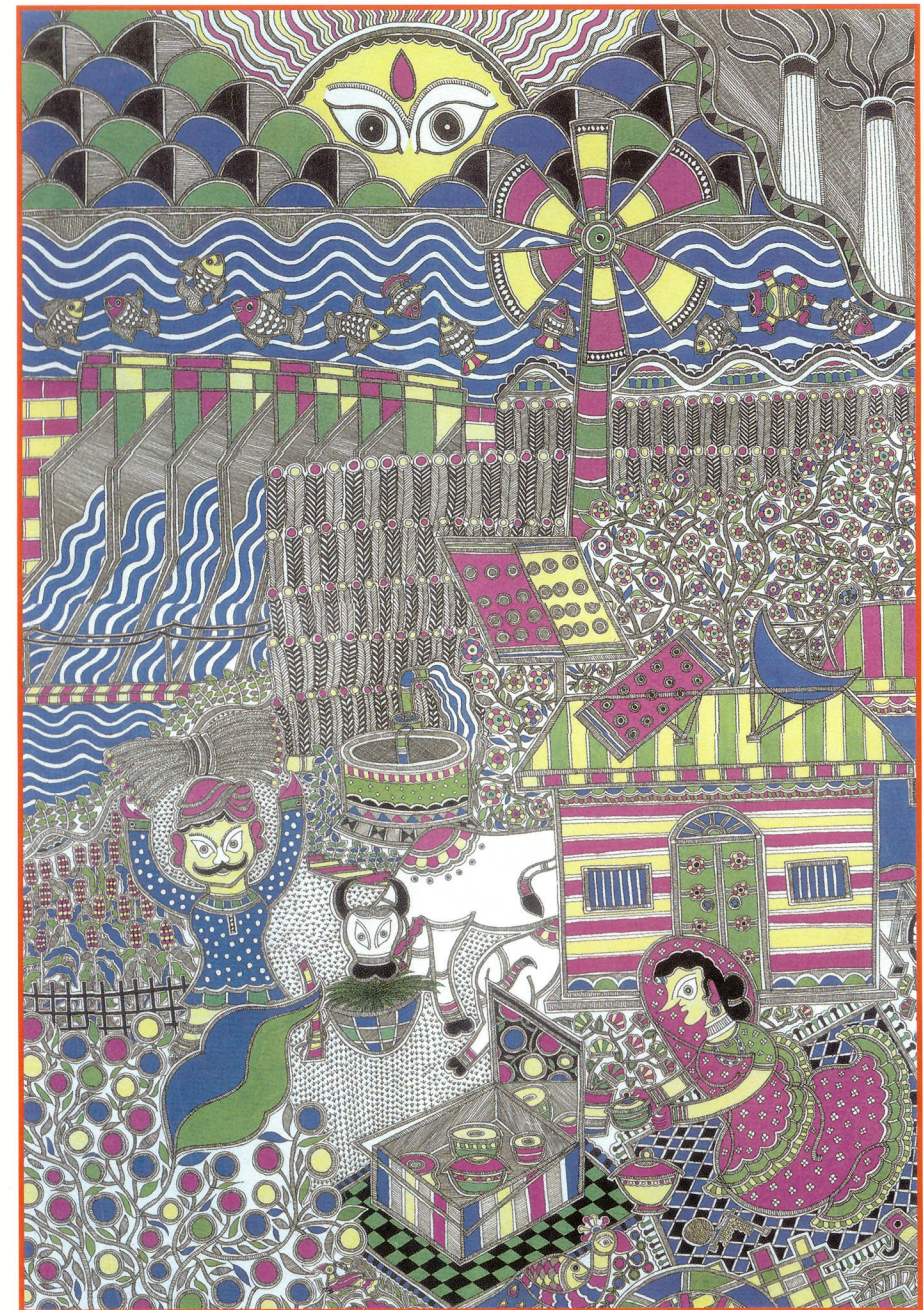




15th Annual Report 2001-02



ENERGY FOR EVER



OUR MISSION

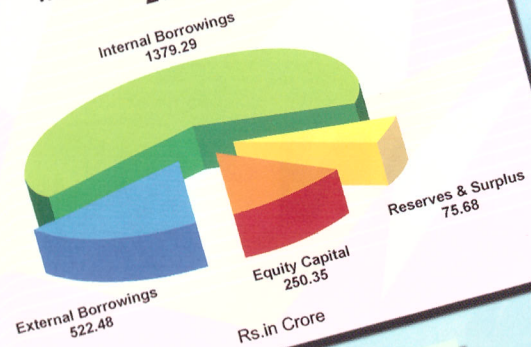


Be a pioneering, participant friendly and competitive institution for financing and promoting self-sustaining investment in energy generation from renewable sources and energy efficiency for sustainable development.

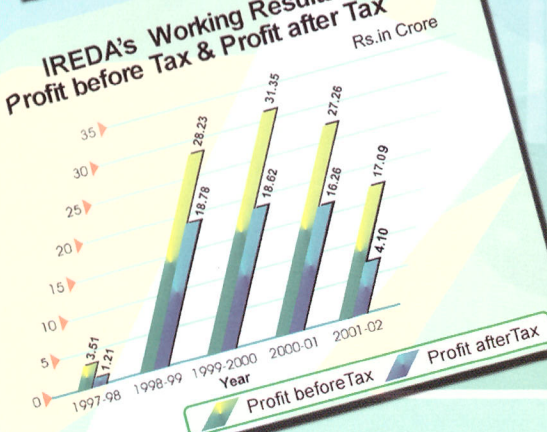


Highlights of Our Performance

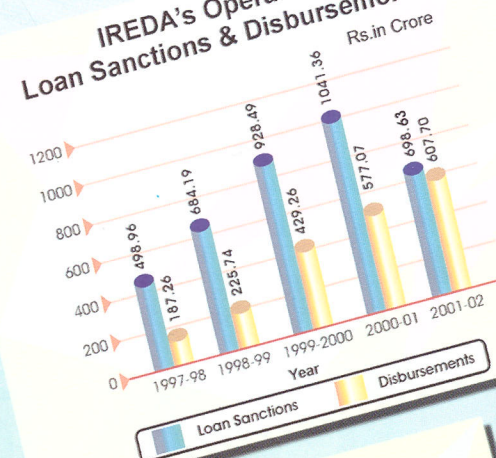
**IREDA's Resource Base
2001-02**



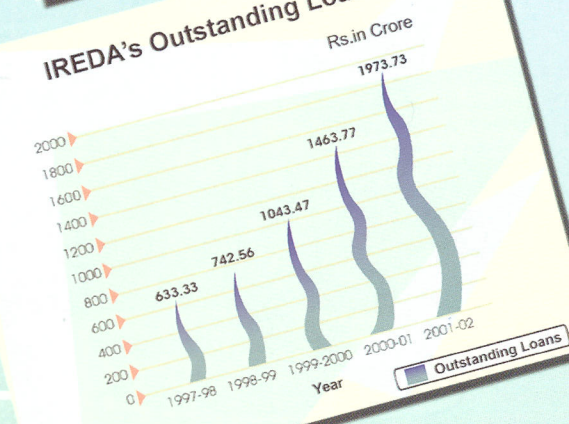
**IREDA's Working Results
Profit before Tax & Profit after Tax**



**IREDA's Operations
Loan Sanctions & Disbursements**



IREDA's Outstanding Loans



(Rs. in Crore)

RESOURCES

	2001-02	2000-01	1999-2000	1998-99	1997-98
Equity Capital	250.35	223.35	196.35	154.35	114.35
Reserves & Surplus	75.68	75.57	61.11	48.45	34.12
Borrowings (Internal)	1379.29	1052.81	768.54	598.96	468.36
Borrowings (External)	522.48	364.74	201.39	162.74	152.49
Total	2227.80	1716.47	1227.39	964.50	769.32

OPERATIONS

	2001-02	2000-01	1999-2000	1998-99	1997-98
Loan Sanctions	698.63	1041.36	928.49	684.19	498.96
Disbursements	607.70	577.07	429.26	225.74	187.26
Repayment by Borrowers	147.30	143.73	127.83	108.23	110.16
Outstanding Loans (Net)	1973.73	1463.77	1043.47	742.56	633.33

Working Results

Gross Income	225.87	164.12	135.92	108.32	78.19
Profit before Tax	17.09	27.26	31.35	28.23	3.51
Profit after Tax	4.10	16.26	18.62	18.78	1.21
Earnings Per Share (Rs.)	16.00	72.80	94.83	121.64	10.60

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BOARD OF DIRECTORS

Chairman	:	Ajai Vikram Singh (w.e.f. 25.10.2002) S.S. Dawra (upto 25.10.2002) P.M. Nair (upto 1.7.2002)
Managing Director	:	Dr V. Bakthavatsalam
Directors	:	T. Prabakaran D. Majumdar B.P. Misra (w.e.f. 19.10.2001) A. Arjunaraj (w.e.f. 17.8.2001) Prof. A. Kalanidhi (w.e.f. 17.8.2001) Prof. Indrajit Dey (w.e.f. 17.8.2001) Dr. (Mrs.) Jyoti K. Parikh (w.e.f. 17.8.2001) Dr. Jagdish Shettigar (w.e.f. 17.8.2001) R. Pattabi (w.e.f. 17.8.2001) A.K. Vora (from 17.8.2001 to 14.2.2002)
Company Secretary	:	R.K. Sachdeva

Registered Office

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

Auditors

M/s Gianender & Associates
Chartered Accountants
2826, Gali No. 19, Beadon Pura
Karol Bagh, New Delhi - 110 005

Bankers

Bank of Baroda
Canara Bank
State Bank of Hyderabad
State Bank of India
Union Bank of India



Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) inaugurates IREDA's new office facility at India Habitat Centre, New Delhi.

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA) will be held on Wednesday, the 18th December, 2002 at 3.30 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 as at 31st March, 2002 and Profit & Loss Account for the year ended as on that date, Auditors' Report and Comments of Comptroller and Auditor General of India thereon.
2. To declare a Dividend.

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:
"Resolved as a Special Resolution that the Authorised Share Capital of the Company be and is hereby increased from Rs.300 crores to Rs.400 crores by the creation of 10,00,000 additional Equity Shares of Rs.1000/- each which shall rank pari-passu with the existing equity shares and accordingly, the following amendments be and are hereby made in the Memorandum and Articles of Association of the Company:

MEMORANDUM OF ASSOCIATION

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

- V. The Share Capital of the Company is Rs.400 crores (Rupees four hundred crores)

divided into 40,00,000 (Forty lakhs) equity shares of Rs.1000/- (Rupees one thousand) each.

ARTICLES OF ASSOCIATION

The following shall be substituted in place of the existing Article 4:

- Article 4 – The Share Capital of the Company shall be Rs.400,00,00,000 (Rupees four hundred crores) divided into 40,00,000 (forty lakhs) Equity Shares of Rs.1000/- (Rupees one thousand) each."
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:
"RESOLVED that approval of the Company be and is hereby accorded in terms of sub-section (aa) of Section 224(8) and other applicable provisions, if any, of the Companies Act, 1956, for payment of Rs.1,15,000/- (Rupees one lakh and fifteen thousand only) as remuneration (excluding service tax) to M/s. Gianender & Associates, Chartered Accountants, Statutory Auditors of the Company for the financial year 2001-02".
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:

"RESOLVED that the appointment of M/s. K G Somani & Co., Chartered Accountants as Statutory Auditors of the Company for the year 2002-03, as communicated to IREDA by the office of the Comptroller and Auditor General of India, pursuant to the powers conferred upon the said office by sub-section (2) of Section 619 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, is hereby noted and fee payable to the Statutory

Auditors for the year 2002-03 is fixed at Rs.1,15,000/- (Rupees one lakh and fifteen thousand only) (excluding service tax) and that the office of Comptroller and Auditor General of India be informed of the same, as required by the said office."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"The existing Article 84(13) of the Articles of Association of the Company be deleted and in its place the following Article shall stand substitute and deemed to have been substituted therefor by the following :

To invest in securities and instruments issued by Government of India/Reserve Bank of India/ State Bank of India or any nationalised banks or any scheduled commercial bank as may be decided by the Board of Directors keeping in view the guidelines and subject to directions issued by the Government of India from time to time and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit and from time to time to vary or realise such investments."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"The Articles listed below be altered along with the marginal notes, mentioned against each Article in the following manner :

Sl. No.	Reference	Amended Article
(i)	Article-1 (d)	The Directors (d) "The Directors" means the Directors for the time being of the Company and includes the Chairman-cum-Managing Director, the

(ii) Article-1 (f)

(iii) Article 31 (i)

(iv) Article 54

Functional Director(s) of the Company and persons occupying the position of Director by whatever name called.

The Chairman-cum-Managing Director

(f) "**The Chairman-cum-Managing Director**" means the Chairman of the Board of Directors for the time being of the Company.

Declaration of forfeiture

(i) – A duly verified declaration in writing that the declarant is **the Chairman-cum-Managing Director** or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

Chairman of General Meeting

The Chairman-cum-Managing Director of the Board shall be entitled to take the Chair at every general meeting; or if there is no such **Chairman-cum-Managing Director** or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman, the **Functional Director(s)** in order of their seniority

shall take the Chair and if **Functional Director(s)** decline to act as Chairman, the members present shall choose another Director as Chairman and if no Director shall be present or if all the Directors present decline to take the Chair then, the members, present shall choose one of their members to be the Chairman.

(v) Article 77 (b)

Number of Directors

(b) To be deleted – Since proposal is to have **Chairman-cum-Managing Director, Secretary** will not be able to function as **Ex-officio Chairman-cum-Managing Director** and, therefore, this Article is being proposed for deletion.

(vi) Article 77 (c)

Number of Directors

(c) To be deleted – Since **Senior Secretaries of Ministries and Heads of Institutions** are not being appointed as **Ex-officio Directors** of IREDA, it is felt that this Article needs to be deleted.

(vii) Article 78 (1) (a) & (b)

Appointment of Chairman cum-Managing Director, Functional Directors, Directors and their terms of office

(1) : The President shall have powers to appoint, subject to the provisions of the Act.

(a) **The Chairman-cum-Managing Director, the Functional Director(s)** and the Director(s).

(b) **The Chairman-cum-Managing Director, the Functional Director(s)** and the Director(s) appointed by the President shall hold office until removed by him or until their resignation, retirement, death or transfer from the respective offices by virtue of which they are **Chairman-cum-Managing Director or Functional Director(s)**, or Director(s) of the Company.

(viii) Article 78 (3)

Removal of Directors

(3) – The President shall have the power to remove any Director including, **the Chairman-cum-Managing Director, and the Functional Director(s)**, if any, from office at any time in his absolute discretion.

(ix) Article 78 (4)

Filling of vacancies of Directors

(4) The President shall have power to appoint directors in place of the ex-officio directors if on account of any reason they are unable to serve on the Board. The President shall also have the right to fill any vacancy in the office of **Chairman-cum-Managing Director, Functional Director(s)**, Director(s) caused by removal, resignation, death or otherwise as provided in the Article 78(1).

(x) Article 78 (5) **Retirement of Directors**
(5) -The **Chairman-cum-Managing Director, the Functional Director(s)** and the Director(s) shall retire on their ceasing to hold the office of **the Chairman-cum-Managing Director or the Functional Director(s)** or the Director(s), respectively. A Director representing a Ministry/ Organisation of the Government of India shall retire on his ceasing to be an official of that Ministry/ Organisation.

(xi) Article 80 (i) & (ii) **Delegation of Powers**
(i) - Subject to the provisions of the Act, the Board may from time to time, delegate such of its powers as it may think fit to **the Chairman-cum-Managing Director, and the Functional Director(s)**, subject to such terms, conditions and restrictions as it may deem necessary, to impose and may, from time to time, revoke, amend or vary all or any of the powers so delegated.
(ii) **The Chairman-cum-Managing Director, the Functional Director(s)** and the Director(s) may sub-delegate any of the powers delegated to him by the Board to any officer or other employees of the Company, subject to conditions that every such sub-delegation of

(xii) Article 81(i)

(xiii) Article 81
(ii) (a)

powers will be reported to the Board at the first meeting held after such delegation.

Powers of Chairman-cum-Managing Director
(i) – **The Chairman-cum-Managing Director** shall reserve for decision of the President any proposals or decisions of the Board of Directors or any matter brought before the Board which raises, in the opinion of **the Chairman-cum-Managing Director**, any important issue and which on that account is fit to be reserved on such an important issue shall be taken in the absence of **the Chairman-cum-Managing Director** appointed by the President.

Prior approval of the President to be obtained in respect of

(ii) Notwithstanding any of the provisions contained in the other Articles, prior approval of the President shall be obtained in respect of :

(a) - All Board's level appointment which in turn will include initial appointment, extension in service and re-employment of personnel who have attained the **retirement age as notified by the Government from time to time.**

(xiv) Article 82(iv)

(xv) Article 90

Power of President to issue directives

Notwithstanding anything contained in all these Articles but subject to the provisions of the Act, the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the conduct of business and affairs of the Company and in like manner may vary and annul any such directive or instruction. The Board of Directors shall give immediate effect to the directives or instructions so issued. In particular, the President will have the powers:

(iv) - to determine in consultation with the Board annual, short and long-term financial and economic objectives of the Company provided that all directives issued by the President shall be in writing addressed to **the Chairman-cum-Managing Director**. The Board shall, except where the President considers that the interest of national security requires, otherwise, incorporate the contents of directives issued by the President in the Annual Report of the Company and also indicate its impact on the financial position of the Company;

Chairman of the Board's Meeting

The **Chairman - cum -**

Managing Director appointed by the President shall preside over the Board Meeting. In the absence of **the Chairman - cum - Managing Director, the Functional Director(s)** in order of their seniority shall preside over the Board Meeting. In the absence of the **Chairman-cum-Managing Director and the Functional Director(s)**, the senior most Director will act as the **Chairman of the Meeting, seniority being determined by the date from which a person has continuously been holding the office of Director in the Company.**

(xvi) Article 133(i)

Director's and other rights to indemnity

(i) Subject to the provision of Section 201 of the Act, every Director, **Chairman-cum-Managing Director, Functional Director(s)**, Auditor, Secretary or other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors to pay out of funds of the Company all bonafide costs, losses and expenses (including travelling expenses) which any such Director, Manager, Officer or Servant or in any other way in the discharge of his duties and the amount for which

such indemnity is provided shall immediately attach as a lien in the property of the Company and have priority as between the members over all other claims."

1. All Shareholders
2. The Chairman and Directors
3. M/s. Gianender & Associates, Chartered Accountants, 2826, Gali No.19, Beadon Pura, Karol Bagh, New Delhi – 110 005.

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

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi
16th December, 2002

(R.K. Sachdeva)
Company Secretary

NOTES:

1. 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 of the Company [A Proxy Form is enclosed].
2. The Explanatory Statement concerning Special Business, in pursuance of Section 173(2) of the Companies Act, 1956, is annexed to this notice.

PROXY FORM

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

Regd. & Head Office: India Habitat Centre, Core-4-'A', East Court,
1st Floor, Lodi Road, New Delhi – 110 003

I/We of
..... in the district of being
a member of the above named Company hereby appoint of in the
district of or failing him/her of
..... in the district of as my
proxy to vote for me and on my behalf at the 15th **ANNUAL GENERAL MEETING** of the Company to be
held on the day of, 2002 and at any adjournment thereof.

.....
(Signatures)

Signed this day of 2002.

NOTES: The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a shareholder of the Company.

Explanatory Statement
(Pursuant to Section 173(2) of the Companies Act, 1956)
ITEM NOS. 3 to 7 OF THE NOTICE

Item No. 3

Increase in Authorised Share Capital of IREDA from Rs.300 crores to Rs.400 crores and amendments in Memorandum and Articles of Association.

- a) According to IREDA's Memorandum of Association, its present Authorised Share Capital is Rs.300 crores, made up of 30,00,000 Equity Shares of Rs.1000/- each. The Government of India in the Ministry of Non-Conventional Energy Sources has already invested Rs.267.85 crores upto 30th September, 2002 as Share Capital.
- b) With a view to receiving the Equity already allocated for the year 2002-03 and to facilitate investment of further amounts in IREDA's Equity Share Capital by the Government of India in coming years, the Board of Directors of IREDA at their 133rd Meeting held on 10.11.2001 decided to recommend increase of IREDA's Authorised Share Capital from Rs.300 crores to Rs.400 crores and also to amend the relevant clauses for Memorandum and Articles of Association, subject to obtaining of approval of the President of India and Shareholders of the Company.
- c) Approval of the President to increase Authorised Share Capital of IREDA from Rs.300 crores to Rs.400 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. 1/51/98-IREDA dated 07.08.2002.
- d) The Shareholders of IREDA are requested to approve increase in IREDA's Authorised Share Capital to Rs.400 crores and amendments in

IREDA's Memorandum and Articles of Association, as set out in the Notice.

- 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, in any way, is directly or indirectly, concerned or interested in the above proposal.

Item No. 4

Fixation of Statutory Auditors fee

- a) M/s. Gianender & Associates, Chartered Accountants, vide letter No.CAV/COY/Central Government Comp. IRENWE (1)/225 dated 8.12.2001 of the office of the Comptroller and Auditor General of India were appointed as Statutory Auditors of IREDA for the financial year 2001-02.
- b) The Board of Directors of IREDA at their 135th Meeting held on 28th January, 2002 noted appointment of M/s. Gianender & Associates, Chartered Accountants as Statutory Auditors of IREDA for the year 2001-02 and recommended fixation of Audit Fee of Rs.83,000/- per annum (exclusive of service tax), subject to approval of IREDA's Shareholders in the General Meeting. On a representation dated 26th August, 2002, the Statutory Auditors requested increase in their remuneration. The Board of Directors of IREDA at their 140th Meeting held on 20th September, 2002 considered the request of Statutory Auditors for enhancement of audit fee and resolved that the audit fee be enhanced from Rs.83,000/- per annum to Rs.1,15,000/- per annum (excluding service tax) for the financial year 2001-02 subject to approval of the same by the Shareholders in the General Meeting.

- e) The proposal for fixation of Audit Fee of Rs.1,15,000/- (exclusive of service tax) payable to M/s. Gianender & Associates, Statutory Auditors of IREDA for the financial year 2001-02, as recommended by the Board of Directors is, therefore, placed before the Shareholders for consideration and approval.
- d) The relevant documents can be inspected at the Registered Office of the Company during the business hours.
- e) None of the Directors of the Company in any way, is directly or indirectly, concerned or interested in the above proposal.

