

16th Annual Report 2002-03



ENERGY FOR EVER

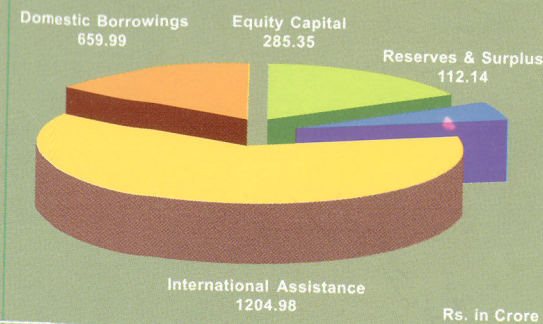
OUR MISSION

SSN

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

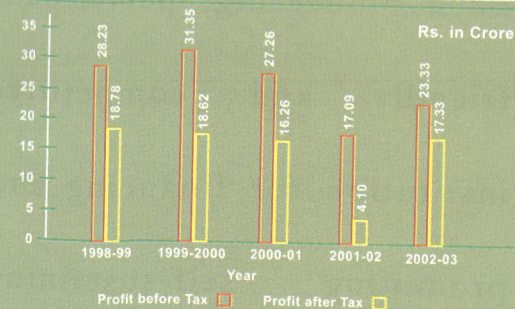


IREDA's Resource Base 2002-03

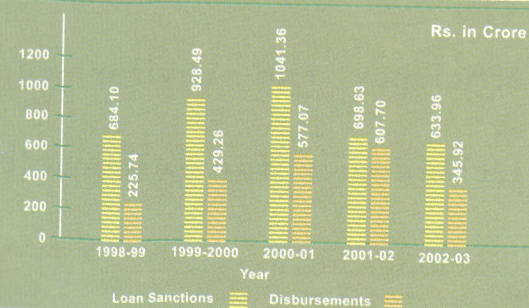


HIGHLIGHTS OF OUR PERFORMANCE

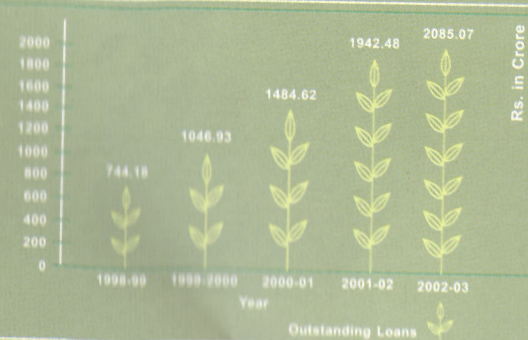
IREDA's Working Results Profit before Tax & Profit after Tax



IREDA's Operations Loan Sanctions & Disbursements



IREDA's Outstanding Loans



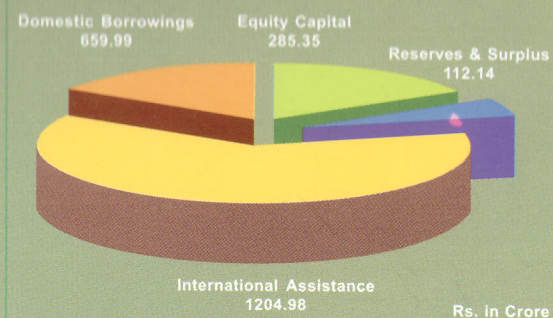
(Rs. in Crore)

RESOURCES	2002-03	2001-02	2000-01	1999-2000	1998-99
Equity Capital	285.35	250.35	223.35	196.35	154.35
Reserves & Surplus	112.14	76.67	75.57	61.12	48.45
International Assistance	1204.98	936.65	670.21	447.93	375.70
Domestic Borrowings	659.99	596.79	485.99	435.99	385.99
Total	2262.46	1860.46	1455.12	1141.39	964.49

(Rs. in Crore)

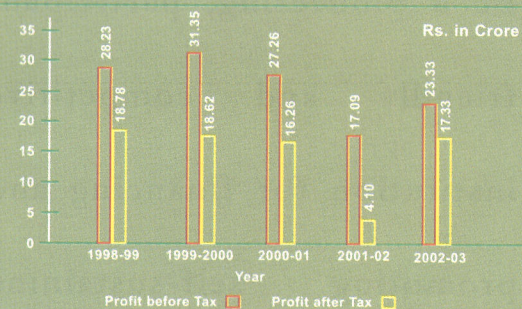
OPERATIONS	2002-03	2001-02	2000-01	1999-2000	1998-99
Loan Sanctions	633.96	698.63	1041.36	928.49	684.10
Disbursements	345.92	607.70	577.07	429.26	225.74
Repayment by Borrowers	201.53	133.15	123.06	116.73	88.90
Outstanding Loans	2085.07	1942.48	1484.62	1046.93	744.18
Working Results					
Gross Income	253.51	225.87	164.12	135.92	108.32
Profit before Tax	23.33	17.09	27.26	31.35	28.23
Profit after Tax	17.33	4.10	16.26	18.62	18.78
Earnings Per Share (Rs.)	60.74	16.00	72.80	94.82	121.64

IREDA's Resource Base 2002-03



HIGHLIGHTS OF OUR PERFORMANCE

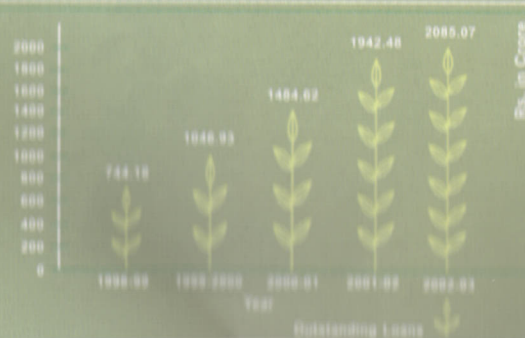
IREDA's Working Results Profit before Tax & Profit after Tax



IREDA's Operations Loan Sanctions & Disbursements



IREDA's Outstanding Loans



(Rs. in Crore)

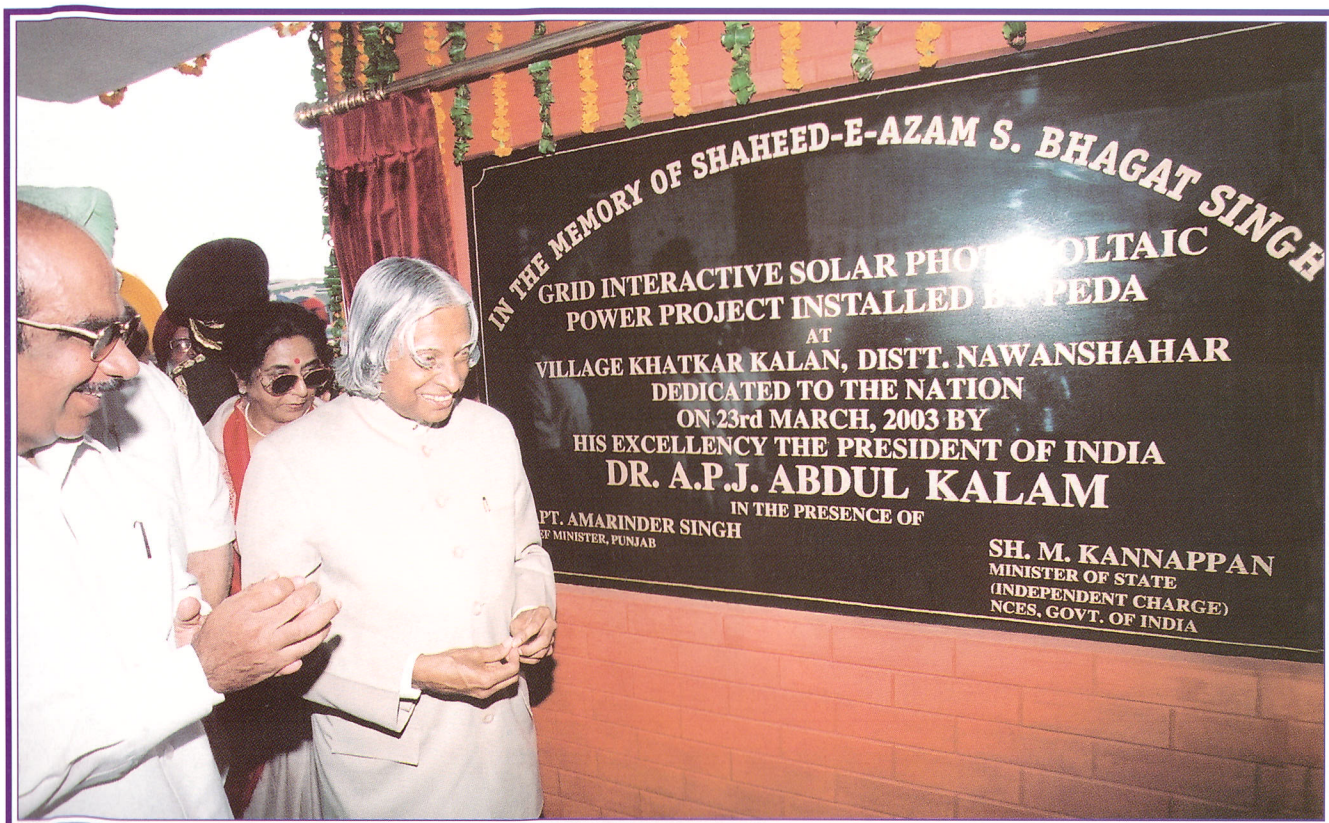
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His Excellency, the President of India Dr. A.P.J. Abdul Kalam dedicates to the nation IREDA Co-financed 200 kW Solar Photovoltaic Power Project set up in the state of Punjab.

BOARD OF DIRECTORS

Chairman

A.M. Gokhale (w.e.f. 1.10.2003)

Ajai Vikram Singh (upto 30.9.2003)

Managing Director

Dr. V. Bakthavatsalam (upto 31.7.2003)

Directors

T. Prabakaran

(also has officiating charge of Managing Director w.e.f. 1.8.2003)

D. Majumdar

B.P. Misra (upto 11.10.2003)

A. Arjunaraj

Prof. A. Kalanidhi

Prof. Indrajit Dey

Dr. Jagdish Shettigar

Dr. (Mrs.) Jyoti K. Parikh

R. Pattabi

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 K.G. Somani & Co.

Chartered Accountants

3/15, Asaf Ali Road, Automobile Building,

4th Floor, Delhi-110 002

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 of State for Non-Conventional Energy Sources (Independent Charge) is inaugurating Touch Screen Information KIOSK at IREDA Office.

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA) will be held on Wednesday, the 31st December, 2003 at 12.30 P.M. at IREDA's Registered Office at India Habitat Centre, Lodi Road, New Delhi - 110 003 to transact the following ordinary business:

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as at 31st March, 2003 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.

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 (R.K. Sachdeva)
29th December, 2003 Company Secretary

1. All Shareholders
2. The Chairman and Directors
3. M/s K.G. Somani & Co., Chartered Accountants, 3/15, Asaf Ali Road, Automobile Building, 4th Floor, Delhi-110 002

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].

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 16th ANNUAL GENERAL MEETING of the Company to
be held on the day of , 2003 and at any adjournment thereof.

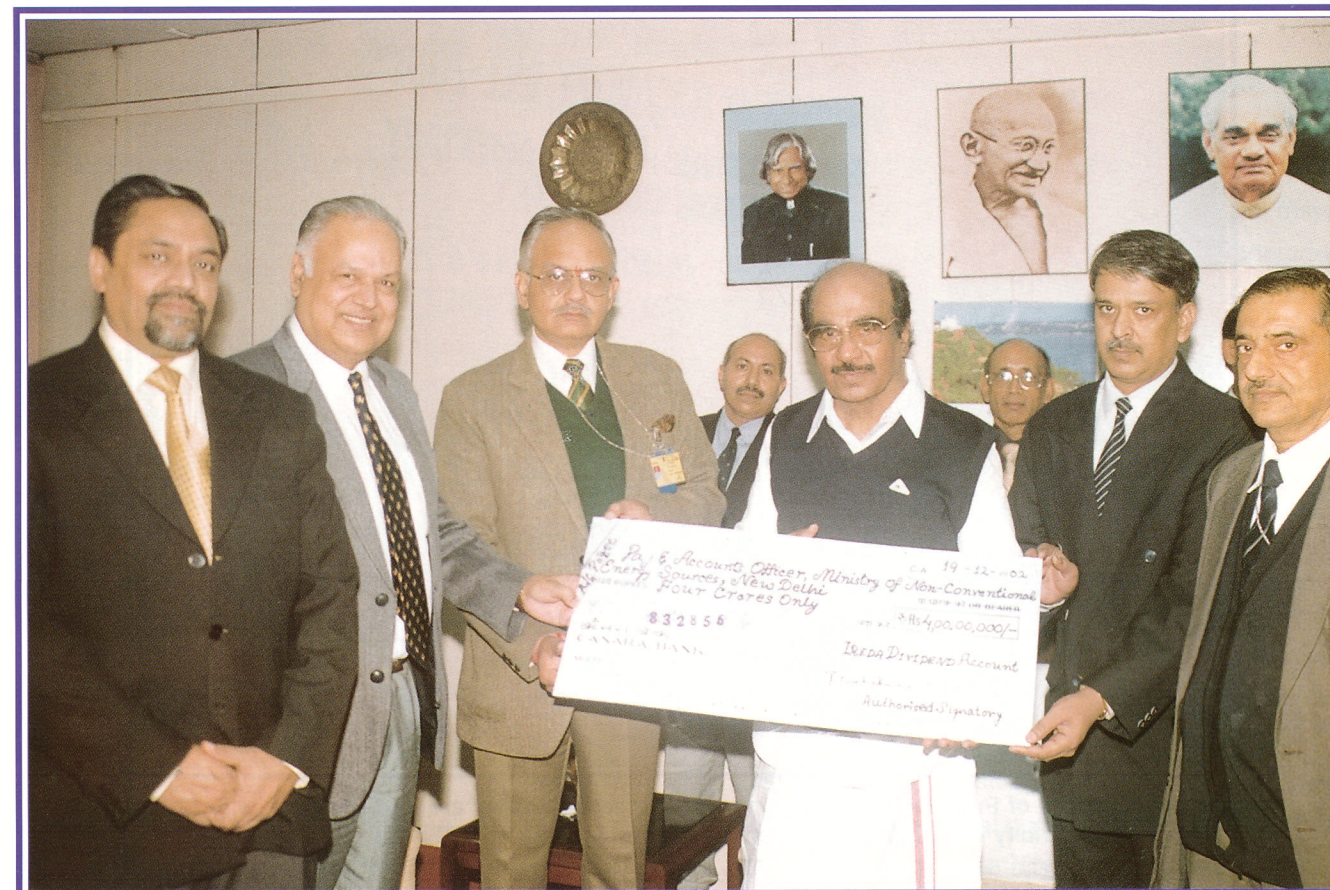
.....
(Signatures)

Signed this..... day of 2003.

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.



