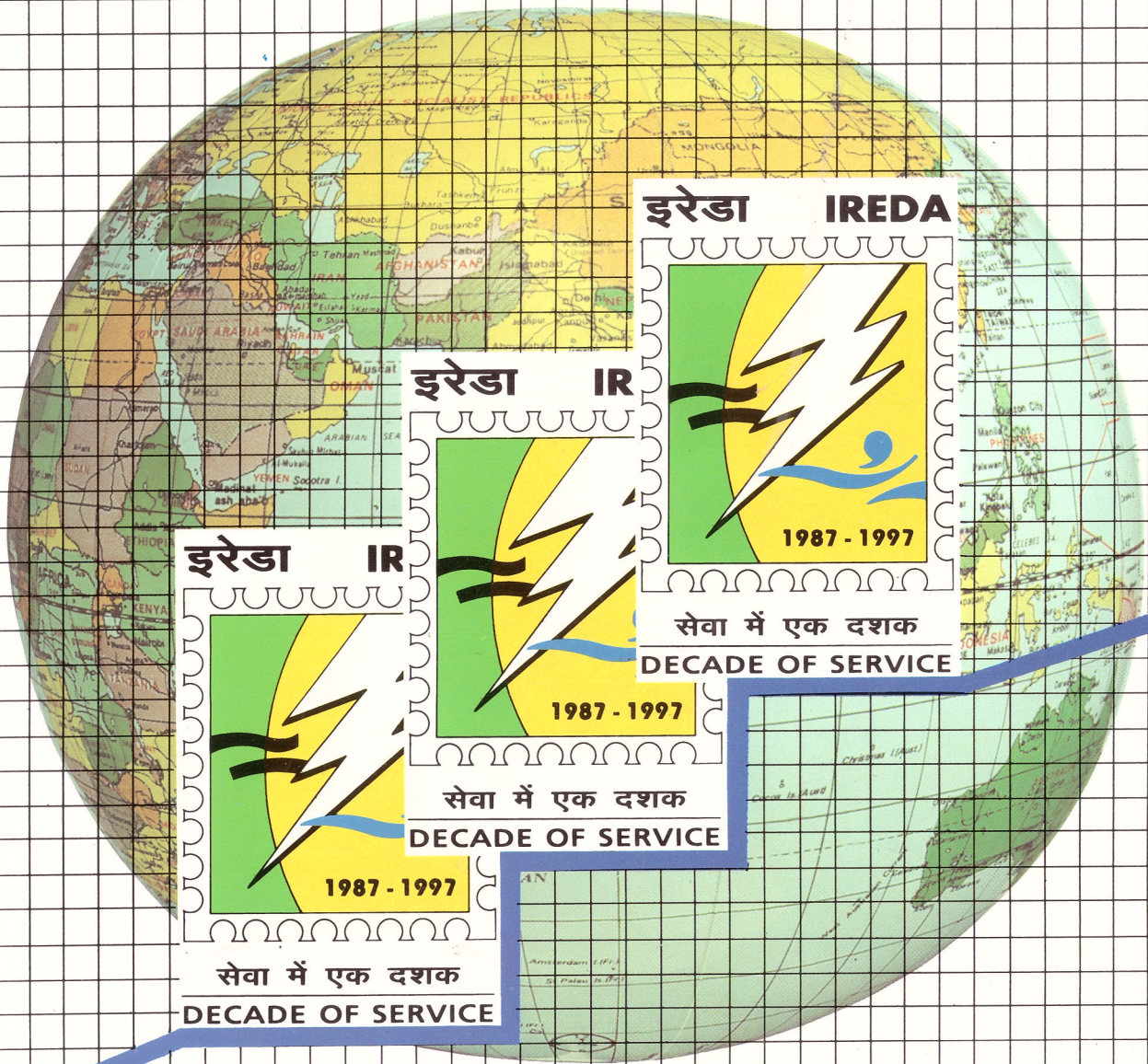




10th
ANNUAL
REPORT
1996-97

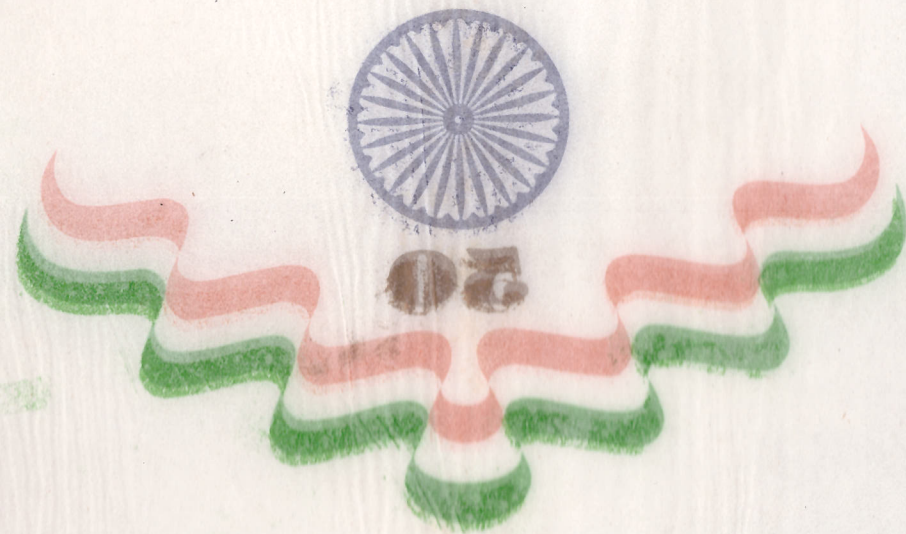


IN THE SERVICE OF THE NATION
TOWARDS SUSTAINABLE ENERGY DEVELOPMENT

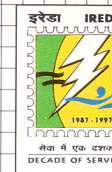


*Celebrating 50th Anniversary of
India's Independence,
IREDA offers Greetings to all.*

IREDA LEADS THE WAY



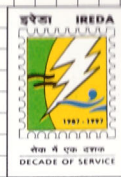
IREDA offers Greetings to all.
 India's Independence,
 Celebrating 50th Anniversary of



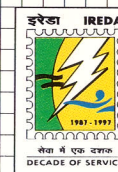
IN THE SERVICE OF THE NATION
TOWARDS SUSTAINABLE ENERGY DEVELOPMENT



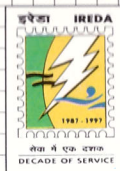
IREDA LEADS THE WAY



Capt. Jai Narain Prasad Nishad, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge) cutting the cake on the 10th Anniversary Day of IREDA, to launch the "Decade of Service" celebrations.



<i>Board of Directors</i>	» 5
<i>Notice</i>	» 7
<i>Chairman's Speech</i>	» 10
<i>Directors' Report</i>	» 15
<i>Auditors' Report</i>	» 38
<i>Balance Sheet</i>	» 40
<i>Profit & Loss Account</i>	» 41
<i>Schedules</i>	» 42



TEN YEARS AT A GLANCE

(Rs. In Lakhs)

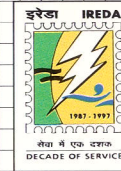
	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
RESOURCES										
Equity Capital	9035.00	6235.00	2500.00	2400.00	1000.00	1000.00	1000.00	1000.00	675.00	425.00
Share Application Money	0.00	0.00	1335.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus	3250.50	2160.15	1558.25	1079.43	770.44	273.37	108.78	98.04	43.81	10.49
International Assistance	7234.55	6375.79	6068.57	1684.87	1678.59	1678.59	759.95	759.95	463.85	0.00
Market Borrowings	19599.20	10500.00	7500.00	2500.00	2500.00	2500.00	2500.00	0.00	0.00	0.00
Bank Borrowings	5000.00	1790.00	0.00	0.00	0.00	0.00	240.68	0.00	0.00	0.00
Govt. Borrowings	12349.00	5149.00	0.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00
Other Borrowings	5500.00	5750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	61968.25	37959.94	18961.82	7664.30	6749.03	5851.96	4609.41	1857.99	1182.66	435.49

OPERATIONS

Project Sanctioned (Nos)	109	265	136	94	56	52	55	31	20	19
Loan Sanctioned	32878.57	60491.49	24264.95	16239.19	3073.54	2484.05	2629.35	582.87	416.56	566.63
Disbursements	23747.26	23847.01	13029.49	5591.91	1817.35	1018.96	822.92	491.59	465.73	155.10
Repayments by										
Borrowers	5764.84	3102.35	2142.01	920.28	533.53	264.17	253.05	124.89	46.99	0.00
Outstanding Loans	56776.95	39101.95	19145.18	8245.64	3544.63	2265.20	1510.41	940.54	573.84	155.10

WORKING RESULTS

Total Income	7308.99	3326.12	1386.04	837.46	826.41	602.21	182.08	104.06	53.98	19.60
P & A Expenses	397.31	328.22	288.16	128.39	62.62	37.76	31.92	23.02	6.12	4.17
Interest	4229.05	1109.37	236.79	225.00	225.00	226.73	24.78	0.00	0.00	0.00
Depreciation	122.26	50.32	26.26	7.58	3.65	2.75	0.98	1.34	0.17	0.10
Profit before Tax	2053.27	1504.18	750.01	458.87	526.33	333.92	124.32	79.21	47.68	15.32
Provision for Tax	656.26	751.81	224.00	149.88	166.85	169.34	113.58	24.98	14.36	4.83
Profit after Tax	1397.01	752.37	526.01	308.99	359.48	164.58	10.74	54.23	33.32	10.49
Earnings per Share (Rs.)	155.00	120.67	210.40	128.75	199.71	164.58	10.74	54.23	49.36	24.68



BOARD OF DIRECTORS

Chairman	:	Swarn Singh Boparai, K. C. (w.e.f. 6.8.97)
	:	Ashok Parthasarathi (from 10.10.96 to 31.7.97)
Managing Director	:	Dr. V. Bakthavatsalam
Directors	:	T.L. Sankar
	:	M. Gopalakrishna (upto 31.1.97)
	:	Vinod Dhall (upto 01.09.97)
	:	Dr. N.G. Hegde
	:	Lalitha Balakrishnan
Company Secretary	:	R.K. Sachdeva

Registered Office

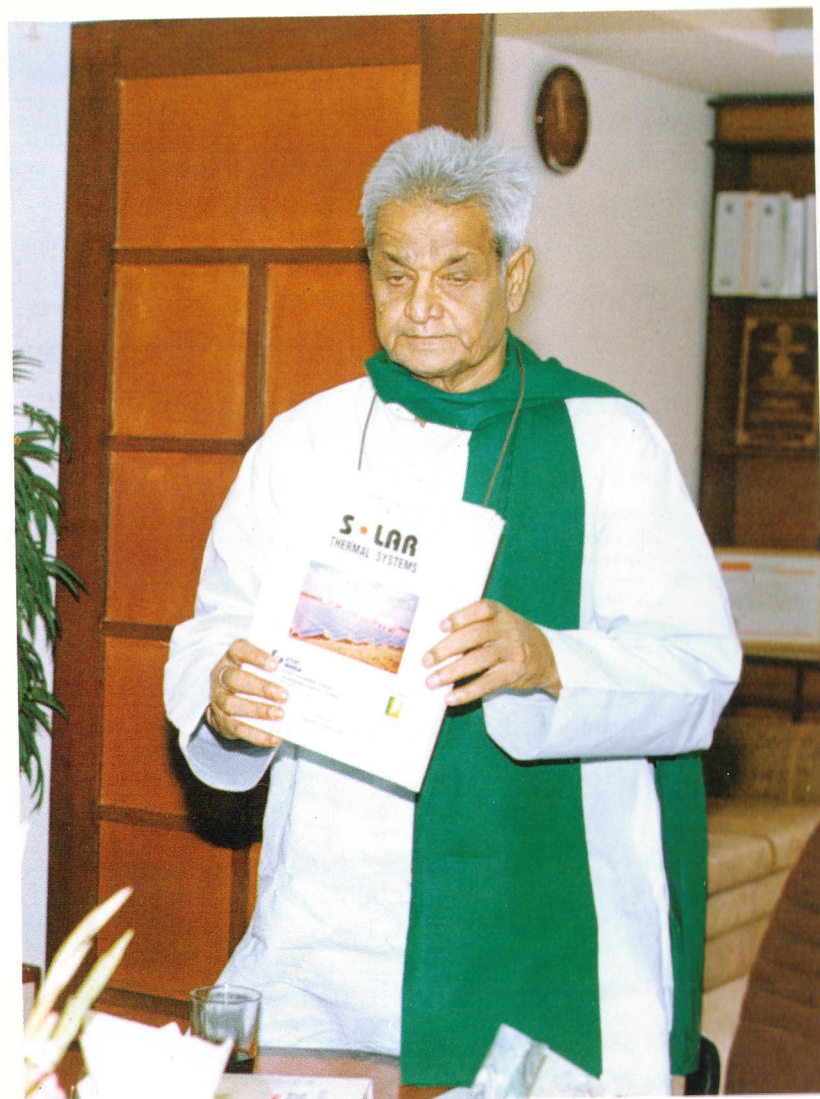
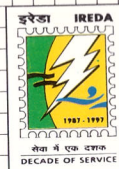
India Habitat Centre,
East Court, Core-4'A'
1st Floor, Lodi Road,
New Delhi-110 003

Auditors

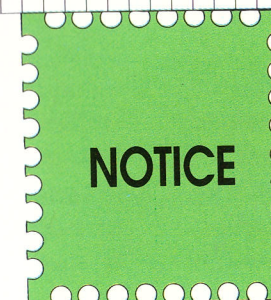
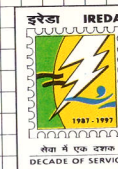
K.K. Ghei & Co.
Chartered Accountants
806, Hemkunt House,
6, Rajendra Place,
New Delhi-110 008

Bankers

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



Capt. Jai Narain Prasad Nishad, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge), releasing a "Manual for Solar Thermal Systems", brought out by IREDA.



NOTICE is hereby given that the Tenth Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited will be held on Friday, the 26th September, 1997 at 4.30 P.M. at IREDA's Registered Office at India Habitat Centre, Lodi Road, New Delhi - 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 1997, Auditors' Report and Comments of Comptroller and Auditor General of India thereon annexed herewith.
2. To declare a Dividend.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"Resolved as a Special Resolution that the Authorised Share Capital of the Company be increased from Rs.100 crores to Rs.200 crores by creating 10,00,000 additional Equity Shares of Rs.1000/- each ranking pari-passu with the existing equity shares, and accordingly, the following changes may be made in the Memorandum and Articles of Association of the Company:

MEMORANDUM OF ASSOCIATION

The following should be substituted in place of the existing clause V:

- V. The Share Capital of the Company is Rs.200 crores (Rupees Two Hundred Crores) divided into 20,00,000 (Twenty lakhs) equity shares of Rs.1000/- (Rupees One Thousand) each.

