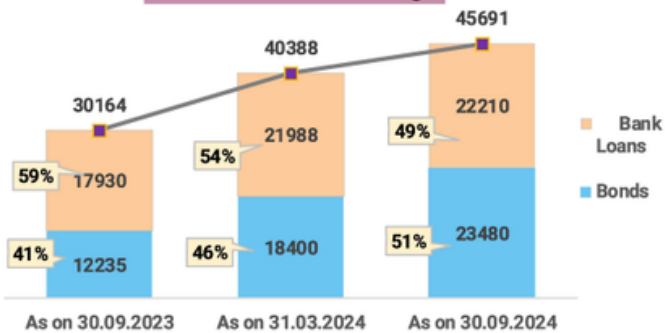
Gross NPA (Rs in Crores)



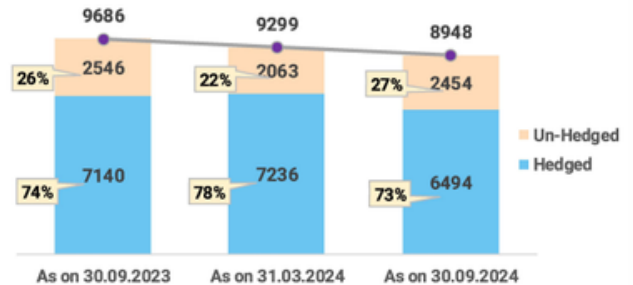
Net NPA (Rs in Crores)