Item No. 5

Fixation of Statutory Auditors fee

- a) M/s. K G Somani & Co., Chartered Accountants, vide letter No.CA.V/COY/Central Govt. IRENWE (1)/321 dated 31.10.2002 of the office of the Comptroller and Auditor General of India were appointed as Statutory Auditors of IREDA for the financial year 2002-03.
- b) The Board of Directors of IREDA at their 142nd Meeting held on 27th November, 2002 noted appointment of M/s. K G Somani & Co., Chartered Accountants as Statutory Auditors of IREDA for the year 2002-03 and recommended fixation of Audit Fee of Rs.1,15,000/- per annum (exclusive of service tax), subject to approval of IREDA's Shareholders in the General Meeting.
- c) The relevant documents can be inspected at the Registered Office of the Company during the business hours.
- d) None of the Directors of the Company in any way, is directly or indirectly, concerned or interested in the above proposal.

Item No.6

To authorise IREDA to invest its funds in Scheduled Commercial Banks in addition to Reserve Bank of India, State Bank of India and/or Nationalized Banks.

- a) According to Article 84(13) of IREDA's Articles of Association, IREDA is authorised to invest its securities and make investments with Reserve Bank of India, State Bank of India and nationalized banks. With a view to enabling IREDA to have banking transactions with other Commercial Banks including Foreign/ Private Sector Banks, which are offering new products and better services, the Board of Directors at their 132nd meeting held on 1.10.2001 recommended the proposal for amendment in Article 84 (13) of IREDA's Articles of Association to enable IREDA to deal with Scheduled Commercial Banks subject to obtaining approval of the President of India and the Shareholders of the Company.
- b) Approval of the President to amend the Article 84(13) has since been communicated by the Ministry of Non-Conventional Energy Sources, New Delhi vide its letter No.1/44/2001-IREDA dated 25.11.2002. The Shareholders are requested to approve the amendments in IREDA's Articles of Association, as set out in the Notice.
- c) The relevant documents can be inspected at the Registered Office of the Company during the business hours.
- d) None of the Directors of the Company, in any way, is directly or indirectly, concerned or interested in the above proposal.

Item No.7

To combine the posts of part-time Chairman and full-time Managing Director of IREDA as Chairman-cum-Managing Director, IREDA and consequential amendments in Articles of Association of IREDA.

- a) In compliance of the letter No.1/48/96/IREDA dated 9.8.2002 received from the Ministry of

Non-Conventional Energy Sources (MNES) proposing to combine the posts of part-time Chairman and full-time Managing Director of IREDA, the matter was placed before the Board of IREDA at its 140th meeting held on 20.9.2002 and the Board accorded approval to the amendments in Articles of Association subject to obtaining the approval of President of India and Shareholders of the Company and subject also that amended Articles become effective from such date as may be notified by the MNES, Government of India.

- b) Approval of the President to the amendments in the Articles of Association of the Company has been communicated by the MNES, New Delhi vide their letter No.1/48/96-IREDA dated 22nd November, 2002.

- c) The Shareholders are requested to approve the amendments in the Articles of Association, as set out in the Notice.
- d) The relevant documents can be inspected at the Registered Office of the Company during the business hours.
- e) None of the Directors of the Company, in any way, is directly or indirectly, concerned or interested in the above proposal.

BY ORDER OF THE BOARD OF DIRECTORS

(R.K. Sachdeva)
Company Secretary

New Delhi
16th December, 2002



14th Annual General Meeting of IREDA's Shareholders is in progress.



The 'Water Globe Award-2002' conferred on IREDA at Linz, Austria is presented by the Managing Director, IREDA to the Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge) and then Secretary, Ministry of Non-Conventional Energy Sources, Government of India.

CHAIRMAN'S SPEECH



Dear Shareholders,

It is my great pleasure to extend a hearty welcome to you to the Fifteenth Annual General Meeting of Indian Renewable Energy Development Agency Limited. The Directors' Report and the Audited Statements of Accounts for the year ended 31st March 2002, duly certified by the Comptroller and Auditor General of India, are already with you and with your permission, I would take them as read.

I have very recently taken over as Chairman of your Company and I am happy to note that your Company has been playing a pioneering role in the promotion, development and financing of projects in the renewable energy sector.

ECONOMIC ENVIRONMENT

As you are aware, the Indian economy is passing through a difficult phase in view of several unfavourable domestic and external developments. The real GDP for the financial year 2001-02 is estimated at 5.4% compared to 4% in 2000-01

and 6.1% in 1999-2000. While agriculture sector performed well, the industrial growth in terms of industrial production remained sluggish. Growth in industrial production fell to 2.7% during 2001-02 as against 5% achieved in the previous financial year. The industrial slowdown has a bearing on the business of financial institutions and is reflected in the loan sanctions of your Company during 2001-02.

ENERGY SCENARIO

The power situation in our country continues to be grim. The Government vision is "Power to All by 2012". Keeping this in view, the Government plans to install an additional 100,000 MW capacity in the country by the end of the Eleventh Plan and has set up a Committee to examine financing thereof.

The sustainable energy development plan addresses, inter alia, energy efficiency, use of renewables and greenhouse gas reduction. There is huge scope for energy conservation, which provides the least-cost and eco-friendly option for capacity creation. Keeping this in view, the Government has enacted a comprehensive Energy Conservation Act, which provides the legal framework for promoting efficient use of energy resources and its conservation in the country. At the same time reducing the energy needed for a particular process makes it possible to switch over to sources such as solar energy, wind energy and other renewable forms of energy.

A time-bound action plan is being developed to complete electrification of all villages by the end of the 11th Plan i.e. 2012. The Ministry of Non-Conventional Energy Sources has been entrusted with the task of providing electricity to 18000 remote and difficult villages through

stand-alone SPV power plants/systems, biomass gasifiers, small hydro projects etc over the next two Plan periods. I understand that the Corporate Sector / entities like Energy Service Companies (ESCOs), Independent Rural Power Producers (IRPPs), Panchayats and NGOs will be increasingly involved in the implementation of this programme and, as such, your Company's role will become inevitable in the rural electrification programme.

PERFORMANCE HIGHLIGHTS

As stated above, your Company witnessed a decline in loan sanctions from Rs 1041.36 crore in the financial year 2000-01 to Rs 698.63 crore in the financial year 2001-02 due to industrial slowdown. However, disbursements rose to Rs 607.70 crore in the financial year 2001-02 from Rs 577.07 crore in the previous year. The increase in the disbursement was due to higher commitment of loan sanctions carried forward from the previous year. The capacity sanctioned during the year was to the tune of 238.387 MW and 52943 tonnes coal replacement. Your Company has posted a gross income of Rs 225.87 crore as against Rs 164.12 crore in the previous year. The Profit before Tax and Profit after Tax were to the tune of Rs 17.09 crore and Rs 4.10 crore, as compared to Rs 27.26 crore and Rs 16.26 crore, respectively in the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs 4.00 crore for the year 2001-02.

NPA MANAGEMENT

Last year, my predecessor had mentioned that the Company had taken a number of measures, which had resulted in the reduction of Non-Performing Assets (NPA) level and assured that further steps would be taken in the days to come to bring it down to a much lower level. As a result of a number of measures taken by the Company, the level of NPA came down to 11.47% during 2001-02 from the level of 14.94% in the previous year. I am happy

to inform you that this achievement was excellent against the target of 16% fixed in the MoU entered into with the MNES.

RESOURCE MOBILISATION

During 2001-02, the Government of India released an equity of Rs 27.00 crore. As a result, the total paid-up capital of the Company as on 31st March, 2002 increased to Rs 250.35 crore against the authorised share capital of Rs 300 crore. For the financial year 2002-03, the Company has been allocated an equity of Rs 35 crore. The MNES has since accorded permission for increasing the authorised share capital to Rs 400 crore. The Government of India initially approved raising of Tax Free Bonds for Rs 100 crore but eventually permitted your Company to raise Rs 50 crore only. An amount of Rs 50 crore was borrowed from the State Bank of India and Rs 50 crore from the Oriental Bank of Commerce and Rs 10.80 crore from the Canara Bank in order to meet the resource requirements. Further, the Company has utilised an amount of Rs 115 crore under India: Renewable Resources Development Project and Rs 57.36 crore under India: Second Renewable Energy Project of the World Bank. The ADB and the KfW have released Rs 44.48 crore, equivalent to US \$ 6.89 million and Rs 102.88 crore, equivalent to Euro 23.85 million, respectively to the Company. SDC has released Rs. 1.90 crore to the Company.

PLANNING

During the year, your Company has taken up a number of planning activities. The Company has formulated its proposals for the Tenth Five Year Plan (2002-07) envisaging ambitious targets. M/s PricewaterhouseCoopers were given an assignment to project the resource requirements and to suggest a resource mobilisation strategy for your Company for the 10th and 11th Plan periods. The Board of Directors of your Company have constituted a Sub-Committee to formulate a Plan on New Initiatives and Future Strategy.

The Company conducted a comprehensive study on socio-economic and environmental implication of wind energy generation in Coimbatore, Tirunelveli and Kanyakumari districts of Tamilnadu through the consultants. The important finding of the study is that the surveyed wind farms, with a total installed capacity of 812.6 MW, have provided direct permanent employment to around 7000 persons during operation besides temporary employment for three months to 50 persons at the time of erection and commissioning of a wind electric generator. No major negative environmental impact has been reported in the study.

NEW INITIATIVES

The Ministry of Non-Conventional Energy Sources (MNES) has entrusted your Company with the responsibility of implementation of Non-Conventional Energy Technology Commercialisation Fund (NETCOF) Scheme, which is intended, among other things to support the commercialisation of indigenously developed and imported non-conventional energy technologies for widespread domestic use.

PROMOTIONAL PROGRAMMES

As a part of promotional efforts, your Company continued to sponsor various types of programmes on technical, financing, marketing and other aspects of renewable energy. During the year, it has supported a total of 73 Seminars, Workshops, Business Meets and Exhibitions in different parts of the country.

DEVELOPMENT OF NORTH EASTERN REGION

The Company is giving special attention to the development of North Eastern States. It has opened a camp office at Guwahati and posted a senior officer for drawing up a Strategy and Action Plan, besides looking after the developmental activities in North Eastern Region. A scheme called "IREDA Akshay Urja Gram" has been formulated to adopt one remote village each from the North

Eastern States and Sikkim for electrification through renewables. Five Business Meets have been conducted with a view to creating awareness about renewable energy technologies in this region. A loan of Rs 82.00 lakh was sanctioned for setting up a 200 KW capacity mini hydel project in Nagaland and Rs 10 lakh for the establishment of an Energy Centre in Manipur.

WOMEN IN RENEWABLE ENERGY

The Company is dedicated to the cause of women empowerment and has taken a number of initiatives for women development through renewable energy programmes. As a part of its promotional efforts, the Company brought out a special issue of its quarterly publication "IREDA News" on "Women in Renewable Energy" and a video film on "Women Entrepreneurs in Renewable Energy." Besides giving special concessions in its lending terms and conditions, various promotional programmes were organised exclusively for women. During the year 2001-02, the Company organised four promotional programmes exclusively for women, which inter alia included an orientation programme on renewable energy and energy efficiency for its employees and special lectures on "Stress Management" and "Legal Rights of Women at Workplace".

OPENING OF CAMP OFFICES

As a part of the drive for recovery of dues from borrowers, the Company opened two camp offices one each at Chennai and Hyderabad. The development of newly created States viz. Uttaranchal, Jharkhand and Chhattisgarh, is another priority of your Company. It has, therefore, opened camp offices at Roorkee in Uttaranchal, Ranchi in Jharkhand and Raipur in Chhattisgarh and posted senior officers for drawing up Strategy and Action Plans for the establishment and financing of NRSE projects in these States.

NETWORKING ARRANGEMENTS

The Company has been networking with various technical and professional organisations through

a scheme of Business Development Associates (BDA) for generating more business. During the year, one BDA was registered taking the total number of BDAs to 49, as on 31st March, 2002. These BDAs comprise 16 technical consultancy organisations, 12 State Nodal Agencies, 2 local productivity councils, 15 private sector enterprises and 4 NGOs.

HUMAN RESOURCE DEVELOPMENT

The quality of services that a financial institution can provide depends upon the level of commitment and motivation of its workforce. As such, your Company nurtures and sharpens the knowledge and skills of its employees and ensures a high level of morale and motivation. A number of officials at various levels were nominated for professional training courses and Seminars/Workshops/Symposia on specialised subjects both in India and abroad.

All efforts to achieve employee satisfaction were made through various measures like job rotation, welfare measures and introduction of new schemes etc.

INSTITUTIONAL DEVELOPMENT

The Company is responding to the changes in the IT environment. The Internet connectivity was upgraded to 64 kbps line. Proxy and DNS server were installed in order to provide e-mail facility to more employees. A comprehensive library software was developed to have full-fledged computerised information on library. A financial module on the system development software on Oracle platform is under implementation.

Your Company is keen to know the customers' satisfaction on its services rendered to them. It has, therefore, commissioned a study entitled "Customer Satisfaction Level Survey" through the National Productivity Council with the objective of gathering feedback from customers on the service components of the Company and measure customer satisfaction for further analysis and action planning.

MoU WITH INTERNATIONAL AGENCY

The Company has signed a Memorandum of Understanding (MoU) with Econoler International, Quebec, Canada, to collaborate in a technical assistance project to prepare and implement a demand side management (DSM) model with State Electricity Boards (SEBs) and private utilities to guarantee Carbon emission reduction. The project will be funded from the Canadian Climate Change Development Fund (CCCDF) and administered by the Canadian International Development Agency (CIDA).

MEMBER OF BUREAU OF ENERGY EFFICIENCY

I am happy to inform you that in recognition of the vital role played by it in promoting and financing energy efficiency and conservation projects in the country, your Company has been made a member of the Governing Council of the Bureau of Energy Efficiency (BEE), set up under the Energy Conservation Act, 2001.

INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. The grievances of the employees, if any, were redressed through dialogues/discussions by the Director (Grievance). New grievance redressal guidelines have been implemented and a Grievance Advisory Committee set up to further strengthen the grievance mechanism.

GLOBAL AWARD

You will be glad to know that your Company was awarded the second prize in Water Globe Award Category of the Energy Award 2002 competition by O.Oe Energiespervarband, Linz, Austria in recognition of its efforts in renewable energy. The award was conferred on the Company for its Solar Photovoltaic Water Pumping programme.

OUTLOOK FOR 2002-03

The Union Budget for 2002-03 assures positive steps for boosting the growth in the infrastructure

and agriculture sectors in order to revive the demand and growth rate of economy. The present indications are that agriculture is likely to suffer due to drought conditions. There are positive indications of a recovery in the industrial sector. Industrial production has recorded 4 per cent growth in the first quarter of the current fiscal, as against 2.1 per cent, in the corresponding period of the previous year. The growth rate of real GDP is projected at 5.0 – 5.5% for the financial year 2002-03. In the present soft interest rate regime, your Company has reduced the interest rate by 1% for wind sector and by 0.5% for the other sectors. This operating environment makes your Company optimistic to achieve higher results and accordingly it has fixed the loan sanction target at Rs 825 crore and the disbursement target at Rs 500 crore for the next financial year 2002-03, for which MoU has been signed with MNES.

ACKNOWLEDGEMENTS

I, on behalf of the Board of Directors, place on record my deep appreciation of the valuable contribution made, and the guidance provided, by S/shri P. M. Nair and S.S.Dawra, the outgoing Chairmen and Shri A.K. Vora, the outgoing part-time non-official Director.

The Company is grateful to the Government of India, Ministry of Non-Conventional Energy Sources, Ministry of Finance, Planning Commission and other Ministries/ Departments of the Government of India for continued guidance, support and assistance.

I am grateful to the World Bank, Swiss Development Cooperation, Global Environment Facility, Asian Development Bank, DANIDA, Royal Government of Netherlands, KfW, Germany and Japanese Bank of International Cooperation for their continued co-operation.

I also take this opportunity to thank the Comptroller and Auditor General of India, the Statutory Auditors and the Bankers for their co-operation.

I must thank our esteemed clients for the confidence and the trust reposed by them in the Company.

I also express my sincere thanks to my colleagues on the Board of Directors for their unstinted support as well as to the bankers and subscribers to IREDA Bonds for reposing confidence in us.

I also place on record my sincere appreciation of the dedication and devotion to duty of the employees and officers of the Company, which was instrumental for the commendable performance of the Company during the year. It shall be the endeavour of the Company to make excellence in performance an obsession.

May I now request that the Directors' Report, the audited Balance Sheet, the Profit & Loss Account and Auditors' Report for the year ended 31st March, 2002 be adopted.

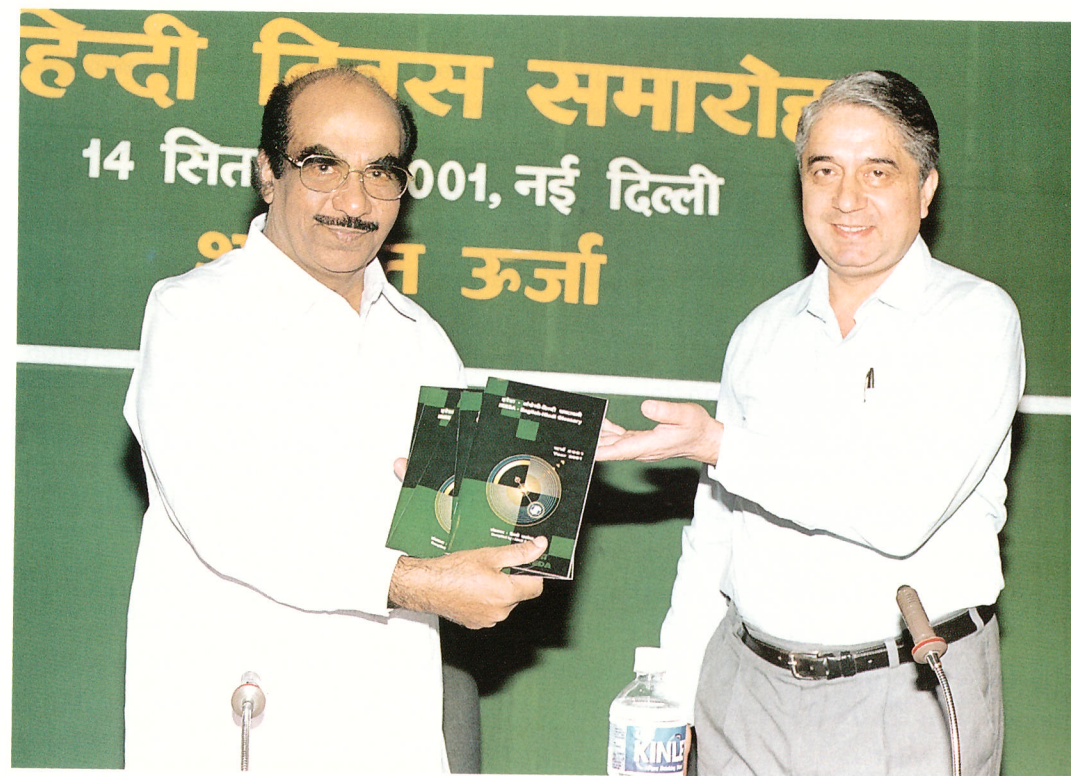
Thanking you all,

AJAI VIKRAM SINGH

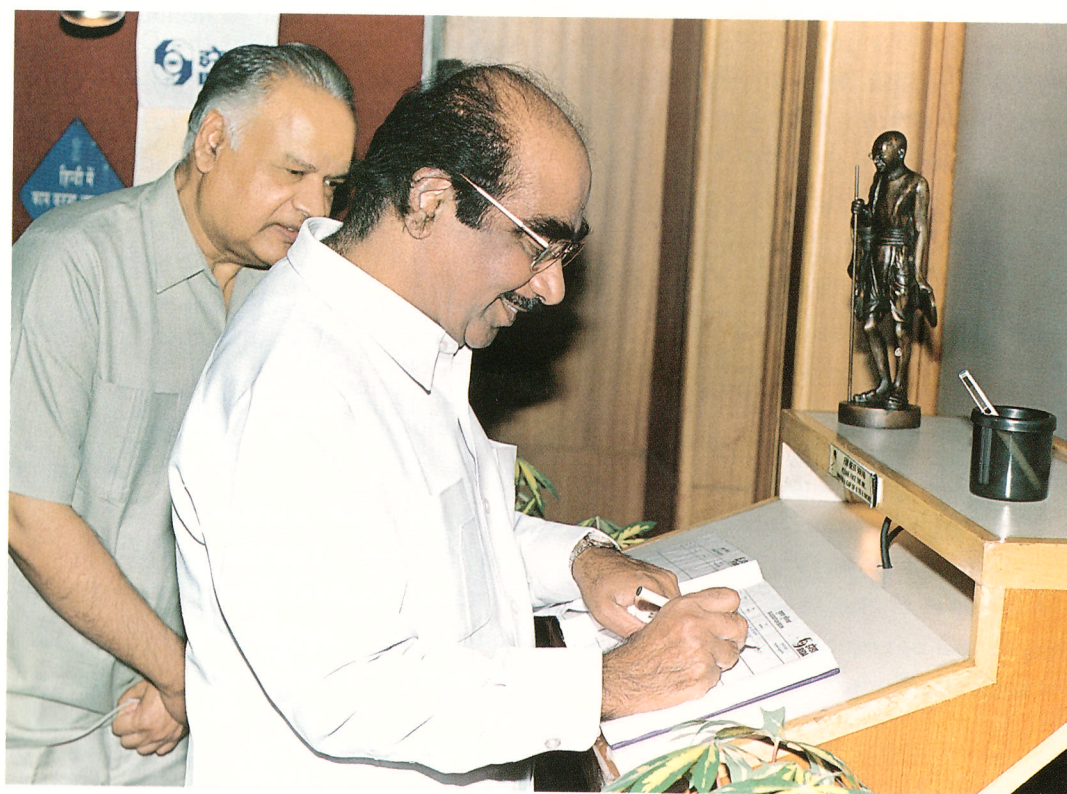
Chairman

Place: New Delhi

Dated: 16th December, 2002



Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) releasing 'IREDA: English-Hindi Glossary'.



Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) visits Exhibition on Hindi set up by IREDA on Hindi Diwas.

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the audited Statements of Accounts and the Auditors' Report for the year ended 31st March, 2002.

The overall performance of the Company during the year is considered to be satisfactory despite difficult economic and business environment.

ENERGY SCENARIO

The power situation in our country continues to be grim. While sincere efforts are being made to improve the availability of power, there is still a continuing and widening gap between the demand and supply. The Sixteenth Electric Power Survey (EPS), conducted by the Central Electricity Authority, has estimated the energy requirement at 700 billion units at the end of the Tenth Plan. Based on the projections of demand made in the 16th EPS, the Government plans to install an additional 100,000 MW capacity in the country by the end of the Eleventh Plan. An investment of Rs 800,000 crore at the current price level would be required for achieving this target. Raising resources to the tune of Rs 800,000 crore is by no means a small task and requires careful planning. The Government has, therefore, set up a Committee to examine the issues relating to financing of power sector during the 10th and 11th Plan periods.

