

7th
Annual Report
1993-94



Indian Renewable Energy Development Agency Ltd.
(A Government of India Enterprise)

ENERGY FOR EVER



"Our strategy for energy generation has to be different from that employed by the developed countries, based so far on resources which not only pollute, but are getting depleted year after year, hour after hour. The entire developing world, the countries of the South are still grappling with problems of infrastructure and of not having adequate resources; but they have abundant sunshine, wind, biomass and other renewable energy sources which are most dependable and inexhaustible. If there is to be one common massive programme among these countries, it has to be the efficient and cost effective exploitation of non-conventional energy sources. I have no doubt that this is going to be the programme of tomorrow."

P.V. NARASIMHA RAO

Prime Minister of India



"The global transition to a solar energy economy has begun and under the dynamic leadership of our Hon'ble Prime Minister, Shri P.V. Narasimha Rao, India is poised towards taking a leadership role in this historic movement. We are launching large scale and accelerated programmes in the entire spectrum of renewables including wind, small hydro, solar thermal, solar photovoltaic, biomass, co-generation and tidal energy. Apart from enhanced budget and international assistance, we shall create a new investment climate with an array of incentives which will help build a generation of new energy entrepreneurs in the country. Apart from re-orienting energy policy and thrust towards sustainable and environmental friendly development, renewable energy which is abundantly available in one form or the other in all our six hundred thousand villages, will provide the much needed thrust to upgrade the quality of life of our rural masses".

S. Krishnakumar

Minister of State for (NES & A)



Hon'ble Minister of State for Non-Conventional Energy Sources & Agriculture inaugurating a Briquetting plant set up with IREDA's assistance in the State of Gujarat.

S EVENTH ANNUAL REPORT

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IREDA

Indian Renewable Energy Development Agency Limited
(A Government of India Enterprise)

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B O A R D O F D I R E C T O R S

Chairman	☐	L.M. Menezes
Managing Director	☐	V. Bakthavatsalam
Directors	☐	M.P. Gupta S.W. Oak M.M.S. Srivastava (upto 5.4.94) S.S. Nadkarni (upto 18.9.93)
Company Secretary	☐	R.K. Sachdeva

Registered Office

3, Ring Road (F.F.), Kilokri,
Opp. Maharani Bagh, New Delhi-110 014

Auditors

Uberoi, Sood & Kapoor
Chartered Accountants
606, Vishal Bhawan,
95, Nehru Place,
New Delhi-110 019.

Bankers

State Bank of Hyderabad
State Bank of India
(Overseas Branch)
Canara Bank

SEVEN YEARS AT A GLANCE

(Rs. in lakhs)

	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
RESOURCES							
Equity Capital	2400.00	1800.00	1000.00	1000.00	1000.00	675.00	425.00
Reserves & Surplus	1079.43	770.44	273.37	108.78	98.04	43.81	10.49
International Assistance	1684.87	1678.59	1678.59	759.95	759.95	463.85	—
Market Borrowings	2500.00	2500.00	2500.00	2500.00	—	—	—
Bank Borrowings	—	—	—	240.68	—	—	—
Govt. Borrowings	—	—	400.00	—	—	—	—
Total :	7664.30	6749.03	5851.96	4609.41	1857.99	1182.66	435.49

OPERATIONS

Projects Sanctioned (Nos.)	94	56	52	55	31	20	19
Financial Assistance							
Sanctioned	16239.19	3073.54	2484.05	2629.35	582.87	416.56	566.63
Disbursements	5591.91	1817.35	1018.96	822.92	491.59	465.73	155.10
Repayments by Borrowers	920.28	537.92	264.17	253.05	124.89	46.99	—
Outstanding Loans	8216.26	3544.63	2265.20	1510.41	940.54	573.84	155.10

WORKING RESULTS

Total Income	837.46	826.41	602.21	182.08	104.06	53.98	19.60
Administrative Expenses	130.90	62.62	37.76	31.92	23.02	6.12	4.17
Interest	225.00	225.00	226.73	24.78	—	—	—
Depreciation	7.58	3.65	2.75	0.98	1.34	0.17	0.10
Profit Before Tax	458.87	540.07	334.96	124.39	79.70	47.69	15.32
Provision for Tax	164.99	175.66	172.06	113.58	24.98	14.36	4.83
Profit after Tax	308.99	359.48	164.58	10.74	54.23	33.32	10.49
Earnings per Share (Rs.)	128.75	199.71	164.58	10.74	54.23	49.36	24.68



INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

(A Government of India Enterprise)
3, Ring Road (First Floor), Kilokri,
Opp. Maharani Bagh, New Delhi-110 014

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited will be held on Monday, the 22nd August, 1994 at 4.30 p.m. in Room No. 101, Block 14, CGO Complex, Lodi Road, New Delhi-110 003 to transact the following business:

"To receive, consider and adopt the Directors' Report, audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 1994 and Auditors' Report and Comments of Comptroller and Auditor General of India thereon annexed herewith."

The meeting has been convened by giving a shorter notice than required under the Companies Act, 1956 with the consent of all the Shareholders.

By Order of the Board of Directors

New Delhi
17th August, 1994

(R.K. Sachdeva)
Company Secretary

1. All Shareholders of the Indian Renewable Energy Development Agency Limited.
2. The Chairman and Directors of the Indian Renewable Energy Development Agency Limited.
3. Uberoi, Sood & Kapoor, Chartered Accountants, 606, Vishal Bhawan, 95, Nehru Place, New Delhi - 110 019.

Note:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.

Chairman's Speech



Gentlemen,

It gives me great pleasure to welcome you to the Seventh Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA). The Directors' Report and the audited Statements of Accounts for the year ended on 31st March, 1994, duly certified by the Comptroller and Auditor General of India, have already been circulated and, with your permission, I shall take them as read.

IMPACT OF NEW ECONOMIC ENVIRONMENT

At the outset, I would like to mention certain developments which are taking place both within the country and outside as these have direct bearing on the future role of IREDA. The non-conventional energy sector has now been opened up to the private sector. Further, the Government has already withdrawn subsidies for certain technologies and is also committed to gradually phase these out from others. This change in policy would involve much greater participation from the private sector. The Government is further committed to provide a level playing field to renewables which opens up new vistas for the private sector. These changes have already started showing positive results. For example, foreign companies are already evincing keen interest in setting up joint ventures in India in the NRSE Sector. India is also entering into bilateral agreement with the US and some other countries in the area of renewables. The creditable performance of the Company during the last seven years has

also attracted other foreign Governments such as Hungary, Norway etc. and other organisations, viz., USAID, UNDP to associate with IREDA in promoting various NRSE technologies throughout the country.

Besides the above developments, which are very encouraging, availability of adequate institutional infrastructure and a package of incentives now available will help in creation of wide market both in rural and urban areas. In this scenario, I visualise a much greater role for IREDA in the near future.

PERFORMANCE DURING THE YEAR

I will not dilate much on the statistics, as these have been detailed in the Directors' Report, which, I am sure, you would have read. Suffice it to say that the overall performance of the Company during the year under review was quite satisfactory. I am happy to inform you that your Company exceeded both financial and physical targets fixed for the year under the World Bank Project.

The total sanctions at Rs. 162.39 crores during the year recorded a very encouraging growth of about 428.35% over the previous year. The performance of the Company in this regard may be judged from the fact that sanctions during the year alone exceeded the cumulative loan assistance sanctioned by IREDA from its inception. Similarly, disbursements of Rs. 55.92 crores have set a new record. These are more than three times the amount disbursed during the last year. Further, as in the case of sanctions, disbursements during the year also are more than the total loan amount released during the period 1987-88 to 1992-93 put together. The facility of interim/bridge loan will further give momentum to the pace of disbursements during the next year.

Rate of recovery at 96.43% of the total dues, as usual, can be categorized as excellent.

DEVELOPMENTAL ROLE

During the year, greater emphasis was laid on developmental activities, creation of mass awareness about the NRSE systems and devices and institutional development. Another dimension was added to IREDA's developmental role. It has set up a Back-up Cell at the School



of Energy, Bharathidasan University, Tiruchirapalli, with the main objective of providing consultancy services to each entrepreneur assisted by IREDA in the field of briquetting from agro-residues. This will enable the entrepreneurs to overcome their machinery problems, user end problems and also receive necessary managerial advice. The Solar photovoltaics market development component of the World Bank Project aims at propagation of various SPV devices in the market through innovative financial and marketing mechanisms.

DISSEMINATION OF INFORMATION

In order to achieve the objective of popularising NRSE devices, a vigorous publicity and dissemination of information campaign was launched both in national and local print media even in vernacular languages. In addition to organising exhibitions, demonstrations, seminars and workshops, electronic media was also used to popularise these systems. 45 Business Meets covering 18 States and Union Territories were also held to propagate potential of the technologies and fiscal and financial benefits available from the Central and State Governments so as to motivate the participants to take up projects in the NRSE Sector. The need to attract new entrepreneurs to the NRSE sector for adopting various technologies cannot be over emphasised. As in the past, IREDA organised three Entrepreneurship Development Programmes at Delhi, Bhopal and Madras in collaboration with professional institutes/ organisations in order to identify potential entrepreneurs and acquaint them with various facets of project formulation, implementation, financial management, etc. One of the programmes at Delhi was exclusively meant for women entrepreneurs. The EDPs evoked tremendous response. The Company is placing great emphasis on Women Development in NRSE Sector. An Expert in Women Development has been appointed on regular basis to devote full time attention to this area.

