

Ola Electric's IPO raised \$734 million and \$329 million from anchor investors

OLA ELECTRIC

Ola Electric, the nation's largest electric two-wheeler (E2W) maker, has successfully raised \$329 million from anchor investors ahead of its much-awaited IPO. The IPO, valued at \$734 million, marks the biggest public offering since LIC's blockbuster listing in May 2022.

Key Highlights Over 80 domestic and international funds, including SBI Mutual Fund, HDFC Mutual Fund, Templeton Global, and Goldman Sachs made anchor investment signaling strong investor confidence.

IPO Details: The IPO is priced between 91 cents per share, valuing the company at \$4 billion post-dilution. The offering comprises \$656 million in fresh shares, with the remaining \$78 million as an offer for sale (OFS) from existing investors, including founder Bhavish Aggarwal.

Use of Funds: Proceeds from the IPO will be used to repay debt, expand Ola's cutting-edge gigafactory, and further R&D initiatives. This strategic focus underscores Ola's ambition to remain a leader in the fast-evolving E2W market. Market Position: Despite posting losses in FY24, Ola Electric holds a commanding 35% market share with 330 thousand deliveries in the same fiscal year. The company is well-positioned to capitalize on the growing E2W market, which is projected to increase from 5.4% penetration in FY24 to up to 56% by FY28.

Industry Insights: According to Redseer, the Indian electric two-wheeler industry is set for exponential growth, with a CAGR of 11% expected to propel the market size to \$45 billion by FY28. Ola's strong market presence gives it a first-mover advantage as the transition to electric vehicles accelerates.

Investor Takeaway Ola Electric's IPO offers a unique opportunity to invest in a rapidly growing sector with significant long-term potential. While the company is still in the early stages of profitability, its leadership position, strong investor backing, and clear growth strategy make it a compelling choice for those looking to participate in India's EV revolution.

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ESG Association of India*

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Advancing Sustainable Finance and ESG: A Proposed collaboration Between the IMF and India

The IMF's Role in Promoting ESG and Sustainable Finance

The International Monetary Fund (IMF) is at the forefront of integrating environmental, social, and governance (ESG) principles into global financial systems, aiming to support economic stability and climate resilience. As climate change becomes an increasing concern, the IMF's involvement in green finance and sustainable investment is pivotal.

The IMF's engagement in green finance supports the redistribution of climate risks through instruments like catastrophe bonds, green bonds, and green stock indices. These financial tools direct capital toward sustainable sectors and mitigate the financial impact of climate-related risks. Central banks and regulators are enhancing frameworks to address climate risks better, and the IMF collaborates with the Network of Central Banks and Supervisors for Greening the Financial System to develop climate-related stress tests.



Nirmala Sitharaman, Minister of Finance, Government of India with Ms. Gita Gopinath, Deputy Managing Director, International Monetary Fund

Evolution of Sovereign ESG Investing

Sovereign ESG investing, focusing on environmental, social, and governance criteria in sovereign bonds, has gained traction as a significant aspect of institutional portfolios. This sector has evolved due to geopolitical events and regulatory scrutiny, though sovereign ESG scores have shown income bias rather than accurate sustainability assessments. Efforts are ongoing to refine these methodologies and better reflect countries' development stages and sustainability performance.

IMF's Initiatives for Sustainable Development

The IMF supports member countries in achieving the United Nations' Sustainable Development Goals (SDGs), with initiatives targeting low-income and emerging economies. The IMF has expanded financial support, offering interest-free loans and supporting debt sustainability assessments, especially during crises like the COVID-19 pandemic. It promotes infrastructure governance and domestic revenue mobilization to foster private investment and achieve the SDGs.

India's Strategic Focus on ESG Collaboration with the IMF

In recent discussions, Indian Finance Minister Nirmala Sitharaman and IMF's First Deputy Managing Director Gita Gopinath emphasized a strengthened partnership in ESG areas. India's commitment to enhancing this collaboration aligns with global priorities on ESG initiatives.

Gopinath praised India's economic performance and highlighted the need for reforms in labor and land markets to support job creation and economic growth. She stressed the importance of addressing climate and environmental issues, improving education, and adapting to technological advancements.

Sitharaman addressed the \$4 trillion financing gap for SDGs, advocating for dedicated concessional financing windows for middle-income countries. She also underscored the need for better access to development finance and global cooperation to manage debt distress.