The sustainable energy development plan addresses, inter alia, energy efficiency, use of renewables and greenhouse gas reduction. There is huge scope for energy conservation, which provides the least-cost and eco-friendly option for capacity creation because energy efficiency assumes that 1 unit of energy conserved would be equivalent to 3 units of energy generated taking into account the plant load factor and transmission and distribution losses. At the same time, reducing

the energy needed for a particular process makes it possible to switch over to sources such as solar energy, wind energy and other renewable forms of energy. Keeping this in view, the Government has enacted a comprehensive Energy Conservation Act, which provides the legal framework for promoting efficient use of energy resources and its conservation in the country.

The Government vision is "Power to All by 2012". A time-bound action plan is being developed to complete electrification of all the villages by the end of the 11th Plan, i.e. 2012. Funds to the tune of Rs 700 crore have been earmarked from the Rural Infrastructure Development Fund (RIDF) for rural electrification scheme during the current financial year. Since the remote and difficult rural areas pose problems for grid-connected power, renewable energy, which can be produced in a decentralised manner, is considered a viable option for electrification of these areas. For this reason, the Ministry of Non-Conventional Energy Sources (MNES) has been entrusted with the task for providing electricity to 18000 remote and difficult villages through appropriate renewable energy systems, such as SPV power plants and home lighting systems, biomass gasifiers, small hydro projects etc. over the next two Plan periods. Projects for the coverage of about 480 villages had already been sanctioned during 2001-02 and they are currently under implementation. This would help electrification of a number of tribal households in Assam and Chhattisgarh, besides remote SC/ST colonies in Kerala and West Bengal.

POLICIES & INITIATIVES

REVIEW OF POLICIES

The Company has reviewed its financing policy and sectoral lending norms keeping in view the

developments in financial market, the cost of funds and the risk associated with sectoral lending. It has made amendments in the financing guidelines and changes in the delegation of powers to sanction/disburse loans, which would facilitate further smoothening of operations.

NEW INITIATIVES

The MNES has entrusted your Company with the responsibility of implementation of Non-Conventional Energy Technology Commercialisation Fund (NETCOF) Scheme, which is intended, among other things to support commercialisation of indigenously developed and imported non-conventional energy technologies for widespread domestic use.

OPERATIONS

SANCTIONS AND DISBURSEMENTS

During the year 2001-02, the lending operations by financial institutions were adversely affected by the industrial slowdown. Your Company also witnessed a decline in the loan sanctions from Rs 1041.36 crore in the financial year 2000-01 to Rs 698.63 crore in the financial year 2001-02. However, the disbursements rose to Rs 607.70 crore in the financial year 2001-02 from Rs 577.07 crore in the previous year. The increase in the

disbursement was due to higher commitment of loan sanctions carried forward from the previous year. The loan sanctions and the disbursements actually achieved were 93.15% and 133.56% of MoU targets respectively. The sector-wise details of the sanctions and disbursements are as under :

(Rs. in crore)		
Sectors	Sanctions	Disbursements
Biomass Briquetting	0.28	0.60
Biomass Co-generation	143.80	131.39
Biomass Gasification	0.33	0
Biogas (Small Scale)	0.94	0
Biomass Power Generation	118.88	93.41
Bio-methanation from Industrial Effluents	0	6.81
Energy Efficiency & Conservation	9.73	10.63
Small Hydro	122.38	63.21
Solar Thermal	12.46	7.95
Solar Photovoltaics	64.67	61.56
Wind Energy	190.52	231.87
Waste to Energy	29.78	0.20
Miscellaneous	4.86	0.07
TOTAL	698.63	607.70



IREDA financed 3 MW Small Hydro Project set up at Madhavamanthri Dam, Mysore District, Karnataka under the World Bank Line of Credit.

The cumulative sanctions and disbursements as on 31st March, 2002 stood at Rs 5287.90 crore and Rs 2736.90 crore respectively. The state-wise and sector-wise sanctions and disbursements are indicated in Annexures I to IV.

CAPACITY ADDITION

A major chunk of the loan amount sanctioned during the year was for the establishment of 238.387 MW of installed capacity of power generation. The sector-wise capacity addition is indicated below:

Sectors	Capacity (MW)
Biomass Co-generation	68.000
Biomass Power Generation	42.000
Energy Efficiency & Conservation	0.790
Small Hydro	46.900
Solar Photovoltaics	2.722
Wind Energy	58.375
Waste to Energy	19.600
TOTAL	238.387



IREDA financed first 60 kL per day capacity Ethanol Power project set up in Belgaum District of Karnataka.

classification, provisioning and disclosure requirements, the Company may follow the guidelines issued by RBI for financial institutions, as amended from time to time.

For the financial year 2001-02, the Company followed the RBI guidelines for prudential norms applicable to financial institutions.

WORKING RESULTS

The overall financial performance for the year 2001-02 has been satisfactory. The key parameters of performance in this regard are listed below:

(Rs. in crore)

	2000-01	2001-02
Gross Income	164.12	225.87
Profit before Tax (including prior period adjustment)	27.26	17.09
Provision for Income Tax	11.00	12.98
Profit available for appropriation (after adjustment of excess provision of Income Tax made in earlier years, balance in Profit & Loss Account brought forward)	24.37	4.55

The Profit and Loss Account fully takes care of the RBI's prudential norms regarding income recognition and asset classification and provides for non-performing assets as per the RBI guidelines.

APPROPRIATION

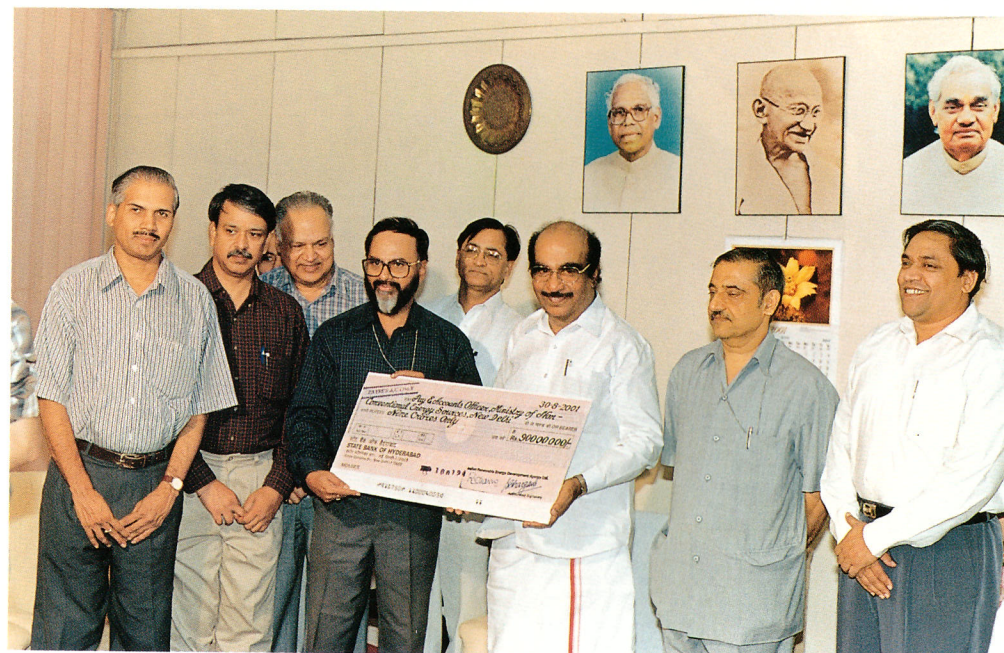
Your Directors recommend the following appropriation:

(Rs in crore)

	2000-01	2001-02
Profit available for appropriation	24.37	4.55
APPROPRIATION		
i. Special Reserve u/s 36 (I) (viii) of the Income Tax Act	9.08	0.00
ii. Proposed final Dividend	9.00	4.00
iii. Dividend Tax and Surcharge	0.92	0.00
iv. General Reserve	5.00	0.00
v. Surplus carried to Balance Sheet	0.37	0.55

DIVIDEND

Your Directors recommend a dividend of Rs 4.00 crore for the year 2001-02.



IREDA presents dividend for the financial year 2000-01 to Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge).

NPA MANAGEMENT

As a result of the measures taken by the Company, the level of Non-Performing Assets (NPA) came down to 11.47 per cent during the financial year 2001-02 from the previous year level of 14.94 per cent. This achievement against the target of 16% fixed in the MoU signed with the MNES is excellent.

RISK MANAGEMENT

Your Company has been paying special attention to risk management, especially credit risk. The Company has introduced standardised credit appraisal system, which includes well-established procedures of credit appraisal. The Board of Directors have also approved the introduction of various exposure limits for sanction of loan. Further, as a risk mitigation measure, the exposure limits have been revised for individual and group borrowers. The Board of Directors have also approved introduction of various ceilings of loan sanctioning, including State exposure and Sectoral exposure limits. The exposure limit is also to be linked to the recovery rate obtaining in a particular State.

Your Company is also exposed to market risk. Your Company's market risk arises primarily from the changes in interest rate, foreign currency exchange rates and asset & liability mismatch. In order to mitigate the forex risk, your Company has adopted a unique arrangement of keeping foreign currency loan proceeds in LIBOR- linked deposit and availed Rupee loan at Sub PLR. An Exchange Risk Administration Fund has also been created with the approval of the Central Board of Direct Taxes, Ministry of Finance, to which contribution is made to the extent of exchange variation. This is to cover the loans taken through the Government where the foreign exchange risk is to be borne by IREDA.

The RBI guidelines for asset liability management for Non-Banking Financial Companies (NBFCs) were made mandatory during the year. In terms of the RBI circular, the Company has already

constituted an Asset Liability Committee. Your Company has also engaged the services of a Consultant for developing a software for implementation of asset liability management system.

DEBT EQUITY RATIO & NET WORTH

The Company's borrowings from all sources stood at Rs 1423.65 crore as on 31st March 2002 against its Net Worth of Rs 433.49 crore. Debt as a ratio to Net Worth works out to 3.28 : 1, which is well below the ratio of 5:1 indicated in the Operational Policy Statement of the Company.

RESOURCE MOBILISATION

SHARE CAPITAL

The authorised share capital of the Company stood at Rs 300 crore as on 31st March, 2002. With the Government of India contribution of Rs 27.00 crore towards equity for the current year, the paid-up capital of the Company rose to Rs 250.35 crore as on 31st March, 2002. For the financial year 2002-03, the Company has been allocated an equity of Rs 35 crore. The MNES has since accorded permission for increasing the authorised share capital to Rs 400 crore.

DOMESTIC BORROWINGS

Against the allocation of Rs 100 crore, the Company was permitted to raise funds to the tune of Rs 50 crore through Tax Free Bonds and same has been raised. An amount of Rs 50 crore was borrowed from the State Bank of India, Rs 50 crore from the Oriental Bank of Commerce and Rs 10.80 crore from the Canara Bank in order to meet the resource requirements.

INTERNATIONAL ASSISTANCE

As for international lines of credit, an amount of Rs 115 crore was utilised under India: Renewable Resources Development Project and an amount of Rs 57.36 crore was utilised under India: Second Renewable Energy Project. The ADB and the KfW, Germany have released Rs 44.48 crore,



IREDA financed 4.00 MW Small Hydro Project set up at Nippulavagu, Guntakandala Village, Kurnool District, Andhra Pradesh under the World Bank Line of Credit.



IREDA financed 16 MW Bagasse based Co-generation project set up at Kottur village, Thanjuvar District, Tamilnadu under Asian Development Bank Line of Credit.

equivalent to US \$ 6.89 million and Rs 102.88 crore, equivalent to Euro 23.85 million respectively to the Company. SDC has released Rs 1.90 crore to the Company.

Assistance from the Japanese Bank for International Cooperation, Japan to the tune of US \$ 145 million is under consideration.

INTEREST DIFFERENTIAL FUND

As per KfW Agreement, IREDA has to create an Interest Differential Fund (IDF) out of the difference between interest income earned from the borrowers on lending from portion-I of KfW loan and 3.75 per cent. Out of this IDF amount, 25% has to be utilised for further disbursement for the development of worthy renewable energy projects, capacity building of IREDA, training and seminars etc. and the balance 75% can be utilised to meet forex risk and Government of India guarantee fee on KfW Line of Credit.

Accordingly, your Company has maintained the IDF Memorandum Account, the details of which, as on 31.3.2002, is as under :-

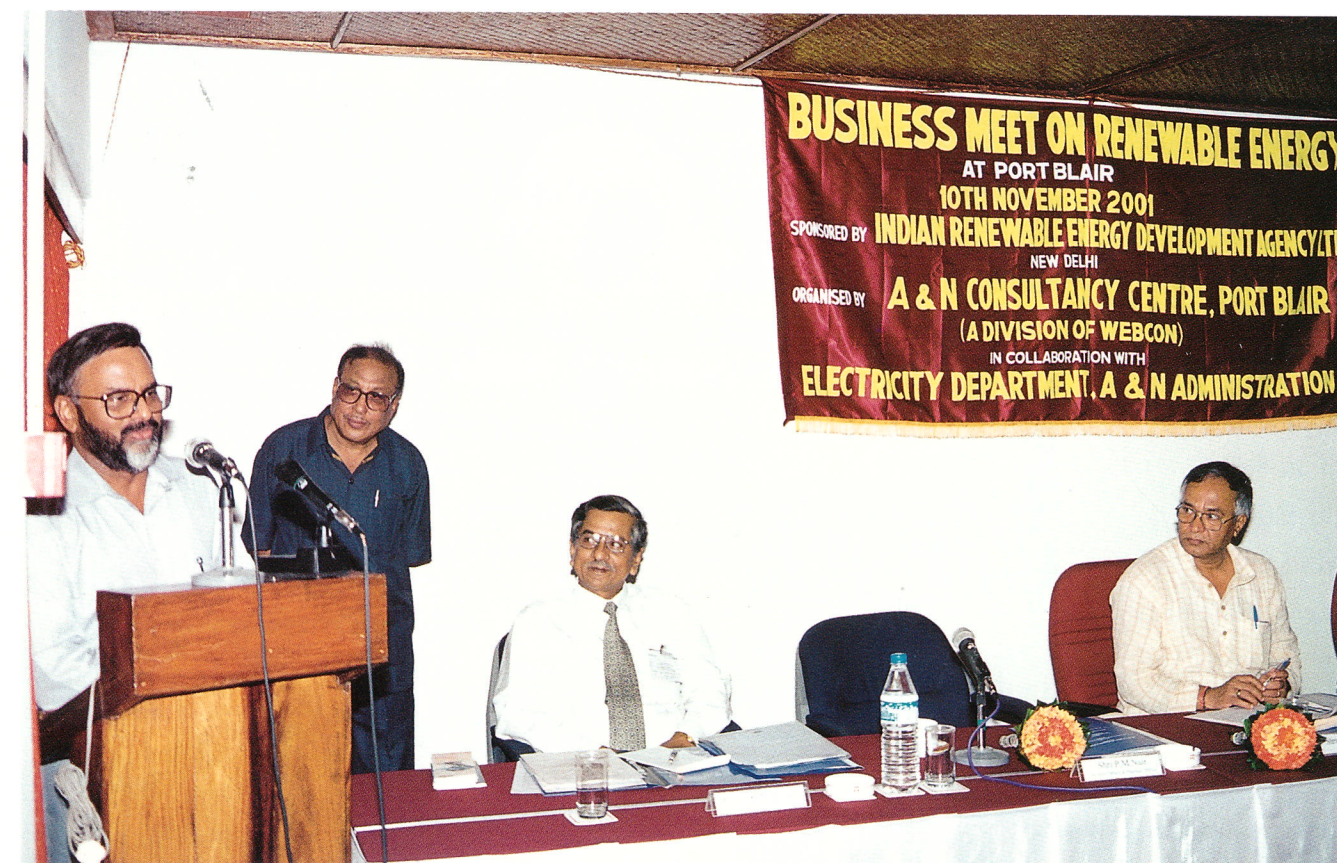
(Rs. in lakh)

Amount to be credited to IDF A/c.	25% of the amount to be utilised for disbursement to projects	75% of the amount to be utilised for Govt. of India Guarantee Fee and Forex Risk	Amount actually utilised	Balance in IDF A/c.
173.86	43.46	130.40	415.22	—

PROMOTIONAL EFFORTS

BUSINESS MEETS

As a part of promotional efforts, the Company continued to sponsor various types of programmes on technical, financing, marketing and other aspects of renewable energy. During the year, it



Shri P.M. Nair, former Secretary, MNES addressing participants at IREDA sponsored Business Meet on Renewable Energy at Port Blair, Andaman & Nicobar Islands.



Participants during IREDA Sponsored Training Programme for Women Entrepreneurs on Solar Energy/Energy Saving Devices held at Pune, Maharashtra.

supported a total of 73 Seminars, Workshops, Business Meets and Exhibitions in different parts of the country. The sector-wise break-up of the promotional programmes is given below:

Sectors	No. of Programmes
Solar Energy	18
Small Hydro	4
Bio-Energy	7
Wind Energy	2
Energy Efficiency	15
Renewable Energy (General)	5
Others	22
Total	73

DISSEMINATION OF INFORMATION

The Company has been making concerted efforts in creating awareness about the Renewable Energy

Technologies (RETs) and their potential benefits. It launched vigorous publicity campaigns through the print and the electronic media, brochures, website, video films and newsletters to disseminate information about RETs. The "IREDA News" continued to be published quarterly to highlight the current developments in the renewable energy sector. A bi-monthly "Bulletin on Energy Efficiency" is being published for creating awareness about energy efficiency and conservation in the country.

DEVELOPMENT OF NORTH EASTERN REGION AND SIKKIM

The Company is giving special attention for the development of North Eastern States. It has opened a camp office at Guwahati and posted a senior official for drawing up a Strategy and Action Plan, besides looking after the developmental activities in North Eastern Region. A scheme called "IREDA Akshay Urja Gram" has been formulated to adopt

one remote village from each of the North Eastern States and Sikkim for electrification through renewables. Five Business Meets were conducted with a view to creating awareness about renewable energy technologies in this region. A loan of Rs 82 lakh was sanctioned for setting up a 200 KW capacity mini hydel project in Nagaland and Rs 10 lakh for the establishment of an Energy Centre in Manipur.

DEVELOPMENT OF BACKWARD AREAS

The development of projects in backward areas

continued to receive high priority. During the year 55 projects with loan assistance of Rs 529.71 crore were sanctioned. The loan amount sanctioned for these areas constituted 75.82% of the total sanctions during the year.

WOMEN IN RENEWABLE ENERGY

The Company is dedicated to the cause of women empowerment and has taken a number of initiatives for women development through renewable energy programmes. As a part of its promotional efforts, the Company brought out a special issue of its



Participants during IREDA sponsored 'Training Programmes for women on NRSE' held at Uttaranchal.



quarterly publication "IREDA News" on "Women in Renewable Energy" and video film on "Women Entrepreneurs in Renewable Energy." Besides giving special concessions in its lending terms and conditions, various promotional programmes were organised exclusively for women. During the year 2001-02, the Company organised four promotional programmes exclusively for women, which, inter alia, included an orientation programme on renewable energy and energy efficiency for its employees and special lectures on "Stress Management" and "Legal Rights of Women at Workplace"

BUSINESS STRATEGY

MEMORANDUM OF UNDERSTANDING (MoU)

Based on the provisional figures, the Company's performance in achieving the MoU targets fixed for the year 2001-02 has been rated as "Very Good". The Company has also signed a MoU with the Government for the year 2002-03.

PROGRAMMES ENTRUSTED BY MNES

The Company continued to implement the various schemes entrusted to it by the MNES.

JOINT SECTOR COMPANY

M/s. M. P. Windfarms Ltd. is a sole Joint Sector Company promoted by your Company in collaboration with the Government of Madhya Pradesh and a private sector company. The paid-up capital of M/s. M. P. Windfarms Ltd. stood at Rs 70 lakh, including your Company's initial subscription of Rs 12 lakh and bonus share of Rs 4.80 lakh, against the authorised share capital of Rs 100 lakh. The total installed capacity of the wind farm set up by this company is 15 MW.

CAMP OFFICES

As a part of the drive for recovery of dues from the borrowers, the Company opened two camp offices one each at Chennai and Hyderabad. The development of newly created states viz Uttaranchal,



Shri P. M. Nair, former Secretary, MNES and Dr. V. Bakthavatsalam, Managing Director, IREDA with officials of MNES and IREDA during MoU signing ceremony for the year 2002-03.



A view of 2x500 kW Mini Hydel Project set up on Solang River in Kullu District of Himachal Pradesh under UNDP-GEF Hilly Hydro Project revolving fund managed by IREDA.



Solar Photovoltaic Water Pump installed under MNES Programme for the year 2001-02 through IREDA at Suniya Village, Block Batala, Gurdaspur District, Punjab.

Jharkhand and Chhattisgarh, is another priority of your Company. It has opened camp offices at Roorkee in Uttaranchal, Ranchi in Jharkhand and Raipur in Chhattisgarh and posted senior officials for drawing up Strategy and Action Plans for the establishment and financing of NRSE projects in these States.

NETWORKING ARRANGEMENTS

The Company has been networking with various technical and professional organisations through a scheme of Business Development Associates (BDA) for generating more business. During the year, one BDA was registered, taking the total number of BDAs to 49 as on 31st March, 2002. These BDAs comprise 16 technical consultancy organisations, 12 State Nodal Agencies, 2 local productivity councils, 15 private sector enterprises and 4 NGOs.

PLANNING, MONITORING AND EVALUATION

PLANNING

The Company has formulated its proposals for the Tenth Five Year Plan (2002-07) envisaging

ambitious targets. PricewaterhouseCoopers were given an assignment to project the resource requirements and to suggest a resource mobilisation strategy for your Company for the 10th and 11th Plan periods. The Board of Directors of your Company also constituted a Sub-Committee of the Board to formulate a Plan on New Initiatives and Future Strategy.

MONITORING

Project monitoring and evaluation are being carried out through the mechanism of appointing Nominee Directors/ Concurrent Auditors/ Engineers, direct inspections, physical verifications and special review committees.

EVALUATION

The Company conducted a comprehensive study on socio-economic and environmental implications of wind energy generation in Coimbatore, Tirunelveli and Kanyakumari districts of Tamilnadu through the consultants. An important finding of the study is that the surveyed wind farms, with a total installed capacity of 812.6 MW, have provided direct permanent employment to around 7000



The World Bank official inspecting the SPV Lantern procured under SPV Market Development Programme being implemented by IREDA.



IREDA financed 3.75 MW Wind Farm set up at Bidrekere Ridge, Davengere District, Karnataka.

persons during operation besides temporary employment for three months to 50 persons at the time of erection and commissioning of the wind electric generator. No major negative environmental impact has been reported in the study.

HUMAN RESOURCE DEVELOPMENT

Human resource development was given due importance. Keeping in view the need for managing credit risk, a two-day programme was organised for a large cross-section of IREDA officers to impart training to them on various facets of project appraisal and to equip them with the modern techniques thereof. Similarly, a two-day refresher course on solar energy technologies was organised for technical officials. The Company nominated officials at various levels for the professional training courses and Seminars/Workshops/Symposia on specialised subjects both in India and abroad, so as to keep them abreast with the latest developments in their respective fields.