Domestic Borrowings

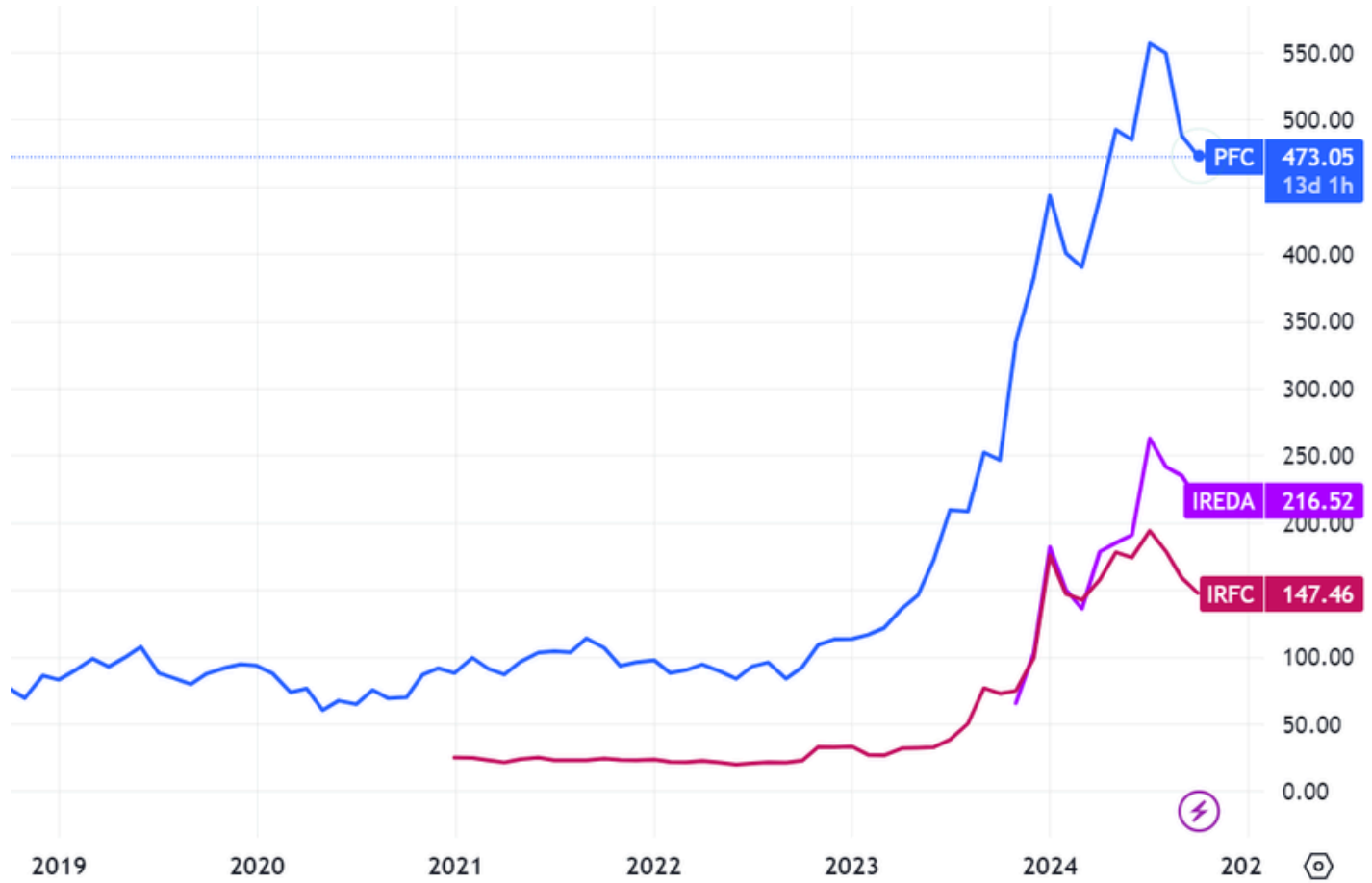


Foreign Borrowings



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	IRFC	147.80	29.99	193152.57	1.02	1576.83	1.30	6765.63	1.29	5.73
2.	Power Fin.Corpn.	472.50	7.55	155929.83	2.87	7182.06	21.13	24716.76	17.65	9.85
3.	REC Ltd	546.45	9.85	143892.51	2.95	3460.19	16.58	13078.66	17.78	10.05
4.	Indian Renewable	216.75	40.35	58257.37	0.00	387.75	36.18	1629.55	38.49	9.30
5.	IFCI	59.14	97.85	15456.76	0.00	-87.97	31.75	387.80	21.24	10.24

Source: Screener

Final Outlook

IREDA: BUY | LTP: 217

As per IEA, global renewable energy capacity estimated at 4140 gigawatts, representing 14% expansion in 2023. Solar is expected to lead charge then hydro, wind, & bioenergy comes. In solar 5th and 4th in wind rank of India globally and overall rank is 9th globally. Project low CPI in 2024-25 which will result to maintain same lending rate by RBI. India emerge as a largest market in solar power by providing solar at low cost and government initiative also help and encourage the business of renewable energy by providing subsidies. Company continued its performance in its traditionally strong market with solar, wind and hydro power project financing contributing ~57% of sanctioned amount FY 24. Company has bolstered its net worth to 8,559.43 Crore in FY 23 and posted an all-time high PAT of ₹ 1252.23 Crore. Debt equity ratio improved to 5.80 times in FY 24 as compared to 6.77 in FY 23. Operating profit margin has increased by 3.76% in FY 24 to 33.92% as compared to 32.69% in FY 23 due to an increase in net margin on account of higher interest income. Net Profit Margin increased by 1.61% in FY 24 to 25.22% as compared to 24.82% in FY 23. Return on net worth has increased by 12.71% in FY 24 to 16.40% as compared to 14.55% in FY 23. Company is required to pay a minimum annual dividend of 30% of Profit After Tax (PAT) or 5% of Net worth, whichever is higher. Company received necessary approvals from NITI Aayog, DIPAM, and Reserve Bank of India for setting up a wholly owned subsidiary company at International Financial Service Centre (IFSC), GIFT City, Gujarat. Post the end of FY 24. Subsidiary company i.e. M/s IREDA Global Green Energy Finance IFSC Limited at IFSC, GIFT City, Gujarat on May 7, 2024. The subsidiary company will act as an offshore platform for securing competitive funding and tapping new business opportunities to drive growth in the RE sector. Company's core business is lending to avoid credit risk company follow sector specific credit risk rating systems. company reported a rise of 36.2 per cent in net profit to ₹387.75 crore in the September quarter and company also approve their plan to sale its product to retail customer. According to my perspective one should buy this stock for long term gain because currently company financial numbers and management efficiency is good which can create better profit for their shareholder.