

18th Annual Report

2004-05



इरेडा
IREDA

IS/ISO 9001:2000 Certified

Energy For Ever



Our Mission



"Be a pioneering, participant friendly and competitive institution for financing and promoting self-sustaining investment in energy generation from Renewable Sources, Energy Efficiency and Environmental Technologies for sustainable development".

Quality Policy



IREDA is committed to maintain its position as a leading organization to provide efficient and effective financing in Renewable Energy & Energy Efficiency/Conservation. Focus of its services shall be :

- » Customer Satisfaction
- » Timely and prompt response
- » Increase market share in financing
- » Grow into Apex level financial institution
- » Encourage micro lending through intermediation
- » Professional excellence
- » Organisational flexibility

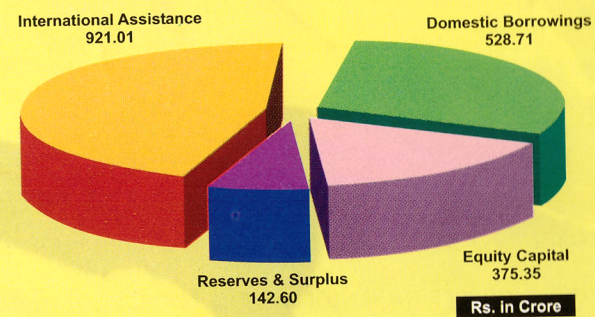
Quality Objectives



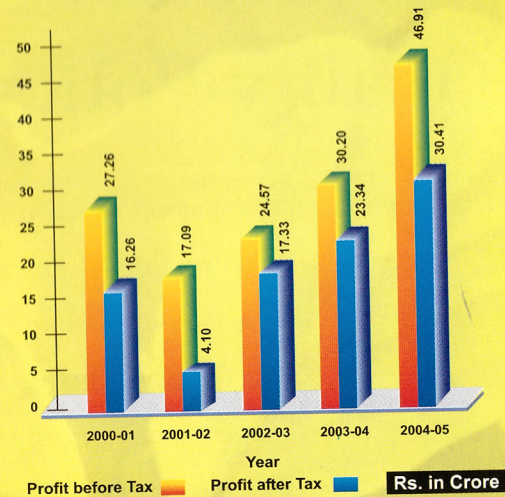
Following shall govern the operations :

- » Improvement in the efficiency of services provided to customers
- » Customer satisfaction
- » Strengthen Human Resources Development
- » Continual improvement of systems, processes and resources

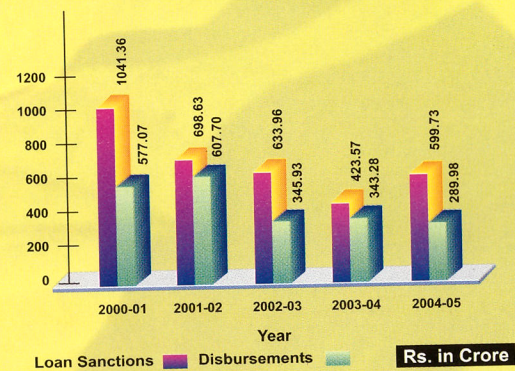
IREDA's Resource Base 2004-05



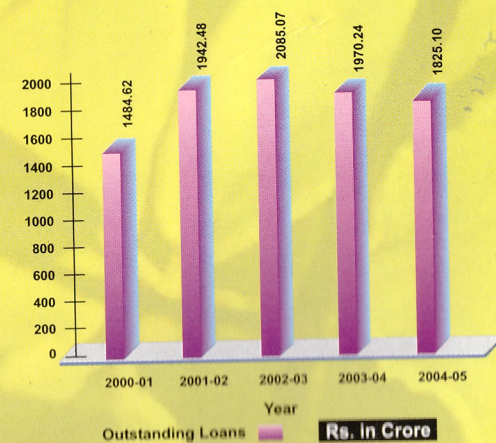
**IREDA's Working Results
Profit before Tax & Profit after Tax**



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



IREDA's Outstanding Loans



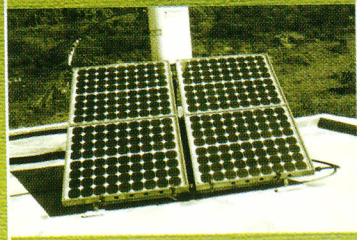
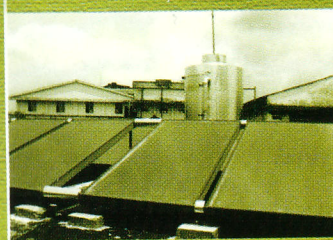
(Rs. in Crore)

RESOURCES	2004-05	2003-04	2002-03	2001-02	2000-01
Equity Capital	375.35	325.35	285.35	250.35	223.35
Reserves & Surplus	142.60	127.80	112.14	76.67	75.57
International Assistance	921.01	869.25	1204.98	936.65	670.21
Domestic Borrowings	528.71	628.00	659.99	596.79	485.99
Total	1967.67	1950.40	2262.46	1860.46	1455.12

(Rs. in Crore)

OPERATIONS	2004-05	2003-04	2002-03	2001-02	2000-01
Loan Sanctions	599.73	423.57	633.96	698.63	1041.36
Disbursements	289.98	343.28	345.93	607.70	577.07
Repayment by Borrowers	426.91	430.20	201.53	133.15	123.06
Outstanding Loans	1825.10	1970.24	2085.07	1942.48	1484.62
Working Results					
Gross Income	263.13	248.34	253.51	225.87	164.12
Profit before Tax	46.91	30.20	24.57	17.09	27.26
Profit after Tax	30.41	23.34	17.33	4.10	16.26
Earnings Per Share (Rs.)	81.01	71.74	60.74	16.00	72.08





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Board of Directors



Chairman

A.M. Gokhale

Managing Director

Debashish Majumdar
(Officiating Charge)

Directors

Debashish Majumdar
A. K. Rath (w.e.f. 14.01.2005)
S. P. Reddi (w.e.f. 25.07.2005)

Company Secretary

R.K. Sachdeva

Registered Office

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

Auditors

M/s. K.G. Somani & Co.,
Chartered Accountants,
3/15, Asaf Ali Road,
Delhi - 110 002

Bankers

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



Hon'ble Shri Vilas Muttemwar, Union Minister for Non-Conventional Energy Sources addressing at the presentation ceremony of IS/ISO 9001:2000 Certificate to IREDA.

Notice



NOTICE is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA) will be held on Wednesday, the 23rd November, 2005 at 11.00 A.M. at IREDA's Registered Office at India Habitat Centre, Lodi Road, New Delhi-110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended as on that date, Auditors' Report and Comments of Comptroller and Auditor General of India thereon.
2. To declare a Dividend.

SPECIAL BUSINESS

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

"RESOLVED that approval of the Company be and is hereby accorded in terms of sub-section (aa) of Section 224(8) and other applicable provisions, if any, of the Companies Act, 1956, for payment of Rs.1,26,500/- per annum (Rupees one lakh twenty six thousand five hundred only)

(exclusive of service tax) as remuneration to M/s. K. G. Somani & Co., Chartered Accountants, Statutory Auditors of the Company from the financial year 2004-05 onwards.

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi
25th October, 2005

(R.K. Sachdeva)
Company Secretary

1. All Shareholders
2. The Chairman and Directors
3. M/s. K. G. Somani & Co., Chartered Accountants, 3/15, Asaf Ali Road, 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].
2. The Explanatory Statement concerning Special Business, in pursuance of Section 173(2) of the Companies Act, 1956, is annexed to this Notice.



Shri A.M. Gokhale, Secretary, Ministry of Non-Conventional Energy Sources (MNES) and Chairman, IREDA receives Quality Management Systems Certificate Licence (IS/ISO 9001:2000) from Director General, Bureau of Indian Standards (BIS).

EXPLANATORY STATEMENT

[Pursuant to Section 173 (2) of the Companies Act, 1956]
ITEM NO. 3 OF THE NOTICE

Fixation of Statutory Auditors' fee

1. M/s. K G Somani & Co., Chartered Accountants, vide letter No.CA.V/COY/Central Govt. IRENWE (1)/385 dated 06.09.2004 of the office of the Comptroller and Auditor General of India, were appointed as Statutory Auditors' of IREDA for the financial year 2004-05.
2. The Board of Directors of IREDA at their 155th Meeting held on 19th November, 2004 noted appointment of M/s. K. G. Somani & Co., Chartered Accountants as Statutory Auditors of IREDA for the year 2004-05. On a representation dated 20.12.2004, the Statutory Auditors requested increase in their remuneration. The Board of Directors of IREDA at their 156th Meeting held on 17th & 24th February, 2005 considered the request of Statutory Auditors for enhancement of audit fee and resolved that the audit fee be enhanced from Rs.1,15,000/- per annum to Rs.1,26,500/- per annum (exclusive of service tax) from the financial year 2004-05

onwards subject to approval of the same by the Shareholders in the General Meeting.

3. The proposal for fixation of audit fee of Rs.1,26,500/- per annum (exclusive of service tax) payable to M/s. K. G. Somani & Co., Statutory Auditors of IREDA for the financial year 2004-05, as recommended by the Board of Directors is, therefore, placed before the Shareholders for consideration and approval.
4. The relevant documents can be inspected at the Registered Office of the Company during the business hours.
5. None of the Directors of the Company in any way, is directly or indirectly, concerned or interested in the above proposal.

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi
25th October, 2005

(R.K. Sachdeva)
Company Secretary

PROXY FORM

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

[A Government of India Enterprise]

Regd. & Head Office: India Habitat Centre, Core-4 'A', East Court, 1st Floor, Lodhi 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 **18th ANNUAL GENERAL MEETING** of the Company to be held on the.....day of.....**2005** and at any adjournment thereof.

Signed this day of **2005**.

(Signature)

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.

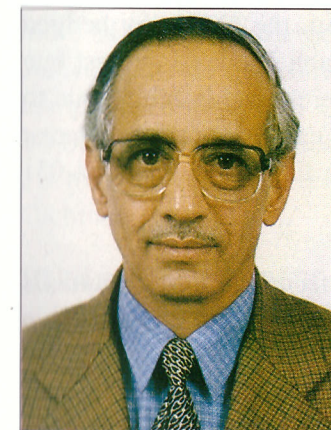


IREDA's 17th Annual General Meeting of Shareholders is in progress.



IREDA presents dividend for the financial year 2002-03 to Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources.

Chairman's Speech



Dear Shareholders,

It gives me great pleasure to extend a hearty welcome to you on the occasion of the Eighteenth Annual General Meeting of the Indian Renewable Energy Development Agency Limited. The Directors' Report and the Audited Statements of Accounts for the year ended March 31, 2005 duly certified by the Comptroller and Auditor General of India are already available with you and with your permission these may be taken as read.

ECONOMIC ENVIRONMENT

During 2004-05 the economy registered a GDP growth rate of 6.9 per cent, much lower than the 8.5 per cent posted in 2003-04. The downturn in the economy is attributed to the slowdown in the agricultural sector. The year witnessed an average annual rate of inflation of around 6.4 per cent. Foreign exchange reserves continued to rise and reached at US\$ 142.2 billion at the end of March, 2005. Prime lending rates have fallen by 25 to 50 basis points. The liquidity position was comfortable and manageable. The overall economic environment was supportive for investment.

ENERGY SCENARIO

Looking at the power shortage in rural areas, Government of India is implementing a massive programme for rural electrification covering 1.25 lakh

villages and connectivity to 2.3 crore households in five years. The Cabinet Committee on Economic Affairs approved a new Rural Electrification Scheme that aims to provide free single point connection to households below poverty line and a decentralised power supply and distribution. The scheme would provide for 100% subsidy for single point connection to households. The Ministry of Non-Conventional Energy Sources (MNES) is implementing projects in those villages where conventional energy systems would not be either cost-effective or feasible. It has set a target for electrification of 5000 such villages for the 10th Plan period.

Following Kyoto Protocol, the agreement to reduce greenhouse gases or engage in emissions trading came into force on February 16, 2005. Developing countries like India will now be benefited to receive credits through various shared clean energy programmes via the instrument "Clean Development Mechanism" (CDM) established under the Kyoto Protocol.

The Energy Conservation Act, 2001 provides for establishment of State Energy Conservation Agencies to plan and execute programmes. A few States have taken steps to introduce statewide energy conservation programmes. More States will follow soon.

I hope that these programmes will lead to the development of the energy market, for which your Company is prepared to tap.

PERFORMANCE HIGHLIGHTS

While loan sanctions went up to Rs.599.73 crore in 2004-05 from Rs.423.57 crore in 2003-04, disbursements fell down to Rs.289.98 crore from Rs.343.28 crore in the corresponding period. However, the Profit before Tax (PBT) and Profit after Tax (PAT) at Rs.46.91 crore and Rs.30.41 crore were comparatively higher than Rs.30.20 crore and Rs.23.34 crore respectively in the previous year mainly due to reduction in interest expenditure.

RESOURCE MOBILISATION

The Government of India contributed equity of Rs.50 crore during the year raising paid-up capital of the Company from Rs.325.35 crore as on March 31, 2004 to Rs.375.35 crore as on March 31, 2005 against the authorised share capital of Rs.400 crore. For the financial year 2005-06 also the Government of India has allocated equity of Rs.50 crore to the Company. This will necessitate further increase in the authorised share capital. Hence your Company has approached Ministry of Non-Conventional Energy Sources (MNES) for according permission for increasing the authorised share capital to Rs.750 crore.

Your Company also tied up resources of Rs.100 crore with Oriental Bank of Commerce and Rs.50 crore with Dena Bank, but actually borrowed Rs.5 crore and Rs.10 crore from them respectively as per its requirements. The IBRD released an amount equivalent to Rs.95.12 crore to meet the requirement of disbursement.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.6.10 crore for 2004-05, which is marginally higher than 20 % of the Profit after Tax.

STRESSED ASSETS MANAGEMENT

Significant progress in management of stressed assets was made during the financial year 2004-05. Gross Non-performing Assets (NPAs) declined from Rs.263.05 crore to Rs.235.64 crore. Net NPAs stood at Rs.89.05 crore. The level of Net NPAs was brought down from 9.58% to 5.53% of the total portfolio. Your Company has introduced a policy on sale / transfer of financial assets to Securitisation Company/ Reconstruction Company incorporated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). Such a measure would be in the interest of recovery efforts initiated by the Company.

COST REDUCTION MEASURES

Your Company has pre-paid the balance ADB Pool Based Single Currency Loan of US \$ 9.92 million carrying interest rate of 13.73% per annum. Further, your Company has successfully re-negotiated the interest rates on borrowings from commercial banks. This has resulted in substantial reduction in the interest expenditure.

Your Company is actively taking necessary steps for protection against interest rate risk by adopting derivative instruments on case-to-case basis. In this regard, during the financial year, an interest rate swap has been finalized with Standard Chartered Bank for KfW loan. As per the swap, the Company hedged variable interest rate receivable by fixed interest rate receivable against fixed interest rate liability. Due to this swap, the Company has earned additional interest of Rs.0.56 crore during the financial year 2004-05.

POLICIES

In order to face competition from financial institutions and banks, your Company has adopted a flexible approach to deal with proposals of wind energy and energy efficiency sectors. The differential interest rates for project financing and equipment financing under wind energy sector were removed and made uniform for both schemes. Eligibility condition for registration of application was relaxed for wind sector. Wind energy projects for which applications are submitted within six months from the date of commissioning were also made eligible for sanction of loan. For energy efficiency and conservation sector, the interest rates were restructured under different slabs of repayment periods. The Company has simplified and streamlined procedures and systems like sanction letter, loan documentation, etc.

PROMOTIONAL PROGRAMMES

As a part of its promotional efforts, your Company has continued to sponsor various types of programmes on technical, financing, marketing and other aspects of renewable energy. During the year, it supported 38 Seminars, Workshops, Business Meets and Exhibitions in different parts of the country.

