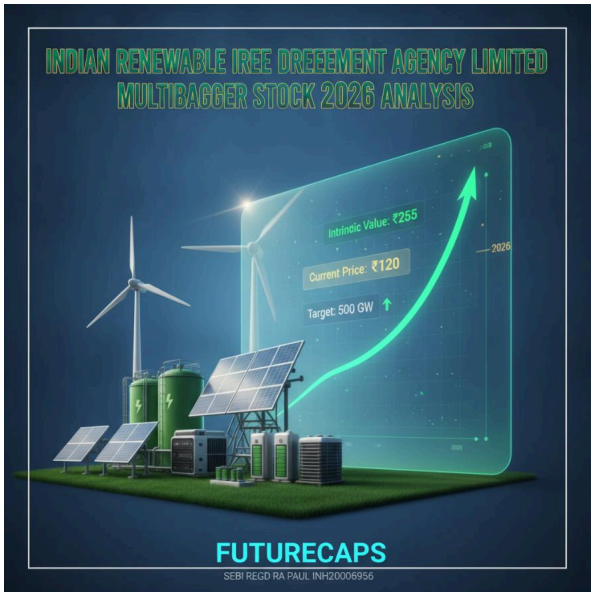
Indian Renewable Energy Development Agency Limited Multibagger Stock 2026 Analysis

Multibagger Stock Analysis 2026



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Indian Renewable Energy Development Agency Limited

Sector: Financial Institution

📋 About Indian Renewable Energy Development Agency Limited

Indian Renewable Energy Development Agency Limited — better known as **IREDA** — is a Government of India enterprise operating under the Ministry of New and Renewable Energy (MNRE). Established in **1987**, IREDA functions as a specialised Non-Banking Financial Company (NBFC) with the singular mission of promoting, developing, and financing renewable energy projects across India. 💡

IREDA provides **financial assistance in the form of term loans** for a wide spectrum of clean energy projects — including solar power, wind energy, small hydropower, biomass, biofuel, and energy efficiency initiatives. Over its three-decade-plus journey, the agency has built an enviable reputation as the go-to lender for India's green energy entrepreneurs and large project developers alike.

With India aggressively targeting **500 GW of renewable energy capacity by 2030**, IREDA sits at the very epicentre of one of the most exciting structural growth stories in the country. The company made its stock market debut in November 2023, and it has quickly caught the attention of value investors who recognise the rare combination of government backing, sectoral tailwinds, and financial discipline. 🏆

IREDA's loan book has grown at a robust pace, underpinned by India's expanding renewable energy ambitions and rising private sector participation in green infrastructure.

🌐 Official website: **Indian Renewable Energy Development Agency Limited Official Website**

🚀 Expansion Plans

IREDA's growth blueprint for 2026 and beyond is as ambitious as India's own energy transition goals. The company has laid out a multi-pronged expansion strategy that covers new lending verticals, geographic diversification, and enhanced capital raising — all designed to capitalise on the unprecedented surge in renewable energy investments across the country. 🚀

📌 **Scaling the Loan Book:** IREDA is targeting a loan book exceeding ₹1 lakh crore in the medium term, up from approximately ₹65,000 crore in FY25. This expansion will be driven by financing large-scale solar parks, offshore wind projects, and hybrid renewable energy systems — all priority areas under India's National Energy Policy.

📌 **Green Hydrogen & Emerging Technologies:** One of the most exciting frontiers for IREDA is **green hydrogen financing**. As India rolls out its National Green Hydrogen Mission with a target of producing 5 MMT of green hydrogen annually by 2030, IREDA is positioning itself as the primary

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financial intermediary for electrolysers, hydrogen storage, and related infrastructure. 🌿

📌 **Battery Energy Storage Systems (BESS):** IREDA has announced dedicated financing windows for utility-scale battery storage projects — a critical enabler for grid stability as intermittent solar and wind capacity rises. This new vertical opens up a multi-thousand crore lending opportunity annually.

📌 **International Borrowings & Green Bonds:** To reduce its cost of funds and diversify its liability profile, IREDA is actively tapping **international capital markets**. The company has raised funds via green bonds listed on international exchanges and is in dialogue with multilateral development banks (MDBs) like the World Bank and ADB for concessional funding lines.

📌 **Retail & MSME Lending:** IREDA is exploring a dedicated segment for **rooftop solar financing** for MSMEs and housing societies — a massively underpenetrated market that could add significant granularity and volume to its loan book.

