



19TH ANNUAL REPORT
2005-06



IS/ISO 9001:2000 Certified



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



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 :

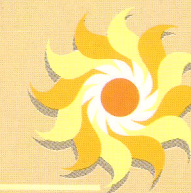
- ✧ Customer Satisfaction
- ✧ Timely and Prompt Response
- ✧ Increase Market Share in Financing
- ✧ Grow into Apex Level Financial Institution
- ✧ Encourage Micro Lending Through Intermediation
- ✧ Professional Excellence
- ✧ Organisational Flexibility

Quality Objectives

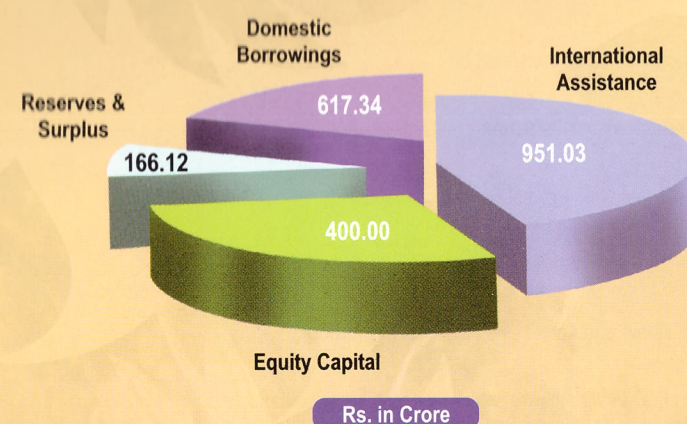
Following shall govern the operations :

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

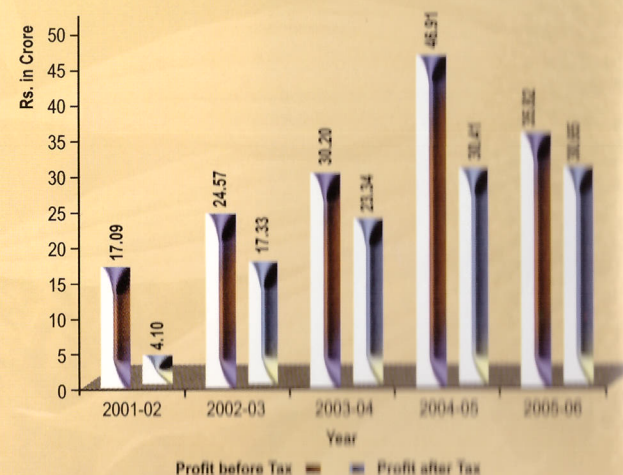
HIGHLIGHTS OF OUR PERFORMANCE



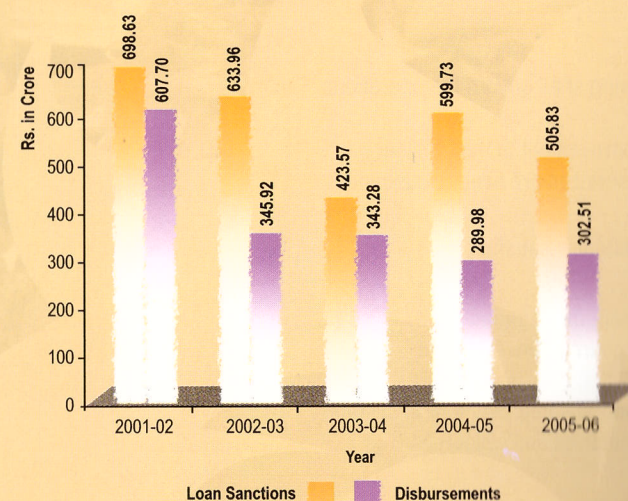
IREDA's Resource Base 2005-06



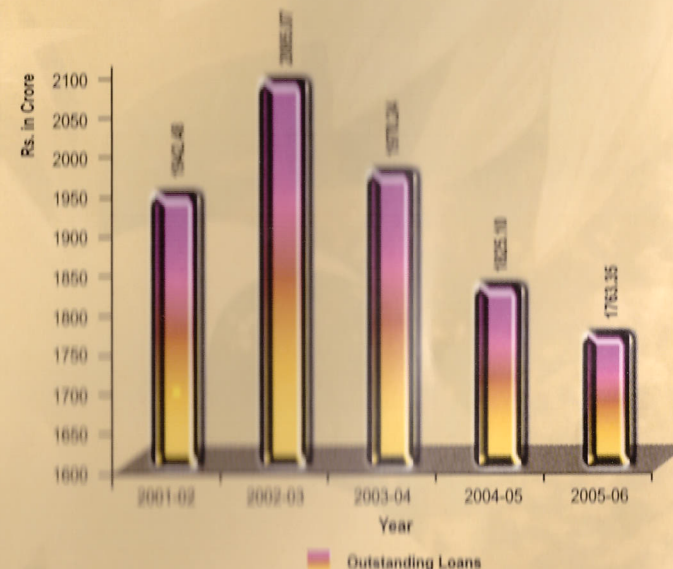
IREDA's Working Results Profit before Tax & Profit after Tax



IREDA's Operations Loan Sanctions & Disbursements



IREDA's Outstanding Loans



RESOURCES

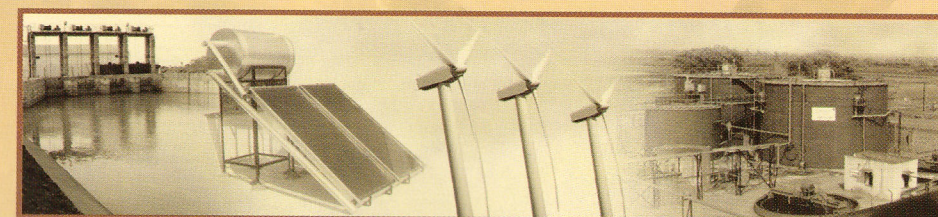
	2005-06	2004-05	2003-04	2002-03	2001-02
Equity Capital	400.00	375.35	325.35	285.35	250.35
Reserves & Surplus	166.12	142.60	127.80	112.14	76.67
International Assistance	951.03	921.01	869.25	1204.98	936.85
Domestic Borrowings	617.34	528.71	628.00	659.99	596.79
Total	2134.49	1967.67	1950.40	2262.46	1860.46

OPERATIONS

	2005-06	2004-05	2003-04	2002-03	2001-02
Loan Sanctions	505.83	599.73	423.57	633.96	698.63
Disbursements	302.51	289.98	343.28	345.92	607.70
Repayment by Borrowers	345.21	426.91	430.20	201.53	133.15
Outstanding Loans	1763.35	1825.10	1970.24	2085.07	1942.48

WORKING RESULTS

	2005-06	2004-05	2003-04	2002-03	2001-02
Gross Income	195.05	263.13	248.34	253.51	225.87
Profit before Tax	35.82	46.91	30.20	24.57	17.09
Profit after Tax	30.65	30.41	23.34	17.33	4.10
Earnings Per Share (Rs.)	76.62	81.01	71.74	60.74	16.00



Contents

Board of Directors	7
--------------------	---

Notice	9
--------	---

Chairman's Speech	13
-------------------	----

Directors' Report	17
-------------------	----

Auditors' Report	47
------------------	----

Balance Sheet	50
---------------	----

Profit & Loss Account	51
-----------------------	----

Schedules	52
-----------	----



Board of Directors

Chairman	V. Subramanian (w.e.f. 1.2.2006) A.M. Gokhale (upto 31.1.2006)
Managing Director	Debashish Majumdar (officiating charge)
Directors	Debashish Majumdar A.K. Rath S.P. Reddi
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



Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources presents ICORE-2006 award to Shri Debashish Majumdar, Managing Director, IREDA.



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.

ANNEXURE TO NOTICE

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

Power to incur Capital Expenditure without Government approval

1. According to IREDA's Articles of Association [No.81(ii) (c)], prior approval of the President of India is required to be obtained for any programme of Capital expenditure for an amount exceeding Ten crores in each case and for sanction of expenditure on township and residential quarters, the limit is Rs.5 crore.
2. The Government of India in the Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises (DPE) vide Office Memorandum No. 18(24)/2003-GM-GL.66 dated 5th August, 2005 decided to enhance the powers delegated to the Board of Directors of profit making Central Public Sector Enterprises (CPSEs) to incur capital expenditure without Government approval to the extent of Rs.150 crore or equal to 50% of the Net Worth, whichever is less. Enhanced delegated powers are on account of pledge made in the National Common Minimum Programme (NCMP) that full managerial and commercial autonomy will be devolved to successful profit making companies operating in a competitive environment.
3. The Board of Directors of IREDA at their 164th Meeting held on 12th May, 2006 considered the matter and accorded approval for modifications of Article 81(ii) (c) of

IREDA's Articles of Association subject to obtaining approval of the Ministry of Non-Conventional Energy Sources (MNES).

4. The Ministry of Non-Conventional Energy Sources (MNES) has communicated approval to the amendment in the Articles of Association vide their letter no. 1/9/2006-IREDA dated 19th June, 2006.
5. The Shareholders of IREDA are, therefore, requested to consider and accord approval to the amendment in IREDA's Articles of Association as proposed in the notice. The resolution is on the lines of approval accorded by the MNES.
6. The relevant documents can be inspected at the Registered Office of the Company during the business hours.
7. 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
5th October, 2006

(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.....ofin the district of being a member of the above named Company hereby appointofin the district ofor failing him/herof.....in the district of as my proxy to vote for me and on my behalf at the 19th ANNUAL GENERAL MEETING of the Company to be held on theday of.....2006 and at any adjournment thereof.

Signed this day of, 2006. (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 financed 2.4 MW Wind Farm project set up at Chitradurga District, Karnataka.



Shri V. Subramanian, Secretary, Ministry of Non-Conventional Energy Sources (MNES) is addressing the Eastern India Renewable Energy Summit 2006 held at Kolkata.



CHAIRMAN'S SPEECH



Dear Shareholders,

I have great pleasure in extending you a warm welcome to the Nineteenth Annual General Meeting of the shareholders of Indian Renewable Energy Development Agency Limited. The Directors' Report and the Audited Statements of Accounts for the year ended March 31, 2006, duly certified by the Comptroller and Auditor General of India are already available with you and with your kind permission these may be taken as read. I consider it a great privilege to address this august gathering and present the performance of your Company.

I have recently taken over as Chairman of your Company and I am happy to note that your Company is a pioneering and borrowers' friendly institution for promoting self-sustaining investment in energy generation from renewable sources for sustainable development.

ECONOMIC SCENARIO

As you are aware, during the year, the country's economy passed through another vibrant year with the real Gross Domestic Product (GDP) registering a growth of 8.4% per annum.

The wholesale price index rose by 4.5% during 2005-06 as against 6.5% in 2004-05. The consumer price index however, rose by 4.5% in 2005-06 as compared to 3.8% in 2004-05. Inflation remained around 5%. But with the gradual pass through of increase in oil prices, the inflation rate is bound to go up gradually. The country had a comfortable forex reserves of US \$ 145.10 billion in 2005-06. Thus the economic environment during 2005-06 remained favourable to the financial institutions.

ENERGY SCENARIO

The rising gap between demand and supply of power has been a cause of concern to India. The existing power generating capacity of 1,24,000 MW has to be increased to 2,05,000 MW by the end of the

11th Plan Period. A number of steps have been taken to augment the power generating capacity. Seven ultra mega power projects of 4,000 MW each are being set up with private sector participation on competitive bidding process. A draft report on an integrated energy policy that aims at accelerated development of the power sector while addressing key issues of energy security, pricing, affordability, sustainability, efficiency, etc. has also been published.

In a paradigm shift from supply side to demand side management, the Bureau of Energy Efficiency has launched the National Energy Labelling Programme to formalise efficient consumption of energy.

Looking at the power shortage in rural areas, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April, 2005 for creation of rural electricity infrastructure and household electrification. More than 10,000 villages have been electrified in just one year, by adopting the franchisee model making local bodies, individuals and NGOs as partners to SEBs in the management of village electrification infrastructure. The Ministry of Non-Conventional Energy Sources (MNES) has been implementing a programme for electrification of remote villages under which a total of 2,237 remote villages and 594 hamlets have been electrified upto 31st March, 2006.

The rising energy demand juxtaposed with high, volatile and unstable oil prices has necessitated India to make serious investments in alternative sources of energy namely nuclear power, gas and renewables. India's initiative with the USA to aid its civilian nuclear power programme is being pursued vigorously. The Government is also pursuing the import of gas, to ensure availability at affordable prices, through pipeline projects with neighbouring countries like Iran and Myanmar. About 8,200 MW electricity generating capacity has been installed to harness the existing potential from renewable sources of energy. MNES has ambitious plans for promoting the use of renewable energy well into the next decade. A draft National Policy on Bio-fuels proposes legislation within five years, making it mandatory for oil companies to purchase bio-fuels like Ethanol and Bio-Diesel.