DEVELOPMENT OF NER & NEWLY CREATED STATES

Your Company continued its policy of giving concession in interest rates and various fees to the entrepreneurs setting up projects in the North-Eastern States, Sikkim, Uttaranchal, Jharkhand and Chhattisgarh. Loans totalling Rs.41.34 crore for setting up 5 projects in Uttaranchal and Rs.34.65 crore for 2 projects in Chhattisgarh were sanctioned during 2004-05. Your Company sponsored one promotional programme 'Women and Energy' in Uttaranchal.

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, one more BDA was registered taking the total number of BDAs to 54 as on March 31, 2005. These BDAs comprise 16 Technical Consultancy Organisations, 12 State Nodal Agencies, 2 Productivity Councils, 16 private sector enterprises and 8 NGOs and Technical Institutions.

HUMAN RESOURCE DEVELOPMENT

Your Company recognises its employees to be a principal resource and continued to improve their quality. The Company invested 135 mandays in technical and non-technical training of the employees during 2004-05. They were also deputed for attending 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.

INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. The grievances of the employees were redressed through dialogues/ discussions by the Director (Grievance). No manday was lost during 2004-05.

ISO 9001:2000 CERTIFICATION

I am happy to inform you that your Company was notified as an ISO 9001: 2000 certified Company for the Quality Management Systems Certification by the Bureau of Indian Standards. Your Company is possibly the first Company under Non-Banking Financing category to have got this certification for its entire operations.

OUTLOOK FOR 2005-06

RBI in its Annual Policy - 2005-06 projected the GDP to grow at 7% during the current financial year. For sustained economic growth, investment in power sector has been accorded priority. In line with this growth rate, your Company has fixed loan sanction target of Rs.540 crore and disbursement target of Rs.380 crore for financial year 2005-06 and to this

effect signed a Memorandum of Understanding with the Ministry of Non-Conventional Energy Sources. As a business strategy, your Company has liberalised financing policy to countercheck the threats posed by the competitors.

PRIME MINISTER'S NATIONAL RELIEF FUND

Before I conclude, I must take opportunity to record Company's deep sorrow on the loss of lives, property and livelihood caused by the Tsunami tragedy that struck coastal regions in South India. Your Company contributed a sum of Rs.10 lakh to Prime Minister's National Relief Fund. In addition, the staff and officers of the Company have contributed one-day salary for this noble cause.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to place on record my deep appreciation of the valuable contribution made and guidance provided by Shri T. Prabakaran, the outgoing Director (Finance) and Managing Director (Officiating).

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

Clients and subscribers to the bonds need to be thanked for the confidence and trust reposed in the Company.

On behalf of the Board of Directors, I would like to place on record my appreciation for the work done by the various stakeholders of the Company.

I would also like to express my sincere thanks to my colleagues on the Board of Directors for their unstinted support.

May I now request that the Directors' Report, the Audited Balance Sheet, the Profit and Loss Account and Auditors' Report for the year ended 31st March, 2005 be adopted.

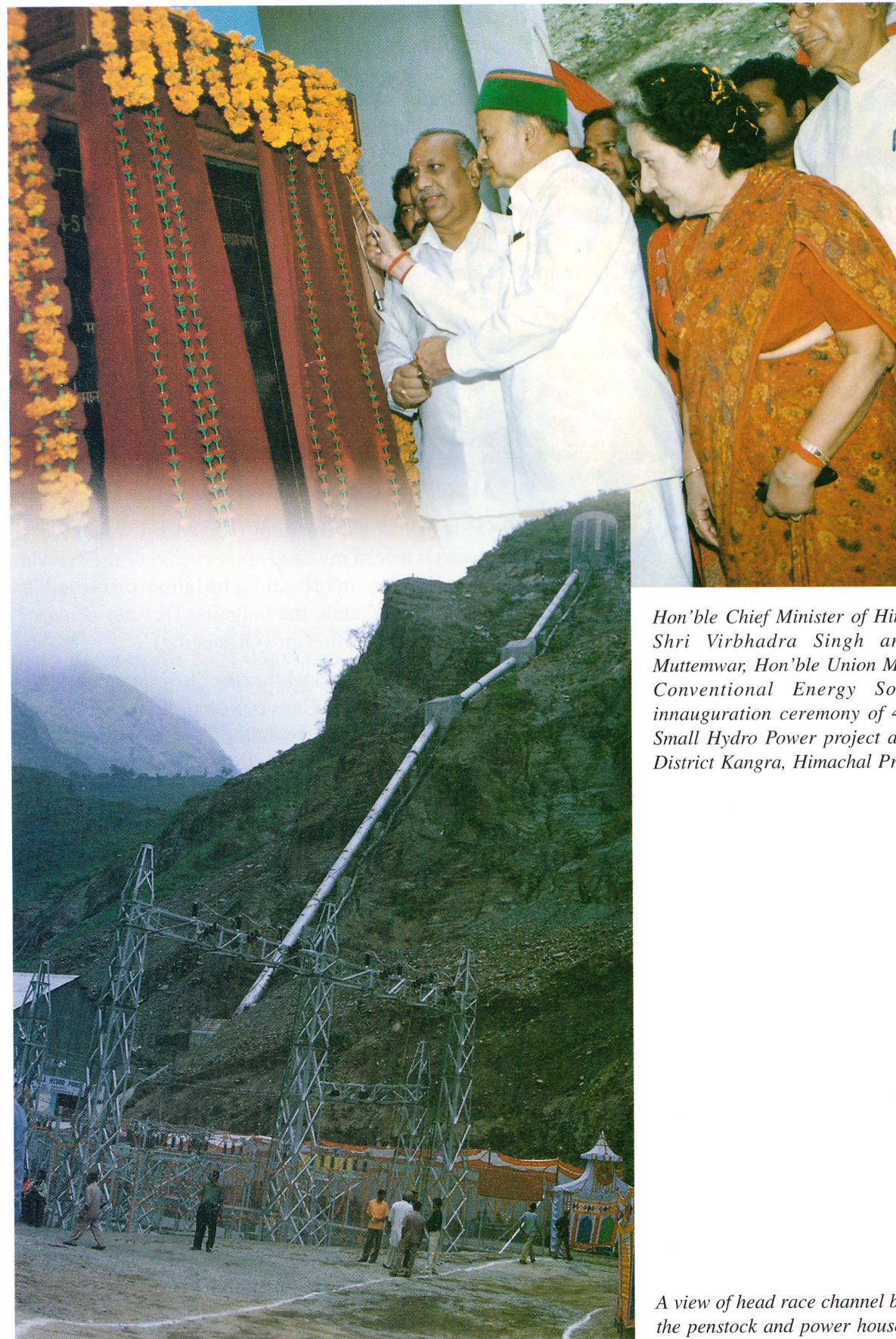
Thank you,

A. M. GOKHALE

Chairman

Place: New Delhi

Dated : 25th October, 2005



Hon'ble Chief Minister of Himachal Pradesh Shri Virbhadra Singh and Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources at the inauguration ceremony of 4.5 MW Manjhi Small Hydro Power project at Dharamshala, District Kangra, Himachal Pradesh.

A view of head race channel bringing water to the penstock and power house.

Directors' Report



TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the audited Statements of Accounts and the Auditors' Report for the year ended 31st March 2005.

ENERGY SCENARIO

The India's power sector continues to be characterised by the large gap between the demand and supply. The shortage is greater in the rural areas. The Government plans to launch a programme for the development of rural India called "Bharat Nirman" having six components including rural electrification. The programme has been conceived as a business plan to be implemented during remaining four years of the UPA government. A massive programme for rural electrification begins in 2005-06 with the objective of covering 1.25 lakh villages and connectivity to 2.3 crore households in five years. The programme envisages creation of rural electricity distribution backbone with 33/11 kV station in each block and at least one distribution transformer in each village. The cabinet committee on economic affairs approved a new rural electrification scheme aiming to provide a free single point connection to households below poverty line and a decentralised power distribution and supply. There is a provision of 100% subsidy for single point connection to households under the scheme. The Ministry of Non-Conventional Energy Sources (MNES) is implementing projects in those villages where extension of the electricity grid system would be neither cost-effective nor feasible, with electrification of 5000 such villages set as target for the 10th Plan. The Ministry has so far provided support for electrification of 3064 villages of which 1944 have been completed.

The Power Sector is poised for sustainable growth and the Government of India has accorded top priority for its development. The Cabinet has approved the National Electricity Policy under the

Electricity Act, 2003, which aims to set guidelines for the accelerated development of the power sector. The policy, it is hoped, will facilitate a financial turnaround of the power sector, currently saddled with huge financial losses and recognizes the pre-eminent role of the state-run power firms as well as private firms.

MNES has drawn up its medium term plan which, *inter alia*, aims at 43500 MW cumulative installed capacity from renewable energy sources, 100 % coverage of all prospective industries and places with Solar Water Heating Systems, replacement of 10% fossil fuel by bio-fuels / synthetic fuels / hydrogen in transport, portable and stationary applications by 2022. It has set up the National Hydrogen Energy Board with the objective to guide preparation and implementation of hydrogen energy roadmap, which would bring about the transition to a Hydrogen Energy Economy by 2020 and beyond.

The developed countries, which have ratified Kyoto Protocol, that came into force on February 16, 2005, agreed to reduce greenhouse gases or engage in emissions trading if they maintain or increase emissions of gases that are linked to global warming. Developing countries like India will now be eligible to receive credits through various shared clean energy programmes under "Clean Development Mechanism" (CDM), established under Kyoto Protocol.

Energy saving opportunities are immense especially in the industry segment. According to some estimates, major industries have 15000 MW energy savings potential. The Energy Conservation Act, 2001 provides for establishment of State Energy Conservation Agencies to plan and execute programmes. A few states have taken steps to introduce statewide energy conservation programmes.

The above programmes will certainly lead to development of energy market for project developers, equipment manufacturers and financial institutions like IREDA.

POLICIES

Your Company is continuing to operate in an area of growing competition. In order to make its financing guidelines meet the market requirements and tackle competition, the Company has carried out several policy changes. The differential interest rates for project financing and equipment financing under wind energy sector were removed and made uniform for both schemes. Eligibility condition for registration of application was relaxed for wind sector. Wind energy projects, for which applications are submitted within six months from the date of commissioning, are made eligible for sanction of loan. For energy efficiency and conservation sectors, the interest rates were restructured under different slabs based on repayment periods. The Company has also simplified and streamlined a number of procedures and systems making them more transparent and customer friendly.

OPERATIONS

SANCTIONS AND DISBURSEMENTS

The Company has been facing stiff competition for the third successive year from banks and other financial institutions. While loan sanctions went up

to Rs.599.73 crore in 2004-05 from Rs.423.57 crore in 2003-04, disbursements (including MNES Subsidy) fell down to Rs.289.98 crore in 2004-05 from Rs.343.28 crore during the corresponding period. The sector-wise details of the sanctions and disbursements are as under:

(Rs. in crore)

Sectors	Sanctions	Disbursements
Wind Energy	204.25	102.47
Small Hydro	176.73	90.04
Biomass Co-generation	77.46	26.57
Biomass Power Generation	32.20	45.67
Energy Efficiency & Conservation	96.73	0.65
Solar Thermal	12.36	17.25
Solar Photovoltaics	0.00	5.57
Waste to Energy	0.00	1.64
Bio Fuels	0.00	0.12
TOTAL	599.73	289.98



IREDA financed 6 MW Biomass Power project being setup in Raichur District, Karnataka.

The cumulative sanctions and disbursements as on 31st March 2005 stood at Rs.6945.16 crore and Rs.3716.08 crore respectively. The Cumulative State-wise and Sector-wise sanctions and disbursements are indicated in Annexure I to IV.

CAPACITY ADDITION

Major part of the loan sanctioned during the year was for setting up power projects. Altogether these projects have led to the additional power generation capacity of 223.08 MW. The sector-wise break-up is indicated below:

Sectors	Capacity (MW)
Wind Energy	53.03
Small Hydro	61.35
Biomass Co-generation	30.70
Biomass Power Generation	15.00
Energy Efficiency & Conservation	63.00
TOTAL	223.08

Loans were also sanctioned for installation of fuel saving equipment viz. solar water heating systems and energy efficient equipments for a total capacity of 18976 Metric Tons Coal Replacement (MTCR) 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 2004-05 also, the Company followed guidelines.

WORKING RESULTS

The overall performance for the year 2004-05 was satisfactory. The key parameters of performance in this regard are listed below:

(Rs. in crore)

	2003-04	2004-05
Gross Income	248.26	263.13
Profit before Tax (including prior period adjustment)	30.20	46.91
Provision for Income Tax	14.00	35.35
Deferred Tax Credit	(-) 10.80	(-) 21.50
Profit available for appropriation (after adjustment of excess provisions made in earlier years, balance in Profit & Loss Account brought forward, transfer from General Reserve and interest paid to Income Tax Department)	24.59	34.00

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

DIVIDEND

Your Directors recommend a dividend of Rs.6.10 crore for the financial year 2004-05, which is marginally higher than 20% of the Profit after Tax.

STRESSED ASSETS MANAGEMENT

Significant progress in management of Stressed Assets was made during the financial year 2004-05. Gross Non-Performing Assets (NPAs) declined from Rs.263.05 crore to Rs.235.64 crore. Net NPAs stood at Rs.89.05 crore. The level of net NPAs was brought down from 9.58% to 5.53% of the total loan portfolio. Provision cover for NPAs was a healthy 62.21%. An amount of Rs.30.88 crore (Principal Rs.20.41 crore & interest Rs.10.47 crore) was recovered from NPAs including written off accounts.

The Company has introduced a policy on sale / transfer of financial assets to Securitisation Company/ Reconstruction Company incorporated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. (SARFAESI). Such a measure would be in the interest of recovery efforts initiated by the Company.

RISK MANAGEMENT

An assignment to develop a comprehensive asset liability management framework to cover RBI guidelines and a policy for foreign exchange risk management has been awarded to a consultant. The consultant has submitted the final report and its recommendations are being implemented. An Asset and Liability Management Committee (ALCO) comprising departmental heads met periodically to review and monitor the Company's liquidity position.

DEBT EQUITY RATIO & NET WORTH

The Company's borrowing from all sources stood at Rs.1337.70 crore as on 31.3.2005 against its net worth of Rs.594.92 crore. Debt as ratio to Net worth works out to 2.25:1 which is well below the 5:1, in terms of norm of the Operational Policy Statement of the Company.

RESOURCE MOBILISATION

SHARE CAPITAL

The paid-up capital of the Company rose to Rs.375.35 crore as on 31st March, 2005 from Rs.325.35 crore against the authorised share capital

of Rs 400 crore. For the financial year 2005-06, the Company has been allocated equity of Rs.50 crore. The Board approved increase in authorised share capital from Rs.400 crore to Rs.750 crore. The Company has approached MNES for according permission for increasing the authorised share capital to Rs.750 crore.

DOMESTIC BORROWINGS

The Company has borrowed Rs.10.00 crore from Dena Bank and Rs.5.00 crore from Oriental Bank of Commerce during the financial year 2004-05 to meet resource requirements.

INTERNATIONAL ASSISTANCE

As for international Lines of Credit, an amount of Rs.95.12 crore equivalent to US \$ 21.75 million was availed under India: Second Renewable Energy Project under IBRD portion.

INTEREST DIFFERENTIAL FUND

As per KfW Agreement, IREDA has to create an Interest Differential Fund (IDF) out of the difference between interest income earned from the borrowers on lending from portion I of KfW loan and 3.75 per

cent. Out of this IDF amount, 25% has to be utilised for further disbursement for the development of worthy renewable energy projects, capacity building of 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 31.3.2005, 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 amount to be utilised for disbursement to project, training etc.	75% of the amount to be utilised for Foreign Exchange Risk & GOI Guarantee Fee	Out of 25% portion	Out of 75% portion	(2-4)	(3-5)
1	2	3	4	5	6	7
2188.16	547.04	1641.12	10.64	1641.12	536.40	—

COST REDUCTION MEASURES

Your Company has pre-paid the balance ADB Pool Based Single Currency Loan of US \$ 9.92 million carrying interest rate of 13.73% per annum. Further, your Company has successfully re-negotiated the interest rates on borrowings from commercial banks. This has resulted in substantial reduction in the interest expenditure.

