

Renewable Energy Cos on Fundraising Spree

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New Delhi: India's renewable energy companies are gearing up for big-ticket fundraising with IPOs, debt and investment foreign inflows to match the gigantic requirement of the government's unprecedented enthusiasm to generate clean power.

Sector specialists say wind energy firms are planning to raise ₹5,000-6,000 crore while the government-owned financing entity for clean energy projects, Indian Renewable Energy Development

Agency (IREDA), is also looking to raise nearly ₹3,000 crore through an IPO.

With the renewable energy, coal and power minister Piyush Goyal emphatically declaring that commercial viability, not subsidies will propel the sector to add 10,000 Mw of wind energy a year and 100,000 Mw of solar power, companies in the sector that has so far been propped up with subsidies and tax breaks are preparing to take the plunge.

"Project sizes have grown but our net worth is very small at only ₹2,200 crore. To compete better, we would like to have net worth of

₹5,000 crore by the end of next two years. So we will see if we can borrow funds from the market and do an initial public offer," IREDA's chairman and managing director KS Popli told ET.

According to government officials, IREDA is actively considering an IPO in the next 18-24 months.

Another IPO aspirant is Sumant Sinha, founder and CEO of ReNew Power, in which Goldman Sachs invested ₹1,000 crore a year ago. He sees the wind energy's equity requirement of \$2 billion (about ₹12,400 crore) out of the \$10-billion needed for the 10,000 Mw to be add-

ed each year. It would also need \$7 billion in debt, he told ET.

After the government reinstated tax breaks like accelerated depreciation (AD) and generation based incentives (GBI) this year, which were suspended in 2012, manufacturers of wind mill equipment as well as power generation companies are looking to expand and add capacity aggressively.

Experts said bigger generation and the exit of PE investors would also be a factor in fundraising. "As wind companies reach gigawatt scale, we are likely to witness five-six IPOs in both domestic and alternate markets over next five

years. PE exits sooner or later will also be a cause for this," said Anish De, partner (infrastructure and government Services) at global consulting firm KPMG. De added that wind energy companies were likely to raise ₹1,000 crore through fresh issuance of shares.

INOX Wind, a wind energy equipment manufacturing company, plans to raise ₹700 crore through an IPO in the first quarter of next fiscal to expand capacity. The second piece of the IPO will entail Gujarat Fluorochemicals, a listed entity, which owns 75% of INOX Wind, tendering up to two crore shares in order to comply with regulations.

Wind turbine manufacturer Regen Powertech hasn't ruled out the possibility of an IPO over the span of a year. "We have to provide exit to PE investors, so an IPO is definitely not ruled out," said Madhusudan Khemka, managing director of Regen Powertech, which has installed over 2,000 Mw of wind farms over the past seven years.

Khemka said that in the run-up to achieving the target of installing 10,000 wind megawatts a year, India will see installations increasing by 1,000 Mw every consecutive year.

Currently, India has over 21,000 Mw of installed wind capacity.