ARTICLES OF ASSOCIATION

The following should be substituted in place of the existing clause 4:

Article 4 - The Share Capital of the Company shall be Rs. 200,00,00,000 (Rupees Two Hundred Crores) divided into 20,00,000 (Twenty Lakhs) Equity Shares of Rs.1000/- (Rupees One Thousand) each."

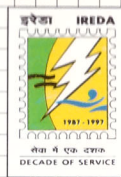
2. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"Resolved as a Special Resolution that Clause III A of the Memorandum of Association be amended to incorporate the following as new Sub-Clause 3:

- | | |
|---|---|
| <p>Financial Support for Energy Efficiency and Conservation</p> | <p>3. To extend financial support to projects and schemes for: generating energy through renewables/hybrid energy systems (conventional - cum-renewables or renewables and renewables); and conserving energy and/or energy efficiency of renewables/conventional energy.</p> |
|---|---|

3. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"Resolved that in supersession of the resolution passed by the Shareholders at their meeting held on 9th January, 1997, the Board of Directors be and is hereby permitted under Section 293(1) (d) of the Companies Act, 1956 to borrow monies from time to time, to an extent it deems necessary for the needs of the Company, notwithstanding



the fact that the monies already borrowed by the Company (apart from temporary loans obtained from the bankers in the ordinary course of business) will exceed the aggregate of the Company's paid up capital and free reserves, provided that the total amount upto which monies may be borrowed by the Company shall not exceed Rs.3500 crores (Rupees Three Thousand Five Hundred Crores) including sums already borrowed."

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi (R.K. Sachdeva)
24th September, 1997 Company Secretary

1. All Shareholders of Indian Renewable Energy Development Agency Ltd.
2. The Chairman and Directors of the Indian Renewable Energy Development Agency Ltd.
3. M/s. K.K. Ghei and Co., Chartered Accountants, 806, Hemkunt House, 6, Rajendra Place, New Delhi - 110 008.

NOTES:

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No.1

- a) According to IREDA's Memorandum of Association, its present Share Capital is Rs.100 crores made up of 10,00,000 Equity Shares of Rs.1000/- each. The Government of

India in the Ministry of Non-Conventional Energy Sources has already invested Rs.90.35 crores upto 31st March, 1997. The Government has also issued orders for release of Equity of Rs.8 crores out of total Rs.33.50 crores allocated for the year 1997-98.

- b) With a view to receiving the Equity already allocated for the year 1997-98 and to facilitate investment of further amounts in IREDA's Equity Share Capital by the Government of India in subsequent years, the Board of Directors of IREDA at their 79th Meeting held on 10.5.1996 decided to increase IREDA's Authorised Share Capital from Rs.100 crores to Rs.200 crores and also to amend the relevant clauses of Memorandum and Articles of Association, subject to obtaining of approval of the President of India and Shareholders of the Company.
- c) The approval of the President to increase Authorised Share Capital of IREDA from Rs.100 crores to Rs.200 crores has since been communicated by the Ministry of Non-Conventional Energy Sources, in terms of Article-11 of IREDA's Articles of Association, vide their letter No. 1/42/96-IREDA dated 30.5.1997.
- d) The Shareholders of IREDA are requested to approve increase of IREDA's Authorised Share Capital to Rs.200 crores and modifications in IREDA's Memorandum and Articles of Association, as set out in the Notice by passing the required resolutions.
- e) The relevant documents can be inspected at the Registered Office of the Company during the business hours.
- f) None of the Directors of the Company is concerned or interested in this resolution.

Item No.2

- a) The Memorandum and Articles of Association permit IREDA extending financial support for specific projects and schemes for conserving energy through non-conventional and renewable materials and sources. Keeping in view the synergy between IREDA's existing Renewable

Energy activities and Energy Conservation/Energy Efficiency, it has been felt to take up activities relating to financing of energy efficiency and conservation. The Administrative Staff College of India, which prepared the Corporate Plan of IREDA, also identified Energy Conservation as one of the thrust areas for diversification. The World Bank is also considering to extend a line of credit for financing Energy Efficiency projects by IREDA.

- b) The matter was considered by IREDA's Board of Directors at their 89th meeting held on 7th June 1997 and approval accorded for diversifying into the field of Energy Efficiency and Conservation by suitably amending Objects Clause of Memorandum of Association subject to obtaining approval of the Ministry of Non-Conventional Energy Sources and Shareholders.
- c) The Ministry of Non-Conventional Energy Sources have communicated approval to the amendment in Objects Clause of Memorandum of Association of IREDA vide their letter no. 1/35/97-IREDA dated 22.8.1997.
- d) The Shareholders of IREDA are, therefore, requested to accord approval to the amendments in the Objects Clause of Memorandum of Association empowering IREDA to finance projects relating to Energy Efficiency and Conservation.
- e) The proposal is accordingly placed before the Shareholders for approval.
- f) None of the Directors of the Company is concerned or interested in this resolution.

Item No.3

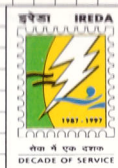
- a) The Companies Act, 1956 requires a Public Limited Company to obtain the consent of the

General Meeting, if the monies to be borrowed together with sums already borrowed [apart from the temporary loans obtained from the Company's bankers in the ordinary course of business] exceed aggregate of its paid up capital and free reserves.

- b) The Shareholders of IREDA at their meeting held on 9.1.1997 fixed IREDA's borrowing limit at Rs.1000 crores (Rupees One thousand crores).
- c) The limit of Rs.1000 crores approved by the Shareholders has already been exhausted consequent upon signing of Loan Agreement with Asian Development Bank for a line of credit of US \$ 100 million (Rupees 350 Crores approximately). IREDA plans to borrow further loans from Commercial banks and also raise loans from World Bank (Second line of credit), Tax Free Bonds, etc. Keeping this in view, the Board of Directors of IREDA at their 87th Meeting held on 27th/29th March, 1997 approved a proposal to request the Shareholders to raise the borrowing limit of the Company from existing Rs.1000 crores to Rs.3500 crores with the approval of the Shareholders. This would match the borrowings proposed by IREDA during the 9th Five Year Plan.
- d) The proposal is accordingly placed before the Shareholders for approval.
- e) None of the Directors of the Company is concerned or interested in this resolution.

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi (R.K. Sachdeva)
24th September, 1997 Company Secretary



CHAIRMAN'S SPEECH



Dear Shareholders,

It is a matter of great pleasure and privilege for me to welcome you all to the 10th Annual General Meeting of the Company. I understand that the Directors' Report and the audited Statements of Accounts for the year ended 31st March, 1997, duly certified by the Comptroller and Auditor General of India, have already been circulated and with your permission, I take them as read.

I have recently taken over as the Chairman of the Board of Directors of the Company and I am happy to note from the various reports that the Company has been performing well.

You know that your Company was established in March, 1987 and has, thus, completed a decade of service to the cause of Renewables. A decade is not that long a period to evaluate the contribution of an organisation, especially which started promoting new and emerging technologies undergoing rapid developments, the sector which even the large financial institutions were hitherto hesitant to venture into. It is, in this context, the performance of the Company during the last 10 years, in spite of various problems and challenges, is to be judged. I am happy to say that it has emerged as a predominant player and continues to maintain its pre-eminent position in assisting the Renewable Energy Sector.

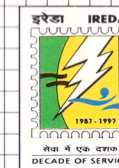
The Company started with a small resource base of Rs. 2 crores and its cumulative loan sanctions for 837 projects at the end of March 1997 were about

Rs.1436 crores. The corresponding disbursements are around Rs.710 crores. The sanctioned projects have an installed capacity equivalent to about 627 MW and will, in addition, be saving/conserving energy. The projects already commissioned have started generating electricity and saving energy on an annual basis.

The Company has all along been a self-sustaining institution and earning profits. It has also earned the trust and confidence of prestigious international institutions like the World Bank, Global Environment Facility, Danish International Development Agency, Swiss Development Co-operation, Asian Development Bank and the Government of the Netherlands, German Federal Government and the Government of Japan.

Notwithstanding the progress achieved so far, we cannot afford to forget that we are still a Company which is at a nascent stage. Further, the technologies with which the Company is concerned are witnessing so rapid changes that sometimes it becomes difficult to keep abreast with the latest developments. The industry's response is yet to crystallise clearly to the changed economic and financial scenario. Another dimension of the financial scenario is that the prospects of getting grants are not as rosy as in the past and the sources of raising resources on soft terms are now very limited. On the other hand, the Company has to make aggressive efforts to generate projects for investments in this sector. This requires sufficient attraction in the form of a suitable package including long term policies and financial instruments so as to attract private sector investment.

This is the first year of the IXth Five Year Plan and the likely power scenario during the Plan period does not create a sense of satisfaction. Therefore, any addition to power other than from conventional sources will be a welcome contribution. This, thus, does provide an opportunity for self-introspection



and also to define the role which the Company is to play in future, to charter out clear goals for it and formulate specific strategies for achieving the milestones without any letup. I sincerely invite the Shareholders who are also experts in various renewable technologies and have vast experience in formulating and implementing Government's policies and also those who cherish the cause of renewables to seriously ponder over the various issues involved and guide the Company so that it continues to remain a pre-dominant player in the renewable energy sector, a self-sustaining institution and also retain the confidence of various lenders and its borrowers. Some of these aspects have been dealt with in IREDA's Corporate Plan and the Perspective Plan which will further be finalised in the light of your suggestions.

The Directors' Report, which is already before you, has dealt with in detail different aspects of the Company's operations during the year. I am sure, you would be pleased with the overall results. I would, however, like to briefly highlight some of the major areas of achievements.

Your Company is now a Non-Banking Financial Company (NBFC) in terms of the RBI Act, 1934. RBI has classified it a "Loan" Company and is thus required to follow the RBI guidelines regarding prudential norms, asset classification and provisioning. You are aware that the Company's Operational Policy Statement (OPS) agreed to with the World Bank, contains a number of covenants to be fulfilled. We found that some of the provisions of the RBI guidelines are in conflict with the OPS and will adversely affect speedier utilisation of international assistance. The Company has, therefore, requested the RBI to exempt it from some of the specific guidelines. I take this opportunity to request the RBI to accept this reasonable request.

The ADB line of credit has become effective. The Company will have for the first time, to face risk due to fluctuations in foreign exchange. It has entered into an arrangement with the Bank of Baroda to minimise this risk and is also setting up a Foreign Exchange Risk Management Fund to further reduce, if not eliminate this risk altogether. In addition to obtaining outside expertise, it has been decided to

suitably strengthen the Company's manpower with professionals so that it can handle this aspect in-house in future. It is being considered to sanction loans in US Dollars to those borrowers who are willing to repay in Dollars.

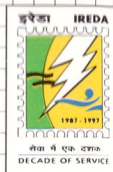
As in the past, the Company reviewed its existing policies in the light of experience gained in implementing various schemes and suitably modified the same. It introduced "Solar Cooker Market Development Programme", with liberalised terms and conditions and also interest subsidy. The North-Eastern Region is abundantly endowed with renewable energy sources which has not been adequately harnessed. Keeping this in view, a number of concessions have been announced for North-Eastern States, hilly areas including estuaries and desert areas. I appeal to the entrepreneurs to take benefit of these concessions in addition to those available from Central and State Governments and set-up renewable energy ventures in these areas. I assure the entrepreneurs, the Company's fullest co-operation and assistance in this regard.

Your Company has been giving priority to Women Development and providing gainful employment opportunities to them. It has extended a number of concessions to them to adopt these systems and also set up self employment ventures in this sector.

The Company has decided to set up a Technology Commercialisation Fund to promote development of emerging technologies of future importance and to stimulate varied innovations and have potential of commercialisation.

The Company will also be diversifying its activities in export of consultancy services, especially to third World countries.

The Company's lending operations during the year were in line with the conditions prevailing in the financial sector. An amount of Rs.329 crores was sanctioned for additional projects which was higher than the MoU target and disbursements were of the order of Rs.237.47 crores. The financial results were highly satisfactory. Gross Income at Rs. 73.09 crores registered an impressive increase of about 120% over the corresponding figure for 1995-96. Profit before Tax increased by 36.5%. Similarly, Profit after Tax



registered a substantial growth of 85.77% during the year after fully providing for the Non Performing Assets under RBI guidelines. Thus, the Company continued to maintain its envious record of earning profits since inception.

The rate of recovery at 82.83% of the total dues can be considered satisfactory. However, the follow-up action initiated to recover the overdues is likely to improve this percentage.

The Company utilised an amount of Rs.70.60 crores of foreign assistance under the World Bank Project for Project Financing in addition to grant-in-aid under the Technical Assistance Component of the World Bank Project and the Government of the Netherlands and also mobilised an amount of Rs.123.09 crores by way of subsequent Tax Free Bonds and loan from commercial bank.

The Company declared a dividend of a little more than Rs.1.50 crores for the year 1995-96. An amount of Rs.2.80 crores is being recommended for the year 1996-97, which is equivalent to 20 per cent of the post-tax profit.

I have mentioned earlier that the ADB loan to the tune of US \$ 100 million has become effective and the Company can start utilising the same. Further, the remaining unutilised assistance under the World Bank Project is also available. The World Bank is also considering extending additional assistance for Small Hydro and Energy Efficiency Projects. German Federal Government has also agreed to sanction loan on soft terms to the Company. This is likely to be available by the end of the current year. Assistance from the Government of Japan under OECF is under their active consideration.

The increased availability of funds calls for streamlining the Company's policies and procedures so as to effect disbursements as fast as possible and thereby optimise profitability. This has been given adequate attention.

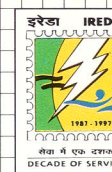
In view of the revolution in information and communication technologies and rapid developments in the Renewable Energy technologies, it is imperative for a Company like IREDA to give priority to human resource development. It continued

to upgrade and sharpen skills of the staff through in-house training and nominating them to various professional short-term courses/training programmes/workshops/seminars both within and outside the country so as to keep them abreast with the latest developments in renewable energy sector. All the employees have been imparted training in computerisation.

The Company signed a Memorandum of Understanding with the Government of India for the year 1996-97. On the basis of achievements of the MoU targets, the performance of the Company is likely to be rated "Very Good".

As mentioned earlier, the Company has completed its first ten years of operations. It has been decided to celebrate this Decade of Service in a befitting manner. This includes creation of "IREDA Professor Renewable Energy Chair" at IIT, Delhi; sponsoring of lectures in Universities by eminent experts; competitions on Renewable Energy in colleges; Painting competition; plantation of trees and creation of greater awareness of the benefits of renewable energy systems and devices. The Programme also includes adoption by IREDA of Five Villages to provide renewable energy, release of Souvenir and a Commemorative Postage Stamp.

The Ninth Five Year Plan is being finalised. The likely power scenario during the Plan period provides opportunities to supplement the availability of power from every possible source. Let me reaffirm that the Company's strategy would be to maintain its premier position in the renewable energy sector, to generate power through renewables and promote these technologies, systems and devices on a large scale. For this purpose, a disbursement target of Rs.2703 crores has been proposed and adequate emphasis also laid on saving of conventional fuels through efficient use of renewable energy sources. Creation of additional installed capacity of 1150 MW is envisaged during the Plan period. In order to mobilise requisite resources, the Company will adopt an optimum mix of internal and external borrowings in addition to broad basing its equity base. The Company also intends to make viable SEBs eligible for loan assistance. In this connection, I would also suggest that the State Electricity Boards should be



legally bound to source part of their power from renewable sources.