Your Company is actively taking steps for protection against interest rate risk by adopting derivative instruments on case-to-case basis. In this regard, during the financial year, an interest rate swap was finalized with Standard Chartered Bank for KfW loan. As per the swap, the Company hedged variable interest, rate receivable by fixed interest rate, receivable against fixed interest rate liability. Due to this swap, the Company has earned additional interest of Rs.0.56 crore during the financial year 2004-05.

PROMOTIONAL EFFORTS

BUSINESS MEETS

The Company continued to sponsor Seminars, Workshops, and Business Meets to promote



IREDA financed 5 MW Dehar Small Hydro Power project set up in Chamba District, Himachal Pradesh under Word Line of Credit.



IREDA sponsored business meet on Energy Efficiency & Solar Thermal Sector held at Hyderabad, Andhra Pradesh

renewable energy technologies. During the year, it supported a total of 38 programmes in different parts of the country. The sector-wise break-up of the promotional programmes is given below:

Sector	Nos.
Wind Energy	3
Small Hydro	2
Energy Efficiency	10
Bio-Energy & Cogeneration	2
Solar Energy	5
Women Development	1
Renewable Energy (General)	5
Others	10
Total	38

DISSEMINATION OF INFORMATION

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

projects. The "IREDA News" continued to be published quarterly to highlight the current developments in the renewable energy sector. A bi-monthly "Bulletin on Energy Efficiency" (BEE) is being published for creating awareness about Energy Efficiency and Conservation (EEC) in the country. Publicity campaigns have been conducted through print and electronic media.

DEVELOPMENT OF BACKWARD AREAS

During the year under report, 14 projects with loan assistance of Rs.176.73 crore were sanctioned in backward areas. The loan amount sanctioned for these areas constituted around 29% of the total sanctions during the year.

DEVELOPMENT OF NER & NEWLY CREATED STATES

The Company takes appropriate steps from time to time to promote renewable energy technologies in the North Eastern Region, Sikkim, Jharkhand, Chhattisgarh and Uttaranchal. Loans totalling Rs.41.34 crore for setting up 5 projects in Uttaranchal and Rs.34.65 crore for 2 projects in Chhattisgarh were



IREDA financed 6 MW Biomass Power Project under implementation in Tumkur District, Karnataka.



Shri A.M. Gokhale, Secretary, Ministry of Non-Conventional Energy Sources (MNES) and Chairman, IREDA releases souvenir-ICORE 2005 in the august presence of dignitaries at the International Congress on Renewable Energy (ICORE), 2005 held at Pune, Maharashtra.



Shri Debashish Majumdar, Managing Director, IREDA addressing the participants at the special training programme on Renewable Energy and Energy Efficiency & Conservation for IREDA officials at IIT, New Delhi.

sanctioned during 2004-05. The Company sponsored one promotional programme titled "Women and Energy" in Uttaranchal.

WOMEN IN RENEWABLE ENERGY

Besides giving special concessions in its lending terms and conditions to women, the Company has been organising various promotional programmes exclusively for women. During the year, it has organised one programme exclusively for women, namely Programme on Women & Energy.

BUSINESS STRATEGY

As a business strategy, the Company contemplates further liberalisation of its financing policy to generate more business. It is also exploring the possibility of forming a joint venture company and expanding the scope of Renewable Energy Technologies through captive power users presently meeting their power requirement through diesel, coal etc.

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 Limited is the 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 Limited 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. Though this year's generation has been better than the previous year, in order to overcome its financial difficulties, the Company is in discussions with various turbine manufacturers for development of Nagda site near Dewas through which the Company is expected to earn income by providing infrastructure O & M services.



Shri Debashish Majumdar, Managing Director, IREDA and Shri K.K. Kapila, Chairman & Managing Director, Inter-Continental Consultants & Technologies Pvt.Ltd. are seen exchanging Memorandum of Understanding (MoU).

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, one more BDA was registered, taking the total number of BDAs to 54 as on 31st March, 2005. These BDAs comprise, 16 Technical Consultancy Organisations, 12 State Nodal Agencies, 2 Local Productivity Councils, 16 Private Sector Enterprises and 8 NGOs and Technical Institutions.

FOREIGN DELEGATION

Pacific International Consultants and NEDO, Japan Mission team visited your Company to collect information on biomass derived energy project to be implemented under NEDO scheme. British High Commission Mission visited your Company to understand the progress and future of electricity and energy market in India.

PLANNING, MONITORING AND EVALUATION

PLANNING

Your Company has prepared the Annual Plan for the year 2005-06, which envisages loan sanction of Rs.540 crore and loan disbursement of Rs.380 crore with capacity addition of 230 MW and 20000 MTCR. A Consultant has been engaged for developing a suitable strategy and action plan for the Company for adapting to changes in business environment in the financial sector.

MEMORANDUM OF UNDERSTANDING (MoU)

Based on the provisional figures, the Company's performance in achieving the MoU targets fixed for the year 2004-05 is likely to be rated as "Good". The Company has also signed a MoU with the Government for the year 2005-06.

MONITORING & EVALUATION

Confederation of Indian Industry, Hyderabad was appointed for post-commissioning evaluation studies of energy efficiency projects of M/s NCL Industries Ltd. and M/s GMR Industries Ltd. A Concurrent Auditor was appointed for the Company's funded energy efficiency project of M/s Orissa Sponge Iron

Ltd. For monitoring and evaluation of energy efficiency projects in a systematic manner, consultants have been engaged for the preparation of a Manual.

HUMAN RESOURCE DEVELOPMENT

Your Company recognises its employees to be one of its principal resources and continued to improve their quality. The Company invested 135 mandays in technical and non-technical training of the employees during the 2004-05. They were also deputed for attending 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 your Company's employees continued to remain high during the year, facilitating smooth working of the Company and contributing to the achievement of its goals/targets. All efforts to achieve employee satisfaction were made through various measures like job rotation, welfare measures and introduction of new schemes etc.

INSTITUTIONAL DEVELOPMENT

The Company pays attention for development of capabilities of employees to meet the challenges of a changing environment. Preparation of codes, Best practices and case studies has been undertaken in association with Bureau of Energy Efficiency. The Company has engaged the services of a Consultant for development of credit risk rating system for projects financed by the Company. A 'Security Manual' covering revised guidelines/responsibilities was prepared. The Quality Policy and Objectives of the Company were re-defined as a part of IS/ISO 9001: 2000 certification.

ECOLOGY & ENVIRONMENT

The Company has been promoting the spread of eco-friendly renewable energy technologies, which 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.

ISO 9001:2000 CERTIFICATION

Your Company has been accredited with ISO 9001:2000 certification for the quality Management Systems Certification by the Bureau of Indian Standards (BIS). Grant of Quality Management Systems Certificate Licence as per ISO 9001: 2000 is for a period for three years effective from 29th December, 2004 for promotion, development and financing for renewable energy, non-conventional energy, energy efficiency & conservation and environmental technology projects excluding design. Your Company is possibly the first Company under Non-Banking Financing category to have got this certification for its entire operations.

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 Scheduled Castes/ Scheduled Tribes/Other Backward

Communities/Physically Handicapped. Liaison officers for Scheduled Castes/ Scheduled Tribes/Other Backward Communities have also been nominated to cater the interests of these categories.

OFFICIAL LANGUAGE IMPLEMENTATION

The Company has been constantly endeavouring to implement the official language policy effectively. Due to its continuous efforts, the level of correspondence in Hindi rose to 76.35% as against 76.11% 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. Quarterly meetings of the Rajbhasa Karyanvayan Samiti were held to review and make suggestions for accelerated use of Hindi and implementation of the provisions of the Official Language Act. The Company was given the Indira Gandhi Official Language Award (3rd Prize) for the financial year 2002-03 amongst "A" category of public sector undertakings. This is the most



Indira Gandhi Rajbhasa Award (3rd Prize in region 'A' Public Sector Undertakings) received by IREDA for the year 2002-03 is brought to IREDA office.

prestigious award instituted by the Government of India for propagation of Official Language. Your Company also received award from Town Official Language Implementation Committee (Undertaking), Delhi for successfully organising "Picture-Composition" Competition.

AUDITS & INSPECTIONS 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 2004-05.

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 Ravi Rajan & Co., Chartered Accountants, Delhi were appointed your Company's Internal auditors for the financial year 2004-05 and their reports were submitted on a quarterly basis. M/s Singhania & Partners were appointed Legal Auditors for the year 2004-05.

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.1327.69 lakh and the outflow was Rs.1804.56 lakh.



Shri M.L. Gupta, Joint Secretary, Department of Official Language, Ministry of Home Affairs, releases IREDA's financing guidelines in Hindi.

PERSONNEL AND INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. Your Company has taken timely actions to address issues of industrial relations, leading to better work environment.

CUSTOMER RELATIONS

The Company believes in building and enhancing better customer relationship. 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 hosted on its website the information on date of receipt of applications, date of registration, missing/inadequate details in loan application, date of sanction/disbursement and other details for the benefit of the borrowers. It has prepared quality improvement plan, which includes procurement of stamp papers on behalf of borrowers, sending demand notices online, standardisation of sanction letter etc.

VIGILANCE

Your Company has made efforts to streamline the systems and procedures with emphasis on preventive vigilance. Suggestions/directions of Central Vigilance Commission (CVC) have been suitably incorporated in the existing guidelines of the Company. The Vigilance Advisory Committee has been meeting periodically to advice on preventive vigilance. In compliance with CVC instructions, a Vigilance Awareness Week was observed by your Company, during which Essay/Debate/Cartoon Competitions for the awareness of IREDA officials/Staff were organised on Vigilance related topics. In-house training programmes were also conducted to create awareness among the staff members.

CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance. The Board lays strong emphasis on transparency, professionalism, accountability and integrity. In view of the new

development and provisions of the Companies Act, 1956, the Board has reconstituted the Audit Committee with the following members :

- | | |
|--|------------|
| (i) Shri A.M. Gokhale | : Chairman |
| Secretary, MNES &
Chairman, IREDA | |
| (ii) Shri A.K. Rath | : Member |
| Additional Secretary &
Financial Adviser, MNES &
Director, IREDA | |
| (iii) Shri Debashish Majumdar | : Member |
| Managing Director &
Director (Technical), IREDA | |

Taking note of the requirement, two 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, 2005:

- 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, 5 meetings of the Board were held to transact the business of the Company. In addition, 2 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 T. Prabakaran, the outgoing Director (Finance) and Managing Director (Officiating) 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 Co-operation, Global Environment Facility, Asian Development Bank, Danish International Development Agency, Royal Government of the Netherlands, KfW, Germany, the Japanese Bank of 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 Bankers, Bondholders and clients for the confidence and the trust reposed by them in the Company.

The Board of Directors conveys 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 : 25th October, 2005



A view of Competition organised as a part of Vigilance Awareness Week.

Annexure - I

STATEWISE SANCTIONS DURING LAST FIVE YEARS

Annexure -

STATEWISE SANCTIONS DURING LAST FIVE YEARS

[Rs. in Crore]

S. No.	Name of State/ Union Territory	2000-01		2001-02		2002-03		2003-04		2004-05		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	32	334.20	14	54.57	4	2.89	2	18.40	3	77.05	243	1,192.15
2	Assam	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	3	9.40
3	Bihar	1	0.15	0	0.00	0	0.00	0	0.00	0	0.00	8	3.17
4	Chhattisgarh*	0	0.00	2	1.18	0	0.00	0	0.00	2	34.65	4	35.83
5	Gujarat	3	0.94	1	0.40	3	14.18	0	0.00	2	4.75	86	163.18
6	Goa	0	0.00	3	0.23	0	0.00	0	0.00	0	0.00	7	0.49
7	Haryana	1	0.11	1	4.76	0	0.00	0	0.00	0	0.00	20	22.18
8	Himachal Pradesh	7	68.99	2	52.96	2	69.92	4	35.28	7	93.19	32	337.26
9	Jammu & Kashmir	1	0.05	0	0.00	0	0.00	0	0.00	0	0.00	2	0.67
10	Jharkhand*	1	0.26	0	0.00	1	0.07	0	0.00	0	0.00	2	0.33
11	Karnataka	18	99.28	27	295.28	21	379.10	9	103.66	11	135.72	234	1,705.80
12	Kerala	1	0.17	3	1.01	2	0.16	0	0.00	0	0.00	31	125.11
13	Madhya Pradesh	1	8.49	1	6.63	0	0.00	1	5.32	0	0.00	70	176.98
14	Maharashtra	42	332.87	39	211.56	15	46.48	7	70.61	8	54.82	293	1,028.18
15	Manipur	0	0.00	1	0.10	0	0.00	0	0.00	0	0.00	3	0.46
16	Mizoram	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.16
17	Nagaland	0	0.00	1	0.82	0	0.00	0	0.00	0	0.00	1	0.82
18	National Capital Territory of Delhi	3	6.90	4	6.53	3	0.97	0	0.00	0	0.00	60	46.63
19	Orissa	0	0.00	0	0.00	1	60.00	0	0.00	0	0.00	8	93.66
20	Punjab	6	26.13	2	0.46	0	0.00	5	32.67	0	0.00	31	83.32
21	Rajasthan	8	16.23	5	30.70	4	15.13	11	72.63	5	23.14	60	171.76
22	Tamilnadu	17	112.56	5	11.69	7	24.50	5	45.75	11	87.97	396	1,142.56
23	Uttar Pradesh	3	17.20	2	14.67	0	0.00	0	0.00	1	11.41	77	283.55
24	Uttaranchal*	0	0.93	1	1.29	0	0.00	0	0.00	5	41.34	6	43.56
25	West Bengal	6	15.90	2	3.79	3	20.56	2	39.25	1	33.84	54	191.28
TOTAL "A"		151	1041.36	116	698.63	66	633.96	46	423.57	56	599.73	1,732.00	6,935.54
B. UNION TERRITORY													
1	Andaman Nicobar	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.11
2	Daman	0	0.00	0	0.00	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	0	0.00	0	0.00	0	0.00	0	0.00	5	9.62
TOTAL 'A' + 'B'		151	1041.36	116	698.63	66	633.96	46	423.57	56	599.73	1737.00	6945.16

* Sanction has been shown after the formation of the respective States

* Sanction has been shown after the formation of the respective States



A view of complete Power House and Switch Yard of 3 MW Small Hydro Project set up at Manal, District Sirmour, Himachal Pradesh with IREDA's assistance.

A view of head race channel bringing water to the penstock and power house.