The morale of the employees continued to remain high during the year, facilitating smooth working of the Company and contributing to the achievement of its goals/targets. All efforts to achieve employee satisfaction were made through various measures like job rotation, welfare measures and introduction of new schemes etc.

INSTITUTIONAL DEVELOPMENT

The Company is responding to the changes in the IT environment. Internet connectivity was upgraded to 64 kbps line. Proxy and DNS server were installed in order to provide e-mail facility to more employees. A comprehensive library software was developed to have full-fledged computerised information on library. A financial module on the system development software on Oracle platform is under implementation.

A study on "Customer Satisfaction Level Survey" was commissioned through the National Productivity Council (NPC) with the objective of gathering feedback from customers on the service

components of the Company and measure the customer satisfaction for further analysis and action planning.

ECOLOGY & ENVIRONMENT

The Company has been assisting renewable energy technologies, which are eco-friendly and have benign impact on environment besides reducing pollution. The projects sanctioned by the Company will result in the saving or conserving of conventional fuels. The projects promoted have also resulted in tangible benefits in terms of saving of foreign exchange. The Company is contributing to the socio-economic development of the country by promoting environmental-friendly renewable sources of energy.

AWARDS

Your Company was awarded the second prize in Water Globe Award Category of the Energy Award 2002 competition by O.Oe Energiespervarband, Linz, Austria in recognition of its efforts in renewable energy. The award was conferred on the Company for its Solar Photovoltaic Water Pumping programme.

MEMBER OF BUREAU OF ENERGY EFFICIENCY

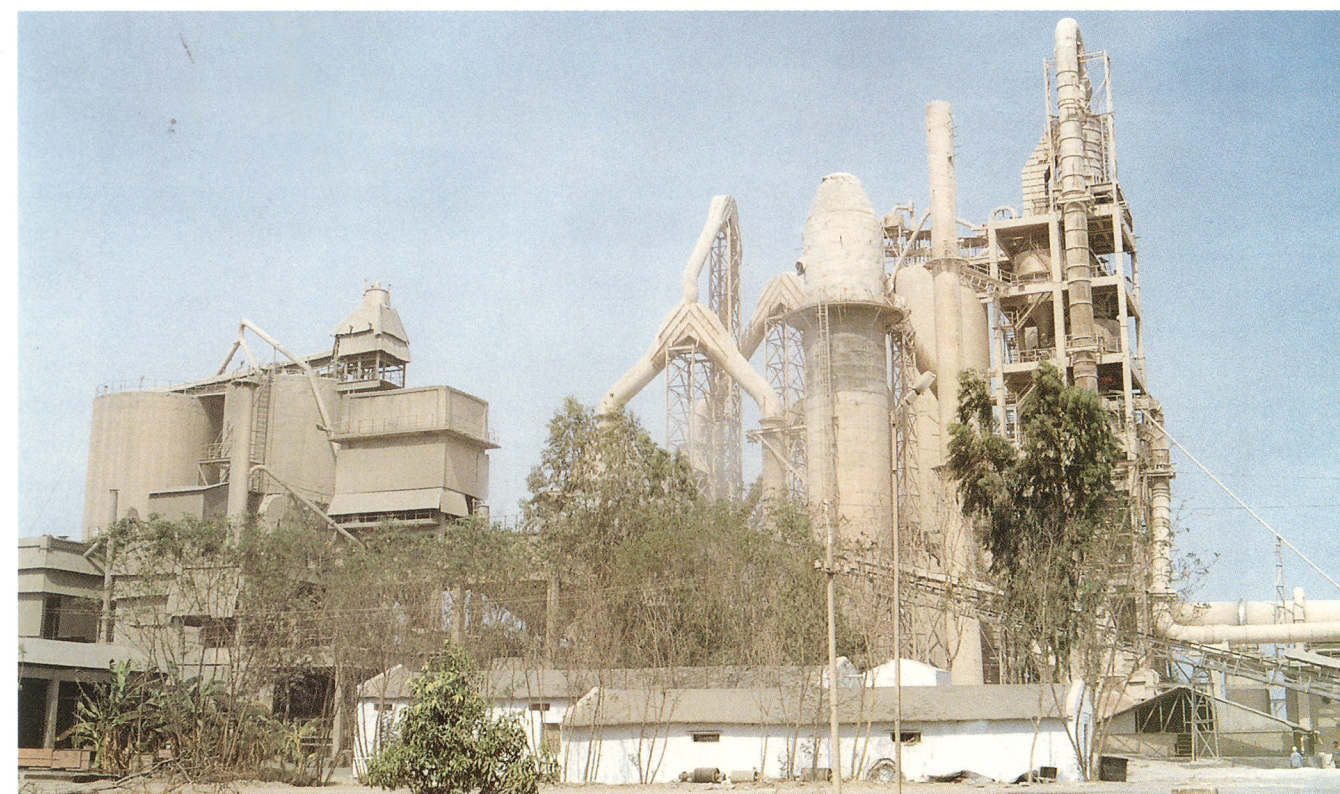
The Bureau of Energy Efficiency (BEE), set up under the Energy Conservation Act 2001, has come into effect from March 1, 2002. The general superintendence, direction and the management of BEE shall vest with a Governing Council headed by the Union Minister for Power. In recognition of



IREDA financed 210 TPD Fuel Processing Plant set up at Gandamguda Village, Ranga Reddy District, Andhra Pradesh.



'Water Globe Award-2002' conferred on IREDA by O.Oe Energiespervarband, Linz, Austria for SPV Water Pumping Programme.



IREDA financed 0.76 MW Energy Efficiency Conservation project set up at Mattavapally Mandal, Nalgonda District, Andhra Pradesh.



Dr. V. Bakthavatsalam, Managing Director, IREDA and Ms. Veronique Marier, India Country Director of Econoler exchanging Memorandum of Understanding (MoU).

the vital role played by it in promoting and financing energy efficiency and conservation projects in the country, your Company has been made a member of the Governing Council.

MoU WITH INTERNATIONAL AGENCY

The Company has signed a Memorandum of Understanding (MoU) with Econoler International, Quebec, Canada, to collaborate in a technical assistance project to prepare and implement a demand side management (DSM) model with State Electricity Boards (SEBs) and private utilities for guarantee of Carbon emission reduction. The project will be funded from the Canadian Climate Change Development Fund (CCCCDF) and administered by the Canadian International Development Agency (CIDA).

RESERVATION FOR SC/ST/OBCs/PH

In accordance with the Government policy, the Company has been strictly following the Government's instructions regarding recruitment and promotion of candidates belonging to SC/ST/OBCs/PH. Liaison officers for SC/STs and OBCs have also been nominated to watch the interests of these categories.

OFFICIAL LANGUAGE IMPLEMENTATION

The Company has been constantly endeavouring to implement the Official Language policy effectively. The use of Hindi in day-to-day work by the employees was encouraged by conducting Workshops. The non-Hindi speaking employees were nominated to attend Hindi classes for learning Hindi. Employees were also nominated for Hindi typing and stenography courses. Due to continuous efforts, the level of correspondence in Hindi rose to 60.23% as against 54.26% at the end of last year.

The Company also organised Hindi Diwas and Hindi Pakhwara with a view to creating awareness and accelerating use of Hindi. The best performing departments in the use of Hindi were presented Mementos/Certificates. A number of Hindi books were purchased and added to the Library. Periodic meetings were held with the Nodal Officers nominated in various departments to review the progress of the use of Hindi in the respective departments. Your Company Website has also been created in Hindi. A English-Hindi Glossary, especially in the area of non-conventional energy sources, was prepared to help in accelerating the



Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) visits Hindi Exhibition organised by IREDA on Hindi Diwas.



Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) is seen presenting a Merit Certificate to a ward of IREDA employee for participating in a competition organised during Hindi Fortnight celebration.

pace of Hindi work. All the assurances given to the Second Sub-Committee of the Committee of Parliament on Official Language were fulfilled.

AUDITS & INSPECTIONS OF ACCOUNTS

STATUTORY AUDITORS

M/s Gianender & Associates, Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company by the Comptroller and Auditor General of India for the financial year 2001-02.

AUDIT REVIEW

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

INTERNAL AUDIT & LEGAL AUDIT

M/s Ray & Ray, Chartered Accountants, Delhi were appointed your Company's Internal Auditors for the financial year 2001-02 and their reports were submitted on a quarterly basis. M/s Khaitan & Khaitan were appointed as Legal Auditors for the year 2001-02.

PARTICULARS OF EMPLOYEES

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the earnings in foreign exchange were equivalent to Rs 1325.60 lakh and the outflow was Rs 2321.68 lakh.

PERSONNEL AND INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. The grievances of the employees, if any, were redressed through dialogues/discussions by the Director (Grievance).

CUSTOMER RELATIONS

The Company continued with its customer-friendly approach in day-to-day dealings. The problems of borrowers were redressed by a response mechanism of immediate hearing by senior executives. The Company has also provided a Suggestion Box in the office for receiving suggestions/ complaints. A Customer Facilitation Centre is functioning for quick disposal, timely assistance and response to the queries of borrowers, promoters and entrepreneurs.

VIGILANCE

The Vigilance Cell of your Company is presently headed by a part-time Chief Vigilance Officer(CVO). Keeping in view the manifold increase in the operations during last few years, your Company has decided to strengthen the Vigilance Cell by appointing a full-time CVO on deputation basis in accordance with the guidelines issued by the Central Vigilance Commission (CVC) and providing adequate staff to further augment the preventive mechanism.

In compliance with CVC instructions, a Vigilance Awareness Week was observed from 31st October to 6th November, 2001 during which the Company organised a Seminar wherein prominent speakers deliberated on "Preventive Vigilance" and "Consultation with CVC in the Disciplinary cases handled by PSUs". In-house training programmes were also conducted to educate the staff members on taking effective and transparent decisions. The Vigilance Advisory Committee has been meeting periodically to suggest preventive measures. Surprise inspections of projects selected at random were conducted and the findings were made available to the concerned Group for further necessary action.

CORPORATE GOVERNANCE

The Audit Committee of the Board was re-constituted during the year on the re-constitution of the Board of Directors. The Chairman of the



A view of competition organised as a part of Vigilance Awareness Week

Board, has been appointed as Chairman of the Audit Committee, which has six members drawn from the Board. The Board also constituted a Committee of Directors consisting of seven members of the Board.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended 31st March, 2002 :

- ◆ the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ◆ that the Directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- ◆ that the Directors had taken proper and sufficient care for the maintenance of adequate

accounting records in accordance with the provisions for the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- ◆ that the Directors had prepared the annual accounts on a going concern basis.

BOARD OF DIRECTORS

Shri Ajai Vikram Singh took over as Chairman of the Board w.e.f. 25th October, 2002. During the year, 10 meetings of the Board were held to transact the business of the Company. In addition, 5 meetings of the Committee of Directors (COD) were also held. The decisions taken by the COD were reported to the Board of Directors in their subsequent meetings.

Shri B P Misra, Additional Secretary, Ministry of Finance, Department of Expenditure was appointed as part-time ex-officio Director w.e.f. 19th October, 2001. Seven new part-time non-official Directors, namely Shri A Arjunaraj, Prof. A Kalanidhi, Shri A K Vora, Prof. Indrajit Dey,

Dr. (Mrs.) Jyoti K Parikh, Dr. Jagdish Shettigar and Shri R Pattabi were appointed by the Government w.e.f. 17th August, 2001. Shri A K Vora subsequently tendered resignation w.e.f. 14th February, 2002.

ACKNOWLEDGEMENTS

The Board of Directors place on record their deep appreciation of the valuable contribution made and the guidance provided by S/shri P.M.Nair and S.S. Dawra, the outgoing Chairmen and Shri A K Vora, the outgoing part-time non-official Director.

The Directors 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 Company is thankful to the World Bank, Swiss Development Cooperation, Global Environment Facility, Asian Development Bank, DANIDA, Royal Government of the Netherlands, KfW, Germany, the Japanese Bank for International Cooperation, Japan and other international financial institutions,

agencies and investors for their co-operation, guidance and help. The Company looks forward to their continued support and encouragement.

The Company is thankful to the Comptroller and Auditor General of India, the Statutory Auditors and the Bankers for their valued co-operation.

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

The Board of Directors convey their appreciation to the employees of the Company at all levels for their individual and collective valuable contribution towards Company's performance.

Last but not the least, the Board of Directors wish to record their gratitude to the Shareholders for their continued trust and confidence reposed in them.

For and on behalf of the Board of Directors.

Place: New Delhi

Dated: 16th December, 2002

AJAI VIKRAM SINGH

Chairman



IREDA financed 2.5 MW capacity Solar Photovoltaic Cell manufacturing unit set up at Mruthyunjayapuram Village, Bucchi Naidu Kandriga Mandal, Chittoor District, Andhra Pradesh.



5 KWp capacity Hybrid Solar Photovoltaic Wind Power plant installed in Ahmednagar, Maharashtra under SPV Market Development Programme sanctioned by the World Bank to IREDA.



10 Wp capacity Solar Lantern distributed under Chandrakanti Programme of State Government of Andhra Pradesh for a Village in Karim Nagar District of Andhra Pradesh under SPV Market Development Programme sanctioned by the World Bank to IREDA.

STATEWISE SANCTIONS DURING LAST FIVE YEARS

Sl. No.	Name of State/ Union Territory	1997-98		1998-99		1999-2000		2000-01		2001-02		Cumulative since 1987	
		No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.
A.	STATES												
1	Andhra Pradesh	21	76.68	47	219.77	46	359.61	32	334.28	14	54.57	234	1,170.86
2	Assam	1	0.37	1	0.10	1	8.93	0	0.00	0	0.00	3	9.40
3	Bihar	0	0.00	2	0.27	0	0.00	1	0.15	0	0.00	8	3.17
4	Chhattisgarh*	—	—	—	—	—	—	—	—	2	1.18	2	1.18
5	Gujarat	7	32.38	9	24.63	6	7.57	3	0.94	1	0.40	81	144.25
6	Goa	0	0.00	0	0.00	3	0.23	0	0.00	3	0.23	7	0.49
7	Haryana	1	5.94	0	0.00	1	0.32	1	0.11	1	4.76	20	22.18
8	Himachal Pradesh	2	7.00	2	1.83	3	4.91	7	68.99	2	52.96	19	138.87
9	Jammu & Kashmir	0	0.00	0	0.00	0	0.00	1	0.05	0	0.00	2	0.67
10	Jharkhand*	—	—	—	—	—	—	1	0.26	0	0.00	1	0.26
11	Karnataka	22	177.18	14	117.83	22	210.23	18	99.28	27	295.28	193	1,087.32
12	Kerala	1	0.32	6	0.50	3	1.13	1	0.17	3	1.01	29	124.95
13	Madhya Pradesh	8	23.44	2	11.81	5	56.43	1	8.49	1	6.63	69	171.66
14	Maharashtra	17	7.58	33	145.50	30	106.06	42	332.87	39	211.56	263	856.27
15	Manipur	0	0.00	1	0.17	1	0.19	0	0.00	1	0.10	3	0.46
16	Mizoram	0	0.00	1	0.16	0	0.00	0	0.00	0	0.00	1	0.16
17	Nagaland	0	0.00	0	0.00	0	0.00	0	0.00	1	0.82	1	0.82
18	National Capital Territory of Delhi	15	5.03	4	4.79	8	9.75	3	6.90	4	6.53	57	45.66
19	Orissa	0	0.00	2	27.69	0	0.00	0	0.00	0	0.00	7	33.66
20	Punjab	1	16.60	3	1.14	4	0.49	6	26.13	2	0.46	26	48.80
21	Rajasthan	1	1.79	2	1.18	8	5.54	8	16.23	5	30.70	40	60.86
22	Tamil Nadu	17	50.35	11	46.82	25	115.41	17	112.48	5	11.69	373	984.34
23	Uttar Pradesh	8	69.96	10	58.63	3	8.85	3	17.20	2	14.67	76	272.14
24	Uttaranchal*	0	0.00	0	0.00	0	0.00	0	0.93**	1	1.29	1	2.22
25	West Bengal	8	24.34	8	21.37	7	26.16	6	15.90	2	3.79	48	97.63
	TOTAL 'A'	130	498.96	158	684.19	176	921.81	151	1041.36	116	698.63	1564	5,278.28
B.	UNION TERRITORY												
1	Andaman & Nicobar	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.11
2	Daman	0	0.00	0	0.00	1	6.68	0	0.00	0	0.00	2	8.13
3	Pondicherry	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	1.38
	TOTAL 'B'	0	0.00	0	0.00	1	6.68	0	0.00	0	0.00	5	9.62
	GRAND TOTAL 'A' + 'B'	130	498.96	158	684.19	177	928.49	151	1041.36	116	698.63	1569	5287.90

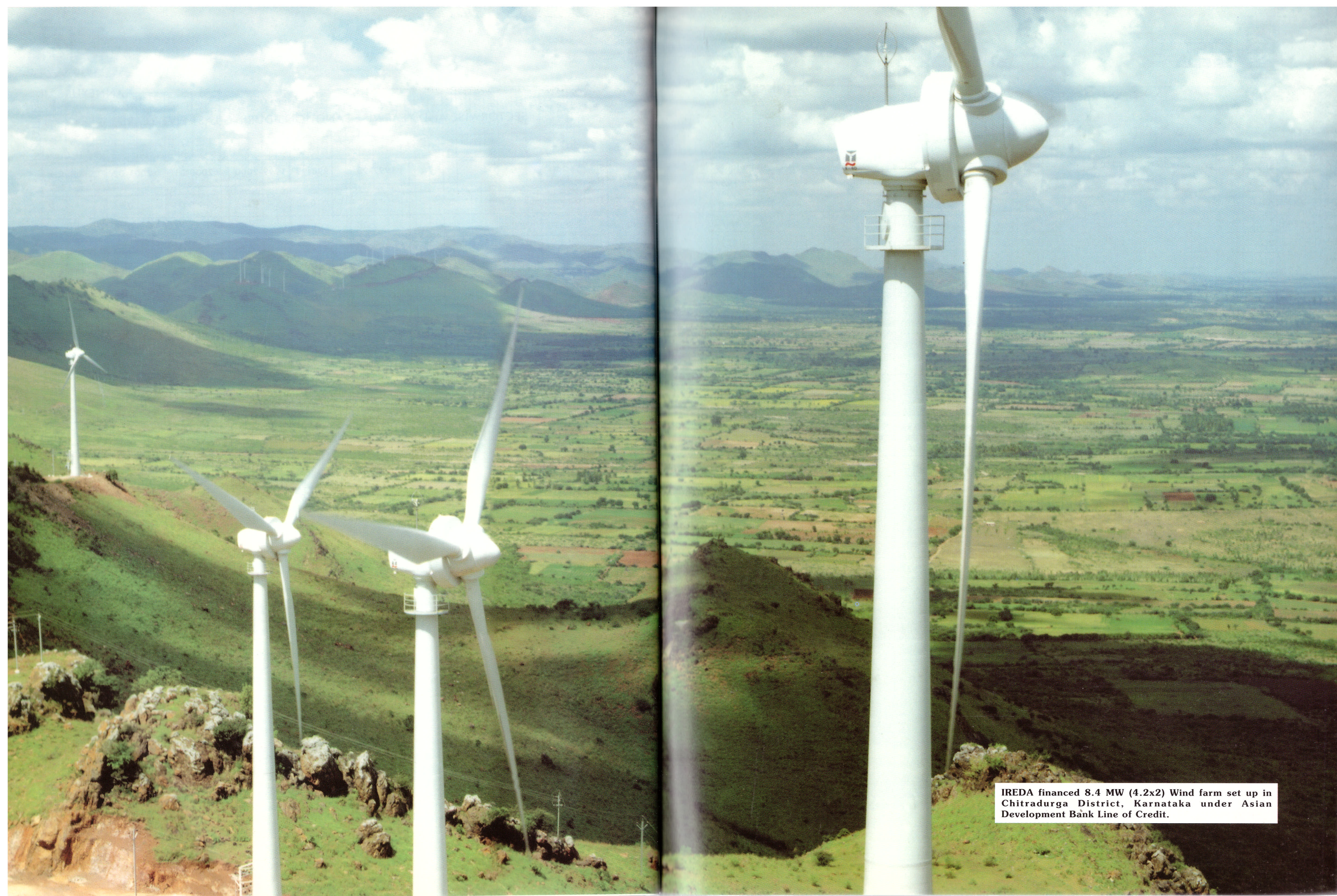
* Sanction for newly created States has been taken after the date of formation of the respective States / ** Additional loan

SECTORWISE AND YEARWISE SANCTIONS DURING LAST FIVE YEARS

Sl. No.	Sectors	[Rs. in Crore]				
		1997-98	1998-99	1999-2000	2000-01	2001-02
1	Biogas (Small Scale)	0.00	0.00	0.25	0.00	0.94
2	Biomass Briquetting	2.08	0.92	1.62	1.78	0.28
3	Biomass Cogeneration	119.90	124.50	224.66	208.05	143.80
4	Biomass Gasification	5.32	2.27	0.00	0.00	0.33
5	Biomass Power Generation	5.45	45.50	135.01	128.05	118.88
6	Biomethanation from Industrial Effluents	4.24	2.10	4.90	3.50	0.00
7	Energy Efficiency & Conservation	0.00	27.15	70.24	68.78	9.73
8	Small Hydro	176.05	116.01	143.50	182.92	122.38
9	Solar Photovoltaics	66.25	81.97	133.22	75.00	64.67
10	Solar Thermal	8.28	8.57	10.33	11.92	12.46
11	Waste to Energy	0.00	0.00	17.04	0.00	29.78
12	Wind Energy	111.39	274.82	187.55	361.36	190.52
13	Miscellaneous	0.00	0.38	0.17	0.00	4.86
	TOTAL	498.96	684.19	928.49	1041.36	698.63



IREDA financed 300 LPD Domestic Solar Water Heating System installed at 'Aakar' Tidalce Colony, Nasik, Maharashtra under intermediary scheme.



IREDA financed 8.4 MW (4.2x2) Wind farm set up in Chitradurga District, Karnataka under Asian Development Bank Line of Credit.