I hope that these programmes would lead to a more vibrant energy market, for which your Company is prepared to tap.

PERFORMANCE HIGHLIGHTS

IREDA loan disbursements rose to Rs.302.51 crore in 2005-06 from Rs.289.98 crore in 2004-05 while loan sanctions have been lower at Rs.505.83 crore down from Rs.599.73 crore in the corresponding period. However, the Profit before Tax (PBT) being at Rs.35.82 crore in 2005-06 remained comparatively lower than Rs.46.91 crore in 2004-05 mainly due to revision of lending rates, increase in NPAs, change in Government policy in various States and downward revision of tariff by some State Regulatory Commission, while Profit after Tax

(PAT) was maintained at Rs.30.65 crore in 2005-06, compared with Rs.30.41 crore in 2004-05.

RESOURCE MOBILISATION

In 2005-06, the Government of India contributed an equity of Rs.24.65 crore only against an allocation of Rs.50 crore raising the paid-up capital of the Company to Rs.400 crore. For the financial year 2006-07, the Company has been again allocated equity of Rs.50 crore. This will necessitate further increase in authorised share capital. The Company has approached MNES seeking permission to increase the authorised share capital.

Your Company has borrowed Rs.155 crore from Commercial Banks during the financial year 2005-06 to meet its resource requirements. The World Bank reimbursed an amount equivalent to Rs.46.89 crore to meet the disbursement. Another Rs.30 crore was received through counter part funding from GOI under IDA portion of World Bank Line of Credit.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.6.25 crore for 2005-06, which is about 20% of the Profit after Tax.

STRESSED ASSETS MANAGEMENT

During the year 2005-06, vigorous efforts for recovery of Non-Performing Assets (NPAs) were made, which resulted in recovery of Rs.71.15 crore. This include recovery of Rs.14.41 crore from the written off loans. In spite of these efforts, the level of Net NPA increased from 5.53% as on 31.3.2005 to 12.36% as on 31.3.2006. The increase in NPA was mainly due to drought affected Small Hydro Projects in the State of Andhra Pradesh, change in prudential norms and change in the tariff policy by State Electricity Boards (SEBs) in Andhra Pradesh and Karnataka.

The recovery from existing NPAs during the year 2005-06 not only enabled IREDA to reduce the NPA provision to Rs.1.91 crore (Previous year Rs.56.44 crore) but also to create adhoc provision towards standard assets for an amount of Rs.34 crore to meet future eventualities.

Under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI ACT, 2002), the Company has initiated action against 16 borrowers involving an amount of Rs.118.32 crore. The Company has taken possession of securities in 6 loan accounts. In view of the deterrent provisions of the Act and the pressure mounted by your Company, defaulters in 7 cases, involving an amount of Rs.10.51 crore, have already

approached for settlement/compromise. An amount of Rs.5.15 crore has also been recovered from OTS and overdues of Rs.3.48 crore have been rescheduled in these accounts enabling recovery in future.

POLICIES

In order to commercialize gasification technologies for thermal applications for captive use in industries and to provide impetus to MNES subsidy scheme for Biomass gasification, your Company has reintroduced the Equipment Financing Scheme of Biomass Gasifier for thermal application (1,000 kWh & above) for captive use in industries. In addition, your Company has also decided to fund such Small Hydro Power projects having capacity exceeding 25 MW station capacity based on consortium lending arrangements, where the Company shall not be the lead institution. In order to face competition from financial institutions and Banks, your Company has adjusted lending rates and rationalized repayment periods, reduced front-end fee, reduced premium charges for resetting interest rates and relaxed project eligibility criteria. As a part of its promotional efforts, your Company has supported 37 Seminars, Workshops, Business Meets and Exhibitions in different parts of the country.

DEVELOPMENT OF NER AND NEWLY CREATED STATES

Your Company continued its policy of giving concession in interest rates and fees to the entrepreneurs setting projects in the North Eastern Region States, Sikkim, Uttaranchal, Jharkhand and Chhattisgarh. A loan of Rs.20.14 crore was sanctioned for setting up a biomass power project with a capacity of 7.5 MW in Chhattisgarh. Your Company also sponsored 3 promotional programmes in Uttaranchal and Chhattisgarh.

HUMAN RESOURCE DEVELOPMENT

Your Company believes in investing in its people. Training programmes were organised for all its employees on wider usage of internet and other networking facilities. The Company has strong focus on leadership and building on teamwork. Employees were sent for management and personality development programmes in reputed institutions. The Company invested 543 man-days in professional training during 2005-06. The employees were deputed to attend various seminars, conferences, workshops and symposia on specialised subjects, both in India and abroad, to keep them abreast of latest developments.

RIGHT TO INFORMATION ACT, 2005

Your Company has implemented the provisions of Right to Information Act, 2005 and designated its senior officials as Central Assistant Public Information Officer (CAPIO), Central Public Information Officer (CPIO) and Appellate Authority. It has also hosted on its website the

information on its functions, duties, powers delegated to its officers, financing guidelines, directory of officers, etc.

INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. Grievances, if any, were redressed through dialogue and discussions by the Director (Grievance). No man-day was lost during 2005-06.

OUTLOOK FOR 2006-07

RBI has projected GDP growth of 7.50% to 8% for the year 2006-07. In keeping with such projections and with investment in power sector being accorded priority, your Company has formulated the Annual Plan for 2006-07 with loan sanction target of Rs.626 crore and disbursement target of Rs.400 crore. To this effect a Memorandum of Understanding with the Ministry of Non-Conventional Energy Sources has been signed.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to place on record my deep appreciation for the valuable contribution made and guidance provided by Shri A M Gokhale, the outgoing Chairman.



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

I thank all the borrowers and lenders for their continued confidence and trust reposed in the Company.

I thank my colleagues on the Board for their enlightened counsel and un-stinted support. I also take this opportunity to thank the Reserve Bank of India and Regulatory Agencies for their valuable guidance.

I also place on record my appreciation for the commitment, faith, loyalty, excellent teamwork & hard work put in by the employees of the Company at all levels.

May I now request that the Directors' Report, the Audited Balance Sheet, the Profit and Loss Account Statements and Auditors' Report for the year ended 31st March, 2006, be adopted.

Thank you,

V. SUBRAMANIAN
CHAIRMAN

New Delhi
Dated: 05.10.2006



IREDA financed 3 MW Small Hydro Project set up at Simour District, Himachal Pradesh.



IREDA financed 10 MW Small Hydro Project set up at Nellore District, Andhra Pradesh under World Bank Line of Credit.

Directors' Report

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited Statements of Accounts and the Auditors' Report for the year ended 31st March 2006.

ENERGY SCENARIO

Power assumes critical role in sustainable development. Projected growth of the Indian economy is targetted to be over 8 per cent per annum. Gap between demand and supply of power has been causing concern to India. The existing power generating capacity is about 1,24,000 MW which is required to be increased to 2,05,000 MW by March, 2012 besides augmentation of Energy Efficiency/ Conservation savings upto about 15% to meet the energy needs of the rapidly growing national economy.

The Government is taking a number of steps to augment power availability. On anvil are seven ultra mega power projects, with a capacity of over 4,000 megawatt, each being set up with private participation on competitive bidding process. The projects have been identified in Andhra Pradesh, Madhya Pradesh, Gujarat, Chhattisgarh, Orissa, Karnataka and Maharashtra. Recently Government has proposed integrated energy policy which aims at accelerated development of power sector, addresses all aspects including energy security, pricing, affordability, efficiency etc. Energy Efficiency issues are addressed to reduce current energy usage levels. Bureau of Energy Efficiency (BEE) has launched National Energy Labelling Programme aimed at efficient consumption of energy which makes a paradigm shift from supply side to demand side management. The BEE is continuously working towards specific energy consumption targets for energy intensive sectors of industry which includes aluminium, cement, alkali, fertiliser, pulp and paper, petrochemicals, refinery, textiles etc.

The Government is committed to provide power in rural areas where the majority do not have access to electricity. The pace of rural electrification is now gathering momentum. In April, 2005, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched for creation of rural electricity infrastructure and households electrification. Under this programme 10,000 villages have been electrified in just one year. India adopted franchisee model aiming at making local entities, individuals and NGOs partners to SEBs in the management of the village electrification infrastructure. The Ministry of Non-Conventional Energy Sources (MNES) has been implementing a programme for electrification of remote villages under which a total of 2,237 remote villages and 594 hamlets have been electrified upto March 31, 2006.

Rising energy demand stymied with limited fossil fuel, spiralling oil prices and global warming has necessitated the need for going in for

alternative sources of energy viz nuclear power, gas and renewables. In order to scale up nuclear energy, India is pursuing with the USA to aid its civil nuclear power programme. Gas based power plants are planned at strategic locations. The Government is pursuing import of gas through pipeline projects in co-operation with countries like Iran and Myanmar to ensure sufficient availability of gas at right prices. As regards harnessing of renewable sources of energy, about 8200 MW electricity generating capacity has been installed out of the total potential of 80,000 MW. MNES has ambitious plans for promoting renewable energy programmes during the next decade.

India imports nearly 70 per cent of its oil consumption. With the price of oil touching over US \$ 70 a barrel and likely to remain high in future, urgent need is felt to go in for Bio-fuels like Ethanol and Bio-diesel to substitute oil to save foreign exchange. The Indian Government has an active Bio-diesel programme, promoting the cultivation of crops like Jatropha and blending it with diesel initially to an extent of 5 per cent and progressively upto 20 per cent. A draft National Policy on Bio-fuels proposes legislation within five years, making it mandatory for oil companies to purchase Bio-fuels like Ethanol and Bio-diesel.

In the light of present energy scenario stated above, your Company has a very important role to play and supplement to the efforts of generating additional power capacity for the country.

POLICIES

Review of Policies

Keeping in view the market conditions, the Company adjusted lending rates and extended rebates for the various sectors.

The Company also modified its financing policies which include rationalisation of repayment period, reduction in front-end fee, reduction in premium charges for resetting interest rates, relaxation of project eligibility criteria, etc.

New Initiatives

Considering the need of gasification technologies for thermal applications for captive use in industries and to provide impetus to MNES subsidy scheme for gasification, the Company reintroduced Equipment Financing Scheme of gasification for thermal application (1000 kWh & above) for captive use in industries.

In order to expand its scope of operations and to gainfully utilise its rich experience in funding small hydro power projects, your Company has also decided to fund such projects having capacity exceeding 25 MW station capacity based on consortium co-financing arrangements where the Company is not the lead institution.

OPERATIONS

Sanctions and Disbursements

During the year 2005-06, the Company sanctioned loan of Rs.505.83 crore and disbursed Rs.302.51 crore as against Rs.599.73 crore and Rs.289.98 crore respectively in the previous year. The sector-wise details of the sanctions and disbursements are as under :

(Rs. in crore)		
Sectors	Sanctions	Disbursements
Wind Energy	261.41	134.82
Small Hydro	17.30	64.73
Biomass	0.00	18.44
Co-generation		
Biomass Power	89.30	36.74
Generation		
Energy Efficiency & Conservation	123.32	41.44
Solar Thermal	7.00	5.93
Solar Photovoltaics	0.00	0.11
Waste to Energy	0.00	0.30
Bio Fuels	7.50	0.00
Total	505.83	302.51

The cumulative sanctions and disbursements as on 31st March, 2006 stood at Rs.7450.99 crore and Rs.4018.59 crore respectively. The Cumulative State-wise and Sector-wise sanctions and disbursements are indicated in Annexure-I to IV.

Capacity Addition

The loan sanctioned will result in establishment of additional power generating capacity of 163.53 MW and saving of 1,85,625 metric tons of coal replacement (0.076 Million Ton Oil Equivalent) per annum. The sector-wise break-up of power generating capacity added during the current financial year is indicated below:

Sectors	Capacity (MW)
Wind Energy	77.53
Small Hydro	4.50
Biomass Power Generation	37.50
Energy Efficiency & Conservation	44.00
Total	163.53

For the first time, the Company has sanctioned a term loan for co-financing of a project to manufacture bio-diesel with a

capacity of 99,000 tons per annum at Vakalpudi, Kakinada, (Andhra Pradesh).

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.

Working Results

The overall performance for the year 2005-06 was satisfactory. The key parameters of performance in this regard are listed below.