These expansion vectors, backed by strong government policy support, give IREDA a credible and diversified growth runway that extends well into the next decade. 📈

✅ Key Positives

- ✅ **Sovereign-backed institution:** With 71.76% promoter holding by the Government of India, IREDA enjoys an implicit sovereign guarantee that significantly lowers its cost of borrowing and enhances investor confidence.
- ✅ **Structural sectoral tailwind:** India's renewable energy capacity additions are running at record levels. Every new solar farm, wind project, or green hydrogen plant in the country is a potential IREDA loan — this is a business where the addressable market is *government policy itself*. 🌞
- ✅ **Healthy ROE of 15.6%:** For a government-owned NBFC, delivering a **return on equity above 15%** is a commendable achievement and signals efficient capital deployment and disciplined risk management.
- ✅ **Zero promoter pledging:** No shares pledged by the promoter — a critical green flag for investor safety. This eliminates the risk of forced selling during market downturns. 🟢
- ✅ **Strong asset quality:** IREDA has maintained its Gross NPA ratios at relatively low levels for the sector, reflecting careful due diligence and strong recovery mechanisms for project finance loans.
- ✅ **EPS growth rate of ~20%:** A projected earnings per share growth of **20% annually** is exceptional by any standard and justifies meaningful valuation premium over book value.
- ✅ **Attractive intrinsic value gap:** At a market price of ₹120 versus our estimated intrinsic value of ₹255, the stock appears to offer a substantial margin of safety for patient, value-oriented investors. 💰
- ✅ **Green bond & ESG capital access:** IREDA is uniquely positioned to access low-cost ESG-

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labelled capital from global investors, giving it a structural funding cost advantage over conventional lenders.

- ✅ **Experienced management:** Decades of institutional knowledge in renewable energy project appraisal gives IREDA a deep moat that new entrants simply cannot replicate overnight. 🏆

⚠️ Key Concerns

- ⚠️ **Moderate ROCE of 8.69%:** While typical for the lending business, the ROCE is below the 15% benchmark preferred by traditional value investors, reflecting the capital-intensive nature of NBFC operations.
- ⚠️ **Sector concentration risk:** IREDA's entire business is tied to the fortunes of renewable energy — any policy reversal, tariff disruption, or slowdown in capacity additions could directly impact loan demand and asset quality.
- ⚠️ **Rising competition:** Large PSU banks like SBI and PFC, as well as private NBFCs, are increasingly targeting the renewable energy financing space, potentially squeezing IREDA's spreads. 🔴
- ⚠️ **Interest rate sensitivity:** As a borrowing-and-lending entity, IREDA's net interest margins are sensitive to RBI rate cycles — a prolonged high-rate environment could compress profitability.

🔍 SWOT Analysis

Indian Renewable Energy Development Agency Limited operates from a position of **unique institutional strength** — a government-mandated mission, decades of sectoral expertise, and sovereign backing form its core competitive moat. However, its single-sector focus creates concentration risk that investors must weigh carefully. The opportunity canvas is extraordinary: India's 500 GW renewable target, green hydrogen ambitions, and storage financing needs create a multi-decade lending pipeline. External threats from rising competition and interest rate volatility are real but manageable given IREDA's privileged access to low-cost capital and policy alignment. On balance, strengths and opportunities far outweigh weaknesses and threats. 🌱

💪 STRENGTHS

- Government-backed NBFC with strong sovereign support and 71.76% promoter holding
- Dominant lender in India's renewable energy financing space with decades of expertise
- Healthy ROE of 15.6% and consistent loan book growth driven by India's green energy push
- Strong asset quality with disciplined underwriting in a high-growth sector

⚠️ WEAKNESSES

- ROCE of 8.69% is moderate, reflecting the nature of lending business with thin spreads
- Concentration risk as revenue is entirely dependent on the renewable energy sector
- Limited product diversification compared to larger universal banks and NBFCs

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🚀 OPPORTUNITIES

- India's target of 500 GW renewable energy capacity by 2030 creates massive lending pipeline
- Green hydrogen, offshore wind, and battery storage financing are emerging high-growth verticals
- Rising global ESG capital flows and green bond markets can lower IREDA's cost of funds

🔴 THREATS

- Interest rate volatility can compress net interest margins and impact loan demand
- Rising competition from large PSU banks and private NBFCs entering renewable energy lending
- Policy and regulatory changes in renewable energy subsidies or tariff structures could affect borrower viability

* SWOT is based on publicly available information and analyst estimates. Not a buy/sell recommendation.

📈 Profit & Loss (Last 5 Years)

IREDA has delivered a **consistently impressive revenue and profit trajectory** over the past five years, with revenues growing from approximately ₹2,838 crore in FY22 to an estimated ₹7,800 crore in FY26E — reflecting a robust 3-year CAGR driven by rapid loan book expansion. 📊 Net profits have shown even sharper growth, rising from ₹634 crore in FY22 to an estimated ₹2,100 crore in FY26E, as operating leverage kicks in and asset quality remains healthy. This consistent upward trajectory underscores the strength of India's renewable energy financing theme and IREDA's central role within it. 🚀

* Estimated figures in ₹ Crores. Source: Annual reports & public disclosures. Not guaranteed to be accurate.