I am of the view that marketability of renewable energy sources can be encouraged by making it mandatory for new building complexes to use solar heating. This will reduce the cost of the systems and in turn, create greater market for other systems also. This aspect requires serious attention during the Plan period.

I express my gratitude to Capt. Jai Narain Prasad Nishad, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge) for his kind support and guidance.

I also express my gratitude to Dr. S. Venugopalachari, Hon'ble former Minister of State for Power & Non-Conventional Energy Sources for the guidance given by him during his tenure.

I also express my sincere thanks to Shri B.R. Prabhakara and Shri Ashok Parthasarathi, former Chairmen, IREDA; Shri T.S. Krishna Murthy, Shri M. Gopalakrishna and Shri Vinod Dhall, who have ceased to be Directors; and other Directors on the Board of the Company for their guidance and constructive co-operation and support.

I acknowledge with thanks the continued co-operation and support provided by the Ministry of Non-Conventional Energy Sources, the Ministry of

Finance, the Planning Commission and other Ministries/Departments of the Government of India.

I am also thankful to the bilateral and multilateral international institutions for their co-operation and assistance.

I also take this opportunity to thank the Comptroller & Auditor General of India, the Statutory Auditors, the Bankers for their co-operation, the subscribers to IREDA's Energy Bonds, the clients and I do hope that they would continue to repose their confidence in the Company in future also.

I also place on record my appreciation of the hard work put in by the employees of the Company at all levels.

And finally, dear Shareholders, my special thanks are due to all of you for your consistent support.

May I now request that the Directors' Report, the audited Balance Sheet, the Profit and Loss Account and the Auditors' Report for the year ended 31st March, 1997 be approved and adopted.

Thanking you all,

Swarn Singh Boparai, K.C.
Chairman

Place: New Delhi

Date: 24th September, 1997



Solar Photovoltaic Street Lighting financed by IREDA, under the SPV Market Development Programme of World Bank, in Nasik district of Maharashtra.

DIRECTORS' REPORT

To the Members,

It gives me great pleasure to present, on behalf of the Board of Directors, the Tenth Annual Report on the working of the Indian Renewable Energy Development Agency Ltd. (IREDA) together with the audited statement of accounts and the Auditors' Report for the year ended on 31st March, 1997.

Your Directors are happy to report that the overall performance of the Company during the year was satisfactory, keeping in view the difficult economic environment.

LENDING OPERATIONS

SANCTIONS AND DISBURSEMENTS

The Company sanctioned loan assistance amounting to Rs. 328.79 crores during the year for projects pertaining to various renewable energy sources thereby exceeding the MoU target. The MoU target fixed for new and emerging renewable energy sectors was fully achieved. Disbursements at Rs. 237.47 crores, on the other hand, were almost at the last year's level of Rs. 238.47 crores.

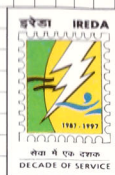
These achievements can be regarded satisfactory in the light of sombre financial climate. Cumulative sanctions and disbursements as on 31st March, 1997 were of the order of Rs. 1436.27 crores and Rs. 709.87 crores respectively. Statewise and Sectorwise sanctions are indicated in Annexures I & II respectively. Statewise and Sectorwise disbursements are shown in Annexures III & IV respectively.

Sectoral sanctions and disbursements during 1996-97 are as under:

SECTOR	(Rs. in Crores)	
	SANCTIONS	DISBURSEMENTS
Wind Energy	107.39	126.97
Small Hydro	122.93	31.57
Solar Energy	32.89	33.86
Biogas Generation	4.40	3.24
Co-generation	50.00	24.75
Biomass Power	9.85	16.61
Biomass Briquetting	0.28	0.47
Biomass Gasification	1.05	—
Total	328.79	237.47



7.5 MW Bagasse based Co-generation project set up in Uttar Pradesh with IREDA's assistance.



It will be observed from the table that the Company has been giving priority to projects for generating electricity. Loans to such projects constituted about 88% of the total sanctions during the year.

The projects sanctioned during the year, when commissioned are estimated to generate about 154 MW of electricity and also save/conserve energy equivalent to 14,288 MTCR on an annual basis. Actual installed capacity of electricity generation is a little higher than the MoU target of 150 MW.

FINANCIAL PERFORMANCE

The overall financial results for the year 1996-97 are very encouraging. These are summarised below:

	(Rs. in Crores)	
	1995-96	1996-97
Gross Income	34.23	74.95
Less: Interest Tax	0.97	1.86
Balance	33.26	73.09
Total Expenditure (net of prior period adjustment)	18.22	52.56
Profit before Tax	15.04	20.53
Provision for Income Tax	7.52	6.56
Profit after Tax	7.52	13.97
Add: Carry-forward Surplus and Transfer from General Reserve	0.46	—
Excess provision of Income Tax made in earlier years written back	—	0.01
Profit available for Appropriations	7.98	13.98

				(Rs. in Crores)
		1995-96	1996-97	Remarks
	Profit available for Appropriations	7.98	13.98	
APPROPRIATIONS				
i.	NBFC Reserve Fund 20% of Net Profit	—	2.80	As laid down in the RBI Guidelines on NBFCs
ii.	Debenture Redemption Fund	5.00	7.24	In accordance with the Government Guidelines
iii.	Dividend	1.50	2.80	20% of post Tax Profit
iv.	Dividend Tax	—	0.28	10% of Dividend as per Government Guidelines
v.	Special Reserve u/s 36 (I) (viii) of the Income Tax Act	1.48	0.86	Balance available after the above appropriations
vi.	Surplus carried to Appropriation Account	0.003	0.003	

It will be observed that Gross Income at Rs. 73.09 crores during the year registered a substantial increase of 119.75% over the previous year's corresponding figure. 'Total Expenditure' during 1996-97 amounted to Rs. 52.56 crores i.e. higher by Rs. 34.34 crores over the corresponding figure of Rs. 18.22 crores during the last year. The major increase of Rs. 31.20 crores is on account of higher provision towards interest on loans and bonds. Similarly, "Profit before Tax" registered significant increase i.e. 36.50% over the corresponding amount for the year 1995-96. "Profit after Tax" also showed an impressive growth of 85.77% during the year over Rs. 7.52 crores for the last year. This is highly gratifying in view of the fact that there was no increase in the amount disbursed. It may be pointed out that the Profit and Loss Account fully takes care of the latest prudential norms and fully provides for Non-Performing Assets as per RBI Guidelines in this regard.

Your Directors recommend the following Appropriations:

It may be mentioned that in order to make appropriations under (i) to (iv) indicated in the Table, the Company has not been able to get full benefit of the special approval obtained from the Government of India to transfer upto 40% of its income to Special Reserve u/s 36 (1) (viii) of the Income Tax Act; hence larger provision for income tax.

DIVIDEND

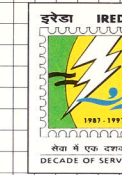
Your Directors are pleased to recommend a dividend for a total amount of Rs. 2.80 crores on the paid-up share capital for the year 1996-97 as against Rs. 1.50 crores during the last year. This works out to 20% of the Profit after Tax. The Company has thus been declaring and paying dividend continuously for the last three years.

RECOVERY OF DUES

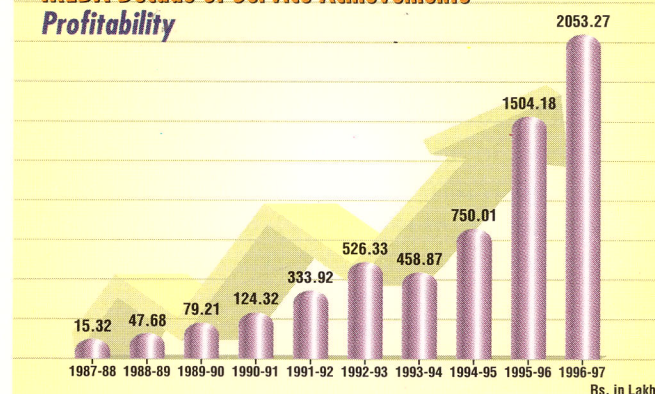
Recovery of dues by way of repayment of loan instalments and payment of interest constituted 82.83% of the total dues during the year. The follow-up-action taken in this regard is likely to result in additional recoveries, which will further improve this percentage.



Dr. S. Venugopalachari, Hon'ble former MOS (Power & NES) receiving the Dividend cheque of 1995-96 from IREDA.

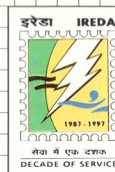


IREDA Decade of Service Achievements Profitability



RISK MANAGEMENT

The Company being a financial institution is exposed to certain risks that arise from its business and the environment in which it functions. The main risks to which the Company is exposed are: Credit Risk, Interest Rate Risk, Liquidity Risk and Foreign Exchange Risk. The Company has established a mechanism to ensure that these risks are monitored carefully and managed efficiently.



The ADB line of credit has become operational w.e.f. 15th July, 1997. The Company will thus be for the first time exposed to foreign exchange risk. To take care of foreign exchange risk arising out of fluctuations in the conversion rates, the Company has entered into an arrangement with the Bank of Baroda and is also considering to set up a Foreign Exchange Risk Management Fund to meet the residual risk.

RESOURCE MOBILISATION

PAID UP CAPITAL

The Paid-up Capital increased to Rs. 90.35 crores as on 31st March, 1997 with the Government of India contributing Rs. 28.00 crores towards Equity during the year. An allocation of Rs. 33.50 crores as Equity contribution has been made for 1997-98.

BORROWINGS

The Company was able to mobilise during 1996-97 a total amount of Rs. 195.09 crores both through international and internal borrowings. The internal borrowings by way of tax free bonds and loan from commercial bank amounted to Rs. 123.09 crores, while an amount of Rs. 72.00 crores was received under the World Bank Line of Credit.

The Company will receive additional assistance both by way of loans and grants under the World Bank Project and the DANIDA Wind Farm Project during 1997-98. Further, disbursements under the ADB Line of Credit of US \$ 100 million will commence during 1997-98.

GRANT-IN-AID

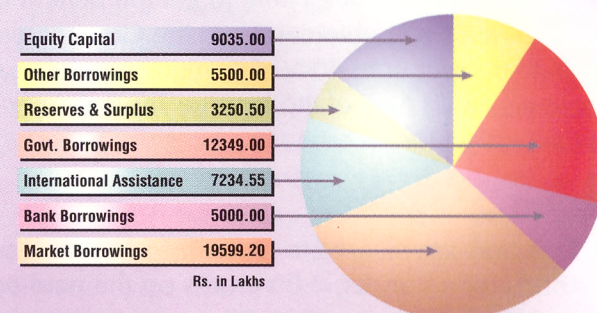
An amount of Rs.9.60 crores was received during the year as Project Assistance in the form of grant-in-aid from GEF and Swiss Development Co-operation, bringing the cumulative total of such grants to Rs. 70.60 crores. Additional amount of Rs. 2.12 crores was received under the Technical Assistance component of the World Bank Project.

INTERNATIONAL ASSISTANCE IN THE PIPELINE

THE WORLD BANK

The World Bank is actively considering to extend a

IREDA Decade of Service Achievements Resource Base 1996-97



Second Line of Credit of US \$ 170 million to the Company for financing Small Hydro and Energy Efficiency Projects. This Line of Credit is expected to be operational during 1997-98.



A home lit by Solar PV lighting System in Mangalore district of Karnataka, under the World Bank assisted SPV Market Development Programme of IREDA



1.3 MW Irrigation Canal based Mini Hydel Project set up with IREDA's assistance under the World Bank Line of Credit in Karnataka State.

GERMAN FEDERAL GOVERNMENT

The German Federal Government and KfW, Germany have shown keen interest in assisting the Company for harnessing renewable energy sources in India and have indicated their willingness to make a commitment of a loan of DM 120 million, which is expected to be available during 1997-98.

OVERSEAS ECONOMIC COOPERATION FUND [OECE] JAPAN

The Government of Japan have also shown willingness to consider a Line of Credit to IREDA during the coming years under OECE.

DEBT EQUITY RATIO

The Company's total borrowings from all sources stood at Rs. 424.48 crores as on 31st March, 1997 against its Net Worth of Rs. 184.77 crores including paid-up capital of Rs. 90.35 crores. Debt as a ratio to Net Worth works out to 2.30:1, which is well below the ratio indicated in the Operational Policy Statement of the Company.

REVIEW OF POLICIES

The Company has to increasingly depend upon the market to mobilise adequate resources to meet the MoU targets. On account of increase in cost of funds and the experience gained in implementing various schemes, the Company reviewed its policies and lending norms and made appropriate changes so as to continue to remain financially viable and a self-

sustaining institution while maintaining a difficult balance between its developmental, promotional and financial roles.

SPECIAL CONCESSIONS TO NORTH EASTERN REGION

Special concessions have been announced in the Company's lending norms for entrepreneurs setting up projects in North Eastern States, Hilly areas, Islands including Estuaries and Desert areas.

These include reduced promoters' contribution and the interest rate, exemption from payment of application & documentation charges; inspection fees; legal charges; expenditure incurred on Nominee Director; front-end-fee etc. to give fillip to harnessing renewable energy sources in these regions.

PROGRAMMES ENTRUSTED BY THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

The Company continued to implement the Programmes including Solar Photovoltaics Water Pumping System for Agriculture & Related Uses entrusted by the Ministry of Non-Conventional Energy Sources (MNES).

The Company also started implementing an Interest Subsidy Scheme for Solar Thermal sector. In addition, a project on Solar Cooker Market Development Programme sanctioned by MNES became operational w.e.f. 1st March, 1997 onwards. Under the Programme, loan upto 90% of the total cost of the project is available to the end users for purchase of cookers through the intermediaries. Soft loan is also available to the manufacturers for the purchase of machinery and equipment under the Programme.



19000 LPD Solar Water Heating System in a hotel, installed with IREDA's assistance in MGR district of Tamilnadu.



Solar Photovoltaic Water Pumping System for Agriculture, funded by IREDA under the "SPV Pumping Programme" of MNES in MGR district of Tamilnadu.

DEVELOPMENT OF BACKWARD AREAS

Promotion of projects in backward areas continued to receive high priority. During the year, 67 projects involving loan assistance of Rs. 309.74 crores were sanctioned. The loan amount constituted 94% of the total sanctions. Cumulative amount sanctioned in these areas for 488 projects is of the order of Rs. 1189.51 crores i.e. 82.8% of the total sanctions.

MONITORING AND EVALUATION

Progress of implementation of projects is being monitored systematically. Concurrent monitoring of projects under implementation and monitoring of commissioned projects is done through periodical reports and visits. Expertise of outside consultants is also used to monitor big projects financed with World Bank assistance.