ANNEXURE-III

STATEWISE DISBURSEMENTS DURING LAST FIVE YEARS

[Rs. in Crore]

Sl. No.	Name of State/Union Territory	1997-98	1998-99	1999-2000	2000-01	2001-02	Cumulative since 1987
A. STATES							
1	Andhra Pradesh	38.50	68.64	116.44	232.56	209.52	735.73
2	Assam	0.00	0.21	0.00	0.00	0.00	0.21
3	Bihar	0.08	0.00	0.01	0.16	0.00	0.62
4	Chhattisgarh*	0.00	0.00	0.00	4.64	0.00	4.64
5	Gujarat	18.19	1.77	26.57	26.80	1.55	122.34
6	Haryana	0.07	0.54	0.10	0.00	0.00	4.18
7	Himachal Pradesh	0.66	2.08	2.95	8.44	0.74	16.8
8	Karnataka	51.01	71.86	87.74	69.62	90.40	431.56
9	Kerala	20.69	4.25	5.98	0.07	0.05	44.22
10	Madhya Pradesh	10.30	12.82	20.23	17.65	13.46	100.72
11	Maharashtra	2.39	23.66	85.91	121.79	175.28	426.02
12	National Capital Territory of Delhi	0.75	0.30	0.65	1.91	5.97	10.38
13	Orissa	0.00	12.50	14.47	0.00	0.00	30.78
14	Punjab	0.65	0.15	5.84	3.74	5.15	18.53
15	Rajasthan	0.70	0.97	1.34	6.96	3.01	15.53
16	Tamilnadu	24.78	20.64	47.59	57.98	64.83	652.81
17	Uttar Pradesh	17.32	4.63	11.07	13.88	19.69	84.51
18	West Bengal	0.00	0.72	2.37	10.87	18.05	34.7
	TOTAL 'A'	186.09	225.74	429.26	577.07	607.70	2734.28
B. UNION TERRITORY							
1	Daman	0.04	0.00	0.00	0.00	0.0	1.49
2	Pondicherry	1.13	0.00	0.00	0.00	0.00	1.13
	TOTAL 'B'	1.17	0.00	0.00	0.00	0.00	2.62
	GRAND TOTAL 'A' + 'B'	187.26	225.74	429.26	577.07	607.70	2736.90

* Disbursement has been shown after the date of formation of the new State



Solar Photovoltaic Water Pump installed under MNES Programme for the year 2001-02 through IREDA at Bhatnora Village, Block Bhogpur, Jalandhar District, Punjab.



IREDA financed 42000 LPD Solar Water Heating System installed on the roof of a five star hotel in Chennai, Tamilnadu.

ANNEXURE-IV

SECTORWISE AND YEARWISE DISBURSEMENTS DURING LAST FIVE YEARS

[Rs. in crore]

Sl. No.	Sectors	1997-98	1998-99	1999-2000	2000-01	2001-02	Cumulative since 1987
1	Biomass Briquetting	0.04	1.34	0.52	1.09	0.60	9.70
2	Biomass Co-generation	42.65	38.17	71.28	136.30	131.39	470.02
3	Biomass Gasification	0.56	2.84	0.17	0.00	0.00	3.87
4	Biomass Power Generation	1.46	0.30	46.20	102.43	93.41	271.30
5	Biomethanation from Industrial Effluents	2.68	4.73	3.93	2.59	6.81	57.60
6	Energy Efficiency & Conservation	0.00	12.50	28.80	23.79	10.63	75.72
7	Small Hydro	65.83	70.87	85.02	87.87	63.21	438.79
8	Solar Photovoltaics	19.11	15.68	22.92	60.47	61.56	240.26
9	Solar Thermal	3.43	5.18	4.16	5.49	7.95	38.65
10	Waste to Energy	0.00	0.00	0.00	3.51	0.20	3.71
11	Wind Energy	51.50	74.10	166.00	153.49	231.87	1126.25
12	Miscellaneous	0.00	0.03	0.26	0.04	0.07	1.03
	TOTAL	187.26	225.74	429.26	577.07	607.70	2736.90



IREDA financed 5400 LPD Solar Water Heating System installed in a Resort in Goa.



Shri M. Kannappan, Hon'ble Union Minister for Non-Conventional Energy Sources (Independent Charge) inaugurating the International Workshop on Environment & Energy at Chennai, Tamilnadu.



Launch of IREDA financed ELPRO Energy Centre at Bangalore, Karnataka by Hon'ble Minister of State for Energy, State Government of Karnataka.

ANNEXURE-V

ANNEXURE TO THE DIRECTORS' REPORT

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, 2002.

[As conveyed vide letter No.MAB-II/CAD-1/2001-2002/754 dated 11.12.2002 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi]

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the accounts of INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED for the year ended 31st March, 2002.

(Revathi Bedi)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II

Place: New Delhi
Date: 11.12.2002

Review of Accounts of Indian Renewable Energy Development Agency Ltd. for the year ended 31st March, 2002 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 Auditor's Report.

1. FINANCIAL POSITION

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

	1999-2000	2000-01	2001-02
(Rs. in Crore)			
LIABILITIES			
a) <u>Paid up Capital</u>			
i) Government	196.35	223.35	250.35
ii) Others	0.00	0.00	0.00
b) <u>Reserves & Surplus</u>			
i) Free Reserves & Surplus	54.32	68.78	68.89
ii) Capital Grants	1.74	1.20	9.05
iii) Capital Reserves	87.39	98.83	101.73
iv) NBFC Reserves	6.79	6.79	6.79
BORROWINGS			
c) i) From Government of India	246.55	305.47	415.16
ii) From Financial Institutions	86.00	286.35	503.13
iii) Foreign Currency Loan	112.25	264.70	411.70
iv) Others (Tax free bonds & Loan from ADB, KfW)	436.99	461.00	460.99

	1999-2000	2000-01	2001-02
d) i) Current Liabilities & Provision	144.48	140.82	184.42
ii) Provision for Leave Encashment	0.06	0.10	0.18
Total	1372.92	1857.39	2412.39

ASSETS

e) Gross Block	9.57	9.66	10.00
f) Less: Depreciation	5.19	5.96	6.60
g) Net Block	4.38	3.70	3.40
h) Investments	10.12	10.12	0.12
i) Current Assets, Loans & Advances	1350.98	1839.07	2405.55
j) Misc-expenditure not written off	6.44	4.50	3.32
Total	1371.92	1857.39	2412.39
k) Working Capital [i-d(i)]	1206.50	1698.25	2221.13
l) Avg. Capital Employed	1012.30	1377.34	2096.72
m) Net Worth [a+b(i)-j]	244.23	287.63	315.92
n) Net Worth per rupee of paid-up capital (in rupees)	1.24	1.29	1.26

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:

	1999-2000	2000-01	2001-02
			(in Percentage)
A. Liquidity Ratio	935.07	1305.97	1304.39
Current Ratio (Current Assets to Current Liabilities & provision and interest accrued & due but excluding provision for gratuity/leave encashment [l/d(l)])			
B. Debt Equity Ratios	360.64	458.06	566.91
Long term Debt to [Net worth c(i) to (iii) but excluding short term loans]			
C. Profitability Ratios			
a) Profit before Tax to			
i) Capital employed	3.10	1.98	0.82
ii) Net Worth	12.84	9.48	5.41
iii) Operational Income	27.30	19.34	8.17
b) Profit after Tax to Equity	9.95	10.91	1.82
c) Earning per share (in Rupees) (Face Value Rs. 1000/-)	94.83	72.80	16.39

Earning per share decreased gradually due to increase in share capital and decrease in profit.

3. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 533.15 crores were generated and utilised during 2001-02 as given below:

SOURCES OF FUNDS

Funds from operations:

	(Rs. in Crore)
Profit after Tax	4.55
Less: Miscellaneous income (capital grant)	0.41
	4.14
Add: Depreciation	0.64
Misc Expenses written off	2.28
Bad Debts Written off	21.89
	28.95

Others

World Bank Project Grants	3.64
Issue of Shares	27.00
Increase in Borrowings	473.48
Increase in Provision for leave encashment	0.08
Total	533.15

UTILISATION OF FUNDS

Increase in Fixed Assets	0.34
Increase in working capital	522.89
Dividend proposed (including tax)	9.92
Total	533.15

4. WORKING RESULTS

(Rs. in Crore)

	1999-2000	2000-01	2001-02
1. Income	135.92	164.12	225.87
2. Profit(+) Loss(-) before Tax and Prior period Adjustments	31.68	27.20	16.96
3. Prior period Adjustments	-0.33	0.06	0.13
4. Profit(+) Loss(-) before Tax	31.35	27.26	17.09
5. Tax Provision (Net)	11.81	11.00	12.98
6. Profit after Tax and available for appr.	19.54	24.37	4.11
7. Proposed dividend including dividend tax	6.88	9.92	4.00

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, 2002:

(Rs. in Crore)

Year	Balance outstanding at the beginning of the year				Loans disbursed during the year	Interest for the year on outstanding loans	Repayments received during the year	Amount outstanding at the end of the year			
	Repayments outstanding but not due	Repayment due	Total	Interest accrued and due				Repayment outstanding but not due	Repayment due	Total	Interest accrued and due
1998-99	623.96	27.36	651.32	4.58	226.30	92.54	108.23	720.67	48.72	769.39	14.59
1999-2000	720.67	48.72	769.39	14.59	429.69	113.80	127.82	1006.89	64.37	1071.26	12.09
2000-01	1006.89	64.37	1071.26	12.09	577.07	140.79	143.73	1396.90	107.85	1504.75	7.69
2001-02	1396.90	107.85	1504.75	7.69	607.70	210.95	147.30	1761.31	182.25	1943.56	12.29

Place: New Delhi
Date: 11.12.2002

(Revathi Bedi)
Principal Director of Commercial Audit
& Ex-Officio Member Audit Board-II

Addendum

Annexure to the Directors' Report

Comments of IREDA's Management on Statutory Audit Report [Required under Section 217(3) of the Companies Act, 1956] for the financial year 2001-02

Sl. No.	Auditors' Report	Management Reply
2	Office Equipments includes assets with W.D.V. Rs.17176/- which are not in the possession of the Company. (Refer Note No. 8 of the Schedule 'Q')	IREDA has been regularly pursuing for collection of the items from the Hon'ble Ex-Minister of State for Non-Conventional Energy Sources.

3(i)(a) In respect of Accounting Policy No. 2 (i) (b) to 2 (i) (f) relating to accounting of liquidated damages, prepayment premium, front-end-fee, one time service charges in respect of MNES Programmes and expenditure on ex-gratia in lieu of bonus on cash basis, amount unascertainable (refer note no. 7)

Front-end-Fee

The front-end-fee is collected at the prescribed rate as per the Financing Guidelines of IREDA. It may be noted that the front-end-fee is 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. It cannot be accounted for on accrual basis as there is no period involved over which it accrues.

Service Charges

For the programmes managed by IREDA on behalf of Ministry of Non-Conventional Energy Sources (MNES), IREDA is eligible for lump sum one-time service charges as well as annual service charges @ 2.5% of the amount recovered including interest. The lump sum service charge is due as and when Memorandum of Understanding (MoU) is signed with MNES and the service charges are received along with the first installment of the grant/funds, which is accounted on receipt basis as per past practice consistently. The duration of the programme is subject to extension of time granted by MNES depending upon the implementation of the Programme, as such, it cannot be accounted for on accrual basis.

Pre-payment premium

It may be noted that pre-payment premium is received/receivable when a borrower prepays the loan. Some times, after the prepayment, if IREDA demands for the premium, borrower may take back the loan and as such it depends upon the borrower's decision. Some times, prepayment may be made in one financial year (FY) but borrower may decide to take back the loan in next FY. In case IREDA insists on payment of prepayment premium, taking back may also result in changes

in income tax calculations. There was no prepayment premium overdue (previous year – Rs.1,20,57,866) from the borrowers as on 31st March, 2002 who have prepaid the loan during the year 2001-02. The premium outstanding as at the end of the previous year was also received.

Liquidated damages

As per IREDA loan terms, defaulting borrowers are liable to pay liquidated damages. Some of the borrowers dispute the charging of liquidated damages later because of various reasons like postal delays, intervening holidays, delays in telegraphic transfers by banks, etc. Thus, there is uncertainty on payment of the liquidated damages as these are subject to settlement with the borrowers. If the liquidated damages are accounted and these are disputed, it may result in accounting of income not likely to be received. Therefore, to avoid this, liquidated damages are being accounted on cash basis consistently.

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. As the directions are not received before the finalization of accounts, it is not possible to account it on actual basis.

Interest on Income Tax and Interest Tax Refunds

The refund determined under section 143(1) of the Income Tax Act, 1961 are not final and can undergo changes if the assessment under Section 143(3) is undertaken. Therefore, any interest assumed to have accrued on the refunds determined under section 143(1) may also undergo changes. Hence, the same are accounted on cash basis. As regards interest on interest tax refunds are concerned, though determined, the same have not been received in spite of follow up and, therefore, the interest accrued on the same have also been accounted on cash basis. The interest income not accounted on accrual basis as on 31.3.2002 in respect of income tax is

3(i)(b) In respect of Accounting Policy No. 2 (i)(g) relating to income from interest on refund of income tax and interest tax amounting to Rs.1,28,54,640 and Rs.16,11,928 respectively on cash basis resulting in understatement of profit by Rs.1,44,66,568 and understatement of current assets by 1,44,66,568 (refer note No. 7

Rs.1,28,54,640 (Previous year – Nil) and interest tax is Rs.16,11,928 (Previous Year – Rs.13,32,876).

3(i)(c) In respect of Accounting Policy No. 5 relating to insurance claims which are accounted for as and when admitted by the insurer, amount unascertainable.

The movable and immovable assets of IREDA are insured against various risks. In case of theft, damages to the assets which are insured, claim are lodged with the insurers. Generally, it takes considerable time for the insurance company to settle the claim. Moreover, there will be vast difference between the claim lodged and the claim settled by the Insurance Company. Once the claim lodged is accounted as income and subsequently, the insurance company settles the claim for a lower amount, it affects the profitability resulting in filing revised return etc. In view of this insurance claims are accounted as and when admitted by the insurers.

3(i)(c) Valuation of security for making provision for non performing assets in doubtful cases is not based on realizable value of security. The consequential financial impact on the profit & loss as well as on loans & advances is not ascertainable. (Refer Note No. 11 of Schedule 'Q')

The realizable 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 realizable value of the assets has been taken for the purpose of providing for Non-Performing Assets (NPA). This method is followed consistently, which is in order.

3(i)(c) Conveyance deeds in respect of residential and office premises are yet to be executed in favour of the Company. Depreciation has been charged on composite cost of land and building. The consequential financial impact on profit & loss as well as fixed assets is not ascertainable. (Refer Note No. 6 (i) of Schedule 'Q')

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 and HPL can enter into an 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.

The Accounting Policies will be reviewed keeping in view the audit observations and suitable changes will be made wherever possible.



IREDA financed 4 MW Biomass Power Project set up at C M Koppal Village, Mallavalli Taluk, Mandya District, Karnataka.



10 Wp Solar Lantern procured by a hospital in Kerala under SPV Market Development Programme of the World Bank line of credit.



IREDA financed 1 MW Biomethanation industrial effluents Power Project set up at Shreepur, Malshria Tehsil, Solapur District, Maharashtra.

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, 2002 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 to the extent applicable to the Company.
2. Office Equipments includes assets with W.D.V. Rs. 17,176 which are not in the possession of the Company [Refer note No. 8 of Schedule 'Q'].
3. Further to our comments in the Annexure referred to in paragraph 1 above:
 - i. The "Significant Accounting Policy" of the Company is not in accordance with the requirements of Section 209(3) (b) of the Companies Act, 1956 as well as the

Accounting Standard (AS-9)- Revenue recognition issued by the Institute of Chartered Accountants of India though consistently followed:

- a) in respect of Accounting Policy No. 2(i) (b) to 2 (i) (f) relating to accounting of liquidated damages, prepayment premium, front-end-fee, one time service charges in respect of MNES Programmes and expenditure on ex-gratia in lieu of bonus on cash basis, amount unascertainable (refer note no. 7).
- b) in respect of Accounting Policy No. 2(i) (g) relating to income from interest on refund of income tax and interest tax amounting to Rs.1,28,54,640 and Rs.16,11,928 respectively on cash basis resulting in understatement of profit by Rs.1,44,66,568 and understatement of current assets by Rs.1,44,66,568 (refer note no. 7)
- c) in respect of Accounting Policy No. 5 relating to insurance claims which are accounted for as and when admitted by the insurer, amount unascertainable.
- ii. Valuation of security for making provision for non-performing assets in doubtful cases is not based on realisable value of security. The consequential financial impact on the profit & loss as well as on loans & advances is not ascertainable [Refer Note No. 11 of Schedule 'Q'].
- iii. Conveyance deeds in respect of residential & office premises are yet to be executed in favour of the Company. Depreciation has been charged on composite cost of land and building. The consequential financial impact on profit & loss as well as fixed assets is not ascertainable [Refer Note No. 6 (i) of Schedule 'Q'].

Subject to our comments in para 3(i) to 3(iii) above, without considering items mentioned in para 3(i) (a), 3(i) (c), 3(ii) and 3(iii) the effect of which could

not be determined, had the observation made by us in para 3(i) (b) above been considered, the profit for the year would be Rs. 185,338,487 (as against reported figure of Rs. 170,871,919), reserves and surplus would have been Rs. 1,788,586,470 (as against reported figure of Rs. 1,774,119,902) and current assets would have been Rs. 4,673,866,040 as against reported figure of Rs. 4,659,399,472):

- 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 & Loss Account dealt with by this report are in agreement with the books of account;
- d) in our opinion, Balance Sheet and Profit & Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 in so far as they are applicable to the Company except as referred to in para 3(i) above;

- e) the provision of Section 274(1) (g) of the Companies Act, 1956 are not applicable to the Company as per circular No. 2/5/2001-CLV General Circular No. 8/2002 dated 22.3.2002 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs ;
- f) in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with Accounting Policies and Notes given in Schedule "Q" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2002; and
 - ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

for GIANENDER & ASSOCIATES
Chartered Accountants

(G.K. AGRAWAL)
PARTNER

Place : New Delhi
Dated : 30.10.2002

Annexure referred to in Paragraph 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information given to us, physical verification of assets was conducted by the management at the year end and no major discrepancies have been noticed on such physical verification except as mentioned in para 2 above read with Note No. 8 of Schedule "Q". The frequency of physical verification according to us is reasonable.
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 the companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
4. The Company has not granted any loan to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
5. The parties to whom loans or advances in the nature of loans have been granted by the Company are generally repaying the principal amounts as stipulated and are also generally regular in the payment of interest. In cases, where the instalments of principal and/or interest are not received as stipulated, reasonable steps have been taken for their recovery. Normally these steps consist of one time settlement/rescheduling/restructuring the loan or interest and in some cases resorting to legal remedies for recovery.

The Company has also granted loans to employees, who are repaying the principal amounts as stipulated and are also generally regular in the payment of interest.
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 the nature of its business

with regard to purchase of fixed assets.

7. The Company has not accepted any deposit from the public within the meaning of Section 58 A of the Companies Act, 1956.
8. The Company has engaged a firm of Chartered Accountants for Internal Audit. In our opinion, the internal audit system broadly commensurates with the size of the Company and the nature of its activities.
9. As per the records of the Company, the Provident Fund dues have been regularly deposited during the year with the appropriate authorities. As informed to us, the Employees State Insurance Scheme is not applicable to the Company.
10. As per the records of the Company and according to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, and Interest Tax were outstanding as at 31st March, 2002 which are due for a period of more than six months from the date they become payable.
11. As per the records of the Company and according to the information and explanations given to us, no personal expenses have been charged to Profit & Loss Account other than those payable under contractual obligations or in accordance with generally accepted business practice.
12. In respect of financing activities read with Note No. 15 of Schedule "Q" relating to execution of final security documents which are in the process of being completed by the constituents, 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 Government Securities and shares of Units financed, proper records have been maintained and these are held in the name of the Company.

for GIANENDER & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 30.10.2002

(G.K. AGRAWAL)
PARTNER

AUDITORS' REPORT PURSUANT TO NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 1998

To
The Board of Directors,
Indian Renewable Energy
Development Agency Limited
New Delhi

We have audited the annexed Balance Sheet of INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED as at 31st March, 2002 and report that:-

- (A) Pursuant to the Company's application for registration as per provisions of Section 45-1A of the Reserve Bank of India Act, 1934, the Reserve Bank of India has issued certificate of registration on 10th February, 1998;
- (B) The Board of Directors has passed a resolution by circulation on 17th April, 2001 that the Company will not accept any public deposit in future without the prior approval of Reserve Bank of India;
- (C) The Company has not accepted any public deposit during the year ended 31st March, 2002;

(D) Subject to Note No. 11 regarding basis of valuation of securities for doubtful debts, the Company has complied with the accounting standards, prudential norms relating to income recognition; asset classification and provisioning for the bad and doubtful debts as per norms applicable to term lending institutions.

(E) As stated in Note No. 25 there is delay in implementation of guidelines issued by the Reserve Bank of India on Assets and Liability Management (A L M) system which are required to be implemented by all the Non-Banking Financial Companies (NBFCs)

for GIANENDER & ASSOCIATES
Chartered Accountants

(MANJU AGRAWAL)

PARTNER

Place: New Delhi
Date: 22nd November, 2002

Comments of IREDA's Management on Auditors Report Pursuant to Non Banking Financial Companies Auditors Report (Reserve Bank) Directions, 1998 for the financial year 2001-02

Sl. No.	Auditors' Report	Management Reply
(E)	As stated in Note No. 25 there is delay in implementation of guidelines issued by the Reserve Bank of India on Assets and Liability Management (ALM) system which are required to be implemented by all the Non Banking Financial Companies (NBFCs).	The guidelines issued by the Reserve Bank of India (RBI) on Asset and Liability Management (ALM) System are required to be implemented by all the Non Banking Financial Companies (NBFCs). The Guidelines stipulate that the NBFCs may commence the trial run of the system during the period ending 30th September, 2001 and it is to be fully operational by the year ending 31st March, 2002. As required, Asset Liability committee (ALCO) has been constituted and communicated to Reserve Bank of India. The implementation of the system requires positioning of software in IREDA. A Consultant is engaged to develop the software and implement the ALM system. The system engineers from the Consultant are already stationed at IREDA w.e.f. 25th November, 2002 to inter-link the ALM System with the main financial system. It is expected that the ALM System shall be fully operational by 31st December, 2002.



IREDA financed 6 MW Biomass Co-generation Project set up at Nellore District of Andhra Pradesh.