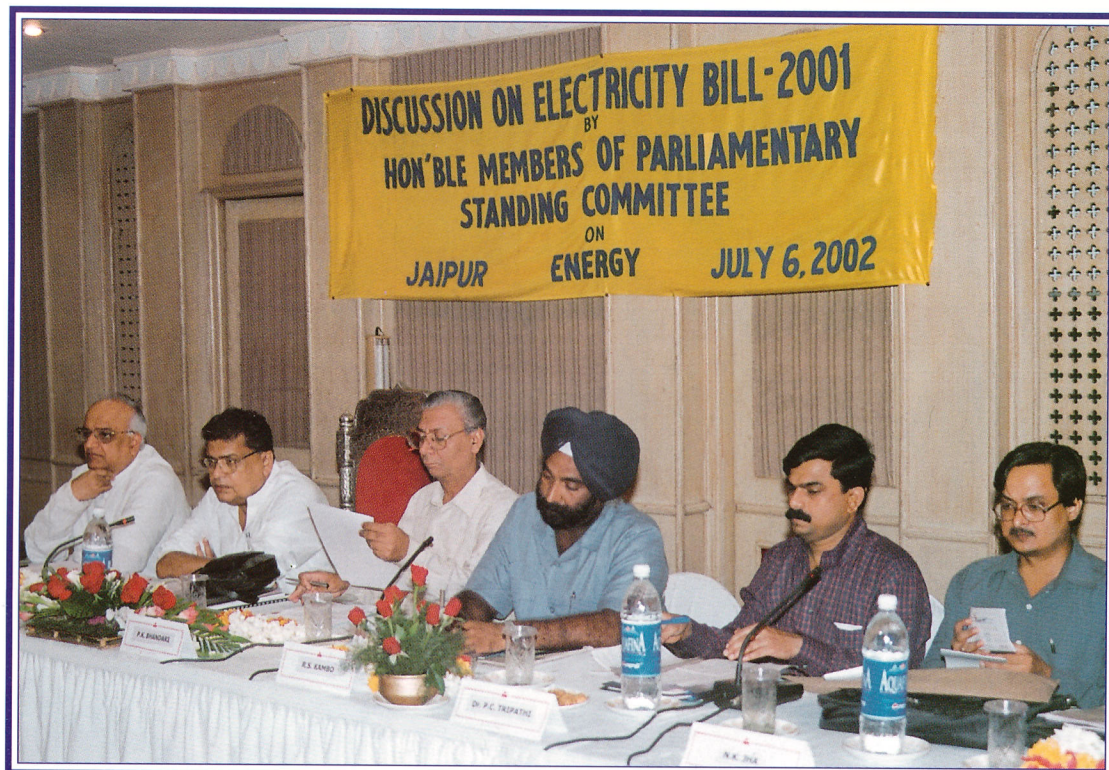
15th Annual General Meeting of IREDA's Shareholders is in progress.



IREDA presents dividend cheque for the financial year 2001-02 to Shri M. Kannappan, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge).



Release of a video film on Energy Efficiency & Conservation by Shri M. Kannappan, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge).



Hon'ble Members of Parliamentary Standing Committee on Energy are in discussion with IREDA officials on Electricity Bill - 2001 during a study tour to Jaipur.



Discussion on financing of Non Conventional Energy projects in Andhra Pradesh by the Hon'ble Members of the Parliamentary Standing Committee on Energy at Hyderabad.

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the audited Statements of Accounts and the Auditors' Report for the year ended 31st March, 2003.

POWER SCENARIO

A developing country like India requires reliable, affordable and sufficient power supply for economic growth. Although the shortage in percentage terms between peak demand and peak time supply in our country is more or less stable (12-13 per cent), the actual additional generation in terms of MW or generated units in kWh should steadily increase in the years to come. The current total installed capacity is 1,08,000 MW and power shortage in the country is about 10,000 MW. By 2012, the installed capacity will have to be doubled to bridge the gap between demand and supply.

Boosting hydro power capacities plays a prominent role in the ambitious plan of the Indian Government to achieve this goal. Presently hydro power constitutes 25 per cent of the total installed capacity. Despite a hydro potential of 1,50,000 MW, only 17 per cent has been exploited so far. There is consensus today that hydro power has to be a national priority. Plans have been drafted to accelerate exploitation of the vast untapped hydro potential and expand the hydro share to 40 per cent. A number of big hydro projects are to become operational soon. With renewed thrust on hydro, there is hope that average cost of power will come down for consumers, since in the long term, hydro is the cheapest source of power. The Hon'ble Prime Minister has announced a hydro power development programme of 50,000 MW for 11th and 12th Five Year Plans.

Electrification of remote villages through non-conventional sources of energy is one of the major thrust areas for the 10th Plan. Distributed Generation is increasingly being looked upon as the key to fulfill the country's electrification needs in rural areas. With specific reference to rural areas which are either partially covered or not covered by grid, the renewable energy programme will have to be carried forward with vigour, especially in the case of the 18,000 villages, where no other solution seems to be feasible.

The Electricity Act, 2003 has created many ripples. It is expected that power and tariff policies will stabilize soon. There are many enabling provisions in the Act which favour promotion of renewable energy. The enabling provisions, inter alia, include preparation and notification of a national policy permitting stand alone systems (including those based on renewable sources of energy and other non-conventional sources of energy) for rural areas, promoting co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any consumer. These will give a fillip to the demand for Renewable Energy systems in the country resulting in more business for your Company.

POLICIES & INITIATIVES

REVIEW OF POLICIES

The Company suitably revised its financing policy and sectoral lending norms keeping in view the developments in the financial market, the cost of funds and the risks associated with sectoral lending.

NEW INITIATIVES

The Company introduced a new scheme for financing of development and demonstration of offshore wind farm with a capacity of upto 10 MW by Co-operative



IREDA financed 200 kW Solar Photovoltaic Power project set up with IREDA's financial assistance at Nawanshahar district of Punjab.

Sector / Public Sector / Joint Sector / Private Sector Companies on build, own, operate, lease, transfer basis (BOO/BOLT).

An incentive scheme under energy conservation program for carrying out energy audits for the prospective clients has been announced. Initiatives were also taken up to work jointly with MNES to operate a model for electrification of remote villages by renewable energy sources through Corporate Model. A consultation meet was organised with the participation of selective group of stakeholders and experts including Manufacturers, NGOs and Government Organisations.

OPERATIONS

SANCTIONS AND DISBURSEMENTS

Financial year (FY) 2002-03 was a difficult year in the history of the Company. Lending operations not only registered a decline over the previous year, there was also a shortfall in the achievements of targets. The actual loan sanctions and disbursements were placed at Rs 633.96 crore and Rs 345.92 crore registering a shortfall of 23.16 % and 30.82 % against the targets of Rs 825 crore and Rs 500 crore respectively. The main reason for lower sanctions

was the lack of conducive policy in the States and competition from other FIs / Banks. The disbursements were adversely affected by low sanctions and delay in implementation of the projects due to a variety of reasons. The sector-wise details of the sanctions and disbursements are as under:

(Rs. in crore)

Sectors	Sanctions	Disbursements
Biomass Briquetting	0	0.22
Biomass Co-generation	76.71	90.55
Biomass Power Generation	51.01	68.08
Energy Efficiency & Conservation	17.20	4.91
Small Hydro	281.52	65.92
Solar Photovoltaics	18.75	35.35
Solar Thermal	13.35	10.92
Waste to Energy	2.32	24.43
Wind Energy	159.84	45.39
Miscellaneous	13.26	0.15
TOTAL	633.96	345.92

The cumulative sanctions and disbursements as on 31st March, 2003 stood at Rs. 5921.86 crore and Rs 3082.82 crore respectively. The State-wise and Sector-wise sanctions and disbursements are indicated in Annexures I to IV.

CAPACITY SANCTION

A major chunk of the loan amount sanctioned during the year was for the establishment of 222.18 MW of capacity of power generation. The sector-wise capacity sanctioned is indicated below:

Sectors	Capacity (MW)
Biomass Co-generation	32.60
Biomass Power Generation	19.50
Energy Efficiency & Conservation	8.50
Small Hydro	109.55
Solar Photovoltaics	0.87
Waste to Energy	0.20
Wind Energy	50.96
TOTAL	222.18

The Company has also sanctioned loans for installation of solar thermal systems with total 22095 sq. meters collector area and for setting up projects for production of ethanol with a total capacity of 205 KL per day. These projects, upon commissioning, may result in the replacement of 67108 tons of coal per annum.

FINANCIAL PERFORMANCE

PRUDENTIAL NORMS

Your Company being a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) has been following the Prudential Norms in respect of income recognition, asset classification, provisioning and disclosure requirements issued by RBI for Financial Institution(s), as amended from time to time and approved by MNES.

For the financial year 2002-03, the Company followed RBI guidelines for Prudential Norms applicable to Financial Institution(s).



IREDA financed 22.5 MW Bagasse based Co-generation project set up at Bagalkot District, Karnataka.

WORKING RESULTS

The overall performance for the year 2002-03 has been satisfactory. The key parameters of performance in this regard are listed below:

(Rs. in crore)

	2001-02	2002-03
Gross Income	225.87	253.51
Profit before Tax (including prior period adjustment)	17.09	23.33
Provision for Income Tax	12.98	11.20
Deferred Tax Credit	—	(-)5.20
Profit available for appropriation (after adjustment of excess provisions made in earlier years, balance in Profit & Loss Account brought forward)	4.55	17.88

The Profit and Loss Account 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)

	2001-02	2002-03
Profit available for appropriation	4.55	17.88
APPROPRIATION		
i. Special Reserve u/s 36 (1) (viii) of the Income Tax Act	0.00	8.96
ii. Proposed final Dividend & Dividend Tax	4.00	4.51
iii. Surplus carried to Balance Sheet	0.55	4.41

DIVIDEND

Your Directors recommend a dividend of Rs 4.00 crore for the financial year 2002-03.

NPA MANAGEMENT

The level of Non Performing Assets (NPA) was 12.14% during the financial year 2002-03 as against the previous year level of 11.47%. This achievement against the target of 15% fixed in Memorandum of Understanding (MoU) signed with MNES is very close to the 'Excellent' target of 12%. However, as a result of measures taken by the Company, the net increase in the NPA level was minimised.

RISK MANAGEMENT

Your Company has been paying special attention to risk management, especially credit risk. The Company has a standardised credit appraisal system, which includes well-established procedures of credit appraisal. As a risk mitigation measure, the exposure limits have also been fixed for sanction of loan to individual/group borrowers and sector/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 forex risk, your Company has adopted a unique arrangement of keeping foreign currency loan proceeds in LIBOR-linked deposits and have availed a 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 variation 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 and taken all necessary

steps to have the Asset Liability Management (ALM) system in place.

DEBT EQUITY RATIO & NET WORTH

The Company's borrowing from all sources stood at Rs 1754.12 crore as on 31.3.2003 against its net worth of Rs 497.49 crore. Debt as ratio to Net worth works out to 3.53:1, which is well below the 5:1 ratio indicated in the Operational Policy Statement of the Company.

RESOURCE MOBILISATION

SHARE CAPITAL

The authorised share capital of the Company stood at Rs 400 crore as on 31st March, 2003. With the Government of India contribution of Rs 35.00 crore towards equity for the current year, the paid-up capital of the Company rose to Rs 285.35 crore as on 31st March, 2003. For the financial year 2003-04, the Company has been allocated equity of Rs 40 crore.

DOMESTIC BORROWINGS

The Company was permitted to raise funds to the tune of Rs 50 crore through Tax Free Bonds and the

same has been raised. An amount of Rs 43.20 crore was borrowed from Canara Bank in order to meet the resource requirements.

INTERNATIONAL ASSISTANCE

As for international lines of credit, an amount of Rs 95.00 crore was availed under India: Second Renewable Energy Project. The ADB and KfW, Germany have released Rs 197.40 crore equivalent to US \$ 43.09 million and Rs 71.88 crore equivalent to Euro 8.33 million respectively to the Company.

International assistance of US \$ 200 million, Euro 41.50 million and US \$ 145 million from ADB, KfW-Germany, and Japanese Bank of International Cooperation (JBIC), Japan, respectively are 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



IREDA financed 3.30 MW Small Hydro Power project set up at Village Velpanur, Kurnool District, Andhra Pradesh under the World Bank Line of Credit.

development of worthy renewable energy projects, capacity building of the Company, training and seminar 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 31.3.2003 are as under :-

(Rs in lakh)

Amount of Interest Differential Fund (IDF)	Allocation of IDF		Utilisation of IDF		Balance in IDF A/c.	
	25% of the IDF to be utilised for disbursement to project, training etc.	75% of the IDF to be utilised for Foreign Exchange Risk & GOI Guarantee Fee	Out of 25% portion	Out of 75% portion		
1	2	3	4	5	6	7
733.43	183.36	550.07	6.70	1290.50	176.66	—



A KfW Team inspecting 22.5 MW capacity Bagasse based Co-generation project set up in the State of Karnataka under KfW line of credit.

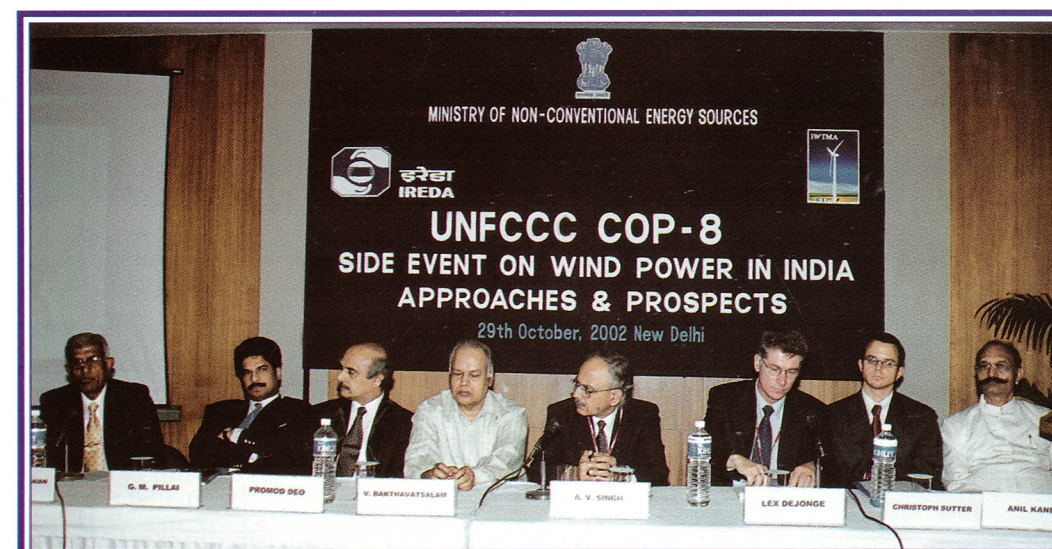
COST REDUCTION MEASURES

Keeping in view the present low interest rate regime, your Company continued its efforts of keeping interest and administrative cost under control. As the interest cost accounts for bulk of the expenditure, efforts to reduce cost were focussed to optimising cost. Towards this, your Company has taken the steps to prepay costlier loans and renegotiated with banks for reduced interest rates. These measures will continue and it is expected that it will enable your Company to reduce the cost and become more competitive.

PROMOTIONAL EFFORTS

BUSINESS MEETS

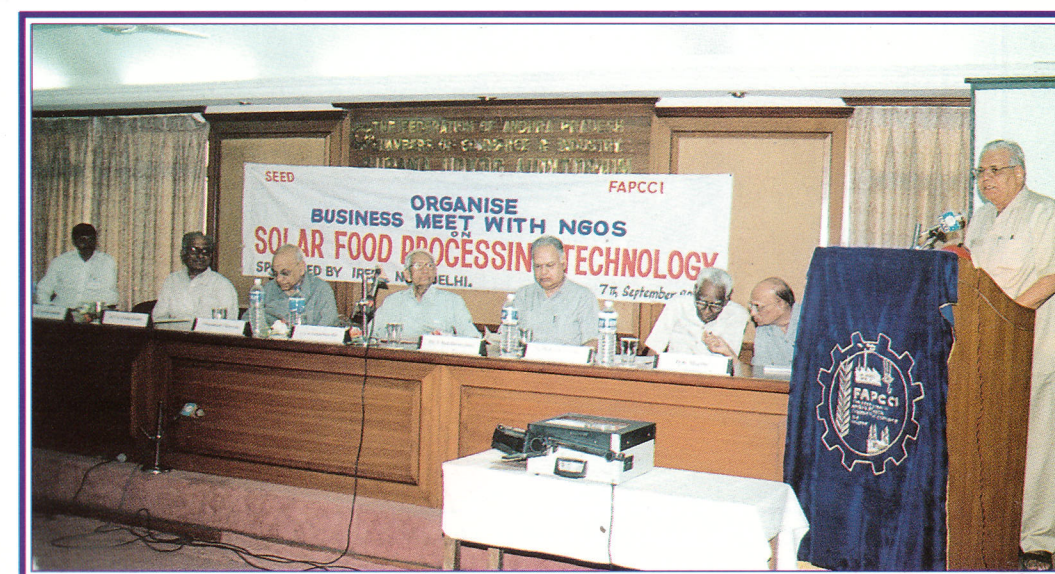
The Company sponsors Seminars, Workshops, and Business Meets to promote renewable energy technologies. During the year, it supported a total of



IREDA sponsored side event on Wind Power in India under UNFCCC COP-8 at New Delhi.



IREDA sponsored Business Meet with NGOs on Solar Food Processing Technology at New Delhi.