ECOLOGY AND ENVIRONMENT

IREDA has been assisting technologies which are eco-friendly and have benign impact on



IREDA financed 0.972 MW Biomass Gasifier project set up in Nalgonda district of Andhra Pradesh.

environment. The projects promoted have resulted in tangible benefits, in terms of saving of foreign exchange and conventional fuel and also generation of electricity and gainful employment opportunities.

WOMEN DEVELOPMENT

From the very beginning the Company has been laying stress on women development. A regular Women Officer has been appointed to assist the women entrepreneurs. In addition to organising Entrepreneurship Development Programmes exclusively for women, the Company has been encouraging women entrepreneurs to set up self-employment ventures. A number of financial concessions have also been extended.

MEMORANDUM OF UNDERSTANDING (MoU)

The Memorandum of Understanding for the year 1996-97 was signed by the Company with the Government of India. On the basis of the achievements of the MoU targets, the performance of the Company for the year is likely to be rated as "Very Good". The Company also signed an MoU with the Government for the year 1997-98.



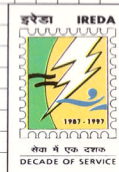
IREDA sponsored International Conference on the "Role of Women in Renewable Energy Development" organised by All India Women's Conference in New Delhi.

IREDA AS A NON-BANKING FINANCIAL COMPANY

In order to protect the interest of investors and also ensure uniformity in accounting systems, the Reserve Bank of India Act 1934, as amended during 1997, requires all Non-Banking Financial Companies to get registered with RBI and follow the RBI Guidelines/Directives/Norms issued in this regard. RBI has classified IREDA as a "Loan Company". However, a close study of the RBI Guidelines reveals that some



Shri Ashok Parthasarathi, former Secretary, MNES and Managing Director, IREDA signing the Memorandum of Understanding for the year 1997-98.



of these are in conflict with the covenants laid down by the World Bank. The Company is already required to observe the Bank's stringent stipulations. In view of this, the Company has requested RBI to exempt it from following certain specific Guidelines in order to enable it to utilise the World Bank assistance within the time schedule. RBI's decision is awaited.



A Wind Farm in Madhya Pradesh set up by the MP Wind Farms Ltd., the Joint Sector Company of IREDA.

JOINT SECTOR COMPANY

IREDA has set up "M. P. Wind Farms Ltd.", a joint sector company in collaboration with the State Government and a Company in the private sector with an authorised share capital of Rs. 100 lakhs for promoting wind energy. All these organisations have participated in the equity of the Company. The initial paid-up capital of the Company was Rs. 50 lakhs with IREDA's share of Rs. 12 lakhs. The Company has been performing very well and in the second year of its operations, it issued bonus share thereby increasing the paid capital to Rs. 70 lakhs. The Company has declared and paid dividend for the years 1995-96 and 1996-97. It has also installed 9 MW of additional capacity so far.

INTERNATIONAL CO-OPERATION

Your Company has been maintaining close



Inauguration of "MNES - IREDA Solar Cooker Meet with Consumer Durable Industries" at Bangalore, by Dr. S. Venugopalachari, Hon'ble former MOS (Power & NES)

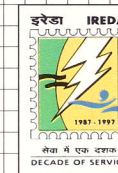
collaboration with the World Bank, Swiss Development Co-operation, Asian Development Bank, Danish International Development Agency, the Governments of Netherlands, Germany and Japan. You are aware that over the last few years, the Company signed MoUs with internationally reputed professional/technical organisations. In terms of the MOUs these organisations will collaborate with IREDA in project development and commercialisation of all aspects of renewable energy technologies in India.

BUSINESS PROMOTION AND NETWORKING

As part of its marketing strategy, IREDA has introduced a Scheme titled "Business Development Associates". The basic objective of the Scheme is to have a synergic partnership with prominent organisations who have been doing pioneering work in the Renewable Energy Movement in the country for the development of renewable energy business



IREDA sponsored "Seminar - cum - Catalogue show on Solar Energy" at Hazaribagh, Patna, Bihar.



for the mutual benefit of the respective organisations and IREDA and also for the country at large. The Scheme is being implemented in association with Technical Consultancy Organisations, State Nodal Agencies, Local Productivity Councils and NGOs. Under the Scheme, the Company provides promotional and business linked incentives to the Associates. This networking arrangement will generate greater business opportunities for the Company.

DISSEMINATION OF INFORMATION

Importance of creating greater awareness about the renewable energy technologies, systems and devices which are new and emerging needs no emphasis. During the last few years concerted efforts have been made by the Government, your Company and those engaged in this field to spread the message of renewables throughout the country. However, much more is required to be done, especially in rural areas. Your Company continued to give priority during the year to this promotional aspect. It utilised print and electronic media, both national and regional, to disseminate information about the renewable energy systems and devices. Video films in various Indian languages in respect of major technologies/systems have been prepared and are distributed free for larger viewing. These films also educate the users on how to maintain the systems trouble free. Brochures and other publicity material were also printed in local languages and distributed for the benefit of the industry, entrepreneurs and the consumers.



An Interaction Meet organised by IREDA with State Nodal Agencies in Chennai, Tamilnadu.

The message of renewable energy movement was also propagated by organising Seminars, Workshops and Business Meets which incidentally also helped in generation of a large number of projects in addition to availability of valuable feed back from the industry.

The quarterly publication under the title "IREDA NEWS" continued to be published regularly to highlight current developments in renewable energy sector and the activities of the Company, besides providing a forum for exchange of ideas. During the year, a number of improvements were made in the quality and the coverage of the publication, which has received all-round appreciation.



Director, IIT, Delhi and Managing Director, IREDA signing the MoU for establishment of "IREDA Professor Renewable Energy Chair" at Centre for Energy Studies, IIT, Delhi.

DECADE OF SERVICE

The Company which was established in March 1987 has completed 10 years of service to the cause of Renewables. It has been decided to observe this Decade of Service in a befitting manner. A comprehensive programme has been drawn up which, inter-alia, includes creation of "IREDA Professor Renewable Energy Chair" at the Centre for Energy Studies, IIT, Delhi to undertake R&D activities, upgradation of Technologies, Testing Standards, Quality control etc.; sponsoring of lectures in Universities by eminent experts; organising competitions on renewable energy in Schools & Colleges; creation of greater awareness of the systems/devices especially among the women in rural areas; tree plantation etc. NGOs will play an important role in implementing the programme.

HUMAN RESOURCE DEVELOPMENT

The importance of Human Resource Development for an institution like IREDA which is dealing with technologies which are undergoing rapid changes cannot be over emphasised. A number of employees were deputed to attend specialised training programmes/courses and also to technical Workshops/Seminars both in India and abroad. This has greatly improved their understanding and knowledge about the technological developments in the field. In the meantime, the Company has identified training needs at various levels and is in the process of formulating a systematic approach in this regard. Special attention was paid to skill development activities such as training in computers etc.

INSTITUTIONAL DEVELOPMENT

As a part of institutional development, the Company has decided to commission a comprehensive Study on Organisational Structure. The Study which will be conducted by a professional organisation will suggest, inter- alia, the organisational structure, manpower requirements, etc., keeping in view the

Company's operations as envisaged in the Ninth Five Year Plan.

RESERVATION FOR SC/ST/OBCs

In accordance with the Government's policy, the Company has been making sustained efforts to ensure that the posts reserved for SC/ST/OBCs are filled up by the candidates belonging to these categories. It has been strictly following Government's instructions in regard to recruitment and promotion matters. Liaison Officers have been nominated in the Company to look after the interests of these categories.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

Efforts continued to be made to ensure implementation of the provisions of the Official Language Act towards promotion and greater use of Hindi in official work. Incentives were offered to the staff who achieved greater proficiency in the language and those who increasingly used it in their official work, were suitably rewarded. In order to propagate the progressive use of the language, Hindi Divas/



Shri U.N. Panjiar, Joint Secretary, MNES addressing the participants during the Hindi Pakhwara organised by IREDA

Pakhwara/Workshops/Competitions were organised. Articles in the IREDA NEWS are also published in Hindi. Nodal Officers have been nominated to monitor the use of Hindi. The Official Language Implementation Committee of the Company met periodically to review the use of Hindi and also to make further suggestions in this regard.

AUDITORS

M/s K.K. Ghei & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company for the financial year 1996-97 by the Company Law Board, Government of India.

AUDIT REVIEW

The Comments of the Comptroller and Auditor General of India on the Accounts together with Review on Accounts, Statutory Auditors Report to the Members and Comments of the Management thereon are annexed (Annexure V).

PARTICULARS OF EMPLOYEES

Information with regard to the particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies [Particulars of Employees (Amendment) Rules, 1990] is given in Annexure VI.

FOREIGN EXCHANGE

A net income in foreign exchange equivalent to Rs. 5.35 lakhs was earned during 1996-97.

INDUSTRIAL RELATIONS

Personnel relations continued to be cordial and harmonious during the year under review. Grievances/problems, if any, of the employees were quickly redressed through dialogues/discussions by the Director (Grievance).

VIGILANCE

Your Company has been paying attention to preventive vigilance. The Vigilance Advisory Committee of the Company has been meeting periodically to advise the Company in this regard.

BOARD OF DIRECTORS

During the year, nine Board meetings were held to

transact the business of the Company. The following changes took place in the Board of Directors since the last report:

1. Shri Swarn Singh Boparai, K.C. the Secretary, MNES, was appointed as the Chairman of the Company w.e.f. 6th August, 1997.
2. Shri Ashok Parthasarathi, who was appointed Chairman of the Company and took charge of the post with effect from 10th October, 1996 from Shri B.R. Prabhakara, relinquished the charge w.e.f. 31st July, 1997.
3. Shri T. S. Krishna Murthy ceased to be a Director on the Board w.e.f. 20th August, 1996.
4. Shri Vinod Dhall, Additional Secretary, Department of Expenditure, Ministry of Finance ceased to be a Director on the Board w.e.f. 1st September, 1997.
5. Shri M. Gopalakrishna, Chairman & Managing Director, Rural Electrification Corporation Limited ceased to be a Director on the Board w.e.f. 31st January, 1997 on his superannuation.

The Board places on record its warm appreciation of the valuable contributions made by the outgoing Chairmen and the Directors.

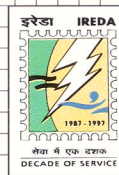
ACKNOWLEDGEMENTS

The Board of Directors express their gratitude to Dr. S. Venugopalachari, Hon'ble former Minister of State for Power & NES for the guidance given by him during his tenure.

The Board of Directors are also grateful to Capt. Jai Narain Prasad Nishad, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge) for the keen interest taken and guidance given by him.

The Directors also place on record their appreciation of the continued co-operation and support provided by the Ministry of Non-Conventional Energy Sources, the Ministry of Finance, the Planning Commission and other Ministries/Departments of the Government of India.

The Directors are also thankful to the World Bank, Swiss Development Co-operation, Global Environment Facility, Asian Development Bank,



Government of Denmark, DANIDA, the Government of Netherlands, the German Federal Government, the Government of Japan, KfW and the OECF for their co-operation and assistance. The Company looks forward to their continued support.

The Directors thank the Comptroller & Auditor General of India, the Statutory Auditors, the Internal Auditors and the Bankers for their co-operation.

Special thanks are extended to Bond-holders/clients for the confidence reposed by them in the Company.

The Directors also commend and appreciate the commitment and the dedicated services continued to be rendered by the employees of the Company at all levels.

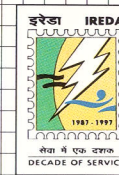
for and on behalf of the Board of Directors

Swarn Singh Boparai, K. C.
Chairman

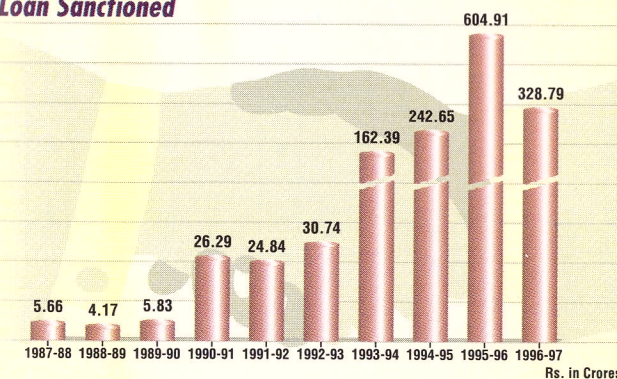
Place: New Delhi
Date: 24th September, 1997.



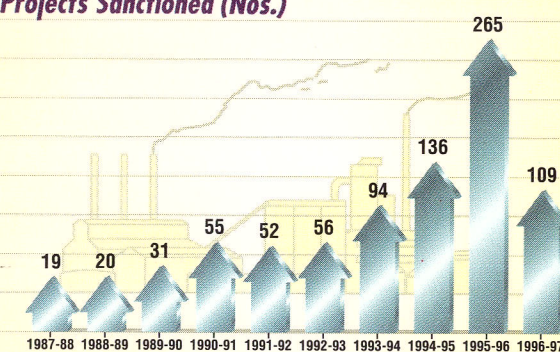
IREDA financed 12 MW Biomass Power Plant set up in the State of Tamilnadu.



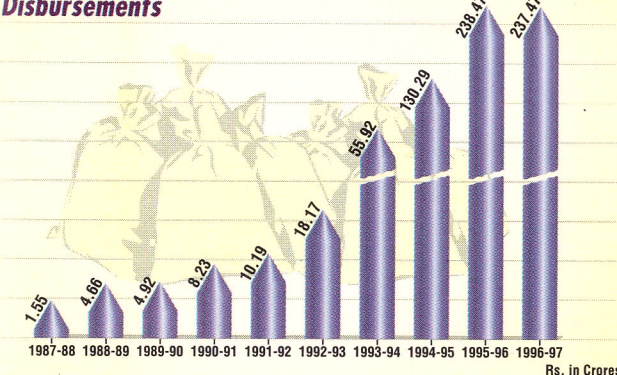
IREDA Decade of Service Achievements Loan Sanctioned



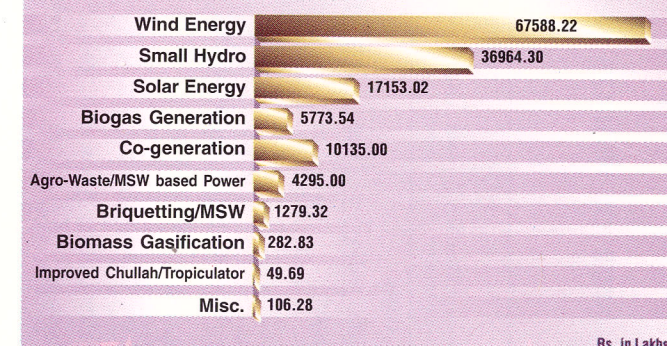
IREDA Decade of Service Achievements Projects Sanctioned (Nos.)