(Rs. in crore)		
	2004-05	2005-06
Gross Income	263.13	195.04
Profit before Tax (including prior period adjustment)	46.91	35.82
Provision for Income Tax	35.35	17.60
Deferred Tax Credit	(-) 21.50	(-)13.55
Profit available for appropriation (after provision of fringe benefit tax, adjustment of excess provisions made in earlier years, balance in Profit & Loss Account brought forward, transfer from General Reserve & Debenture Redemption Reserve and interest paid to Income Tax Department)	34.00	48.44
APPROPRIATIONS		
Special Reserves u/s 36(1) (viii) of Income Tax Act, 1961	27.00	23.57
Proposed Dividend	6.10	6.25
Dividend Tax	0.85	0.87
General Reserve	0.00	17.75
Surplus carried to Balance Sheet	0.05	0.00



A view of diversion weir with regulation gate of Small Hydro Project set up at Chamba District, Himachal Pradesh with IREDA's assistance.



IREDA financed 1 MW Small Hydro Project set up at Sangrur District, Punjab under World Bank Line of Credit.

The Profit and Loss Account takes care of the requirement as per the Reserve Bank of India's prudential norms on income recognition, asset classification and provisioning applicable to Financial Institutions. The gross income and profit before tax is lower during the year on account of revision of lending rates, due to increase in NPAs, changes in Government policy in various States and downward revision of tariff by some State Regulatory Commissions. Further, some of the drought affected Small Hydro projects have been downgraded into Non-Performing Assets during the financial year which reduced the income from operation substantially.

Dividend

Your Directors are pleased to recommend a dividend of Rs.6.25 crore for the financial year 2005-06, which is marginally higher than 20% of the Profit after Tax.

Stressed Assets Management

During the year 2005-06, vigorous efforts for recovery of Non-Performing Assets (NPAs) were made which resulted in recovery of

Rs.71.15 crore. This includes recovery of an amount of Rs.14.41 crore from the written off assets in earlier years. In spite of these efforts, the level of net NPA increased from 5.53% as on 31.3.2005 to 12.36% as on 31.3.2006. The increase in NPA was mainly due to the change in prudential norms from 180 days to 90 days for recognition of income and classification of assets made effective as per RBI Policy from 31.3.2006. The affected accounts pertain to sectors viz Biomass/Co-generation projects and Small Hydro Projects (which were earlier affected by drought continuously for three consecutive years i.e. 2001-02 to 2003-04). Another reason for classifying some of the account as NPA was change in the tariff policy by State Electricity Boards (SEBs) in Andhra Pradesh and Karnataka which adversely affected the revenue flow to these accounts. The recovery from these accounts out of the income generated routed through Trust & Retention Account (TRA) mechanism was not sufficient to cover the requisite dues so as to meet the norms.

However, the recovery from existing NPAs during the year resulted in the reduction of NPA provision to Rs.1.91 crore only as against



IREDA presents dividend for the financial year 2004-05 to Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources.



the provision of Rs.56.44 crore in the corresponding period for the previous year. Further, an adhoc provision towards standard assets for an amount of Rs.34 crore has been made so as to take care of future eventualities.

Under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), the Company has initiated action against 16 borrowers involving an amount of Rs.118.32 crore. The Company has taken possession of securities in 6 accounts. In view of the deterrent provisions of the Act and the pressure mounted by your Company, defaulters in 7 cases involving an amount of Rs.10.51 crore have already approached for settlement/compromise and an amount of Rs.5.15 crore has been recovered from OTS and dues of Rs.3.48 crore have been rescheduled in these accounts enabling recovery in future.

Debt Equity Ratio & Net Worth

The Company's net borrowing stood at Rs.1455.27 crore as on 31.3.2006 against its net worth of Rs.643.21 crore. Debt as ratio to Net worth works out to 2.26:1 which is well below the 5:1 in terms of the Operational Policy Statement norms of the World Bank.

RESOURCE MOBILISATION Share Capital

The Authorised Share Capital of the Company was Rs 400 crore as on 31st March, 2006. Though the Government of India allocated an

equity of Rs. 50 crore to the Company for the year 2005-06, released equity of Rs.24.65 crore only, as the paid-up capital of the Company touched the limit of Authorised Share Capital on 31st March, 2006. For the financial year 2006-07, the Company has been again allocated equity of Rs 50 crore. The Company has already approached MNES seeking its permission to increase the authorised share capital to Rs 750 crore.

Domestic Borrowings

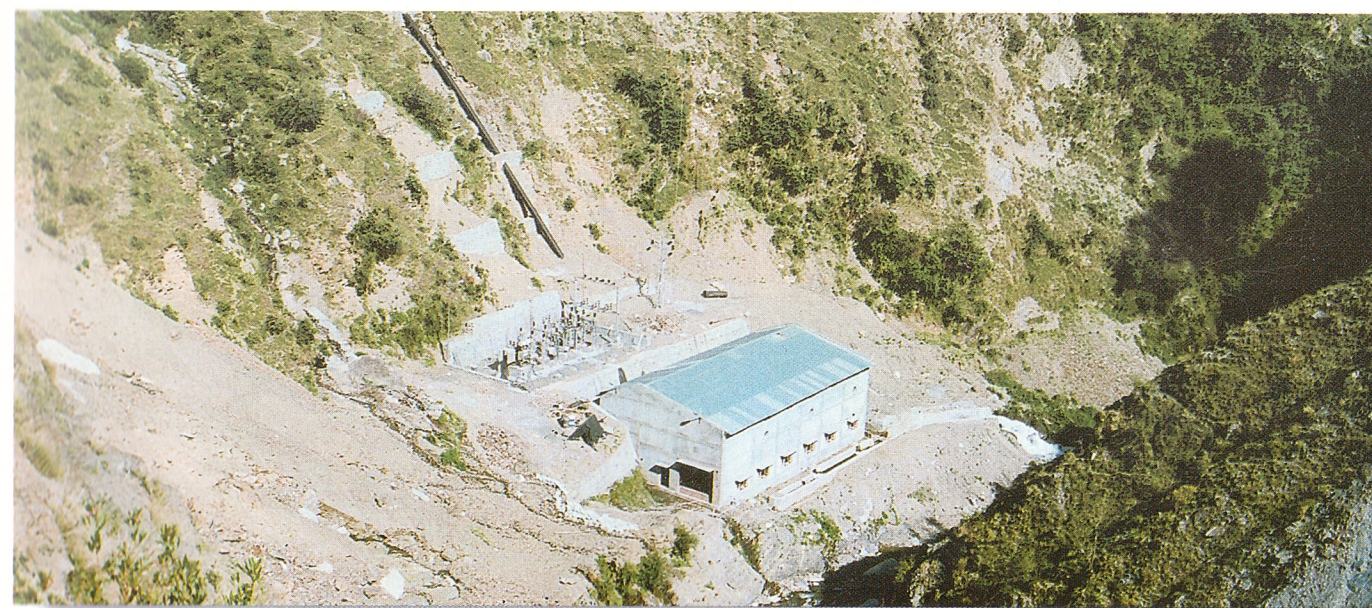
The Company keeping in view the tenor and cost of funds has borrowed Rs.40 crore from Dena Bank and Rs. 115 crore from Oriental Bank of Commerce during the financial year 2005-06 to meet resource requirements.

International Assistance

As for international lines of credit, an amount of Rs.46.89 crore equivalent of US \$ 10.00 million was availed under IBRD portion and Rs.30 crore received through counter part funding from Government of India under IDA portion under India: Second Renewable Energy Project of the World Bank.

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



1 MW Small Hydro Project set up at Chamba District, Himachal Pradesh financed by IREDA under World Bank Line of Credit.

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 31.3.2006, 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
2901.06	725.26	2175.80	10.64	2175.80	714.62	-

COST REDUCTION MEASURES

Your Company continued steps for protection against interest rate risk by adopting derivative instruments on case-to-case basis. In this

regard, during financial year 2004-05, an interest rate swap was finalized with Standard Chartered Bank for KfW loan. As per swap, the Company hedged variable interest rate receivable by fixed interest rate receivable against fixed rate liability. Due to this swap, the Company has earned additional interest of Rs.2.10 crore during the financial year 2005-06.

PROMOTIONAL EFFORTS

Business Meets

The Company continued sponsoring / co-sponsoring Seminars, Workshops, and Business Meets as a part of market development efforts. During the year, it supported a total of 37 programmes as detailed below :

Sector	Nos.
Bio-Energy & Cogeneration	04
Energy Efficiency	11
Solar Energy	03
Small Hydro	05
Women Development	01
Wind Energy	04
Renewable Energy (General)	09
Total	37



Participants at a IREDA sponsored "National Conference on Energy Management in Changing Business Scenario" held at BITS, Pilani.



Dissemination of Information

The Company continued to create awareness of its financing policies towards promotion of renewable energy technologies and energy conservation projects. Brochures on various schemes were printed for distribution to the entrepreneurs and users. Operational guidelines on 'Accelerated Development and Deployment of Solar Water Heating Systems in domestic, industrial and commercial sectors' under MNES subsidy scheme were prepared for use of participating banks. 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 Rural and Backward Areas

During the year under report, 34 projects with loan assistance of Rs.375 crore were sanctioned in rural and backward areas. The loan amount sanctioned for these areas constituted around 74% of the total sanctions during the year.

Development of NER & Newly Created States

The Company accords high priority for development of North Eastern Region, Sikkim, Jharkhand, Chhattisgarh and Uttaranchal. Loan of Rs.20.14 crore was sanctioned for setting up biomass power project with a capacity of 7.5 MW in Chhattisgarh. The Company sponsored one promotional programme on Small Hydro in Dehradun, Uttaranchal and two programmes-Small Hydro & Energy Efficiency at Raipur, Chhattisgarh.

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 "National Stakeholder Consultation on Energy, Gender issues, MDG and Poverty Alleviation for CSD 14".

PROGRAMMES ENTRUSTED BY MNES

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



Shri V.Subramanian, Secretary, Ministry of Non-Conventional Energy Sources (MNES) chairing a panel discussion at the "National Stakeholder Consultation on Energy, Gender issues, MDG and Poverty Alleviation for CSD 14" at New Delhi.

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 shares of Rs.4.80 lakh, against the authorized share capital of Rs.100 lakh.

The Company has signed MoU with Turbine Manufacturer for development of 15 MW wind farm project at Nagda hills near Dewas in Madhya Pradesh and infrastructure facilities are being created. The Company has also received a consultancy assignment from Oil and Natural Gas Company Ltd. (ONGC) to provide Turnkey Consultancy Services for 50 MW wind farm project in Gujarat.

NETWORKING ARRANGEMENTS

As a part of marketing strategy, the Company has been networking with various technical and professional organisations through a scheme of Business Development Associates (BDA). As on 31st March, 2006, total number of BDAs stood at 53 comprising of 16 Technical Consultancy Organisations, 12 State Nodal Agencies, 2 Local Productivity Councils, 15 Private Sector Enterprises and 8 NGOs and Technical Institutions.



Shri V. Subramanian, Secretary, Ministry of Non-Conventional Energy Sources (MNES) and Shri Debashish Majumdar, Managing Director, IREDA are seen exchanging Memorandum of Understanding (MoU) for the year 2006-07, signed between MNES and IREDA.

INTERNATIONAL CO-OPERATION

World Bank / UNEP jointly implemented the project titled "Developing Financial Intermediation Mechanisms for Energy Efficiency Projects in Brazil, China and India" (3CEE) with financial support from UNF/ESMAP. Your Company acted as India Secretariat for the India Core group which co-ordinated the in-country project activities. As a part of the 3CEE project, series of cross exchange programs were organised in the participant countries to learn from each other experiences in the field of energy efficiency.

PLANNING, MONITORING AND EVALUATION

Planning

Your Company has formulated proposals for the Annual Plan 2006-07, envisaging targets for loan sanction of Rs.626 crore and disbursement of Rs.400 crore. The physical targets include sanction of 255 MW electricity generating capacity and sanction of 40,000 metric tons of coal replacement (0.016 Million Ton Oil Equivalent) capacity.

Memorandum of Understanding (MoU)

The Company's performance in achieving the MoU targets fixed for the year 2005-06 is likely to be rated as "Good". The Company has also signed a MoU with the Government for the year 2006-07.

Monitoring & Evaluation

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

HUMAN RESOURCE DEVELOPMENT

Human Resource Development was given due importance. In view of upgradation of computerisation and networking facilities in process, training programmes were organised for all employees on wider usage of internet and e-mail facility. The Company has strong focus on leadership and team building development. The employees were deputed for management and personality development programmes in the reputed institutions. The Company invested 543 man-days in professional training of employees and deputing them for attending seminars/workshops/symposia, both in India and abroad. The morale of the employees continued to remain high during the year, facilitating smooth working of the Company and contributing to the achievement of its goals/targets. All efforts to achieve employee satisfaction were made through various measures like job rotation, welfare measures and introduction of new schemes etc.

INSTITUTIONAL DEVELOPMENT

In view of changing business scenario, the Company has changed Organisation Structure. Recovery Group in the Financial Services



Department has been strengthened inducting technical and legal personnel. The Company is in the process of upgrading present IT infrastructure. Manual on Energy Efficiency measures for small and medium enterprises was prepared.

