



CHAIRMAN'S SPEECH



Dear Shareholders,

On behalf of the Board of Directors of Indian Renewable Energy Development Agency Limited (IREDA) and on my own behalf, I am pleased to welcome you to the 29th Annual General Meeting of the Company. The Directors' Report and the Audited Statement of Accounts for the year ended March 31, 2016, duly certified by the Comptroller and Auditor General of India are also available with you, and with your consent, I shall take it as read.

IREDA has completed yet another year of excellent all-around performance as a leading financial institution for financing of renewable energy projects, playing a prominent role in the overall development of the Indian RE sector. During the financial year 2015-16, IREDA sanctioned highest ever loans of ₹7,806.46 Crore, registering an increase of 71.62% over the previous year's loan sanctions of ₹4548.79 Crore. Loans disbursals during the year stood at ₹4,257.39 Crore, registering an increase of 62.53% over the disbursement of ₹2619.45 Crore of previous year. Your Company has earned a record profit before tax of ₹417.62 Crore registering a growth of 10.32% over the previous year. The Net-worth of your Company has also increased to ₹2296.07 Crore from ₹2178.56 Crore.

Now, I would like to take you through a brief update on the economic and market situation, some of the key financing and other highlights of the previous year and of course, the outlook for the current year.

ECONOMIC SCENARIO

The Indian economy continued to exhibit a high growth rate of 7.6% in 2015-16 compared to 7.3% in 2014-15 due to rebound in agriculture output, improvement in electricity generation and mining. The Indian economy continues to be a bright spot on the global economic scenario. The Government is taking several proactive initiatives to kick-start and sustain the growth momentum in business and industry.

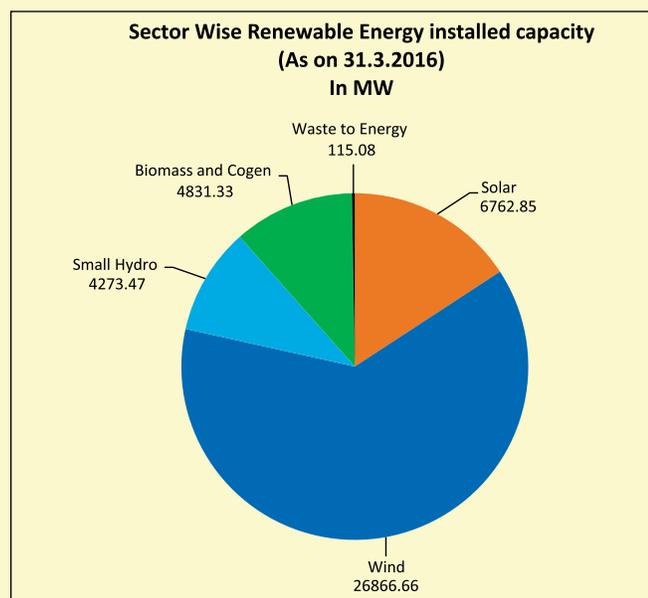
The Government's fiscal position stands on a sound footing, with achieving fiscal deficit of 3.9% (at RE Stage) in 2015-16 and is aiming to further bring it down to 3.5% in 2016-17. Current Account Deficit has been narrowed down to 1.1% of GDP in 2015-16 from 1.3% in 2014-15. With reserves of US\$365 billion, India's foreign exchange position is quite comfortable.

Other important determinants viz. signs of recovery in key economic indicators, stability in exchange rates and softening of inflation have resulted in reduction of interest rates by 150 basis points by Reserve Bank of India, since January 2015, the lowest level in more than five years.

RENEWABLE ENERGY SCENARIO

The total installed power generation capacity in the country as on 31.3.2016 stood at 302 GW, out of which renewable power generation portfolio stood at 42.78 GW constituting about 14% of the total power generation installed capacity. The country's renewable energy potential is huge at 1095 GW. India also has around 7600 KM of coastline which offers huge potential for off-shore wind power development. The Government has announced ambitious and pragmatic RE growth plan for installation of 175 GW by 2022. This would comprise 100 GW of Solar, 60 GW of Wind, 10 GW of Biomass/Cogeneration and 5 GW of Small Hydro installations.