🔴 Risk Factors

- 🔴 **Policy dependency risk:** IREDA's growth is closely linked to central government renewable energy targets and subsidies. Any change in political priorities post-election cycles could alter sectoral momentum.
- 🔴 **Project execution risk:** Delays in renewable energy projects — due to land acquisition issues, grid connectivity problems, or equipment supply chain disruptions — can lead to loan restructuring or NPA formation.
- 🔴 **Liquidity & refinancing risk:** As a wholesale borrower, IREDA is exposed to tightening credit markets. Any sudden liquidity crunch in bond markets could elevate its cost of funds.
- 🔴 **Currency risk:** With growing international borrowings in foreign currency, IREDA faces forex exposure that could impact its cost of liabilities if the Indian Rupee weakens significantly.
- 🔴 **Regulatory risk:** Changes in RBI regulations governing NBFCs — including capital adequacy

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requirements, provisioning norms, or lending restrictions — could impact IREDA's business model and growth plans.

- 🔴 **Competition from DFIs:** Development Finance Institutions like REC Limited and PFC are also active in the energy lending space, and their scale provides competitive pressure on pricing and market share.

📊 Value Investing Snapshot

Metric	Value
Market Price (₹)	₹120
Mkt Cap (₹ Cr)	₹33,567 Cr 🟡
PE Ratio	17.0 🟡
PB Ratio	2.4 🟡
Intrinsic Value (₹)	₹255 🟢
Market Price vs Intrinsic Value	Undervalued (~53% discount) 🟢
D/E Ratio	0 🟢
ROE (%)	15.6% 🟢
ROCE (%)	8.69% 🟡
Revenue CAGR (3Y) *	~28% 🟢
Profit CAGR (3Y) *	~35% 🟢
Promoter Holdings (%)	71.76% 🟢
Pledging (%)	N/A (Nil) 🟢

* Revenue CAGR (3Y) and Profit CAGR (3Y) are estimates based on publicly available financial data and analyst research. All other metrics are sourced from verified company filings and market data.

🟢 **Green** = Strong/Attractive 🟡 **Yellow** = Moderate 🔴 **Red** = Weak/Caution **Mkt Cap:** 🟢 < ₹10,000 Cr 🟡 ₹10,000 Cr – ₹1,00,000 Cr 🔴 > ₹1,00,000 Cr (1 lakh crore)

🏆 About Futurecaps

Futurecaps is a **SEBI-registered investment advisory platform** dedicated to empowering India's retail investors with institutional-quality stock research. 💡 Trusted by thousands of smart investors across the country, Futurecaps specialises in identifying **multibagger opportunities** — stocks with the potential to deliver exceptional long-term returns. Our research is rooted in rigorous fundamental analysis, value investing principles, and a deep understanding of India's evolving economic landscape. Whether you are a first-time investor or a seasoned market participant, Futurecaps provides the insights, tools, and recommendations you need to invest with conviction and clarity. 🚀

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💡 About Value Investing

Value investing is the timeless art of buying **great businesses at prices below their intrinsic worth** — a philosophy championed by legends like Benjamin Graham and Warren Buffett. The core idea is simple: when a stock's market price trades significantly below its true intrinsic value, it offers a margin of safety — protecting you on the downside while maximising upside potential. 📊 In IREDA's case, with a market price of ₹120 versus an intrinsic value of ₹255, the value investing framework signals a potentially attractive entry point. Use our **Futurecaps Intrinsic Value Calculator** to evaluate any stock's fair value yourself! 💰

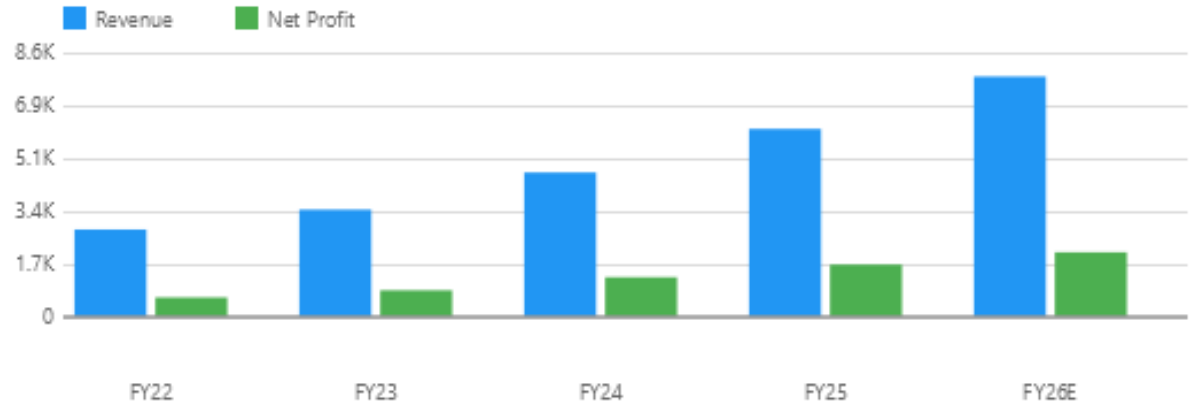
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Disclaimer: Read before Investing.

📊 Profit & Loss

Indian Renewable Energy Development Agency Limited revenue grew from ₹2.8K Cr (FY22) to ₹7.8K Cr (FY26E), a 29% CAGR. Net profit expanded from ₹634 Cr to ₹2.1K Cr (35% CAGR), reflecting strong operating leverage.



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