*IREDA financed 4.2 MW Wind Farm project set up
in Chitradurga District, Karnataka.*



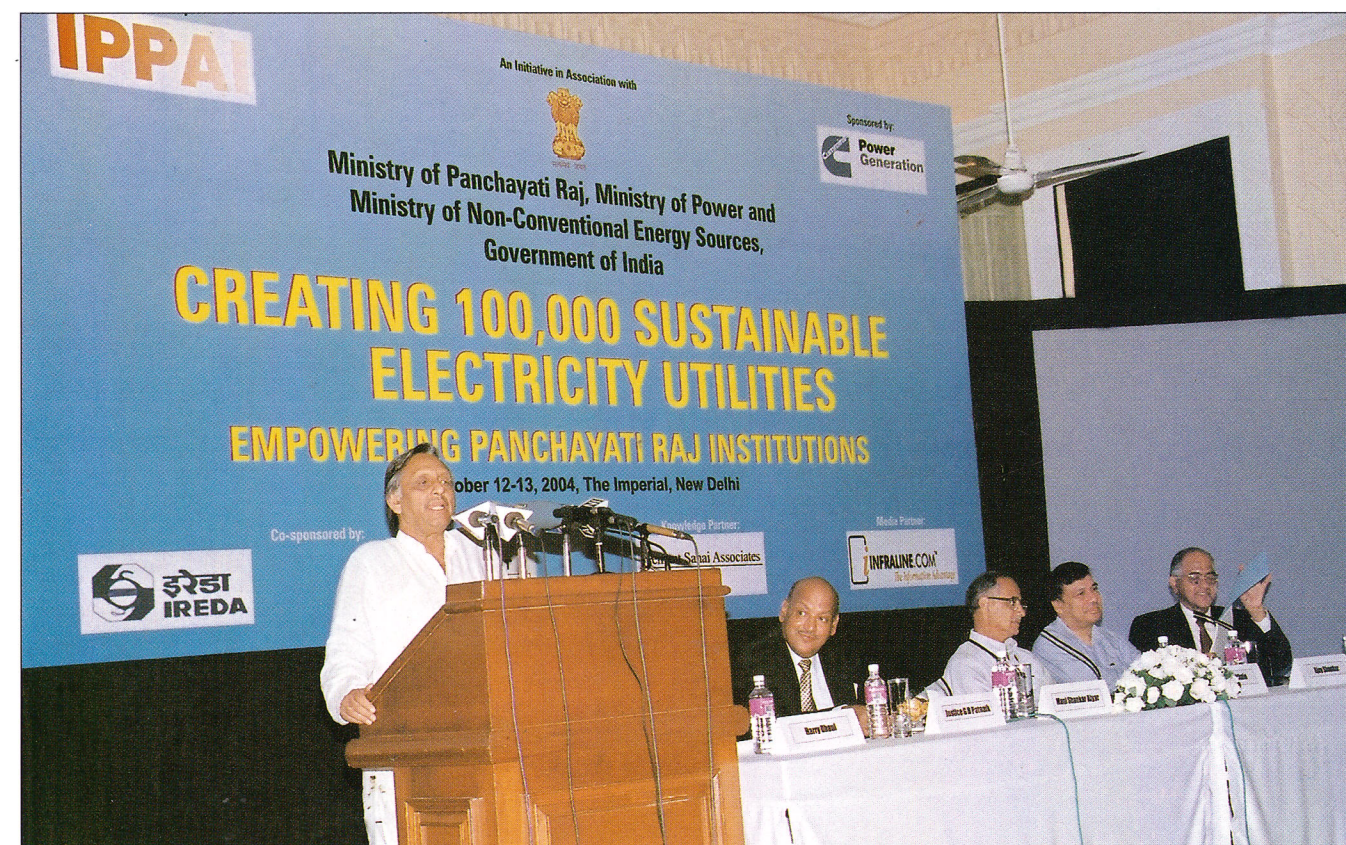
ANNEXURE - II SECTOR-WISE SANCTIONS DURING LAST FIVE YEARS

[Rs. in Crore]

S No.	Sectors	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative since 1987
1	Wind Energy	361.36	190.52	159.84	121.05	204.25	2286.66
2	Small Hydro	182.92	122.38	281.52	122.00	176.73	1690.76
3	Biomass Cogeneration	208.05	143.80	76.71	58.56	77.46	1134.99
4	Biomass Power Generation	128.05	118.88	51.01	58.29	32.20	617.34
5	Energy Efficiency & Conservation	68.78	9.73	17.20	45.03	96.73	334.86
6	Solar Photovoltaics	75.00	64.67	18.75	2.96	0.00	585.95
7	Solar Thermal	11.92	12.46	13.35	11.43	12.36	117.11
8	Waste to Energy	0.00	29.78	2.32	0.00	0.00	49.14
9	Biomass Briquetting	1.78	0.28	0.00	0.00	0.00	19.47
10	Biomass Gasification	0.00	0.33	0.00	0.00	0.00	10.75
11	Biomethanation from Industrial Effluents	3.50	0.00	0.00	0.00	0.00	72.47
12	Biogas (Small Scale)	0.00	0.94	0.00	0.00	0.00	1.19
13	High Efficiency Wood Burning Stoves	0.00	0.00	0.00	0.00	0.00	0.49
14	Miscellaneous	0.00	4.86	13.26	4.25	0.00	23.98
	TOTAL	1041.36	698.63	633.96	423.57	599.73	6945.16



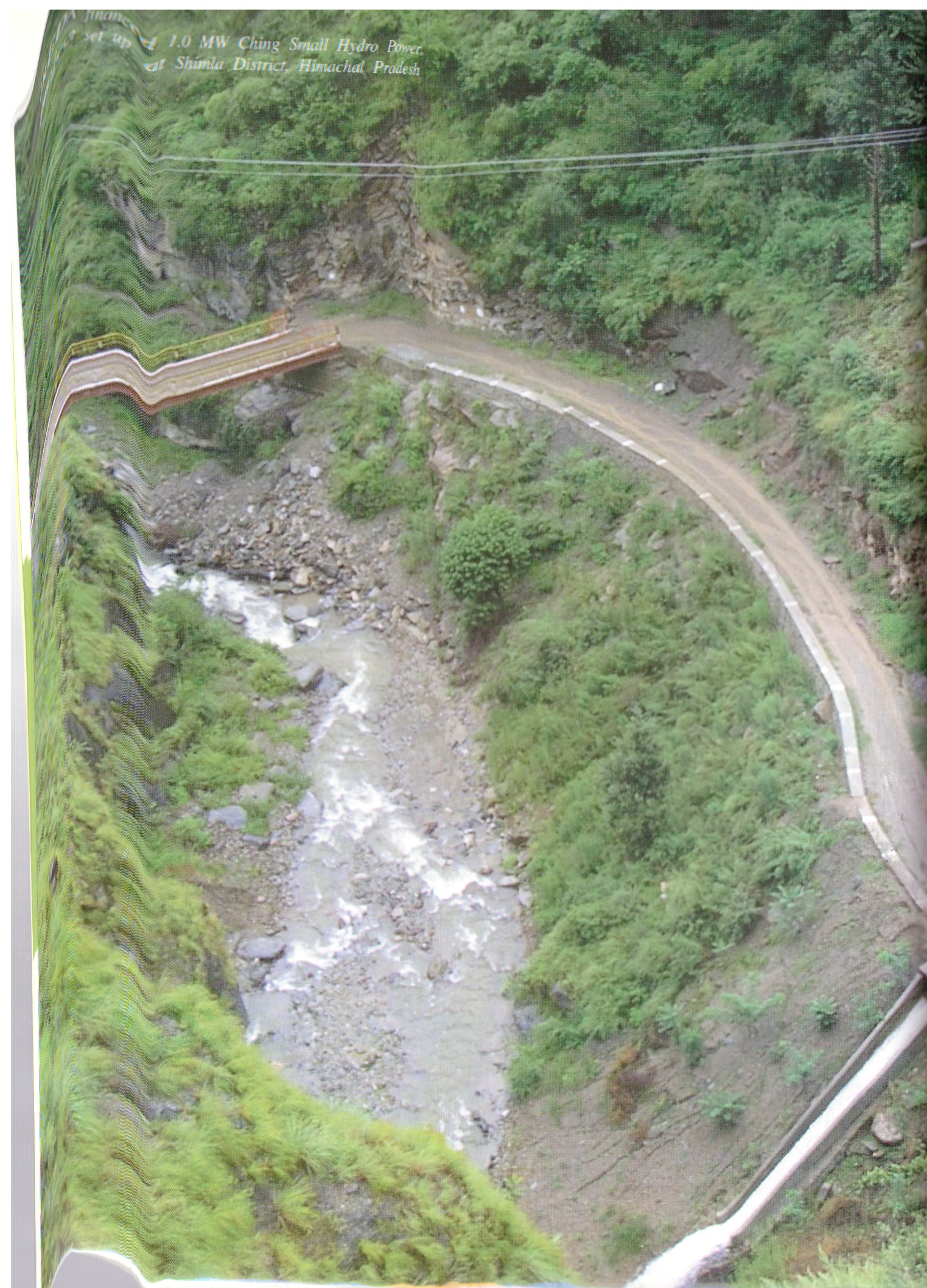
IREDA financed 300 LPD Solar Water Heating Systems installed at roof top of a hotel in Bangalore, Karnataka under Intermediary category.



Shri Mani Shankar Iyer, Hon'ble Minister for Petroleum, delivering inaugural address at IREDA co-sponsored conference on creating 100,000 sustainable electricity utilities held at New Delhi.



Shri Debashish Majumdar, Managing Director, IREDA addressing at IREDA co-sponsored "Synergy for Energy" – International Conference on Energy Conservation held at Ahmedabad, Gujarat.



ANNEXURE - III
STATEWISE DISBURSEMENT DURING LAST FIVE YEARS

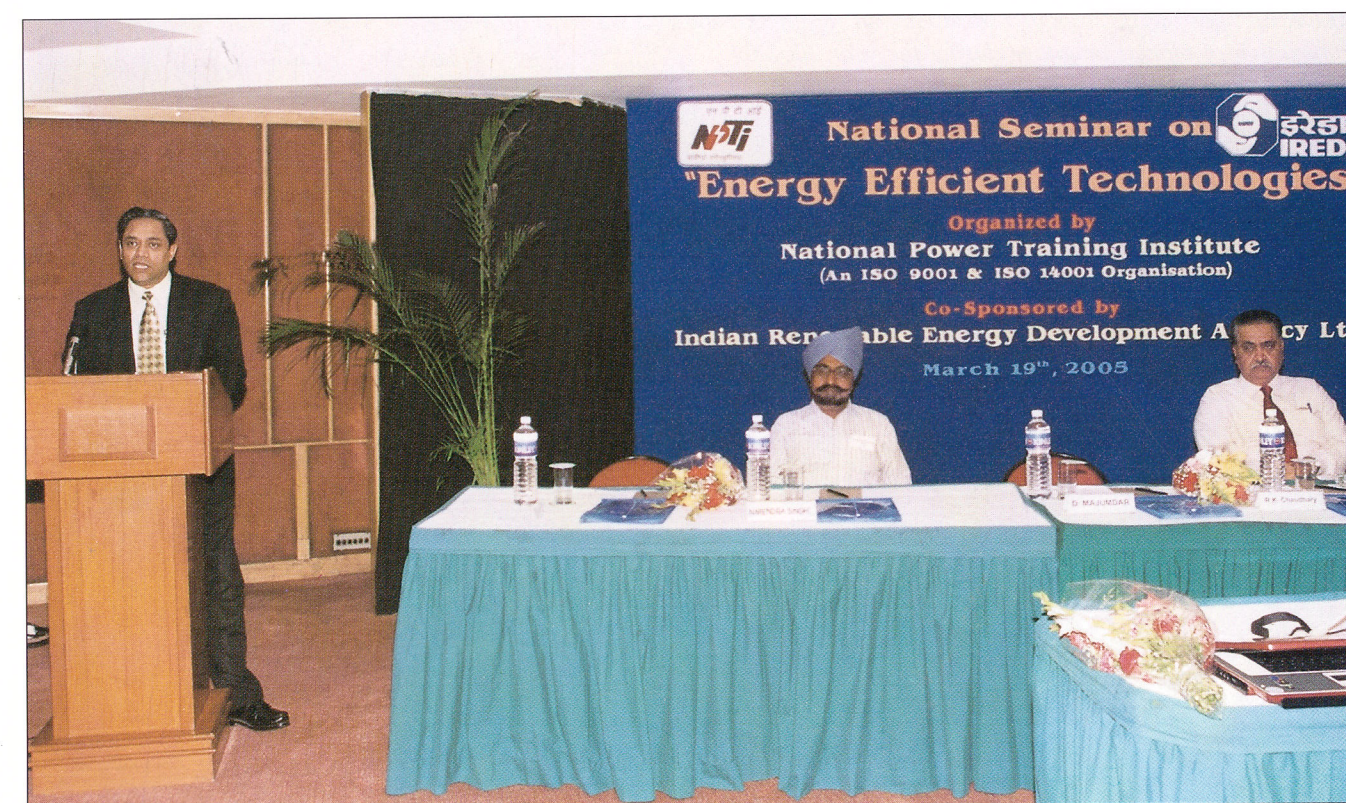
[Rs. in Crore]

S No.	Name of State/Union Territory	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative since 1987
A.	STATES						
1	Andhra Pradesh	232.56	209.52	115.81	41.92	26.00	919.46
2	Assam	0.00	0.00	0.00	0.00	0.00	0.21
3	Bihar	0.16	0.00	0.00	0.00	0.00	0.62
4	Chhattisgarh*	4.64	0.00	0.00	0.00	0.00	4.64
5	Goa	0.00	0.00	0.09	0.00	0.00	0.09
6	Gujarat	26.80	1.55	0.94	2.08	3.16	128.52
7	Haryana	0.00	0.00	0.02	0.00	0.00	4.20
8	Himachal Pradesh	8.44	0.74	22.23	32.68	20.49	92.20
9	Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00	0.00
10	Jharkhand*	0.00	0.00	0.05	0.00	0.00	0.05
11	Karnataka	69.62	90.40	68.31	151.11	118.14	769.12
12	Kerala	0.07	0.05	0.14	0.07	0.00	44.43
13	Madhya Pradesh	17.65	13.46	2.59	9.25	3.11	115.67
14	Maharashtra	121.79	175.28	47.66	42.11	12.35	528.14
15	National Capital Territory of Delhi	1.91	5.97	1.83	0.20	0.14	12.55
16	Nagaland	0.00	0.00	0.00	0.00	0.54	0.54
17	Orissa	0.00	0.00	0.00	0.18	14.95	45.91
18	Punjab	3.74	5.15	20.44	3.22	33.68	75.87
19	Rajasthan	6.96	3.01	13.75	44.39	34.55	108.22
20	Tamilnadu	57.98	64.83	40.09	13.56	18.95	725.41
21	Uttar Pradesh	13.88	19.69	5.48	0.00	0.00	89.99
22	Uttaranchal*	0.00	0.00	1.41	0.00	1.08	2.49
23	West Bengal	10.87	18.05	5.08	2.51	2.84	45.13
	TOTAL 'A'	577.07	607.70	345.92	343.28	289.98	3713.46
B.	UNION TERRITORY						
1	Andaman Nicobar	0.00	0.00	0.00	0.00	0.00	0.00
2	Daman	0.00	0.00	0.00	0.00	0.00	1.49
3	Chandigarh	0.00	0.00	0.00	0.00	0.00	0.00
4	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	577.07	607.70	345.92	343.28	289.98	3716.08

* Disbursement has been shown after the formation of the respective State.



A Senior Official of IREDA participates in an International Workshop on ESCOs & Equity financing held at Beijing, China.



Shri Debashish Majumdar, Managing Director, IREDA inaugurates a National Seminar on Energy Efficient Technologies organised by National Power Training Institute, Faridabad.



IREDA receives the prestigious Indira Gandhi Rajbhasha Award (3rd Prize in region 'A' Public Sector Undertakings) for propogation of official language during the year 2002-03.



Dignitaries on the dias at the inauguration of IREDA sponsored Business Interaction Meet on Energy Efficiency & Conservation and Solar Applications, held at Ladakh.

ANNEXURE - IV
SECTOR WISE DISBURSEMENT DURING LAST FIVE YEARS
[Rs. in Crore]

S No.	Sectors	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative since 1987
1	Wind Energy	153.49	231.87	45.39	93.37	102.47	1367.48
2	Small Hydro	87.87	63.21	65.92	79.52	90.04	674.27
3	Biomass Cogeneration	136.30	131.39	90.55	86.03	26.57	673.17
4	Biomass Power Generation	102.43	93.41	68.08	52.69	45.67	437.74
5	Energy Efficiency & Conservation	23.79	10.63	4.91	5.30	0.65	86.58
6	Solar Photovoltaics	60.47	61.56	35.35	6.97	5.57	288.15
7	Solar Thermal	5.49	7.95	10.92	7.87	17.25	74.69
8	Waste to Energy	3.51	0.20	24.43	9.52	1.64	39.30
9	Biomethanation from Industrial Effluents	2.59	6.81	0.00	0.00	0.00	57.60
10	Biomass Briquetting	1.09	0.60	0.22	0.07	0.00	9.99
11	Biomass Gasification	0.00	0.00	0.00	0.00	0.00	3.87
12	Miscellaneous	0.04	0.07	0.15	1.94	0.12	3.24
	TOTAL	577.07	607.70	345.92	343.28	289.98	3716.08



IREDA co-sponsored Seminar-cum-Exposition on Energy Conservation and Industrial Waste Management held at New Delhi.