78 programmes in different parts of the country. The sector-wise break-up of the promotional programmes is given below:

Sectors	No. of Programmes
Bio-Energy	8
Bio-fuel	4
Energy Efficiency	18
Renewable Energy (General)	7
Small Hydro	3
Solar Energy	14
Wind Energy	3
Others	21
Total	78

DISSEMINATION OF INFORMATION

The Company continued to create awareness of its financing policies towards promotion of renewable energy technologies and energy conservation projects

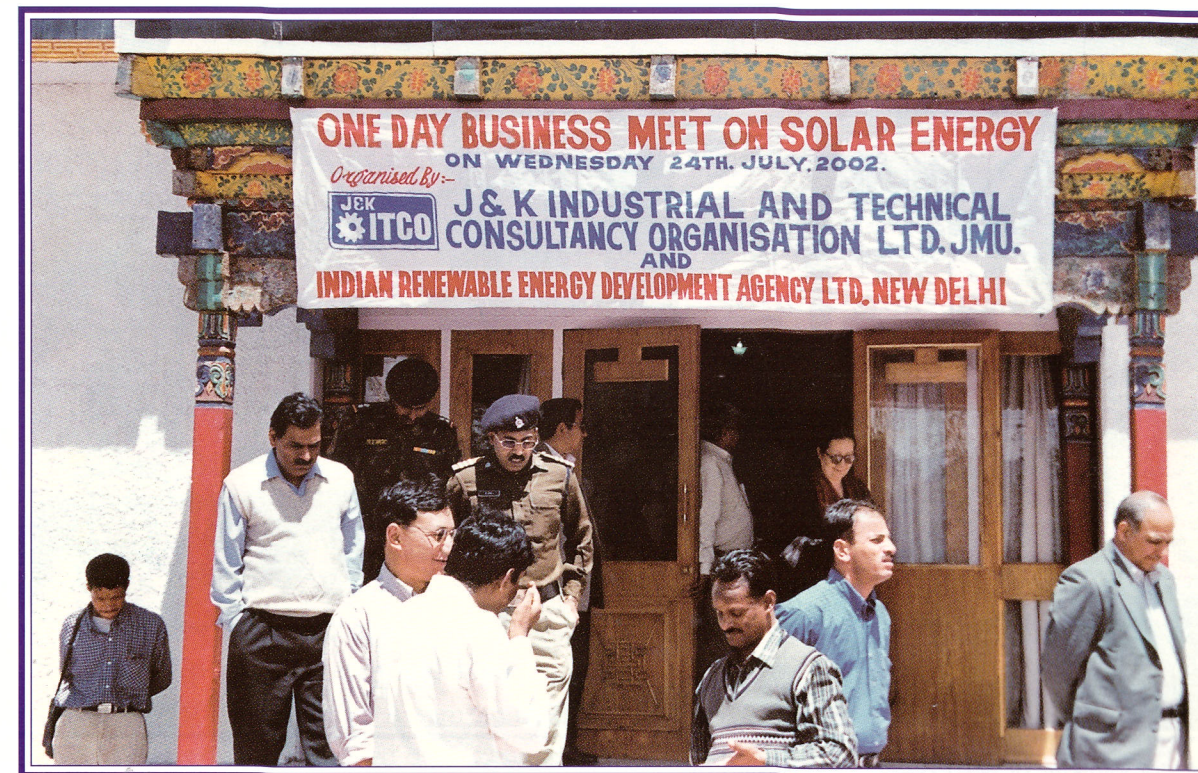
and also their potential benefits to the general public and prospective clients. The publicity campaign has been taken up through print and electronic media, publication of brochures, newsletters, separate website, video films on the importance of renewable energy and also energy conservation. "IREDA 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. A Touch-Screen Information Kiosk has been installed for providing easy access to information relating to financing policy of the Company to the visitors / clients.

DEVELOPMENT OF BACKWARD AREAS

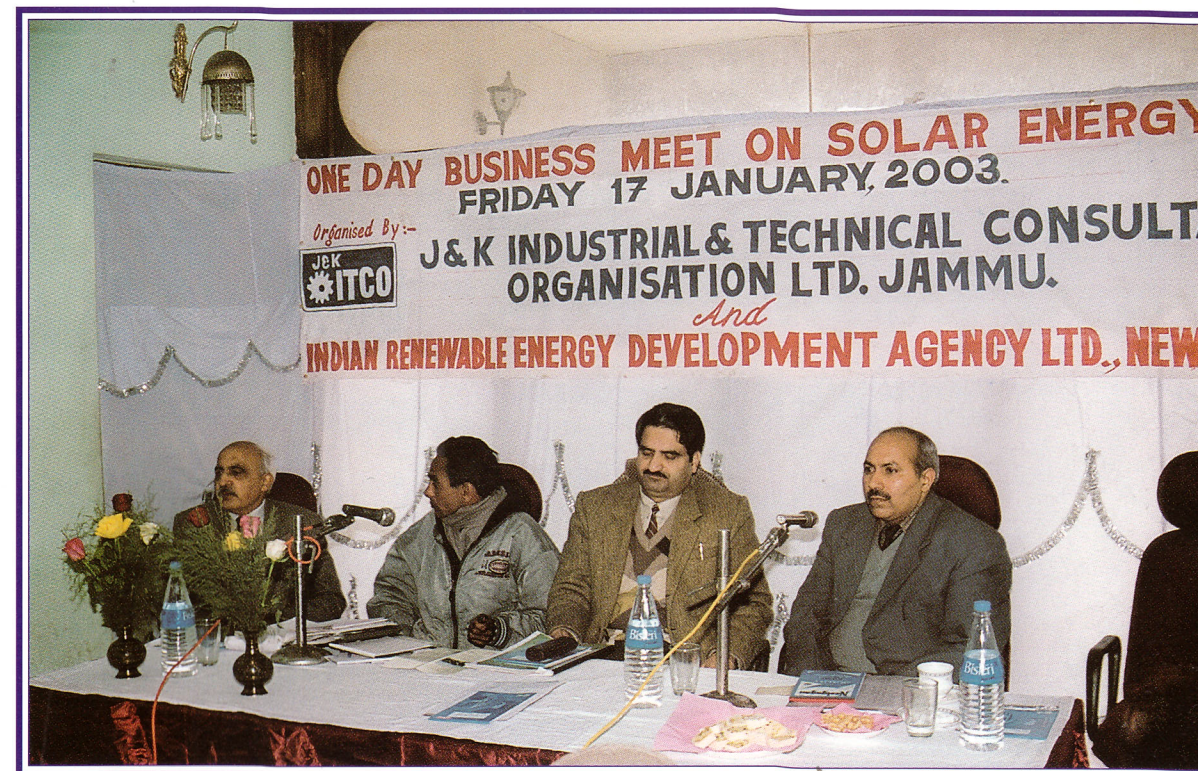
The Company accords high priority for development of backward areas. During the year, 39 projects with loan assistance of Rs 569.07 crore were sanctioned. The loan amount sanctioned for these areas constituted 90 % of the total sanctions during the year.



Participants at IREDA sponsored business meet on Mini Hydro Power & Solar Energy at Kohima, Nagaland.



IREDA co-sponsored business meet on Solar Energy at Leh Ladakh, Jammu & Kashmir.



Business meet on Solar Energy co-organised by IREDA with J & K ITCO at Jammu.



Hon'ble Chief Minister of West Bengal addressing participants at IREDA co-sponsored Conference on "Development Prospectives in Eastern & North Eastern States" at Kolkata.



IREDA sponsored Business Meet on "Bio-mass Power / Co-generation" at Raipur.

DEVELOPMENT OF NER & NEWLY CREATED STATES

Development of North Eastern Region (NER) and three newly created States viz Uttaranchal, Jharkhand and Chhattisgarh is another priority for the Company. Strategy and Action Plans for exploitation of renewable energy potential and financing of New & Renewable Sources of Energy (NRSE) projects in these States have been prepared in the Camp Offices. Eight promotional programmes in these States (2 in NER, 1 in Uttaranchal, 2 in Jharkhand and 3 in Chhattisgarh) were sponsored during the year. The Company funded projects / systems - solar street lighting programme for 9.52 KWp in Jharkhand, small hydro project of 3.60 MW and 6 SPV water pumps (10.8 KWp) in Uttaranchal and 5 SPV water pumps (9.00 KWp) in Mizoram and solar home lighting systems (10.10 KWp) in Assam and (7.92 KWp) in Sikkim were commissioned during the year.

WOMEN IN RENEWABLE ENERGY

During the year 2002-03, the Company organised three promotional programmes exclusively for women, namely "Orientation Programme for Women Entrepreneurs in Renewable Energy", "Orientation Programme for Mahila NGOs and Social Workers on Renewable Energy Systems" and "Workshop on Decent Employment of Urban Poor Women".

BUSINESS STRATEGY

MEMORANDUM OF UNDERSTANDING (MoU)

Based on the provisional figures, the Company's performance in achieving the MoU targets fixed for the year 2002-03 is likely to be rated as "Good". The Company has also signed a MoU with the Government for the year 2003-04.



Exchange of Memorandum of Understanding (MoU) for the year 2003-04 signed between MNES and IREDA.

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.

NETWORKING ARRANGEMENTS

The Company has been networking with various technical and professional organisations

through a scheme of Business Development Associates (BDAs) for generating more business. During the year two more BDAs were registered, taking the total number of BDAs to 51 as on 31st March, 2003. These BDAs comprise 16 technical consultancy organisations, 12 State Nodal Agencies, 2 local productivity councils, 15 private sector enterprises and 6 NGOs.

The Company has actively associated with all the BDAs in taking up information dissemination, guidance to the entrepreneurs and monitoring of projects leading to effective business development and implementation of various projects.

PLANNING, MONITORING AND EVALUATION

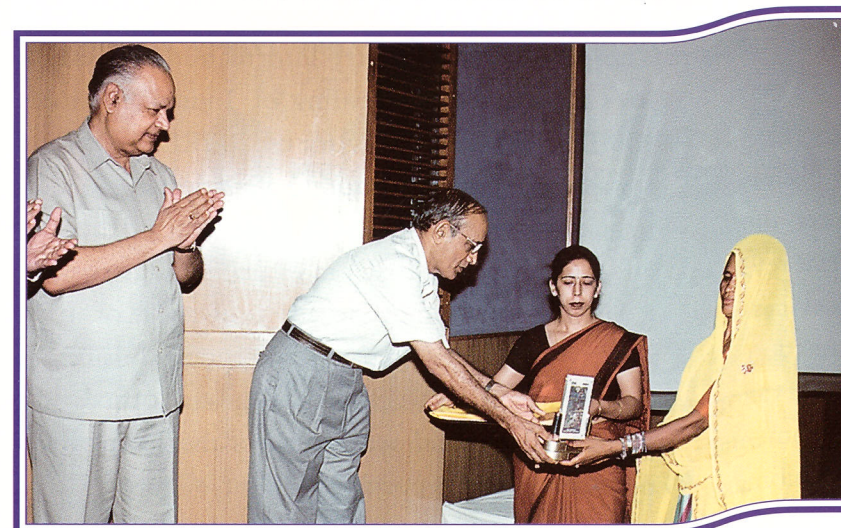
PLANNING

The Company has formulated its proposals for the Annual Plan 2003-04 envisaging ambitious



1800 Watts Solar Photovoltaic Water Pump installed under MNES Programme through IREDA at Punchkula, Haryana.

IREDA PRESENTS AWARDS TO BUSINESS DEVELOPMENT ASSOCIATES (BDAs)



"Best BDA Award" presented to SWRC, Tilonia under NGO Category.



"Best BDA Award" to M/s. Zenith Corporate Services Pvt. Ltd. under the private category.



"Best BDA Award" to MITCON under TCO Category.

targets. The Planning Commission held discussions on the proposals and has finalised the Annual Plan. A plan on new initiatives and future strategy was also formulated.

MONITORING & EVALUATION

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. The Company hired the services of Confederation of Indian Industry for evaluation of two major projects in energy efficiency / conservation sector. A study on socio-economic and environmental impact of bagasse based cogeneration and biomass power projects funded in Andhra Pradesh was awarded to Andhra University, Vishakhapatnam . A similar study in respect of bagasse based co-generation and biomass power projects funded in Tamilnadu was awarded to GRD College of Science, Coimbatore.

HUMAN RESOURCE DEVELOPMENT

Human resource development was given due importance. The Company nominated officials at various levels for attending 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

A special initiative to computerize various activities including financial transactions has been taken up.

Accordingly various software packages were developed/installed in the system to create effective data base and transfer of information efficiently.

The package on industry information services of M/s Centre for Monitoring of Indian Economy (CMIE) has been installed for use of IREDA officials for appraising and monitoring of projects. A Manual to guide the potential investors for Energy Efficiency and Conservation (EEC) in different industries and a Manual for monitoring and evaluation of EEC projects are under preparation through consultants. A Manual on Field/Branch/Regional offices was prepared for smooth functioning of the Camp offices opened by the Company.

ECOLOGY & ENVIRONMENT

The Company has been assisting renewable energy technologies, which are eco-friendly and have a benign impact on environment besides reducing pollution. The projects sanctioned by the Company will result in the saving or conservation 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 environment-friendly renewable sources of energy.

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.



Release of IREDA's Supplementary English-Hindi Glossary on words related to Non-Conventional Energy Sources by Shri M.L. Gupta, Joint Secretary, Government of India, Ministry of Home Affairs, Department of Official Language.



IREDA's Rajbhasha Karyanvayan Samiti Meeting in progress.

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 63.33% as against 60.23% at the end of the previous 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. Quarterly meetings of the Rajbhasha Karyanvayan Samiti were held to review and make suggestions for accelerated use of Hindi and implementation of the provisions of the Official Language Act. 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. A Souvenir in Hindi depicting achievements of the Company particularly in the field of Official Language was brought out to mark its successful completion of 15 years.

AUDITS & INSPECTION OF ACCOUNTS

STATUTORY AUDITORS

M/s K G Somani & Co, Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company by the Comptroller and Auditor General of India for the financial year 2002-03.

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 2002-03 and their reports were submitted on a quarterly basis. M/s Singhania & Partners were appointed Legal Auditors for the year 2002-03.

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 1273.72 lakh and the outflow was Rs 2768.46 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

In compliance with CVC instructions, a Vigilance Awareness Week was observed from 31st October



Seminar on "Role of CVC in Vigilance cases handled by PSUs" organized as a part of Vigilance Awareness Week.

to 6th November, 2002 during which the Company organised a seminar wherein prominent speakers threw light on "Ethics in Business and Administration" and "Role of CVC in vigilance 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.

CORPORATE GOVERNANCE

Your Company firmly believes in and has constantly endeavoured to practice good Corporate Governance. The Company believes in the values of transparency, professionalism and accountability in its dealing with its borrowers, employees and stake-holders. Taking

note of the requirements, the Audit Committee of the Board of Directors of the Company was reconstituted and three meetings of the Audit Committee were held during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended 31st March, 2003 :

- 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 of 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

During the year, 9 meetings of the Board were held to transact the business of the Company. In addition, 6 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.

ACKNOWLEDGEMENTS

The Board of Directors place on record their deep appreciation of the valuable contribution made and the guidance provided by Shri Ajai Vikram Singh, the outgoing Chairman, Dr. V. Bakthavatsalam, the outgoing Managing Director and Shri B.P. Misra, the outgoing part-time Director.