BALANCE SHEET

AS AT 31ST MARCH, 2002

	SCHEDULE	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,503,500,000	2,233,500,000
Reserves and Surplus	B	1,774,119,902	1,753,216,712
Capital Grants	C	90,524,097	76,068,497
Loan Funds			
Secured Loans	D	9,641,215,000	7,473,430,000
Unsecured Loans	E	8,268,667,117	5,701,732,689
		<u>22,278,026,116</u>	<u>17,237,947,898</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	99,965,593	96,610,930
Less : Depreciation		65,987,478	59,618,613
Net Block		<u>33,978,115</u>	<u>36,992,317</u>
Investments	G	1,200,000	101,200,000
Current Assets, Loans & Advances			
Current Assets	H	4,659,399,472	3,140,848,288
Loans & Advances	I	19,396,248,864	15,249,861,609
		<u>24,055,648,336</u>	<u>18,390,709,897</u>
Less : Current Liabilities & Provisions			
Current Liabilities	J	1,394,392,730	966,925,180
Provisions	K	451,592,009	369,057,467
		<u>1,845,984,739</u>	<u>1,335,982,647</u>
Net Current Assets		<u>22,209,663,597</u>	<u>17,054,727,250</u>
Miscellaneous Expenditure			
(to the extent not written off or adjusted)		33,184,404	45,028,331
		<u>22,278,026,116</u>	<u>17,237,947,898</u>

Accounting Policies and Notes on Accounts Q

As per our Report of even date
For Gianender & Associates
Chartered Accountants

G K Agrawal
Partner

Ajai Vikram Singh
Chairman

DR V Bakthavatsalam
Managing Director

Place : New Delhi
Date: 30.10.2002

T Prabakaran
Director (Finance)

R K Sachdeva
Company Secretary

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH, 2002

	SCHEDULE	Year ended 31.3.2002 Rs.	Year ended 31.3.2001 Rs.
INCOME			
Income from operations	L	2,091,387,669	1,424,383,062
Other Income	M	167,346,055	216,834,021
		<u>2,258,733,724</u>	<u>1,641,217,083</u>
EXPENDITURE			
Personnel	N	45,748,737	41,463,353
Administrative and Others	O	38,863,073	52,141,217
Depreciation		6,377,101	8,237,582
Finance Charges	P	1,597,793,360	1,129,803,574
Contribution to Exchange Risk Administration Fund		9,150,900	—
General Provision for Standard Assets		11,053,399	9,929,922
Provision for Bad & Doubtful debts		161,191,861	127,661,260
Bad debts written off		218,937,832	—
		<u>2,089,116,263</u>	<u>1,369,236,908</u>
PROFIT FOR THE YEAR		<u>169,617,461</u>	<u>271,980,175</u>
Prior period Adjustments (net)		1,254,458	612,157
PROFIT BEFORE TAX		<u>170,871,919</u>	<u>272,592,332</u>
Provision for Taxation		129,831,000	110,000,000
PROFIT AFTER TAX		<u>41,040,919</u>	<u>162,592,332</u>
Add : Balance in Profit & Loss Account brought from Previous Year		4,354,934	—
: Excess Provision written back		—	—
- Income Tax		—	81,156,485
- Others		105,605	—
PROFIT AVAILABLE FOR APPROPRIATION		<u>45,501,458</u>	<u>243,748,817</u>
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		—	90,805,000
Proposed Dividend		40,000,000	90,000,000
Dividend Tax & Surcharge		—	9,180,000
General Reserve		—	50,000,000
Surplus carried to Balance sheet		<u>5,501,458</u>	<u>3,763,817</u>
		<u>45,501,458</u>	<u>243,748,817</u>

Accounting Policies and Notes on Accounts Q

As per our Report of even date
For Gianender & Associates
Chartered Accountants

G K Agrawal
Partner

Ajai Vikram Singh
Chairman

DR V Bakthavatsalam
Managing Director

Place : New Delhi
Date: 30.10.2002

T Prabakaran
Director (Finance)

R K Sachdeva
Company Secretary

SCHEDULES

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
A. SHARE CAPITAL		
Authorised		
30,00,000 (30,00,000) Equity Shares of Rs. 1,000 each	3,000,000,000	3,000,000,000
Issued, Subscribed & Paid up		
2503500 (2233500) Equity Shares of Rs. 1,000 each fully paid up	2,503,500,000	2,233,500,000
	2,503,500,000	2,233,500,000
B. RESERVES & SURPLUS		
Capital Reserve :		
Grant-in-Aid from :		
Government of Netherlands	167,858,986	167,858,986
World Bank - GEF Project Grant	793,570,095	793,583,534
World Bank - SDC Project Grant	45,914,000	26,900,800
MNES - Co-generation Specific Project Grant	9,942,399	9,185,494
	1,017,285,480	997,528,814
Special Reserve under section 36(1)(viii) of the Income-tax Act, 1961		
(A) Created up to 31.3.97	119,573,145	119,573,145
(B) Additions after 31.3.97	308,367,000	217,562,000
Addition During the Year	—	90,805,000
	427,940,145	427,940,145
NBFC Reserve as per RBI Norms	67,933,276	67,933,276
	67,933,276	67,933,276
Debenture Redemption Reserve	177,459,543	177,459,543
General Reserve		
Balance from Previous year	78,000,000	28,000,000
Addition(+)/Deduction(-) during the year	—	50,000,000
	78,000,000	78,000,000
Surplus :		
Balance from Previous year	4,354,934	591,117
Less: Transferred to Profit & Loss Account	4,354,934	—
Add: Transferred from Profit & Loss A/c	5,501,458	3,763,817
	5,501,458	4,354,934
	1,774,119,902	1,753,216,712

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
C. CAPITAL GRANT		
Capital Grants from World Bank for purchase of Fixed Assets		
Balance from Previous year	12,035,421	17,432,808
Received during the year	1,907,256	—
	13,942,677	17,432,808
Less : Transferred to Miscellaneous Income	4,062,656	5,397,387
	9,880,021	12,035,421
UNDP Hilly Hydro Capital Grant	80,644,076	64,033,076
	90,524,097	76,068,497
D. SECURED LOANS		
Tax Free Bonds		
(Secured by negative lien on assets of the Company)		
10% Tax Free Secured Redeemable Energy Bonds (Series II - 1994-95)		
Redeemed at par after the expiry of 7 years i.e. on 21.03.2002	—	1,000,000
10.5% Tax Free Secured Redeemable Energy Bonds (Series II - 1994-95)		
Redeemed at par after the expiry of 7 years as under :		
Tranche I on 21.3.2002	—	150,000,000
Tranche II on 24.3.2002	—	100,000,000
Tranche III on 30.3.2002	—	199,000,000
Tranche IV on 31.3.2002	—	50,000,000
10.5% Tax Free Secured Redeemable Energy Bonds (Series III - 1995-96)		
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 - 1996-97)		
Redeemable at par after the expiry of 7 years, as under :		
Tranche I on 1.1.2004	410,000,000	410,000,000
Tranche II on 27.3.2004	298,540,000	298,540,000
Tranche III on 31.3.2004	201,380,000	201,380,000
9.5% Tax Free Secured Redeemable Energy Bonds (Series V - 1997-98)		
Redeemable at par after the expiry of 7 years as under :		
Tranche I on 17.2.2005	250,000,000	250,000,000
Tranche II on 23.2.2005	250,000,000	250,000,000
Tranche III on 23.3.2005	500,000,000	500,000,000
10.5% Tax Free Secured Redeemable Energy Bonds (Series VI - 1998-99)		
Redeemable at par after the expiry of 7 years as under :		
Tranche I on 22.12.2005	310,000,000	310,000,000
Tranche II on 05.01.2006	190,000,000	190,000,000
Tranche III on 16.03.2006	300,000,000	300,000,000
Tranche IV on 17.03.2006	100,000,000	100,000,000
Put/call option is available at the end of 5 years.		

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
10% Tax Free Secured Redeemable Energy Bonds (Series VII- 1999-2000)		
Redeemable at par after the expiry of 7 years i.e. on 1.10.2006	500,000,000	500,000,000
8.50% Tax Free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 30.8.2007	100,000,000	100,000,000
8.75% Tax Free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 31.8.2007	100,000,000	100,000,000
9% Tax Free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 1.9.2007	300,000,000	300,000,000
8.75% Tax Free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years as under :		
Tranche I on 20.11.2008	100,000,000	—
Tranche II on 15.12.2008*	300,000,000	—
* Put/call option is available at the end of 5 years.		
8.50% Tax Free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years as under :		
Tranche I on 20.11.2008	100,000,000	—
Put/call option is available at the end of 5 years.		
Bank Loans		
Bank of Baroda Rupee Loan (secured by US\$ deposit)	2,533,795,000	2,295,510,000
Canara Bank Rupee Loan (secured by EURO deposit)	1,139,500,000	318,000,000
State Bank of India Term Loan (secured by charge on the book debts)	750,000,000	250,000,000
Oriental Bank of Commerce Term Loan (secured by charge on the book debts)	500,000,000	—
Canara Bank Term Loan (secured by charge on the book debts)	108,000,000	—
	9,641,215,000	7,473,430,000
E. UNSECURED LOANS		
A. Loans Guaranteed by the Government of India		
From		
Asian Development Bank	2,736,925,099	2,332,262,189
KfW-Germany	1,343,498,129	314,737,500
IBRD	36,600,000	—
B. Government Loans		
Against		
IDA Credit-Renewable Resources Development Project	3,614,643,889	3,054,733,000
IDA Credit- Second Renewable Energy Project	537,000,000	—
	8,268,667,117	5,701,732,689

F. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				AMOUNT IN RS.	
	As at 1.4.2001	Additions during the year	Disposals/ written off during the year	As at 31.03.2002	As at 1.4.2001	For the year	Disposals/ written off during the year	As at 31.03.2002	As at 31.03.2002	As at 31.03.2001
Buildings-residential- leasehold	4,143,149	—	—	4,143,149	1,215,204	146,397	—	1,361,601	2,781,548	2,927,945
Buildings-office-leasehold	26,410,058	—	—	26,410,058	7,372,694	951,868	—	8,324,562	18,085,496	19,037,364
Office Equipment	7,057,384	50,285	12,998	7,094,671	3,156,673	543,543	8,236	3,691,980	3,402,691	3,900,711
Computers	50,493,692	2,004,962	—	52,498,654	42,051,880	4,025,430	—	46,077,310	6,421,344	8,441,812
Furniture & Fixtures	5,577,433	892,291	—	6,469,724	3,912,773	313,957	—	4,226,730	2,242,994	1,664,660
Vehicles	1,445,961	—	—	1,445,961	426,136	264,033	—	690,169	755,792	1,019,825
Library	1,483,253	131,873	—	1,615,126	1,483,253	131,873	—	1,615,126	—	—
Total A	96,610,930	3,079,411	12,998	99,677,343	59,618,613	6,377,101	8,236	65,987,478	33,689,865	36,992,317
Previous year	95,702,691	1,483,854	575,615	96,610,930	51,892,080	8,237,582	511,049	59,618,613	36,992,317	43,810,611
Capital Work In Progress	—	288,250	—	288,250	—	—	—	—	288,250	—
Total B	—	288,250	—	288,250	—	—	—	—	288,250	—
Previous year	—	—	—	—	—	—	—	—	—	—
Total A+B	96,610,930	3,367,661	12,998	99,965,593	59,618,613	6,377,101	8,236	65,987,478	33,978,115	36,992,317
Previous year	95,702,691	1,483,854	575,615	96,610,930	51,892,080	8,237,582	511,049	59,618,613	36,992,317	43,810,611

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
G. INVESTMENT		
Quoted		
10.85% Govt of India securities (2001) at face value	—	100,000,000
Market value Rs Nil (Previous year Rs 100,58,000)		
Unquoted		
1,68,000 Equity shares of Rs.10/- each,including 48,000 equity shares allotted as bonus shares (Previous Year 1,68,000) in MP Wind Farms Ltd fully paid up	1,200,000	1,200,000
	1,200,000	101,200,000

H. CURRENT ASSETS

1. Cash and Bank balances

Cash in hand (imprest)	601	154,142
Bank balances with Scheduled Banks		

A) In Current Account

- IREDA	310,021,840	68,947,597
- MNES	9,728	14,670,987
- UNDP	5,752,720	16,472,876
- KfW - Disposition Fund-Canara Bank	5,340	—

B) In Deposit Account

a) - INR-Short term Deposit		
- IREDA	500,000	258,900,000
- MNES	13,230,000	67,450,000
- MNES - NETCOF	21,643,603	20,000,000
b) Foreign Currency Deposit		
- Dollar Deposit	2,791,981,463	2,326,593,851
- EURO Deposit	1,345,515,132	314,736,271

C) Cheques Under Collection

	127,892,139	—
	4,616,552,566	3,087,925,724

2. Interest accrued but not due on Loans and Deposits

- On Loans	22,643,555	20,141,408
- On Short term deposit with banks	—	37,666
- On Govt. Securities	—	1,843,014
- On \$ Deposit with Bank of Baroda	10,838,971	26,965,223
- On \$ Deposit with Canara Bank	13,450	—
- On EURO Deposit with Canara Bank	9,350,930	3,935,253
	4,659,399,472	3,140,848,288

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
I. LOANS & ADVANCES		
Loans to Constituents		
IREDA		
As per last balance sheet	14,846,156,453	10,469,335,718
Add : Transfer from other Advances	1,861,794	1,337,000
Add : Disbursements during the year	5,959,507,591	5,606,060,939
	20,807,525,838	16,076,733,657
Less: Loan Written off	217,700,056	—
Less :Repayment during the year	1,331,533,395	1,230,577,204
	19,258,292,387	14,846,156,453
Add :Funded Interest Term Loan	159,076,533	60,788,039
Add : Incidental Charges of NPA	8,712,991	5,524,386
Less : Incidental Charges of Loan Written off	1,237,776	—
	19,424,844,135	14,912,468,878
Interest Accrued and due on Loans	122,973,727	76,872,682
Loans to Employees	12,070,342	11,798,280
Sub Total-I	19,559,888,204	15,001,139,840
Advances (Unsecured, considered good) (Recoverable in cash or in kind or for value to be received)		
Security Deposits	553,180	488,110
Staff Advances	851,045	736,127
Advance Tax	263,812,022	232,300,000
Others	31,109,867	289,968,035
Sub Total-II	296,326,114	523,492,272
Total III = (I+II)	19,856,214,318	15,524,632,112
Less: Provision for Bad & doubtful debts (Only IREDA)	637,328,269	476,136,408
Total Loans to constituents IREDA	19,218,886,049	15,048,495,704
MNES		
As per last balance sheet	201,365,905	243,292,410
Add : Transfer from other Advances	65,471	145,117
Add : Disbursements during the year*	117,544,308	164,598,642
Less : Repayment during the year	141,481,927	206,670,264
Total Loans to constituents MNES	177,362,815	201,365,905
* includes MNES Subsidy of Rs 9,99,94,508 pertaining to SPV Water Pumping programme (Previous year-Rs 10,23,31,552)		
Total Loans to constituents IREDA & MNES	19,396,248,864	15,249,861,609
Particulars of loan & Advances :		
IREDA		
- Loans considered good in respect of which Company is fully secured	17,098,832,498	11,958,274,109
- Loans considered good in respect of which Company holds no security other than personal security of the borrower	1,319,417,540	2,702,423,923
- Loans considered doubtful	1,437,964,280	863,934,080
	19,856,214,318	15,524,632,112
Less: Provision for Bad & doubtful debts (IREDA Only)	637,328,269	476,136,408
	19,218,886,049	15,048,495,704

PARTICULARS	As at 31.3.2002 Rs.	As at 31.3.2001 Rs.
MNES		
- Loans considered good in respect of which Company is fully secured	76,491,660	85,337,326
- Loans considered good in respect of which company holds no security other than personal security of the borrower	32,205,284	47,362,708
- Loans considered doubtful	68,665,871	68,665,871
	177,362,815	201,365,905
GRAND TOTAL	19,396,248,864	15,249,861,609
- Due from Directors of the Company	528,683	230,236
- Due from other officers of the Company	12,392,703	12,304,171
- Maximum amount due at any time during the year from Directors of the Company	1,077,174	707,480
- Maximum amount due at any time during the year from officers of the Company	12,771,429	17,198,680
J. CURRENT LIABILITIES		
Sundry Creditors	1,843,204	1,739,309
MNES Programme Funds	609,647,175	612,277,638
UNDP Programme Funds	4,719,644	15,439,800
Interest accrued but not due	384,491,215	288,361,112
MNES- NETCOF	21,643,603	20,000,000
Other Liabilities	66,607,901	29,107,321
Book Overdraft (IREDA)	305,439,988	—
	1,394,392,730	966,925,180
K. PROVISIONS		
For Standard Assets	42,623,533	31,570,134
For Income-tax	367,131,000	237,300,000
For Proposed Dividend	40,000,000	90,000,000
For Dividend-tax & Surcharge	—	9,180,000
For Leave Encashment	1,837,476	1,007,333
	451,592,009	369,057,467
L. INCOME FROM OPERATIONS		
Interest on Loans	2,109,520,865	1,407,909,786
Less : Rebate on Interest	97,689,636	69,343,096
Less : Special Incentive	653,875	1,119,459
	2,011,177,354	1,337,447,231
Front-end-Fee	60,831,488	67,715,712
Application Fee	3,489,642	2,860,000
Prepayment Premium	14,851,946	14,980,858
MNES Service Charges	1,037,239	1,379,261
	2,091,387,669	1,424,383,062

PARTICULARS	For the Year ended 31.3.2002 Rs.	For the Year ended 31.3.2001 Rs.
M. OTHER INCOME		
Interest on Deposits		
- On STD	23,114,423	32,595,883
- On US\$ Deposit	104,360,348	103,449,420
- On EURO Deposit	28,205,390	7,299,145
	<u>155,680,161</u>	<u>143,344,448</u>
Interest on Govt. Securities	3,581,986	10,850,000
Interest on Staff Loan	1,183,937	1,152,373
Service charges UNDP Programme Fund	729,806	1,582,083
Interest on Income Tax Refund	2,095,709	53,806,052
Profit on sale of Assets	—	2,459
Miscellaneous income - Transfer from Capital Grant	4,062,656	5,397,387
Miscellaneous income - Others	11,800	699,219
	<u>167,346,055</u>	<u>216,834,021</u>
N. PERSONNEL EXPENSES		
Salaries, Wages and other amenities	36,858,689	30,094,934
Contribution to Gratuity and Provident Fund	2,854,206	2,351,757
Contribution to Benevolent fund	71,150	1,062,930
Human Resource Development	588,695	947,900
Staff Welfare	5,338,111	6,629,740
Recruitment	37,886	376,092
	<u>45,748,737</u>	<u>41,463,353</u>
O. ADMINISTRATIVE EXPENSES		
Business Promotion	3,446,036	5,116,895
Conveyance & Travelling	11,716,650	8,482,702
Donation	—	2,471,561
Electricity & Water Charges	142,038	118,297
Information & Dissemination	5,060,983	8,820,652
Insurance	201,882	112,443
Legal & Professional Fee	3,968,274	4,418,097
Loss on Sale of Fixed Assets	3,944	—
Newspapers and Periodicals	951,873	1,058,760
Office Maintenance	1,371,042	1,445,926
Office rent	1,731,855	1,102,981
Postage Telegram & Telephone	2,851,641	2,791,752
Printing and Stationery	2,663,273	3,043,041
Rates & Taxes	46,864	374,107
Repair & Maintenance	2,718,175	2,319,359
Filing Fee	6,050	9,258,600
Difference in Exchange	490,889	370,249
Miscellaneous	1,491,604	835,795
	<u>38,863,073</u>	<u>52,141,217</u>

PARTICULARS	For the Year ended 31.3.2002 Rs.	For the Year ended 31.3.2001 Rs.
P. FINANCE CHARGES		
Interest on Borrowings		
- on Bonds	476,383,477	464,977,354
- on Loans	1,042,507,761	597,280,723
	<u>1,518,891,238</u>	<u>1,062,258,077</u>
Other Finance Charges		
Miscellaneous Expenditure written off	22,843,927	22,884,879
Bond Trusteeship fee	916,637	889,127
Bank Charges	129,467	175,872
Commitment fee		
- ADB	16,021,629	21,231,287
- KfW - Germany	4,612,550	6,320,056
- IBRD	9,632,098	4,413,528
GOI Guarantee Fee		
- ADB	16,253,758	9,823,179
- KfW - Germany	8,471,726	1,807,569
- IBRD	20,330	—
	<u>78,902,122</u>	<u>67,545,497</u>
	<u>1,597,793,360</u>	<u>1,129,803,574</u>
Q. ACCOUNTING POLICIES & NOTES ON ACCOUNTS		
A. SIGNIFICANT ACCOUNTING POLICIES:		
(1) General		
The financial statements are prepared on the historical cost basis and conform to the statutory provisions and practices prevailing in the country.		
(2) Revenue Recognition		
(i) Income and expenses are accounted for on accrual basis except the following, which are accounted for on cash basis:		
(a) Income on Non-Performing Assets of IREDA where (i) interest is due for 180 days or more or (ii) loan installments of principal are due for 180 days or more on the Balance Sheet date. Such income are recognized on realization basis.		
(b) Additional interest charged by way of liquidated damages for default in payment of installment/ interest within the stipulated time.		
(c) Prepayment premium received on loan.		
(d) Front-end-fee at stipulated rate collected from the borrowers.		
(e) One time service charges in respect of MNES Programmes.		
(f) Ex-gratia in lieu of bonus paid as per the directions of Government of India.		
(g) Income from interest on refund of income tax and interest tax		
(ii) Loan/ Bond issue expenses such as Front-end Fee/ Arranger's fee, Stamp duty, etc., are written off during the tenure of the loan/ bond.		

- (iii) The up-front interest subsidy received from MNES is appropriated and accounted for as income on due basis proportionately. The difference between the interest subsidy due for the quarters and the amount apportioned is debited to the interest income.

(3) Foreign Currency Transactions

Monetary assets, liabilities and undrawn interest on Special Dollar Deposit Account/Dollar Deposit Accounts with State Bank of India, Bank of Baroda and Canara Bank and Euro deposit account with Canara Bank are translated at applicable FEDAI 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 and accounted as per the guidelines issued by ICAI.

(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) Insurance Claims

Insurance claims are accounted for as and when admitted by the insurer.

(6) Investments

- Investment in equity shares of units financed are classified as Long Term and valued at cost.
- Investment in Government Securities made in compliance with RBI guidelines for NBFC are intended to be held till maturity. These too are classified as Long Term investment.
- The investments in Government Securities are valued as per RBI guidelines.

(7) Asset Classification and Provisioning

IREDA is registered and classified as Loan company as per Non-Banking Financial Companies (Reserve Bank) Directions, 1998. The Company was 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 upto 31.3.1999. Vide Notification No. DNBS.135/CGM(VSNM)-2000 dated 13th January, 2000, Reserve Bank of India issued directions that the provisions contained in Notification No. DFC.119/DG(SPT)/98 dated 31st January, 1998 shall not apply to an NBFC being a Government Company as defined under Section 617 of the Companies Act, 1956. However, the Board of Directors in its 118th meeting held on 28th April, 2000 decided to follow the prudential norms issued by Reserve Bank of India to the term lending institutions. MNES vide letter dated 5th March, 2002 has conveyed the recommendations of the committee constituted by it for formulation of prudential norms/guidelines for IREDA in respect of income recognition, asset classification, provisioning and other related matters for IREDA's compliance. As per the recommendations, IREDA may continue to be Non-Banking Financial Company registered with Reserve Bank of India and follow the guidelines in case of income recognition, asset classification and provisioning issued by Reserve Bank of India for financial institutions and comply with the disclosure requirements as contained in RBI circulars, as amended from time to time.