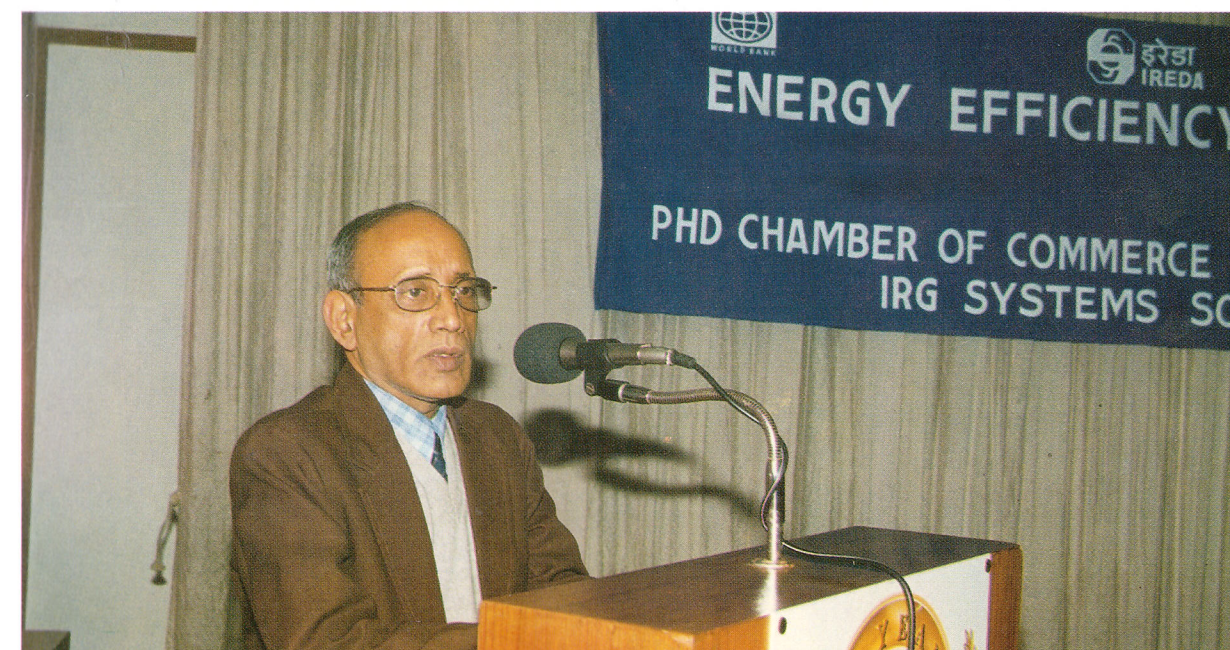
ECOLOGY & ENVIRONMENT

The Company has been promoting 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.

RIGHT TO INFORMATION ACT, 2005

The Company has implemented the provisions of Right to Information Act, 2005 and designated its senior officials as Central Assistant Public Information Officer (CAPIO), Central Public Information Officer (CPIO) and Appellate Authority.

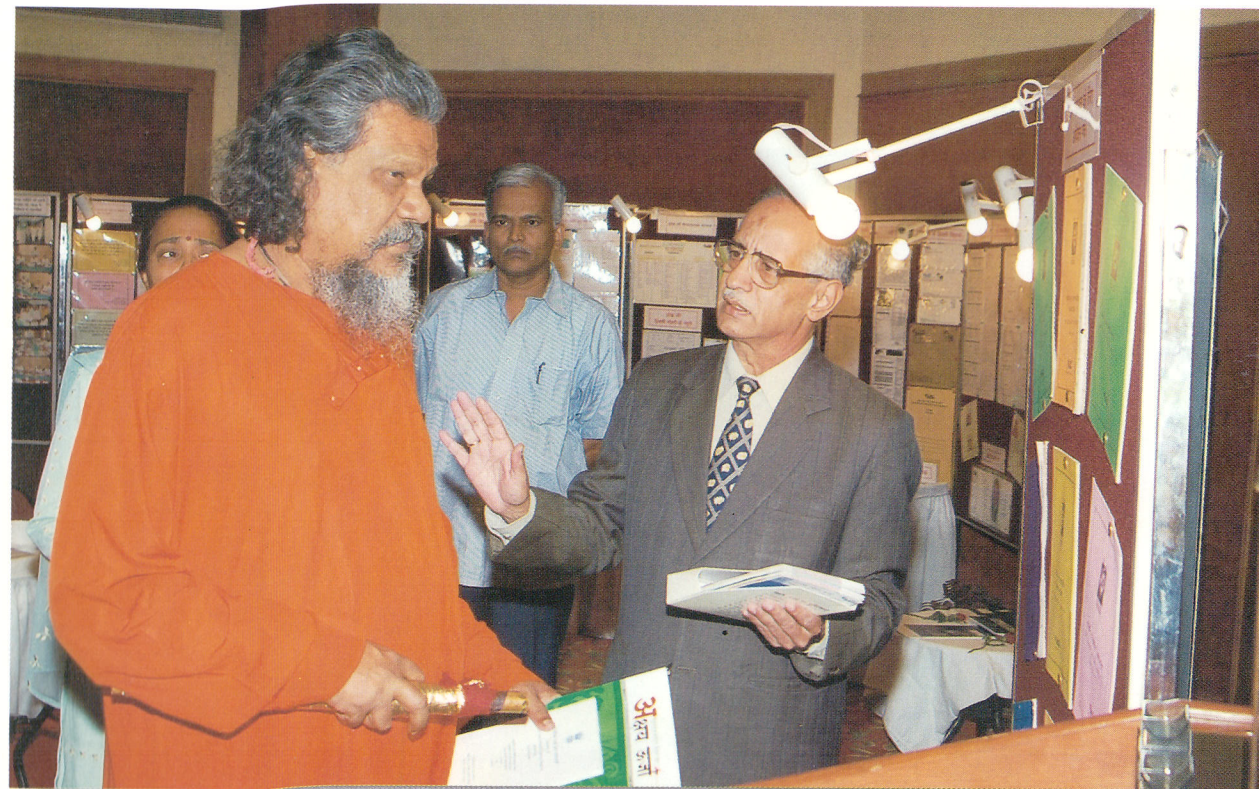
It has hosted at its web site the information on its functions, duties, powers and duties of its officers /employees, financing rules and regulations, directory of officers etc.



A senior official of IREDA addressing participants at "Energy Efficiency Capacity Building program" co-sponsored by IREDA held at New Delhi.



Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources addressing at IREDA Hindi Diwas function.



Hon'ble Members of 2nd Sub-Committee of Committee of Parliament on Official Language visit Hindi exhibition set up during inspection of IREDA by the Committee.

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. Use of Hindi in day-to-day work by the employees was encouraged by conducting Workshop. The non-Hindi speaking employees were nominated to attend Hindi classes for learning Hindi. Employees were also nominated for Hindi typing and stenography courses. Due to its continuous efforts, Hindi correspondence level was up to 75.01% at the end of the year.

The Company also organised Hindi Diwas and Hindi Pakhwara with a view to propagating the progressive 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 Second Sub-Committee of the Committee of Parliament on Official Language visited your Company office on 5th November, 2005 to review/inspect the use of Official Language and your Company received an appreciation letter from the Convenor of the said Committee.

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 2005-06.

Audit Review

The Comments of the Comptroller and Auditor General of India on the accounts, Statutory Auditors' Report to the Members and the



Hon'ble Members of 2nd Sub-Committee of Committee of Parliament on Official Language discussing the official language progress in IREDA.

comments of the Management thereon are annexed (Annexure-V).

Internal Audit & Legal Audit

M/s Ravi Rajan & Co., Chartered Accountants, Delhi were appointed as your Company's Internal auditors for the financial year 2005-06 and their reports were submitted on a quarterly basis. M/s Bhasin & Co., Advocates were appointed Legal Auditors for the year 2005-06.

PARTICULARS OF EMPLOYEES

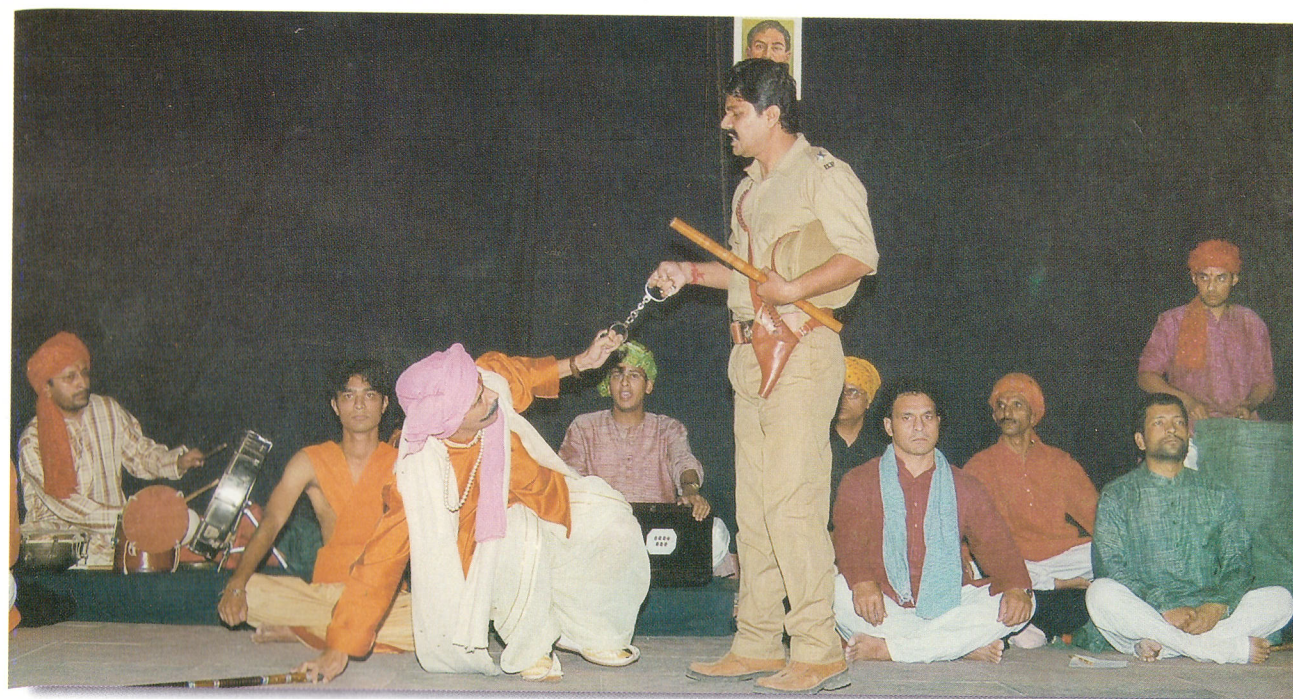
Information with regard to the particulars of the employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees (Amendment) Rules, 1990) is NIL.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the earnings in foreign exchange were equivalent to Rs.1923.54 lakh and the outflow was Rs.2127.31 lakh.

PERSONNEL AND INDUSTRIAL RELATIONS

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



A view of stage play "Namak ka Daroga" by artists of National School of Drama, during Vigilance Awareness Week, celebrated by IREDA.

CUSTOMER RELATIONS

The Company has taken initiative to build lasting relationship with customers through various measures. The financing policies were modified to make borrowers' friendly. Online status of loan applications is provided. Demand letters are being sent online. A Customer Facilitation Centre is operating for quick disposal, timely assistance and response to queries of borrowers, promoters and entrepreneurs.

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. Periodic returns were sent to Central Vigilance Commission (CVC)/ Department of Personnel & Training (DOPT)/ Department of Public Enterprises (DPE)/ Ministry of Non-Conventional Energy Sources (MNES). Periodic reviews of vigilance work were done in time. In-house training programmes were conducted to create awareness among the staff members. A Vigilance Awareness Week was observed in IREDA during 7th November to 11th November, 2005 in which Cartoon/ Talk/ Quiz/ Essay Competitions and a Stage Play for creating awareness among IREDA employees were organized on Vigilance related topics.

CORPORATE GOVERNANCE

Your Company believes in adopting the best practice of 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 V Subramanian
Secretary, MNES &
Chairman, IREDA | : | Chairman |
| (ii) Shri A.K. Rath
Additional Secretary &
Financial Adviser, MNES &
Director, IREDA | : | Member |
| (iii) Shri Debashish Majumdar
Managing Director &
Director (Technical), IREDA | : | Member |

Taking note of the requirement, four meetings of the Audit Committee were held during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm:

- ⊙ that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ⊙ that the Directors have selected such accounting policies and applied them consistently and made judgements 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 of the Company for the year;
- ⊙ that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ⊙ that they have prepared the annual accounts on a going concern basis.