IREDA Decade of Service Achievements Disbursements



IREDA Decade of Service Achievements Cumulative Sectorwise Sanctions

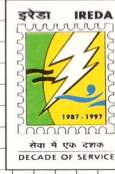


Rs. in Lakhs

NUMBER OF PROJECTS SANCTIONED AND IREDA'S LOAN AMOUNT - STATEWISE AND YEARWISE

(Rs. in Crores)

Name of State/ Union Territory	1987-88		1988-89		1989-90		1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		Cumulative	
	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.
A. STATES																						
Andhra Pradesh	0	0.00	0	0.00	4	0.65	3	0.55	4	0.85	6	0.68	9	8.79	10	28.09	29	58.02	9	28.40	74	126.03
Bihar	0	0.00	0	0.00	1	0.25	2	0.90	0	0.00	0	0.00	1	1.50	0	0.00	1	0.10	0	0.00	5	2.75
Gujarat	1	0.10	2	0.26	5	0.27	4	0.53	1	0.02	4	1.81	5	14.63	12	15.81	14	43.60	7	1.30	55	78.33
Goa	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.03	0	0.00	0	0.00	0	0.00	1	0.03
Haryana	0	0.00	0	0.00	1	0.25	1	0.50	5	1.47	1	0.04	2	0.18	3	3.13	2	5.40	1	0.08	16	11.05
Himachal Pradesh	1	0.50	0	0.00	0	0.00	1	1.43	0	0.00	0	0.00	0	0.00	0	0.00	1	1.25	0	0.00	3	3.18
Jammu & Kashmir	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.62	0	0.00	0	0.00	0	0.00	1	0.62
Karnataka	1	0.03	1	0.12	2	0.28	4	0.85	3	1.34	6	1.74	23	44.62	9	8.12	28	60.76	13	69.66	90	187.52
Kerala	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	5.02	4	11.85	3	34.77	6	60.18	0	10.00	15	121.82
Madhya Pradesh	0	0.00	3	0.02	1	0.12	7	15.01	6	2.90	3	0.76	4	4.15	8	10.33	11	10.60	9	20.97	52	64.73
Maharashtra	1	0.14	3	0.53	1	0.03	11	1.10	8	1.94	14	1.22	16	1.58	13	3.95	24	36.90	11	5.31	102	52.83
National Capital Territory of Delhi	1	0.01	0	0.00	0	0.00	1	0.01	0	0.00	0	0.00	1	0.38	2	0.85	11	8.10	7	3.31	23	12.66
Orissa	0	0.00	1	0.25	0	0.00	0	0.00	4	5.72	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	5	5.97
Punjab	2	1.91	0	0.00	2	0.32	3	0.65	0	0.00	1	0.38	0	0.00	1	0.03	0	0.00	1	0.69	10	3.98
Rajasthan	0	0.00	1	0.49	0	0.00	5	0.24	0	0.00	1	0.68	3	0.82	2	1.94	3	0.77	1	0.48	16	5.42
Tamilnadu	5	1.02	5	1.54	7	2.13	3	0.56	15	6.14	11	16.90	20	68.24	66	131.31	126	314.30	40	105.37	298	647.51
Uttar Pradesh	6	1.90	4	0.96	6	1.50	8	3.62	5	3.48	1	0.02	2	3.34	4	3.94	5	1.98	9	82.09	50	102.83
West Bengal	1	0.05	0	0.00	1	0.03	1	0.09	1	0.98	6	1.49	1	0.21	2	0.27	4	2.95	0	0.00	17	6.07
Total A	19	5.66	20	4.17	31	5.83	54	26.04	52	24.84	56	30.74	93	160.94	135	242.54	265	604.91	108	327.66	833	1433.33
B. Union Territory																						
Andaman Nicobar	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.11	0	0.00	0	0.00	1	0.11
Daman	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	1.45	0	0.00	0	0.00	0	0.00	1	1.45
Pondicherry	0	0.00	0	0.00	0	0.00	1	0.25	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	1.13	2	1.38
Total B	0	0.00	0	0.00	0	0.00	1	0.25	0	0.00	0	0.00	1	1.45	1	0.11	0	0.00	1	1.13	4	2.94
Grant Total ('A' + 'B')	19	5.66	20	4.17	31	5.83	55	26.29	52	24.84	56	30.74	94	162.39	136	242.65	265	604.91	109	328.79	837	1436.27

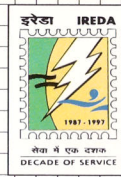


SECTORWISE AND YEARWISE SANCTIONS DURING 1987-88 TO 1996-97

(Rs in Lakhs)

Category	1987-88		1988-89		1989-90		1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		Cumulative	
	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.	Nos.	Loan Amt.
Wind Energy		0.00		0.00		0.00		161.70		25.00		552.66		1630.86		14025.62		32714.36		10739.37		67588.22
Small Hydro		0.00		0.00		0.00		0.00		1375.79		571.70		540.50		5311.70		11878.00		12292.50		36964.30
Solar Energy		83.10		80.48		64.81		64.81		353.89		139.81		174.06		1958.90		9079.66		3289.30		17153.02
Biogas Generation		200.00		213.50		225.00		225.00		583.60		939.10		454.62		1212.15		499.27		440.00		5773.54
Co-generation		0.00		0.00		0.00		0.00		0.00		100.00		0.00		850.00		3985.00		5000.00		10135.00
Agro-Waste/MSW based power		160.00		0.00		0.00		0.00		50.00		0.00		0.00		900.00		2200.00		985.00		4295.00
Briquetting/MSW		40.00		117.40		95.16		95.16		228.92		144.78		233.76		212.43		84.20		27.40		1279.32
Biomass Gasification		15.25		0.00		0.00		0.00		9.00		0.00		32.58		0.00		51.00		105.00		282.83
Improved Chullah/Tropiculator		3.18		0.00		36.20		36.20		3.15		0.00		7.16		0.00		0.00		0.00		49.69
Miscellaneous		65.10		5.18		0.00		0.00		0.00		36.00		0.00		0.00		0.00		0.00		106.28
Total		566.63		416.56		582.87		2629.35		2484.05		3073.54		16239.19		24264.95		60491.49		32878.57		143627.20





ANNEXURE-III

CUMULATIVE STATEWISE DISBURSEMENTS UPTO 1996-97

(Rs. in Lakhs)

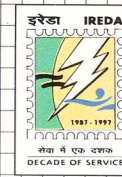
Name of State/Union Territory	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	Cumulative
A. State											
Andhra Pradesh	0.00	0.00	25.17	78.92	57.44	44.02	312.62	922.14	2515.76	3052.17	7008.24
Bihar	0.00	0.00	0.00	25.00	12.09	0.00	0.00	0.00	0.00	0.00	37.09
Goa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gujarat	1.55	8.70	4.50	31.93	55.36	1.72	233.66	1303.68	2764.13	339.48	4744.71
Haryana	0.00	0.00	0.00	21.00	2.68	1.32	16.93	279.32	20.11	5.79	347.15
Himachal Pradesh	30.00	20.00	0.00	143.33	0.00	0.00	0.00	0.00	0.00	0.00	193.33
Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Karnataka	0.00	11.78	3.75	4.17	61.60	90.74	175.08	959.38	1345.01	3441.09	6092.60
Kerala	0.00	0.00	0.00	0.00	0.00	265.60	215.73	0.00	619.85	215.71	1316.89
Madhya Pradesh	0.00	0.00	0.00	262.47	232.31	586.18	148.08	339.21	758.14	299.77	2626.16
Maharashtra	0.00	45.00	7.50	77.97	68.02	85.05	88.25	263.51	139.17	924.24	1698.71
National Capital Territory of Delhi	0.00	0.00	0.00	0.00	0.00	0.00	4.73	0.00	32.00	43.52	80.25
Orissa	0.00	0.00	0.00	0.00	0.00	118.09	262.72	0.00	0.00	0.00	380.81
Punjab	27.35	163.65	6.25	42.24	32.77	6.19	0.00	1.50	1.01	20.00	300.96
Rajasthan	0.00	0.00	48.75	0.00	12.71	1.10	4.98	131.00	41.39	15.04	254.97
Tamilnadu	46.20	64.30	218.36	77.27	95.68	550.07	3723.64	8783.29	15455.45	14683.83	43698.09
Uttar Pradesh	50.00	147.30	177.31	58.62	290.85	14.33	258.56	19.30	135.00	641.81	1793.08
West Bengal	0.00	5.00	0.00	0.00	97.45	52.94	16.93	27.16	4.99	64.81	269.28
TOTAL 'A'	155.10	465.73	491.59	822.92	1018.96	1817.35	5461.91	13029.49	23832.01	23747.26	70842.32
B. Union Territory											
Daman	0.00	0.00	0.00	0.00	0.00	0.00	130.00	0.00	15.00	0.00	145.00
TOTAL 'B'	0.00	0.00	0.00	0.00	0.00	0.00	130.00	0.00	15.00	0.00	145.00
GRAND TOTAL (A+B)	155.10	465.73	491.59	822.92	1018.96	1817.35	5591.91	13029.49	23847.01	23747.26	70987.32

ANNEXURE-IV

SECTORWISE AND YEARWISE DISBURSEMENTS DURING 1987-88 TO 1996-97

(Rs. in Lakhs)

S. No.	Sector	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	Cumulative
1.	Wind Energy	0.00	0.00	129.00	21.00	58.87	515.14	3801.59	10474.59	17230.78	12697.42	44928.39
2.	Small Hydro	0.00	0.00	0.00	262.47	219.00	825.58	524.22	606.27	1006.24	3157.31	6601.09
3.	Solar Energy	58.55	28.65	87.48	276.66	60.98	123.66	715.54	857.76	1697.89	3385.90	7293.07
4.	Bio-Gas Generation	70.00	380.90	212.20	141.24	564.82	300.66	389.88	893.64	408.60	323.56	3685.50
5.	Co-generation	0.00	0.00	0.00	0.00	0.00	0.00	50.00	150.00	2348.00	2474.50	5022.50
6.	Bio Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1089.00	1661.40	2750.40
7.	Briquetting	25.00	10.00	62.91	107.02	101.97	52.31	99.34	40.45	66.12	47.17	612.29
8.	Biomass Gasification	1.55	8.70	0.00	0.00	9.00	0.00	11.34	0.00	0.00	0.00	30.59
9.	Others	0.00	37.48	0.00	14.53	4.32	0.00	0.00	6.78	0.38	0.00	63.49
	TOTAL	155.10	465.73	491.59	822.92	1018.96	1817.35	5591.91	13029.49	23847.01	23747.26	70987.32



ANNEXURE-V

ANNEXURE TO THE DIRECTORS' REPORT

Addendum-I

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, 1997.

Information and Explanation as required under Section 217(3) of the Companies Act, 1956 on the comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956:

[As Conveyed vide letter No. MAB-II/CAD-I/15-4/96-97/1082 Dated 23rd September, 1997 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi]

BALANCE SHEET

- Sources of Funds
- Current Liabilities & Provisions
- Current Liabilities-Schedule-K
- Other Liabilities-Rs. 750.94 lakhs.

This has been arrived at after incorrect adjustment of Rs. 57.03 lakhs being the amount recoverable from Global Environment Trust Fund Grant which should have been included in Current Assets. This has resulted in understatement of Current Liabilities and provision - Other Liabilities (Schedule K) as well as Current Assets, Loans and Advances - Current Assets (Schedule J) by Rs. 57.03 lakhs

Noted.

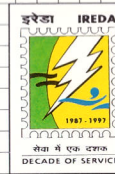
Surinder Pal
Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board-II
New Delhi

For and on behalf of the Board of Directors

Swarn Singh Boparai, K.C.
Chairman.

Place: New Delhi
Date: 23rd September, 1997

Place: New Delhi
Date: 24th September, 1997



**REVIEW OF ACCOUNTS OF INDIAN RENEWABLE ENERGY DEVELOPMENT
AGENCY LTD FOR THE YEAR ENDED 31ST MARCH 1997 BY THE COMPTROLLER
AND AUDITOR GENERAL OF INDIA**

Note: Review of Accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditors' Report.

1. Financial Position

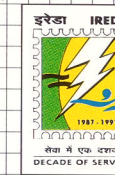
The table below summarises the financial position of the Company under broad headings for the last three years:

	(Rs. in lakhs)		
	1994-95	1995-96	1996-97
LIABILITIES			
a) Paid up Capital			
i) Government	2500.00	6235.00	9035.00
ii) Others	0.00	0.00	0.00
iii) Share Application Money	1335.00*	0.00	0.00
b) Reserves & Surplus			
i) Free Reserves & Surplus	1558.25	2160.15	2970.93
ii) Capital Grants	250.98	275.62	174.65
iii) Share Premium Account	0.00	0.00	0.00
iv) Capital Reserves	5817.59	6100.17	7059.90
v) NBFC Reserves	0.00	0.00	279.57
BORROWINGS			
c) i) From Government of India	0.00	5149.00	12349.00
ii) From Financial Institutions	0.00	7540.00	10500.00
iii) Foreign Currency Loans	0.00	0.00	0.00
iv) Cash Credit	0.00	0.00	0.00
v) Others (Tax Free Bonds)	7500.00	10500.00	19599.20
vi) Interest accrued and due	0.00	0.00	0.00
d) i) Current Liabilities & Provision	6458.80	9178.29	11550.18
ii) Provision for Gratuity/Leave Encashment	0.00	0.84	1.04
TOTAL	25420.62	47139.07	73519.47

*From Government of India

ASSETS

e) Gross Block	356.01	639.42	644.96
f) Less : Depreciation	41.71	90.69	212.84
g) Net Block	314.30	548.73	432.12
h) Capital works in progress	218.58	0.25	0.00
i) Investments	12.00	12.00	12.00
j) Current Assets, Loans & Advances	24738.94	46232.39	72031.89
k) Misc-expenditure not written off	136.80	345.70	1043.46
l) Accumulated loss	0.00	0.00	0.00
TOTAL	25420.62	47139.07	73519.47



	1994-95	1995-96	1996-97
m) Working Capital [j-d(i)-c(vi)]	18280.14	37054.10	60481.71
n) Average Capital Employed	12175.75	30384.15	53054.13
o) Net Worth [a+b(i)-k-l]	5256.45	8049.45	10962.47
p) Net Worth per Rupee of paid up capital (in Rs.)	2.10	1.29	1.21

2 Ratio Analysis

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :

	1994-95	1995-96	1996-97
			(in percentage)
A. Liquidity Ratio			
Current Ratio (Current Assets to Current Liabilities & provisions and interest accrued & due but excluding provisions for Gratuity/ Leave Encashment [j/d(i)+c(vi)])	383.03	503.71	623.64
B. Debt Equity Ratio			
Long term Debt to Net Worth [c(i) to v but excluding short term loans/ (o)]	142.68	288.08	387.21
C. Profitability Ratios			
a) Profit before Tax to			
i) Capital employed	6.18	4.95	3.87
ii) Net Worth	14.32	18.69	18.73
iii) Operational Income	64.03	50.71	29.71
b) Profit after Tax to Equity	21.15	12.07	15.47
c) Earning per share (in Rupees)	211.53	120.67	154.62