The Board of 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 Japan 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 the 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

A.M. GOKHALE
Chairman

Place: New Delhi

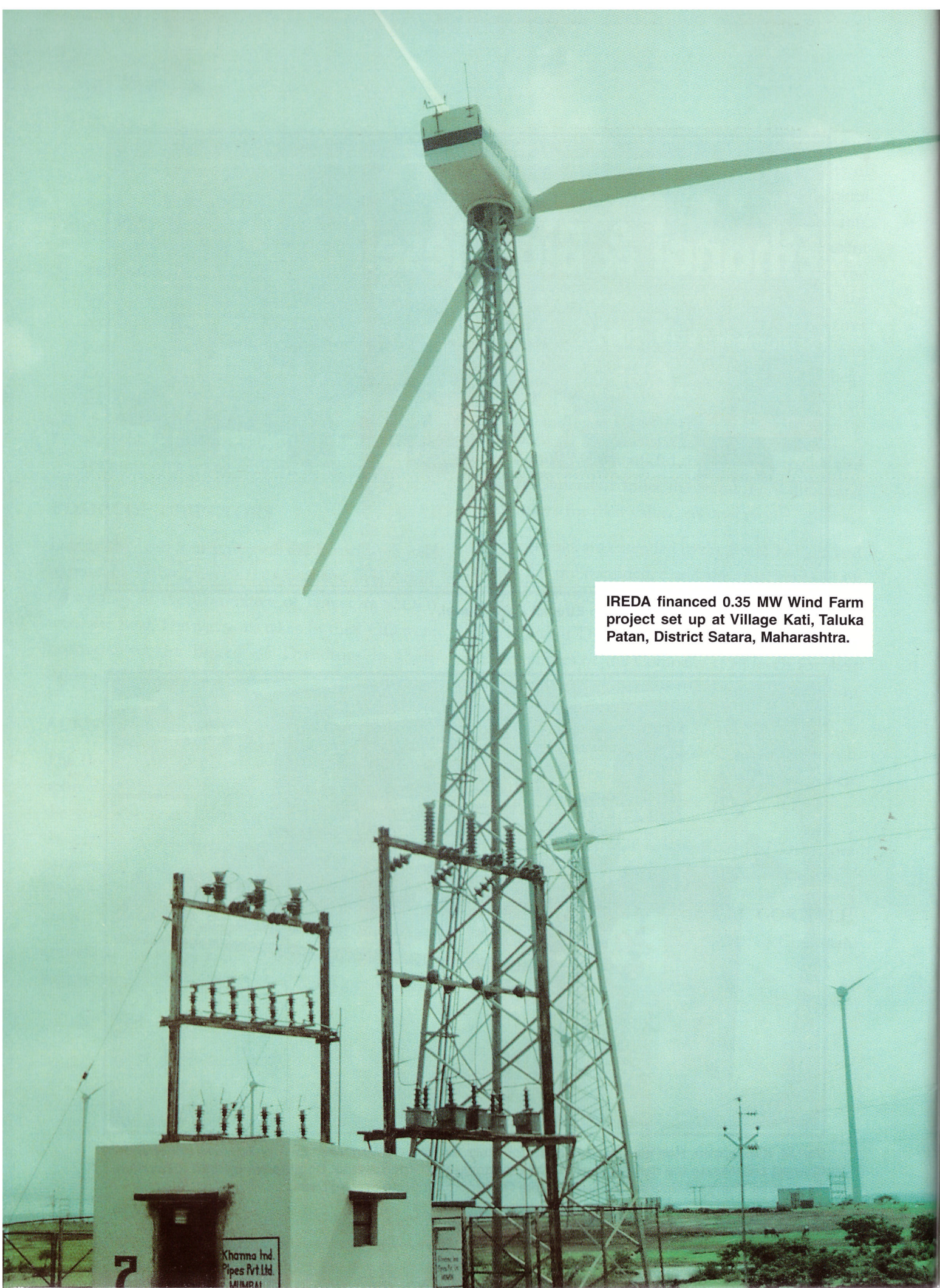
Dated: 27th December, 2003



IREDA co-sponsored Workshop on Ethanol & Bio Diesel.



Shri M. Kannappan, Hon'ble Union Minister of State for Non-Conventional Energy Sources (Independent Charge) addressing the delegates at IREDA co-sponsored "International Conference on New Millennium - Alternative Energy Solutions for Sustainable Development" held at New Delhi.



IREDA financed 0.35 MW Wind Farm project set up at Village Kati, Taluka Patan, District Satara, Maharashtra.

ANNEXURE -I
[Rs. in Crore]

STATEWISE SANCTIONS DURING LAST FIVE YEARS

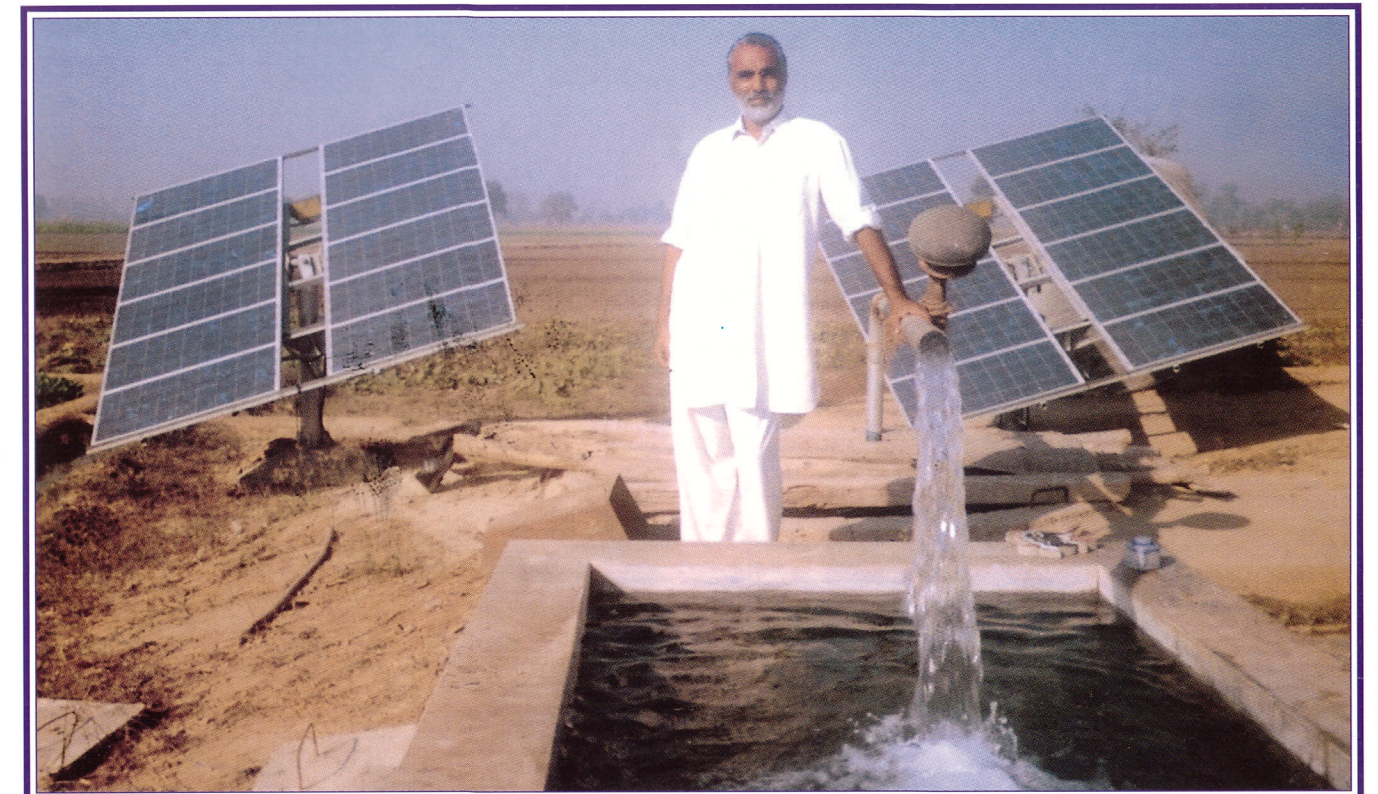
Sl. No.	Name of State/ Union Territory	1998-99		1999-2000		2000-01		2001-02		2002-03		Cumulative since 1987	
		No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.	No. of Projects	IREDA's Loan Amt.
A.	STATES												
1	Andhra Pradesh	47	219.77	46	359.61	32	334.28	14	54.57	4	2.89	238	1173.75
2	Assam	1	0.10	1	8.93	0	0.00	0	0.00	0	0.00	3	9.40
3	Bihar	2	0.27	0	0.00	1	0.15	0	0.00	0	0.00	8	3.17
4	Chhattisgarh*	-	-	-	-	-	-	2	1.18	0	0.00	2	1.18
5	Gujarat	9	24.63	6	7.57	3	0.94	1	0.40	3	14.18	84	158.43
6	Goa	0	0.00	3	0.23	0	0.00	3	0.23	0	0.00	7	0.49
7	Haryana	0	0.00	1	0.32	1	0.11	1	4.76	0	0.00	20	22.18
8	Himachal Pradesh	2	1.83	3	4.91	7	68.99	2	52.96	2	69.92	21	208.79
9	Jammu & Kashmir	0	0.00	0	0.00	1	0.05	0	0.00	0	0.00	2	0.67
10	Jharkhand*	-	-	-	-	1	0.26	0	0.00	1	0.07	2	0.33
11	Karnataka	14	117.83	22	210.23	18	99.28	27	295.28	21	379.10	214	1466.42
12	Kerala	6	0.50	3	1.13	1	0.17	3	1.01	2	0.16	31	125.11
13	Madhya Pradesh	2	11.81	5	56.43	1	8.49	1	6.63	0	0.00	69	171.66
14	Maharashtra	33	145.50	30	106.06	42	332.87	39	211.56	15	46.48	278	902.75
15	Manipur	1	0.17	1	0.19	0	0.00	1	0.10	0	0.00	3	0.46
16	Mizoram	1	0.16	0	0.00	0	0.00	0	0.00	0	0.00	1	0.16
17	Nagaland	0	0.00	0	0.00	0	0.00	1	0.82	0	0.00	1	0.82
18	National Capital Territory of Delhi	4	4.79	8	9.75	3	6.90	4	6.53	3	0.97	60	46.63
19	Orissa	2	27.69	0	0.00	0	0.00	0	0.00	1	60.00	8	93.66
20	Punjab	3	1.14	4	0.49	6	26.13	2	0.46	0	0.00	26	48.80
21	Rajasthan	2	1.18	8	5.54	8	16.23	5	30.70	4	15.13	44	75.99
22	Tamil nadu	11	46.82	25	115.41	17	112.48	5	11.69	7	24.50	380	1008.84
23	Uttar Pradesh	10	58.63	3	8.85	3	17.20	2	14.67	0	0.00	76	272.14
24	Uttaranchal*	0	0.00	0	0.00	0	0.93**	1	1.29	0	0.00	1	2.22
25	West Bengal	8	21.37	7	26.16	6	15.90	2	3.79	3	20.56	51	118.19
TOTAL 'A'		158	684.19	176	921.81	151	1041.36	116	698.63	66	633.96	1630	5912.24
B.	UNION TERRITORIES												
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	1	6.68	0	0.00	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	1	6.68	0.00	0.00	0	0.00	0	0.00	5	9.62
GRAND TOTAL 'A' + 'B'		158	684.19	177	928.49	151	1041.36	116	698.63	66	633.96	1635	5921.86

* Sanction has been shown after the formation of the respective States / ** Additional loan

SECTORWISE SANCTIONS DURING LAST FIVE YEARS

[Rs. in Crore]

Sl. No.	Sectors	1998-99	1999-2000	2000-01	2001-02	2002-03	Cumulative since 1987
1	Biogas (Small Scale)	0.00	0.25	0.00	0.94	0.00	1.19
2	Biomass Briquetting	0.92	1.62	1.78	0.28	0.00	19.47
3	Biomass Co-generation	124.50	224.66	208.05	143.80	76.71	998.97
4	Biomass Gasification	2.27	0.00	0.00	0.33	0.00	10.75
5	Biomass Power Generation	45.50	135.01	128.05	118.88	51.01	526.85
6	Biomethanation from Industrial Effluents	2.10	4.90	3.50	0.00	0.00	72.47
7	Energy Efficiency & Conservation	27.15	70.24	68.78	9.73	17.20	193.10
8	Small Hydro	116.01	143.50	182.92	122.38	281.52	1392.03
9	Solar Photovoltaics	81.97	133.22	75.00	64.67	18.75	582.99
10	Solar Thermal	8.57	10.33	11.92	12.46	13.35	93.32
11	High Efficiency Wood Burning Stoves	0.00	0.00	0.00	0.00	0.00	0.49
12	Waste to Energy	0.00	17.04	0.00	29.78	2.32	49.14
13	Wind Energy	274.82	187.55	361.36	190.52	159.84	1961.36
14	Miscellaneous	0.38	0.17	0.00	4.86	13.26	19.73
	TOTAL	684.19	928.49	1041.36	698.63	633.96	5921.86



1800 Watts Solar Photovoltaic Water Pump Installed under MNES Programme through IREDA at Punchkula, Haryana.



11000 LPD Solar Water Heating System for Canteen application installed at New Delhi under direct user category with IREDA's assistance.

ANNEXURE-III

STATEWISE DISBURSEMENTS DURING LAST FIVE YEARS

[Rs. in Crore]

Sl. No.	Name of State/Union Territory	1998-99	1999-2000	2000-01	2001-02	2002-03	Cumulative since 1987
A.	STATES						
1	Andhra Pradesh	68.64	116.44	232.56	209.52	115.81	851.54
2	Assam	0.21	0.00	0.00	0.00	0.00	0.21
3	Bihar	0.00	0.01	0.16	0.00	0.00	0.62
4	Chhattisgarh*	0.00	0.00	4.64	0.00	0.00	4.64
5	Goa	0.00	0.00	0.00	0.00	0.09	0.09
6	Gujarat	1.77	26.57	26.80	1.55	0.94	123.28
7	Haryana	0.54	0.10	0.00	0.00	0.02	4.20
8	Himachal Pradesh	2.08	2.95	8.44	0.74	22.23	39.03
9	Jharkhand*	0.00	0.00	0.00	0.00	0.05	0.05
10	Karnataka	71.86	87.74	69.62	90.40	68.31	499.87
11	Kerala	4.25	5.98	0.07	0.05	0.14	44.36
12	Madhya Pradesh	12.82	20.23	17.65	13.46	2.59	103.31
13	Maharashtra	23.66	85.91	121.79	175.28	47.66	473.68
14	National Capital Territory of Delhi	0.30	0.65	1.91	5.97	1.83	12.21
15	Orissa	12.50	14.47	0.00	0.00	0.00	30.78
16	Punjab	0.15	5.84	3.74	5.15	20.44	38.97
17	Rajasthan	0.97	1.34	6.96	3.01	13.75	29.28
18	Tamilnadu	20.64	47.59	57.98	64.83	40.09	692.90
19	Uttar Pradesh	4.63	11.07	13.88	19.69	5.48	89.99
20	Uttanchal*	0.00	0.00	0.00	0.00	1.41	1.41
21	West Bengal	0.72	2.37	10.87	18.05	5.08	39.78
	TOTAL 'A'	225.74	429.26	577.07	607.70	345.92	3080.19
B.	UNION TERRITORIES						
1	Daman	0.00	0.00	0.00	0.00	0.00	1.49
2	Pondicherry	0.00	0.00	0.00	0.00	0.00	1.13
	TOTAL 'B'	0.00	0.00	0.00	0.00	0.00	2.62
	GRAND TOTAL 'A' + 'B'	225.74	429.26	577.07	607.70	345.92	3082.82

* Disbursement has been shown after the formation of respective State



IREDA financed 3 MW Negu Mini Hydel project set up in Mysore District, Karnataka.