IREDA sponsored "Engineer's Conclave on Energy Efficiency" organised by Indian Express Hospitality World.

ANNEXURE-V

ANNEXURE TO THE DIRECTORS' REPORT

Addendum-I

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 2005

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

(As conveyed vide letter No. MAB-II/CAD-I/15-2/2005-2006/486 dated 30th September, 2005 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi).

BALANCE SHEET

Loans and Advances (Schedule-H)

Loan to Constituents IREDA -

Rs. 1825.10 crore

- (a) The above includes accumulated interest amounting to Rs. 64.21 crore on rescheduled loans of Small Hydro projects of Andhra Pradesh. The Company has accounted for this interest as the loans have been treated as standard assets in relaxation of Prudential norms with the approval of the Ministry of Non-Conventional Energy Sources. The relaxation was given by the Ministry due to drought conditions in the State. This fact has not been adequately disclosed.
- (b) The above also includes Rs. 3.59 crore being funded interest on two rescheduled loans (G.K. Bio Energy Ltd. and Shri Prabhulingeshwar Mills) recognized as income on accrual basis. This fact has also not been adequately disclosed.

Noted .

Noted .

For and on behalf of the Board of Directors

(A. K. Singh)

Principal Director of Commercial Audit
and ex-officio Member Audit Board-II

(A. M. Gokhale)

Chairman

Place: New Delhi

Date: 30.09.2005

Review of the Accounts of Indian Renewable Energy Development Agency Ltd. New Delhi for the year ended 31st March, 2005 by the Comptroller & Auditor General of India

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

1. Financial Position

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

	2002-03	2003-04	2004-05
(Rs. in Crore)			
LIABILITIES			
a) <u>Paid up Capital</u>			
i) Government	285.35	325.35	375.35
ii) Others	0.00	0.00	0.00
b) <u>Reserves & Surplus</u>			
i) Free Reserves & Surplus	105.34	121.00	135.81
ii) Capital Grants	10.13	11.24	11.27
iii) Capital Reserves	100.73	100.73	100.73
iv) NBFC Reserves	6.79	6.79	6.79
c) <u>Borrowings</u>			
i) From Govt. of India	421.87	190.70	190.70
ii) From Financial Institutions	567.39	795.61	726.08
iii) Foreign Currency Loans	672.25	566.58	618.30
iv) Others (Tax free bonds)	480.99	392.50	292.50
d) <u>Current Liabilities & Provisions</u>			
i) Current Liabilities & Provisions	233.51	153.78	176.45
ii) Provisions for Gratuity & EL	0.26	0.25	0.28
Total	2884.61	2664.53	2634.26
ASSETS			
e) Gross Block	10.53	11.09	11.17
f) Less: Cumm. Depreciation	7.04	7.64	8.09
g) Net Block	3.49	3.45	3.08
h) Investments	0.12	0.12	0.00
i) Current Assets, Loans & Advances	2850.48	2620.11	2569.14
j) Misc. Expenditure not written off	1.69	1.22	0.90
k) Deferred Tax Assets	28.83	39.64	61.14
Total	2884.61	2664.54	2634.26
l) Working Capital [i-d]	2616.97	2466.33	2392.69
m) Avg. Capital Employed	2515.69	2371.74	2313.74
n) Net Worth [a + b(i) - j]	389.00	445.13	510.26
o) Net Worth per rupee of paid-up Capital (in rupees)	1.36	1.37	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:

	2002-03	2003-04	2004-05
(in Percentage)			
A. Liquidity Ratio			
Current Ratio	1220.71%	1703.80%	1456.02%
(Current Assets to Current Liabilities & provisions excluding provision for gratuity and leave encashment plus interest accrued and due [I/d(i)])			
B. Debt Equity Ratio			
Long term debt [from (c)] to Net worth [from (n)]	550.77%	437.04%	358.17%

C. Profitability Ratios

	2002-03	2003-04	2004-05
a) Profit before tax to			
i) Capital Employed	0.93%	1.27%	2.03%
ii) Net Worth	6.00%	6.78%	9.19%
iii) Operational Income	9.89%	12.69%	19.46%
b) Profit after tax to Equity	6.07%	7.17%	8.10%
c) Earning per share (in Rupees) (Face value Rs. 1000)	60.74	71.74	81.01

3. Sources and Utilisation of Funds

Funds amounting to Rs. 13939.88 lakh were generated from internal and external sources and utilised during the year 2004-2005, as shown below:

Sources of Funds	(Rs. in lakh)
Increase in paid up capital	5000.00
Decrease in Net Working Capital	7367.19
Decrease in Investment	12.00
Increase in cumulative depreciation	44.90
Increase in Reserves and Surplus	1483.80
Decrease in Net Misc. Exp.	31.99
Total	13939.88

Utilisation of Funds

Increase in Gross Block	8.25
Decrease in Capital Work in Progress	0.00
Increase in deferred Tax Assets	2150.48
Decrease in Long Term Loans	11781.15
Total	13939.88

4. Working Results

	2002-03	2003-04	2004-05
1. Income	253.51	248.34	263.13
2. Profit / Loss before tax and prior period adjustment	23.37	30.26	46.92
3. Prior period adjustment	-0.04	-0.06	-0.01
4. Profit / Loss before tax	23.33	30.20	46.91
5. Tax Provision (Net)	11.20	14.00	35.35
6. Deferred Tax Credit	-5.20	-10.80	-21.50
Interest paid to IT Deptt.	0.00	3.66	2.66
7. Profit after tax and available for appropriation	17.33	23.34	30.40
8. Proposed Dividend including Dividend Tax	4.51	4.52	6.96

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 31 March, 2005

(Rs. in Crore)											
Year	Balance outstanding at the beginning of the year				Loans disbursed during the year	Interest for the year on outstanding loans	Repayments received during the year	Amount outstanding at the end of the year			
	Repayments outstanding but not due	Repayment due	Total	Interest accrued and due				Repayment outstanding but not due	Repayment due	Total	Interest accrued and due
2002-03	1761.31	182.25	1943.56	12.29	345.92	241.32	220.48	1794.14	262.42	2056.56	14.09
2003-04	1794.14	262.42	2056.56	14.09	343.27	223.37	441.03	1735.29	193.54	1928.83	12.56
2004-05	1735.29	193.54	1928.83	12.56	289.98	235.58	432.71	1548.02	219.97	1767.99	20.69

Place: New Delhi
Date: 30.09.2005

(A. K. Singh)
Principal Director of Commercial Audit and
ex-officio Member Audit Board-II, New Delhi

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 2004-05

Sl. No.	Auditors' Report	Management Reply
A(f)	Note No. 5 regarding depreciation on leasehold building which is reproduced below:- 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.	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 of 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. 6 regarding Office Equipments which is reproduced below:- Office Equipment includes Rs. 10,959 (Previous year Rs. 12,730) 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.	IREDA has been regularly pursuing for collection of the items from the Hon'ble Ex-Minister of State for Non-Conventional Energy Sources.

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, 2005 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 statement 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, read with Note No. 5 regarding depreciation on lease-hold building and Note No. 6 regarding office equipments, 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, 2005; 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 Companies (Auditor's Report) Order 2003, under Sub Section (4A) Section 227 of the Companies Act, 1956, We further report that in terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under;

- Company has maintained proper records showing full particulars including quantitative details and situation of its 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. 6 of Schedule "p". The frequency of physical verification according to us is reasonable.
 - No fixed asset has been disposed off during the year.
- The company has neither granted nor taken any loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956.
 - The interest paid or received on loans availed or loans given are prima-facie not prejudicial to the interest of the company.
 - The company is regular in payment of the principal and interest to its lenders. However, some of the borrowers of IREDA are not regular and all reasonable steps were taken to recover the overdues.
- There are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets, and other purchases.

4. There are no transactions during the year, which are required to be registered in a Register maintained pursuant to Section 301 of the Companies Act, 1956.
5. The company has not accepted public deposits from the public.
6. The internal audit system is commensurate with its size and nature of its business.
7. a) The company is generally regular in depositing all undisputed statutory dues including Provident Fund, Income Tax and other statutory dues with the appropriate authorities.
b) All disputed Income Tax demands have been paid and there are no outstanding dues as on date.
8. The company is making profit since inception. There are no accumulated losses.
9. The company has not defaulted in any debt service payment. All payments due to the bond holders, interest / repayment due on all the borrowings are paid on or before due date.
10. Adequate documents and records are maintained in cases where the company has granted loans and advances on the basis of security by way of pledge and other securities.
11. a) As per Government of India directions, RBI prudential norms applicable to FIs are being

followed by IREDA, as modified by the Government of India.

- b) The company has in place adequate procedures for appraisal of credit proposals / requests, assessment of credit needs and repayment capacity of borrowers.
12. The company has not given any guarantee for loans taken by others from bank or Financial Institutions.
13. According to the information and explanation given to us, the term loans were applied for the purpose for which the loans were obtained.
14. The funds raised on long term basis have not been used for short term investment and vice versa.
15. The tax free bonds issued by the company are secured by negative lien on the assets of the company.
16. According to the information and explanation given to us, no fraud has been noticed or reported on or by the company, during the year.
17. The other clauses of the said order, namely ii, viii, xiii (a), xiii (d) xiv, xviii and xx are not applicable.

For K.G. SOMANI & CO
Chartered Accountants

(K.G. SOMANI)

PARTNER

Place : New Delhi
Dated : 24th August, 2005

Membership No. 6238

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, 2005 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 in its 153rd meeting held on 18th May, 2004, 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, 2005;
- (D) 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, as approved by the Government of India.

- (E) As stated in Note No. 21, the 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). As required, Asset-Liability Committee (ALCO) has been constituted and communicated to Reserve Bank of India. The financial as well as the ALM software is in position. However, the testing of ALM software is delayed due to the proposed closure of IDBI Intech Limited, who has developed the ALM software. However, the reports viz; (i) structural liquidity, (ii) dynamic liquidity, and (iii) interest rate sensitivity have been compiled in the excel sheet for the year ended 31st March, 2005.

For K.G. SOMANI & CO
Chartered Accountants

(K.G. SOMANI)

PARTNER

Place : New Delhi
Dated : 29th August, 2005

Membership No. 6238

Annexure-II

Comments of IREDA's Management on Auditors' Report Pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 1998 for the financial year 2004-05

Sl. No.	Auditors' Report	Management Reply
(E)	As stated in Note No. 21, the 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). As required, Asset-Liability Committee (ALCO) has been constituted and communicated to Reserve Bank of India. The financial as well as the ALM software is in position. However, the testing of ALM software is delayed due to the proposed closure of M/s IDBI Intech Limited, who has developed the ALM software. However, the reports viz; (i) structural liquidity, (ii) dynamic liquidity, and (iii) interest rate sensitivity have been compiled in the excel sheet for the year ended 31st March, 2005.	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 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 on 31st March, 2005 have been compiled in excel sheet. Based on the ALM report, further action shall be taken to reduce the gap which is a continuous process.

Balance Sheet

as at 31st March, 2005



	SCHEDULE	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	3,753,500,000	3,253,500,000
Reserves and Surplus	B	2,546,063,387	2,397,683,120
Loan Funds			
Secured Loans	C	10,185,775,853	11,881,051,244
Unsecured Loans	D	8,089,973,703	7,572,814,467
		<u>24,575,312,943</u>	<u>25,105,048,831</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	111,710,352	110,885,308
Less : Depreciation		80,912,776	76,422,786
Net Block		<u>30,797,576</u>	<u>34,462,522</u>
Investments	F	1	1,200,000
Current Assets, Loans & Advances			
Current Assets	G	8,092,352,846	6,803,854,677
Loans & Advances	H	17,599,043,659	19,397,291,843
		<u>25,691,396,505</u>	<u>26,201,146,520</u>
Less : Current Liabilities & Provisions			
Current Liabilities	I	781,072,822	996,565,941
Provisions	J	986,256,135	543,793,691
		<u>1,767,328,957</u>	<u>1,540,359,632</u>
Net Current Assets		<u>23,924,067,548</u>	<u>24,660,786,888</u>
Deferred Tax Assets		611,420,000	396,372,000
Miscellaneous Expenditure			
(to the extent not written off or adjusted)		9,027,818	12,227,421
		<u>24,575,312,943</u>	<u>25,105,048,831</u>

Accounting Policies and Notes on Accounts

P

As per our Report of even date
For K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

A M Gokhale
Chairman

Debashish Majumdar
Director (Technical) & Managing Director

Place : New Delhi
Date : 24.08.2005

S P Reddi
Director (Finance)

R K Sachdeva
Company Secretary

Profit and Loss Account

for the year ended 31st March, 2005



	SCHEDULE	Year ended 31.3.2005 Rs.	Year ended 31.3.2004 Rs.
INCOME			
Income from operations	K	2,410,348,199	2,379,039,744
Other Income	L	220,982,130	103,583,486
		<u>2,631,330,329</u>	<u>2,482,623,230</u>
EXPENDITURE			
Personnel	M	53,819,927	51,157,216
Administrative and Others	N	31,097,081	32,827,499
Depreciation		4,489,990	5,510,769
Finance Charges	O	1,119,372,083	1,496,266,445
Bad debts written off		191,024,828	303,259,788
Investment written off		1,199,999	-
General Provision for Standard Assets		196,695,612	166,528,009
Provision for Bad & Doubtful debts		564,436,651	124,413,545
		<u>2,162,136,171</u>	<u>2,179,963,271</u>
PROFIT FOR THE YEAR			
Prior period Adjustments (net)		469,194,158	302,659,959
		-79,832	-630,989
PROFIT BEFORE TAX			
		469,114,326	302,028,970
INCOME TAX			
- Current Year		353,500,000	140,000,000
- Interest paid to IT department		26,583,247	36,635,419
- Deferred Tax credit		-215,048,000	-108,010,000
PROFIT AFTER TAX			
Add : Balance in Profit & Loss Account brought from Previous Year		304,079,079	233,403,551
		9,367,189	44,124,138
Add : Transfer from General Reserve		113,018,888	-
Less : Provision of Income Tax for earlier years		86,435,641	31,630,000
PROFIT AVAILABLE FOR APPROPRIATION			
		<u>340,029,515</u>	<u>245,897,689</u>
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		270,000,000	191,303,000
Proposed Dividend		61,000,000	40,000,000
Dividend Tax		8,555,000	5,227,500
Surplus carried to Balance sheet		474,515	9,367,189
		<u>340,029,515</u>	<u>245,897,689</u>

Accounting Policies and Notes on Accounts

P

As per our Report of even date
For K G Somani & Co
Chartered Accountants

K G Somani
Partner, M No.6238

A M Gokhale
Chairman

Debashish Majumdar
Director (Technical) & Managing Director

Place : New Delhi
Date : 24.08.2005

S P Reddi
Director (Finance)

R K Sachdeva
Company Secretary



PARTICULARS	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
SCHEDULE - 'A'		
SHARE CAPITAL		
Authorised		
40,00,000 (40,00,000) Equity Shares of Rs. 1,000 each	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Issued, Subscribed & Paid up		
3,753,500 (3,253,500) Equity Shares of Rs. 1,000 each fully paid up	<u>3,753,500,000</u>	<u>3,253,500,000</u>
	<u>3,753,500,000</u>	<u>3,253,500,000</u>
SCHEDULE - '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)	<u>1,007,343,081</u>	<u>1,007,343,081</u>
(II) Capital Grant		
Capital Grants from World Bank for purchase of Fixed Assets	9,540,288	9,579,753
Balance from Previous year	1,060,963	2,882,980
Received during the year	10,601,251	12,462,733
	<u>-2,951,092</u>	<u>-2,922,445</u>
	7,650,159	9,540,288
UNDP Hilly Hydro Capital Grant	105,079,556	102,897,598
Sub Total (II)	<u>112,729,715</u>	<u>112,437,886</u>
Total (I) + (II)	<u>1,120,072,796</u>	<u>1,119,780,967</u>
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	589,238,000	397,935,000
Addition During the Year	270,000,000	191,303,000
	<u>978,811,145</u>	<u>708,811,145</u>
	67,933,276	67,933,276
NBFC Reserve	<u>177,459,543</u>	<u>177,459,543</u>
Debenture Redemption Reserve		
General Reserve		
Balance from Previous year	314,331,000	314,331,000
Less Transfer to Profit & loss Account	<u>-113,018,888</u>	<u>-</u>
	201,312,112	314,331,000
	474,515	9,367,189
Profit & Loss Account	<u>2,546,063,387</u>	<u>2,397,683,120</u>