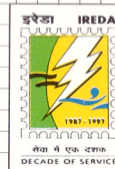
3 SOURCES AND USES OF FUNDS

Funds amounting to Rs. 24410.20 lakhs were generated and utilised during 1996-97 as given below :

SOURCES OF FUNDS

Funds from operations :

Profit After Tax including Dividend Tax	1369.91	
Less: Profit on sale of Fixed Assets	0.02	
Miscellaneous income (capital grant)	104.13	
Add : Depreciation	122.26	1388.02



Others

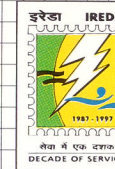
World Bank Project Grants	959.73
Capital Grants	3.17
Issue of Shares	2800.00
Increase in Term Loan from Fls/Bank	2960.00
Tax Free Bonds	9099.20
Loan from Government of India	7200.00
Sale of Fixed Assets	0.08
Total	24410.20

UTILISATION OF FUNDS

Increase in Fixed Assets	5.71	
Less: Decrease in Capital work-in-progress	0.25	5.46
Increase in Working Capital		23556.51
Increase in Bond/Loan raising expenses		697.76
Dividend paid		150.47
Total		24410.20

WORKING RESULTS

	1994-95	1995-96	1996-97
Gross Income	1386.05	3326.12	7308.99
Profit before Tax	752.83	1504.18	2053.27
Profit after Tax	528.83	752.37	1397.87
Percentage of Profit before Tax			
a) To Gross Income	54.31	45.22	28.09
b) To Capital Employed	6.18	4.95	3.87
Percentage of Profit after Tax			
a) To Net Worth	10.06	9.35	12.75
b) To Equity Capital	21.15	12.07	15.47



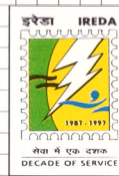
5 LOAN DISBURSED

The following table indicates the loans disbursed, interest on outstanding loans, repayment received and amount outstanding at the end of the last three years ending 31st March, 1997 are:

Year	Balance outstanding at the beginning of the year				Amount outstanding at the end of the year			Repayments received during the year	Interest for the year on outstanding loans		Loans disbursed during the year	
	Repayment outstanding but not due	Repayment due	Total	Interest accrued and due	Repayment outstanding but not due	Repayment due	Total	Interest accrued and due	the year on outstanding loans		Loans disbursed during the year	
1994-95	8197.84	47.80	8245.64	3.62	18997.51	197.29	19194.80	52.27	1015.00		13091.16	
1995-96	18997.51	197.29	19194.80	52.27	38672.70	755.87	39428.57	365.37	3041.00		23847.07	
1996-97	38672.70	755.87	39428.57	365.37	56010.98	1400.01	57410.99	422.52	7334.29		23747.26	

Place: New Delhi
Date: 23.9.97

(Surinder Pal)
Principal Director of Commercial Audit &
Ex-Officio Member Audit Board-II, New Delhi



ADDENDUM-II

Annexure to the Directors' Report

Comments of IREDA's Management on Statutory Audit Report [Required under Section 217(3) of the Companies Act, 1956]

- 2(i) As per the guidelines issued by Reserve Bank of India, IREDA has filed its application for registration on 23.06.97. Subsequently, IREDA has also applied for specific exemption of these guidelines on 27.06.97 which is pending with RBI. Pending RBI decision, IREDA has also taken approval of the Board of Directors to make the investment in the specified securities in its 90th Meeting held on 27th August, 1997. Based on the approval, the required investment, ie. Rs.9.82 crores has been made with Union Bank of India.

2(ii) Front-end-Fee :

The front-end-fee is collected at the prescribed rate as per the Loan Guidelines of IREDA. It may be noted that the front-end-fee is due and to be paid before signing of the loan agreement. Since the signing of the loan agreement depends on the readiness of the borrower, the front-end-fee is accounted for on receipt basis as and when the loan agreement is signed.

Service Charges:

For the programmes managed by IREDA on behalf of MNES, IREDA is eligible for lumpsum one-time service charges as well as annual service charges @ 2.5% of the loan outstanding. The lumpsum service charge is due as and when MoU is signed with MNES and the service charges are received along with the first instalment of the grant/funds which is accounted on receipt basis as per past practice.

Ex-gratia in lieu of Bonus :

The amount is paid to eligible employees as per the directions of Department of Public Enterprises, Government of India. The eligibility of ex-gratia arises as and when orders are issued by Government of India to pay the ex-gratia on yearly basis. It has been accounted on cash basis consistently as per the past practice.

- 2(iii) The Ministry of Urban Development is yet to enter into an agreement with the India Habitat Centre (IHC) for office building and with M/s Hindustan Prefab Ltd (HPL) for residential flat. IHC & HPL can enter into agreement with IREDA only after signing lease agreement with the Ministry of Urban Development. This is the position in respect of other occupants also. The cost includes proportionate value for land which has not been separately determined and accounted for. As such, depreciation has been charged on composite cost at the rates prescribed as per Schedule XIV of the Companies Act, 1956.
- 2(iv) IREDA has been regularly pursuing for collection of the items.
- 2(v) The realisable value of securities has been worked out based on the latest available audited balance sheet of the borrowers and the value of the assets has been arrived at after providing necessary depreciation. This realisable value of the assets has been taken for the purpose of providing for Non-Performing Assets (NPA), which is in order.
- 2(vi) Action is being taken to complete the documentation formalities.
- 2(vii) IREDA's application for stamp duty exemption is pending with Ministry of Finance, Government of India. So far, the Government of India has exempted all the Issues of IREDA's Tax Free Bonds from the levy of stamp duty. Therefore, no provision has been made for stamp duty. Application has since been tendered with the Company Law Board seeking extension of time for issue of Bond Certificates.

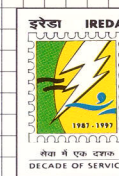
Comments of IREDA's Management on the Annexure to Statutory Auditors' Report for the financial year 1996-97

- 10 The Company has paid and filed necessary wealth tax and returns for the financial years 1994-95 and 1995-96 on 22nd August 1997.

for and on behalf of the Board of Directors

Place: New Delhi
Date: 24th September, 1997

Swarn Singh Boparai, K. C.
Chairman



ANNEXURE-VI

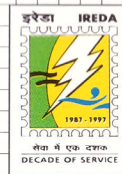
INFORMATION AS PER SECTION 217(2)(A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) (AMENDMENT) RULES, 1990 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

(Rs. in lakhs)

Sl. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Nature of Employment	Remune- raion Received (Rs.)	Qualifi- cations	Date of Comm- encement of Employment / Experience (No. of years)	Last Employ- ment
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. 3,00,000/- per annum or Rs. 25,000/- per month.							
1.	Dr. V Bakthavatsalam	53	Managing Director	Presid- ential Appoint- ment	3,20,384	B.E., (Mech) MBA (Mkt) D.Sc (Renewable Energy)	1.2.89/28	Managing Director, Non-Con- ventional Energy Dev. Corpn. Of A.P. Ltd., Hyderabad
B.	Employed for a part of the year and were in receipt of remuneration of not less than Rs. 25,000/- p.m.							
Nil								

Notes:

- Remuneration includes all salary, allowances, leave encashments, value of perquisites and Company's contribution towards Provident Fund.
- The above employee is not related to any of the Directors within the meaning of Section 6 of the Companies Act, 1956.



AUDITORS' REPORT

The Members,
Indian Renewable Energy
Development Agency Limited

We have audited the attached Balance Sheet of Indian Renewable Energy Development Agency Limited, as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. We report:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - i. The Company has not complied with Non-Banking Financial Companies (Reserve Bank) Directions 1977 with regard to maintenance of liquid assets to the extent of 5% of Bonds as required u/s 45 I-B of the Reserve Bank of India Act, 1934.
 - ii. The accounting of certain items of income and expenditure such as front end fee, service charges, ex-gratia in lieu of bonus, etc on cash basis are not in conformity with the accounting standard-9 issued by the Institute of Chartered Accountants of India.
 - iii. Note No.7 regarding non-execution of conveyance deeds in respect of residential & office premises and charging of depreciation on composite cost.
 - iv. Note No.8 regarding recovery of certain items of office equipment.
 - v. Note No.10 regarding basis of valuation of securities for making provision for non-performing assets.

- vi. Note No. 12 regarding non-execution of security documents.
- vii. Note No. 13 regarding non-provision for stamp duty on Bonds issued and issue of Bond Certificates.

Subject to above :

- a) 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.
- b) 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 the books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

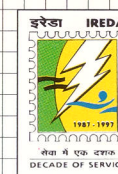
Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes given in Schedule "R" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 ; and
2. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

for K. K. GHEI & COMPANY
Chartered Accountants

Place : New Delhi
Dated: 29th August, 1997

(D.S.SOBTI)
PARTNER



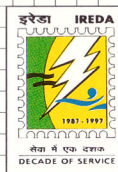
Annexure referred to in Paragraph 1 of the Report of even date of the Auditor's Report to the Members of Indian Renewable Energy Development Agency Limited on the Accounts for the year ended 31st March, 1997

1. The records maintained showing full particulars with regard to quantitative details and situation of fixed assets require updation and reconciliation with the financial books. According to information given to us physical verification of assets was conducted by the management at the year end and no discrepancies were noticed on such verification except as mentioned in Note No.8 of Schedule "R".
2. None of the fixed assets of the Company have been revalued during the year.
3. The Company has not taken any loans secured or unsecured from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from the Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
4. The Company has not granted any loans secured or unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to the companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
5. The parties to whom loans and advances in the nature of loans have been granted by the Company are generally repaying the principal amounts as scheduled/rescheduled and are generally regular in the payment of interest. In cases where repayment of principal and or interest are not received as stipulated reasonable steps have been taken for their recovery.
6. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of fixed assets.
7. The Company has not accepted any deposit from public within the meaning of Section 58 A of the Companies Act, 1956 read with Companies Acceptance of Deposit Rules, 1975.
8. The Company has engaged a firm of Chartered Accountants for internal audit. The internal audit system requires further strengthening so as to make it commensurate with size and nature of its business in view of the expanding activities of the Company.
9. As per records of the Company, the Provident Fund dues are being regularly deposited with the appropriate authorities.
10. According to the information and explanation given to us no undisputed amounts payable in respect of Income Tax/Interest Tax were outstanding as at 31st March, 1997 for a period of more than six months from the date they became due. The Company is yet to pay wealth tax and file wealth tax returns from 1994-95 onwards as on 31st March, 1997 (note no. 18 of Schedule 'R').
11. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices we have not come across any personal expenses which have been charged to revenue account.
12. In respect of financing activities subject to Note No.12 of Schedule "R" relating to non-execution of final security documents, the Company, in our opinion, has obtained proper documents and maintained adequate records in respect of loans and advances granted on the basis of securities and bank guarantees obtained.
13. In respect of investment made by the Company in shares of unit financed proper records have been maintained and shares are held in the name of the Company.
14. Para 4A (iii), (iv), (v), (vi), (xi), (xii), (xiv), (xvi), (xx) and 4D (iii) and (iv) of the said order are not applicable and hence not commented upon.

for K. K. GHEI & COMPANY
Chartered Accountants

Place : New Delhi
Dated: 29th August, 1997

(D.S.SOBTI)
PARTNER



BALANCE SHEET

AS AT 31st MARCH, 1997

	SCHEDULE	As at 31.3.97 Rs.	As at 31.3.96 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	903,500,000	623,500,000
Reserves and Surplus	B	1,031,039,239	826,032,733
Capital Grants	C	17,465,308	27,561,729
Loan Funds			
Secured Loans	D	2,934,920,000	1,729,000,000
Unsecured Loans	E	1,309,900,000	589,900,000
		6,196,824,547	3,795,994,462
APPLICATION OF FUNDS			
Fixed Assets	F		
Gross Block		64,495,512	63,942,226
Less: Depreciation		21,283,855	9,069,394
Net Block		43,211,657	54,872,832
Capital Works-in-progress	G	—	25,305
Investments	H	1,200,000	1,200,000
Current Assets, Loans & Advances			
Current Assets	I	1,269,852,555	525,072,385
Loans & Advances	J	5,933,336,544	4,098,166,260
		7,203,189,099	4,623,238,645
Less: Current Liabilities & Provisions			
Current Liabilities	K	981,907,517	789,857,543
Provision for Taxation	L	173,214,534	128,055,350
		1,155,122,051	917,912,893
Net Current Assets		6,048,067,048	3,705,325,752
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		—	17,159
Energy Bonds Issue expenses		104,345,842	34,553,414
		6,196,824,547	3,795,994,462

Accounting Policies and Notes on Accounts R

R.K. SACHDEVA
Company Secretary

T. PRABAKARAN
General Manager (FS)

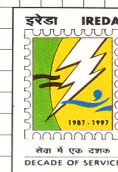
Dr. V. BAKTHAVATSALAM
Managing Director

SWARN SINGH BOPARAI, K. C.
Chairman

As per our Report of even date
For K. K. GHEI & COMPANY
Chartered Accountants

Place : New Delhi
Date: 29th August, 1997

D. S. SOBTI
Partner



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDING 31st MARCH, 1997

	SCHEDULE	As at 31.3.97 Rs.	As at 31.3.96 Rs.
INCOME			
Income from operation	M	691,095,745	320,572,106
Other Income	N	39,803,213	12,039,851
		730,898,958	332,611,957
EXPENDITURE			
Personnel	O	16,241,555	11,610,971
Administrative and Others	P	23,488,511	21,212,180
Depreciation		12,225,557	5,031,825
Finance Charges	Q	442,761,835	117,505,093
Provision for bad and doubtful debts		30,857,380	27,700,000
		525,574,838	183,060,069
PROFIT FOR THE YEAR		205,324,120	149,551,888
Prior period Adjustments (net)		(1,674,017)	(1,589,223)
Add: Excess Provision made in earlier years written back			2,455,611
Less: Interest		1,677,182	—
PROFIT BEFORE TAX		205,327,285	150,418,276
Provision for Income Tax:		65,626,000	75,181,000
PROFIT AFTER TAX		139,701,285	75,237,276
Add: Excess Provision of Income-Tax made in earlier years written back		85,400	—
Add: Transfer from General Reserve		—	4,500,000
Add: Transfer from Surplus		—	92,783
PROFIT AVAILABLE FOR APPROPRIATION		139,786,685	79,830,059
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of IT Act		8,650,000	14,750,000
NBFC Reserve as per RBI Norms		27,957,000	—
Debenture Redemption Reserve		72,400,000	50,000,000
Dividend Tax		2,796,000	—
Proposed Dividend		27,957,000	15,047,000
Surplus carried to Balance Sheet		26,685	33,059
		139,786,685	79,830,059