BOARD OF DIRECTORS

During the year, five meetings of the Board were held to transact the business of the Company. The decisions taken by the Audit Committee 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 A.M. Gokhale, the outgoing Chairman.

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, Global Environment Facility, Asian Development Bank, KfW, Germany 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, Bond-holders and clients for the confidence and the trust reposed by them in the Company.

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

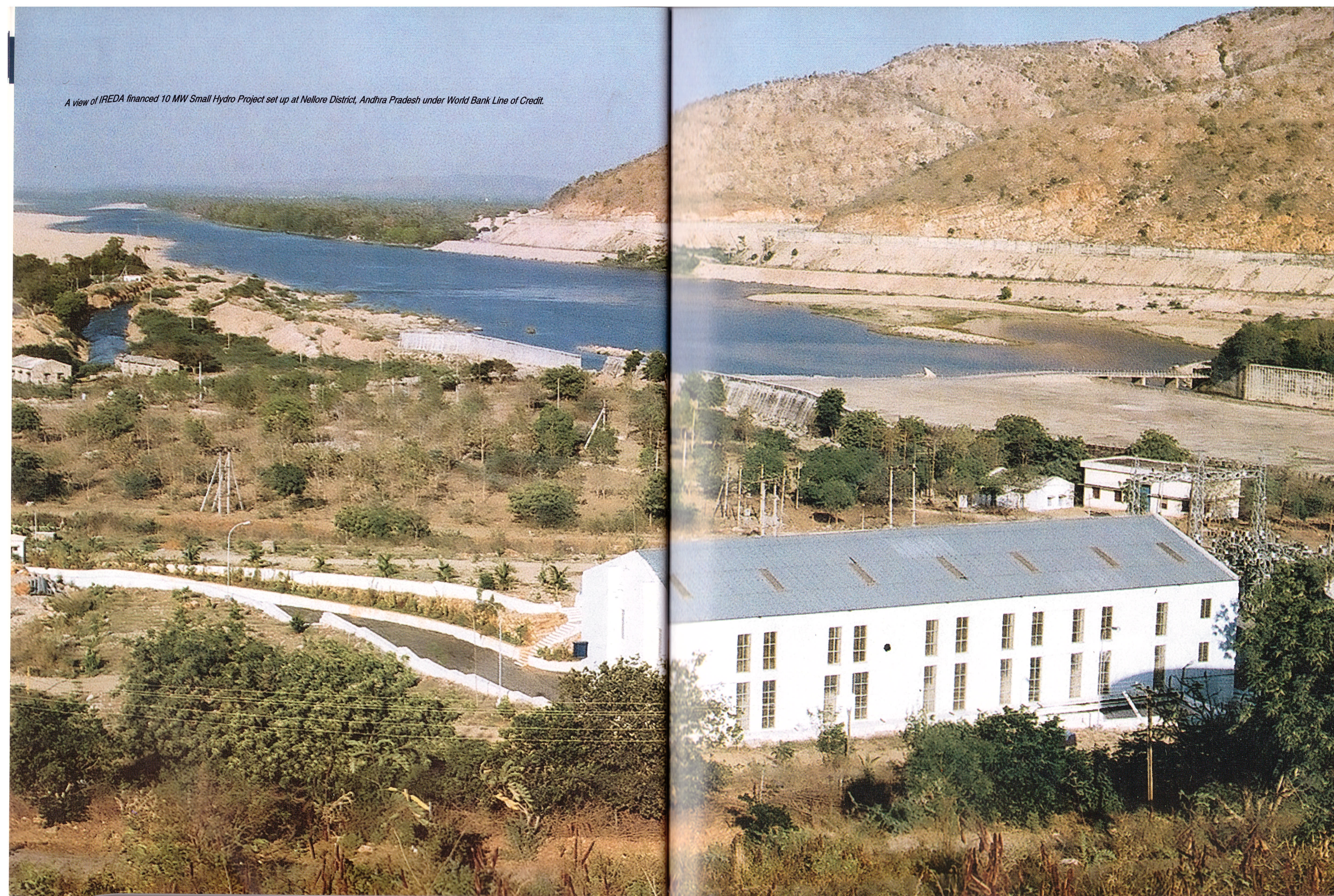
Last but not the least, the Board of Directors wish to record their gratitude to the Shareholders for their continued trust and confidence reposed in them.

For and on behalf of the Board of Directors

V. SUBRAMANIAN
Chairman

Place : New Delhi
Dated : 05.10.2006

A view of IREDA financed 10 MW Small Hydro Project set up at Nellore District, Andhra Pradesh under World Bank Line of Credit.



STATEWISE SANCTIONS DURING LAST FIVE YEARS

[Rs. in Crore]

Sl.No.	Name of State/ Union Territory	2001-02		2002-03		2003-04		2004-05		2005-06		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	14	54.57	4	2.89	2	18.40	3	77.05	3	12.87	246	1,282.07
2	Assam	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	3	9.40
3	Bihar	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	8	3.17
4	Chhattisgarh*	2	1.18	0	0.00	0	0.00	2	34.65	1	24.64	5	60.47
5	Gujarat	1	0.40	3	14.18	0	0.00	2	4.75	0	0.00	86	163.18
6	Goa	3	0.23	0	0.00	0	0.00	0	0.00	1	0.13	8	0.62
7	Haryana	1	4.76	0	0.00	0	0.00	0	0.00	1	6.00	21	28.18
8	Himachal Pradesh	2	52.96	2	69.92	4	35.28	7	93.19	1	17.30	33	354.56
9	Jammu & Kashmir	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	0.67
10	Jharkhand *	0	0.00	1	0.07	0	0.00	0	0.00	0	0.00	2	0.33
11	Karnataka	27	295.28	21	379.10	9	103.66	11	135.72	7	118.78	241	1,824.58
12	Kerala	3	1.01	2	0.16	0	0.00	0	0.00	0	0.00	31	125.11
13	Madhya Pradesh	1	6.63	0	0.00	1	5.32	0	0.00	1	20.00	71	196.98
14	Maharashtra	39	211.56	15	46.48	7	70.61	8	54.82	19	139.52	312	1,167.70
15	Manipur	1	0.10	0	0.00	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	1	0.82	0	0.00	0	0.00	0	0.00	0	0.00	1	0.82
18	National Capital Territory of Delhi	4	6.53	3	0.97	0	0.00	0	0.00	0	0.00	60	46.63
19	Orissa	0	0.00	1	60.00	0	0.00	0	0.00	1	40.00	9	133.66
20	Punjab	2	0.46	0	0.00	5	32.67	0	1.85	0	0.00	31	83.32
21	Rajasthan	5	30.70	4	15.13	11	72.63	5	23.14	3	42.48	63	214.24
22	Tamil nadu	5	11.69	7	24.50	5	45.75	11	87.97	6	32.61	402	1,175.17
23	Uttar Pradesh	2	14.67	0	0.00	0	0.00	1	11.41	1	0.94	78	284.49
24	Uttaranchal*	1	1.29	0	0.00	0	0.00	5	41.34	0	0.00	6	43.56
25	West Bengal	2	3.79	3	20.56	2	39.25	1	33.84	1	50.56	55	241.84
	TOTAL "A"	116	698.63	66	633.96	46	423.57	56	599.73	46	505.83	1,778	7,441.37
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'	116	698.63	66	633.96	46	423.57	56	599.73	46	505.83	1783	7450.99

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



ANNEXURE - II

SECTORWISE SANCTIONS DURING LAST FIVE YEARS

[Rs. in Crore]

Sl. No.	Sectors	2001-02	2002-03	2003-04	2004-05	2005-06	Cumulative since 1987
1	Wind Energy	190.52	159.84	121.05	204.25	261.41	2548.07
2	Small Hydro	122.38	281.52	122.00	176.73	17.30	1708.06
3	Biomass Cogeneration	143.80	76.71	58.56	77.46	0.00	1134.99
4	Biomass Power Generation	118.88	51.01	58.29	32.20	89.30	706.64
5	Energy Efficiency & Conservation	9.73	17.20	45.03	96.73	123.32	458.18
6	Solar Photovoltaics	64.67	18.75	2.96	0.00	0.00	585.95
7	Solar Thermal	12.46	13.35	11.43	12.36	7.00	124.11
8	Waste to Energy	29.78	2.32	0.00	0.00	0.00	49.14
9	Biomass Briquetting	0.28	0.00	0.00	0.00	0.00	19.47
10	Biomass Gasification	0.33	0.00	0.00	0.00	0.00	10.75
11	Biomethanation from Industrial Effluents	0.00	0.00	0.00	0.00	0.00	72.47
12	Biogas (Small Scale)	0.94	0.00	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	4.86	13.26	4.25	0.00	7.50	31.48
	Total	698.63	633.96	423.57	599.73	505.83	7450.99



A view of head race channel bringing water to the penstock and power house of IREDA financed 0.15 MW Small Hydro Project set up at Hamirpur District, Himachal Pradesh under World Bank Line of Credit.



Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources releasing IREDA's Financing Guidelines in Hindi during Hindi Diwas function.



A view of IREDA financed 1.75 MW Small Hydro Project set up at Sangrur District, Punjab under World Bank Line of Credit.



ANNEXURE - III

STATEWISE DISBURSEMENT DURING LAST FIVE YEARS

[Rs. in Crore]

Sl. No.	Name of State/ Union Territory	2001-02	2002-03	2003-04	2004-05	2005-06	Cumulative since 1987
A. STATES							
1	Andhra Pradesh	209.52	115.81	41.92	26.00	37.49	956.95
2	Assam	0.00	0.00	0.00	0.00	0.00	0.21
3	Bihar	0.00	0.00	0.00	0.00	0.00	0.62
4	Chhattisgarh*	0.00	0.00	0.00	0.00	35.72	40.36
5	Goa	0.00	0.09	0.00	0.00	0.00	0.09
6	Gujarat	1.55	0.94	2.08	3.16	0.00	128.52
7	Haryana	0.00	0.02	0.00	0.00	0.40	4.60
8	Himachal Pradesh	0.74	22.23	32.68	20.49	27.30	119.50
9	Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00	0.00
10	Jharkhand*	0.00	0.05	0.00	0.00	0.00	0.05
11	Karnataka	90.40	68.31	151.11	118.14	115.87	884.99
12	Kerala	0.05	0.14	0.07	0.00	0.00	44.43
13	Madhya Pradesh	13.46	2.59	9.25	3.11	0.65	116.317
14	Maharashtra	175.28	47.66	42.11	12.35	26.04	554.18
15	National Capital Territory of Delhi	5.97	1.83	0.20	0.14	0.00	12.55
16	Nagaland	0.00	0.00	0.00	0.54	0.04	0.58
17	Orissa	0.00	0.00	0.18	14.95	28.37	74.28
18	Punjab	5.15	20.44	3.22	33.68	4.13	80.00
19	Rajasthan	3.01	13.75	44.39	34.55	2.34	110.56
20	Tamilnadu	64.83	40.09	13.56	18.95	20.19	745.60
21	Uttar Pradesh	19.69	5.48	0.00	0.00	0.44	90.43
22	Uttaranchal*	0.00	1.41	0.00	1.08	0.00	2.49
23	West Bengal	18.05	5.08	2.51	2.84	3.53	48.66
	TOTAL 'A'	607.70	345.92	343.28	289.98	302.51	4015.97
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	607.70	345.92	343.28	289.98	302.51	4018.59

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



A senior official of IREDA making a presentation at IREDA organised Business Meet on Energy Efficiency & Conservation at Mumbai, Maharashtra.



Shri Debashish Majumdar, Managing Director, IREDA interacting during the technical session of IREDA sponsored Workshop organized at Chandigarh by HAREDA.

