RATING RATIONALE

19 Feb 2026

Indian Renewable Energy Development Agency Limited (IREDA)

Brickwork Ratings reaffirms the rating for the various bonds of Indian Renewable Energy Development Agency Limited, amounting to Rs 4094.60 Crores (Reduced from last rated amount of Rs 9022.90 Crores) and withdraws the rating for taxable bonds amounting to Rs 250.00 Crores (present outstanding nil) on account of full redemption upon its maturity.

Particulars:

Facilities/ Instruments	Amount Rs Cr.		Tenure	Rating^	
	Previous	**Present**		**Previous (20 Feb 2025)**	**Present**
Fund-Based Bank Loan Facilities	4678.30	**-**	Long Term	BWR AAA/Stable (Reaffirmed and Withdrawn)	—
Total Bank loan facilities	4678.30	**-**			
Unsecured Taxable Sub Tier II Bonds	500.00	**500.00**	Long Term	BWR AAA/Stable (Reaffirmed)	**BWR AAA/Stable (Reaffirmed)**
Existing Taxable Bonds	1803.00	**1803.00**			
Taxable Green Bonds	865.00	**865.00**			
Existing Taxable Sub Tier II Bonds	150.00	**150.00**			
Sub Total	*3318.00*	***3318.00***			
Long-Term Taxable Bonds	250.00	**0.00**	Long Term	BWR AAA/Stable (Reaffirmed)	**Withdrawn**
Long-Term Taxable Bond	200.00	**200.00**	Long Term	BWR AAA/Stable (Reaffirmed)	**BWR AAA/Stable (Reaffirmed)**
Long Term Tax-Free Bonds	576.60	**576.60**			
Sub Total	*1,026.60*	***776.60***			
Total Bonds	4,344.60	**4094.60**			
Grand Total	9,022.90	**4094.60**	**Rupees Four Thousand Ninety Four Crores Sixty Lakhs Only**		

^Please refer to BWR website **www.brickworkratings.com/** for the definition of the ratings
*** Details of Bonds are provided in Annexure-II*

Please Note- The rated bonds amount stands reduced to Rs 4094.60 Crores post the last review, on account of redemption of taxable bonds of Rs 250 Crores (INE202E07062) as confirmed by the Debenture trustee and disclosed by the company to stock exchanges. The redeemed NCD details are provided in Annexure-II.

RATING ACTION / OUTLOOK: REAFFIRMATION/ STABLE/WITHDRAWAL

Brickwork Ratings (BWR) reaffirms the rating at BWR AAA/Stable for various bonds amounting to Rs.4094.60 Crs of Indian Renewable Energy Development Agency Limited (IREDA or the Company).

BWR also withdraws the rating of long term taxable bonds amounting to Rs. 250 Crs (present outstanding nil) of Indian Renewable Energy Development Agency Limited, as it was fully redeemed at its maturity as conveyed by the company and confirmed by the DebentureTrustee. Withdrawal of Rating is in compliance with BWR Rating Withdrawal Policy.

The rating reaffirmation at BWR AAA/Stable for various bonds amounting to Rs.4094.60 Crs of IREDA, continues to factor in the company's strategic importance to the Government of India (GoI) in promoting the renewable energy sector, diversified resource profile, consistent business growth, adequate liquidity position, comfortable capitalisation, improved profitability and proven track record in renewable energy lending. The rating also factors in the moderate, albeit improving, asset quality.

These strengths are partially offset by the inherent challenges of operating as an Infrastructure Finance Company (IFC), given its exposure to large-scale lending with prolonged project timelines in the renewable energy sector.

The IFC status enables higher exposure in renewable energy financing, access to a wider investor base, and an increased capability to raise funds at competitive rates.With IFC status, IREDA will keep contributing towards Govt. of India's target of 500 GW installed capacity of non-fossil fuels by 2030

BWR maintains a Stable outlook for the company as the company's business risk profile is likely to remain unchanged over the medium term, indicating a low likelihood of a rating change over the medium term

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KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

The various debt instruments rated by BWR have varied tenor and coupon rates, serviceable on periodic intervals. The rated bonds raised by the Company are in the nature of unsecured/ secured rated with listed redeemable non-convertible bonds (Excluding one taxable bond, which is not listed). Other details of these rated instruments are given in Annexures.