MEMORANDUM OF UNDERSTANDING

As in 1992-93, your Company signed a Memorandum of Understanding with the

Government of India for the year 1993-94 also. I am happy to inform you that on the basis of evaluation of the performance of your Company, its performance has been adjudged as "Very Good" by the Department of Public Enterprises, Government of India.

Manifold increase in the operations of the Company necessitated adequate strengthening of its institutional structure to cope up with the increased activities. The Organisational setup has been re-organised into well-knit Departments and professionals at different levels have been appointed to man various posts. The internal procedures and systems have also been streamlined and simplified so as to reduce delays. The procedures have been well documented in the form of an Operational Manual. In order to ensure regular availability of trained manpower of high calibre to fill senior level posts, an Executive Trainee Scheme has been introduced under which in-house training is being provided to the professionals passing out from various colleges/management institutes. Similarly, a Research Cell has been set up to formulate suitable policies and programmes taking into account latest developments in respect of various technologies both in India and abroad. In short, your Company has adequately equipped itself to perform its multifarious activities efficiently.

FUTURE OUTLOOK

The recent changes in policies and the economic environment which, I, briefly mentioned in the beginning, have offered enormous opportunities for your Company. I am sure that the initiatives which it has already taken will help it to seize these and achieve the ambitious targets laid down by the Government. The thrust during the next year will be on power generation through NRSE projects. Co-generation, wind farms, small hydro, solar energy and methane gas generation projects will receive greater attention. The Company will have to mobilise additional resources both internally and externally by tapping all available avenues. This is essential in view of the ambitious physical targets which it has set before itself

and the limited budgetary support likely to be available. I, therefore, take this opportunity to request the Government to provide funds to the Company out of the funds earmarked for socially oriented sectors, to allow it to raise Tax-Free Bonds at least to the tune of Rs. 50 crores and also accept the Company's reasonable request for reduction in on-lending rate on IDA loan. I also request other financial institutions and organisations to liberally participate in IREDA's equity and come forward to co-finance Projects.

ACKNOWLEDGEMENTS

I, on my own behalf and on behalf of the Company, express gratitude to Shri S. Krishnakumar, Hon'ble Minister of State for Non-Conventional Energy Sources and Agriculture, under whose dynamic leadership IREDA's activities received an added fillip and new directions. I also wish to express my appreciation of the continued and active support, guidance and co-operation extended by the Ministry of Non-Conventional Energy Sources, Ministry of Finance, Planning Commission and other Ministries/Departments of the Government of

India. I am also thankful to USAID, the Government of Netherlands, the World Bank, the Swiss Development Cooperation and Global Environment Trust Fund, Asian Development Bank and DANIDA for their constructive co-operation and assistance. I thank the Comptroller & Auditor General of India, the Statutory Auditors and the Bankers for their valuable cooperation.

I also express my sincere thanks to my colleagues on the Board of Directors, without whose support and cooperation, the Company would not have scaled the new peaks. I also take this opportunity to express my high appreciation of the valuable contribution made by the employees of the Company at all levels for their commendable performance during the year.

Thanking you,

L. M. MENEZES
CHAIRMAN

NEW DELHI,
AUGUST 11, 1994



DIRECTORS' REPORT

To the Members,

It gives me great pleasure to present on behalf of the Board of Directors, the Seventh Annual Report on the working of the Indian Renewable Energy Development Agency Ltd. (IREDA) together with the audited accounts and the Auditors' Report for the year ended on 31st March 1994.

Your Directors reported last year about the interest shown by the World Bank in assisting "India: Renewable Resources Development Project" (IRRDP) which envisages generation of 187.5 MW of electricity through Small Hydro Schemes, Wind Farms and Solar photovoltaics. We are happy to inform you that the World Bank line of credit amounting to US \$ 145 million became operational from 6th April, 1993 and your Company has already started utilising this source. Negotiations with the Danish International Development Agency (DANIDA) for additional assistance of US \$50 million in-built in the IRRDP for Wind Farm Sector are at an advance stage and the final agreement between Government of India and the Danish Export Finance Corporation is expected to be signed shortly.

Your Directors also informed last year that the Asian Development Bank (ADB) will provide Technical Assistance amounting to US \$ 3,35,000 for undertaking a Study in respect of Solar Thermal Systems, Generation of Methane Gas from Industrial Effluent Treatment, Agro Residues/Wastes Briquetting and Bagasse based Co-generation. This Study will now be restricted to Solar Thermal Systems, Methane Gas Generation and Co-generation but the assistance has been enhanced from US \$ 3,35,000 to US \$ 3,54,000. The Study may result into a project which will, inter-alia, include projects formulation, preparation of detailed project reports and a Plan of Action in respect of the viable technologies.

Your Directors are happy to report that the overall performance of the Company during the year was satisfactory and that the operations of the Company registered significant growth in

certain spheres. Summarised results of the operations are given in the following paragraphs:

FINANCIAL REVIEW

A brief summary of the financial results for the year 1993-94 is indicated below:-

	(Rs. in lakhs)	
	1992-93	1993-94
Gross Income	826.41	837.46
Profit before Tax	540.07	458.87
Provision for Income Tax	166.85	149.88
Provision for Interest Tax	8.81	15.11
Profit after Tax	359.48	308.99
Add: Excess Provision for Income Tax for previous year reversed	137.59	Nil
Profit available for Appropriation	497.07	308.99



IREDA financed Solar Water Heating System of 50,000 LPD Capacity in Dist. Kolhapur, Maharashtra

APPROPRIATION

Transfer to Special Reserve U/Sec 36(1) (viii) of the Income Tax Act, 1961	214.78	186.76
Transfer to Debenture Redemption Reserve Fund (DRRF)	282.29	122.23

It will be seen from the above that gross income at Rs. 837.46 lakhs during the year is marginally higher than that of the last year. The net profit at Rs. 308.99 lakhs is, however, lower as compared to the corresponding figure of Rs. 359.48 lakhs during 1992-93 due to substantial expenditure on activities relating to the preparatory work for implementing the IRRDP.

It may be mentioned that even after crediting Rs. 122.23 lakhs to DRRF for servicing the Bond holders accretions to DRRF are lower by Rs. 127.77 lakhs for the year. The cumulative shortfall is of the order of Rs. 338.71 lakhs. In view of this, the Board does not recommend any dividend for the year 1993-94.

RESOURCES

EQUITY

In addition to carry-forward surplus balance, repayments of term loan and internal accruals during the year, the Government also contributed Rs. 6.20 crores during 1993-94 as against the budgetary allocation of Rs. 6.00 crores and IREDA's request for Rs. 9.00 crores towards the equity capital of the Company.

PAID-UP CAPITAL

The total paid up capital during the year was of the order of Rs. 24.00 crores as against the Authorised Share Capital of Rs. 25.00 crores. You

are aware that your Company has requested the Government of India to increase its Authorised Share Capital from Rs. 25.00 crores to Rs. 100.00 crores. As the Company's request is still under consideration of the Government, additional equity contribution could not be released to it.

An amount of Rs. 14.15 crores has been allocated as equity to the Company for 1994-95.

Your Company has also been exploring the possibilities of augmenting its resource base so as to increase its operations. With this end in view, it has requested the Planning Commission to allocate funds to it out of the resources earmarked for socially oriented sectors and also allow it to raise Tax Free Bonds amounting to Rs. 50.00 crores during the next year. These requests are under consideration of the Government.

PROGRAMMES ENTRUSTED BY THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (MNES)

In terms of the present policy of the Government to minimise subsidies, MNES entrusted to your Company the responsibility of implementing Programmes relating to Solar Photovoltaics Water Pumping, Market Oriented Scheme for Solar Photovoltaics, Low Grade Solar Thermal Devices and Wind Farms by extending loan assistance on soft terms.

The SPV Water Pumping Programme, which has been started at the direct behest of the Prime Minister envisages deployment of a minimum of one thousand SPV Water Pumping Systems for Agricultural and Related Uses. Individual farmers are mainly the beneficiaries of the Programme. The Prime Minister is taking keen interest in the Programme as it is for the benefit of the farmers. He has been personally reviewing its progress.

In terms of the MOUs signed with MNES, an amount of Rs. 39.90 crores was placed at the disposal of your Company for implementing the Programmes. The Company has requested MNES to convert the amount of Rs. 39.90 crores as grant-in-aid to it. A lumpsum amount of Rs. 69.50 lakhs as "service charges" has also been given for the year 1992-93 and further 2.5 percent of the outstandings will be given during subsequent years.



A 15 MW wind farm project set up in the State of Tamil Nadu with assistance received from the World Bank under INDIA: Renewable Resources Development Project by IREDA.

ASSISTANCE FROM THE WORLD BANK

You are aware that the "India: Renewable Resources Development Project" for which line of credit has been extended by the World Bank has two major components, viz; Technical Assistance (TA) and Project Assistance. As already mentioned, your Company has started to avail of assistance from this source. During the year, it received reimbursements of US\$ 157,251.09 equivalent to about Rs. 49.25 lakhs under Technical Assistance and has also lodged a claim for reimbursement of Rs. 22.95 crores under the Project Assistance, which it disbursed out of its own resources. The entire amount will be in the form of grant-in-aid.



Inspection of Solar Photovoltaic Water Pumping System by Shri L.M. Menezes, Secretary, Ministry of Non-Conventional Energy Sources (MNES) & Chairman, IREDA.