PARTICULARS	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
SCHEDULE - 'C'		
SECURED LOANS		
Tax Free Bonds		
(Secured by negative lien on assets of the company)		
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 17.02.2005	-	250,000,000
Tranche II on 23.2.2005	-	250,000,000
Tranche III on 23.3.2005	-	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 *	15,000,000	15,000,000
Tranche III on 16.03.2006 *	100,000,000	100,000,000
Put/call option is available at the end of 5th year.		
* Interest rate reduced on Bonds worth Rs.42.50 crores from 10.5% to 6% w.e.f 22.12.2003, 5.1.2004 and 16.3.2004 respectively.		
10% Tax free Secured Redeemable Energy Bonds (Series VII- 1999-2000)		
Redeemable at par after the expiry of 7 years i.e. on 1.10.2006	500,000,000	500,000,000
8.50% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 30.8.2007	100,000,000	100,000,000
8.75% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 31.8.2007	100,000,000	100,000,000
9% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years i.e. on 1.9.2007	300,000,000	300,000,000
8.75% Tax free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years as under		
Tranche I on 20.11.2008	100,000,000	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 i.e. on 20.11.2008		
Put/call option is available at the end of 5th year.	100,000,000	100,000,000
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	500,000,000

PARTICULARS	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
5.50% Tax free Secured Redeemable Energy Bonds (Series XI- 2003-04)		
Redeemable at par after the expiry of 10 years on 22.10.2013	500,000,000	500,000,000
Put/call option is available at the end of 7th year		
Bank Loans (secured by US\$ deposit, EURO deposit and by pari-passu charge on the book debts)	<u>7,260,775,853</u>	<u>7,956,051,244</u>
	<u>10,185,775,853</u>	<u>11,881,051,244</u>

SCHEDULE - 'D' UNSECURED LOANS

A. Loans Guaranteed by the Government of India

From		
Asian Development Bank	1,788,040,534	2,288,028,338
KfW-Germany	3,345,298,339	3,279,426,126
IBRD	1,049,634,830	98,360,003

B. Government Loans

Against		
IDA Credit- Second Renewable Energy Project	1,907,000,000	1,907,000,000
	<u>8,089,973,703</u>	<u>7,572,814,467</u>

SCHEDULE - 'E' FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1.4.2004	Additions during the year	Disposals during the year	Adjust- ments during the year	As at 31.3.2005	As at 1.4.2004	For the year	Disposal during the year	Adjust- ments during the year	As at 31.3.2005	As at 31.03.2005	As at 31.03.2004
Buildings-residential- leasehold	4,143,149	-	-	-	4,143,149	1,632,801	125,517	-	-	1,758,318	2,384,831	2,510,348
Buildings-office- leasehold	26,410,058	-	-	-	26,410,058	10,087,898	816,108	-	-	10,904,006	15,506,052	16,322,160
Office Equipment	10,836,025	681,484	-	-	11,517,509	5,090,697	849,051	-	-	5,939,748	5,577,761	5,745,328
Computers	57,114,399	131,400	-	-	57,245,799	51,572,596	1,917,319	-	-	53,489,915	3,755,884	5,541,803
Furniture & Fixtures	8,794,831	-	-	-	8,794,831	5,357,152	662,364	-	-	6,019,516	2,775,315	3,437,679
Vehicles	1,447,536	-	-	-	1,447,536	1,032,432	107,471	-	-	1,139,903	307,633	415,104
Library	1,649,210	12,160	-	-	1,661,370	1,649,210	12,160	-	-	1,661,370	-	-
Total A	110,395,208	825,044	-	-	111,220,252	76,422,786	4,489,990	-	-	80,912,776	30,307,476	33,972,422
Previous year	105,284,189	1,648,109	-	3,462,910	110,395,208	70,414,627	5,510,769	-	497,390	76,422,786	33,972,422	34,869,562
Capital Work In Progress	490,100	-	-	-	490,100	-	-	-	-	-	490,100	490,100
Total B	490,100	-	-	-	490,100	-	-	-	-	-	490,100	490,100
Previous year	-	490,100	-	-	490,100	-	-	-	-	-	-	-
Total A+B	110,885,308	825,044	-	-	111,710,352	76,422,786	4,489,990	-	-	80,912,776	30,797,576	34,462,522
Previous year	105,284,189	2,138,209	-	3,462,910	110,885,308	70,414,627	5,510,769	-	497,390	76,422,786	34,462,522	34,869,562

PARTICULARS	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
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SCHEDULE - 'F' INVESTMENTS

Unquoted

(At Notional Value)

1,68,000 Equity shares of Rs.10/- each,including 48,000 equity shares allotted as bonus shares (Previous Year 1,68,000) in MP Wind Farms Ltd fully paid up

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

SCHEDULE - 'G' CURRENT ASSETS

1. Cash and Bank balances

Postage Imprest	104,469	75,472
Cheques in Hand (MNES)	-	1,784,255

Bank balances with Scheduled Banks

A) In Current Account

- IREDA	288,583,778	302,425,088
- MNES	11,202,800	12,204,942
- UNDP	6,091,097	28,593,270
- National Hydrogen Energy Board	408,219	-

B) In Deposit Account

a) INR-Short term Deposit		
- IREDA	1,493,315,481	650,000,000
- MNES	30,000,000	39,800,000
- UNDP - HH Grant	-	8,551,720
b) Foreign Currency Deposit		
- Dollar Deposit	2,854,347,084	2,403,370,218
- Euro Deposit	3,345,262,519	3,279,392,341

C) Cheques Under Collection

	-	43,362,398
	<u>8,029,315,447</u>	<u>6,769,559,704</u>

2. Interest accrued but not due on Loans and Deposits

- On Loans	12,095,657	13,448,693
- On deposit with banks	50,941,742	20,846,280
	<u>8,092,352,846</u>	<u>6,803,854,677</u>

SCHEDULE - 'H' LOANS & ADVANCES

Loans to Constituents IREDA

	18,251,031,918	19,698,501,211
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Interest Accrued and due on Loans

	206,895,455	105,585,480
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Loans to Employees

	6,983,837	9,511,478
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Sub Total - I

	<u>18,464,911,210</u>	<u>19,813,598,170</u>
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Advances (Unsecured, considered good)

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

Security Deposits	405,220	502,346
Staff Advances	1,171,523	812,048
Advance Tax & Tax Recoverable	415,564,361	293,807,659
Others	24,856,917	22,885,259

Sub Total - II

	<u>441,998,021</u>	<u>318,007,312</u>
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Total III = (I + II)

	<u>18,906,909,231</u>	<u>20,131,605,481</u>
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Less : Provision for Bad & doubtful debts (IREDA Only)

	<u>-1,473,044,654</u>	<u>-908,608,003</u>
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Total Loans & Advances to constituents of IREDA*

	<u>17,433,864,577</u>	<u>19,222,997,478</u>
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PARTICULARS	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
Loans to constituents of MNES	123,439,216	135,960,732
Interest Accrued and due on MNES Loans	41,739,866	38,333,633
Total Loans & Advances to constituents of MNES	165,179,082	174,294,365
Total Loans to constituents of IREDA & MNES	17,599,043,659	19,397,291,843
Particulars of loan & Advances :		
IREDA		
- Loans considered good in respect of which company is fully secured	15,135,593,608	17,569,282,323
- Loans considered good in respect of which company holds no security other than personal security of the borrower*	999,180,578	874,356,434
- Others	441,998,021	327,419,124
- Loans considered doubtful	2,330,137,024	1,360,547,600
	18,906,909,231	20,131,605,481
Less : Provision for Bad & doubtful debts (IREDA Only)	-1,473,044,654	-908,608,003
	17,433,864,577	19,222,997,478
MNES		
- Loans considered good in respect of which company is fully secured	45,275,685	52,402,139
- Loans considered good in respect of which company holds no security other than personal security of the borrower	14,356,879	17,811,922
- Loans considered doubtful	105,546,518	104,080,304
	165,179,082	174,294,365
GRAND TOTAL	17,599,043,659	19,397,291,843
- Due from Directors of the Company	55,118	272,860
- Due from other officers of the Company	15,132,697	16,949,331
- Maximum amount due at any time during the year from directors of the company	552,362	521,329
- Maximum amount due at any time during the year from officers of the company	19,327,463	19,775,307
* includes interest funded Rs 691,691,048 (Previous year 55,510,0873)		
SCHEDULE - 'I'		
CURRENT LIABILITIES		
Sundry Creditors	2,517,575	1,926,134
Provident Fund Payable	256,499	245,525
MNES Programme Funds	510,819,055	612,742,857
MNES Co Gen Specific Grant	49,592,115	63,922,029
National Hydrogen Energy Board	408,219	-
UNDP Programme Funds	6,091,097	28,593,270
Interest accrued but not due	171,129,476	171,377,810
Other Liabilities	40,258,786	117,758,316
	781,072,822	996,565,941
SCHEDULE-'J'		
PROVISIONS		
Standard Assets	408,000,065	211,304,453
Income-tax	499,171,915	275,502,915
Proposed Dividend	61,000,000	40,000,000
Dividend Tax	8,555,000	5,227,500
Leave Encashment	2,837,953	2,524,630
Other Provisions	6,691,202	9,234,193
	986,256,135	543,793,691

PARTICULARS	For the Year ended 31.3.2005 Rs.	For the Year ended 31.3.2004 Rs.
SCHEDULE - 'K'		
INCOME FROM OPERATIONS		
Interest on Loans	2,426,245,339	2,440,082,325
Less : Rebate on Prompt Payment	-70,471,304	-98,104,815
Less : Special Incentive	-	-359,250
	2,355,774,035	2,341,618,260
Front end Fee	45,034,559	30,712,385
Less Service Tax	-1,790,621	-
	43,243,938	30,712,385
Application Fee	2,850,000	2,935,000
Less Service Tax	-144,392	-
	2,705,608	2,935,000
Recovery out of Bad Debts written off	8,044,059	3,070,000
MNES Service Charges	580,559	704,099
	2,410,348,199	2,379,039,744
SCHEDULE - 'L'		
OTHER INCOME		
Interest on Deposits		
- STD	77,945,790	5,253,734
- US\$ Deposit	54,755,836	33,991,573
- EURO Deposit	77,654,223	54,709,606
- GEF-II	358,561	210,296
	210,714,410	94,165,209
Other Interest		
- From Banks	5,591,107	-
- on Staff Loan	806,017	1,001,156
Service Charges		
- UNDP Programme Fund	799,677	2,880,614
- National Hydrogen Energy Board	75,799	-
Interest on Income Tax Refund	-	2,594,635
Miscellaneous income - Transfer from Capital Grant	2,951,092	2,922,445
- Others	44,028	19,427
	220,982,130	103,583,486
SCHEDULE - 'M'		
PERSONNEL EXPENSES		
Salaries,Wages and other amenities	43,453,256	41,064,338
Contribution to Provident Fund	3,042,746	2,906,013
Contribution to Benevolent fund	68,350	70,930
Contribution to Gratuity	1,119,124	1,358,856
Human Resource Development	43,408	502,222
Staff Welfare	6,086,275	5,198,487
Recruitment	6,768	56,370
	53,819,927	51,157,216

PARTICULARS	For the Year ended 31.3.2005	For the year ended 31.3.2004
	Rs.	Rs.
SCHEDULE - 'N'		
ADMINISTRATIVE EXPENSES		
Business Promotion	1,305,921	1,505,997
Director Sitting Fee	46,000	122,000
Travelling & Conveyance	6,549,634	8,569,878
Electricity & Water Charges	88,170	163,706
Information & Dissemination	1,768,729	4,901,566
Insurance	219,714	208,889
Legal & Professional Fee	4,021,586	4,197,235
Newspapers and Periodicals	577,791	590,198
Office Maintenance	1,711,348	965,036
Office rent	6,303,721	3,068,386
Postage Telegram & Telephone	1,494,098	1,407,756
Printing and Stationery	2,147,482	2,162,869
Rates & Taxes	4,171	46,864
Repair & Maintenance	2,972,452	2,867,743
ROC Filing Fee	6,550	5,050
Donation	1,000,001	-
Miscellaneous	879,713	2,044,326
	<u>31,097,081</u>	<u>32,827,499</u>
SCHEDULE - 'O'		
FINANCE CHARGES		
Finance Charges		
Interest on Borrowings		
- on Bonds	309,373,288	444,055,664
- on Loans	707,531,399	869,670,892
	<u>1,016,904,687</u>	<u>1,313,726,556</u>
Other Finance Charges		
Miscellaneous Expenditure written off	3,199,603	8,416,661
Bond Trusteeship fee	533,682	739,011
Bank Charges	67,759	44,826
ADB Prepayment Premium	5,221,170	83,167,997
Difference in Exchange	744,137	-750,829
Commitment fee		
- KfW	-	2,572,705
- IBRD	6,921,444	8,830,150
GOI Guarantee Fee		
- ADB	11,638,103	16,154,229
- KfW	39,005,595	26,470,086
- IBRD	9,114,998	932,388
	<u>76,446,491</u>	<u>146,577,224</u>
Others	26,020,905	35,962,665
	<u>1119,372,083</u>	<u>1,496,266,445</u>

SCHEDULE - 'P'

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

- 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.
- 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.
- 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.
- Prepaid expenses and prior period expenses/income upto Rs.5,000/- per item are charged as and when incurred/ adjusted/received.

(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 AS-11 issued by ICAI.

(4) Fixed Assets

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

(5) Insurance Claims

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

(6) Investments

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

(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 as approved by MNES.

(8) Loans

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

(9) Grants

- Grants for acquisition of eligible fixed assets is accounted for as capital grants. Such grant is allocated to income over the periods and in the proportions in which the depreciation on those assets is charged.
- Grant-in-aid for financing projects in the specified sectors of New and Renewable Sources of Energy (NRSE) is treated and accounted for as Capital Reserve/Grant.
- Grant-in-aid 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.