ANNEXURE - IV

SECTORWISE DISBURSEMENT DURING LAST FIVE YEARS

[Rs. in Crore]

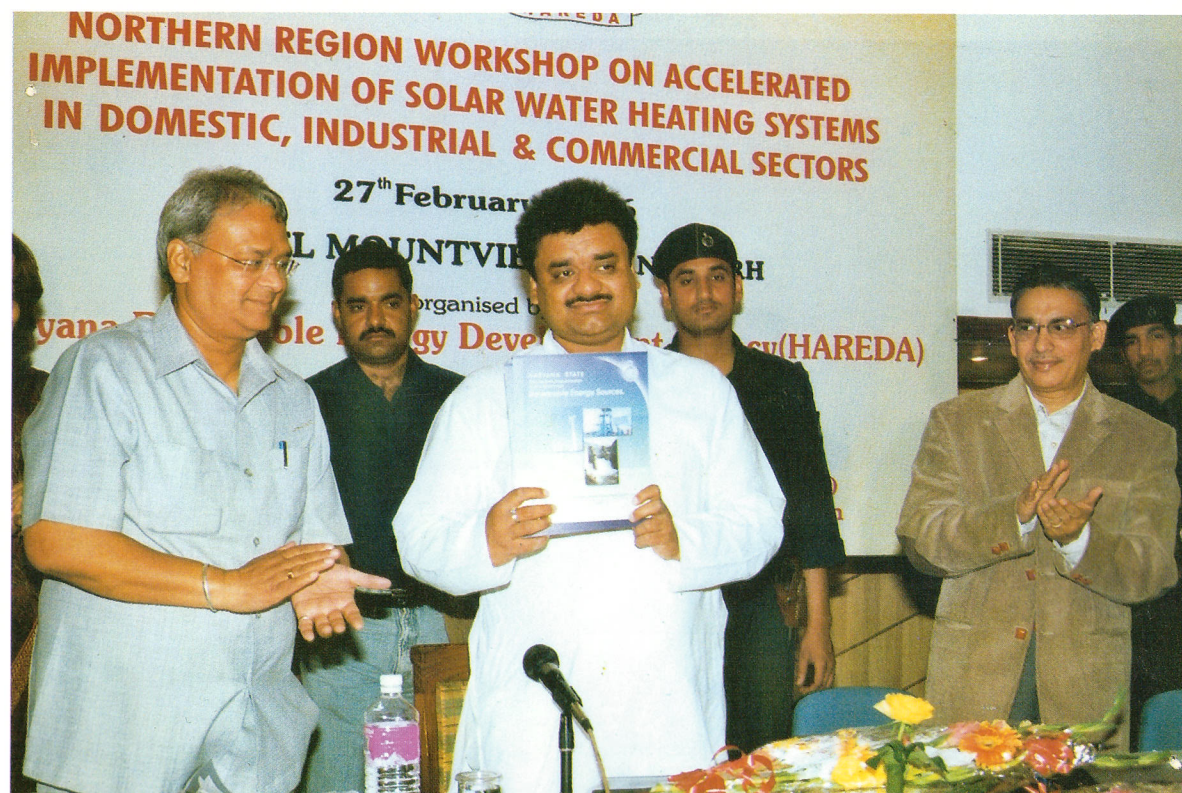
Sl. No.	Sectors	2001-02	2002-03	2003-04	2004-05	2005-06	Cumulative since 1987
1	Wind Energy	231.87	45.39	93.37	102.47	134.82	1502.30
2	Small Hydro	63.21	65.92	79.52	90.04	64.73	739.00
3	Biomass Cogeneration	131.39	90.55	86.03	26.57	18.44	691.61
4	Biomass Power Generation	93.41	68.08	52.69	45.67	36.74	474.48
5	Energy Efficiency & Conservation	10.63	4.91	5.30	0.65	41.44	128.02
6	Solar Photovoltaics	61.56	35.35	6.97	5.57	0.11	288.26
7	Solar Thermal	7.95	10.92	7.87	17.25	5.93	80.62
8	Waste to Energy	0.20	24.43	9.52	1.64	0.30	39.60
9	Biomethanation from Industrial Effluents	6.81	0.00	0.00	0.00	0.00	57.60
10	Biomass Briquetting	0.60	0.22	0.07	0.00	0.00	9.99
11	Biomass Gasification	0.00	0.00	0.00	0.00	0.00	3.87
12	Miscellaneous	0.07	0.15	1.94	0.12	0.00	3.24
	Total	607.70	345.92	343.28	289.98	302.51	4018.59



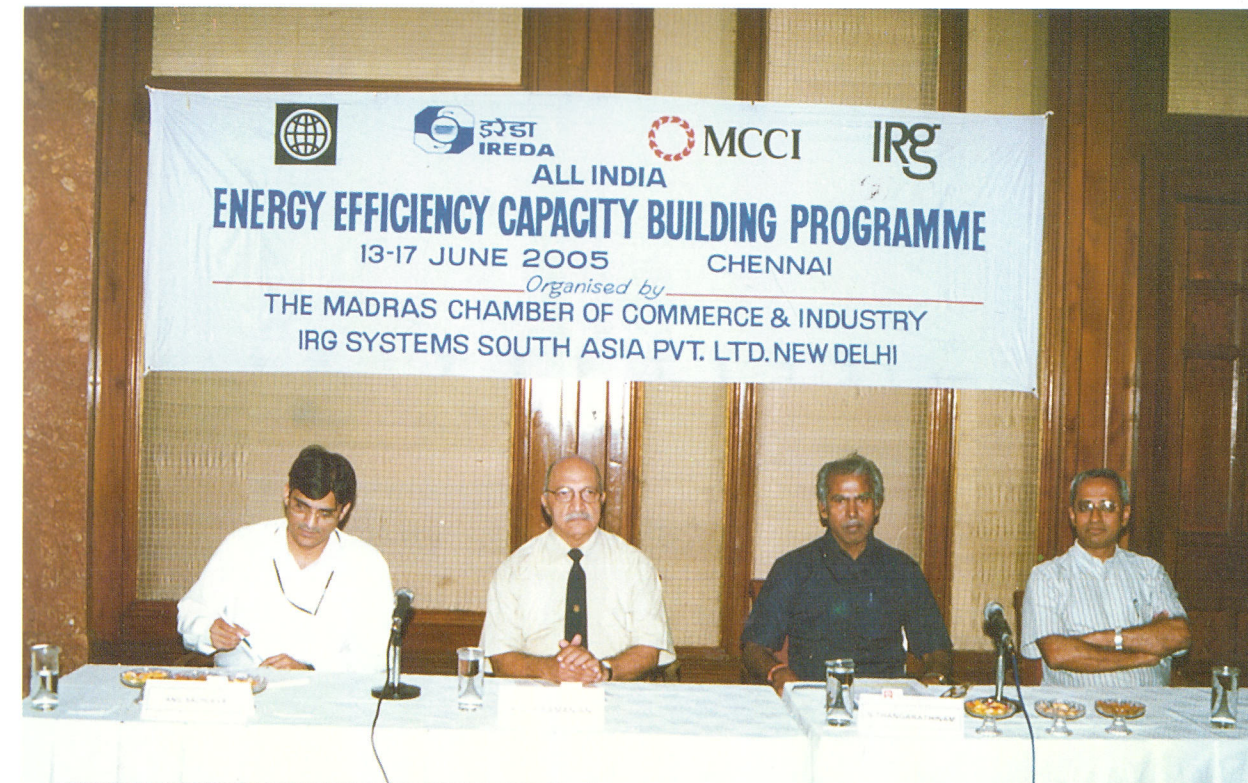
Shri Vilas Muttemwar, Hon'ble Union Minister for Non-Conventional Energy Sources releasing a book titled "Transition to Renewable Energy-Emerging Global Opportunities".



IREDA co-sponsored All India Energy Efficiency Capacity Building programme held at MCCIA, Pune, Maharashtra.



Shri Chander Mohan, Hon'ble Deputy Chief Minister, Haryana releasing the Renewable Energy Power Policy document of Government of Haryana at a workshop organised by HAREDA at Chandigarh in collaboration with IREDA.



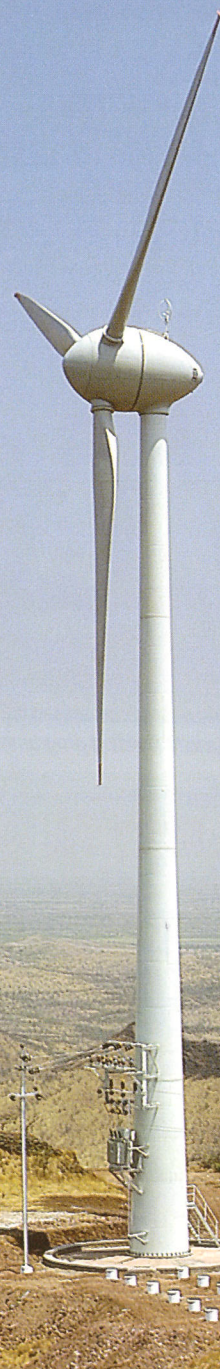
IREDA co-sponsored All India Energy Efficiency Capacity Building programme at Chennai, Tamilnadu.



IREDA sponsored Business Meet on Small Hydro Energy at Jammu, Jammu & Kashmir.



IREDA financed 2.4 MW Wind Farm project set up at Chitradurga District, Karnataka.



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE-V

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, 2006

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/15-1/2006-2007/IREDA/663 dated 5th September, 2006 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi).

BALANCE SHEET

Sources of Funds

1. Loan Funds
Unsecured Loans (Schedule D) :
Rs.837.92 crores

The above includes Rs.42.46 crores due for repayment within one year from the date of Balance Sheet and as such should have been disclosed as short term in terms of Note (d) of Part-I Schedule-VI of the Companies Act, 1956.

2. Deferred Tax Assets : Rs.74.69 crores

The company has availed tax rebate under section 36(1)(viii) of the Income Tax Act, 1961 by transferring profit to Special Reserve. As this special reserve is capable of reversal in future, a deferred tax liability is required to be created on this account under Accounting Standard-22. This is also in line with an opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India. The company has not provided for Deferred Tax Liability amounting to Rs.4088.04 lakh against the special reserve as on 31st March, 2006.

This has resulted in understatement of deferred tax liability by Rs.4088.04 lakh and overstatement of Reserves and Surplus and profit after tax by Rs.1440.44 lakh and Rs.2647.60 lakh respectively.

3. General

As per Accounting Policy No. 7, the Company follows RBI's Prudential norms. Under RBI directions (February, 2002), in case of delay in completion of borrower's project for more than two years from original envisaged date of completion, the asset should be classified as sub standard regardless of the recovery and provided for accordingly.

The disclosure requirement in terms of Note (d) of Part-I of the Companies Act, 1956 is only in respect of Short Term loans and advances. The unsecured loans availed by IREDA are Long Term loans having repayment period ranging from 15 to 35 years hence not disclosed.

As per AS-22 issued by the Institute of Chartered Accountants of India, the Deferred Tax Asset/Liability arises due to timing differences. After giving due consideration, the Management does not consider the Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961 as a timing difference. Accordingly, no impact has been considered for the Special Reserve towards Deferred Tax Liability which has been disclosed in Notes on Accounts No.10.

We may like to add that similar tax concessions have been availed by number of scheduled commercial banks and financial institutions in the country and this tax concession has not been treated as timing difference in terms of AS-22. Accordingly, no deferred tax liability has been considered necessary.

The Accounting Policy referred is being consistently followed by IREDA.

In respect of M/s G K Bio Energy Ltd., the envisaged date of completion of project was April, 2003 but the project could not be completed by April, 2005 and was thus a sub standard asset from April, 2005 requiring a provision of Rs.89.10 lakh which was not made. The company has also recognized interest income of Rs.124.75 lakh on this loan during the current year which is not in accordance with its accounting policy for income recognition on non performing assets.

The project of M/s G K Bio Energy Pvt. Ltd. was sanctioned to the Borrower as a demonstration project and first of its kind in the waste to energy sector. MNES has extended assistance by way of capital subsidy which was one of the means of finance for the project. In terms of sanction of capital subsidy, a Project Monitoring Committee was constituted by MNES to monitor the implementation of the project. In the meeting of the Monitoring Committee held on 13th June 2003, the commissioning of the project was envisaged as 15th December 2003. Due to unique nature of the project which was closely monitored by MNES through aforesaid committee, the envisaged date of commissioning in terms of RBI directions (February, 2002) should be taken as 15th December, 2003.

The first phase i.e. 1.00 MW was commissioned on 3rd March 2005 and the second phase of 0.5 MW was commissioned on 30th November, 2005 which was well within the permissible delay of two years (i.e. upto 15th December, 2005) from the envisaged date of commissioning. Accordingly, the account was treated as standard asset as on 31st March, 2006 hence the interest income was accounted for on accrual basis.

The above non provision of the sub standard asset and recognition of income thereon have not been disclosed.

In view of the above facts, the treatment given to the account is as per the Prudential Norms and in terms of disclosed Accounting Policy No. 2(i) and 7 and no separate disclosure was deemed necessary.

4. Statutory Auditors' Report

A reference is invited to item No. 7(b) of the Auditors' Report wherein it is stated that all disputed income tax demands have been paid and there are no outstanding dues as on date. The Income Tax Department had raised a demand for Rs.1594.73 lakh on 21st March, 2006 which was not deposited till the close of the year and was appealed against.

Thus, the Auditors' Report is not as per Clause (ix)(b) in para 4 of Companies (Auditors') Report Order, 2003.

The demand raised by the Income Tax Department has been paid on 25th April, 2006 i.e. well within 30 days from the date of receipt of order as per the provisions of the Income Tax Act, 1961. Since the demand is already paid, there is no question of including the said demand in terms of clause ix (b) of the Companies (Auditor's Report) Order, 2003 which requires only unpaid amount to be reported in the said clause. Accordingly, there is no deficiency or non compliance of the said clause of the Companies (Auditor's Report) Order, 2003. Further, the fact has been disclosed in Note No. 17(ii) explaining non provisioning of the same.