KEY RATING DRIVERS

Credit Strengths-:

Government Undertaking and Strategic role in promoting renewable energy sector:

- As a majority government-owned entity under the administrative control of the Ministry of New and Renewable Energy (MNRE), IREDA is integral to India's renewable energy sector development, ensuring strong support from the Government of India (GoI). As at 31 Dec

2025, the GoI's holding in IREDA stood at 71.76%, as against 75% as of 31 Dec 2024. As at 31 Dec 2024, the GoI's holding in IREDA stood at 75% and expected to reduce up to 7% post-issue basis in multiple tranches with the proposed Qualified Institutional Placement (QIP) of up to Rs. 5,000 crores. However, even with the reduction, the ownership structure will continue to provide the policy support and access to favorable funding avenues. As a key lending institution to the renewable energy sector of the nation, IREDA plays a crucial role in India's clean energy transition. This strategic positioning enhances its business sustainability and ensures continued policy backing. IREDA catalyzes the GoI's ambitious renewable energy targets. Given its continued government ownership and lower-cost refinancing options from institutions like the World Bank and other international organisations at competitive rates

Consistent growth in AUM leading to increase in profitability:

- The company has demonstrated strong and sustained growth in its loan portfolio over recent years, supported by robust disbursement expansion and consistent profitability. Assets Under Management (AUM) recorded a healthy CAGR of 28% between FY21 and FY25, reaching Rs. 76,282 crore by FY25 and further rising to Rs. 87,975 crore as of 31 Dec 2025. This expansion has been driven by strong lending activity, with disbursements growing by 44.48% in 9MFY26 to Rs. 24,903 crore, compared to Rs. 17,236 crore in 9MFY25.

- The growth in the loan book has translated into improved earnings performance. Profit After Tax (PAT) increased by 15.29% in 9MFY26 to Rs. 1,381 crore from Rs. 1,197 crore in the corresponding period of the previous year. Over the longer term, PAT registered a CAGR of 48%, rising from Rs. 346.61 crore in FY21 to Rs. 1,699 crore in FY25, reflecting sustained profitability. Net Interest Income grew strongly by 37.13% to Rs. 2,470 crore in 9MFY26, supported by a 26.78% increase in interest income to Rs. 6,134 crore. Consequently, Net Interest Margin improved to 3.74% in 9MFY26 from 3.33% in 9MFY25.

- The growth outlook remains favourable, supported by structural opportunities in the renewable energy sector. The Government of India (GOI) has set an ambitious target of achieving 500 GW of non-fossil fuel-based energy capacity by 2030. As of 31 Dec 2025, GOI's installed capacity stood at approximately 254 GW, indicating significant scope for further capacity additions and associated financing demand. In this context, institutions such as Indian Renewable Energy Development Agency Limited play a pivotal catalytic role in enabling sectoral growth through sustained funding support

Comfortable Capitalisation:

- The company continues to maintain a comfortable capital adequacy position. The Capital to Risk-Weighted Assets Ratio (CRAR) stood at 19.54% as of 31 Dec 2025, marginally improved from 17.77% as of 31 Mar 2025, The ratio remains well above the minimum regulatory requirement of 15% for NBFCs, thereby providing adequate headroom to support future growth. The company's net worth has also exhibited steady accretion, increasing to Rs 13,537 crore as of 31 Dec 2025 from Rs 10,266 crore as of 31 Mar 2025. This has supported an improvement in the capital structure, with the gearing ratio moderating to 5.41x as of 31 Dec 2025 from 6.31x as of FY25.

- Further On Feb 6, 2026, The Board of Directors of Indian Renewable Energy Development Agency Limited has approved a major capital-raising plan of Rs 2994 Crores through the issuance of equity shares via a Qualified Institutions Placement provided that the shareholding of the President of India, does not dilute more than 3.76% of the post-Issue paid-up equity share capital of the Company. The capital raise will also be helpful in improving the Net worth of the company.
  Given the entity's importance to nation-building and also lending to a sector providing economic value to the nation, gearing upto 8x levels for such entities may be acceptable. However, any further weakening of gearing and capital adequacy ratios falling below 18%, would be required to be proportionately supported by capital infusion.

