

## Press Release

# ICRA Upgrades IREDA's Ratings to 'AAA' (Outlook: Stable) from 'AA+' (Outlook: Positive)

New Delhi, March 7<sup>th</sup>, 2023

The credit rating agency ICRA, has upgraded the long-term bonds programme rating of the Indian Renewable Energy Development Agency Limited (IREDA) to 'AAA' (Outlook: Stable) from 'AA+' (Outlook: Positive). The rating upgraded for IREDA's Rs. 14,900 crore long-term bonds programme for FY 2023, Rs. 2,806 crore long-term bond programme up to FY 2022 and Rs. 1,000 crore subordinated debt programme.

ICRA has also upgraded the rating of IREDA's Rs. 1,500 crore perpetual debt programme to 'AA+' (Outlook: Stable) from 'AA' (Outlook: Positive). ICRA has reaffirmed the ratings of IREDA's Rs. 4,000 crore GOI-fully serviced bonds at 'AAA' (Outlook: Stable).

### Summary of rating action

<b>Instrument</b>	<b>Previous Rated Amount (Rs. crore)</b>	<b>Current Rated Amount (Rs. crore)</b>	<b>Rating Action</b>
Long-term bonds programme FY 2023	14,900	14,900	AAA (Outlook: Stable); upgraded from AA+ (Outlook: Positive)
Previous year bonds programme	2,806	2,806	AAA (Outlook: Stable); upgraded from AA+ (Outlook: Positive)
GoI fully-serviced bonds	4,000	4,000	AAA (Outlook: Stable); reaffirmed
Perpetual bonds	1,500	1,500	AA+ (Outlook: Stable); upgraded from AA (Outlook: Positive)
Subordinated debt Tier-II bonds	1,000	1,000	AAA (Outlook: Stable); upgraded from AA+ (Outlook: Positive)
<b>Total</b>	<b>24,206</b>	<b>24,206</b>	

The revision in the ratings factor in the improvement IREDA's credit profile with increased business volumes, improvement in the asset quality indicators supported by lower slippages and recoveries from stressed accounts over the past two years, and the consequent improvement in

the earnings profile on a sustained basis. The Asset Under Management has grown by a CAGR of ~16% over the past 4 years to Rs. 37,888 crore as on December 31, 2022.

The company's reported asset quality continued its improvement trajectory with gross and net NPA of 4.2% and 2.0%, respectively, as on December 31, 2022 from 5.2% and 3.1% respectively, on March 31, 2022 (8.8% and 5.6%, respectively, as on March 31, 2021), supported by limited slippages, recoveries from some loan accounts and the growth in the loan book. Consequently, decline in the credit cost due to limited slippages and reduction in operating expenses resulted in improvement in its RoA to 2.1% in H1 FY2023 from 1.8% in FY2022.

**Shri Pradip Kumar Das, Chairman and Managing Director of IREDA, said, " We are happy with the rating upgrade from ICRA, which recognises IREDA's strong credit profile as well as its extraordinary growth along with best quality Corporate Governance in last three years. This would not have been possible without the continuous support and guidance from Shri R. K. Singh, Hon'ble Union Minister of Power, New and Renewable Energy, and Shri Bhagwanth Khuba, Hon'ble Minister of State, New & Renewable Energy, Chemicals & Fertilizers, Shri Bhupinder Singh Bhalla, Secretary, MNRE, officials of MNRE and Board of Directors. The higher rating will enable us to access capital at lower cost, allowing us to expand our portfolio of RE project financing and support India's energy transition towards a cleaner and sustainable future."**