ANNEXURE-IV

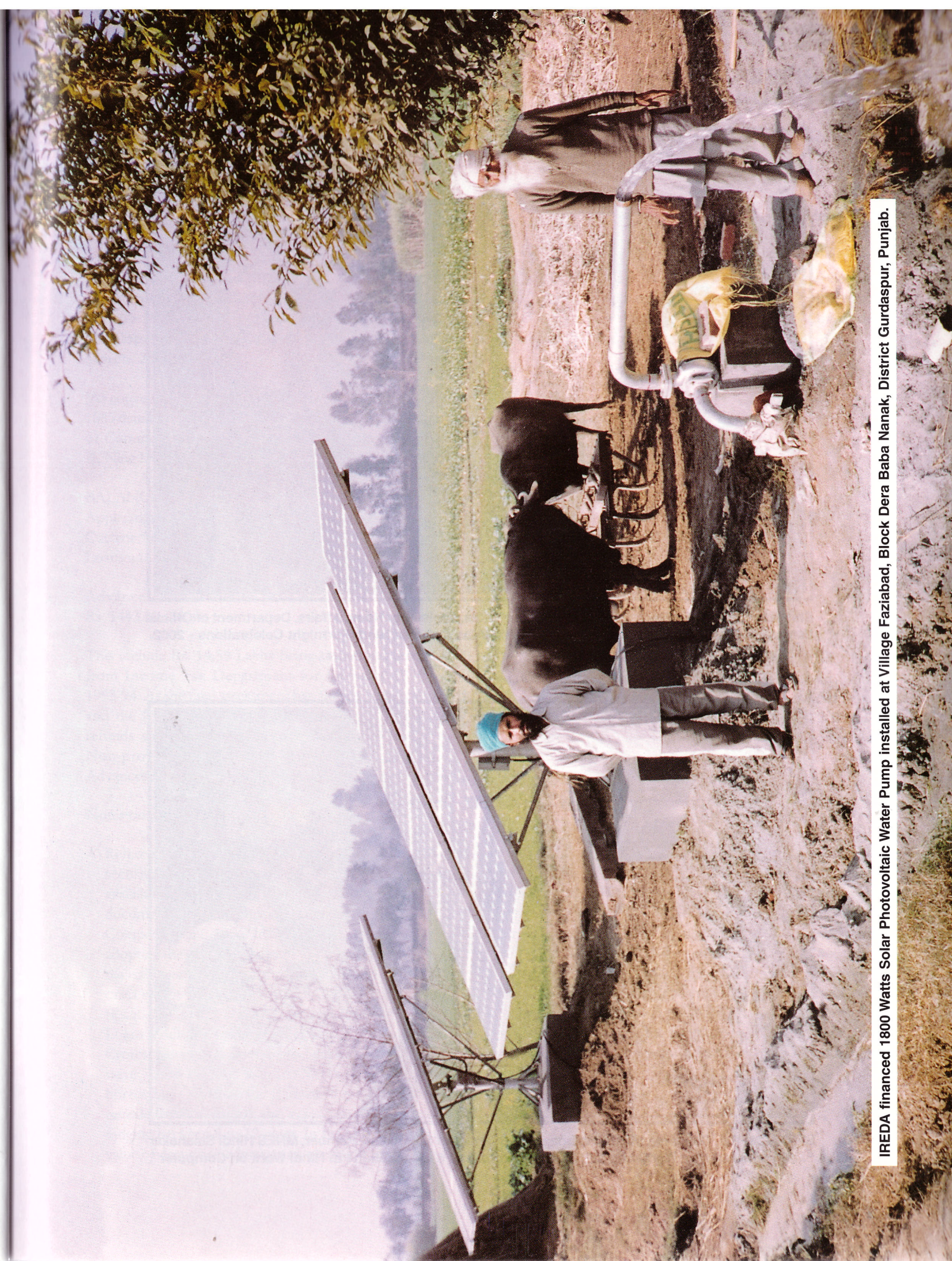
SECTORWISE DISBURSEMENTS DURING LAST FIVE YEARS

[Rs. in crore]

Sl. No.	Sectors	1998-99	1999-2000	2000-01	2001-02	2002-03	Cumulative since 1987
1	Biomass Briquetting	1.34	0.52	1.09	0.60	0.22	9.92
2	Biomass Co-generation	38.17	71.28	136.30	131.39	90.55	560.57
3	Biomass Gasification	2.84	0.17	0.00	0.00	0.00	3.87
4	Biomass Power Generation	0.30	46.20	102.43	93.41	68.08	339.38
5	Biomethanation from Industrial Effluents	4.73	3.93	2.59	6.81	0.00	57.60
6	Energy Efficiency & Conservation	12.50	28.80	23.79	10.63	4.91	80.63
7	Small Hydro	70.87	85.02	87.87	63.21	65.92	504.71
8	Solar Photovoltaics	15.68	22.92	60.47	61.56	35.35	275.61
9	Solar Thermal	5.18	4.16	5.49	7.95	10.92	49.57
10	Waste to Energy	0.00	0.00	3.51	0.20	24.43	28.14
11	Wind Energy	74.10	166.00	153.49	231.87	45.39	1171.64
12	Miscellaneous	0.03	0.26	0.04	0.07	0.15	1.18
	TOTAL	225.74	429.26	577.07	607.70	345.92	3082.82



IREDA financed 1.30 MW Small Hydro project set up at Bhanubhura Village, Sangrur District, Punjab, under World Bank Line of Credit.



IREDA financed 1800 Watts Solar Photovoltaic Water Pump installed at Village Faziabad, Block Dera Baba Nanak, District Gurdaspur, Punjab.



Shri M.L. Gupta, Joint Secretary, Government of India, Ministry of Home Affairs, Department of Official Language, visits Hindi Exhibition set up by IREDA as a part of Hindi Fortnight Celebrations - 2002.



Shri Gopal Rai, Observer, IREDA Rajbhasha Karyanvayan Samiti and Member, MNES Hindi Salahakar Samiti conducting a Workshop at IREDA on "Problems & Suggestions in Hindi Work on Computer".

ANNEXURE TO THE DIRECTORS' REPORT

Addendum-I

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 2003.

[As conveyed vide letter No.MAB-II/CAD-1/15-16/02-03/1085 dated 27.12.2003 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi]

BALANCE SHEET

Application of Funds:

Current Assets

Loans and Advances (Schedule H)

Advance recoverable in cash or kind-Advance Tax - Rs. 1443.21 Lakhs

This include Rs. 14.55 Lakhs being tax refund recoverable from Income Tax Department for the years 1990-91 to 1993-94. As the final assessment has already been completed and the Income Tax Department has not admitted these refunds so far the same are not likely to be recoverable. Non-provision has resulted in over statement of both Advances recoverable and Profit by Rs. 14.55 Lakhs.

Notes on Accounts:

A) Reference is invited to Note 8 regarding valuation of security for doubtful cases on the basis of the latest available Balance Sheets of Constituents/other available documents after depreciating as per rates prescribed under Companies Act, 1956/Income Tax Act, 1961 instead of adopting the realizable value of security since the authentic realisable values were not determinable/available. Thus, cases which were in (1) BIFR (Rs.68.70 Crores) (2) DRT (Rs.56.03 Crores) (3) DRT decreed (Rs.0.99 Crores) (4) Loans recalled (Rs. 83.95 Crores) and (5) Others (Rs.37.84 Crores) were not reassessed and values of their securities were based on the Balance Sheet of the respective borrowing Constituents. Further, a test check in audit revealed that some of the cases relate to the periods ranging between 8 to 12 years. In the absence of current value of securities, adequacy of provision for these NPAs

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

The amount of Rs.14.55 Lakhs represents the difference between the tax paid by IREDA and tax assessed by the Income Tax Department. The refunds thus arrived at are being pursued with the department and IREDA is hopeful of its recovery. In view of this, the amount has been treated as good and recoverable and thus no provision was felt necessary.

IREDA is arriving at the value of securities based on the latest available Balance Sheets/other available documents of the constituents as disclosed in the Notes on Accounts. The asset value of loans in BIFR, Debt Recovery Tribunal, recalled etc. are re-assessed/re-calculated and are depreciated on year to year basis. The shortfall, if any, in the value of securities, thus determined is provided for 100%, in addition to other provisioning requirements as stipulated by Ministry of Non Conventional Energy Sources (MNES). The said depreciated value of assets taken for the purpose of determining the quantum of provision is considered as equivalent to current value of assets.

aggregating to Rs.247.51 Crores and its consequential financial impact on the Profit and Loss as well as on Loans and Advances was not ascertainable.

B) The following facts have also not been disclosed in the Accounts during the year although the same were being disclosed in earlier years:

- The unrealized interest of Rs.66.58 crores on assets classified as NPAs, not recognized as income of the company.

The prudential norms as approved by MNES for IREDA and the provisions of Companies Act, 1956 do not require any specific disclosure to be made in the books of accounts. Therefore, on review, the said disclosure was deleted from the Notes on Accounts during the year 2002-03.

- Interest Subsidy received during the year, interest earned on FDRs and credited to interest subsidy account in respect of programmes to be implemented on behalf of MNES.

There is no requirement under the companies Act or any other Statute to disclose these particulars in the Annual Accounts. Hence on review, the said disclosure was deleted from the Notes on Accounts during the year 2002-03.

- Interest on unutilized amount of interest subsidy have also not been quantified.

-do-

- Capital Subsidy received from MNES, disbursed to borrowers and balance amount refunded/refundable to MNES as on 31st March, 2003.

-do-

Noted

C) A reference is invited to Note 6 indicating the financial impact of Rs.35.44 Lakhs due to change in Accounting Policy for accountal of certain items from cash basis to accrual basis with effect from 1st April, 2002. This does not include the impact of Rs.95.60 Lakhs due to accountal of interest on refund of Income Tax although this was required to be disclosed in accordance with Accounting Standards.

For and on behalf of the Board of Directors

(Vijaya Moorthy)

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

(A.M. Gokhale)

Chairman

Place: New Delhi
Date: 27th December, 2003

Review of Accounts of Indian Renewable Energy Development Agency Ltd. for the year ended 31st March, 2003 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:

	2000-01	2001-02	2002-03
(Rs. in Crore)			
LIABILITIES			
a) <u>Paid up Capital</u>			
i) Government	223.35	250.35	285.35
ii) Others	0.00	0.00	0.00
b) <u>Reserves & Surplus</u>			
i) Free Reserves & Surplus	68.78	68.89	105.34
ii) Capital Grants	1.20	9.05	10.13
iii) Capital Reserves	98.83	101.73	100.73
iv) NBFC Reserves	6.79	6.79	6.79
c) <u>Borrowings</u>			
i) From Government of India	305.47	415.16	421.87
ii) From Financial Institutions	286.35	503.13	567.39
iii) Foreign Currency Loan	264.70	411.70	672.25
iv) Others (Tax free bonds)	461.00	460.99	480.99
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
d) <u>Current Liabilities & Provisions</u>			
i) Current Liabilities & Provisions	140.82	184.42	233.51
ii) Provision for Leave Encashment	0.10	0.18	0.26
Total	1857.39	2412.39	2884.61
ASSETS			
e) Gross Block	9.66	10.00	10.53
f) Less: Depreciation	5.96	6.60	7.04
g) Net Block	3.70	3.40	3.49
h) Investments	10.12	0.12	0.12
i) Current Assets, Loans & Advances	1839.07	2405.55	2850.48
j) Misc-expenditure not written off	4.50	3.32	1.69
k) Deferred Tax Assets	0.00	0.00	28.83
Total	1857.39	2412.39	2884.61
l) Working Capital [i-d(i)]	1698.25	2221.13	2616.97
m) Avg. Capital Employed	1377.34	2096.72	2515.69
n) Net Worth [a+b(i)-j]	287.63	315.92	389.00
o) Net Worth per rupee of paid-up capital (in rupees)	1.29	1.26	1.36

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:

	2000-01	2001-02	2002-03
			(in Percentage)
A. Liquidity Ratio	1305.97	1304.39	1220.71
Current Ratio (Current Assets to Current Liabilities & provisions and interest accrued & due but excluding provision for gratuity/leave encashment [I/d(i)])			
B. Debt Equity Ratios	458.06	566.91	550.77
Long term Debt [Net worth c(i) to c(iii) but excluding short term loans] to net worth			
C. Profitability Ratios			
a) Profit before Tax to			
i) Capital employed	1.98	0.82	0.93
ii) Net Worth	9.48	5.41	6.00
iii) Operational Income	19.34	8.17	9.89
b) Profit after Tax to Equity	10.91	1.82	6.27
c) Earning per share (in Rupees) (Face Value Rs. 1000/-)	72.80	16.39	60.74

3. Sources and Utilisation of Funds

Funds amounting to Rs. 418.97 crores were generated from internal and external sources and utilised during the year 2002-03 as shown below:

Sources of Funds

Funds from operations:

Profit after Tax (available for appropriation)	17.88
Less: Miscellaneous income (capital grant)	0.33
	17.55
Add: Depreciation	0.63
Less: Depreciation on disposed assets	0.19
	0.44
Misc Expenses written off	2.00
Bad Debts Written off	12.66
Less: Recovery	0.27
	12.39
	32.38

Others

Issue of Shares	35.00
Increase in Borrowings	351.51
Increase in Provision for leave encashment	0.08
Total	418.97

Utilisation of Funds

Increase in Fixed Assets	0.53
Increase in working capital	408.73
Dividend proposed (including tax)	4.51
Deferred Tax Credit	5.20
Total	418.97

4. Working Results

	2000-01	2001-02	2002-03
1. Income	164.12	225.87	253.51
2. Profit/Loss before Tax and Prior period Adjustment	27.20	16.96	23.37
3. Prior period Adjustments	0.06	0.13	-0.04
4. Profit/Loss before Tax	27.26	17.09	23.33
5. Tax Provision (Net)	11.00	12.98	11.20
6. Deferred Tax Credit	0.00	0.00	-5.20
7. Profit after Tax and available for appropriation	24.37	4.11	17.33
8. Proposed dividend including dividend tax	9.92	4.00	4.51

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, 2003:

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
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
2002-03	1761.31	182.25	1943.56	12.29	345.92	241.32	220.48	1794.14	262.42	2056.56	14.09

Place: New Delhi
Date: 27.12.2003

(Vijaya Moorthy)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II



IREDA financed 4 MW Waste to Energy Project set up at Village G. Ragampetta, Peddapuram Mandal, East Godavari District, Andhra Pradesh.

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 2002-03

Sl. No.	Auditors' Report	Management Reply
A (f)	Note No. 5 regarding depreciation on lease-hold building.	<u>Note No. 5 is reproduced below:-</u> 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. <u>Reply of the Management</u> 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.
A (f)	Note No. 7 regarding Office Equipments.	<u>Note No. 7 is reproduced below:-</u> Office Equipment includes Rs.14,786 (Previous Year Rs.17,176) 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. <u>Reply of the Management</u> IREDA has been regularly pursuing for collection of the items from the Hon'ble Ex-Minister of State for Non-Conventional Energy Sources.

Sl. No.	Auditors' Report	Management Reply
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A (f) Note No. 8 regarding valuation of securities in respect of doubtful advances.

Note No. 8 is reproduced below:-

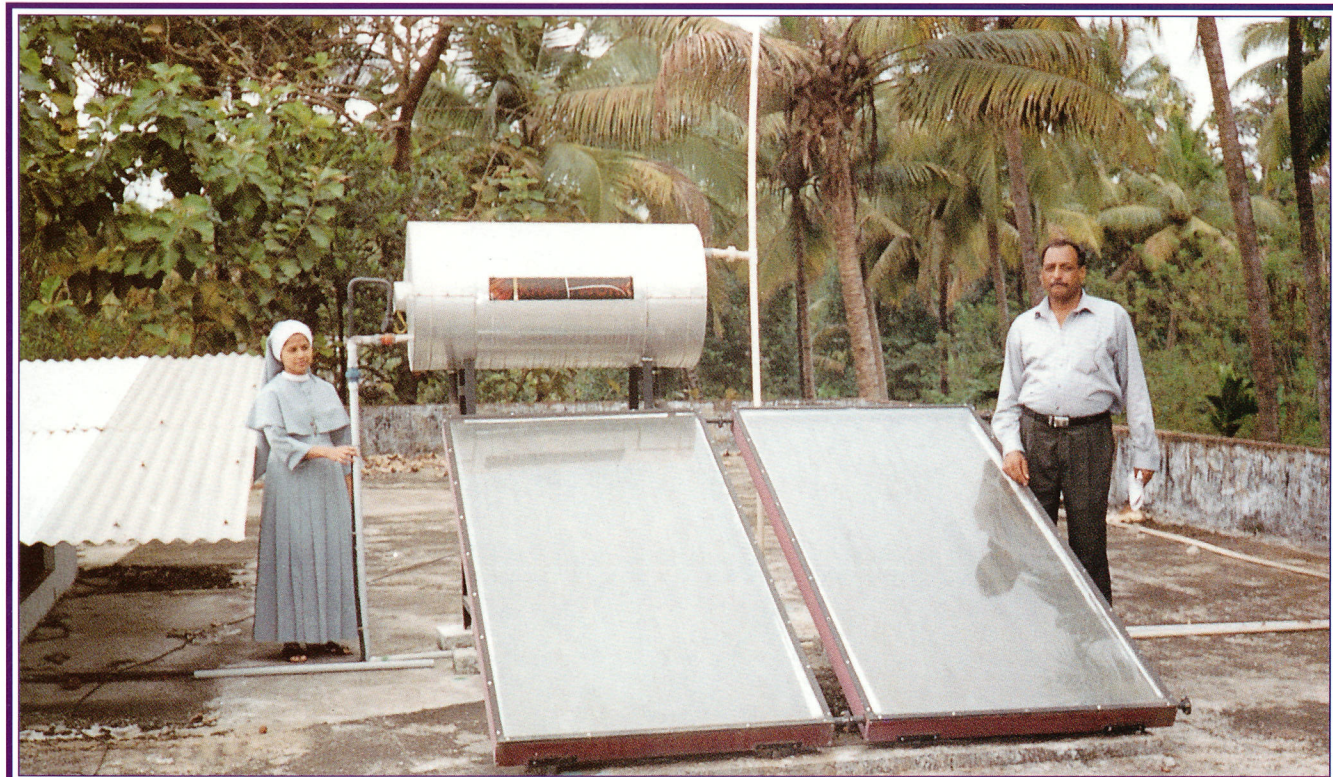
While making provisions for Non Performing Assets, the value of security for doubtful cases has been derived from the latest available Balance Sheet of the constituents/ other documents available on record and depreciated as per rates prescribed under Schedule XIV of the Companies Act, 1956/ Income Tax Act, 1961 instead of realisable value of security as the authentic realisable value is not determinable/available.