ASSISTANCE FROM THE GOVERNMENT OF NETHERLANDS

The Government of Netherlands agreed to give grant-in-aid of 30 million Dutch Guilders including Technical Assistance of one million Dutch Guilders to your Company for promoting NRSE projects. The first instalment of 7 million Guilders was received by IREDA during 1991-92. The Dutch Government has now decided to route the Technical Assistance component through the World Bank. As regards the remaining 22 million Guilders of Project Assistance, further releases will be effected on the recommendations of an Energy Mission to be deputed by the Dutch Government during 1994-95.

UNDP/GEF PROGRAMME

UNDP/GEF have assigned to MNES a Project aimed at "Development of High Rate Biomethanation Process". Under this Project MNES has initiated a National Programme on Energy Recovery from various municipal, urban and industrial wastes and has set up National Bio-Energy Board for executing the Project whose duration is from 1994 to 1998. The responsibility to handle the Project funds (both UNDP as well as MNES contribution) has been entrusted to your Company. An amount of Rs. 65,00,000 (UNDP Share) has been earmarked as management fee for IREDA for the entire duration of the Project.

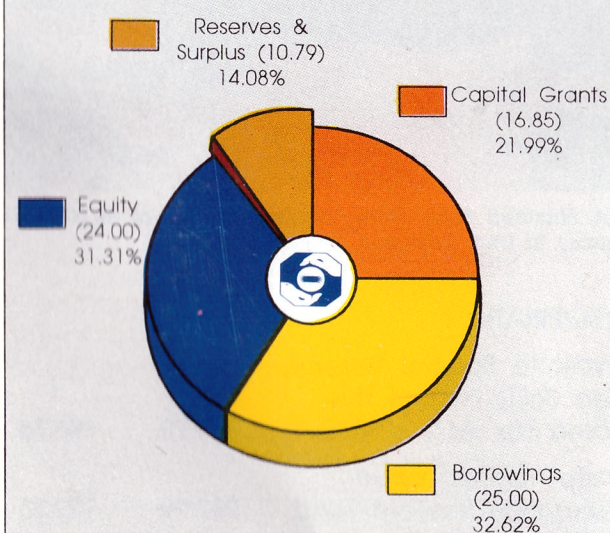
LENDING OPERATIONS

SANCTIONS

The lending operations during 1993-94 registered satisfactory growth. During the year, 94 additional projects were sanctioned, registering an increase of 68% over the corresponding figure of 56 projects for the last year. The loan assistance sanctioned amounted to Rs. 162.39 crores which recorded a phenomenal growth of 428.35% over the amount sanctioned during 1992-93. You may be pleased to note that sanctions during 1993-94 are higher than the cumulative loan amount sanctioned during the period 1987-88 to 1992-93 taken together. IREDA also exceeded the targets fixed for IRRDP. Actual achievements against the targets are as under :

RESOURCE COMPOSITION

TOTAL 76.64 CRORE RUPEES



Sector	Loan	Assistance	Capacity Creation	
		Target of Sanctions (Rs. in Crores)	Actual Achievement (in MW)	Target
i) Wind	50.70	56.82	21.25	29.00
ii) Small Hydro	27.30	42.38	15.00	19.40



View of Power House from downstream side to upstream under a Small Hydro Scheme financed by IREDA in the State of Orissa.

The cumulative sanctions as on 31.3.94. are of the order of Rs. 251.53 crores in respect of 327 projects.

The Statewise sanctions during 1993-94 and upto 31.3.94 are indicated in Annexures-I & II respectively. Sectoral sanctions during 1993-94 and upto 31.3.1994 are as shown in Annexure-III

DISBURSEMENTS

Disburements during the year amounted to Rs. 55.92 crores, which is a record so far. These are a little more than three times the amount disbursed during 1992-93. As in the case of sanctions, disburements of Rs. 55.92 crores during 1993-94 are more than the total amount released during the period 1987-88 to 1992-93 put together.

In order to accelerate the pace of disbursements, your Company introduced the Interim/Bridge Loan facility under which pending creation of security of mortgage of immovable properties, the beneficiaries could draw 25% of the sanctioned loan by paying 2.5% p.a. additional interest. This loan amount is adequately secured through appropriate guarantees. This was subsequently reviewed and liberalised. The amount of the Interim/Bridge Loan has now been increased to 90%-95% of the sanctioned loan and the additional interest rate reduced to 1.05% per annum.

The cumulative disbursements as on 31.3.94 amounted to Rs. 103.39 crores.

Statewise disbursements during the year are given in Annexure-IV. Yearwise and Sectorwise disbursements are shown in Annexure-V.

RECOVERY OF DUES/OUTSTANDINGS

Recovery of total dues both by way of repayment of loan instalments and payment of interest continued to be very satisfactory. Against the total dues of Rs. 1440.18 lakhs, an amount of Rs. 1388.76 lakhs was realised during the year, leaving a sum of Rs. 51.42 lakhs to be received. Recoveries constituted 96.43% of the total dues and substantially exceeded the MOU target of 85%. The details are as under:

	(Rs. in lakhs)		
	Amount Due	Amount Recovered	Col. 2 as % of col.1
	1	2	3
Repayment of Principal Amount	1036.80	989.00	96.43%
Interest	403.38	399.76	99.10%
Total :	1440.18	1388.76	96.43%

Action has been taken as per the Recovery Guidelines to recover the balance amount of Rs. 51.42 lakhs.

The total overdue outstandings at the end of 31st March, 1994 were of the order of Rs. 356.73 lakhs.

The Reserve Bank of India have issued guidelines to the Commercial Banks pertaining to Income



recognition, Asset classification, Provisioning etc. These Guidelines though not applicable to the Company, the Board decided that in order to effect adequate transparency in the books of accounts, IREDA should, inter-alia, indicate the impact of above norms alongwith its annual accounts each year. In terms of the guidelines, out of the total loans and advances of the order of Rs. 8280.25 lakhs, only an amount of Rs. 12.00 lakhs can be considered as doubtful Assets. This is in respect of one company jointly financed by IREDA alongwith Industrial Development Bank of India (IDBI). Every effort is being made in consultation with IDBI to recover the outstanding dues. This constitutes only 0.14 % of IREDA's total outstanding as at 31.3.94.

AREA AND SCOPE OF OPERATIONS

The thrust during the year was on power generation. Loan assistance sanctioned for such projects constituted 68.8% of the total sanctions. Well organised institutions, such as public and private limited companies and cooperative societies with sound financial health, received greater attention. Further, for the first time, additional States, such as, Jammu & Kashmir, Goa and Daman were brought within the purview of IREDA's activities. The names of the States and the Union Territories covered so far are indicated in Annexure-II.

JOINT SECTOR COMPANIES FOR WIND & SMALL HYDRO

In order to achieve the 8th Plan targets, the Central Government has decided to set up Joint Sector companies in Small Hydro and Wind Energy Sector in potential States. The companies will take up turn-key planning and implementation of projects. Each such company will function as a single window for carrying out its functions and all the concerned agencies will be represented on the Board of Companies.

The paid-up capital of each company will be Rs. one crore to be subscribed by:

Private Sector	51%
State Govt.	25%
IREDA	24%

IREDA has agreed to participate in the Scheme.

REVIEW MEETINGS WITH THE WORLD BANK

A meeting of the representatives of the countries participating in the IRRDP, World Bank and the Government of Netherlands was held in Paris during September, 1993 to review the progress of the Project including TA component. IREDA was represented by a high level delegation. A World Bank Mission also visited India and had detailed discussions to finalise the schedule for completion of various activities under the TA.

DEVELOPMENT OF BACKWARD AREAS

During the year, loan assistance of Rs. 10406.70 lakhs was sanctioned to as many as 41 projects located in backward districts in different States. The former constitutes 64.08% of the total sanctions. Cumulative assistance in these areas at the end of March, 1994 works out to Rs. 17756.56 lakhs for 157 projects and accounts for 70.60% of total sanctioned loan amount.

In other words, development of backward areas continued to receive high priority during the year also.

EMPLOYMENT

The projects sanctioned during the year, when completed, are likely to provide direct employment to 1183 technically qualified and skilled persons primarily in rural areas in addition to indirect employment and the resultant multiplier effect. The total direct employment opportunities have been estimated at 4388 from the projects sanctioned upto 31.3.94.

ENERGY CONSERVATION

"Energy Conserved is Energy Generated" remained one of guiding principles of IREDA's operations. The projects sanctioned so far are directed towards this goal. Projects promoted during 1993-94 when fully operational will result in an estimated additional savings on annual basis of 260271 MT of coal valued at Rs. 3384 lakhs per annum, 59329 KL of furnace oil valued at Rs. 3263 lakhs, 18160 KL of diesel valued at Rs. 1225 lakhs per annum, 26500 MT of wood valued at Rs. 159.00 lakhs per annum and generate 65.40 million units of electricity valued at RS. 1145.00 lakhs per annum. This will be

over and above the savings resulting from the projects assisted during the previous years. The seven years operations are estimated in aggregate to yield energy savings worth Rs. 27787.50 lakhs per annum at 1993-94 prices, when fully operational.

ECOLOGY AND ENVIRONMENT

IREDA has been promoting technologies which are eco-friendly and have benign impact on environment. Environment audit has also been introduced as part of the appraisal system in important sectors.

The assisted projects have resulted in tangible benefits in terms of saving of foreign exchange, generation of power, saving of conventional fuel, generation of direct and indirect employment especially in rural areas, development of backward areas, etc, and intangible benefits, such as pollution control, benign environment, better eco-balance, etc.