- (8) Loans secured against Hypothecation, English Mortgage, Equitable Mortgage and Joint Equitable Mortgage, as the case may be, are classified as fully secured.

(9) 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.

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.

(10) The 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 from 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.

(iv) Benevolent Fund

Company contributes to IREDA Employee's Benevolent Fund Scheme. The contribution of Company is charged to Revenue Account.

B. NOTES ON ACCOUNTS :

(1) MNES Programme Funds :

- 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. Interest on MNES loans are accounted on due basis and interest on MNES term deposits on cash basis. As the income generated by the MNES programme loans are not the income of IREDA and also the loan assets belongs to MNES, the same are not considered for asset classification and provisioning purposes. 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 in separate bank account with Nationalised Banks as short-term deposits, is shown under Current Liabilities in the Balance Sheet.
- Current Liabilities include a sum of Rs.2,16,43,603 (Previous year – Rs.2,00,00,000) which represents initial contribution of Rs.2,00,00,000 and interest received on the Non Conventional Energy Technology Commercialization Fund (NETCOF). The funds received from MNES are to facilitate the implementation of the Scheme on NETCOF to support the commercialisation of indigenous development of Non Conventional Energy Technologies. The interest earned by the fund is accounted on cash basis. The equivalent amount is shown under Current Assets.
- MNES has created a Revolving Fund out of UNDP – GEF sources with an initial contribution of US \$ 1.40 million for the development of Small Hydro Project in Hilly areas. As per the terms and conditions which was clarified by MNES vide letter dated 5th June 2002, the initial contribution to IREDA has been treated as a capital grant and interest accrued credited to the fund.

(2) Subsidy

(a) Interest Subsidy

MNES has released total interest subsidy including interest earned on term deposits with banks of Rs.56,73,84,069 upto 31.3.2002 (upto previous year Rs. 40,99,92,000) and disbursed upto 31st March, 2002 Rs.19,02,91,834 (previous year Rs.9,51,58,619). Out of this, a sum of Rs.8,91,69,100 (previous

year Rs. 4,65,19,866) has been passed on during the year to the borrowers on compliance of the terms and conditions of the interest subsidy scheme. The programme-wise details of interest subsidy received and passed on upto 31.3.2001, received during the year, passed/refunded during the year and the balance as on 31.3.2002 are as under :-

(Amount in Rupees)

Name of the programme	Interest subsidy received including FDR interest upto 31.3.2001	Interest subsidy passed on/refunded upto 31.3.2001	Received during the year	Interest received on FDR	Passed on during the year (excluding SPV WP subsidy)	Closing balance as on 31.3.2002
Co-generation	275235000 (114457000)	46638265 (23236494)	98492000 (160778000)	0.00 (0.00)	41094884 (23401771)	285993851 (228596735)
Small Hydro	81059000 (68796000)	21231365 (14971943)	44003612 (12263000)	0.00 (0.00)	14066199 (6259422)	89765048 (59827635)
Briquetting	3580000 (3580000)	1610740 (1099200)	0.00 (0.00)	0.00 (0.00)	441276 (511540)	1527984 (1969260)
Biomethanation	13118000 (13118000)	5682512 (3289457)	4095000 (0.00)	0.00 (0.00)	454301 (2393055)	11076187 (7435488)
Sub Total – A (Received upfront)	372992000 (199951000)	75162882 (42597094)	146590612 (173041000)	0.00 (0.00)	56056660 (32565788)	388363070 (297829118)
Solar Thermal	20000000 (20000000)	20373466 (10505774)	3000000 (0.00)	0.00 (0.00)	14789820 (9867692)	(-) 12163286 (-) (373466)
SPV Water Pumping – Mfg.	3140710 (3000000)	0.00 (0.00)	1600000 (0.00)	166601 (140710)	4612943 (0.00)	294368 (3140710)
SPV Water Pumping –99-2000	5271690 (5000000)	4086386 (0.00)	5000000 (0.00)	78334 (271690)	6544279 (4086386)	(-) 280641 (1185304)
SPV Water Pumping 2000-01	7688853 (0.00)	0.00 (0.00)	0.00 (7500000)	355269 (188853)	7165398 (0.00)	878724 (7688853)
Solar Cooker	1500000 (1500000)	1500000 (1500000)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Sub Total – B	37601253 (29500000)	25959852 (12005774)	9600000 (7500000)	600204 (601253)	33112440 (13954078)	(-) 11270835 (11641401)
Grand Total (A+B)	410593253 (229451000)	101122734 (54602868)	156190612 (180541000)	600204 (601253)	89169100 (46519866)	377092235 (309470519)

Previous year figures shown within bracket

(b) Capital subsidy

Out of the capital subsidy received from MNES upto 31.03.2001 a sum of Rs.2,71,31,103 was lying undisbursed pending compliance of the terms and conditions of the capital subsidy scheme by the borrower. During the year an amount of Rs.2,97,49,800 was received from MNES. Out of the total capital subsidy amount available Rs.3,65,34,509 was disbursed to the borrowers on compliance of the terms and conditions of the capital subsidy scheme. The sector-wise details of capital subsidy at the beginning, received during the year, passed/refunded during the year and the balance as on 31.3.2002 are as under:

(Amount in Rupees)

Name of the sector	Balance as on 1.04.2001	Received during the year	Interest received on FDR during the year	Passed on during the year	Amount refunded to MNES during the year	Closing balance as on 31.3.2002
Co-generation	27131103 (38158214)	29749800 (6922000)	1011954 (2000871)	36534509 (7000000)	0.00 (12949982)	21358348 (27131103)

Previous year figures shown within bracket

(3) The balance in Dollar Deposit Account amounting to Rs.2,79,19,81,463 (equivalent to US \$ 5,72,12,734.91) (previous year Rs.232,65,93,851 equivalent to US \$ 4,99,05,488) and balance in Euro deposit amounting to Rs.1,34,55,20,472/- equivalent to Euro 3,15,70,165.92 (previous year Rs.31,47,36,271 equivalent to Euro 76,69,348) includes:

- US\$ 0.23 (equivalent to Rs. 11) (previous year US\$ 0.22 equivalent to Rs.10) 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.
- US\$ 5,00,000 (equivalent to Rs.2,44,00,000) (previous year US\$ Nil equivalent to Rs. Nil) represents the imprest received from World Bank for utilisation towards eligible capital and revenue expenditure as per the terms of GEF Grant Agreement for Second Renewable Energy Project. The equivalent amount is stated under Other Liabilities.
- US\$ 5,59,62,779.68 (equivalent to Rs.2,73,09,83,648) (previous year US\$ 4,99,05,488 equivalent to Rs.2,32,65,93,841) represents US dollar deposit made out of the unsecured loan availed from Asian Development Bank.
- US\$ 7,49,955 (equivalent to Rs. 3,65,97,804) (previous year US\$ Nil equivalent to Rs. Nil) represents US dollar deposit made out of the unsecured loan availed from World Bank under IBRD portion for Second Renewable Energy Project.
- Euro 3,15,70,165.92 (equivalent to Rs.1,34,55,20,472) (previous year Euro 76,69,348 equivalent to Rs. 31,47,36,271) represents Euro deposit made out of the unsecured loan availed from KfW.

(4) Current Assets include a sum of Rs.47,19,644 (Previous year – Rs.1,54,39,800) 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. IREDA is entitled to service charge for extending its services of fund handling.

(5) Current assets include a sum of Rs. Nil (Previous year - Rs.39,38,242) recoverable on account of tax deposited on payments made to SPV Advisor whose agreement for appointment is approved by Ministry of Finance under Section 10(8A) of the Income Tax Act, 1961.

(6) (i) Conveyance deeds in respect of leasehold buildings - a residential flat costing Rs.41,43,149 (Previous year – Rs.41,43,149) and office premises costing Rs.2,64,10,058 (Previous year – Rs.2,64,10,058) 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.

(ii) Consequent to the letter issued by the Ministry of Urban Affairs & Employment (Lands Division) vide their letter No.J-13014/3/87-LD dated 4th/5th March, 1999 to L&DO, New Delhi with a copy to India Habitat Centre (IHC) to charge land premium at institutional rate instead of commercial rate for the lease-hold office premises allotted by IHC to IREDA, the total demand of Rs.1,63,05,157 (Previous year – Rs. 1,63,05,157) raised by IHC vide letter No. IHC-6/12/1232 dated 25-8-1995 at commercial rate towards land premium Rs.1,44,08,059 (Previous year - Rs.1,44,08,059) and Ground Rent Rs.18,97,098 (Previous year - Rs.18,97,098) has become infructuous. Additional liability at institutional rate, if any, has not been determined so far by the IHC. It shall be accounted for/ capitalised when demand is raised/ paid.

(7) The income/expenditure such as front-end-fee, service charges, pre-payment premium, ex-gratia in lieu of bonus, interest on income tax and interest tax refunds, etc. are accounted for on cash basis, as disclosed

in the accounting policies. These income/ expenditure cannot be accounted on accrual basis because of the following reasons :-

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 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. It cannot be accounted for on accrual basis as there is no period involved over which it accrues.

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 @ 2.50% of the amount recovered including interest. The lumpsum one time service charge is due as and when MoU is signed with MNES and the service charges are received alongwith the first instalment of the grant/ funds which is accounted on receipt basis as per past practice consistently. The duration of the programme is subject to extension of time granted by MNES depending upon the implementation of the Programme, as such, it cannot be accounted for on accrual basis.

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. As the directions are not received before the finalization of accounts, it is not possible to account it on accrual basis.

Pre-payment premium:

Pre-payment premium is received/receivable when a borrower prepays the loan. After pre-payment of the loan, if the premium is not paid or the borrower does not want to pay the premium, the option is given to take the loan back and pay as per the agreed instalments. In view of this, the prepayment premium is accounted for on cash basis. There was no prepayment premium overdue (Previous year - Rs.1,20,57,866) from the borrowers as on 31st March, 2002 who have pre-paid the loan during the year 2001-02. The premium outstanding as at the end of the previous year was also received.

Interest on income tax and interest tax refunds:

The refund determined under section 143(1) of the Income Tax Act, 1961 are not final and can undergo changes if the assessment under section 143(3) is undertaken. Therefore, any interest assumed to have accrued on the refunds determined under section 143(1) may also undergo changes. Hence, the same are accounted on cash basis. As regards interest on interest tax refunds are concerned, though determined, the same have not been received inspite of follow up and therefore, the interest accrued on the same have also been accounted on cash basis. The interest income not accounted on accrual basis as on 31.3.2002 in respect of income tax is Rs.1,28,54,640 (Previous year - Nil) and interest tax is Rs.16,11,928 (Previous year - Rs.13,32,876).

- (8) Office Equipment includes Rs.17,176 (Previous Year Rs.19,951) being the written down value of the cost of items issued to the Hon'ble Ex-Minister of State for Non-Conventional Energy Sources, which is yet to be received back.
- (9) IREDA is following the prudential norms issued by the Reserve Bank of India to the term lending institutions for income recognition, asset classification and provisioning. Accordingly, the unrealised interest amounting to Rs.56,34,26,633 (Previous year Rs. 50,64,54,949) on accounts classified as Non-Performing Asset (NPA) has not been recognised as income for the year. A sum of Rs. 85,74,261 (Previous year - Rs.7,50,21,568) being the amount of unrealised interest pertaining to 2000-01 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. 7,04,35,601 (Previous year - Rs.1,70,98,251) has been recognised as income.

- (10) The disclosure under RBI Guidelines are as under :-
(only IREDA)

(i) On CRAR, NPAs, Exposure, Liquidity etc.

(Rs. in crore)

Sl No.	Particulars	Status
(A)	Capital	
1.	CRAR, core CRAR and supplementary CRAR	22.55% (26.79%)
2.	The amount of subordinated debt raised and outstanding as Tier – II capital	Nil (Nil)
3.	Risk weighted assets	
◆	On balance sheet items	1930.00 (1470.91)
◆	Off balance sheet items	7.15 (1.50)
4.	The shareholding pattern as on the date of the balance sheet	100% owned by Govt. of India (100% owned by Govt. of India)
(B)	Asset quality and credit concentration	
5.	Percentage of net NPAs to net loans	8.50% (12.18%)

6. Amount/Crs and % of net NPAs under the prescribed asset classification categories (excluding incidental)

Category	NPA			
	Gross	NPA provision	Net	Net %
Std	1704.94 (1262.81)	4.26 (3.16)	1700.68 (1259.65)	91.50% (87.82%)
S.Std	77.77 (135.91)	7.78 (13.59)	69.99 (122.32)	3.77% (8.53%)
Doubtful	143.11 (83.17)	55.19 (30.74)	87.91 (52.43)	4.73% (3.65%)
Loss	0.02 (2.73)	0.02 (2.73)	0.00 (0.00)	0.00% (0.00%)
Total	1925.83 (1484.62)	67.25 (50.22)	1858.58 (1434.40)	100.00% (100.00%)

- 7 Amount of provisions made during the year towards standard assets, NPAs, Investment, income tax etc.

Category	2001-02	2000-01
Standard assets	1.11	0.99
NPAs (including incidental charges)	16.12	12.77
Investments	0.00	0.00
Income Tax	12.98	11.00
Total	30.21	24.76

8. Movement of NPAs

(Rs. in crores)

Particulars	2001-02	2000-01
Gross NPA as on 1st April	221.81	181.33
Add: Addition during the year	28.69	78.75
Less: Reduction during the year	7.84	38.27
Less: Loss assets written off	21.77	0.00
Gross NPA as on 31st March	220.89	221.81
Net NPA as on 1st April	174.75	146.78
Net NPA as on 31st March	157.90	174.75

9. Movement of Provisions for NPAs

Particulars	2001-02	2000-01
Opening balance as on 1st April	47.06	34.55
Add: Addition during the year	37.70	12.51
Less: Write off during the year	21.77	0.00
Closing balance as on 31st March	62.99	47.06
Add: Provision for incidental charges	0.74	0.55
Total	63.73	47.61

10. Credit exposure as % to capital funds and as % to total assets in respect of:

		% to Net worth	% to total loan assets
Loan		433.49	1925.83
		(401.78)	(1484.62)
Largest single borrower	62.80	14.49%	3.26%
	(47.45)	(11.81%)	(3.20%)
Largest borrower group	66.82	15.41%	3.47%
	(62.99)	(15.68%)	(4.24%)
Top ten Single Borrowers:			
No. 1	62.80	14.49%	3.26%
	(47.45)	(11.81%)	(3.20%)
No. 2	53.23	12.28%	2.76%
	(44.37)	(11.04%)	(2.99%)
No. 3	49.35	11.38%	2.56%
	(39.19)	(9.75%)	(2.64%)
No. 4	45.31	10.45%	2.35%
	(34.64)	(8.62%)	(2.33%)
No. 5	37.52	8.65%	1.95%
	(31.50)	(7.84%)	(2.12%)
No. 6	34.24	7.90%	1.78%
	(31.41)	(7.82%)	(2.12%)
No. 7	33.55	7.74%	1.74%
	(30.22)	(7.52%)	(2.04%)
No. 8	33.25	7.67%	1.73%
	(29.70)	(7.39%)	(2.00%)
No. 9	32.58	7.52%	1.69%
	(28.89)	(7.19%)	(1.95%)
No. 10	31.50	7.27%	1.64%
	(26.97)	(6.71%)	(1.82%)
Total	413.32	95.35%	21.46%
	(344.34)	(85.70%)	(23.19%)

Top ten Borrowers Groups:

No. 1	66.82	15.41%	3.47%
	(62.99)	(15.68%)	(4.24%)
No. 2	64.89	14.97%	3.37%
	(48.74)	(12.13%)	(3.28%)
No. 3	56.64	13.07%	2.94%
	(29.70)	(7.39%)	(2.00%)
No. 4	50.78	11.71%	2.64%
	(22.25)	(5.54%)	(1.50%)
No. 5	31.51	7.27%	1.64%
	(19.83)	(4.93%)	(1.34%)
No. 6	30.01	6.92%	1.56%
	(18.57)	(4.62%)	(1.25%)
No. 7	18.54	4.28%	0.96%
	(16.55)	(4.12%)	(1.12%)
No. 8	17.95	4.14%	0.93%
	(13.04)	(3.25%)	(0.88%)
No. 9	12.06	2.78%	0.63%
	(12.06)	(3.00%)	(0.81%)
No. 10	11.39	2.63%	0.59%
	(10.97)	(2.73%)	(0.74%)
Total	360.60	83.18%	18.72%
	(254.70)	(63.39%)	(17.16%)

11. Credit exposure to the 5 largest industrial sectors as % to total loan assets

	Industries	Loan O/S	% to total loan
No. 1	Power	749.45	38.92%
		(494.93)	(33.34%)
No. 2	Sugar	360.45	18.72%
		(285.51)	(19.23%)
No. 3	Engineering	139.45	7.24%
		(109.38)	(7.37%)
No. 4	Fls/NBFCs	112.68	5.85%
		(111.48)	(7.51%)
No. 5	Steel	81.51	4.23%
		(93.50)	(6.30%)

(C) Liquidity

Maturity pattern of rupee assets & liabilities and foreign currency assets and liabilities (Crores)

12. Items	Less than or equal to 1 year	Above 1 year > 3 years	Above 3 years > 5 years	Above 5 years > 7 years	More than 7 years	Total
Rupee assets	261.90	473.00	541.58	446.98	229.30	1952.76
	(357.32)	(405.63)	(473.88)	(294.29)	(0.12)	(1531.24)
Foreign currency assets	4.87	16.38	34.08	37.06	321.36	413.75
	(1.93)	(8.74)	(14.20)	(17.68)	(221.57)	(264.12)
Total Assets	266.77	489.38	575.66	484.04	550.66	2366.53
	(359.25)	(414.37)	(488.08)	(311.97)	(221.69)	(1795.36)
Rupee liabilities*	195.60	305.24	351.25	201.72	446.46	1500.27
	(151.45)	(209.79)	(288.43)	(188.83)	(283.15)	(1121.65)
Foreign currency liabilities	4.88	16.39	34.33	37.41	318.69	411.70
	(1.93)	(8.74)	(14.20)	(17.68)	(222.15)	(264.70)
Total liabilities	200.48	321.63	385.58	239.13	765.15	1911.97
	(153.38)	(218.53)	(302.63)	(206.51)	(505.30)	(1386.35)

* Includes IDA-II loan received from MNES in INR. However, repayment liability is in foreign currency as per prevailing exchange rate at the time of repayment.

(D) Operating Results

13. Income from Operations as a % to average capital employed	11.45% (10.86%)
14. Non-operating income as % to average capital employed	0.03% (0.41%)
15. Operating profit as a % to Average capital employed	2.91% (2.54%)
16. Return on average assets	0.21% (1.10%)
17. Net profit per employee/Rs. in lakhs	3.02 (12.51)

Previous year figures shown within bracket

(ii) On forward rate agreements and interest rate swaps

SI No.	Disclosure requirement	Status
A	The notional principle of swap agreements	◆ A swap agreement was entered with Bank of Baroda for foreign exchange risk management of Asian Development Bank (ADB) line of credit. As per the arrangement, the loan drawn from ADB will be kept in \$ deposit with Bank of Baroda, London which earns interest at 6 monthly LIBOR. Against this deposit, INR loan is drawn from Bank of Baroda, New Delhi at PLR less 0.5%. ◆ A similar swap agreement was entered with Canara Bank for foreign exchange risk management of KfW line of credit. As per the arrangement, the loan drawn from KfW will be kept in Euro deposit with Canara Bank, London which earns interest at 6 monthly EURIBOR. Against this deposit INR loan is drawn from Canara Bank, New Delhi at PLR less 1.5%. ◆ Another similar swap arrangement was entered with Canara Bank for foreign exchange risk management of IBRD-II line of credit for IBRD portion. As per arrangement, the loan drawn from Canara Bank will be kept in US\$ deposit with Canara Bank, London which earns interest at 6 monthly LIBOR. Against the deposit, INR loan is drawn from Canara Bank, New Delhi at PLR less 0.50% p.a.
B	Nature and terms of the swap including information on credit and market risk and the accounting policies adopted for recording the swaps	◆ Nature and terms of swap is indicated above. ◆ All foreign currency liabilities and assets has been translated at FEDAI exchange rate prevailing at the year end, which is disclosed in the accounting policy number 3.

SI No.	Disclosure requirement	Status																														
C	Quantification of the losses which would be incurred if the counter parties failed to fulfil their obligations under the agreement	◆ Not applicable																														
D	Collateral required by the entity upon entering into swaps	◆ NIL																														
E	Any concentration of credit risk arising from the swaps. Examples of concentration could be exposures to particular industries or swaps with highly geared companies	◆ Not applicable																														
F	The fair value of the total swaps booked. If the swaps are linked to specific assets, liabilities or commitments, the fair value would be the estimated amount that the entity would receive or pay to terminate the swap agreements at balance sheet date. For a trading swap, the fair value would be its mark to market value	<table> <tr> <th>Particulars</th><th>Amount (FC/million)</th><th>Amount (Rs./Crore)</th></tr> <tr> <td colspan="3">Liabilities</td></tr> <tr> <td>BOB Rupee Term Loan against US\$ deposit</td><td>NIL (NIL)</td><td>253.38 (229.55)</td></tr> <tr> <td>Canara Bank Rupee Term Loan against Euro deposit</td><td>NIL (NIL)</td><td>113.95 (31.80)</td></tr> <tr> <td>Canara Bank Rupee term loan against US\$ deposit</td><td>NIL (NIL)</td><td>NIL (NIL)</td></tr> <tr> <td colspan="3">Assets</td></tr> <tr> <td>BOB \$ Deposit</td><td>US\$ 55.96 Million (US\$49.91 Million)</td><td>Rs.273.10 (Rs.232.66)</td></tr> <tr> <td>Canara Bank Euro Deposit (includes Disposition Fund deposit A/c)</td><td>Euro 31.57 Million (NIL)</td><td>Rs.134.55 (NIL)</td></tr> <tr> <td>Canara Bank US\$ Deposit</td><td>US\$ 0.75 Million (NIL)</td><td>Rs.3.66 (NIL)</td></tr> <tr> <td>DM Deposit</td><td>NIL (Euro 7.67 million)</td><td>NIL (Rs.31.47)</td></tr> </table>	Particulars	Amount (FC/million)	Amount (Rs./Crore)	Liabilities			BOB Rupee Term Loan against US\$ deposit	NIL (NIL)	253.38 (229.55)	Canara Bank Rupee Term Loan against Euro deposit	NIL (NIL)	113.95 (31.80)	Canara Bank Rupee term loan against US\$ deposit	NIL (NIL)	NIL (NIL)	Assets			BOB \$ Deposit	US\$ 55.96 Million (US\$49.91 Million)	Rs.273.10 (Rs.232.66)	Canara Bank Euro Deposit (includes Disposition Fund deposit A/c)	Euro 31.57 Million (NIL)	Rs.134.55 (NIL)	Canara Bank US\$ Deposit	US\$ 0.75 Million (NIL)	Rs.3.66 (NIL)	DM Deposit	NIL (Euro 7.67 million)	NIL (Rs.31.47)
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Canara Bank US\$ Deposit	US\$ 0.75 Million (NIL)	Rs.3.66 (NIL)																														
DM Deposit	NIL (Euro 7.67 million)	NIL (Rs.31.47)																														

Previous year figures shown within bracket

- (iii) Assets involving a loan amount of Rs.192,31,72,447 (Previous year Rs.57,02,64,042) consisting of reschedulement of instalment of principal amounting to Rs.23,52,21,906 (Previous year – Rs.2,57,09,818) and funding of interest of Rs.10,70,89,453 (Previous year – Rs.4,23,78,264) have been rescheduled

during the year. The said loan assets includes sub standard assets involving an amount of Rs.3,22,22,000 (Previous year - Nil) consisting of reschedulement of instalment of principal amounting to Rs.1,96,04,400 (Previous Year – Nil) effected during the year.