Reply of the Management

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) which is in order. This matter is followed consistently.



16000 LPD Solar Water Heating System installed in a shoe factory at Village Ranguwal, Tehsil Nalagarh, District Solan, Himachal Pradesh under IREDA's Solar Thermal user category.



200 LPD Solar Water Heating System installed on the roof of St. Joseph Hospital at Chalkudy Post, Ernakulam District, Kerala, under IREDA's Intermediary Scheme.



IREDA financed 6 MW Biomass Power Project under implementation at Hegasnahalli village, Deosugurhobli Taluka, Raichur District, Karnataka.

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, 2003 and the Profit & Loss Account and also Cash Flow Statement 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.

A) We report that

- 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;
- 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;
- the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- in our opinion, Balance Sheet and Profit & Loss Account and Cash Flow Statement 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;
- the provision of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company;
- in our opinion and to the best of our information and according to the explanation given to us, *subject to Note*

No.(5) regarding depreciation on lease-hold building; Note No.(7) regarding Office Equipments; Note No.(8) regarding valuation of securities in respect of Doubtful Advances; the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2003; and
- in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
- In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

B) 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 further report that

- 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 Note No.7 of Schedule "Q". The frequency of physical verification according to us is reasonable.
- None of the Fixed Assets of the Company have been revalued during the year.
- 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.
- 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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
7. The Company has not accepted any deposit from the public within the meaning of Section 58 A of the Companies Act, 1956.
8. In our opinion, the internal audit system is commensurate 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, 2003 which are due for a period of

more than six months from the date they become payable.

11. According to the information and explanations given to us and on the basis of records examined by 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 Notes 12 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 shares of Units financed, proper records have been maintained and these are held in the name of the Company.
14. The Company is not a sick industrial company within the meaning of Clause (O) of sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. Other points of the order not applicable to the Company.

For K. G. SOMANI & CO.
Chartered Accountants

(K. G. SOMANI)
PARTNER
Membership No.6238

Place : New Delhi
Dated : 11.09.2003

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, 2003 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 on 22nd April, 2002 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, 2003;

(D) Subject to Note No.8 on the accounts, 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.19 on the accounts, 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).

for K.G.SOMANI & CO.
Chartered Accountants

(K.G. SOMANI)
Membership No. 6238

Place: New Delhi
Date: 26th September, 2003

Comments of IREDA's Management on Auditors' Report Pursuant to Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 1998 for the financial year 2002-03

Sl. No.	Auditors' Report	Management Reply
(E)	As stated in Note No.19 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 which has been installed and now the ALM system is fully operational and the reports viz. Statement of Structural Liquidity, Statement of Short Term Dynamic Liquidity and Statement of Interest Rate Sensitivity as per Reserve Bank of India guidelines has been taken based on 31-3-2003 data. The ALM plan is also prepared. Based on the ALM reports, further action shall be taken to reduce the gap which is a continuous process.



BALANCE SHEET

as at 31st March, 2003

	SCHEDULE	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,853,500,000	2,503,500,000
Reserves and Surplus	B	2,229,957,634	1,854,701,600
Loan Funds			
Secured Loans	C	10,483,734,300	9,641,215,000
Unsecured Loans	D	10,941,261,076	8,268,667,117
		<u>26,508,453,010</u>	<u>22,268,083,717</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	105,284,189	99,965,593
Less : Depreciation		<u>70,414,627</u>	<u>65,987,478</u>
Net Block		34,869,562	33,978,115
Investments	F	1,200,000	1,200,000
Current Assets, Loans & Advances			
Current Assets	G	7,440,560,588	4,669,339,161
Loans & Advances	H	21,064,244,711	19,397,020,224
		<u>28,504,805,299</u>	<u>24,066,359,385</u>
Less : Current Liabilities & Provisions			
Current Liabilities	I	1,766,089,707	1,415,046,178
Provisions	J	571,588,206	451,592,009
		<u>2,337,677,913</u>	<u>1,866,638,187</u>
Net Current Assets		26,167,127,386	22,199,721,198
Deferred Tax Assets	K	288,362,000	—
Miscellaneous Expenditure			
(to the extent not written off or adjusted)		16,894,062	33,184,404
		<u>26,508,453,010</u>	<u>22,268,083,717</u>
Accounting Policies and Notes on Accounts	Q		

As per our Report of even date

For K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

Ajai Vikram Singh
Chairman

T Prabakaran
Director (Finance) & Managing Director

Place : New Delhi
Date : 11.09.2003

Debashish Majumdar
Director (Technical)

R K Sachdeva
Company Secretary

PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2003

	SCHEDULE	Year ended 31.3.2003 Rs.	Year ended 31.3.2002 Rs.
INCOME			
Income from operations	L	2,358,056,619	2,091,387,669
Other Income	M	177,086,160	167,346,055
		<u>2,535,142,779</u>	<u>2,258,733,724</u>
EXPENDITURE			
Personnel	N	47,962,428	45,748,737
Administrative and Others	O	45,269,733	38,863,073
Depreciation		6,289,320	6,377,101
Finance Charges	P	1,926,306,492	1,597,793,360
Contribution to Exchange Risk Administration Fund		—	9,150,900
General Provision for Standard Assets		2,152,909	11,053,399
Provision for Bad & Doubtful debts		146,866,189	161,191,861
Bad debts written off		<u>126,575,687</u>	<u>218,937,832</u>
		<u>2,301,422,758</u>	<u>2,089,116,263</u>
PROFIT FOR THE YEAR		233,720,021	169,617,461
Prior period Adjustments (net)		—438,501	1,254,458
PROFIT BEFORE TAX		233,281,520	170,871,919
Provision for Taxation		112,000,000	129,831,000
Deferred Tax credit		—52,031,000	—
PROFIT AFTER TAX		173,312,520	41,040,919
Add : Balance in Profit & Loss Account brought from Previous Year		5,501,458	4,354,934
: Excess Provision written back			
- Others		<u>3,160</u>	<u>105,605</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>178,817,138</u>	<u>45,501,458</u>
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		89,568,000	—
Proposed Dividend		40,000,000	40,000,000
Dividend Tax		5,125,000	—
Surplus carried to Balance Sheet		<u>44,124,138</u>	<u>5,501,458</u>
		<u>178,817,138</u>	<u>45,501,458</u>
Accounting Policies and Notes on Accounts	Q		

As per our Report of even date

For K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

Ajai Vikram Singh
Chairman

T Prabakaran
Director (Finance) & Managing Director

Place : New Delhi
Date : 11.09.2003

Debashish Majumdar
Director (Technical)

R K Sachdeva
Company Secretary

SCHEDULES

PARTICULARS	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
A. SHARE CAPITAL		
Authorised		
40,00,000 (30,00,000) Equity Shares of Rs. 1,000 each	4,000,000,000	3,000,000,000
Issued, Subscribed & Paid up		
2853500 (2503500) Equity Shares of Rs. 1,000 each fully paid up	2,853,500,000	2,503,500,000
	2,853,500,000	2,503,500,000
B. RESERVES & SURPLUS		
Capital Reserve :		
(I) Grant-in-Aid from :		
Government of Netherlands	167,858,986	167,858,986
World Bank - GEF Project Grant	793,570,095	793,570,095
World Bank - SDC Project Grant	45,914,000	45,914,000
Sub Total (I)	1,007,343,081	1,007,343,081
(II) Capital Grant		
Capital Grants from World Bank for purchase of Fixed Assets	9,880,021	12,035,421
Balance from Previous year	3,014,910	1,907,256
Received during the year	12,894,931	13,942,677
Less : Transferred to Miscellaneous Income	-3,315,178	-4,062,656
	9,579,753	9,880,021
UNDP Hilly Hydro Capital Grant	91,678,698	80,644,076
Sub Total (II)	101,258,451	90,524,097
Total (I)+(II)	1,108,601,532	1,097,867,178
Special Reserve (under Section 36(1)(viii) of 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	308,367,000
Addition during the Year	89,568,000	—
	517,508,145	427,940,145
NBFC Reserve	67,933,276	67,933,276
Debenture Redemption Reserve	177,459,543	177,459,543
General Reserve		
Balance from Previous year	78,000,000	78,000,000
Addition during the year from Deferred Tax Credit	236,331,000	—
	314,331,000	78,000,000
Profit & Loss Account	44,124,138	5,501,458
	2,229,957,634	1,854,701,600

PARTICULARS	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
C. SECURED LOANS		
Tax Free Bonds		
(Secured by negative lien on assets of the Company)		
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
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 5th year.		
10% Tax free Secured Redeemable Energy Bonds (Series VII- 1999-2000)		
Redeemable at par after the expiry of 7 years ie 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 ie 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 ie 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 ie 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	100,000,000
Tranche II on 15.12.2008*	300,000,000	300,000,000
* Put/call option is available at the end of 5th year.		
8.50% Tax free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years ie on 20.11.2008		
Put/call option is available at the end of 5th year.	100,000,000	100,000,000

PARTICULARS	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
6.00% Tax free Secured Redeemable Energy Bonds (Series X- 2002-03)		
Redeemable at par after the expiry of 10 years on 17-1-2013		
Put/call option is available at the end of 7th year	500,000,000	—
Bank Loans		
Bank of Baroda Rupee Loan (secured by ADB US\$ deposit)	2,447,364,300	2,533,795,000
Canara Bank Rupee Loan (secured by EURO deposit)	1,400,450,000	1,139,500,000
Canara Bank Rupee Loan (secured by IBRD US\$ deposit)	36,000,000	—
State Bank of India Term Loan (secured by charge on the book debts)	750,000,000	750,000,000
Oriental Bank of Commerce Term Loan (secured by charge on the book debts)	500,000,000	500,000,000
Canara Bank Term Loan (secured by charge on the book debts)	540,000,000	108,000,000
	10,483,734,300	9,641,215,000

D. UNSECURED LOANS

A. Loans Guaranteed by the Government of India

From:

Asian Development Bank	4,624,635,377	2,736,925,099
KfW-Germany	2,062,311,727	1,343,498,129
IBRD	35,613,750	36,600,000

B. Government Loans

Against -

IDA Credit-Renewable Resources Development Project	2,731,700,222	3,614,643,889
IDA Credit- Second Renewable Energy Project	1,487,000,000	537,000,000
	10,941,261,076	8,268,667,117

E. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				AMOUNT IN RS.	
	As at 1.4.2002	Additions during the year	Disposals/ written off during the year	As at 31.03.2003	As at 1.4.2002	For the year	Disposals/ written off during the year	As at 31.03.2003	NET BLOCK	
Buildings-residential- leasehold	4,143,149	—	—	4,143,149	1,361,601	139,077	—	1,500,678	2,642,471	2,781,548
Buildings-office-leasehold	26,410,058	—	—	26,410,058	8,324,562	904,275	—	9,228,837	17,181,221	18,085,496
Office Equipment	7,094,671	5,006,460	1,271,900	10,829,231	3,691,980	1,026,951	557,276	4,161,655	6,667,576	3,402,691
Computers	52,498,654	2,350,080	1,345,350	53,503,384	46,077,310	3,350,198	1,304,895	48,122,613	5,380,771	6,421,344
Furniture & Fixtures	6,469,724	845,874	—	7,315,598	4,226,730	651,463	—	4,878,193	2,437,405	2,242,994
Vehicles	1,445,961	1,575	—	1,447,536	690,169	197,249	—	887,418	560,118	755,792
Library	1,615,126	20,107	—	1,635,233	1,615,126	20,107	—	1,635,233	—	—
Total A	99,677,343	8,224,096	2,617,250	105,284,189	65,987,478	6,289,320	1,862,171	70,414,627	34,869,562	33,689,865
Previous year	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
Capital Work In Progress	288,250	—	288,250	—	—	—	—	—	—	288,250
Total B	288,250	—	288,250	—	—	—	—	—	—	288,250
Previous year	—	288,250	—	288,250	—	—	—	—	288,250	—
Total A+B	99,965,593	8,224,096	2,905,500	105,284,189	65,987,478	6,289,320	1,862,171	70,414,627	34,869,562	33,978,115
Previous year	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

PARTICULARS	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
F. INVESTMENTS		
Unquoted (At Cost)		
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 Windfarms Ltd fully paid up	1,200,000	1,200,000
	1,200,000	1,200,000

G. CURRENT ASSETS

1. Cash and Bank balances

Cash in hand (imprest)	50,000	601
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Bank balances with Scheduled Banks

A) In Current Account

- IREDA	100,213,600	310,021,840
- MNES	10,460,346	9,728
- UNDP	27,228,361	15,692,409
- KfW -Disposition Fund-Canara Bank	—	5,340

B) In Deposit Account

a) - INR-Short term Deposit		
- IREDA	404,000,000	500,000
- MNES	27,400,000	13,230,000
- MNES - NETCOF	44,503,838	21,643,603
b) Foreign Currency Deposit		
- Dollar Deposit	4,673,725,639	2,791,981,463
- EURO Deposit	2,067,195,466	1,345,515,132

C) Cheques Under Collection

	41,983,598	127,892,139
	7,396,760,848	4,626,492,255

2. Interest accrued but not due on Loans and Deposits

- On Loans	14,834,860	22,643,555
- On deposit with banks	28,964,880	20,203,351
	7,440,560,588	4,669,339,161

H. LOANS & ADVANCES

Loans to Constituents of IREDA	20,850,693,588	19,424,844,135
Interest Accrued and due on Loans	140,910,549	123,666,622
Loans to Employees	10,550,692	12,070,342
Sub Total -I	21,002,154,829	19,560,581,099

Advances (Unsecured, considered good)

(Recoverable in cash or in kind or for value to be received)

Security Deposits	569,480	553,180
Staff Advances	1,000,510	851,045
Advance Tax	144,320,990	263,812,022
Others	520,490,945	31,188,332