MEMORANDUM OF UNDERSTANDING

As in 1992-93, a Memorandum of Understanding (MOU) was signed with the Government of India, Ministry of Non-Conventional Energy Sources (MNES) for the year 1993-94. We are happy to report that on the basis of a comprehensive evaluation, IREDA's performance has been categorised as "Very Good" by the Department of Public Enterprises, Government of India.

DEVELOPMENTAL ACTIVITIES

MONITORING AND EVALUATION

Monitoring and evaluation is an integral part of IREDA's policy of providing post-sanctioned assistance to the entrepreneurs. In order to avoid cost and time over run, IREDA has been sending its inspection teams for on-the-site inspections of the projects so as to provide necessary guidance to the entrepreneurs. Outside experts were also involved in such inspections, wherever considered necessary. The projects are also monitored through periodical progress reports, feedback from the Nominee Directors appointed on the Boards of the important concerns. This mechanism not only keeps IREDA abreast with the latest developments relating to the projects but also provides practical guidance to the entrepreneurs.

A NEW DEPARTMENT

As a result of thrust on power generation, substantial assistance is being sanctioned for such projects. This obviously calls for systematic and regular monitoring of these projects. Therefore, a new Department, namely, "Planning, Monitoring & Evaluation Services Department" has been created in the Company to monitor the projects more intensively so that slippages in implementation may be minimised, if not avoided altogether.

TECHINCAL BACK-UP CELL

It was felt that technical and financial management of the briquetting projects deserved special consideration. The services of a technical expert were engaged so as to suggest a Plan of Action in respect of each project. The recommendations of the Expert were accepted, which have been widely appreciated by the entrepreneurs. As a result, a Back-up Cell has been set up at the School of Energy, Bharathidasan University, Tiruchirapalli with the main objective to help IREDA financed briquetting plants in overcoming their machinery problems, user end problems and also extend necessary managerial advice regarding raw material procurement, balance of equipments, etc. The Cell would be able to resolve the problems/difficulties being faced by individual briquetting units.

WOMEN IN DEVELOPMENT

To popularise and commercialise NRSE technologies among the women in general and rural women in particular, IREDA has taken the initiative and organised an Entrepreneurship Development Training Programme (EDP) exclusively for women in 1993 at Delhi in collaboration with All India Women's Conference (AIWC). Several potential women entrepreneurs attended the programme. Priority to women candidates is being accorded in every EDP conducted by IREDA since 1989. Out of the 30 trained potential women candidates, three have already started their units and a few are in the process of launching the enterprises. Besides, IREDA has appointed a Women Expert on regular basis exclusively for proper implementation and monitoring of Women development activities of IREDA. IREDA also



encourages the employment of women in the NRSE enterprises. So far, about 140 women are employed in IREDA assisted projects. In various policy formulations and activities of IREDA, involvement of Women experts has always been encouraged. Besides, IREDA is planning to motivate the existing women cooperatives for entering into NRSE Sectors. IREDA also actively participated in the programmes related to women in NRSE sectors organised by other institutions.

IREDA has been organising Entrepreneurship Development Programmes (EDPs) in various States to achieve this objective. During the year, three additional EDPs, one exclusively for women, were conducted at Delhi, Bhopal and Madras in collaboration with professional institutions/organisations.

HUMAN RESOURCE DEVELOPMENT

Human Resource Development received added impetus during the year as a result of IRRDP



Hon'ble Minister of State (Non-Conventional Energy Sources & Agriculture) at Entrepreneurship Development Programme for Women in New and Renewable Energy Technologies organised at New Delhi.

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

The need to attract new entrepreneurs to the NRSE Sectors can not be over emphasised. It is, therefore, necessary to identify potential entrepreneurs and acquaint and familiarise them with various facets of project formulation, its implementation, financial management, etc.

which involves strengthening of the institutional infrastructure. The officials of the Company were nominated to attend for training programmes, workshops and seminars organised both within and outside the country so as to improve their professional skills and to acquaint themselves with the latest technical



Participants of Entrepreneurship Development Programme on New & Renewable Sources of Energy organised by IREDA at Bhopal.

developments in their respective fields. Training needs of the staff are being identified through a systematic study so as to formulate a short-term training programme as a part of the Technical Assistance from the World Bank.

DISSEMINATION OF INFORMATION

There is not much awareness among the masses about NRSE technologies, systems and devices as these are comparatively new. It is, therefore, essential to use all available media to create greater awareness of their benefits. With this end in view, a vigorous publicity and dissemination of information campaign was launched even in vernacular languages. Electronic media was also used to propagate some of the systems. In addition to Seminars and Workshops, Business Meets with the potential entrepreneurs were also held to explain

the potential of the technologies. In all, 45 such programmes were conducted in the course of the year covering 18 States and Union Territories. Institutions, such as, Alternate Hydro Energy Centre, Engineering Staff College of India, Hyderabad, Tata Energy Research Institute, Tata Finance, etc., were involved in organising the meetings. The programmes disseminated information on the renewable energy technologies, benefits available from the Central and State Governments and motivated the participants to take up power generation projects. The attendance to the programmes included participants from potential entrepreneurs, industrialists, manufacturers/suppliers, consultants, financial institutions, NGOs, nodal agencies, government officials etc. This aspect will be taken up on a larger scale during next year.



One day workshop on "Commercialisation of Indian Renewable Energy Sources" organised by National Productivity Council at Patna on behalf of IREDA.



National Workshop on Small Hydro organised at Shimla by MNES in collaboration with IREDA.



Solar Thermal Business Meet inauguration by Hon'ble Minister of State for Non-Conventional Energy Sources & Agriculture in progress at New Delhi.

INSTITUTIONAL DEVELOPMENT

STRENGTHENING THE ORGANISATION

Strengthening of institutional structure was taken up on priority basis so as to equip the Company

to handle manifold responsibilities. The organisational set up has been re-organised into following Departments:

Management Services;

Project Technical Services;

Financial Services;

Development, Coordination and Consultancy Services; and

Planning, Monitoring and Evaluation Services

The staff strength has also been suitably increased through introduction of professionals and technically qualified persons at various levels.

OPERATIONAL MANUAL

The Company further streamlined its internal systems and procedures to simplify them. These have now been well documented in the form of an Operational Manual which was prepared by an outside consultancy firm.

EXECUTIVE TRAINEE SCHEME

With a view to ensuring availability of trained personnel of the right calibre to fill senior positions and to meet long term manpower needs, the Company has introduced an Executive Trainee Scheme, under which bright and young engineers and professionals passing out of Colleges/Management Institutes are recruited as Executive Trainees to suit operational requirements. The training is for a period of 12 months and the trainee is given a monthly compensation of Rs. 3500/-. After taking the training, they can be considered for absorption in the Company subject to availability of vacancies.

RESEARCH CELL

In order to meet the requirements indicated in MOU for 1993-94 and to keep abreast with the latest NRSE technologies, a Research Cell has been set up to suggest ways and means to formulate suitable policies and programmes to commercialise the latest technologies. The engagement of the Research Personnel is done from among the technical and professional institutions on the basis of interviews conducted by experts. The engagement of research personnel is for a minimum period of two years

during which period they are paid compensation ranging from Rs. 3500/- p.m. for Research Associate to Rs. 5000/- for Senior Research Fellow. There is, however, no obligation on the part of IREDA to absorb them in regular cadre. The benefit of this scheme is that the trainees widen their knowledge and the Company gets the benefit of their skill and talent.

CONTRIBUTION TO THE PRIME MINISTER'S NATIONAL RELIEF FUND

Your Company contributed a token amount of Rs. 1.00 lakh to the Prime Minister's Relief Fund as a gesture of sympathy towards the victims of the earthquake which struck the State of Maharashtra and its adjoining States.

The employees of IREDA also donated their one day's salary to the Fund.

EMPLOYMENT OF SC/ST

The Company has been implementing the Government directives regarding filling up the posts reserved for Scheduled Castes/Scheduled Tribes and Other Backward Classes.

EMPLOYER-EMPLOYEE RELATIONS

In order to promote congenial industrial relations environment, interaction with all the staff members, is held periodically to discuss and solve their problems and difficulties. This Policy has proved very conducive in promoting better understanding and improving working environment. A General Manager has been assigned the duties of redressal of grievances of the employees and also to attend to the complaints from entrepreneurs.

PARTICULARS OF EMPLOYEES

The statutory information about particulars of employees pursuant to Section 217(2)(A) of the Companies Act, 1956 is appended as Annexure-VI.

USE OF HINDI

During the year, effective steps were taken to implement the Official Language Policy of the Government of India. A Hindi Advisory

Committee under the Chairmanship of the Managing Director, IREDA, has been constituted to review the progress of use of Hindi in the Organisation and to suggest steps to its increased use.

AUDITORS

The Company Law Board, in consultation with the Comptroller and Auditor General of India, appointed M/s Uberoi, Sood & Kapoor, Chartered Accountants, New Delhi, as Statutory Auditors for the Company for the year 1993-94.

The Comments of the Comptroller and Auditor General of India are at Annexure-VII.

FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Rule 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars read with the Report of Board of Directors) Rules, 1988 it is reported that a net expenditure in foreign exchange equivalent to Rs. 12,55,706/- was incurred during 1993-94.

BOARD OF DIRECTORS

During the year, Board of Directors met more frequently, held 13 meetings to transact the business of the Company. Shri S.S. Nadkarni and Shri M. M. S. Srivastava ceased to be on the Board of IREDA. The Board placed on record their appreciation of the services rendered to IREDA.