Credit Risks:

Moderation in Asset Quality albeit improving:

- On financial year ending 31 Mar 2025, the asset quality had weakened with GNPA ratio increasing to 2.45% (2.36% in FY24) due to increase in slippages to Rs 669.51 Crores in Q4FY25, which increased the GNPA on absolute basis to Rs 1866 Crores for FY25. Further the company's asset quality on a YoY basis witnessed weakening from GNPA ratio of 2.68% as at 31 Dec 2024 to GNPA ratio of 3.75% as at 31 Dec 2025. This was on account of higher slippages to NPA during Q1FY26 from two of its accounts with loans amounting to Rs 673 crore and Rs 777 Crores each. The Company has initiated a recovery process and has identified a Resolution Professional (RP) and is in the process of taking possession of the Assets.

- The company's asset quality on a q-o-q basis as at 31 Dec 2025 had improved, as reflected in the reduction of the Gross Non-Performing Asset (GNPA) ratio to 3.75% from 3.97% as of 30 Sep 2025. GNPA in absolute terms was Rs 3297 crore as of 31 Dec 2025 (from Rs 3353 crore as of 30 Sep 2025), although there was also an increase in the denominator i.e. Assets Under Management (AUM) to Rs.87,975 Crs as of 31 Dec 2025 from Rs.84,477 Crs as of 30 Sep 2025 . AUM was Rs.68,960 Crs as of 31 Dec 2024. Consequently, the Net NPA (NNPA) ratio also improved to 1.68% as of 31 Dec 2025, from 1.97% as of 30 Sep 2025, an 11% drop in NNPA in absolute terms to Rs 1448 Crores as of 31 Dec 2025, from Rs.1627 Crs as of 30 Sep 2025. The Stage III PCR stood at 56% as of 31 Dec 2025, as against 44.52% as of 31 Dec 2024.

High Ticket Borrowers and Sectoral Concentration Risk :

- A substantial portion of IREDA's loan exposure remains concentrated among a few large borrowers, increasing credit risk. The company's exposure to its 25 largest borrowers as at 31 Dec 2025 was at 49% of its total loan exposure. Moreover, IREDA's lending to state-owned power utilities remains monitorable on their timely collections from such receivables.

- Given its exclusive focus on renewable energy, IREDA remains susceptible to sector-specific challenges, including policy shifts, regulatory changes, and variability in government incentives. However, the sectoral concentration risk is partially mitigated by a well-diversified sub-sectoral portfolio, which includes financing various renewable energy projects such as Solar, Wind, Hydro, Waste-to-Energy, etc. Additionally, the portfolio is diversified across different stages of the power sector, including generation, transmission, and distribution. The company's lending to unconventional renewable energy segments, such as EVs and Biomass, further enhances portfolio diversification. However, due to the low seasoning of these segments, the impact on asset quality and profitability will remain a key monitorable.

ANALYTICAL APPROACH - STANDALONE

To arrive at its ratings, BWR has evaluated IREDA's risk profile on a standalone basis. BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: Not Applicable

Negative:

- Deterioration in asset quality or substantial weakening in the earnings profile on a sustained basis, and/or a significant decline in GOI's stakeholding, will be the rating negative.
- Gearing above 8x on a sustained basis will be monitorable

LIQUIDITY POSITION - ADEQUATE

- Adequate Liquidity is characterised by comfortable cash and bank balance of Rs 1754 Crores, liquid investments of Rs 1013 Crores as of 31 Dec 2025 which were more than sufficient to cover Rs 1290 Crores outstanding of short-term loans. IREDA also had unutilized bank lines of Rs 4940 Crores as of 31 Dec 2025.

- The company's Liquidity Coverage Ratio (LCR) stood at 153% as of 31 Dec 2025, above the regulatory minimum requirement of 100%, indicating its capacity to meet short-term liquidity needs. The overall liquidity profile seems comfortable, with no negative cumulative mismatches across all maturity buckets per the Asset–Liability Management (ALM) statements dated 31 Dec 2025.