Accounting Policies and Notes on Accounts R

R. K. SACHDEVA
Company Secretary

T. PRABAKARAN
General Manager (FS)

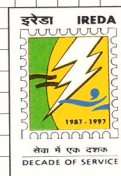
Dr. V. BAKTHAVATSALAM
Managing Director

SWARN SINGH BOPARAI, K. C.
Chairman

As per our Report of even date
For K. K. GHEI & COMPANY
Chartered Accountants

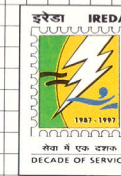
Place : New Delhi
Date : 29th August, 1997

D. S. SOBTI
Partner



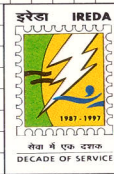
Schedules to Financial Statements for the year ending 31st March, 1997

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
A. SHARE CAPITAL		
Authorised		
10,00,000 (10,00,000) Equity Shares of Rs. 1,000 each	1,000,000,000	1,000,000,000
Issued, Subscribed & Paid up		
9,03,500 (6,23,500) Equity Shares of Rs. 1,000 each fully paid up	903,500,000	623,500,000
	903,500,000	623,500,000
B. RESERVES & SURPLUS		
Capital Reserve:		
Grant-in-Aid from:		
Government of Netherlands	167,858,986	167,858,986
World Bank - GEF Project Grant	536,477,821	442,158,000
World Bank - SDC Project Grant	1,653,000	—
	705,989,807	610,016,986
Special Reserve under Section 36 (1)(viii) of the Income-Tax Act, 1961		
Balance from previous year	110,923,145	96,173,145
Addition during the year	8,650,000	14,750,000
	119,573,145	110,923,145
NBFC Reserve as per RBI Norms		
Balance from previous year	—	—
Addition during the year	27,957,000	—
	27,957,000	—
Debenture Redemption Reserve		
Balance from previous year	105,059,543	55,059,543
Addition during the year	72,400,000	50,000,000
	177,459,543	105,059,543
General Reserve:		
Balance from previous year	—	4,500,000
Transferred from Profit & Loss A/C	—	(4,500,000)
	—	—
Surplus:		
Balance from previous year	33,059	92,783
Less: Transfer to Profit for appropriation	—	(92,783)
Add: Transferred from Profit & Loss A/C	26,685	33,059
	59,744	33,059
	1,031,039,239	826,032,733



Schedules to Financial Statements for the year ending 31st March, 1997

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
C. CAPITAL GRANT		
a. Capital Grant from World Bank for purchase of Fixed Assets		
Balance from previous year	27,561,729	25,098,075
Received during the year	316,951	5,456,149
	27,878,680	30,554,224
Less: Transferred to Miscellaneous Income	10,413,372	2,992,495
	17,465,308	27,561,729
D. SECURED LOAN		
9% Tax free Secured Redeemable Energy Bonds (Series I)		
Redeemable at par after the expiry of 10 years i.e., on 19.02.2001	250,000,000	250,000,000
10% Tax free Secured Redeemable Energy Bonds (Series II)		
Redeemable at par after the expiry of 7 years i.e., on 20.03.2002	1,000,000	1,000,000
10.5% Tax free Secured Redeemable Energy Bonds: (Series II)		
Redeemable at par after the expiry of 7 years as under:		
Tranche I on 20.03.2002	150,000,000	150,000,000
Tranche II on 23.03.2002	100,000,000	100,000,000
Tranche III on 29.03.2002	199,000,000	199,000,000
Tranche IV on 30.03.2002	50,000,000	50,000,000
10.5% Tax free Secured Redeemable Energy Bonds (Series III)		
Redeemable at par after the expiry of 7 years i.e. on 30.03.2003	300,000,000	300,000,000
10.5% Tax free Secured Redeemable Energy Bonds (Series IV)		
Redeemable at par after the expiry of 7 years as under:		
Tranche I on 01.01.2004	410,000,000	—
Tranche II on 30.03.2004	499,920,000	—
The above Bonds are redeemable with buy back facility at par on the expiry of lock in period of 3 years up to the face value of Rs. 40,000/- per bond holder.		
Term Loans		
CANARA BANK	500,000,000	179,000,000
HUDCO LOAN	475,000,000	500,000,000
	2,934,920,000	1,729,000,000
E. UNSECURED LOAN		
Life Insurance Corporation of India (Guaranteed by the Government of India)	75,000,000	75,000,000
GOVERNMENT LOANS		
Against		
IDA Credit	1,134,900,000	414,900,000
DANIDA Credit	100,000,000	100,000,000
	1,309,900,000	589,900,000



Schedules to Financial Statements for the year ending 31st March, 1997

F. FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1.4.1996	Additions during the year	Disposals/ written off during the year	As at 31.3.1997	As at 1.4.1996	For the year	Disposals/ written off during the year	As at 31.3.1997	As at 31.3.1996
Building-residential-leasehold	4,143,149	—	—	4,143,149	359,205	189,197	—	548,402	3,594,747
Buildings-office-leasehold	23,434,558	—	—	23,434,558	1,588,018	1,092,327	—	2,680,345	20,754,213
Office Equipment	3,112,168	239,565	17,445	3,334,288	890,053	420,162	11,096	1,299,119	2,035,169
Computers	28,817,957	105,000	—	28,922,957	3,730,179	10,049,099	—	13,779,278	15,143,679
Furniture & Fixtures	3,830,396	198,086	—	4,028,482	2,125,640	387,740	—	2,513,380	1,515,102
Vehicles	252,207	—	—	252,207	24,508	58,952	—	83,460	168,747
Library	351,791	28,080	—	379,871	351,791	28,080	—	379,871	—
	63,942,226	570,731	17,445	64,495,512	9,069,394	12,225,557	11,096	21,283,855	43,211,657
Previous Year	35,600,961	28,531,041	189,776	63,942,226	4,171,009	5,031,825	133,440	9,069,394	54,872,832

G. CAPITAL WORK IN PROGRESS

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
Advances for capital expenditure:		
Furniture (Interior)	—	25,305
	—	25,305

H. INVESTMENT (Unquoted)

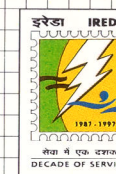
1,20,000 Equity shares of Rs. 10/- in MP WIND FARMS LTD fully paid up

1,200,000	1,200,000
1,200,000	1,200,000

I. CURRENT ASSETS

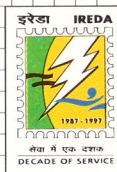
1. Cash and Bank Balances

Cash in hand (imprest)	38,029	23,874
Cheques in hand	—	75,000,000
Bank balances with Scheduled Bank		
A) In Current Account		
— IREDA	17,200,285	23,362,070
— MNES	5,516,962	43,412,097
— UNDP	29,263,743	1,907,457
B) In Deposit Account		
a) Short term Deposit		
— IREDA	688,111,438	304,500,000
— MNES	285,000,000	9,400,000
b) Special Dollar Deposit	24,079,242	4,101,344
	1,049,209,699	461,706,842
2. Interest accrued but not due on Loans and Deposits		
— On Loans	60,913,066	63,003,031
— On STD	5,449,790	362,512
3. Advance with MOF (DANIDA)	154,280,000	—
	1,269,852,555	525,072,385



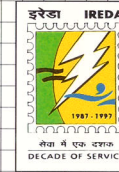
Schedules to Financial Statements for the year ending 31st March, 1997

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
J. LOANS & ADVANCES		
Loans to Constituents		
As per last balance sheet	3,942,857,413	1,919,479,553
Add : Disbursements during the year		
— IREDA & WB	2,165,390,525	2,254,251,155
— MNES	209,335,291	130,455,387
	6,317,583,229	4,304,186,095
Less: Repayment during the year		
— IREDA	454,215,252	276,658,371
— MNES	122,268,520	84,670,311
	5,741,099,457	3,942,857,413
Add: Incidental Charges of NPA	57,380	—
Less: Provision as per RBI Norms	(63,461,531)	(32,661,531)
	5,677,695,306	3,910,195,882
Interest accrued and due on Loans	42,252,216	14,528,424
Loans to Employees	3,810,928	3,229,720
	5,723,758,450	3,927,954,026
Advances (Unsecured, considered good)		
(Recoverable in cash or in kind or for value to be received)		
Security Deposits	141,300	132,280
Staff Advances	846,008	290,931
Others	43,437,712	62,386,327
Advance Tax	165,153,074	107,402,696
	209,578,094	170,212,234
TOTAL	5,933,336,544	4,098,166,260
Particulars of Loan & Advances:		
— Loans considered good in respect of which Company is fully secured (less provision under RBI norms)	4,932,819,306	3,613,538,720
— Loans considered good in respect of which Company holds no security other than personal security of the debtor	730,772,584	280,800,000
— Loans considered doubtful	60,166,560	33,615,306
	5,723,758,450	3,927,954,026
— Due by Directors of the Company	68,106	93,692
— Due by other Officers of the Company	4,588,829	3,229,720
— Maximum amount due at any time during the year by Directors of the Company	176,611	645,303
— Maximum amount due at any time during the year	5,571,316	4,359,733



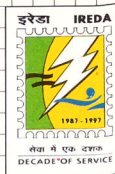
Schedules to Financial Statements for the year ending 31st March, 1997

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
K. CURRENT LIABILITIES		
Canara Bank	35,535,109	—
MNES Programme Funds	739,674,876	602,515,313
UNDP Programme Funds	29,263,743	44,719,611
Interest accrued but not due	74,383,220	13,987,813
Proposed Dividend	27,957,000	15,047,000
Other Liabilities	75,093,569	113,587,806
	981,907,517	789,857,543
L. PROVISION FOR TAXATION		
For Income-tax	138,207,000	112,091,000
For Interest-tax	32,211,534	15,964,350
For Dividend-tax	2,796,000	—
	173,214,534	128,055,350
M. INCOME FROM OPERATION		
Interest on Loans	675,163,425	290,909,214
Less : Rebate on Interest	1,943,468	2,921,077
Less : Interest Tax	18,638,982	9,687,180
	654,580,975	278,300,957
Commitment fee and charges	24,499,412	31,975,500
Application Fee	1,067,440	1,905,000
MNES Service Charges	10,947,918	8,390,649
	691,095,745	320,572,106
N. OTHER INCOME		
Interest on Deposit*	26,901,194	8,391,242
Interest on Staff Loan	319,979	241,629
Interest on Income-tax refund	278,100	—
Service charges for handling UNDP programme	611,530	—
Miscellaneous income	11,450,265	3,386,234
Profit on Sale of Fixed Assets	2,145	20,746
Dividend	240,000	—
*Tax deducted at source is Rs. 94,444/- (Previous Year Rs. 74,861/-)	39,803,213	12,039,851
O. PERSONNEL EXPENSES		
Salaries, Wages and other amenities	11,831,666	9,787,991
Contribution to Gratuity and Provident Funds	958,357	617,850
Human Resource Development	496,700	205,796
Staff Welfare	1,594,312	912,815
Recruitment	1,360,520	86,519
	16,241,555	11,610,971



Schedules to Financial Statements for the year ending 31st March, 1997

Particulars	As at 31.3.97 Rs.	As at 31.3.96 Rs.
P. ADMINISTRATIVE EXPENDITURE		
Business Promotion	590,705	1,106,564
Conveyance & Travelling	3,357,180	4,549,444
Electricity & Water Charges	231,048	158,418
Information & Dissemination	4,437,741	4,270,399
Legal & Professional Fee	2,419,587	3,911,148
Miscellaneous	1,181,373	312,064
Newspapers & Periodicals	354,969	133,540
Postage, Telegram & Telephone	2,399,221	1,997,420
Preliminary expenses written off	17,158	17,159
Printing and Stationery	1,875,791	2,107,466
Rent Rate & Taxes	2,298,622	1,925,489
Repairs & Maintenance	701,001	723,069
Donation	500,000	—
Decade of Service Celebration	3,124,115	—
	23,488,511	21,212,180
Q. FINANCE CHARGES		
Interest on Bonds	117,642,715	75,217,603
Interest on Loans	305,261,799	35,719,884
Bond Issue & Loan Issue Expenses written off	19,031,714	6,342,552
Bond Trusteeship fee	573,000	204,520
Bank Charges	252,607	20,534
	442,761,835	117,505,093



SCHEDULE 'R'

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

(1) General

The financial statements are prepared on the historical cost basis and confirm to the statutory provisions and practices prevailing in the country.

(2) Revenue Recognition

- Income and expenses are generally accounted for on accrual basis except the following which are accounted for on cash basis:
 - Income on Non-performing assets where interest has become past due for two quarters or more.
 - Additional interest charged by way of liquidated damages for default in payment of installment/interest within the stipulated time.
 - Front-end-fee at stipulated rate collected from the borrowers.
 - One time service charges in respect of MNES Programmes.
 - Ex-gratia in lieu of bonus paid as per the directions of Government of India.
- Loan/Bond issue expenses such as front-end-fee/Arranger's fee, etc are written off during the tenure of the loan / bond.
- Preliminary expenses are written off in equal instalments over the period of 10 years.

(3) Foreign Currency Transactions

Monetary assets, liabilities and undrawn interest on Special Dollar Deposit Account are translated at exchange rates prevailing at the year end. Income & Expenditure in foreign currency are translated into Indian Rupee at the exchange rate prevailing on the date of transaction.

(4) Fixed Assets

- Premises and other assets are stated at historical cost.
- Depreciation on fixed assets (including leasehold properties) is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation on Library books is provided @ 100% in the year of purchase.

(5) Investments

Investment in equity shares of units financed are classified as Long Term and valued at Cost.

(6) Asset Classification and Provisioning

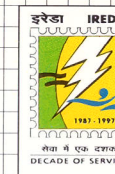
IREDA is classified as Loan Company as per Non-Banking Financial Companies (Reserve Bank) Directions, 1977. The Company is following prudential norms in respect of income recognition, assets classification and provisioning for non-performing assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

Loans secured against Hypothecation, English Mortgage, Equitable Mortgage, Joint Equitable Mortgage and Hypothecation of fixed assets, as the case may be, are classified as fully secured.

(7) Grants

Grants received/receivable from respective Donors for acquisition of eligible fixed assets is accounted for as capital grants. Such grant is allocated to income over the periods and in the proportions in which the depreciation on those assets is charged.

Grant-in-aid received/receivable for financing projects in the specified sectors of New and Renewable Sources of Energy (NRSE) is treated and accounted for as Capital Reserve.



Grant-in-aid received/receivable for eligible revenue expenditure is accounted for as revenue grants. The respective revenue expenditure for which the grant has accrued is accounted net of grant.

(8) Staff Benefits

(i) Provident Fund

Company contributes to its own Provident Fund Trust which is recognised by the Income Tax authorities. Company's contributions for the year to Provident Fund Trust are charged to Revenue.

(ii) Gratuity

The Company has taken Master Policy of Life Insurance Corporation of India to cover its liability on account of gratuity payable to its employees. Annual premium paid during the year is charged to Revenue.

(iii) Leave Encashment

The liability on account of leave encashment is provided on the basis of actuarial valuation at the year end.

B. Notes on Accounts:

- The Company besides its own activities implements Programmes on behalf of Ministry of Non-Conventional Energy Sources on the basis of Memorandum of Understanding entered into with them. In terms of stipulations of each of the MoUs, MNES has placed an agreed sum in respect of each Programme with IREDA for programme implementation.