ACKNOWLEDGEMENTS

The Board of Directors expressed their gratitude to Shri S. Krishnakumar, Hon'ble Minister of State for Non-Conventional Energy Sources and Agriculture under whose stewardship, IREDA's activities received an added fillip and new directives. The Directors wish to place on record their gratitude and appreciation of the continued and active support, guidance and co-operation extended by the Ministry of Non-Conventional Energy Sources, Ministry of Finance, Planning Commission and other Ministries/Departments of the Government of India.

The Directors are also thankful to USAID, the Government of Netherlands, the World Bank,



the Swiss Development Cooperation, Global Environment Trust Fund, Asian Development Bank and DANIDA for their constructive cooperation and assistance.

The Directors thank the Comptroller & Auditor General of India, the Statutory Auditors and the Bankers for their valuable cooperation.

The Directors also take this opportunity to express high appreciation of the valuable contribution

made by the employees of the Company at all levels for their commendable performance during the year.

for and on behalf of
the Board of Directors

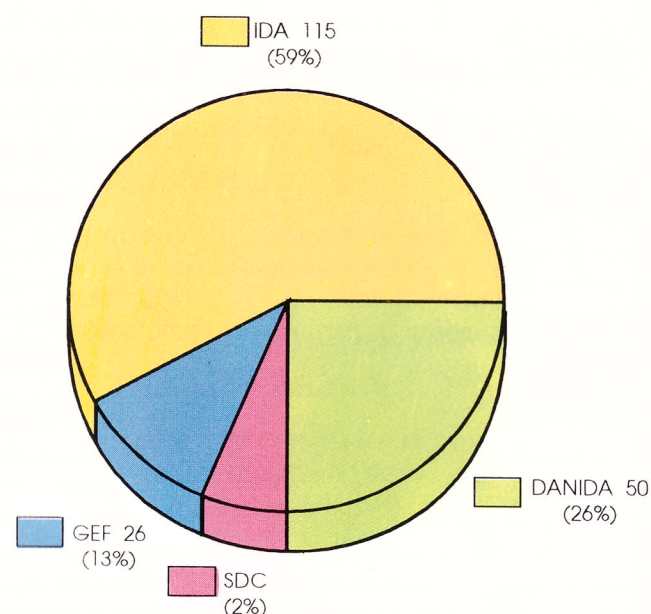
Place : New Delhi
Date : August 11, 1994

L M Menezes
Chairman

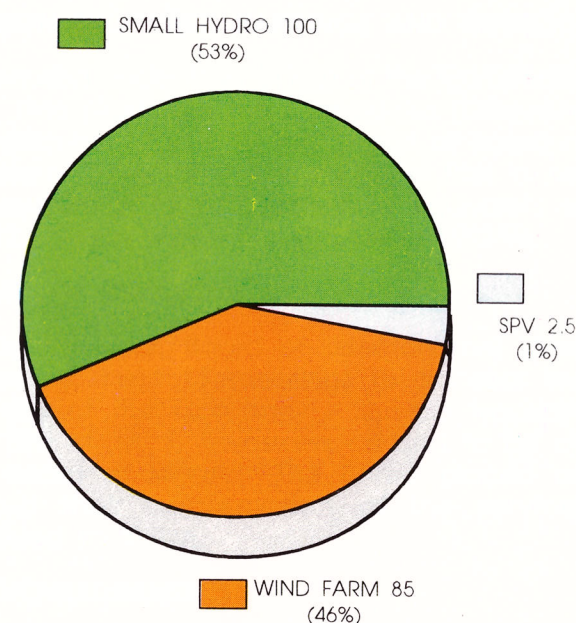
ASSISTANCE FROM WORLD BANK

SECTORS

- * WIND FARM (85 MW)
- * SMALL HYDRO POWER (100 MW)
- * SOLAR PHOTOVOLTAICS (2.5 MW)



FINANCING PLAN
(Figures in US \$ Millions)



CAPACITY BREAK-UP
(Figures in MW)

- * TOTAL CAPACITY 187.5 MW
- * TOTAL ASSISTANCE US \$ 195 MILLION



STATEWISE SANCTIONS DURING 1993-94 (Gross)

Annexure-I

(Rs. in lakhs)

Sl. No.	Name of State/ Union Territory	No. of Projects	Project Cost Amount	Total Loan Amount	IREDA's Loan Amount
1	2	3	4	5	6
1.	Andhra Pradesh	09	1559.020	953.710	878.710
2.	Bihar	01	499.540	150.000	150.000
3.	Daman	01	325.000	243.000	145.000
4.	Gujarat	05	2251.380	1462.970	1462.970
5.	Goa	01	3.650	2.730	2.730
6.	Haryana	02	24.430	17.720	17.720
7.	Jammu & Kashmir	01	140.000	101.400	62.400
8.	Karnataka	23	7704.115	4981.855	4461.455
9.	Kerala	04	1668.250	1214.170	1185.170
10.	Madhya Pradesh	04	1027.780	704.830	415.080
11.	Maharashtra	16	253.020	157.990	157.990
12.	New Delhi	01	38.250	38.250	38.250
13.	Rajasthan	03	101.360	82.100	82.100
14.	Tamil Nadu	20	11805.790	7562.720	6824.220
15.	Uttar Pradesh	02	799.760	517.860	334.000
16.	West Bengal.	01	36.850	21.390	21.390
		94	28238.195	18212.695	16239.185

Annexure-II

STATEWISE SANCTIONS SINCE INCEPTION (1987-88 TO 1993-94) (Gross)

(Rs. in lakhs)

Sl. No.	Name of State/ Union Territory	No. of Projects	Project Cost Amount	Total Loan Amount	IREDA's Loan Amount
1	2	3	4	5	6
1.	Andhra Pradesh	26	3937.655	2437.154	1151.454
2.	Bihar	04	823.720	332.800	262.800
3.	Daman	01	325.000	243.000	145.000
4.	Gujarat	22	2990.370	1907.397	1762.147
5.	Goa	01	3.650	2.730	2.730
6.	Haryana	10	1087.340	687.760	243.740
7.	Himachal Pradesh	02	400.750	339.130	193.330
8.	Jammu & Kashmir	01	140.000	101.000	62.400
9.	Karnataka	40	8812.395	5727.545	4956.645
10.	Kerala	06	3573.250	1716.500	1687.500
11.	Madhya Pradesh	24	4296.000	2392.120	1664.470
12.	Maharashtra	54	1861.690	1145.960	648.400
13.	New Delhi	03	40.786	39.720	39.720
14.	Orissa	05	1020.790	470.310	405.81
15.	Pandicherry	01	117.000	76.230	25.000
16.	Punjab	08	1726.840	1141.620	326.020
17.	Rajasthan	10	437.060	241.650	222.790
18.	Tamil Nadu	66	17974.682	11139.14	9586.740
19.	Uttar Pradesh	32	6054.150	3945.000	1482.100
20.	West Bengal.	11	654.200	369.670	284.450
Total		327	56277.328	34456.436	25153.246



Annexure-III
SECTORWISE PROJECTS SANCTIONED DURING 1993-94 AND UPTO 31.3.94 (Gross)

(Rs. in lakhs)

Sl. No.	Sector	1993-94		Cumulative as on 31.03.1994		
		No. of Projects	Total Loan	IREDA's Loan	No. of Projects	Total Loan
1.	Bio-gas	12	1848.61	1212.15	69	8812.81
2.	Co-generation	01	378.75	200.00	02	587.75
3.	Biomass Utilisation	04	165.27	165.27	51	2662.79
4.	Solar Energy	52	1929.005	1929.005	141	4292.836
5.	Wind Energy	12	8477.15	7738.65	35	10899.07
6.	Mini Micro	13	5413.91	4994.11	24	7094.90
7.	Miscellaneous	—	—	—	05	106.28
		94	18212.695	16239.185	327	34456.436

Annexure-IV
STATEWISE DISBURSEMENTS DURING 1993-94

(Rs. in lakhs)

Sl. No.	State/Union Territory	Amount Disbursed
1.	Uttar Pradesh	258.56
2.	Maharashtra	88.25
3.	West Bengal	16.93
4.	Kerala	215.73
5.	Tamil Nadu	3723.64
6.	Rajasthan	4.98
7.	Haryana	16.93
8.	Karnataka	175.08
9.	Andhra Pradesh	312.62
10.	Madhya Pradesh	148.08
11.	Gujarat	233.66
12.	Orissa	262.72
13.	Goa/Daman	130.00
14.	New Delhi	4.73
Total		5591.91

YEARLY & SECTORWISE DISBURSEMENTS IN CUMULATIVE TERMS

Annexure-V

(Rs. in lakhs)

Sl. No.	Sector	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	Total
1.	Wind Energy	—	—	129.000	21.000	58.870	515.140	3801.590	4525.600
2.	Small Hydro	—	—	—	262.470	219.000	825.400	524.220	1831.090
3.	Biomass Utilisation & Briquetting	25.000	10.000	62.910	107.020	99.870	38.250	99.340	442.390
4.	Gasifier	1.550	8.700	—	—	9.000	—	11.340	30.590
5.	Co-generation	—	—	—	—	—	—	50.000	50.000
6.	Solar	58.550	28.650	87.480	276.660	60.980	121.240	715.540	1349.100
7.	Bio-gas	70.000	380.900	212.200	136.250	564.820	299.590	389.880	2053.640
8.	Others	—	37.480	—	14.530	4.320	—	—	56.330
Total		155.100	465.730	491.590	817.930	1016.860	1799.620	5591.910	10338.740

INFORMATION AS PER SECTION 217(2)(A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.1994

Annexure-VI

Sl. No.	Name	Age (yrs)	Designation/ Nature of Duties	Nature of Employment	Remuneration Received (Rs.)	Qualifications	Date of Commencement of Employment/ Experience (No. of years)	Last Employment
1	2	3	4	5	6	7	8	9
A. Employed throughout the financial year under review and were in receipt of remuneration of not less than Rs. 1,44,000 per annum.								
1.	V Bakthavatsalam	50	Managing Director	Presidential Appointment	2,08,806	B.E., MBA	1.2.89/25	Managing Director Non-Conventional Energy Dev. Corpn. of A.P. Ltd., Hyderabad
2.	C.P. Malhotra	55	General Manager (PMES)	Regular	1,65,314	M.A. (Eco), Indian Economic Service, PG Dip. in Eco. & Dev. & Planning, Italy Certificate in Manpower Planning, Financial Analysis and Area Planning	6.5.87/34	Dy. Secretary, Government of India, Ministry of Energy, DNES
B. Employed for a part of the year and were in receipt of remuneration of not less than Rs. 12,000/- p.m. NIL								
Notes:								
1. Remuneration includes all salary, allowances, leave encashments, value of perquisites and Company's contribution towards Provident Fund.								
2. The above employees are not related to any of the Directors within the meaning of Section 6 of the Companies Act, 1956.								