(Bhajan Singh)
Principal Director of Commercial
Audit and Ex-officio
Member Audit Board-II
New Delhi – 110 002

For and on behalf of the
Board of Directors

(V Subramanian)
Chairman

Place: New Delhi
Date: 5.09.2006

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 2005-06

Sl. No.	Auditor's Report	Management Reply
A (f)	Note No. 5 regarding depreciation on lease-hold 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 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.



IREDA employees children participating in a Competition organized as a part of Hindi Pakhwara.

IREDA financed 5.6 MW Wind Farm project set up at Chitradurga District, Karnataka.





IREDA financed 3 MW Small Hydro Project being set up at Darjeeling District, West Bengal under World Bank Line of Credit.

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, 2006 and the Profit & Loss Account and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 :

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
- c) the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) 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;
- e) the provision of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company;
- f) 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, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2006; and

- ii. in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
- iii. 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:

- 1) a) Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) 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. The frequency of physical verification according to us is reasonable.
- c) No substantial part of fixed asset has been disposed off during the year.
- 2) a) The Company has not granted loan to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The rate of interest and other terms & conditions of loans given by Company are prima-facie not prejudicial to the interest of the Company.
- c) In case of some borrower's accounts receipt of the principal amount and interest are not regular.
- d) Reasonable steps have been taken by the Company for recovery of the principal & interest in case of overdue a/c more than Rupees One Lakh.
- e) The Company has not taken any loan Secured or Unsecured from Companies. Firms or other parties covered in the register maintained U/S 301 of the Companies Act, 1956.
- f) The Company is regular in payment of the principal and interest to its lenders. The rate of interest and other terms and conditions of Loan taken by the Company secured or unsecured are prima facie not prejudicial to the interest of the Company.
- g) The payment of the principal amount and interest are regular.
- 3) There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, and for the sale of services. There is no continuing failure to correct major weakness in internal control system.



- 4) There are no particulars of contracts or arrangements 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 deposits from the public as per Sec. 58A, 58 AA, or any other relevant provision of the Act.
- 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 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 at the end of the financial year and Company has not incurred cash losses in such financial year and in the Financial year immediately preceding such financial year also.
- 9) The Company has not defaulted in any debt service payment. All payments due to the bond holders, interest/ repayment due on all 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 Financial Institutions 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/ request, assessment of credit needs and repayment capacity of the 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 Short term basis have not been used for Long term investment .
- 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, xx are not applicable.

For K.G. SOMANI & CO
Chartered Accountants

(K.G. SOMANI)

PARTNER

Membership No. 6238

Place : New Delhi
Dated : 25th July, 2006

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

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, 2006 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 158th meeting held on 24th June 2005 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, 2006;
- (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.

For K.G. Somani & Co.
Chartered Accountants

(K.G. Somani)

Partner

Membership No. 6238

Place : New Delhi
Dated : 22nd August, 2006



A view of IREDA financed 2.50 MW Wind Farm project set up at Chitradurga District, Karnataka.

Balance Sheet

as at 31st March, 2006

	SCHEDULE	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
SOURCES OF FUNDS			
Shareholders' Funds	A	4,000,000,000	3,753,500,000
Share Capital	B	2,792,303,856	2,546,063,387
Reserves and Surplus			
Loan Funds	C	12,044,922,987	10,185,775,853
Secured Loans	D	8,379,243,553	8,089,973,703
Unsecured Loans		27,216,470,396	24,575,312,943
APPLICATION OF FUNDS	E	111,682,779	111,710,352
Fixed Assets		84,246,454	80,912,776
Gross Block		27,436,325	30,797,576
Less : Depreciation			
Net Block	F	1	1
Investments			
Current Assets, Loans & Advances	G	11,648,197,780	8,092,352,846
Current Assets	H	17,006,435,305	17,599,043,659
Loans & Advances		28,654,633,085	25,691,396,505
Less : Current Liabilities & Provisions	I	778,635,755	781,072,822
Current Liabilities	J	1,440,441,087	986,256,135
Provisions		2,219,076,842	1,767,328,957
Net Current Assets		26,435,556,243	23,924,067,548
Deferred Tax Assets		746,951,000	611,420,000
Miscellaneous Expenditure (to the extent not written off or adjusted)		6,526,827	9,027,818
		27,216,470,396	24,575,312,943

P

Accounting Policies and Notes on Accounts

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 : 25th July, 2006

V Subramanian
Chairman

S P Reddi
Director (Finance)

Debashish Majumdar
Director (Technical) & Managing Director

R K Sachdeva
Company Secretary



Profit and Loss Account

for the year ended 31st March, 2006

	SCHEDULE	Year ended 31.3.2006 Rs.	Year ended 31.3.2005 Rs.
INCOME			
Income from operations	K	1,555,416,597	2,410,348,199
Other Income	L	395,038,231	220,982,130
		1,950,454,828	2,631,330,329
EXPENDITURE			
Personnel	M	59,983,017	53,819,927
Administrative and Others	N	27,763,348	31,097,081
Depreciation		3,430,547	4,489,990
Finance Charges	O	1,012,899,391	1,119,372,083
Investment written off		-	1,199,999
Fixed Assets written off		10,959	-
Bad debts written off		112,451,791	191,024,828
Provision for Bad & Doubtful debts (Net)		19,050,966	564,436,651
General Provision for Standard Assets		356,641,509	196,695,612
		1,592,231,528	2,162,136,171
PROFIT FOR THE YEAR		358,223,300	469,194,158
Prior period Adjustments (net)		-17822	-79832
PROFIT BEFORE TAX		358,205,478	469,114,326
PROVISION FOR TAXATION			
- Current Tax		176,000,000	353,500,000
- Deferred Tax credit		-135,531,000	-215,048,000
- Fringe Benefit Tax		805,815	-
- Interest paid to IT department		10,452,114	26,583,247
PROFIT AFTER TAX		306,478,549	304,079,079
Add: Balance in Profit & Loss Account brought from previous year		474,515	9,367,189
Add: Transfer from General Reserve		-	113,018,888
Add: Transfer from Debenture Redemption Reserve		177,459,543	-
Add: Excess Provision written back		17,066	-
Less: Provision of Income Tax for earlier years		-	86,435,641
PROFIT AVAILABLE FOR APPROPRIATION		484,429,673	340,029,515
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		235,700,000	270,000,000
Proposed Dividend		62,500,000	61,000,000
Dividend Tax		8,765,625	8,555,000
General Reserve		177,459,543	-
Surplus carried to Balance sheet		4,505	474,515
		484,429,673	340,029,515

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

Place : New Delhi
Date : 25th July, 2006

V Subramanian
Chairman

S P Reddi
Director (Finance)

Debashish Majumdar
Director (Technical) & Managing Director

R K Sachdeva
Company Secretary

Schedules

PARTICULARS	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
SCHEDULE-'A'		
SHARE CAPITAL		
Authorised		
40,00,000 (40,00,000) Equity Shares of Rs. 1,000 each	4,000,000,000	4,000,000,000
Issued, Subscribed & Paid up		
40,00,000 (37,53,500) Equity Shares of Rs. 1,000 each fully paid up	4,000,000,000	3,753,500,000
	4,000,000,000	3,753,500,000
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)	1,007,343,081	1,007,343,081
(II) Capital Grant		
Capital Grants from World Bank for purchase of Fixed Assets		
Balance from Previous year	7,650,159	9,540,288
Received during the year	-	1,060,963
	7,650,159	10,601,251
Less : Transferred to Miscellaneous Income	1,203,574	2,951,092
	6,446,585	7,650,159
UNDP Hilly Hydro Capital Grant	117,293,609	105,079,556
Sub Total (II)	123,740,194	112,729,715
Total (I)+(II)	1,131,083,275	1,120,072,796
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	859,238,000	589,238,000
Addition During the Year	235,700,000	270,000,000
	1,214,511,145	978,811,145
NBFC Reserve	67,933,276	67,933,276
Debenture Redemption Reserve	177,459,543	177,459,543
Less: Transfer to Profit & Loss Account	177,459,543	-
	-	177,459,543
General Reserve		
Balance from Previous year	201,312,112	314,331,000
Add /Less Transfer from/to Profit & loss Account	177,459,543	113,018,888
	378,771,655	201,312,112
Profit & Loss Account	4,505	474,515
	2,792,303,856	2,546,063,387



PARTICULARS	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
SCHEDULE-'C'		
SECURED LOANS		
Tax Free Bonds		
(Secured by negative lien on assets of the company)		
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
Tranche II on 05.01.2006 *	-	15,000,000
Tranche III on 16.03.2006 *	-	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 31.3.2006 Rs.	As at 31.3.2005 Rs.
Energy Bonds		
5.50% Tax free Secured Redeemable (Series XI- 2003-04)		
Redeemable at par after the expiry of 10 years on 22.10.2013		
Put/call option is available at the end of 7th year	500,000,000	500,000,000
Bank Loans (secured by US\$ deposit, Euro deposit and by pari-passu charge on the book debts)	<u>9,544,922,987</u>	<u>7,260,775,853</u>
	<u>12,044,922,987</u>	<u>10,185,775,853</u>

SCHEDULE-'D' UNSECURED LOANS

(A) Loans Guaranteed by the Government of India		
From		
Asian Development Bank	1,777,054,232	1,788,040,534
KfW-Germany	2,936,984,208	3,345,298,339
IBRD	1,458,205,113	1,049,634,830
(B) Government Loans		
Against		
IDA Credit- Second Renewable Energy Project	2,207,000,000	1,907,000,000
	<u>8,379,243,553</u>	<u>8,089,973,703</u>

SCHEDULE-'E' FIXED ASSETS

FIXED ASSETS		GROSS BLOCK				DEPRECIATION					NET BLOCK	
Particulars	As at 1.4.2005	Additions during the year	Disposals during the year	Adjustments during the year	As at 31.03.2006	As at 1.4.2005	For the year	Disposal during the year	Adjustments during the year	As at 31.03.2006	As at 31.03.2006	As at 31.03.2005
			-	-	4,143,149	1,758,318	119,241	-	-	1,877,559	2,265,590	2,384,831
Buildings-residential leasehold	4,143,149		-	-	26,410,058	10,904,006	775,303	-	-	11,679,309	14,730,749	15,506,052
Buildings-office leasehold	26,410,058		-	28,813	11,533,464	5,939,748	801,407	-	26,813	6,714,342	4,819,122	5,577,761
Office Equipment	11,517,509	44,768	-	79,015	57,166,784	53,489,915	1,039,611	-	70,056	54,459,470	2,707,314	3,755,884
Computers	57,245,799		-	-	8,830,318	6,019,516	615,339	-	-	6,634,855	2,195,463	2,775,315
Furniture & Fixtures	8,794,831	35,487	-	-	1,447,536	1,139,903	79,646	-	-	1,219,549	227,987	307,633
Vehicles	1,447,536		-	-	1,661,370	1,661,370	-	-	-	1,661,370		-
Library	1,661,370		-	107,828	111,192,679	80,912,776	3,430,547	-	96,869	84,246,454	26,946,225	30,307,476
Total A	111,220,252	80,255	-	-	111,220,252	76,422,786	4,489,990	-	-	80,912,776	30,307,476	33,972,422
Previous year	110,395,208	82,504	-	-	490,100	-	-	-	-	-	490,100	490,100
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		-	107,828	111,682,779	80,912,776	3,430,547	-	96,869	84,246,454	27,436,325	30,797,576
Total A+B	111,710,352	80,255	-	-	111,710,352	76,422,786	4,489,990	-	-	80,912,776	30,797,576	34,462,522
Previous year	110,885,308	82,504	-	-								

(Amount in Rs.)