Recent Developments in India-IMF Relations

India is keen on exploring additional avenues to enhance its collaboration with the IMF, as stated by Finance Minister Nirmala Sitharaman during a recent meeting with IMF's First Deputy Managing Director Gita Gopinath. Sitharaman highlighted India's deep appreciation for its relationship with the IMF and expressed openness to exploring further collaborative opportunities.

Gopinath commended India for its consistent fiscal consolidation policies and the robust relationship between India and the IMF, noting its significance not only for the two entities but also for the global community. She acknowledged India's strong economic performance, which exceeded expectations in the last fiscal year (FY24), driven by a resurgence in private consumption, particularly in the rural economy. Improved monsoons and better harvests have contributed to this economic upturn.

Future Directions

The IMF and India are set to deepen their ESG collaboration by focusing on impactful reforms, improving fiscal space, and tackling climate challenges. This partnership aims to enhance sustainable development and economic resilience in a dynamic global landscape.

How India's ESG Mutual Funds Stack Up: A Comprehensive Review by CRISIL



CRISIL
An S&P Global Company

The ESG (Environmental, Social, and Governance) landscape in India is rapidly evolving, with mutual funds increasingly integrating ESG criteria into their investment strategies. In a recent in-depth analysis by CRISIL, nine ESG mutual funds were evaluated to assess how they measure up in these critical areas. The findings offer valuable insights for investors, fund managers, and policymakers alike.

Governance Takes the Lead, But Environmental and Social Scores Lag

One of the key highlights of CRISIL's report is the superior governance (G) scores across the board. Governance is a critical pillar of ESG investing, reflecting how well a company is managed, the strength of its board, and its overall transparency and accountability. These strong scores suggest that Indian ESG funds are diligent in selecting companies with robust governance frameworks, which is crucial for long-term sustainable growth.

However, the report also reveals that environmental (E) and social (S) scores are not as strong. Environmental factors, which include a company's carbon footprint, resource use, and impact on climate change, have shown considerable room for improvement.

Social factors, covering issues like labor practices, community relations, and human rights, also scored lower than governance. This indicates that while Indian ESG funds are committed to good governance, they need to further integrate environmental and social considerations into their investment processes.

Mirae Asset Nifty 100 ESG Sector Leaders ETF Tops the Chart

Among the nine funds evaluated, the Mirae Asset Nifty 100 ESG Sector Leaders ETF stood out with the highest overall ESG score. This fund's robust performance across all three ESG dimensions sets it apart as a leader in the Indian market. Its success can be attributed to a well-balanced approach to ESG investing, where strong governance is complemented by solid environmental and social practices.

Sector Exposure: Lending and IT in the Spotlight

CRISIL's analysis also highlights the sectoral exposure of these funds, with significant investments in the lending and IT sectors. The dominance of these sectors reflects their importance in the Indian economy and their relatively better performance in ESG parameters. However, this concentration also poses risks, as sector-specific downturns could significantly impact the performance of these funds.

Performance: ESG Funds Underperforming in Mid- and Small-Cap Segments

Despite their growing popularity, ESG funds have generally underperformed compared to their non-ESG counterparts, particularly in the mid- and small-cap categories. This underperformance could be attributed to several factors, including the additional constraints imposed by ESG criteria, which may limit the investment universe and lead to higher costs. Moreover, ESG investing is still a relatively new concept in India, and it may take time for these funds to demonstrate consistent outperformance.

The Path Forward: Enhancing ESG Integration

The report underscores the need for Indian ESG funds to enhance their integration of environmental and social factors. As global awareness of climate change, social justice, and sustainable development grows, investors are increasingly demanding that their portfolios reflect these concerns. Indian ESG funds must respond by deepening their analysis of environmental and social risks and opportunities, and by engaging more actively with the companies in their portfolios to drive positive change.

Insights on Sustainable Finance for Viksit Bharat: Highlights from the 55th AGM of REC LTD.



About REC Ltd.