Annexure-VII

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 1994.

(As conveyed vide letter No. MAB-II/CAD-I/18-7/93-94/524 dated 10.8.94 by the office of Principal Director of Commercial Audit & Ex-officio Member, Audit Board-II, Indian Audit & Accounts Department, New Delhi)

I have to state that the Comptroller & Auditor General of India has no comments upon or Supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 1994.

(Shailendra Pandey)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II,
New Delhi.

Place : New Delhi
Dated : 10-8-94

AUDITORS' REPORT

The Members,
Indian Renewable Energy
Development Agency Ltd.,
New Delhi.

We have audited the attached Balance Sheet as at March 31, 1994 and the annexed Profit & Loss Account of Indian Renewable Energy Development Agency Limited, New Delhi for the year ended on that date and report as follows:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts of the Company.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Notes as per Schedule 'P' thereon, but subject to note 8 relating to short provision of Debenture Redemption Fund, give the information required by the Companies Act, 1956 in the manner so as required and give a true and fair view:
 - (a) In the case of Balance Sheet, of the state of the Company's affairs as at March 31, 1994; and
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
5. We further report pursuant to the paragraphs 4 and 5 of the Manufacturing and other Companies (Auditor's) Report Order, 1988 issued in terms of Section 227(4A) of the Companies Act, 1956 that :

- (a) The Company has maintained proper records to show full particulars, including quantitative details and situations of fixed assets. According to the information given to us, physical verification of such assets was conducted by the management and no discrepancies were noticed on such verifications.
- (b) No fixed assets of the Company have been revalued during the year.
- (c) The Company has not accepted any loans, secured or unsecured, from companies, firms or other parties which are required to be listed in a register to be maintained under Section 301 and/or from the Companies under the same management.
- (d) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties as listed in the register maintained under Section 301 and/or to the Companies under the same management.
- (e) In our opinion, reasonable steps for recovery of principal and interest have been taken in the cases where defaults have been made by parties to whom loans have been given by the Company. However, generally the various parties and employees to whom Loans and advances in the nature of loans are given are repaying the principal amount as stipulated or rescheduled from time to time and are generally regular in payment of interest wherever applicable.
- (f) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and nature of business for purchase of stores items and fixed assets.
- (g) In our opinion and according to the information and explanations given to us, the Company has not entered into the transactions of purchase of goods and



materials and sale of goods, materials and services which are required to be entered into the register maintained under section 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000 (Rupees Fifty thousand) or more in respect of each party.

- (h) The Company has not accepted the deposits from the public.
- (i) The Company has an adequate internal audit arrangement commensurate with its size and nature of its business.
- (j) the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products/activities of the Company.
- (k) The Company has been regular in depositing the Provident Fund dues with the appropriate authorities.
- (l) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth tax, Sales tax, Customs Duty and excise duty were outstanding, as at the last day of the financial year, for a period of more than six months from the date they become payable.
- (m) During the course of our examination of books of accounts carried in accordance with the generally accepted guiding auditing practices we have not come across any personal

expenses other than those payable under the contractual obligations with the Company's employees and/or generally, accepted business practices, which have been charged to Revenue Account.

- (n) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1), Section 3 of the Sick-Industrial Companies (Special Provisions) Act, 1985.
- (o) In respect of service activities, we have to state that the Company is engaged in financing the projects with primary objective of conserving and promotion of New and Renewable Sources of Energy, in our opinion, proper documents have been obtained and records are maintained in respect of loans and advances granted on the basis of securities and bank guarantees obtained thereon.
- (p) Para 4A (iii), (iv), (v), (vi), (xii), (xiv) and 4 D (iii), and (iv) of the said Order are inapplicable.

for UBEROI, SOOD & KAPOOR
Chartered Accountants,

(S.D. SHARMA)
PARTNER

Place: New Delhi
Dated: 8th July, 1994

Balance Sheet as at 31st March, 1994

	SCHEDULE	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	240,000,000	100,000,000
Reserves and Surplus	B	275,801,674	244,902,651
Share Application Money		Nil	80,000,000
Capital Grants	C	628,023	Nil
Loan Funds			
Secured Loans	D	250,000,000	250,000,000
Unsecured Loans			
		<u>766,429,697</u>	<u>674,902,651</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		3,916,194	2,469,855
Less : Depreciation		<u>1,674,162</u>	<u>916,193</u>
Net Block		2,242,032	1,553,662
Capital Works-in-progress	F	21,995,255	10,945,000
Investments		NIL	NIL
Current Assets, Loans & Advances			
Current Assets	G	298,147,289	288,297,532
Loans & Advances	H	<u>893,559,653</u>	<u>419,884,731</u>
		1,191,706,942	708,182,263
Less : Current Liabilities & Provisions			
Current Liabilities	I	403,375,916	13,689,049
Provision for Taxation	J	<u>48,246,708</u>	<u>34,556,553</u>
		451,622,624	48,245,602
Net Current Assets		740,084,318	659,936,661
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary expenses		51,476	68,635
Energy Bond Issue expenses		<u>2,056,616</u>	<u>2,398,693</u>
		<u>766,429,697</u>	<u>674,902,651</u>
Accounting Policies and Notes on Accounts	P		

As per our Report of even date

For UBEROI, SOOD & KAPOOR
Chartered Accountants

S. D. SHARMA (Partner) L. M. MENEZES Chairman V. Bakthavatsalam Managing Director

C. P. Malhotra General Manager (PMES) R. K. Sachdeva Company Secretary

Place : New Delhi
Date : July 8, 1994



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 1994

	SCHEDULE	Current Year Rs.	Previous Year Rs.
INCOME			
Interest on Loans & Deposits	K	72,310,264	81,703,710
Application fee		405,000	324,000
Other Income	L	11,030,621	613,747
		<u>83,745,885</u>	<u>82,641,457</u>
EXPENDITURE			
Personnel	M	3,383,151	1,735,216
Administrative and Others	N	9,456,665	4,034,473
Depreciation	E	757,969	365,140
Interest	O	22,500,000	22,500,000
Interest tax		<u>1,511,000</u>	<u>880,800</u>
		37,608,785	29,515,629
PROFIT FOR THE YEAR			
Prior period adjustments (net)		46,137,100	53,125,828
		<u>250,239</u>	<u>492,443</u>
PROFIT BEFORE TAX		45,886,861	52,633,385
Provision for Income-tax:			
For current year		14,510,000	16,685,000
For earlier years		<u>477,838</u>	<u>NIL</u>
		30,899,023	35,948,385
PROFIT AFTER TAX			
Add : Excess Provision for Income-tax for earlier years written back		NIL	13,758,671
		<u>30,899,023</u>	<u>49,707,056</u>
PROFIT AVAILABLE FOR APPROPRIATION			
		30,899,023	49,707,056
APPROPRIATIONS			
Special Reserve		18,675,595	21,478,000
Debenture redemption reserve		<u>12,223,428</u>	<u>28,229,056</u>
		30,899,023	49,707,056
Accounting Policies and Notes on Accounts	P		

As per our Report of even date

For UBEROI, SOOD & KAPOOR
Chartered Accountants

S. D. SHARMA (Partner) L. M. MENEZES Chairman V. Bakthavatsalam Managing Director

C. P. Malhotra General Manager (PMES) R. K. Sachdeva Company Secretary

Place : New Delhi
Date : July 8, 1994

SCHEDULES TO FINANCIAL STATEMENTS

	Current year Rs.	Previous year Rs.
A. SHARE CAPITAL		
Authorised		
2,50,000 Equity Shares of Rs. 1,000 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed & Paid up		
2,40,000 (previous year 1,00,000) Equity Shares of Rs. 1,000 each fully paid up	<u>240,000,000</u>	<u>100,000,000</u>
	<u>240,000,000</u>	<u>100,000,000</u>
B. RESERVE & SURPLUS		
Capital Reserves :		
Grant-in-Aid from - Government of Netherlands	<u>167,858,986</u>	<u>167,858,986</u>
	<u>167,858,986</u>	<u>167,858,986</u>
General Reserve:		
Special Reserve under section 36(1)(viii) of the Income-tax Act, 1961		
Balance from Previous year	<u>45,397,550</u>	<u>23,919,550</u>
Addition during the year	<u>18,675,595</u>	<u>21,478,000</u>
	<u>64,073,145</u>	<u>45,397,550</u>
Debenture Redemption Reserve		
Balance from Previous year	<u>31,646,115</u>	<u>3,417,059</u>
Addition during the year	<u>12,223,428</u>	<u>28,229,056</u>
	<u>43,869,543</u>	<u>31,646,115</u>
	<u>275,801,674</u>	<u>244,902,651</u>
C. CAPITAL GRANTS		
a. Capital Grant from World Bank for purchase of Fixed Assets	<u>905,738</u>	<u>NIL</u>
Less : Transfer to Miscellaneous Income	<u>277,715</u>	<u>NIL</u>
	<u>628,023</u>	<u>NIL</u>



