

Press Release

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

New Delhi, 28th June, 2023

The credit rating agency India Ratings has upgraded the debt instruments rating of the Indian Renewable Energy Development Agency Limited (IREDA) to 'AAA' (Outlook: Stable) from 'AA+' (Outlook: Positive).

Summary of rating action

Instrument Type	Size of Issue (In Rs. million)	Rating/Outlook	Rating Action
GOI fully serviced bonds [@]	16,400	AAA/Stable	Affirmed
Tax-free bonds	20,000	AAA/Stable	Upgraded
Taxable bonds	18,030	AAA/Stable	Upgraded
Taxable green bonds	15,650	AAA/Stable	Upgraded
Taxable unsecured subordinated debt	6,500	AAA/Stable	Upgraded
Unsecured taxable bonds	39,694	AAA/Stable	Upgraded
FY24 Borrowing programme* ^{\$}	2,15,000	AAA/Stable	Assigned
Perpetual bonds (FY24) ^{\$}	5,000	AA+/Stable	Assigned
Commercial paper (FY24)	20,000	A1+	Assigned
Subordinated debt (FY24) ^{\$}	20,000	AAA/Stable	Assigned

[@] The servicing of these bonds is a charged expenditure on the central budget, as clearly articulated in the memorandum of understanding signed between the Ministry of New and Renewable Energy (MNRE) and IREDA.

*mix of both bonds and bank loans

^{\$} yet to be raised

[^] IREDA has not issued these instruments

Earlier, in March 2023, ICRA had also upgraded IREDA's ratings to 'AAA' (Outlook: Stable) from 'AA+' (Outlook: Positive).

The ratings reflect a continuous improvement in IREDA's credit profile in terms of asset quality, provisioning coverage and franchise growth. India Ratings continues to factor in IREDA's strong linkages with the Government of India and its position as an apex institution for the expansion and financing of renewable energy (RE) projects in India. IREDA's gross non-performing assets fell to INR15.13 billion (3.21%) in FY23 (FY22: INR17.68 billion, 5.21%). The net non-performing assets too declined to 1.66% in FY23 (FY22: 3.12%). India Ratings expects IREDA to keep playing a crucial role in reducing emissions as well as developing India's RE sector, particularly to achieve the target of 500 GW by 2030.

Shri Pradip Kumar Das, Chairman and Managing Director of IREDA, expressed satisfaction with the rating upgrade from India Ratings, following the earlier upgrade from ICRA. He highlighted that, "the enhanced rating will facilitate IREDA in accessing capital at lower costs. This, in turn, will benefit project developers by allowing them to secure loans from IREDA at lower interest rates. Consequently, the company's portfolio in Renewable Energy project financing can expand, further supporting India's journey towards a cleaner and more sustainable future."

Shri Das acknowledged that these upgrades recognize IREDA's strong credit profile, exceptional growth, and commitment to best quality Corporate Governance over the past three years. He attributed this success to the continuous support and guidance of Shri R. K. Singh, Hon'ble Union Minister of Power, New and Renewable Energy, Shri Bhagwanth Khuba, Hon'ble Minister of State, New & Renewable Energy, Chemicals & Fertilizers, Shri Bhupinder Singh Bhalla, Secretary, MNRE, officials of MNRE, and the Board of Directors for making this achievement possible.