(ii) **Interest subsidy on actual basis:-**

(Amount in Rupees)

Sl. No.	Name of the sector	Opening Balance as on 1.4.2004	Subsidy received during 2004-05	Amount refunded during 2004-05	Subsidy passed on during 2004-05	Closing Balance as on 31.3.2005
1	Solar Thermal Sector	34,16,011 (-) (61,79,006)	1,60,00,000 (3,85,00,000)	- (-)	2,63,37,917 (2,89,04,983)	(-) 69,21,906 (34,16,011)
2	SPV WP 2000-01	(-) 1,36,95,720 (-) (11,372)	1,36,95,000 (-)	- (-)	1,19,89,823 (1,36,84,348)	(-) 1,19,90,543 (-) (1,36,95,720)
3	SPV WP 2001-02	(-) 1,81,18,328 (59,890)	1,11,74,000 (-)	- (-)	1,63,75,141 (1,82,08,995)	(-) 2,33,19,469 (-) (1,81,18,328)
4	SPV WP 2002-03	(-) 25,74,923 (60,000)	- (47,00,000)	- (-)	(-) 61,29,233 (73,34,923)	35,54,310 (-) (25,74,923)
5	SPV WP 1999-2000	(-) 51,31,693 (-) 473	51,31,000 (-)	- (-)	43,88,197 (51,31,220)	(-) 43,88,890 (-) (51,31,693)
6	SPV WP Manufacturing	(-) 90,70,600 (353)	90,71,000 (-)	- (-)	78,08,327 (90,71,153)	(-) 78,07,927 (-) (90,70,600)
	Sub Total.....B	(-) 4,51,75,253 (-) (60,70,608)	5,50,71,000 (4,32,00,000)	- (-)	6,07,70,172 (8,23,35,622)	(-) 5,08,74,425 (-) (4,51,75,253)
	Grand Total (A + B)	36,66,47,673 (42,29,63,135)	17,93,93,070 (21,71,62,698)	7,85,44,392 (6,61,26,983)	17,79,28,832 (20,73,51,177)	28,95,98,496 (36,66,47,673)

Previous year figures shown within bracket

(b) **Capital subsidy**

The un-disbursed capital subsidy as on 1.4.2004 was Rs. 2,68,60,377 (Previous year - Rs. 2,13,57,244) pending due to non-compliance of the terms and conditions of the capital subsidy scheme by the borrower. During the year an amount of Rs.40,85,000 (Previous year - Rs.1,19,34,491) was received from MNES. Out of the total capital subsidy amount available Nil (Previous year - Rs.65,08,727) was disbursed to the borrowers on compliance of the terms and conditions of the capital subsidy scheme. The sector-wise details of capital subsidy at the beginning, received during the year, passed/refunded during the year and the balance as on 31-3-2005 are as under:

(Amount in Rupees)

Name of the sector	Opening balance as on 1.04.2004	Received during the year	Interest received on FDR during the year	Passed on during the year	Amount refunded to MNES during the year	Closing balance as on 31.3.2005
Co- generation	2,68,60,377 (2,13,57,244)	40,85,000 (1,19,34,491)	2,832 (-)	- (65,08,727)	- (-)	3,09,48,209 (2,67,83,008)

Previous year figures shown within bracket

- (4) Current Assets include a sum of Rs.60,91,097 (Previous year - Rs.2,85,93,270) 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) Office Equipment includes Rs.10,959 (Previous Year Rs. 12,730) 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.
- (7) During the year 2003-04, 22 small hydro projects located in the state of Andhra Pradesh which could not generate power due to drought were rescheduled and treated as standard assets in terms of relaxation in prudential norms granted by MNES vide letter No. 1/31/2000-IREDA dated 26th October, 2004. During the year 2004-05, these 22 small hydro projects have been treated as standard assets, as per the prudential norms.
- (8) The company has changed its accounting policies with reference to prior period income, prior period expenses and prepaid expenses with effect from 1st April, 2004. Consequent to such changes, the additional income/expenditure booked in the natural head of account on account of prior period income, prior period expenses and prepaid expenses are Rs.3,396, Rs.43,938 and Rs.646 respectively.
- (9) (i) While making provisions for Non Performing Assets, the value of security and provision for doubtful cases has been derived from the balance sheet of the borrower(s) by applying the depreciation as per rates prescribed under schedule XIV of the Companies Act, 1956. However, the balance sheet of the borrower(s) if older than 5 years from the financial year for which the shortfall is worked out, the same is ignored.
- (ii) In terms of Notification No. DBS.FID.No. C-8/01.02.00/2004-05 dated 1st November, 2004, an asset has been classified as doubtful, if it remained in the sub standard category for 12 months and in terms of Notification No. DBS.FID.No. C-3/01.02.00/2004-05 dated 3rd August, 2004, in respect of advances classified as 'doubtful for more than three years', the provisioning requirement is 100%, ignoring the value of securities.
- (10) IREDA is following the prudential norms issued by the Reserve Bank of India to the term lending institutions for income recognition, asset classification and provisioning as amended by Ministry of Non Conventional Energy Sources from time to time. Accordingly, the unrealised interest amounting to Rs.94,58,48,181 (Previous year - Rs. 101,78,34,913) on accounts classified as Non-Performing Asset (NPA) has not been recognised as income for the year. A sum of Rs. Nil (Previous year - Rs. 1,19,35,068) being the amount of unrealised interest pertaining to 2003-04 has been reversed in respect of those accounts which have been classified as NPA for the first time during the year. Similarly, interest realised during the year pertaining to earlier years amounting to Rs.10,47,38,789 (Previous year - Rs. 9,47,71,600) has been recognised as income.
- (11) 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 - Nil) equivalent to liability of IDA credit Second Renewable Energy Project on Rupee basis. Books of Accounts of ERAF are prepared and maintained separately.
- (12) All the operations of the company are considered as a single business segment. Further, the company does not have any fulfilled 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.

(13) **Deferred Taxes**

- A) In accordance with the provisions of AS-22, the current year deferred tax credit of Rs.2150.48 lakhs (Previous year Rs.1080.10 lakhs) has been credited to the profit and loss account.
- B) The details of deferred tax assets (net) as on 31st March, 2005 is given below:-

A Deferred Tax Assets

(Rs. in lakhs)		
Arising on account of timing differences:-	As at 31/3/2004	As at 31/3/2005
♦ Provision for Leave Salary	9.23	9.55
♦ Provision for doubtful debts and advances	4,025.51	6,166.43
Total - A	4,034.74	6,175.98
B Deferred Tax Liability		
♦ Depreciation	53.51	43.80
♦ Other:- Deferred revenue expenditure	0.08	0.00
♦ Stamp duty paid but not debited to P&L A/c	17.43	17.98
Total - B	71.02	61.78
Deferred Tax Assets (A-B)	3,963.72	6,114.20

- (14) Loan to constituents include a sum of Rs.6,16,52,400 (Previous year - Rs.9,10,87,400) 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.
- (15) Bonds have been issued in demat form as per the requests received from bondholders.
- (16) Under sundry creditors, amount payable to small scale industries as on 31st March, 2005 is Nil (Previous year - Nil).
- (17) 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.
- (18) The remuneration (excluding service tax) paid to Statutory Auditors of the Company is as under:
For Statutory Audit Rs.1,26,500 (Previous year - Rs.1,15,000)
For Tax Audit Rs.50,600 (Previous year - Rs.46,000)
For Certification Rs.1,02,000 (Previous year - Rs.81,500)
For Consultancy and opinion Nil (Previous year - Rs.30,000)

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

(Amount in Rupees)		
Particulars	Director (Technical)**	Director (Finance)*
Salary & allowances	4,85,870 (4,44,753)	4,17,021 (4,70,558)
Medical allowance	37,093 (34,776)	27,240 (35,501)
Provident Fund	51,820 (49,008)	43,331 (50,080)
Value of perquisite for residential accommodation as per Income-tax Act	23,010 (21,636)	18,990 (23,701)
LTC	13,000 (Nil)	Nil (Nil)
Staff Car (As per Income tax Rules)	15,360 (15,300)	11,188 (15,300)
Total :	6,26,153 (5,65,473)	5,17,770 (5,95,140)

Previous year figures shown within bracket

* Also Officiated as Managing Director w.e.f. 1.8.2003 upto 28.12.2004

** Also Officiating as Managing Director w.e.f. 29.12.2004

- (20) (i) Income tax assessment has been completed upto assessment year 2002-03 and all the additional liabilities based on the assessment/appeal have been provided. As the assessment under Section 143(3) is still pending for the assessment years 2003-04 and 2004-05, additional tax liability, if any, would be known only after the assessments are completed.
- (ii) Interest tax assessment have been completed upto the assessment year 2001-02. In respect of tax recoverable amounting to Rs.26.08 lakhs from the assessment years 1993-94 to 2000-01, company is taking the necessary steps for its recovery.
- (21) 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 financial as well as the ALM software is in position. However, the testing of ALM software is delayed due to the proposed closure of IDBI Intech Ltd. who has developed the ALM software. However, the reports viz; i) structural liquidity, (ii) dynamic liquidity, and (iii) interest rate sensitivity have been compiled in the excel sheet for the year ended 31st March, 2005.

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

- a) Expenditure in Foreign Currency:
♦ On Travelling Rs.3,53,858 (Previous year - Rs. 11,10,151)
♦ Others Rs.18,01,02,413 (Previous year - Rs. 16,62,12,793)
- b) Earnings in Foreign Exchange:
♦ Interest Rs.13,27,68,619 (Previous year - Rs. 8,87,01,178)
- c) Revenue Grant Rs.2,48,26,159 (Previous year -Rs. 1,82,03,445) (GEF)

- (23) 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	34.74% (28.04%)
b)	The amount of subordinated debt raised and outstanding as Tier - II capital	Nil (Nil)
c)	Risk weighted assets ♦ On balance sheet items ♦ Off balance sheet items	1808.30 (2015) 4.92 (0.02)
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	5.53% (9.58%)
f)	Amount and % of net NPAs under the prescribed asset classification categories (excluding incidental charges)	
	Category	Gross Amount NPA provision Net % age Net
	S. Std	3.34 0.51 2.84 0.17%
		(127.56) (12.76) (114.81) (6.36%)
	Doubtful	232.24 146.02 86.22 5.36%
		(135.43) (77.41) (58.03) (3.22%)
	Loss	0.06 0.06 0.00 0.00%
		(0.06) (0.06) (0.00) (0.00%)
	Total	235.64 146.59 89.05 5.53%
		(263.05) (90.22) (172.84) (9.58%)

- 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.

Category	2004-05	2003-04
Standard assets	(-) 0.33	(-) 0.35
NPAs (including incidental charges)	56.37	12.69
Against loan outstanding	0.07	(-) 0.25
Against incidental charges	56.44	12.44
Adhoc provision on standard assets	20.00	17.00
Investments	0.00	0.00
Income Tax	43.99	17.16
Total	120.10	46.25

h) Movement in net NPAs

Particulars	2004-05	2003-04
Net NPA as on 1 st April	172.84	170.00
Add: Additions during the year	14.03	80.51
Less: Reduction during the year	22.75	35.24
Less: Provision made during the year	56.37	12.69
Less: Assets written off	18.70	29.74
Net NPA as on 31 st March	89.05	172.84

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

		% to Net worth	% to total loan assets
	Loan	594.92 (529.97)	1755.65 (1915.23)
◆ The largest single borrower	48.55 (56.56)	8.16% (10.67%)	2.77% (2.95%)
◆ The largest borrower group	63.04 (63.04)	10.60% (11.90%)	3.59% (3.29%)
◆ The 10 largest single borrowers:			
No. 1	48.55 (56.56)	8.16% (10.67%)	2.77% (2.95%)
No. 2	48.47 (54.03)	8.15% (10.20%)	2.76% (2.82%)
No. 3	48.40 (48.46)	8.14% (9.14%)	2.76% (2.53%)
No. 4	42.48 (48.40)	7.14% (9.13%)	2.42% (2.53%)
No. 5	40.81 (45.37)	6.86% (8.56%)	2.32% (2.37%)
No. 6	39.07 (43.69)	6.57% (8.24%)	2.23% (2.28%)
No. 7	36.00 (40.16)	6.05% (7.58%)	2.05% (2.10%)
No. 8	34.41 (39.10)	5.78% (7.38%)	1.96% (2.04%)
No. 9	33.35 (38.64)	5.61% (7.29%)	1.90% (2.02%)
No. 10	31.72 (36.03)	5.33% (6.80%)	1.81% (1.88%)
Total	403.26 (450.44)	67.78% (84.99%)	22.97% (23.52%)

◆ The 10 largest borrower groups:

No. 1	63.04 (63.04)	10.60% (11.90%)	3.59% (3.29%)
No. 2	46.74 (61.42)	7.86% (11.59%)	2.66% (3.21%)
No. 3	40.87 (56.35)	6.87% (10.63%)	2.33% (2.94%)
No. 4	38.08 (52.78)	6.40% (9.96%)	2.17% (2.76%)
No. 5	35.15 (48.74)	5.91% (9.20%)	2.00% (2.54%)
No. 6	31.72 (33.56)	5.33% (6.33%)	1.81% (1.75%)
No. 7	27.94 (32.62)	4.70% (6.16%)	1.59% (1.70%)
No. 8	27.14 (28.10)	4.56% (5.30%)	1.55% (1.47%)
No. 9	26.66 (27.88)	4.48% (5.26%)	1.52% (1.46%)
No. 10	26.29 (27.07)	4.42% (5.11%)	1.50% (1.41%)
Total	363.63 (431.56)	61.12% (81.43%)	20.71% (22.53%)

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

	Industries	Loan O/S	% to total loan
No. 1	Power	861.64 (865.48)	49.08% (45.19%)
No. 2	Sugar	322.15 (360.13)	18.35% (18.80%)
No. 3	FIs/NBFCs	98.95 (122.59)	5.64% (6.40%)
No. 4	Tobacco (Steel)	67.46 (67.19)	3.84% (3.51%)
No. 5	Agriculture (Engineering)	61.15 (66.33)	3.48% (3.46%)

C) Liquidity

- k) Maturity pattern of rupee assets and liabilities;
- l) Maturity pattern of foreign currency assets and liabilities:-

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	263.23 (238.49)	585.47 (571.55)	510.05 (567.26)	296.94 (380.69)	99.95 (157.24)	1755.64 (1915.23)
Foreign currency assets	40.49 (21.90)	95.15 (79.20)	104.70 (76.35)	58.92 (63.67)	320.69 (327.16)	619.95 (568.28)
Total Assets	303.72 (260.39)	680.62 (650.75)	614.75 (643.61)	355.86 (444.36)	420.64 (484.40)	2375.59 (2483.51)
Rupee liabilities*	277.70 (317.51)	264.52 (253.51)	188.68 (240.80)	69.80 (118.91)	1215.26 (1194.52)	2015.96 (2125.25)
Foreign currency liabilities	38.30 (21.90)	95.15 (76.97)	104.70 (76.35)	58.92 (63.67)	321.23 (327.70)	618.30 (566.59)
Total liabilities	316.00 (339.41)	359.67 (330.48)	293.38 (317.15)	128.72 (182.58)	1536.49 (1522.22)	2634.26 (2691.84)

* 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	10.81% (9.74%)
n) Non-operating income as % to average capital employed	0.01% (0.02%)
o) Operating profit as a percentage to average capital employed	5.87% (3.53%)
p) Return on average assets	1.22% (0.90%)
q) Net profit per employee/Rs. in lakhs	23.76 (16.32)

E Movement in Provisions
I) Provisions for Non Performing Assets comprising loans (excluding provisions for standard assets)

Particulars	2004-05	2003-04
Opening balance as at the beginning of the financial year	90.86	78.42
Add: Provisions made during the year	84.21	53.12
Less :		
♦ Write off during the year	19.10	30.33
♦ Write back during the year	8.67	10.35
Closing balance at the close of the financial year	147.30	90.86
Net charged to P&L A/c for NPA loans	56.44	12.44
Provisions for Non Performing Assets comprising bonds and debentures in the nature of advance and inter-corporate deposits	Nil	Nil

II) Provisions for depreciation in investments

Opening balance as at the beginning of the financial year	0.00	0.00
Add: Provisions made during the year	0.12	0.00
Less :		
♦ Write off during the year	0.12	0.00
♦ Write back during the year	0.00	0.00
Closing balance at the close of the financial year	0.00*	0.00

* notional value of Re.1 is kept for investment in the books of accounts

F Restructured Accounts

Sl. No	Particulars	31.3.2005	31.3.2004
1	Total amount of loan assets subjected to restructuring	100.93	210.78
2	Restructured instalment of principal in the total amount of loan assets indicated out of 1 above subjected to restructuring	25.84	22.00
3	Amount of standard assets subjected to restructuring	97.18	207.14
4	Amount of sub standard/doubtful assets subjected to restructuring	3.75	3.64

G Assets Sold to Securitisation Company/Reconstruction Company

Particulars	2004-05	2003-04
Number of accounts	Nil	Nil
Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
Aggregate consideration	Nil	Nil
Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
Aggregate gain/loss over net book value	Nil	Nil

H 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 3.75% as modified in their revised terms;

- ◆ 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 4.25%.
- ◆ Another similar swap arrangement was entered with Canara Bank for foreign exchange risk management of IBRD-II line of credit for IBRD portion of US\$2.25 million. As per arrangement, the loan drawn from IBRD 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 4.25% p.a.
- ◆ Further, after negotiation, another similar swap arrangement was entered with Bank of Baroda for foreign exchange risk management for balance amount of US\$ 77.75 million of IBRD-II line of credit for IBRD portion. As per the arrangement, the loan drawn from IBRD will be kept in \$ deposit with Bank of Baroda, London which earns interest at 6 monthly LIBOR + 0.30% p.a. Against this deposit, INR loan will be drawn from Bank of Baroda, New Delhi at PLR less 3.75%.