ENVIRONMENTAL, SOCIAL, GOVERNANCE - ESG PRACTICES

- The company demonstrates an Adequate ESG profile based on its environmental, social, and governance practices. The ESG profile for financial sector entities typically factors governance as a key differentiator.
- **Environmental:** Environmental evaluation considers lending restrictions on environmentally sensitive sectors and the extent of support for green or sustainable-financing products (Such as solar, wind, hydro, bio-energy, waste to energy, energy efficiency, e-mobility, battery storage, biofuel and new and emerging technologies)
- **Social:** Social assessment covers employee welfare initiatives, diversity, inclusion practices (women workforce 28.3% in FY25), financial-inclusion measures. customer service and grievance-resolution systems, data privacy and information-security measures and community development or CSR initiatives.
- **Governance**: Governance analysis includes the effectiveness of investor and stakeholder

grievance-redressal mechanisms, the structure and independence of the board (with 70% independent directors and a maximum tenure of 5 years per term), adherence to regulatory and ethical standards, and workforce-governance policies promoting fairness and equity.

COMPANY PROFILE

- **Indian Renewable Energy Development Agency Ltd (IREDA)** was incorporated on 11 March 1987 as a fully owned Government of India enterprise under the administrative control of the MNRE (Ministry of New & Renewable Energy). Furthermore, the company was notified as a public financial institution under section 4A of the Companies Act, 1956 and is also registered as a non-deposit taking non-banking finance company with the RBI.
- The company was established for the promotion, development and commercialisation of new and renewable sources of energy and provides financial assistance to energy efficiency and conservation projects. The GoI conferred the status of Mini Ratna under Category-I upon IREDA in June 2015. Later, in April 2024, the company was granted Navratna Status by the Department of Public Enterprises. The sectors financed by IREDA can broadly be classified as wind energy, small hydro energy, bioenergy, solar energy, energy efficiency and conservation, and new and emerging technologies.
- RBI classified the company as "Infrastructure Finance Company" in March 2023. IREDA has been promoting, developing and financing new and renewable sources of energy. It finances all renewable energy technologies and value chains such as solar, wind, hydro, bio-energy, waste to energy, energy efficiency, e-mobility, battery storage, biofuel and new and emerging technologies.

KEY FINANCIAL INDICATORS – Standalone

Key Parameters	Units	FY 24 Audited	FY 25 Audited	9MFY26 Unaudited (Reviewed)
Asset Under Management	Rs in Crores	59,698.11	76282	87975
Total Income	Rs in Crores	4,965.29	6,754.78	6,156.57
PAT	Rs in Crores	1,252.24	1,698.60	1,380.58
Net Worth	Rs in Crores	8,559.43	10,266.16	13,536.68
Gearing Ratio	Times	5.80	6.31	5.41
CRAR	%	15.51	17.77	19.54
Gross NPA ratio	%	2.36	2.45	3.75
Net NPA ratio	%	0.99	1.35	1.68

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:

No outstanding non-cooperation rating with other Credit Rating Agencies.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

<table>
<tr><th rowspan="2">S. No</th><th rowspan="2">Facilities</th><th colspan="3">Current Rating (Feb 2026)</th><th colspan="3">Rating History</th></tr>
<tr><th>Type</th><th>Amount (Rs in Cr)</th><th>Rating</th><th>2025
20 Feb 2025</th><th>2024
22 Feb 2024</th><th>2024
29 Jan 2024</th></tr>
<tr><td>1</td><td>Fund-Based Bank Loan Facilities</td><td rowspan="8">Long Term</td><td>-</td><td>-</td><td>BWR AAA/Stable (Reaffirmed and Withdrawn (Rs 4,678.30 cr)</td><td>BWR AAA /Stable/Removal from ISSUER NOT COOPERATING* category/Upgraded (Rs 5543.58 Cr)</td><td>BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* category/Downgraded (Rs 10700 Cr)</td></tr>
<tr><td>2</td><td>Unsecured Taxable Sub Tier II Bonds</td><td>500.00</td><td rowspan="4">BWR AAA/Stable (Reaffirmed)</td><td rowspan="7">BWR AAA/ Stable (Reaffirmed) (Rs 4344.60 Crs)</td><td rowspan="7">BWR AAA /Stable/Removal from ISSUER NOT COOPERATING* category/Upgraded (Rs 4525.65 crs)</td><td rowspan="7">BWR BB+/Stable/ Continues to be in ISSUER NOT COOPERATING* category/Downgraded (Rs 1,507.65 Crs)</td></tr>
<tr><td>3</td><td>Existing Taxable Bonds</td><td>1803.00</td></tr>
<tr><td>4</td><td>Taxable Green Bonds</td><td>865.00</td></tr>
<tr><td>5</td><td>Existing Taxable Sub Tier II Bonds</td><td>150.00</td></tr>
<tr><td>6</td><td>Long-Term Taxable Bonds</td><td>0.00</td><td>Withdrawn</td></tr>
<tr><td>7</td><td>Long-Term Taxable Bonds</td><td>200.00</td><td rowspan="2">BWR AAA/Stable (Reaffirmed)</td></tr>
<tr><td>8</td><td>Long Term Tax-Free Bonds</td><td>576.60</td></tr>
<tr><td></td><td>Total</td><td></td><td>4094.60</td><td colspan="4">Rupees Four Thousand Ninety Four Crores Sixty Lakhs only</td></tr>
</table>