REC Limited is a leading Maharatna Central Public Sector Enterprise and one of India's largest Non-Banking Financial Company. Presently throughout the power sector value chain, REC has been a partner in every stage of India's transformation journey with its innovative financial solutions. Giving further impetus to the country's growth, REC has now forayed into financing the Non-Power infrastructure and logistics sector

55th Annual general meeting

The 55th Annual General Meeting (AGM) of the REC Limited was held through video conferencing. Shri Vivek Kumar Dewangan, Chairman & Managing Director, REC Limited chaired the meeting and was attended by all the Directors on the Board of the Company

Many shareholders were present at the meeting through Video Conferencing. The requisite quorum being present, the Chairman & Managing Director called the Meeting in order and delivered his speech. On this occasion, the Board of Directors released REC's first Sustainability Report, aligned with the Global Reporting Initiative (GRI) Universal Standards 2021, which outlines the company's Environmental, Social, and Governance (ESG) performance. "We have established and assured a baseline for our carbon footprint, which will help us in planning emission mitigation strategies, eventually leading us to our Net Zero Plan. We are dedicated to achieve operational efficiency, uphold social responsibility, and maintain the highest governance standards as we lead the way in the NBFC sector on our ESG journey," said Shri Dewangan.

REC's Annual Meeting: A Commitment to ESG Integration

At its 55 annual meeting, REC Limited reaffirmed its dedication to Environmental, Social, and Governance (ESG) principles as central to its business strategy .

Environmental Initiatives

REC emphasized its shift towards renewable energy and reducing carbon emissions, underscoring its commitment to a low-carbon economy.

Social Responsibility

The company highlighted its work in rural electrification and community development, showcasing investments in education, healthcare, and infrastructure in underserved regions.

Governance

REC also focused on strengthening its governance framework, emphasizing transparency, accountability, and ethical business practices.

Commitment to Sustainability

The release of this Sustainability Report underscores REC's dedication to integrating sustainability into its core business strategies. By adopting the GRI Universal Standards 2021, REC aligns its reporting with globally recognized guidelines, ensuring that stakeholders receive a clear and accurate representation of the company's ESG impacts.

Looking Ahead

As REC continues to advance its sustainability agenda, the company is setting ambitious targets for the future. The Sustainability Report outlines REC's plans to further integrate ESG considerations into its decision-making processes, enhance its reporting capabilities, and engage more deeply with stakeholders. By setting measurable goals and regularly monitoring its progress, REC aims to create long-term value for its shareholders, employees, customers, and the broader community.

EXPANDING THE SUSTAINABLE FINANCE FRAMEWORK IN THE INDIAN SECURITIES MARKETS

1. OBJECTIVE

The Securities and Exchange Board of India (SEBI) seeks public comments on proposals to expand the sustainable finance framework in the Indian securities market. The proposals aim to:

- Redefine "green debt security" as "sustainability-linked security" to cover a broader range of sustainable finance instruments
- Include Social Bonds, Sustainable Bonds, and Sustainability-linked Bonds in the regulatory framework
- Introduce Sustainable Securitized Debt Instruments
- Align with global practices and support India's climate commitments and green transition



2. Sustainable Finance Framework Review

- The 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) highlight the need for sustainable finance to achieve environmental, social, and economic development.
- A significant amount of financing is required to achieve the SDGs, and sustainable finance can help bridge the gap.
- SEBI introduced a regulatory framework for green debt securities in 2017 and revamped it in February 2023 to align with international standards.
- The current framework only covers a limited part of environmental sustainability and does not include social bonds, sustainable bonds, and sustainability-linked bonds.
- To address this, SEBI proposes to introduce a framework for:
 - Social Bonds
 - Sustainable Bonds
 - Sustainability Linked Bonds

These, along with green debt securities, will be termed ESG Debt Securities, enabling issuers to raise funds for sustainable finance initiatives.

3. Expanding Sustainable Finance: Proposal for ESG Debt Securities Framework

SEBI proposes to introduce a framework for Social Bonds, Sustainable Bonds, and Sustainability- Linked Bonds, in addition to Green Debt Securities, to increase sustainable finance in India.

These securities will be termed **ESG Debt Securities** and will be issued in accordance with international frameworks adapted to suit Indian requirements.

SEBI will consider international frameworks such as:

- ICMA's Green Bond Principles
- ICMA's Social Bond Principles
- ICMA's Sustainability Bond Guidelines
- ICMA's Sustainability-Linked Bond Principles
- Climate Bond Initiative's Climate Bond Standard

Disclosure requirements for ESG Debt Securities will be based on identified international frameworks, with necessary adaptations.

Initial disclosures will be in the offer document, while continuous disclosures will be in the Annual Report, Business Responsibility and Sustainability Report (BRSR), or as specified.

4. Introducing Sustainable Securitised Debt Instruments

SEBI proposes to introduce "Sustainable Securitised Debt Instruments" to expand sustainable finance in India.

These instruments will be based on underlying credit facilities that align with international sustainable finance frameworks.