On closure of the respective Programmes, IREDA is required to transfer the amount standing to the credit of MNES (inclusive of interest accrued thereon) to them after deducting the Service charges, irrecoverable defaults and other dues as stipulated in the MoU. The amount due to MNES on account of the above at the close of year, along with interest on unutilised funds kept with Scheduled Commercial Banks as short-term deposits, is shown under Current Liabilities in the Balance Sheet.

(2) Interest Subsidy

Pending finalisation of terms and conditions, in respect of Interest Subsidy Scheme and its acceptance by the beneficiaries, for the MNES Bagasse-based Co-generation and Biomass Combustion-based Power projects, the Interest Subsidy of Rs.170.00 lakhs (1995-96: Rs.50.00 lakhs and 1996-97: Rs. 120.00 lakhs) received under the above Programme has been stated under Current Liabilities.

- The balance in Special Dollar Deposit Account amounting to Rs.240.79 lakhs (US \$ 6.73 lakhs) (previous year Rs.41.01 lakhs US\$ 1.20 lakhs) represents the imprest received from World Bank for utilisation towards eligible capital and revenue expenditure as per the terms of GEF Grant Agreement. The equivalent amount is stated under Other Liabilities.

- Current Assets include a sum of Rs. 292.64 lakhs in Current Account with Scheduled Banks on account of unutilised funds received from UNDP/MNES for implementation of "Green House Gases Emission" in the country vide letter No.5/2/41/94/UI/GEF-6 dated 8-1-1996 issued by MNES. The equivalent amount is shown under Current Liabilities.

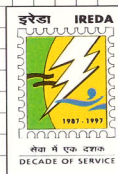
- Current assets include a sum of Rs.25.32 lakhs (previous year Rs.8.47 lakhs) recoverable on account of tax deposited on payments made without deduction of Tax at Source to SPV Advisor whose agreement for appointment is pending approval from Ministry of Finance under Section 10(8A) of the Income Tax Act, 1961.

- Tax Free Bonds (Series I,II,III,IV) issued by the Company and Term Loan from HUDCO are secured by a negative lien on the assets of the Company.

Term Loan from Canara Bank is secured by charge on book debts of the Company.

- Conveyance deeds in respect of leasehold buildings - a residential flat costing Rs.41.43 lakhs and office premises costing Rs.234.35 lakhs are yet to be executed in favour of the Company. The cost includes proportionate value for land which has not been separately determined and accounted for. As such, depreciation has been charged on composite cost at the rates prescribed as per Schedule XIV of the Companies Act, 1956.

- Office Equipment includes Rs. 10.85 lakhs being the cost of items issued to the Honourable Ex-Minister of State for Non-Conventional Energy Sources, which is yet to be received back.



- (9) In compliance with the Reserve Bank of India (RBI) guidelines on prudential norms for income recognition and assets classification issued vide F. No. DFC (COC) 174/93-94 dated 13th June, 1994 unrealised interest amounting to Rs. 464.32 lakhs (previous year Rs. 269.48 lakhs) on accounts classified as Non Performing Asset (NPA) has not been recognised as income for the year. A sum of Rs.25.85 lakhs (previous year Nil) being the amount of unrealised interest pertaining to 1995-96 has been reversed in respect of those accounts which have been classified as NPA for the first time during the year. Similarly, interest realised during the year pertaining to earlier years amounting to Rs. 7.95 lakhs (previous year Nil) has been recognised as income.
- (10) While making provisions for Non-Performing Assets under RBI Guidelines, the value of security for doubtful cases has been taken from the Balance Sheet of the constituents and depreciated as per rates prescribed under Schedule XIV of the Companies Act, 1956/Income Tax Act, 1961 instead of realisable value of security as required under RBI Guidelines for provisioning of the doubtful assets.
- (11) To comply with Section N of "Guidelines for protection of Interest of the Debenture-holders" issued by the Securities and Exchange Board of India, a sum of Rs. 724 lakhs (previous year Rs.500.00 lakhs) has been allocated to Debenture Redemption Reserve.
- (12) Loan to constituents include a sum of Rs. 7307.73 lakhs (previous year Rs.854.75 lakhs) in respect of which the execution of final security documents are in the process of being completed by the constituents
- (13) No provision has been made on account of Stamp Duty amounting to Rs.90.99 lakhs payable on 10.5% Tax Free Bonds issued during the year in anticipation of exemption from concerned authorities before which requisite application for such exemption is pending. Extension of period for issuing Bond Certificates is being sought from the Company Law Board for the Bonds allotted during the year.
- The period for issue of Bond Certificates for Bonds allotted during 1995-96 was extended upto 29th March 1997 by the Company Law Board. However, these could not be issued due to non-receipt of Stamp Duty exemption. Further extension is being sought as the Stamp Duty exemption has been received and the process for issue has been initiated.
- (14) The Current Asset, Loans & Advances have a value on their realisation in the ordinary course of the business equivalent to the amount stated in the Balance Sheet.
- (15) The remuneration paid to Statutory Auditors of the Company is as under:
- For Statutory Audit Rs.45,000 (Previous year Rs.45,000)
- For Tax Audit Rs.18,000 (Previous year Rs.18,000)
- (16) Remuneration paid to the Managing Director

(Amount in Rs.)

	Current Year	Previous Year
Salary	2,34,340	2,77,082
Medical allowance	15,324	14,168
Provident Fund	17,841	17,001
Value of perquisite for residential accommodation as per Income-tax Act	22,093	19,999
LTC	26,586	23,880
Staff Car	4,200	3,900
(As per Income tax Rules)		
Total:	3,20,384	3,56,030



- (17) The Managing Director has been provided with a Staff Car, for use also for private journeys 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.4,200/- (Previous year also Rs.3,900/-).
- (18) Income Tax assessments have been completed upto 1993-94 and additional liability to the extent of Rs.0.24 lakh has been provided.
- Wealth-tax Liability to the extent of Rs.0.73 lakh pertaining to the years 1994-95 onwards has been provided. Interest Tax assessments have been completed upto 1993-94.
- (19) Contingent liability Rs.25.98 lakhs (Previous year Rs.2.58 lakhs) (Liquidated damages under disputes with M/s Decor India Pvt. Ltd.).
- (20) Information pursuant to the provisions of Part-II of Schedule VI of the Companies Act., 1956:
- a) Expenditure in Foreign Currency:
- On Travelling Rs. Nil (Previous Year Rs.0.13 lakh)
- Others Rs. Nil (Previous Year Nil)
- b) Earnings in Foreign Exchange:
- Interest Rs.5.35 lakhs (Previous Year Rs.5.23 lakhs)
- Revenue Grant Rs.208.65 lakhs (Previous Year Rs.411.84 lakhs) (SDC/GEF/Netherlands)
- (21) The estimated amount of contracts (net of advances) remaining to be executed on Capital account and not provided for is Rs.Nil (previous year Nil.)
- (22) Figures are rounded off to the nearest rupee. Previous year's figures have been re-arranged/re-grouped, wherever considered necessary to make them comparable with the current year's figures.
- (23) Schedule 'A' to 'R' form an integral part of Balance Sheet and Profit & Loss Account and have been duly authenticated.

R.K. Sachdeva
Company Secretary

T. Prabakaran
General Manager (FS)

Dr. V. Bakthavatsalam
Managing Director

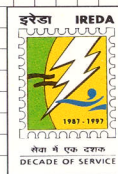
Swarn Singh Boparai, K. C.
Chairman

As per our report of even date

For K. K. GHEI & Co.
Chartered Accountants

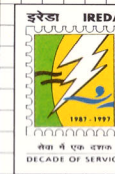
(D.S. SOBTI)
Partner

Place: New Delhi
Date: 29th August, 1997



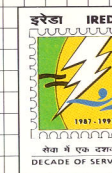
MNES FUNDS AS ON 31ST MARCH, 1997

PROGRAMME SECTOR	BALANCE AS ON 1.4.96	GRANT RECEIVED 96-97	INTEREST TOTAL	SERVICE CHARGES RECOVERABLE	SUBSIDY DISBURSE- MENT	TOTAL FUNDS
SPV MFG. LOAN	840.40	0.00	97.07	12.09	0.00	925.38
SPV USER LOAN	1,322.07	1,000.00	16.03	24.09	283.26	2,030.75
SPV USER'S SUBSIDY	951.39	225.00	113.29	0.00	580.06	709.62
SPV MARKET	216.40	0.00	14.70	2.39	0.00	228.71
SOLAR THERMAL	1,638.60	0.00	156.44	15.31	0.00	1,779.73
WIND ENERGY	1,001.95	0.00	104.87	13.60	0.00	1,093.22
MICRO HYDEL GRANT	142.26	0.00	0.00	0.00	62.26	80.00
SPV PUMPING PUBLICITY GRANT 93-94	0.00	0.00	0.00	0.00	0.00	0.00
SPV PUMPING PUBLICITY GRANT 94-95	181.35	0.00	0.00	0.00	3.07	178.28
SOLAR THERMAL GRANT-93-94	0.17	0.00	0.00	0.00	0.00	0.17
SOLAR THERMAL GRANT-94-95	0.39	0.00	0.00	0.00	0.26	0.13
MNES BAGASSE BASED CO-GEN. INT. SUBDY.- THIRU AROORAN SUGARS LTD.	50.04	50.00	0.00	0.00	0.00	100.04
MNES SUBSIDY ON BIOMASS	414.91	0.00	0.00	0.00	302.00	112.91
MNES SPV MKT. PROG. REIMBURSEMENT	9.99	0.00	0.00	0.00	0.27	9.72
MNES BAGASSE BASED POWER GEN. INT. SUBDY.- SUDALAGUNTA SUGARS LTD.	0.00	70.00	0.00	0.00	0.00	70.00
MNES SPV PUMPING FILM GRANT	0.10	0.00	0.00	0.00	0.00	0.10
SOLAR THERMAL FILM GRANT	0.00	5.00	0.00	0.00	3.20	1.80
MNES CAPITAL SUBSIDY-NEWAM POWER CO. LTD.	0.00	70.00	0.00	0.00	0.00	70.00
MNES CAPITAL SUBSIDY-INDO LAHAARI BIO POWER LTD.	0.00	175.00	0.00	0.00	35.00	140.00
INTEREST SUBSIDY ON SOLAR THERMAL	0.00	200.00	0.00	0.00	0.00	200.00
INTEREST SUBSIDY ON BIO-MASS BRIQ.	0.00	20.00	0.00	0.00	0.00	20.00
TOTAL	6,770.02	1,815.00	502.40	67.48	1,269.38	7,750.56



(Rs. in Lakhs)

NET LOANS OUTSTANDING	INCOME DUE	BALANCE WITH CURRENT A/C	BALANCE WITH S.T.D.	BALANCE WITH BANKS	BALANCE WITH IREDA	INTER MNES	TOTAL FUNDS
483.63	16.19	7.63	520.00	527.63	-24.58	-77.49	1,002.87
963.81	0.82	26.56	280.00	306.56	474.66	284.91	1,745.85
279.00	0.00	-11.36	450.00	438.64	442.87	-450.89	1,160.51
95.70	0.00	8.12	100.00	108.12	-628	31.17	197.54
612.56	4.29	3.80	1,220.00	1,223.80	-87.95	27.02	1,752.70
543.81	0.00	20.42	280.00	300.42	63.70	185.28	907.93
0.00	0.00	0.00	0.00	0.00	80.01	0.00	80.01
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	178.28	0.00	178.28
0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.17
0.00	0.00	0.00	0.00	0.00	0.13	0.00	0.13
0.00	0.00	0.00	0.00	0.00	100.04	0.00	100.04
0.00	0.00	0.00	0.00	0.00	112.91	0.00	112.91
0.00	0.00	0.00	0.00	0.00	9.72	0.00	9.72
0.00	0.00	0.00	0.00	0.00	70.00	0.00	70.00
0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.10
0.00	0.00	0.00	0.00	0.00	1.80	0.00	1.80
0.00	0.00	0.00	0.00	0.00	70.00	0.00	70.00
0.00	0.00	0.00	0.00	0.00	140.00	0.00	140.00
0.00	0.00	0.00	0.00	0.00	200.00	0.00	200.00
0.00	0.00	0.00	0.00	0.00	20.00	0.00	20.00
2,978.51	21.30	55.17	2,850.00	2,905.17	1,845.58	0.00	7,750.56



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration No. 0 2 7 2 6 5 State Code 5 5 (Refer Code List)

Balance Sheet Date 3 1 0 3 9 7
Date Month Year

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue

0 0 0 0 0 0

Rights Issue

0 0 0 0 0 0

Bonus Issue

0 0 0 0 0 0

Private Placement (Govt. Contribution)

2 8 0 0 0 0

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

6 1 9 6 8 2 5

Total Assets

6 1 9 6 8 2 5

Sources of Funds

Paid-up Capital

9 0 3 5 0 0

Reserves & Surplus

1 0 4 8 5 0 5

Secured loans

2 9 3 4 9 2 0

Unsecured Loans

1 3 0 9 9 0 0

Application of Funds

Net Fixed Assets

4 3 2 1 2

Investment

1 2 0 0

Net Current Assets

6 0 4 8 0 6 7

Misc. Expenditure & Others

1 0 4 3 4 6

Accumulated Losses

0 0 0 0 0 0

IV Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Income)

7 3 0 8 9 9

Total Expenditure

5 2 5 5 7 5

Profit before tax

+ 2 0 5 3 2 7

Profit after tax

+ 1 3 9 7 0 1

(Please tick Appropriate box (+) for Profit (-) for Loss)

Earnings per share in Rs. (PAT)

1 5 5

Dividend Rate %

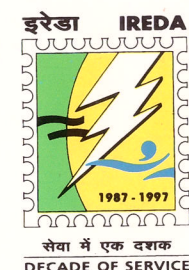
3 . 0 9

V Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) N O T A P P L I C A B L E

Dr. V. BAKTHAVATSALAM
Managing Director

SWARN SINGH BOPARAI, K.C.
Chairman



*The 'DECADE OF SERVICE' logo reflects IREDA's dedicated efforts & commitment in promoting self sustaining investments in renewable energy and energy efficiency. The logo has five integral parts, denoting **power, sun, wind, water** and finally the **green earth**.*

*The yellow circle represents sun, two black strips on the left, suggest the blowing wind power. Water is represented by the traditional blue colour waves. The symbol of electricity denotes power through these renewable sources. The green part on the left of the square, represents green earth. The shape of the stamp encompassing these elements commemorates the occasion and is dedicated towards providing **energy for ever**.*



Indian Renewable Energy Development Agency Limited

(A Government of India Enterprise)

India Habitat Centre Complex, Core-4A, East Court, 1st Floor, Lodi Road, New Delhi-110003, Tel.: 4601344, 4601366, 4642367
Fax : 91-11-4602855, E-Mail: gen@ireda1.globemail.com

ENERGY FOR EVER