Sub Total -II	666,381,925	296,404,579
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Total III=(I+II)	21,668,536,754	19,856,985,678
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Less : Provision for Bad & doubtful debts (IREDA Only)	-784,194,458	-637,328,269
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Total Loans & Advances to constituents of IREDA	20,884,342,296	19,219,657,409
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Loans to constituents of MNES	179,902,415	177,362,815
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Total Loans to constituents of IREDA & MNES	21,064,244,711	19,397,020,224
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PARTICULARS	As at 31.3.2003 Rs.	As at 31.3.2002 Rs.
Particulars of Loans & Advances :		
IREDA		
- Loans considered good in respect of which Company is fully secured	18,538,117,915	17,099,603,858
- Loans considered good in respect of which Company holds no security other than personal security of the borrower	1,276,437,701	1,319,417,540
- Loans considered doubtful	1,853,981,138	1,437,964,280
	21,668,536,754	19,856,985,678
Less : Provision for Bad & doubtful debts (IREDA Only)	-784,194,458	-637,328,269
	20,884,342,296	19,219,657,409
MNES		
- Loans considered good in respect of which Company is fully secured	65,990,760	76,491,660
- Loans considered good in respect of which Company holds no security other than personal security of the borrower	48,164,983	32,205,284
- Loans considered doubtful	65,746,672	68,665,871
	179,902,415	177,362,815
GRAND TOTAL	21,064,244,711	19,397,020,224
- Due from Directors of the Company	340,379	528,683
- Due from other officers of the Company	17,061,216	12,392,703
- Maximum amount due at any time during the year from directors of the Company	1,212,245	1,077,174
- Maximum amount due at any time during the year from officers of the Company	20,695,659	12,771,429
I. CURRENT LIABILITIES		
Sundry Creditors	1,679,458	1,626,584
Provident Fund Payable	235,012	216,628
MNES Programme Funds	681,124,731	609,647,175
MNES Co Gen Specific Grant	79,917,642	9,942,399
UNDP Programme Funds	26,568,506	4,719,644
Interest accrued but not due	369,693,675	384,773,394
MNES- NETCOF	44,503,838	21,643,603
Other Liabilities	174,127,273	67,097,074
Book Overdraft (UNDP)	—	9,939,689
Book Overdraft (IREDA)	388,239,572	305,439,988
	1,766,089,707	1,415,046,178
J. PROVISIONS		
Standard Assets	44,776,444	42,623,533
Income-tax	479,131,000	367,131,000
Proposed Dividend	40,000,000	40,000,000
Dividend Tax	5,125,000	—
Leave Encashment	2,555,762	1,837,476
	571,588,206	451,592,009
K. DEFERRED TAX ASSETS		
Deferred Tax Assets upto 31.3.2002	236,331,000	—
Addition during the year	52,031,000	—
	288,362,000	—

PARTICULARS	For the Year ended 31.3.2003 Rs.	For the Year ended 31.3.2002 Rs.
L. INCOME FROM OPERATIONS		
Interest on Loans	2,413,190,832	2,109,520,865
Less : Rebate on Prompt Payment	-122,613,949	-97,689,636
Less : Special Incentive	-1,767,968	-653,875
	2,288,808,915	2,011,177,354
Front end Fee	37,729,413	60,831,488
Application Fee	3,301,850	3,489,642
Recovery out of Bad Debts written off	2,740,130	—
Prepayment Premium	24,805,924	14,851,946
MNES Service Charges	670,387	1,037,239
	2,358,056,619	2,091,387,669
M. OTHER INCOME		
Interest on Deposits		
- On STD	25,475,615	23,114,423
- On US\$ Deposit	68,610,256	104,360,348
- On GEF II	246,447	—
- On EURO Deposit	58,761,317	28,205,390
	153,093,635	155,680,161
Interest on Govt. Securities	—	3,581,986
Interest on Staff Loan	1,110,849	1,183,937
Service charges UNDP Programme Fund	1,758,908	729,806
Interest on Income Tax Refund	17,141,069	2,095,709
Difference in Exchange	588,372	—
Miscellaneous income- Transfer from Capital Grant	3,315,178	4,062,656
Miscellaneous income- Others	78,149	11,800
	177,086,160	167,346,055
N. PERSONNEL EXPENSES		
Salaries,Wages and other amenities	39,383,906	36,858,689
Contribution to Provident Fund	2,776,119	2,596,546
Contribution to Benevolent fund	72,420	71,150
Contribution to Gratuity	1,103,633	257,660
Human Resource Development	445,300	588,695
Staff Welfare	4,178,702	5,338,111
Recruitment	2,348	37,886
	47,962,428	45,748,737

PARTICULARS	For the Year ended 31.3.2003 Rs.	For the Year ended 31.3.2002 Rs.
O. ADMINISTRATIVE EXPENSES		
Business Promotion	4,501,851	3,378,036
Director Sitting Fee	138,000	68,000
Travelling & Conveyance	9,929,664	11,716,650
Electricity & Water Charges	185,253	142,038
Information & Dissemination	917,823	5,060,983
Insurance	200,433	201,882
Legal & Professional Fee	8,290,200	3,968,274
Loss on Sale of Fixed Assets	570,081	3,944
Newspapers and Periodicals	620,093	951,873
Office Maintenance	995,511	1,371,042
Office rent	4,446,489	1,731,855
Postage Telegram & Telephone	1,780,283	2,851,641
Printing and Stationery	2,628,944	2,663,273
Rates & Taxes	117,864	46,864
Repair & Maintenance	2,438,907	2,718,175
ROC Filing Fee	6,400,000	6,050
Difference in Exchange	—	490,889
Miscellaneous	1,108,336	1,491,604
	45,269,733	38,863,073
P. FINANCE CHARGES		
Interest on Borrowings		
- on Bonds	460,201,189	476,383,477
- on Loans	1,371,825,084	1,042,507,761
	1,832,026,273	1,518,891,238
Other Finance Charges		
Miscellaneous Expenditure written off	20,040,362	22,843,927
Bond Trusteeship fee	817,582	916,637
Bank Charges	76,793	129,467
Interest u/s 234(B) of the Income Tax Act	12,405,026	—
Commitment fee		
- ADB	6,317,757	16,021,629
- KfW	3,461,185	4,612,550
- IBRD	9,556,346	9,632,098
GOI Guarantee Fee		
- ADB	23,103,605	16,253,758
- KfW	18,074,153	8,471,726
- IBRD	427,410	20,330
	94,280,219	78,902,122
	1,926,306,492	1,597,793,360

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:

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.

(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

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of transactions. Current assets and liabilities are re-stated at the FEDAI exchange rate prevailing at the year end. The difference between the year end and the exchange rate at the date of transaction is recognized as income or expense in the Profit & Loss A/c and accounted as per the Accounting Standard issued by ICAI.

(4) Fixed Assets

i. Premises and other assets are stated at historical cost.

ii. 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.

iii. 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.

(7) Income Recognition, Asset Classification and Provisioning with respect to Loan

IREDA is a 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 and approved by MNES.

(8) Grants

(i) Grants 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.

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

- (iii) Grant-in-aid 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.

(9) 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 Employees' Benevolent Fund Scheme. The contribution of Company is charged to Revenue Account.

B. NOTES ON ACCOUNTS :

(1) Contingent liabilities not provided for:-

- (i) Income tax demand of Rs.57,77,390 (Previous year – 14,29,66,506) not acknowledged as debt for the Assessment Years 1999-00 and 2000-01 based upon the rectifications and appeal pending with the assessing authority.
- (ii) Claims against the Company not acknowledged as debt Rs.6,00,12,000 (Previous year – Rs. Nil).
- (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.9,61,049 (Previous year – Rs.4,21,000).

(2) MNES Programme Funds :

- (a) 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.
- (b) Current liabilities include Rs.4,45,03,837 (Previous year – Rs.2,16,43,603) which represents contribution 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.

- (c) MNES has created a Revolving Fund out of UNDP – GEF sources with an initial contribution of US \$ 1.40 millions for the development of Small Hydro Project in Hilly Areas. The initial contribution to IREDA has been treated as a capital grant and interest accrued credited to the fund.

(3) Interest Subsidy

MNES has released total interest subsidy including interest earned on term deposits with banks of Rs.78,46,41,779 upto 31.3.2003 (upto previous year Rs.56,73,84,069) and IREDA disbursed upto 31st March, 2003 Rs.36,16,78,644 (Previous year Rs.19,02,91,834) including refund. Out of this, a sum of Rs.16,18,78,810 (Previous year Rs.8,91,69,100) has been passed on during the year to the borrowers on compliance of the terms and conditions of the interest subsidy scheme. During the year the proportionate interest subsidy (difference between gross subsidy and upfront subsidy) to the tune of Rs.2,24,97,439 (previous year Rs.79,16,730) has not been passed on to the borrowers due to non compliance of the terms and conditions of the interest subsidy sanction.

- (4) Current Assets include a sum of Rs.2,65,68,506 (Previous year – Rs. 47,19,644) in Current Account with Scheduled Banks on account of unutilised funds received from UNDP/MNES for implementation of "Green House Gases Emission". The equivalent amount is shown under Current Liabilities.
- (5) 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.
- (6) Company has changed its accounting policies with reference to front end fee, service charges, pre-payment premium, ex-gratia in lieu of bonus, interest on income tax and interest tax refunds from cash basis to accrual basis w.e.f. 1st April, 2002. Consequential to such changes, the additional income booked on account of liquidated damages is Rs.35,43,852 during the year 2002-03. In other cases implication is Nil.
- (7) Office Equipment includes Rs.14,786 (Previous Year Rs.17,176) 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.
- (8) While making provisions for Non Performing Assets, the value of security for doubtful cases has been derived from the latest available 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.
- (9) 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 Nil provision (Previous year – Rs. 91,50,900) equivalent to liability of IDA credit Second Renewable Energy Project on Rupee basis. Books of Accounts of ERAF are prepared and maintained separately.
- (10) 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.

(11) **Deferred Taxes**

A) AS-22 has been made mandatory by the Institute of Chartered Accountants of India on and from 1-4-2002. In accordance with the provisions of AS-22, the opening deferred tax credit (net) of Rs.2363.31 lakhs has been credited to the General Reserves. The current year deferred tax credit of Rs.520.31 lakhs has been credited to the profit and loss account.

B) The details of deferred tax assets (net) as on 31st March, 2003 is given below:-

A Deferred Tax Assets

(Rs. in lakhs)

Arising on account of timing differences:-	As at 31/3/2002	As at 31/3/2003	During the year 2002-03
◆ Provision for Leave Salary	18.37	25.56	7.19
◆ Provision for doubtful debts and advances	6799.51	8289.70	1490.19
◆ Stamp duty	109.55	0.00	-109.55
Total – A	6927.43	8315.26	1387.83

B Deferred Tax Liability

◆ Depreciation	153.42	145.86	-7.56
◆ Other:- Deferred revenue expenditure	186.39	131.44	-54.95
Total – B	339.81	277.30	-62.51
Deferred Tax Assets (A-B)	6587.62	8037.96	1450.34
Deferred tax assets @ 35.875%	2363.31		520.31

(12) Loan to constituents include a sum of Rs.25,10,75,000 (Previous year - Rs. 38,74,34,000) in respect of which the execution of final security documents are in the process of being completed by the constituents and has been treated as unsecured.

(13) 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. Bonds have been issued in demat form as per the requests received from bondholders.

(14) Under sundry creditors, amount payable to small scale industries as on 31st March, 2003 is Nil (Previous year - Nil).

(15) 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.

(16) The remuneration (excluding service tax) paid to Statutory Auditors of the Company is as under:

For Statutory Audit Rs.1,15,000 (Previous year - Rs.1,15,000)

For Tax Audit Rs.46,000 (Previous year - Rs.46,000)

For Certification Rs.73,000 (Previous year - Rs.1,71,500)

For Consultancy and opinion Rs.18,500 (Previous year – Rs.5,000)

(17) 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 & allowances	4,28,086 (4,16,877)	4,31,540 (4,28,596)	6,22,236 (5,13,599)
Medical allowance	33,041 (31,096)	33,264 (31,772)	41,688 (39,208)
Provident Fund	46,234 (42,883)	47,305 (44,293)	57,947 (54,200)
Value of perquisite for residential accommodation as per Income-tax Act	18,232 (22,115)	21,352 (22,317)	22,880 (33,532)
LTC	0.00 (Nil)	25,479 (Nil)	17,490 (Nil)
Staff Car (As per Income tax Rules)	15,300 (9,000)	15,300 (9,000)	15,300 (9,000)
Total :	5,40,893 (5,21,971)	5,74,240 (5,35,978)	7,77,541 (6,49,539)

Previous year figures shown within bracket

(18) (i) Income tax assessment has been completed upto assessment year 2000-01. Additional demands have been raised and paid amounting to Rs.2078.75 lakhs which are disputed by the Company and therefore appeals have been filed with Income Tax Appellate Tribunal. Additional liability except for the Assessment Year 1999-00 amounting to Rs.823.44 lakhs have been provided in the accounts.

(ii) As the assessment u/s 143(3) is still pending for the assessment years 2001-02 and 2002-03, additional tax liability, if any, would be known only after the assessments are completed.

(iii) Interest tax assessment have been completed upto the assessment year 1997-98. For the assessment year 1998-99, the Company has filed an appeal. In respect of assessment years 1999-00 and 2000-01, the Company has not received any intimation so far.

(19) 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). 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. It is expected that the ALM shall be fully operational by 30th September, 2003.

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

a) Expenditure in Foreign Currency:

◆ On Travelling Rs.7,01,412 (Previous year - Rs. 3,89,743)

◆ Others Rs.27,61,45,039 (Previous year - Rs. 23,17,77,967)

b) Earnings in Foreign Exchange:

◆ Interest Rs.12,73,71,573 (Previous year - Rs. 13,25,65,738)

c) Revenue Grant Rs.1,94,74,227 (Previous year -Rs. 1,14,54,549) (GEF)

d) Project Grant Rs. Nil (Previous year – Rs. 1,90,13,200) (GEF)

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

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

(Rs. in crores)

SI No	Particulars	Status
A)	Capital	
a	CRAR, core CRAR and supplementary CRAR	23.80% (22.55%)
b	The amount of subordinated debt raised and outstanding as Tier – II capital	(Nil)
c	Risk weighted assets	
◆	On balance sheet items	2126.00 (1930.00)
◆	Off balance sheet items	10.15 (7.15)
d	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

- e Percentage of net NPAs to net loans and advances 8.69%
(8.50%)
- f Amount/Crs and % of net NPAs under the prescribed asset classification categories (excluding incidental)

Category	NPA			
	Gross	NPA provision	Net	Net %
Std	1791.06 (1704.94)	4.48 (4.26)	1786.58 (1700.68)	91.31% (91.50%)
S. Std	62.95 (77.77)	6.30 (7.78)	56.66 (69.99)	2.90% (3.77%)
Doubtful	184.53 (143.11)	71.19 (55.19)	113.34 (87.91)	5.79% (4.73%)
Loss	0.03 (0.02)	0.03 (0.02)	0.00 (0.00)	0.00% (0.00%)
Total	2038.57 (1925.83)	81.99 (67.25)	1956.58 (1858.58)	100.00% (100.00%)

- g Amount of provisions made during the year towards standard assets, NPAs, Investment (other than those in the nature of an advance), income tax etc.