- ◆ Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps
- ◆ Quantification of the losses which would be incurred if the counter parties failed to fulfil their obligations under the agreements
- ◆ Collateral required by the entity upon entering into swaps
- ◆ Any concentration of credit risk arising from the swaps. Examples of concentration could be exposures particular industries or swaps with highly geared companies

- ◆ 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.
- ◆ Not applicable
- ◆ NIL
- ◆ 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/milli)	Amount (Rs./Cr)
Liabilities		
BOB Rupee Term Loan against US\$ deposit	NIL (NIL)	177.52 (235.71)
Canara Bank Rupee Term Loan against Euro deposit	NIL (NIL)	308.64 (320.79)
Canara Bank Rupee term loan against US\$ deposit	NIL (NIL)	3.70 (3.60)
Assets		
BOB \$ Deposit – ADB	US\$40.75 (US\$52.21)	Rs.178.27 (Rs.228.27)
Canara Bank Euro Deposit – KfW	Euro 59.03 (Euro 61.35)	Rs.334.53 (Rs.327.94)
BOB \$ Deposit – IBRD	US\$ 21.74 (Nil)	Rs.95.12 (Nil)
Canara Bank US\$ Deposit (including Special A/c) – IBRD	US\$ 2.25 (US\$ 2.25)	Rs.9.84 (Rs.9.84)

I Interest Rate Derivatives

During the year, IREDA has finalised the interest rate swap for KfW loan with Standard Chartered Bank with effect from 12-1-2005 for 5 years. The details are as under:-

Sl. No.	Particulars	Amount
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Euro 59.03 million (Nil)
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2005 (instrument-wise)	Euro 59.03 million (Nil)
3	Notional principal amount of exchange traded interest rate derivatives and not "highly effective" (instrument-wise)	Euro 59.03 million (Nil)
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Euro 0.046 million (Nil)

Previous year figures shown within bracket

(24) **Disclosure on risk exposure in derivatives**

In terms of RBI Circular No. RBI/2004-05/436/DBOD. No. FID.FIC-I/01.02.00/2004-05 dated 26-4-2005, the qualitative and quantitative disclosures in respect of risk exposure are as under:-

A) Qualitative Disclosure:-

- IREDA recognised various market risks including interest rate, foreign exchange fluctuation and other assets liability mismatches;
- In order to protect the company from foreign exchange fluctuation risk, the company has entered into long term agreements with nationalised banks with adequate flexibility which enable IREDA to re-negotiate the term to get advantage of the interest rate regime.
- IREDA has also established Exchange Risk Administration Fund (ERAF) to protect itself against the exchange risk arising out of INR borrowings repayable in US\$ terms.
- IREDA is taking active action for protection against interest rate risk by adopting hedging instrument on case to case basis. In this regard, during the financial year, an interest rate swap has been finalised with Standard Chartered Bank for KfW loan. As per the swap, IREDA hedged variable interest rate receivable by fixed interest rate receivable against fixed interest rate liability.

B) Quantitative Disclosures:-

(Rupees in crore)

Sl. No.	Particular	Currency Derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	334.53
	b) For trading	-	-
2	Marked to Market Positions (1)		
	a) Asset (+)/Receivables	-	0.26
	b) Liability (-)/Payable	-	-
3	Credit Exposure (2)	-	4.90
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	13.12
	b) on trading derivatives	-	-
5	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	-	Max. 6.56 Min. 3.28
	b) on trading	-	-

(25) 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.

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

R K SACHDEVA
Company Secretary

S P REDDI
Director (Finance)

DEBASHISH MAJUMDAR
Director (Technical) &
Managing Director

A M GOKHALE
Chairman

As per our report of even date

For K G Somani & Co.
Chartered Accountants

(K G Somani)
Partner
Membership No. 6238

Place: New Delhi
Date : 24.08. 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration No.	0 2 7 2 6 5	State Code	5 5 (Refer Code List)
	Balance Sheet Date	3 1 0 3 0 5 Date Month Year		
II	Capital raised during the year (Amount in Rs. Thousand)			
	Public Issue	N I L	Right Issue	N I L
	Bonus Issue	N I L	Private Placement (Govt. Contribution)	5 0 0 0 0 0
III	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
	Total Liabilities	2 6 3 4 2 6 4 2	Total Assets	2 6 3 4 2 6 4 2
	Source of Funds		Reserves & Surplus	2 5 4 6 0 6 3
	Paid-up Capital	3 7 5 3 5 0 0	Unsecured loans	8 0 8 9 9 7 4
	Secured loans	1 0 1 8 5 7 7 6		
	Current Liabilities & Provisions	1 7 6 7 3 2 9	Investment	N I L
	Application of Funds		Misc. Expenditure & Others	9 0 2 8
	Net Fixed Assets	3 0 7 9 8	Deferred Tax Assets	6 1 1 4 2 0
	Current Assets	2 5 6 9 1 3 9 6		
	Accumulated Losses	N I L		
IV	Performance of Company (Amount in Rs. Thousand)			
	Turnover (Gross Income)	2 6 3 1 3 3 0	Total Expenditure (including PPA)	2 1 6 2 2 1 6
	Profit before tax	+ 4 6 9 1 1 4	Profit after tax	+ 3 0 4 0 7 9
	(Please tick Appropriate box (+) for Profit (-) for Loss)			
	Basic and diluted Earnings per share in Rs. (PAT)	8 1 . 0 1	Dividend Rate %	1 . 6 3
V	Generic names of Three Principal Products/Services of Company (as per monetary terms)			
	Item Code No. (ITC Code)	N O T A P P L I C A B L E		
	Product Description	P R O J E C T F I N A N C I N G		
	A M GOKHALE Chairman		DEBASHISH MAJUMDAR Director (Technical) & Managing Director	

Cash Flow Statement For the Year Ended 31st March, 2005

(Amount in Rupees)

Particulars	For the year ended March 31, 2005	For the year ended March 31, 2004
A Cash Flow from Operating Activities:		
Net Profit before Tax and Extraordinary/ PP items:	469,194,158	302,659,959
Adjustment for:		
1 Depreciation	4,489,990	5,510,769
2 NPA Provision	564,436,651	124,413,545
3 General Provision for Std. Assets	196,695,612	166,528,009
4 Misc Expenses written off	3,199,603	4,666,641
5 Prior period expenses/income	-79,832	-630,989
6 Write off Investment	1,199,999	-
7 Adjustment for tax	-216,266,641	-375,258,085
8 Adjustment for Interest to income tax deptt	-26,583,247	-36,635,419
9 Adjustment for Fixed Assets	-	-2,965,520
Operating profit before working Capital Charges:	996,286,293	188,288,910
Increase / Decrease		
1 Decrease in Loans & Advances	1,224,696,250	1,498,240,161
2 Decrease in MNES loan	9,115,283	43,941,683
3 Decrease/(Increase) in other Current Assets	-28,742,426	9,504,767
4 Increase in Current Liabilities	-218,036,110	-759,932,094
5 Increase/(Decrease) in Provision	313,323	-31,132
Net cash used in Operating Activities	987,346,320	980,012,295
B Cash Flow From Investing Activities		
1 Purchase of Fixed Assets	-825,044	-2,138,209
Net Cash used in Investing Activities	-825,044	-2,138,209
C Cash Flow from Financial Activities		
1 Equity received from Govt of India	500,000,000	400,000,000
2 Capital grants	291,829	11,179,435
3 Decrease in Bonds	-1,000,000,000	-884,920,000
4 Dividend & Dividend Tax paid	-45,227,500	-45,125,000
5 Decrease in Secured Loans	-695,275,391	-29,463,278
6 Increase/(Decrease) in Un-secured Loans	517,159,236	-1,056,746,387
Net Cash in-flow from Financing Activities	-723,051,826	-1,605,075,230
Net Increase in Cash & Cash Equivalents	1,259,755,743	-627,201,144
Cash & Cash Equivalents at the beginning of the year	6,769,559,704	7,396,760,848
Cash & Cash Equivalents at the end of the year	8,029,315,447	6,769,559,704
Net Increase in Cash & Cash Equivalents	1,259,755,743	-627,201,144

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, 2005, the Company has undrawn term loan from commercial banks to the tune of Rs 359.50 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 : 24.08.2005

A M Gokhale
Chairman

S P Reddi
Director (Finance)

Debashish Majumdar
Director (Technical) & Managing Director

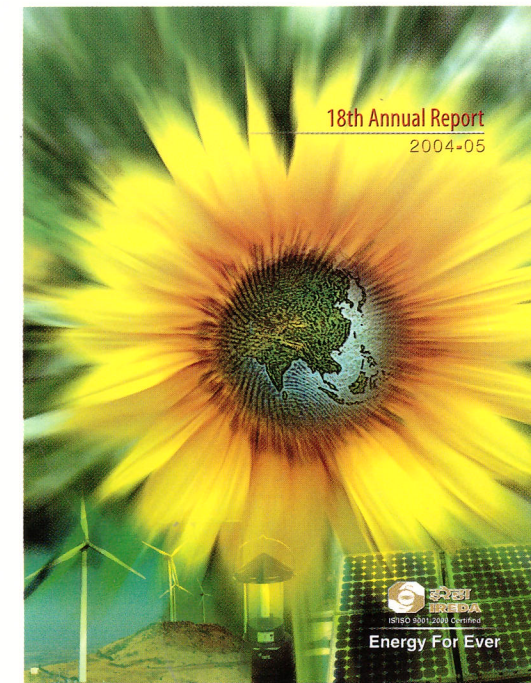
R K Sachdeva
Company Secretary

STATUS OF MNES FUNDS AS ON 31.03.2005

Sl No.	PROGRAMME	SECTOR	BALANCE AS ON 1.4.2004	GRANT RECEIVED DURING THE YEAR	INTEREST EARNED DURING THE YEAR	INTEREST PAID DURING THE YEAR	SERVICE CHARGES RECOVERABLE	AMOUNT REFUNDED	AMOUNT SUBSIDY DISBURSED	TOTAL FUNDS AS ON 31.03.2005	LOANS OUTSTANDING AS ON 31.03.2005	INTEREST OUTSTANDING AS ON 31.03.2005	BALANCE WITH BANK	BALANCE WITH IREDA	TOTAL FUNDS
					ST.D.	LOAN	TOTAL						CURRENT AC	STD	BANKS
1	SPV MFG LOAN-12046		40613187.53	0.00	0.00	271269.00	271269.00	5444.00	0.00	4066018.53	2053200.00	19732245.00	11496.00	0.00	11496.00
2	SPV USER LOAN-12046		18470471.90	0.00	0.00	2211873.30	2211873.30	442157.00	0.00	183662893.20	71339136.00	19996304.00	6361937.23	0.00	6361937.23
3	SPV USER S SUBSIDY-12046		83257883.57	0.00	0.00	0.00	0.00	0.00	0.00	83257883.57	0.00	0.00	80479.48	0.00	80479.48
4	SPV MFG-12046		12000.37	0.00	0.00	0.00	0.00	0.00	0.00	12000.37	0.00	0.00	0.00	0.51	11999.86
5	SOLAR THERMAL-12046		11377394.00	0.00	0.00	653582.00	653582.00	83958.00	0.00	8847422.00	4468279.69	2411316.00	1857361.70	0.00	110446.61
6	MICRO HYDEL GRANT		7159878.73	0.00	0.00	0.00	0.00	0.00	0.00	7159878.73	0.00	0.00	0.00	0.00	7159878.73
7	SPV PUMPING PELICITY GRANT-44-65		163589.51	0.00	0.00	0.00	0.00	0.00	0.00	163589.51	0.00	0.00	0.00	0.00	163589.51
8	SPV WT REMISEMENT-2010-12		535631.00	0.00	0.00	0.00	0.00	0.00	0.00	535631.00	0.00	0.00	0.00	0.00	535631.00
9	SOLAR THERMAL GRANT-93-84		21025.00	0.00	0.00	0.00	0.00	0.00	0.00	21025.00	0.00	0.00	0.00	0.00	21025.00
10	MNES SPV MFG FROM REIMBURSEMENT		972200.93	0.00	0.00	0.00	0.00	0.00	0.00	972200.93	0.00	0.00	0.00	0.00	972200.93
11	MNES SPV PUMPING FILM GRANT		93100.00	0.00	0.00	0.00	0.00	0.00	0.00	93100.00	0.00	0.00	0.00	0.00	93100.00
12	CAPITAL SUBSIDY COGENERATION-12056		2686076.92	4085000.00	2831.58	0.00	2831.58	0.00	0.00	3094208.50	2709980.00	0.00	157586.58	360821.92	3094208.50
13	CO GENERATION INTEREST SUBSIDY		210638292.59	35759000.00	0.00	0.00	0.00	0.00	0.00	138122648.59	0.00	0.00	0.00	0.00	138122648.59
14	INTEREST SUBSIDY ON SOLAR THERMAL		3416011.45	1600000.00	0.00	0.00	0.00	0.00	0.00	6921905.55	0.00	0.00	0.00	0.00	6921905.55
15	SPV USER'S SUBSIDY-2001-2002-12045		1442115.00	0.00	0.00	0.00	0.00	0.00	0.00	1442115.00	0.00	0.00	0.00	0.00	1442115.00
16	SPV USER'S SUBSIDY-2002-2003-12089		12425.00	7621000.00	0.00	0.00	0.00	0.00	0.00	31925079.00	0.00	0.00	0.00	0.00	31925079.00
17	SPV USER'S SUBSIDY-2003-2004-12088		30021370.00	0.00	1303709.00	0.00	1303709.00	0.00	0.00	438890.00	0.00	0.00	0.00	0.00	438890.00
18	INTEREST SUBSIDY ON SPV USER LOAN-99-00-12083		5131693.00	5131000.00	0.00	0.00	0.00	0.00	0.00	1190615.00	0.00	0.00	0.00	0.00	1190615.00
19	INTEREST SUBSIDY ON SPV USER LOAN-2000-01-12065		13695720.00	13695000.00	0.00	0.00	0.00	0.00	0.00	7808327.00	0.00	0.00	0.00	0.00	7808327.00
20	INTEREST SUBSIDY ON SPV MFG-12091		9070600.00	9071000.00	0.00	0.00	0.00	0.00	0.00	7808327.00	0.00	0.00	0.00	0.00	7808327.00
21	INTEREST SUBSIDY ON SPV USER LOAN-2001-02-12046		18118328.00	11174000.00	0.00	0.00	0.00	0.00	0.00	22319469.00	0.00	0.00	0.00	0.00	22319469.00
22	INTEREST SUBSIDY ON SPV USER LOAN-2002-03		2574923.00	0.00	0.00	0.00	0.00	0.00	0.00	3554310.00	0.00	0.00	0.00	0.00	3554310.00
23	INTEREST SUBSIDY ON BLD MASS BRACKETING		9776144.00	0.00	0.00	0.00	0.00	0.00	0.00	1846798.00	0.00	0.00	0.00	0.00	1846798.00
24	INTEREST SUBSIDY ON SMALL HYDEL		172666518.00	78948815.00	0.00	0.00	0.00	0.00	0.00	179947979.00	0.00	0.00	0.00	0.00	179947979.00
25	INTEREST SUBSIDY ON WASTE TO ENERGY		20657203.00	7830000.00	0.00	0.00	0.00	0.00	0.00	2055495.00	0.00	0.00	0.00	0.00	2055495.00
26	INTEREST SUBSIDY ON BIOPUELS		1025433.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	TOTAL		81274284.36	189314813.00	1683170.58	5586724.30	724894.88	580559.00	19069675.00	51081905.24	123439215.69	4173985.00	11203801.50	3000000.00	30447173.05



IREDA financed 1.50 MW Poultry Waste to Energy Project being set up at Namakkal District, Tamilnadu.



*The theme for the Annual Report 2004-05 cover for
IREDA centres around its core ideology -*

Energy For Ever.

*Endless possibilities and benefits from renewable
energy for generations.*



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