Financing is one of the critical focus area to meet the ambitious national target of 175 GW. To achieve the 175 GW of renewable energy, it would need approximately \$140 billion over the period of next six years (until 2022).



INITIATIVES TO SUPPORT RENEWABLE ENERGY

With the proposed enhanced targets, the country is now operating one of the largest renewable capacity expansion programmes in the world, with action-oriented plans and vision. The Government in its compliance to the United Nations Framework Convention on Climate Change on Intended Nationally Determined Contribution (INDC) has stated that India will lower the emissions intensity of GDP by 33% to 35% by 2030 below 2005 levels, to increase the share of non-fossil-based power-generation capacity to 40% of installed electric power capacity by 2030 (equivalent to 26%–30% of generation in 2030), and to create an additional (cumulative) carbon sink of 2.5–3 billion tonnes of CO₂ through additional forest and tree cover by 2030.

Besides the ongoing policies and programmes of the Government in Renewable Energy sector, several policy measures initiated recently by the Government to achieve this up-scaled target, inter-alia, include suitable amendments to the Electricity Act and Tariff Policy for strong enforcement of Renewable Purchase Obligation (RPO) and for providing Renewable Generation Obligation (RGO); increase in Clean Environment Cess from ₹200/tonne to ₹400/tonne to support

renewable energy, setting up of exclusive solar parks; development of power transmission network through Green Energy Corridor project; identification of large government complexes/ buildings for rooftop projects; provision of roof top solar and 10 percent renewable energy as mandatory under Mission Statement and Guidelines for development of smart cities; amendments in building bye-laws for mandatory provision of roof top solar for new construction; infrastructure status for solar projects; raising tax free solar bonds; making roof top solar a part of housing loan by banks/ NHB; incorporating measures in Integrated Power Development Scheme (IPDS) for encouraging distribution companies and making net-metering compulsory and raising funds from bilateral and international donors as also the Green Climate Fund to achieve the target.

The Government has rolled out the Ujwal DISCOM Assurance Yojana (UDAY) for the financial turnaround and revival of Power Distribution Companies (DISCOMs). Through the UDAY Scheme, DISCOMs are provided with an opportunity to breakeven in the next 2-3 years. MNRE has also announced the National Off-shore Wind Energy Policy for development of off-shore wind projects in the country with development of the Exclusive Economic Zone upto 200 nautical miles from the coast.

The Hon'ble Prime Minister of India launched the International Solar Alliance (ISA) at the CoP21 Climate Conference in Paris on 30th November, 2015 as a special platform for mutual cooperation among 121 solar resource rich countries lying fully or partially between Tropic of Cancer and Tropic of Capricorn. The alliance is dedicated to address special energy needs of ISA member countries and provide opportunities to member countries to work together to increase solar capacity across emerging markets.

These combined with the other fiscal and financial benefits from Central and State Governments provide a very conducive environment for the growth of RE in the country.

OUTLOOK AND CONCERNS

The Renewable Energy sector in India has huge potential both for grid and off-grid solutions. While the former seeks to reduce the reliance of the grid on fossil fuels, the latter has the potential to provide energy access to rural, far flung areas unserved and under-served by the grid.



Despite challenges of evacuation infrastructure, financial health of DISCOMs, land availability and grid management problems arising from the variable & intermittent nature of solar and wind power, etc. the cost of renewable power is increasingly becoming competitive both because of scale and up-gradation of technology.

The recent approval by Parliament of the Constitutional Amendment for nationwide introduction of GST has presented challenges before all stakeholders of the renewable energy sector since a number of fiscal incentives may be subsumed with a uniform tax regime across the country. The introduction of GST could impact the cost of renewable energy power by 10% – 12%.

IREDA'S OPERATIONS IN 2015-16

Operational Highlights

I am happy to share with you that your Company has made remarkable progress during the year which is manifest from the following performance parameters that substantiates the operational and functional excellence:-

The Gross Income of your Company increased to ₹1174.54 Crore compared to previous year gross income of ₹1,118.36 Crore. The profit before tax (PBT) increased to ₹417.62 Crore at the end of the financial year 2015-16 registering an increase of 10.32% over the previous year PBT of ₹378.58 Crore. Profit after tax (PAT) increased to ₹298.04 Crore at the end of the financial year 2015-16 registering an increase of 9.61% over the previous year PAT of ₹271.91 Crore.