SCHEDULES TO FINANCIAL STATEMENTS

	Current year Rs.	Previous year Rs.
D. SECURED LOANS		
9% Tax Free Secured Redeemable Energy Bonds (Series I)		
Secured in regard to payment of interest and repayment of principal by a charge on the Current Assets of the Company. Bonds are redeemable at par after the expiry of 10 years i.e., on 19.02.2001 with buy-back facility at par, on the expiry of lock in period of three years upto the face value of Rs. 40,000/- per bond holder.	<u>250,000,000</u>	<u>250,000,000</u>
	<u>250,000,000</u>	<u>250,000,000</u>

E FIXED ASSETS

Particulars	G R O S S		B L O C K		D E P R E C I A T I O N			N E T B L O C K	
	As at 1.04.1993	Additions during the year	Disposals/ written off during the year	As at 31.03.1994	As at 1.04.1993	for the year	Disposals/ written off during the year	As at 31.03.1994	As at 31.03.1993
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	1,000,517	528,245	—	1,528,763	290,898	128,059	—	418,957	1,109,806
Computers	783,960	687,222	—	1,471,182	325,321	358,445	—	683,766	787,416
Furniture & Fixtures	488,388	65,348	—	553,736	155,705	92,327	—	248,032	305,704
Vehicles	116,275	—	—	116,275	63,554	13,615	—	77,169	39,106
Library	80,715	165,523	—	246,238	80,715	165,523	—	246,238	0
	2,469,855	1,446,339	0	3,916,194	916,193	757,969	0	1,674,162	2,242,032
Previous year	1,706,452	767,178	3,775	2,469,855	553,486	365,140	2,433	916,193	1,553,662

SCHEDULES TO FINANCIAL STATEMENTS

	Current year Rs.	Previous year Rs.
F. CAPITAL WORK-IN-PROGRESS		
Advances for Capital expenditure :		
Staff quarters	2,026,095	Nil
Office Building	19,586,400	10,925,000
Furniture	99,878	Nil
Interior Design	282,882	20,000
	<u>21,995,255</u>	<u>10,945,000</u>
G. CURRENT ASSETS		
1. Cash and Bank Balance	Nil	936
Cash balance on hand		
Bank balances		
With Scheduled Banks		
a) In current account	89,083,599	8,819,860
b) In deposit account		
- Certificate of Deposit	Nil	204,247,858
- Short term Deposit	169,077,087	66,000,000
- Special Dollar Deposit	26,588,173	Nil
	<u>284,748,859</u>	<u>279,068,654</u>
2. Interest accrued on Loans and Deposits	13,398,430	9,228,878
	<u>13,398,430</u>	<u>9,228,878</u>
	<u>298,147,289</u>	<u>288,297,532</u>



SCHEDULES TO FINANCIAL STATEMENTS

	Current year Rs.	Previous year Rs.
H. LOANS & ADVANCES		
Loans to constituents		
As per last Balance Sheet	354,901,372	226,519,911
Add : Disbursed during the year	561,690,567	181,734,523
	<u>916,591,939</u>	<u>408,254,434</u>
Less : Repayment during the year	92,027,500	53,353,062
	<u>824,564,439</u>	<u>354,901,372</u>
Interest accrued and due on Loans	3,460,346	2,264,744
Loans to Employees	577,640	224,330
	<u>3,460,346</u>	<u>2,264,744</u>
Advances (Unsecured, considered good)	* 828,602,425	357,390,446
(Recoverable in cash or in kind or for value to be received)		
Security Deposits	350,300	177,500
Staff Advances	587,550	87,769
Others	3,362,430	728,319
Advance Tax	60,656,948	61,500,697
	<u>64,957,228</u>	<u>62,494,285</u>
	<u>893,559,653</u>	<u>419,884,731</u>
* Particulars of Loans		
- Loans considered good in respect of Which the Company is fully secured	435,125,469	87,970,351
- Loans considered good for which the Company holds no security other than personal security of the debtors and other parties	393,476,956	269,420,095
- Loans considered doubtful		
	<u>828,602,425</u>	<u>357,390,446</u>
- Due by Directors of the Company	24,324	581
- Due by other officers of the Company	113,400	273,272
- Maximum amount due at any time during the year by Directors of the Company	46,633	34,602
- Maximum amount due at any time during the year by officers of the Company	132,000	243,116



IREDA

SCHEDULES TO FINANCIAL STATEMENTS

SCHEDULES TO FINANCIAL STATEMENTS

	Current year Rs.	Previous year Rs.
I. CURRENT LIABILITIES		
Other Liabilities	400,910,163	759,996
Credit balance in Current Account with Canara Bank	Nil	10,463,300
Interest accrued but not due	2,465,753	2,465,753
	<u>403,375,916</u>	<u>13,689,049</u>
J. PROVISION FOR TAXATION		
For Income-tax	45,611,174	33,432,019
For Interest-tax	2,635,534	1,124,534
	<u>48,246,708</u>	<u>34,556,553</u>
K. INTEREST ON LOANS AND DEPOSITS		
Interest on loans	49,886,684	30,625,454
Less : Rebate on interest	<u>1,359,345</u>	<u>860,254</u>
	48,527,339	29,765,199
Interest on Deposits with Banks	23,782,925	51,938,511
	<u>72,310,264</u>	<u>81,703,710</u>
L. OTHER INCOME		
Interest on Income-tax refunds	1,970,660	Nil
Service charges	6,950,000	Nil
Commitment fee and charges	1,811,108	106,709
Miscellaneous income	298,853	507,038
	<u>11,030,621</u>	<u>613,747</u>
M. PERSONNEL EXPENSES		
Salaries, Wages and other amenities	2,332,042	1,427,480
Staff Welfare	151,533	84,285
Contribution to Gratuity and Provident Fund	138,062	161,861
Recruitment expenses	757,164	1,100
Human Resources Development	4,350	60,490
	<u>3,383,151</u>	<u>1,735,216</u>

	Current year Rs.	Previous year Rs.
N. ADMINISTRATIVE AND OTHERS		
Preliminary expenses written off	17,159	17,159
Bond issue expenses written off	342,077	342,077
Travelling expenses	708,445	351,347
Printing & Stationery	689,147	221,001
Telephone charges	438,083	207,528
Subscription & Membership fees	11,750	11,000
Newspapers & Periodicals	37,958	28,508
Postages & Telegram	107,771	56,385
Conveyance expenses	746,560	298,267
Legal expenses	45,260	488,874
Auditors' remuneration	14,000	14,000
Business Promotion	387,136	164,932
Rent	1,121,819	707,400
Insurance	1,505	738
Repairs & Maintenance	276,224	205,839
Bank Charges	1,649	1,581
Miscellaneous expenses	83,456	19,159
Electricity & Water charges	122,069	16,884
Study and Research expenses	76,243	375,370
Seminar & Conference expenses	348,494	100,000
Information Dissemination & Campaign expenses	996,970	195,400
Entrepreneurship Development Programme	1,032,805	110,350
Professional fees	1,740,085	79,332
Debenture Trusteeship expenses	10,000	20,000
Office equipment written off	Nil	1,342
Donation to PM's Relief Fund	100,000	Nil
	<u>9,456,665</u>	<u>4,034,473</u>
O. INTEREST		
Interest on 9% (Tax Free) Energy Bonds (Series-I)	22,500,000	22,500,000
	<u>22,500,000</u>	<u>22,500,000</u>

SCHEDULE 'P' ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Significant Accounting Policies:

- i) Interest income on loans is provided net of rebate.
- ii) Interest on Loans and Deposits are provided on accrual basis.
- iii) Additional interest by way of liquidated damages is charged in the event of default in repayment of principal instalment and/or payment of interest in respect of the loan on due dates and is recorded in the year of its receipt.
- iv) Commitment Charge is levied in the event of failure of the borrower to comply with all legal formalities and draw first instalment of loan within the stipulated time period and is recorded in the year of receipt. Commitment Fees is levied on the Projects (excluding Consumer Loans) sanctioned by IREDA and calculated @ 1 % of the sanctioned loan amount and is recorded in the year of receipt.
- v) Monitoring charge is levied on the total cost of Small Hydro Power Projects for monitoring the projects and is recorded in the year of receipt.
- vi) Fixed Assets are valued at Cost.
- vii) Depreciation on Fixed Assets except Library Books is provided on Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956, as amended up to date. Depreciation on Library Books is provided @ 100%.
- viii) Preliminary Expenses and Bond Issue expenses are written off in ten years in equal instalments.
- ix) Provisions for all expenses including interest on Market Borrowings are accounted for on accrual basis.
- x) Income & Expenditure in foreign currency are converted into Indian Rupees at the exchange rate prevailing on the date of the transaction. Value of the assets and liabilities held in foreign currency are converted into Indian Rupees at the exchange rate prevailing on Balance Sheet date.
- xi) (a) Grant accrued for eligible Fixed Assets (as per relevant agreements entered into with respective Donors) is accounted for as Capital Grant. Such grant is allocated to income over the periods and in the proportions in which the depreciation on those assets is charged.
- (b) Grant accrued for eligible revenue expenditure is treated as Revenue Grant. The respective revenue expenditure for which the Grant has accrued is accounted for net of Grant.
- (c) Grant-in-aid received for financing projects in the specified sectors of New and Renewable Sources of Energy (NRSE) is treated and accounted for as Capital Reserve.
- xii) The Company has various Schemes of retirement benefits such as Provident Fund and Gratuity Fund recognized by the Income Tax authorities and are administered through Board of Trustees. Company's contributions to Provident Fund are charged against revenue each year. Gratuity is covered by Group Policies with Life Insurance



Corporation of India. Premia payable on these group policies are charged to revenue. The provisions of the Payment of Bonus Act, 1965 do not apply to the Company. However, Ex-Gratia in lieu of Bonus is paid to employees and accounted for in accordance with notification issued by the Department of Public Enterprises, Ministry of Industry, Govt. of India on year to year basis.