The proposal aims to provide originators with access to sustainable finance and investors with opportunities to participate in sustainable securitised debt instruments.

5. Independent External Review for ESG Debt Securities and Sustainable Securitised Debt Instruments

SEBI proposes that issuers of ESG Debt Securities and originators of Sustainable Securitised Debt Instruments appoint an independent external reviewer/certifier to ensure transparency and credibility.

The independent external review may take the form of:

- Second Party Opinion
- Verification
- Certification
- Scoring/Rating

The review will provide reassurance to investors and the market on the Use of Proceeds (UoP) and/or Key Performance Indicators (KPIs) specified in the debt securities or instruments.

SEBI may consider allowing ESG Rating Providers to conduct independent external reviews, provided there are no conflicts of interest.

ANNEX D :- Green Debt Securities Definition

Green debt security means a debt security issued to raise funds for projects/assets in categories such as:

- Renewable and sustainable energy
- Clean transportation
- Climate change adaptation
- Energy efficiency
- Sustainable waste management
- Sustainable land use
- Biodiversity conservation
- Pollution prevention and control
- Circular economy products and processes
- Blue bonds (sustainable water management and maritime sector)
- Yellow bonds (solar energy generation and associated industries)
- Transition bonds (transitioning to sustainable operations, aligned with India's climate targets)
- Any other category specified by SEBI from time to time. These funds must be utilized for specified projects/assets, as per conditions laid out by SEBI.

Namo eWaste Management: IPO



Akshay Jain, Founder, NamO eWaste

NamO eWaste management has carved a niche in the e-waste industry by offering comprehensive services that include the collection, safe disposal, and recycling of electronic products. The company extracts valuable materials such as copper, aluminum, and iron from discarded electronics, ensuring that these resources are reused efficiently. Additionally, they refurbish functional devices and provide secure data destruction services, which are essential for protecting sensitive information.

The company also supports manufacturers in complying with Extended Producer Responsibility (EPR) regulations, which require producers to manage the disposal of the electronic products they sell. This service is crucial as regulations around e-waste management continue to tighten across the globe.

Financial Performance

The e-waste management company has been under the radar of investors as it prepares for its Initial Public Offering (IPO). The IPO happened between September 4-6, 2024, with shares priced between ₹80 and ₹85 (\$0.98-\$1.04). The share price surged 90% above the offer price. The company raised approximately ₹51.20 crore (\$6.2 million), with the funds earmarked for expanding their operational capacity and meeting working capital requirements.

Investment and IPO

NamO eWaste has demonstrated robust financial growth over the past few years. From FY22 to FY24, the company's revenue soared from ₹45.09 crore (\$5.5 million) to ₹101.08 crore (\$12.3 million), showcasing 124% growth. During the same period, their net profit surged by 277%, from ₹1.81 crore (\$220,000) to ₹6.83 crore (\$830,000). These figures underscore NamO eWaste's effective cost management and its ability to scale operations in a rapidly growing market.

ADB and AIIB FUND SOLAR PLANT OF ENGIE SA IN GUJARAT



**Rajat Misra,
Acting Vice President,
Asian Infrastructure Investment Bank**



**Suzanne Gaboury,
Director General, PSOD,
Asian Development Bank**

The Asian Development Bank (ADB) and the ENGIE group have signed a long-term local currency loan agreement to construct and operate a 400-megawatt solar photovoltaic power plant in Surendranagar District, Gujarat, India.

ADB was the mandated lead arranger for the entire loan totaling 14.6 billion Indian rupees (approximately \$175.9 million) with ADB and Asian Infrastructure Investment Bank both providing 7.3 billion Indian rupees. The project will support the Government of India's target of achieving at least 500 gigawatts of nonfossil fuel energy capacity by 2030.

"The private sector's engagement in the fight against climate change is pivotal for achieving a clean energy transition in Asia and the Pacific," said ADB Director General for Private Sector Operations Suzanne Gaboury. " This project exemplifies how ADB, as the region's climate bank, supports the private sector in developing renewable energy projects through long-term local currency financing typically unavailable in local capital markets."

"AIIB is committed to supporting our Members' green transition and development," said Rajat Misra, AIIB Acting Vice President for Investment Clients Region 1 and Financial Institutions and Funds, Global. "This project fully aligns with AIIB's Energy Sector Strategy and mission of Financing Infrastructure for Tomorrow. It will further strengthen the development of renewable energy infrastructure and reduce the carbon intensity of the energy supply in our Members."