During the FY 2015-16, IREDA supported projects with a total capacity of 550.75 MW were commissioned. In addition, Loans sanctioned during the year by way of sole, co-financing and consortium financing arrangements are expected to result in a capacity addition of 2246.27 MW.

During the FY 2015-16, the Company mobilized ₹2000 Crore by way of Tax Free Bonds raised through public as well as private issue. The public issue was fully subscribed on the first day of its opening for its subscription.

IREDA has signed fresh long term lines of credit with ADB and KfW for US \$ 200 million and €100 million respectively.

New Initiatives

I would like to share with you some of the initiatives your Company undertook during the year to meet the growth aspirations:

The new schemes introduced during the year are (i) “Loan Scheme for Rooftop Solar PV Power Projects”, launched to support the industrial, commercial, institutional establishments proposing to install Solar Rooftop systems in their premises (ii) Bill discounting facility for the Energy bills of IREDA borrowers which are pending for payment with Utilities for up to 6 months. The credit under the bill discounting scheme is available to all IREDA borrowers (sole / consortium lending) who are selling Energy to state DISCOMS/SECI/NVVN etc.

IREDA has provided several bridge loans to developers to help them ease their interim fund requirement pending release of GBI/VGF. Your Company has also syndicated solar projects and intends to undertake more such projects in this year for solar market development. IREDA has also provided short term loans to RE developers and suppliers which helped them to commission RE projects on scheduled time.

Collaborating with other Institutions

Your Company has signed various MoUs with other Financial Institutions and Banks during the year, with a view to develop strategic partnerships, expand business and risk sharing. A Cooperation Agreement was also signed with International Finance Corporation for co-financing projects with IFC.

Diversification through RE project Implementation

IREDA, in association with Solar Energy Corporation of India Ltd. (SECI) as Project Management Consultant (PMC), is setting up a 50 MW solar power project in Kerala's 200 MW Solar Park located at Kasaragod district.

Strengthening of Branch Offices

Your Company continues to support and give greater emphasis for improving the infrastructure facilities so as to meet the growing needs of the Company. The Branch offices at Chennai and Hyderabad have been renovated, apart from booking of additional office space at NBCC Office Complex in Kidwai Nagar, New Delhi.

Brand building

IREDA was bestowed with the “Mini Ratna-Category I Status” in June 2015 by the Government. The Status bestowed upon IREDA providing greater financial autonomy and delegation of powers in its operations in line with the DPE Guidelines.

CORPORATE SOCIAL RESPONSIBILITY

IREDA made a provision of ₹6.45 Crore for the financial year 2015-16 towards CSR activities which is 2% of the average net profit (₹322.66 Crore) for previous three financial years. During the FY 2015-16, projects worth of ₹3.65 Crore were sanctioned. As against this, the Company has spent ₹6.25 Crore during the FY 2015-16 on CSR activities which works to 1.94% of Average Net profit of last 3 years. Projects aggregating to ₹3.65 Crore were sanctioned and in progress of completion at the end of the year.

During the year, your Company has undertaken CSR initiatives in the fields of environmental sustainability including contribution to Clean Ganga, skill development, promotion of health especially to the persons with disabilities, provided benefits to the armed forces widows and their dependents.

AWARDS

I am happy to inform with great honour and pride that your Company has been awarded:

- a. ‘SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management’ by SCOPE, New Delhi
- b. ‘Golden Peacock Award for Sustainability-2015’ awarded in London by Institute of Directors
- c. ‘India Pride Awards 2015-16’ - India Image Enhancement by Dainik Bhaskar.
- d. ‘Award of Honour’ for Financing of Solar Power Projects in the State of Punjab by Dept. of New & Renewable Energy, Govt. of Punjab.
- e. ‘HR Excellence Award’ by India Today - MDRA CPSE Excellence Awards, 2015
- f. ‘Commendation Certificate for large scale service – Finance’ for Rajiv Gandhi National Quality

Awards 2012 by Bureau of Indian Standards.