- (11) While making provisions for Non-Performing Assets as per the prudential norms applicable to financial institutions, the value of security for doubtful cases has been derived from the latest Balance Sheet of the constituents/ other documents available on record 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 the authentic realisable value is not determinable/ available.
- (12) IREDA has created Exchange Risk Administration Fund (IREDA - ERAF) for management of foreign exchange risk on international lines of credit which is approved by Central Board of Direct Taxes vide notification No.11220. IREDA has made a provision of Rs.91.51 lakhs (Previous year – Nil) equivalent to liability of IDA credit Second Renewable Energy Project on Rupee basis. Books of Accounts of ERAF are prepared and maintained separately.
- (13) All the operations of the Company are considered as a single business segment. Further, the Company does not have any fullfledged branch. As such all the activities are considered as a single business/ geographical segment for the purpose of AS-17 of The Institute of Chartered Accountants of India.
- (14) On the basis of legal opinion obtained by the Company, Section-N of Guidelines for protection of interest of debenture-holders issued by the Securities and Exchange Board of India are not applicable to Tax Free Bonds issued by the Company on Private Placement basis. Moreover, Ministry of Law, Justice & Company Affairs, Department of Company Affairs vide General Circular No.9/2002 dated 18th April, 2002 clarified that no Debenture Redemption Reserves is required in the case of privately placed debentures. Consequently, no further appropriation towards Debenture Redemption Reserve has been made during the year (Previous year – Nil).
- (15) Loan to constituents include a sum of Rs.38,74,34,000 (Previous year - Rs.230,93,00,230) in respect of which the execution of final security documents are in the process of being completed by the constituents.
- (16) Stamp duty exemption in respect of bonds issued during the financial year 1996-97 has not been received. The extended period of issue of bond certificates for bonds issued during 1996-97 to 2000-01 has expired. Action is being taken to issue the bonds in demat form for the bonds issued during the financial years 1995-96 to 2001-02.
- (17) Under sundry creditors, amount payable to small scale industries as on 31st March, 2002 is Nil (Previous year - Nil).
- (18) The Current Asset, Loans & Advances of IREDA have a value on their realisation in the ordinary course of the business equivalent to the amount stated in the Balance Sheet.
- (19) The contribution made by IREDA to Employees' Benevolent Fund Scheme during the current financial year is Rs.71,150 (Previous year - Rs.10,63,000).
- (20) The remuneration (including service tax) paid to Statutory Auditors of the Company is as under:
For Statutory Audit Rs.87,150 (Previous year - Rs.72,450*)
For Tax Audit Rs.34,860 (Previous year - Rs.28,980**)
For Certification and other services fee Rs.1,85,325 (Previous year - Rs.85,575)
* Revised to Rs.87,150
** Revised to Rs.34,860

(21) Remuneration paid to the Director (Technical), Director (Finance) and Managing Director are as under:

(Amount in Rupees)

Particulars	Director (Technical)	Director (Finance)	Managing Director
Salary	4,16,877 (4,20,250)	4,28,596 (4,33,485)	5,13,599 (5,23,668)
Medical allowance	31,096 (28,424)	31,772 (29,716)	39,208 (36,628)
Provident Fund	42,883 (40,114)	44,293 (41,179)	54,200 (50,538)
Value of perquisite for residential accommodation as per Income-tax Act	22,115 (12,454)	22,317 (12,803)	33,532 (26,656)
LTC	Nil (13,000)	Nil (Nil)	Nil (Nil)
Staff Car (As per Income tax Rules)	9,000 (5,190)	9,000 (5,190)	9,000 (4,755)
Total :	5,21,971 (5,19,432)	5,35,978 (5,22,373)	6,49,539 (6,42,245)

Previous year figures shown within bracket

- (22) The Managing Director and Functional Directors have been provided with staff cars for use of private journeys also upto a ceiling of 1,000 kms per month on payment of Rs.520/- per month for air conditioned car in accordance with the provisions of Govt. of India, DPE letter No. 2(53)/90-DPE(WC)-GIV dated 26th March, 1999 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. 9,000 (Previous year - Rs.4,755) in respect of Managing Director, Rs.9,000 (Previous year - Rs.5,190) in respect of Director (Finance) and Rs.9,000 (Previous year – Rs.5,190) in respect of Director (Technical).
- (23) (i) Income tax assessment has been completed upto assessment year 1997-98. In respect of Asst. year 1998-99, Company has filed an appeal before CIT (Appeal) against the orders of Assessing Officer which has been decided against the Company and a demand of Rs.4,08,60,033 has been raised which is on appeal with ITAT. For the assessment year 1999-00, order under Section 143(3) has been received by the company with a demand of Rs.10,21,06,473 which is on appeal with CIT (Appeals). For the assessment year 2000-01, intimation under Section 143 (1) was received on 12th April, 2002 intimating refund of Rs.14,81,66,662. The demand of Rs.10,21,06,473 for the assessment year 1999-00 has been adjusted against the refund for the assessment year 2000-01 and the balance is not refunded. As the tax demand for the assessment year 1998-99 and 1999-00 are under appeal, no entries towards adjustment of advance tax/ tax provisions are passed in the books of accounts pending disposal of appeals. As regards Assessment year 2001-02 no entry has been passed relating to income tax provision or advance tax pending order under section 143(3) or expiry of the period of limitation under Income Tax Act.
- (ii) Interest tax assessment have been completed upto the Asst. year 1997-98. For the Asst. year 1998-99, the Company has filed an appeal. In respect of Asst. years 1999-00 and 2000-01, the Company has not received any intimation so far.
- (24) Contingent liabilities not provided for:-
- (i) Income tax demand of Rs.14,29,66,506 (Previous year – Nil) not acknowledged as debt because the Company has preferred appeals before the Income Tax Appellate Tribunal against the order of CIT (Appeals) for assessment year 1998-99 and before CIT (Appeals) against the order of the Assessing

Officer for the assessment year 2000-01 involving tax demand of Rs.4,08,60,033 and Rs.10,21,06,473 respectively.

- (ii) Claims against the Company not acknowledged as debt Rs. Nil (Previous year – Rs.3,00,00,000).
- (iii) Interest on unutilised amount of interest subsidy to be refunded to MNES (amount not ascertainable).
- (iv) The estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 4,21,000 (Previous year – Nil).

(25) The guidelines issued by the Reserve Bank of India (RBI) on Asset and Liability Management (ALM) System are required to be implemented by all the Non-Banking Financial Companies (NBFCs). The guidelines stipulate that the NBFCs may commence the trial run of the system during the period ending 30th September, 2001 and it is to be fully operational by the year ending 31st March, 2002. As required, Asset-Liability-Committee (ALCO) has been constituted and communicated to Reserve Bank of India. The implementation of the system requires positioning of a software in IREDA. A Consultant is engaged to develop the software and implement the ALM system. It is expected that the trial run shall commence by 31st August, 2002 and the ALM shall be fully operational by 31st October, 2002.

(26) In terms of loan covenants, the insurance cover for the assets financed by IREDA are required to be taken by the borrowers. In some cases, there have been delay in obtaining the renewed insurance policies and in some cases, where recovery actions are initiated and/or cases are filed in Courts, the borrowers are generally reluctant to renew the Insurance cover. IREDA has been making prayer to the Debt Recovery Tribunal seeking directions to the borrowers to renew the Insurance Cover.

(27) Information pursuant to the provisions of Part-II of Schedule VI of the Companies Act, 1956 :

- a) Expenditure in Foreign Currency:
- ◆ On Travelling Rs.3,89,743 (Previous year - Rs. 3,49,830)
 - ◆ Others Rs.23,17,77,967 (Previous year - Rs.14,38,05,135)
- b) Earnings in Foreign Exchange:
- ◆ Interest Rs.13,25,65,738 (Previous year - Rs. 11,07,46,154)
- c) Revenue Grant Rs. 1,14,54,549 (Previous year -Rs.70,44,335) (SDC/GEF)
- d) Project Grant Rs.1,90,13,200 (Previous year – Rs.11,44,89,771) (SDC/GEF)

(28) 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.

(29) Schedule 'A' to 'Q' form an integral part of Balance Sheet and Profit & Loss Account and have been duly authenticated.

As per our Report of even date
For Gianender & Associates
 Chartered Accountants

G K Agrawal
 Partner

Place : New Delhi
 Date : 30.10.2002

Ajai Vikram Singh
 Chairman

T Prabakaran
 Director (Finance)

DR V Bakthavatsalam
 Managing Director

R K Sachdeva
 Company Secretary

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 2 0 0 2	Date	Month Year
II. Capital raised during the year (Amount in Rs. Thousands)	Public Issue NIL Bonus Issue NIL	Rights Issue NIL Private Placement (Govt. Contribution) 2 7 0 0 0 0	
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	Total Liabilities 2 4 1 2 4 0 1 1	Total Assets 2 4 1 2 4 0 1 1	
Sources of Funds	Paid-Up Capital 2 5 0 3 5 0 0 Secured Loans 9 6 4 1 2 1 5 Current Liabilities 1 8 4 5 9 8 5	Reserves & Surplus 1 8 6 4 6 4 4 Unsecured Loans 8 2 6 8 6 6 7	
Application of Funds	Net Fixed Assets 3 3 9 7 8 Net Current Assets 2 4 0 5 5 6 4 8 Accumulated Losses NIL	Investments 1 2 0 0 Misc.Expenditure & Others 3 3 1 8 4	
IV. Performance of the Company (Amount in Rs. Thousands)	Turnover (Gross Income) 2 2 5 8 7 3 4 Profit before Tax + 1 7 0 8 7 2 (Please tick Appropriate box (+) for Profit (-) for Loss) Basic and diluted Earnings per share in Rs. (PAT) 1 6	Total Expenditure (including PPD) 2 0 8 7 8 6 2 Profit after Tax + 4 1 0 4 7 Dividend Rate % 1 . 6 0	
V. Generic names of three principal products/Services of the Company (as per monetary terms)	Item Code No. (ITC Code) Product Description	N O T A P P L I C A B L E P R O J E C T F I N A N C I N G	

AJAI VIKRAM SINGH
 Chairman

DR. V. BAKTHAVATSALAM
 Managing Director

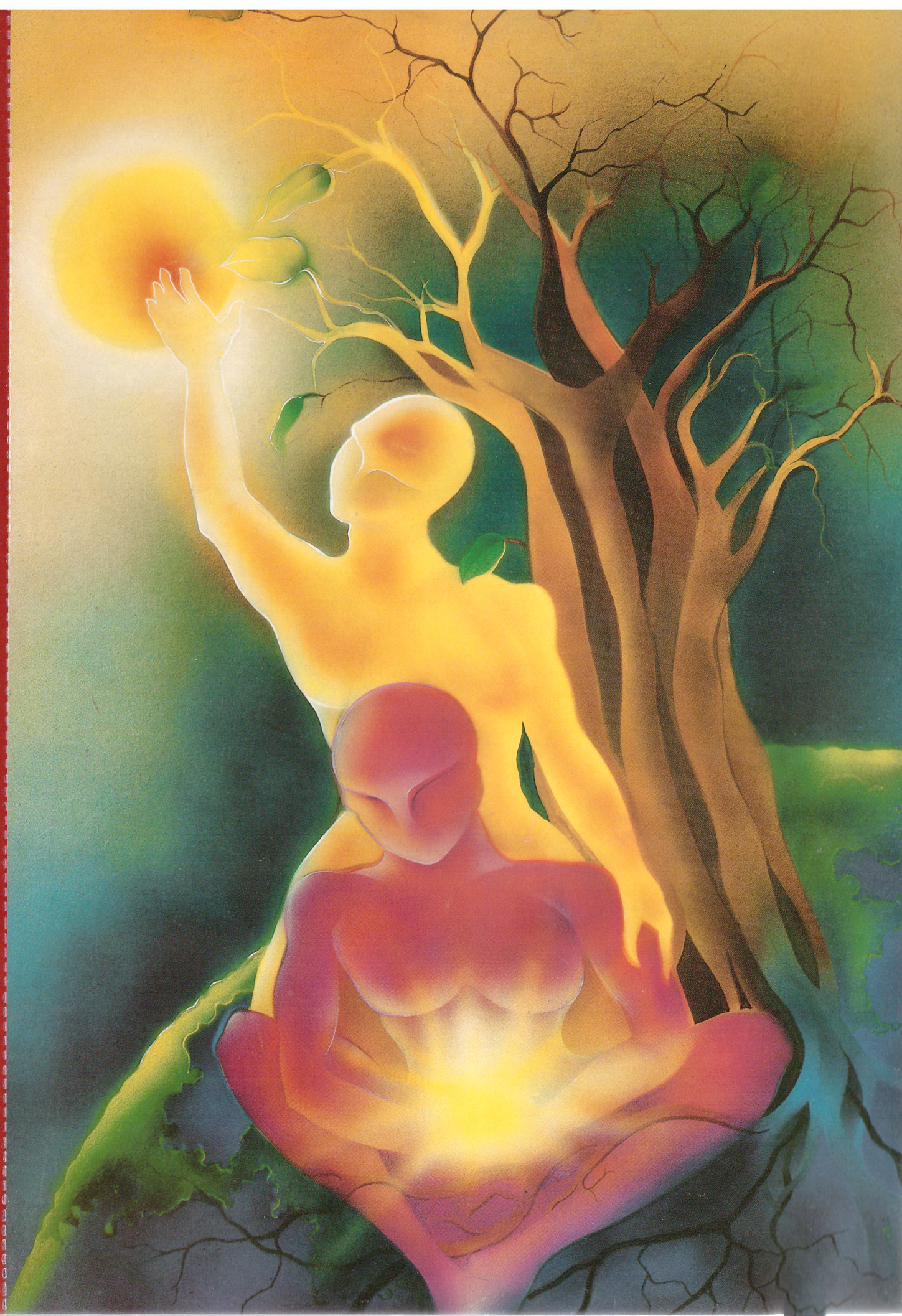
Sl. No.	PROGRAMME	SECTOR	BALANCE AS ON 1.4.2001	GRANT RECEIVED DURING THE YEAR	INTEREST EARNED DURING THE YEAR			SERVICE CHARGES RECOVERABLE	AMOUNT REFUNDED	AMOUNT/ SUBSIDY DISBURSED	TOTAL FUNDS AS ON 31.03.2002	LOANS OUTSTANDING AS ON 31.03.2002	INTEREST OUTSTANDING AS ON 31.03.2002	BALANCE WITH BANK		BALANCE WITH IREDA	TOTAL FUNDS
					S.T.D.	LOAN	TOTAL							CURRENT A/C	STD		
1	SPV MFG. LOAN (20046)		50047877	0	0	4738180	4738180	218423	10640042	0	43927592	33590257	9985774	198702	0	532858	43927592
2	SPV USER LOAN (22290-32425-32045)		245473224	0	1013832	5077379	6091211	367793	30932487	0	220463255	109084422	14732162	2403391	8000000	86243080	220463255
3	SPV USER'S SUBSIDY (32424-32044)		(83257884)	0	0	0	0	0	0	0	(83257884)	0	0	80479	0	(83388363)	(83257884)
4	SPV MARKET (32142)		7123762	0	0	257396	257396	54382	6113661	0	1212915	731990	0	87664	0	392362	1212915
5	SOLAR THERMAL (22081)		25017397	0	15186	1824927	1840113	208854	7881730	0	18766926	16406145	1441778	1356990	0	(437986)	18766926
6	WIND ENERGY (22092)		6685498	0	0	395445	395445	142311	6938632	0	0	0	0	0	0	0	0
7	SPV USER'S SUBSIDY (1999-2000-32657)		1793978	0	0	0	0	0	435051	1338928	0	0	0	66075	0	(66075)	0
8	SPV USER'S SUBSIDY 2000-2001 (32631)		14146263	83000000	0	2417215	2417215	0	0	96689485	873993	0	0	884841	0	(10848)	873993
9	MICRO HYDEL GRANT		7159879	0	0	0	0	0	0	0	7159879	0	0	0	0	7159879	7159879
10	SPV PUMPING PUBLICITY GRANT 94-95		200596	0	0	0	0	0	736	36270	163590	0	0	0	0	163590	163590
11	SPV WP REIMBURSEMENT 2001-02		0	800000	0	0	0	0	0	0	800000	0	0	0	0	800000	800000
12	SOLAR THERMAL GRANT 93-94		16529	0	0	0	0	0	0	0	16529	0	0	0	0	16529	16529
13	SOLAR THERMAL GRANT 94-95		4496	0	0	0	0	0	0	0	4496	0	0	0	0	4496	4496
14	CO-GENERATION INT. SUBSIDY		228596735	98492000	0	0	0	0	0	41094884	285993851	0	0	0	0	285993851	285993851
15	CAPITAL SUBSIDY CO-GENERATION (32556)		27131103	29749800	101954	0	101954	0	0	54084309	3808548	0	0	113616	0	3694322	3808548
16	MNES SPV MKT PROM REIMBURSEMENT		972201	0	0	0	0	0	0	0	972201	0	0	0	0	972201	972201
17	MNES SPV PUMPING FIRM GRANT		10000	0	0	0	0	0	0	0	10000	0	0	0	0	10000	10000
18	SOLAR THERMAL FIRM GRANT		83100	0	0	0	0	0	0	0	83100	0	0	0	0	83100	83100
19	INTEREST SUBSIDY ON SOLAR THERMAL		(373466)	3000000	0	0	0	0	0	14789820	(12163286)	0	0	0	0	(12163286)	(12163286)
20	INTEREST SUBSIDY ON SPV USER LOAN 99-00 (32583)		1185304	5000000	78334	0	78334	0	0	6544279	(280641)	0	0	(3391086)	3400000	(289535)	(280641)
21	INTEREST SUBSIDY ON SPV USER LOAN 2000-01 (32636)		7688853	0	355269	0	355269	0	0	7165398	878724	0	0	(1388984)	1450000	81708	878724
22	INTEREST SUBSIDY ON SPV MFG (32591)		3140710	1600000	166601	0	166601	0	0	4612943	294368	0	0	(401960)	380000	316328	294368
23	INTEREST SUBSIDY ON BIO- MASS BRIQUETTING		9404748	4095000	0	0	0	0	0	895577	12404171	0	0	0	0	12604171	12604171
24	INTEREST SUBSIDY ON SMALL HYDRO		59827635	44003612	0	0	0	0	0	14066199	89765048	0	0	0	0	89765048	89765048
TOTAL			612277638	269740412	2641176	14710543	17351719	991763	62942539	243338092	592097375	159813014	25759714	9728	1323000	393284919	592097375

Credit : Shri Rajesh Jaitly

Award Winner, IREDA Decade of Service Painting Competition

With best compliments from IREDA

It will be appreciated if you keep the painting as a souvenir



Credit : Shri Sumit Nandan

Award Winner, IREDA Decade of Service Painting Competition

With best compliments from IREDA

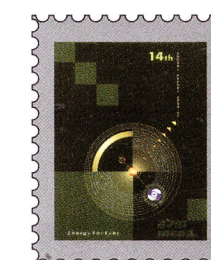
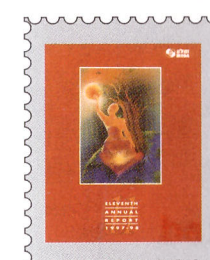
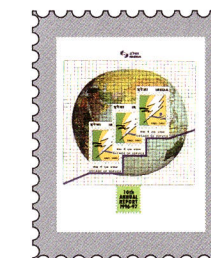
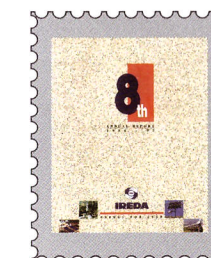
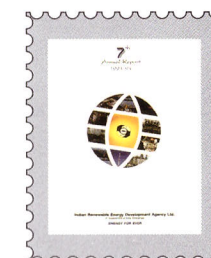
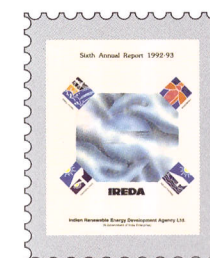
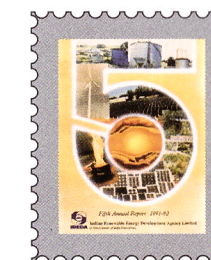
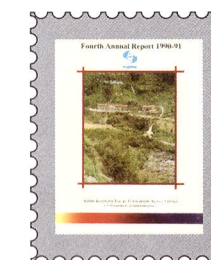
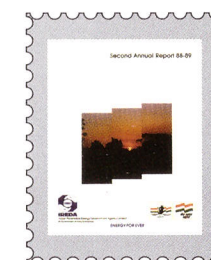
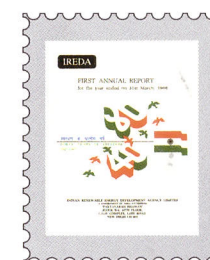


Celebrating 15 Years of Dedicated Service

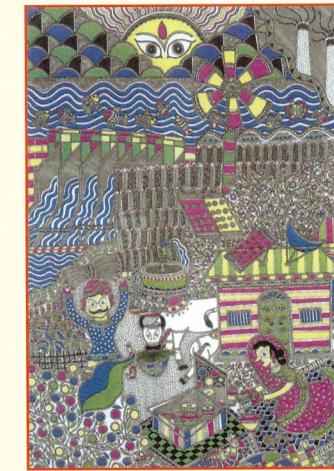
इरेडा IREDA



सेवा में 15 वर्ष
15 YEARS OF SERVICE



15 years of dedicated service to the nation



15th Annual Report 2001-02



In an age of depleting traditional fuel reserves, renewable energy remains the only sustainable alternative. This year's Annual Report cover depicts through an artist's impression the myriad ways to harness these manifold green energy sources for the benefit of mankind.

Energy sources that are clean, green and inexhaustible. IREDA, again rededicates itself to making this a larger people's movement.

Credit : Shri Sumit Nandan, Award Winner, IREDA Decade of Service Painting Competition.



Indian Renewable Energy Development Agency Limited

(A Government of India Enterprise)

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