(Rs. in crores)

Category	2002-03	2001-02
Standard assets	0.22	1.11
NPAs (including incidental charges)	14.69	16.12
Investments	0.00	0.00
Income Tax	11.20	12.98
Total	26.11	30.21

h Movement in net NPAs

(Rs. in crores)

Particulars	2002-03	2001-02
Net NPA as on 1st April	157.90	174.75
Add: Addition during the year	48.98	28.69
Less: Reduction during the year	9.89	7.84
Less: Provision during the year	14.53	15.93
Less: Assets written off	12.46	21.77
Net NPA as on 31st March	170.00	157.90

i Credit exposure as % to net worth and as % to total assets in respect of:

% to Net worth % to total loan assets

	Loan	% to Net worth	% to total loan assets
◆ The largest single borrower	58.99 (62.80)	11.86% (14.49%)	2.89% (3.26%)
◆ The largest borrower group	84.42 (66.82)	16.97% (15.41%)	4.14% (3.47%)
◆ The 10 largest single borrowers:			
No. 1	58.99 (62.80)	11.86% (14.49%)	2.89% (3.26%)
No. 2	58.40 (53.23)	11.74% (12.28%)	2.86% (2.76%)
No. 3	53.41 (49.35)	10.74% (11.38%)	2.62% (2.56%)
No. 4	48.88 (45.31)	9.82% (10.45%)	2.40% (2.35%)
No. 5	42.45 (37.52)	8.53% (8.65%)	2.08% (1.95%)
No. 6	42.20 (34.24)	8.48% (7.90%)	2.07% (1.78%)
No. 7	40.69 (33.55)	8.18% (7.74%)	2.00% (1.74%)
No. 8	36.51 (33.25)	7.34% (7.67%)	1.79% (1.73%)
No. 9	31.72 (32.58)	6.38% (7.52%)	1.56% (1.69%)
No. 10	31.50 (31.50)	6.33% (7.27%)	1.55% (1.64%)
Total	444.75 (413.32)	89.40% (95.35%)	21.82% (21.46%)

◆ The 10 largest borrower groups:

No. 1	84.42 (66.82)	16.97% (15.41%)	4.14% (3.47%)
No. 2	63.52 (64.89)	12.77% (14.97%)	3.12% (3.37%)
No. 3	62.22 (56.64)	12.51% (13.07%)	3.05% (2.94%)
No. 4	58.03 (50.78)	11.66% (11.71%)	2.85% (2.64%)
No. 5	48.34 (31.51)	9.72% (7.27%)	2.37% (1.64%)
No. 6	34.10 (30.01)	6.85% (6.92%)	1.67% (1.56%)
No. 7	33.56 (18.54)	6.75% (4.28%)	1.65% (0.96%)
No. 8	20.33 (17.95)	4.09% (4.14%)	1.00% (0.93%)
No. 9	17.96 (12.06)	3.61% (2.78%)	0.88% (0.63%)
No. 10	16.50 (11.39)	3.32% (2.63%)	0.81% (0.59%)
Total	438.97 (360.60)	88.24% (83.18%)	21.53% (18.72%)

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

	Industries	Loan O/S	% to total loan
No. 1	Power	928.30 (749.45)	45.54% (38.92%)
No. 2	Sugar	340.94 (360.45)	16.72% (18.72%)
No. 3	FIs/NBFCs	87.82 (112.68)	4.31% (5.85%)
No. 4	Steel	80.32 (81.51)	3.94% (4.23%)
No. 5	Engineering	75.27 (139.45)	3.69% (7.24%)

C) Liquidity

k Maturity pattern of rupee assets and liabilities;

l Maturity pattern of foreign currency assets and liabilities:- (Rs. in crores)

Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee assets	214.63 (261.90)	536.67 (473.00)	551.59 (541.58)	438.53 (446.98)	297.15 (229.30)	2038.57 (1952.76)
Foreign currency assets	9.08 (4.87)	50.45 (16.38)	112.91 (34.08)	64.34 (37.06)	437.31 (321.36)	674.09 (413.75)
Total Assets	223.71 (266.77)	587.12 (489.38)	664.50 (575.66)	502.87 (484.04)	734.46 (550.66)	2712.66 (2366.51)
Rupee liabilities*	361.05 (195.60)	290.97 (305.24)	283.51 (351.25)	208.59 (201.72)	1067.69 (446.46)	2211.81 (1500.27)
Foreign currency liabilities	9.08 (4.88)	48.05 (16.39)	112.91 (34.33)	64.34 (37.41)	437.87 (318.69)	672.25 (411.70)
Total liabilities	370.13 (200.48)	339.02 (321.63)	396.42 (385.58)	272.93 (239.13)	1505.56 (765.15)	2884.06 (1911.97)

* includes IDA - 2nd loan received from MNES in INR. However, the repayment liability is in foreign currency as per prevailing exchange rate at the time of repayment.

D) Operating Results

m Income from Operation as a percentage to average capital employed	10.45% (11.45%)
n Non-operating income as % to average capital employed	0.02% (0.03%)
o Operating profit as a percentage to average capital employed	2.15% (2.91%)
p Return on average assets	0.71% (0.21%)
q Net profit per employee/Rs. in lakhs	12.12 (3.02)

E) Movement in Provisions

I) Provisions for Non Performing Assets comprising loans (excluding provisions for standard assets) (Rs. in crores)

Particulars	2002-03	2001-02
Opening balance as at the beginning of the financial year	63.73	47.61
Add: Provisions made during the year	34.04	39.97
Less:		
◆ Write off during the year	12.66	21.89
◆ Write back during the year	6.69	1.96
Net charged to P&L A/c	14.69	16.12
Closing balance at the close of the financial year	78.42	63.73

Provisions for Non Performing Assets comprising bonds and debentures in the nature of advance and inter-corporate deposits

II) Provisions for depreciation in investments	Nil	Nil
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F) Restructured Accounts

(Rs. in crores)

Sl.No	Particulars	31.3.2003	31.3.2002
1	Total amount of loan assets subjected to restructuring	404.64	192.32
2	Amount of standard assets subjected to restructuring	399.90	189.10
3	Amount of sub standard/doubtful assets subjected to restructuring	4.74	3.22

G) On forward rate agreements and interest rate swaps

- ◆ The notional principal 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.
- ◆ Nature and terms of the swaps 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.
- ◆ Quantification of the losses which would be incurred if the counter parties failed to fulfil their obligations under the agreements
 - ◆ Not applicable
- ◆ Collateral required by the entity upon entering into swaps
 - ◆ NIL
- ◆ Any concentration of credit risk arising from the swaps. Examples of concentration could be exposures particular industries or swaps with highly geared companies
 - ◆ Not applicable

- ◆ The 'fair' value of the total swaps book. 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.

Particulars	Amount (FC/million)	Amount (Rs./Crore)
Liabilities		
BOB Rupee Term Loan against US\$ deposit	NIL (NIL)	244.74 (253.38)
Canara Bank Rupee Term Loan against Euro deposit	NIL (NIL)	140.05 (113.95)
Canara Bank Rupee Term Loan against US\$ deposit	NIL (NIL)	3.60 (NIL)
Assets		
BOB \$ Deposit	97.17 (US\$ 55.96)	461.41 (Rs.273.10)
Canara Bank Euro Deposit (includes Disposition Fund deposit A/c)	39.95 (Euro 31.57)	206.72 (Rs.134.55)
Canara Bank US\$ Deposit	0.75 (US\$ 0.75)	3.56 (Rs.3.66)

H Interest Rate Derivatives

The FIs dealing in interest rate derivatives on exchanges may disclose as a part of the 'notes on accounts' to balance sheets the following details:

Sl.No.	Particulars	Amount
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2003 (instrument-wise)	Nil
3	Notional principal amount of exchange traded interest rate derivatives and not "highly effective" (instrument-wise)	Nil
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil

Previous year figures shown within bracket

(22) Figures are rounded off to the nearest rupee. Previous year's figures have been re-arranged/re-grouped wherever considered necessary to make them comparable with the current year's figures.

(23) Schedule 'A' to '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 K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

Ajai Vikram Singh
Chairman

T Prabakaran
Director (Finance) & Managing Director

Place : New Delhi
Date : 11.09.2003

Debashish Majumdar
Director (Technical)

R K Sachdeva
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No. State Code (Refer Code List)

Balance Sheet Date Date Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement (Govt. Contribution)

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

Total Liabilities Total Assets

Sources of Funds Paid-Up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds Current Liabilities Investments

Net Fixed Assets Misc. Expenditure & Others

Net Current Assets Deferred Tax Assets

Accumulated Losses

IV. Performance of the Company
(Amount in Rs. Thousands)

Turnover (Gross Income) Total Expenditure (including PPD)

Profit before Tax Profit after Tax

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

Basic and diluted Earnings per share in Rs. (PAT) Dividend Rate %

V. Generic names of three principal products/Services of the Company (as per monetary terms)

Item Code No.

(ITC Code)

Product Description

AJAI VIKRAM SINGH
Chairman

T. PRABAKARAN
Director (Finance) & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

		(Amount in Rupees)	
Particulars	For the year ended March 31, 2003	For the year ended March 31, 2002	
A Cash Flow from Operating Activities:			
Net Profit before Tax and Extraordinary items:	233,720,021	169,617,461	
Adjustment for:			
1 Loss on Sale of Fixed Assets	570,081	3,944	
2 Depreciation	6,289,320	6,377,101	
3 NPA Provision	146,866,189	161,191,861	
4 Misc Expenses written off	16,290,342	11,843,927	
5 Prior period expenses/income	-438,501	1,254,458	
6 Excess provision written back	3,160	105,605	
Operating profit before working Capital Charges:	403,300,612	350,394,357	
Increase / Decrease			
1 Increase in Loans & Advances	-1,811,551,076	-4,332,353,566	
2 Increase/Decrease in MNES loan	-2,539,600	24,003,090	
3 Increase/Decrease in other Current Assets	-952,834	10,075,658	
4 Increase in Current Liabilities	351,043,529	438,935,504	
5 Increase in Provision	2,871,197	11,883,542	
Net cash used in Operating Activities	-1,461,128,784	-3,847,455,772	-3,497,061,415
B Cash Flow From Investing Activities			
1 Sale of Fixed Assets	184,998	818	
2 Purchase of Fixed Assets	-7,935,846	-3,367,661	
Net Cash used in Investing Activities		-7,750,848	-3,366,843
C Cash Flow from Financial Activities			
1 Equity received from Govt of India	350,000,000	270,000,000	
2 Capital grants received	10,734,354	33,455,361	
3 Issue of Bonds	500,000,000	500,000,000	
4 Sale of Govt securities	0	100,000,000	
5 Increase in Term Loans from Banks	728,950,000	2,208,000,000	
6 Increase in IDA loan	1,233,000,000	1,404,000,000	
7 Increase in Foreign currency loans	2,691,872,434	1,510,238,539	
8 Redemption of Bonds	-300,000,000	-500,000,000	
9 Repayment of Term Loans to Banks	-86,430,700	-40,215,000	
10 Repayment of IDA loan	-1,165,943,667	-307,089,111	
11 Repayment of foreign currency loan	-86,334,808	-40,215,000	
12 Dividend & dividend Tax paid	-40,000,000	-99,180,000	
Net Cash in-flow from Financing Activities		3,835,847,613	5,038,994,789
Net Increase in Cash & Cash Equivalents	2,770,268,593	1,538,566,531	
Cash & Cash Equivalents at the beginning of the year	4,626,492,255	3,087,925,724	
Cash & Cash Equivalents at the end of the year	7,396,760,848	4,626,492,255	
Net Increase in Cash & Cash Equivalents	2,770,268,593	1,538,566,531	

Notes to the Cash Flow statement.

- Previous years figures have been rearranged and regrouped wherever necessary
- Cash and cash equivalent includes foreign currency deposits which are available to meet the foreign currency loans only.
- As on 31st March 2003 the Company has undrawn term loan from commercial banks to the tune of Rs 206 Crs which are available to meet the future operating activities.

As per our Report of even date

For K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

Place : New Delhi
Date : 11.09.2003

Ajai Vikram Singh
Chairman

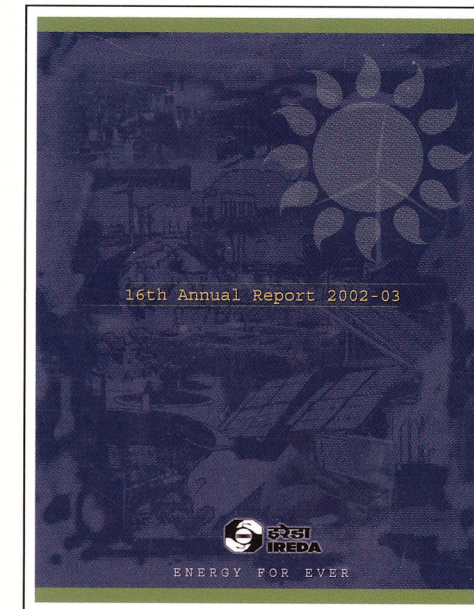
Debashish Majumdar
Director (Technical)

T Prabakaran
Director (Finance) & Managing Director

R K Sachdeva
Company Secretary

STATUS OF MNES FUNDS AS ON 31.03.2003

Sl. No.	PROGRAMME	BALANCE AS ON 1.4.2002	GRANT RECEIVED DURING THE YEAR	INTEREST EARNED DURING THE YEAR		SERVICE CHARGES RECOVERABLE	AMOUNT REFUNDED	AMOUNT/ SUBSIDY DISBURSED	TOTAL FUNDS AS ON 31.03.2003	LOANS OUTSTANDING AS ON 31.03.2003	INTEREST OUTSTANDING AS ON 31.03.2003	BALANCE WITH BANK		BALANCE WITH IREDA	TOTAL FUNDS
				ST.D.	LOAN							CURRENT A/C	STD		
	SECTOR					TOTAL									
1	SPV MFG LOAN-(32046)	4927592	0	0	421952	421952	7360968	0	4064573	2681792	1281595	53726	0	41329	4664573
2	SPV USER LOAN (32200+3425+32045)	229463255	0	373424	5651141	5424565	19551638	0	206024798	97536778	18713279	4778975	0	84961766	206024798
3	SPV USER'S SUBSIDY(3424+32044)	(83257884)	0	0	0	0	0	0	(83257884)	0	0	84479	0	(83338363)	(83257884)
4	SPV MARKET-(32142)	1212915	0	0	62621	62621	1245625	0	1200	0	0	221431	0	(209430)	1200
5	SOLAR THERMAL-(33881)	18760926	0	0	1328472	1328472	609429	10084	13836109	10973445	1763661	210358	0	(1002194)	13836109
6	MICRO HYDEL GRANT	715879	0	0	0	0	0	0	715879	0	0	0	0	715879	715879
7	SPV PUMPING PUBLICITY GRANT 94-95	163590	0	0	0	0	0	0	163590	0	0	0	0	163590	163590
8	SPV WP REIMBURSEMENT 2001-02	800000	0	0	0	0	0	1272664	(472664)	0	0	0	0	(472664)	(472664)
9	SOLAR THERMAL GRANT 93-94	21025	0	0	0	0	0	0	21025	0	0	0	0	21025	21025
10	MNES SPV MKT PROM REIMBURT	972201	0	0	0	0	0	0	972201	0	0	0	0	972201	972201
11	MNES SPV PUMPING FILM GRANT	93100	0	0	0	0	0	0	93100	0	- 0	0	0	93100	93100
12	CAPITAL SUBSIDY COGENERATION-(32556)	380438	0	3006	0	3006	0	0	3807444	0	0	116622	0	3690822	3807444
13	COGENERATION INT'L SUBSIDY	28597961	8857000	0	0	0	9588000	7432253	29073438	0	0	0	0	29073438	29073438
14	INTEREST SUBSIDY ON SOLAR THERMAL	(12163286)	2850000	0	0	0	0	22515720	(6179006)	0	0	0	0	(6179006)	(6179006)
15	SPV USER'S SUBSIDY-2001-2002-(32745)	873993	0	0	0	0	89913	772425	11655	0	0	59628	0	(4973)	11655
16	SPV USER'S SUBSIDY-2001-2002-(32745)	0	16450000	581660	853048	1434708	0	14461693	1317805	0	0	1310703	0	7102	1317805
17	SPV USER'S SUBSIDY-2002-2003-(32899)	0	5000000	314255	0	314255	0	0	5034255	27000000	0	814330	22500000	(75)	5034255
18	INTEREST SUBSIDY ON SPV USER LOAN-99-00-(32353)	(286641)	615000	0	0	0	0	5869832	(473)	0	0	8366	0	(8839)	(473)
19	INTEREST SUBSIDY ON SPV USER LOAN 2000-01-(32536)	878724	14389000	0	0	0	0	15279906	(11372)	0	0	61016	0	(72388)	(11372)
20	INTEREST SUBSIDY ON SPV MFG-(32591)	294368	8853000	750	0	750	0	915705	353	0	0	353	0	0	353
21	INTEREST SUBSIDY ON SPV USER LOAN 2001-02-(32746)	0	1440000	233120	0	233120	0	14573230	59890	0	0	333120	4900000	(517329)	59890
22	INTEREST SUBSIDY ON SPV USER LOAN 2002-03	0	6000	0	0	0	0	0	6000	0	0	0	0	6000	6000
23	INTEREST SUBSIDY ON BIO-MASS BRQ	1269471	0	0	0	0	0	163508	10690163	0	0	0	0	10690163	10690163
24	INTEREST SUB ON SMALL HYDRO	8976548	42301840	0	0	0	0	1852656	113631252	0	0	0	0	113631252	113631252
25	INTEREST SUB ON WASTE-TO-ENERGY	0	1370000	0	0	0	0	0	1370000	0	0	0	0	1370000	1370000
	TOTAL	592097515	431523840	1586215	11514334	13020549	670387	32855896	663574931	162352615	33288635	10460346	27400000	43081454	663574931



*A silent green energy revolution in rural India can help
the nation in the development process.*

*This year's Annual Report cover shows the various ways green energy
can benefit humankind. In this era of fast depleting traditional fuel reserves,
renewable energy is the only sustainable alternative.*



Indian Renewable Energy Development Agency Limited

(A Government of India Enterprise)

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