2. i) Loans classified as fully secured are against Hypothecation, English Mortgage, Equitable Mortgage, Joint Equitable Mortgage and Hypothecation as the case may be.
- ii) The other loans are against Bank Guarantee, Government Guarantee, Promissory Notes, Personal Guarantee and Post dated cheques as the case may be.
3. Information pursuant to the provisions of Part-II of Schedule VI of the Companies Act, 1956.
 - a) Expenditure, in Foreign Currency: On - Travelling : Rs. 6,13,056/- (Previous Year Rs. 82,960/-)
 - Others : Rs. 6,42,650/- (Previous Year "Nil")
 - b) Earnings in Foreign exchange: Interest : Rs. 4,53,020/- (Previous Year "Nil")
 - Revenue Grant : Rs. 22,38,508/- (Previous year- "Nil")
4. The remuneration paid to Statutory Auditors of the Company is as under:
 - i. For Statutory Audit - Rs. 10,000/- (Rs. 10,000/- in previous year)
 - ii. For Tax Audit - Rs. 4,000/- (Rs. 4,000/- in previous year)
5. The Managing Director has been provided with a Staff Car including for private journey upto a ceiling of 1,000 kms per month on payment of Rs. 250/- per month in accordance with the provisions of Govt. of India, BPE O.M.No. 4(12)/82-BPE(WC) dated 1.4.87 as amended from time to time. The monetary value of the above perquisite for the use of staff car, if calculated, in accordance with the provisions of the Income-Tax Act, 1961 would amount to Rs. 2,400/-.
6. Remuneration paid to the Managing Director during the year:

	Current year	(Amount in Rs.) Previous Year
Salary	1,44,233	1,15,053
Medical Reimbursement	7,718	1,245
Provident Fund	10,456	9,075
Leased Accommodation (Value of perquisites as per Income Tax Act, 1961-Nil)	44,020	45,000
LTC	14,547	Nil
Staff Car (As per Income Tax Rules)	2,400	2,400

7. The estimated amount of contracts (net of advances) remaining to be executed on Capital account and not provided for is Rs. 126.93 lakhs (previous year Rs. 152.59 lakhs).
8. Debenture Redemption Reserve of Rs. 122.23 lakhs (previous year Rs. 282.29 lakhs) has been created to the extent of available profits. Debenture Redemption Reserve is short provided to the extent of Rs. 338.71 lakhs (Previous Year Rs. 210.94 lakhs).
9. No provision has been made for payment of Ex-Gratia (in lieu of Bonus) for 1993-94 in the absence of orders by the Government of India for its payment.

10. The Company is contingently liable for:

- i) Income-tax pertaining to Financial Year 1990-91 amounting to Rs. 7,07,363/-, in respect of which assessment is completed before 31.03.94 but refund is withheld by the Assessing Officer.
- ii) A demand of Rs. 5,36,942/- has been raised in the intimation received under section 143 (i) (a) of the Income-tax Act, 1961 for the assessment year 1993-94. The Company is in the process of filing rectification under section 154 of the Income Tax Act, 1961.

11. (a) IREDA has signed four Memorandum of Understanding (MOU) with the Ministry of Non-Conventional Energy Sources (MNES) to implement its following Programmes :-

- (a) Solar Photovoltaics Water Pumping Programme
- (b) Solar Photovoltaics Systems and Devices Market Promotion Programme
- (c) Low Grade Solar Thermal Devices Market Promotion Programme
- (d) Wind Farm Projects

In terms of the stipulations of each of the MOU, MNES has placed an agreed sum in respect of each of the above Programme, with IREDA as "Grant-in-Aid" for Programme implementation. On closure of the Programmes, IREDA shall transfer the amount standing to the credit of account of MNES, including the interest accrued thereon to MNES after deducting the Service Charges admissible as per MOU and other dues and irrecoverable defaults.

b) The funds so received under each Programme together with:

- (i) interest received and accrued on unutilized funds are kept in Short Term Deposits with Scheduled Banks, and
- (ii) interest accrued on loans and advances disbursed under the Programmes during the year are shown under Current Liabilities in the Balance Sheet.

Broad breakup of the funds utilised and balance funds under these Programmes are as under:

(Rs. in Lakhs)

PROGRAMME	TOTAL Principal	AMOUNT Income Accrued	PAYABLE Total	R E P R E S E N T E D			B Y Balance with Company in other Schemes	Total
				Balance with Banks	Loans & Adv. against Subsidy disbursed	Income accrued on Loans & Bank Deposits		
1 SPV-WP Manufacture Loan	380.00	7.09	387.09	2.29	0.00	0.00	384.80	387.09
2 SPV-WP Users Loans	800.00	5.81	805.81	627.00	180.30	2.71	(-4.29)	805.81
3 SPV-Users Subsidy	1400.00	5.03	1405.03	0.08	356.25	0.68	1048.02	1405.03
4 SPV Market Promotion	50.00	1.03	51.03	0.00	25.66	0.15	25.22	51.03
5 Solar Thermal	650.00	9.86	659.86	179.13	36.27	0.59	443.87	659.86
6 Wind Energy	350.00	3.32	353.32	364.00	122.00	1.79	(-134.47)	353.32
TOTAL	3630.00	32.14	3662.14	1172.50	720.48	5.92	1763.15	3662.14



- c) Loans and Advances to constituents, Interest Accrued on Loans & Deposits, Balance in Current accounts with Scheduled Banks, and Balance in Short Term Deposits with Scheduled Banks as provided for in the Balance Sheet and Profit and Loss Account as the case may be, include Rs. 720.48 lakhs (including Rs. 356.25 lakhs as Advance against Subsidy under SPV Water Pumping Programme), Rs. 5.92 lakhs, Rs. 8.50 lakhs and Rs. 1164.00 lakhs respectively pertaining to various Programmes of MNES.
- d) Undrawn portion of US. \$ 1.00 million placed by the World Bank to be operated through Special Dollar Deposit Account in terms of GET Grant Agreement has been shown under "Other Liabilities" to be utilised for reimbursement of Capital and Revenue Expenditures.

13. The Current Assets, Loans & Advances have a value on their realisation in the ordinary course of the business equivalent to the amount at which these are stated in the Balance Sheet.
14. Previous year's figures have been re-arranged/re-grouped wherever considered necessary to make them comparable with the current year's figures.
15. Figures have been rounded off to the nearest rupee.
16. Schedule 'A' to 'P' form an integral part of Balance Sheet and Profit & Loss Account and have been authenticated.

ADDITIONAL INFORMATION

The Reserve Bank of India (RBI) has issued guidelines to Commercial Banks regarding Income recognition, Asset classification, provisioning for Debts etc. These guidelines are not applicable to the Company. However, the Board of Directors of the Company at its 51st Meeting held on 10th December, 1993, have inter alia, decided that these guidelines should be implemented by the Company subject to the condition that defaults in respect of loans sanctioned on the security of State Central Govt. Guarantees should be treated at par with other securities.

Accordingly, the impact of the implementation of the above decision in the Annual Accounts for the year 1993-94 is as hereunder:-

A. Income Recognition:-	Rs.
Interest on loans (Net of Rebate)	4,76,71,416
Less: Interest income from Non-performing Assets (NPA) accounted for on accrual basis in the event of their non-realisation during the year	5,25,253

This will have no effect on the profits shown in the Profit & Loss Account as the same has been prepared on accrual basis in accordance with the Companies Act, 1956.

B. Asset Classification:-	Rs.
Total Loans & Advances as on 31.3.94	82,80,24,785
i. Standard Assets	82,02,78,825
ii. Sub standard Assets	30,98,743
iii. Doubtful Assets	46,47,217
iv. Loss Assets	NIL

C. Provisioning for Loans and Advances:-

Had there been an Accounting Policy to have provisionis for Doubtful and Substandard Assets in the Balance Sheet, the following Provisions would have been provided for in the Annual Accounts, 1993-94.

	Rs.	Rs.
(a) Loss Assets		NIL
(b) Doubtful assets		
i. 100% of the extent to which the advance is not covered by the realisable value of the security.	NIL	
ii. 30% of the Advance considered as doubtful for a period from one to three years as on 31.3.1994.	12,00,000	12,00,000

D. Substandard Assets

General provision of 10% of total outstandings.	2,79,943
TOTAL	14,79,943

These have no effect on the Profit of the Company as depicted in its Annual Accounts for the year 1993-94.