- g. ‘CBIP Award for Excellence in the Renewable Energy Sector’ by Central Board of Irrigation and Power.
- h. ‘Innovative Sourya Urja Financer of the Year Award’ by Solar Energy Forum of India.

HUMAN RESOURCES DEVELOPMENT

Vibrant organizations grow because of the continuous upgradation of knowledge and strengths of its talent pool. IREDA has undertaken various steps to enhance the knowledge and skills of its employees/workforce through various training programmes organized by reputed institutions. Your Company has conducted a study on Competency Gap Analysis for all the employees during the year. Based on the identified gaps in the Study, employees are being nominated for suitable training programmes for skill development. In addition, many employees have been nominated for trainings and study tours in India and abroad. Your Company has started recruiting manpower across various departments to meet the growing organizational requirements.

CORPORATE GOVERNANCE

Your Company is driven by a strong philosophy of Corporate Governance that stand on the six pillars of good governance, namely, transparency, accountability, ethical business practices; compliance of the law in true letter and spirit; adequate disclosures; corporate fairness; social responsiveness; and commitment to meet societal and stakeholder expectations. IREDA’s ultimate aim is to enhance the long-term economic value of all our stakeholders and of society at large. Your Company has been complying with the requirements of Corporate Governance as stipulated by the Department of Public Enterprises (DPE) for Central Public Sector Enterprises (CPSEs). Our Corporate Governance report for the year 2015-16 forms part of this Annual Report.

FUTURE STRATEGIES

The Government’s plan to achieve a renewable energy target of 175 GW by 2022 would necessitate investment of over US\$ 160 billion. As a consequence thereof, IREDA has increased its target for sanction by 62% over the previous year’s level.



In order to achieve the above goal, your Company would be designing and developing new and innovative products and schemes that address the needs of the market. This would, I am sure, lead to significant increase in the market share of your Company. Long term sustainability of the business model would need an aggressive approach for upgrading asset quality. Towards this end, your Company is already taking necessary steps to improve its appraisal and monitoring operations.

To make available adequate and affordable resources for the Business, your Company will raise ₹2000 Crore by way of Green Bonds and Masala Bonds during the FY 2016-17 from the domestic and off-shore market respectively. Your Company will continue with its efforts with various international and multilateral lenders for new lines of credit to meet the resources needs of the sector.

ACKNOWLEDGEMENTS

I convey my special thanks to all Stakeholders of the Company for their continual support and goodwill. I would like to place on record my personal gratitude and your Company's grateful appreciation for the Ministry of New & Renewable Energy, Niti Ayog, Ministry of Finance & other Ministries / Departments of the Government of India and other regulatory authorities for the continued guidance, co-operation and assistance.

I am thankful to Japan International Cooperation Agency (JICA), Kreditanstalt fur Wiederaufbau (KfW), Asian Development Bank (ADB), Agence Francaise de Development (AFD), European Investment Bank (EIB), International Finance Corporation (IFC), USAID, World Bank and other financial institutions, agencies and investors for the

continued support and co-operation of international financial institutions.

My very special thanks go to the bankers, bond-holders, domestic financial institutions, investors and clients for reposing the continued confidence and trust reposed by them in your Company.

Every meeting of the Board of Directors is an evidence of the valuable insights my colleagues provide helping me take the important and critical decisions. They are and will continue to be a guiding force for me and the Company. I would like to place on record the valuable contribution made by my colleagues on the Board, past and present, in the growth of your Company.

The present status of your Company is largely the result of the total commitment, dedication, trust and excellent teamwork shown by our employees. They have skillfully shouldered responsibilities, worked hard towards producing financial results achieved by your Company. I, on behalf of the Board of Directors and on my own behalf, place on record our appreciation for contribution of the employees to the growth of the company and look forward to their continued commitment and dedication towards the progress of the Company.

May I now request that the Directors' Report, the Audited Balance Sheet, the Profit and Loss Account and Auditors' Report for the year ended 31st March, 2016, be adopted.

With best wishes,

KULJIT SINGH POPLI

Chairman and

Managing Director

DIN:- 01976135

Dated: 26th September, 2016

Place: New Delhi