Hyperlink/Reference to applicable Criteria:

- General Criteria
- Approach to Financial Ratios
- NBFC
- Capital Instruments issued by Banks and Financial Institutions
- Ratings of Entities based on Government Support
- BWR Rating Withdrawal Policy

Analytical Contacts	
Bishal Biplab Pujari **Senior Rating Analyst** **bishal.bp@brickworkratings.com**	**Hemant Sagare** **Director - Ratings** **hemant.sagare@brickworkratings.com**
1-860-425-2742	**media@brickworkratings.com**

Indian Renewable Energy Development Agency Limited

ANNEXURE I
Details of Bank Loan Facilities rated by BWR: NA

Lender Name	Type of Facility	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs)	Total (Rs. Crs)	Complexity Level#
NIL	NIL	NIL	NIL	NIL	NIL	NIL

 # For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II
(NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount (Rs. Crs.)	Coupon Rate	Maturity Date	ISIN	Complexity Level
IREDA Taxable Bonds	Sep. 24, 2010	0.00	9.02%	Sep. 24, 2025	INE202E07062	Complex
IREDA Taxable Bonds	May 10, 2013	200.00	8.49%	May 10, 2028	INE202E07096	Complex
IREDA Taxable Green Bonds	Jan. 03, 2019	275.00	8.51%	Jan. 03, 2029	INE202E07260	Complex
IREDA Taxable Green Bonds	Jan. 17, 2019	590.00	8.47%	Jan. 17, 2029	INE202E07278	Complex
IREDA Taxable Unsecured Subordinated Tier - II Bond	Feb. 22, 2019	150.00	9.23%	Feb. 22, 2029	INE202E08045	Complex
IREDA Taxable Bonds	Sep. 24, 2019	1000.00	8.00%	Sep. 24, 2029	INE202E07286	Complex
IREDA Taxable Bonds	Mar. 03, 2020	803.00	7.40%	Mar. 03, 2030	INE202E07294	Complex
IREDA Taxable Unsecured Subordinated Tier - II Bond	May 08, 2020	500.00	7.74%	Mar. 03, 2030	INE 202E08060	Complex
IREDA Tax Free Bonds	Mar. 13, 2014	123.08	8.55%	Mar. 13, 2029	INE 202E07120	Complex
IREDA Tax Free Bonds	Mar. 13, 2014	38.81	8.55%	Mar. 13, 2034	INE202E07146	Complex
IREDA Tax Free Bonds	Mar. 13, 2014	234.55	8.80%	Mar. 13, 2029	INE202E07138	Complex
IREDA Tax Free Bonds	Mar. 13, 2014	144.16	8.80%	Mar. 13, 2034	INE202E07153	Complex
IREDA Tax Free Bonds	Mar. 27, 2014	36.00	8.56%	Mar. 27, 2029	INE202E07161	Complex
Total		**4094.60**	**Rupees Four Thousand Ninety Four Crores Sixty Lakhs Only**			

Please note IREDA taxable bonds of Rs 250 Crores (INE202E07062) were fully redeemed upon its maturity on 24 Sep 2025 as per DT confirmation, stock exchange notification and company confirmation.

COMPLEXITY LEVELS OF THE INSTRUMENTS: Complex
***For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf**

ANNEXURE-III
List of Entities Consolidated - None

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
NA	NA	NA	NA

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