PARTICULARS	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
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
	<u>1</u>	<u>1</u>

SCHEDULE-'G' CURRENT ASSETS

1. Cash and Bank balances

Postage Imprest	88,090	104,469
Bank balances with Scheduled Banks		
A) In Current Account		
- IREDA	256,898,118	288,583,778
- MNES	26,124,918	11,202,800
- UNDP	2,680,050	6,091,097
- National Hydrogen Energy Board	311,289	408,219
B) In Deposit Account		
a) INR-Short term Deposit		
- IREDA	4,860,900,000	1,493,315,481
- MNES	89,900,000	30,000,000
b) Foreign Currency Deposit		
- Dollar Deposit	3,253,010,284	2,854,347,084
- Euro Deposit	2,936,950,073	3,345,262,519
c) Cheques Under Collection	106,787,692	-
	<u>11,533,650,514</u>	<u>8,029,315,447</u>

2. Interest accrued but not due on Loans and Deposits

- On Loans	10,620,267	12,095,657
- On deposit with banks	103,926,999	50,941,742
	<u>11,648,197,780</u>	<u>8,092,352,846</u>

SCHEDULE-'H' LOANS & ADVANCES

Loans to Constituents IREDA	17,633,504,983	18,251,031,918
Interest Accrued and due on Loans	88,117,436	206,895,455
Loans to Employees	5,040,441	6,983,837
Sub Total -I	<u>17,726,662,860</u>	<u>18,464,911,210</u>
Advances (Unsecured, considered good)		
(Recoverable in cash or in kind or for value to be received)		
Security Deposits	255,915	405,220
Staff Advances	1,464,769	1,171,523
Advance Tax & Other Tax Recoverable	683,298,613	415,564,361
Others	20,307,262	24,856,917
Sub Total -II	<u>705,326,559</u>	<u>441,998,021</u>
Total III=(I+II)	<u>18,431,989,419</u>	<u>18,906,909,231</u>
Less: Provisions for Bad and doubtful debts#	1,567,095,620	1,473,044,654
Total Loans & Advances to constituents of IREDA*	<u>16,864,893,799</u>	<u>17,433,864,577</u>

PARTICULARS	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
Loans to constituents of MNES	104,271,559	123,439,216
Interest Accrued and due on		
MNES Loans	37,269,947	41,739,866
Total Loans & Advances to constituents of MNES	141,541,506	165,179,082
Total Loans to constituents of IREDA & MNES	17,006,435,305	17,599,043,659
Particulars of loan & Advances :		
IREDA		
- Loans considered good in respect of which company is fully secured	14,982,717,223	15,135,593,608
- Loans considered good in respect of which company holds no security other than personal security of the borrower*	996,552,609	999,180,578
- Others	705,326,559	441,998,021
- Loans considered doubtful	1,747,393,028	2,330,137,024
	18,431,989,419	18,906,909,231
Less: Provision for bad and doubtful debts (IREDA only)#	1,567,095,620	1,473,044,654
	16,864,893,799	17,433,864,577
MNES		
- Loans considered good in respect of which company is fully secured	36,665,278	45,275,685
- Loans considered good in respect of which company holds no security other than personal security of the borrower	8,886,423	14,356,879
- Loans considered doubtful	95,989,805	105,546,518
	141,541,506	165,179,082
GRAND TOTAL	17,006,435,305	17,599,043,659
- Due from Directors of the Company	82,065	55,118
- Due from other officers of the Company	12,987,041	15,132,697
- Maximum amount due at any time during the year from directors of the company	632,543	552,362
- Maximum amount due at any time during the year from officers of the company	15,391,066	19,327,463
SCHEDULE-'I'		
CURRENT LIABILITIES		
Sundry Creditors	1,815,121	2,517,575
Provident Fund Payable	642,189	631,067
MNES Programme Funds	468,722,777	510,819,055
MNES Co Gen Specific Grant	35,476,133	49,592,115
National Hydrogen Energy Board	311,289	408,219
UNDP Programme Funds	2,680,050	6,091,097
Interest accrued but not due	173,927,423	171,129,476
Other Liabilities	95,060,773	39,884,218
	778,635,755	781,072,822
SCHEDULE-'J'		
PROVISIONS		
Standard Assets	689,641,574	408,000,065
Income-tax	669,500,000	499,171,915
Fringe Benefit Tax	805,815	-
Proposed Dividend	62,500,000	61,000,000
Dividend Tax	8,765,625	8,555,000
Leave Encashment	4,094,728	2,837,953
Other Provisions	5,133,345	6,691,202
	1,440,441,087	986,256,135

*includes interest funded Rs 477,843,517 (Previous year 691,691,048)

#includes Rs 7,50,00,000 (Previous year Nil) withdrawn from adhoc provision for standard assets



PARTICULARS	For the year ended 31.3.2006 Rs.	For the year ended 31.3.2005 Rs.
SCHEDULE-'K'		
INCOME FROM OPERATIONS		
Interest on Loans	1,411,335,172	2,426,245,339
Less : Rebate on Prompt Payment	23,262,170	70,471,304
	1,388,073,002	2,355,774,035
Front end Fee	49,472,773	45,034,559
Less : Service Tax	4,579,150	1,790,621
	44,893,623	43,243,938
Application Fee	2,752,500	2,850,000
Less : Service Tax	254,768	144,392
	2,497,732	2,705,608
Recovery out of Bad Debts written off	119,056,821	8,044,059
MNES Service Charges	895,419	580,559
	1,555,416,597	2,410,348,199
SCHEDULE-'L'		
OTHER INCOME		
Interest on Deposits		
- Short Term Deposit	175,553,656	77,945,790
- US\$ Deposit	121,938,554	54,755,836
- EURO Deposit	69,658,430	77,654,223
- GEF-II	757,324	358,561
	367,907,964	210,714,410
Other Interest		
- From Bank (IRS)	21,008,308	5,591,107
- on Staff Loan	556,998	806,017
Service Charges		
- UNDP Programme Fund	989,418	799,677
- National Hydrogen Energy Board	134,977	75,799
Interest on Income Tax Refund	2,328,944	-
Miscellaneous income- Transfer from Capital Grant	1,203,574	2,951,092
- Others	908,048	44,028
	395,038,231	220,982,130
SCHEDULE-'M'		
PERSONNEL EXPENSES		
Salaries, Wages and other amenities	46,373,350	43,453,256
Contribution to Provident Fund	3,195,067	3,042,746
Contribution to Benevolent Fund	62,090	68,350
Contribution to Gratuity	1,416,278	1,119,124
Human Resource Development	-	43,408
Staff Welfare	8,936,232	6,086,275
Recruitment	-	6,768
	59,983,017	53,819,927

PARTICULARS	For the year ended 31.3.2006 Rs.	For the year ended 31.3.2005 Rs.
SCHEDULE-'N'		
ADMINISTRATIVE EXPENSES		
Business Promotion	1,638,654	1,305,921
Director Sitting Fee	-	46,000
Travelling & Conveyance	5,104,883	6,549,634
Electricity & Water Charges	136,698	88,170
Information & Dissemination	1,061,649	1,768,729
Insurance	931,297	219,714
Legal & Professional Fee	2,907,544	4,021,586
Newspapers and Periodicals	633,686	577,791
Office Maintenance	1,202,489	1,711,348
Office rent	7,184,383	6,303,721
Postage Telegram & Telephone	1,741,950	1,494,098
Printing and Stationery	1,799,483	2,147,482
Rates & Taxes	262,665	4,171
Repair & Maintenance	1,771,945	2,972,452
ROC Filing Fee	4,500	6,550
Donation	-	1,000,001
Miscellaneous	1,381,522	879,713
	<u>27,763,348</u>	<u>31,097,081</u>
SCHEDULE-'O'		
FINANCE CHARGES		
Finance Charges		
Interest on Borrowings		
- on Bonds	215,139,591	309,373,288
- on Loans	726,104,451	707,531,399
	<u>941,244,042</u>	<u>1,016,904,687</u>
Other Finance Charges		
Miscellaneous Expenditure written off	2,500,991	3,199,603
Bond Trusteeship fee	379,823	533,682
Bank Charges	63,556	67,759
ADB Prepayment Premium	-	5,221,170
Difference in Exchange	-361,102	744,137
Commitment fee -IBRD	3,965,077	6,921,444
GOI Guarantee Fee		
-ADB	10,794,231	11,638,103
-KIW	38,336,921	39,005,595
-IBRD	15,712,695	9,114,998
	<u>71,392,192</u>	<u>76,446,491</u>
Others	263,157	26,020,905
	<u>1,012,899,391</u>	<u>1,119,372,083</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 remain overdue for more than 90 days or (ii) loan installments of principal remain overdue for more than 90 days 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 with amendment, if any, 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 1.4.2005	Subsidy received during 2005-06	Amount refunded during 2005-06	Subsidy passed on during 2005-06	Closing Balance as on 31.3.2006
1	Solar Thermal	(-) 69,21,906 (34,16,011)	4,10,00,000 (1,60,00,000)	0 (0)	3,41,46,453 (2,63,37,917)	(-) 68,359 (-) (69,21,906)
2	SPV WP 2000-01	(-) 1,19,90,543 (-)(1,36,95,720)	1,19,68,000 (1,36,95,000)	0 (0)	1,02,61,272 (1,19,89,823)	(-) 1,02,83,815 (-)(1,19,90,543)
3	SPV WP 2001-02	(-) 2,33,19,469 (-) (1,81,18,328)	36,44,000 (1,11,74,000)	0 (0)	1,44,26,035 (1,63,75,141)	(-) 3,41,01,504 (-)(2,33,19,469)
4	SPV WP 2002-03	35,54,310 (-) (25,74,923)	0 (0)	0 (0)	52,39,359 (-) (61,29,233)	(-) 16,85,049 (35,54,310)
5	SPV WP 1999-2000	(-) 43,88,890 (-) (51,31,693)	43,88,890 (51,31,000)	0 (0)	36,65,157 (43,88,197)	(-) 36,65,157 (-) (43,88,890)
6	SPV WP Manufacturing	(-) 78,07,927 (-) (90,70,600)	70,00,000 (90,71,000)	0 (0)	62,72,720 (78,08,327)	(-) 70,80,647 (-)(78,07,927)
7	Accelerated SWH System	0 (0)	9,00,00,000 (0)	0 (0)	7,91,077 (0)	8,92,08,923 (0)
	Sub Total.....B	(-) 5,08,74,425 (-)(4,51,75,253)	15,80,00,890 (5,50,71,000)	0 (0)	7,48,02,073 (6,07,70,172)	3,23,24,392 (-)(5,08,74,425)
	Grand Total (A + B)	28,95,98,496 (36,66,78,650)	18,01,02,586 (17,93,93,070)	3,63,49,362 (7,85,44,392)	15,93,08,738 (17,79,28,832)	27,40,42,982 (28,95,98,496)

Previous year figures shown within bracket

(b) Capital subsidy

The un-disbursed capital subsidy as on 1.4.2005 was Rs.3,09,48,209 (Previous year - Rs. 2,68,60,377) 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.1,12,50,000 (Previous year - Rs.40,85,000) was received from MNES. Out of the total capital subsidy amount available Rs. Nil (Previous year - Rs. Nil) 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 31-3-2006 are as under:

(Amount in Rupees)						
Name of the sector	Opening balance as on 1.4.2005	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 31.3.2006
Co- generation	3,09,48,209 (2,68,60,377)	0 (40,85,000)	2,931 (2,832)	0 (0)	0 (0)	3,09,51,140 (3,09,48,209)
Small hydro	0 (0)	1,12,50,000 (0)	0 (0)	0 (0)	0 (0)	1,12,50,000 (0)
Total	3,09,48,209 (2,68,60,377)	1,12,50,000 (40,85,000)	2,931 (2,832)	0 (0)	0 (0)	4,22,01,140 (3,09,48,209)

Previous year figures shown within bracket

- (4) Current Assets include a sum of Rs.26,80,050 (Previous year - Rs.60,91,097) 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) 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.

- (7) 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.126,06,62,958 (Previous year - Rs. 94,58,48,181) on accounts classified as Non-Performing Asset (NPA) has not been recognised as income for the year. Further, a sum of Rs. 39,64,15,748 (Previous year - Rs. Nil) being the amount of unrealised interest upto 2004-05 has been reversed in respect of those accounts which have been classified as NPA for the first time during the year. An amount of Rs.8,22,51,879 (Previous year - Rs. 10,47,38,789) has been recognised as income being interest realized during the year from NPA account.

- (8) 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.

- (9) 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.

(10) Deferred Taxes

- a) In compliance with the Accounting Standard relating to "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, the Company has taken credit in the Profit & Loss Account towards deferred tax asset (net) on account of timing differences. After giving due consideration to prudence, the Management does not consider the Special Reserve created under section 36(1)(viii) of the Income Tax Act as a temporary timing difference. Accordingly, no impact of this has been considered in the deferred tax liability. After giving due consideration, deferred tax assets/liability are measured using the applicable current rates of Income Tax. In accordance with the provisions of AS-22, the current year deferred tax credit of Rs.1355.31 lakhs (Previous year Rs.2150.48 lakhs) has been credited to the profit and loss account.

- b) The details of deferred tax assets (net) as on 31st March, 2006 is given below:-

A Deferred Tax Assets

(Rs. in lakhs)		
Arising on account of timing differences :-	As at 31/3/2005	As at 31/3/2006
◆ Provision for Leave Salary	9.55	13.78
◆ Provision for doubtful debts and advances	6166.43	7503.58
Total - A	6175.98	7517.36
B Deferred Tax Liability		
◆ Depreciation	43.80	38.50
◆ Stamp duty paid but not debited to P&L A/c	17.98	9.35
Total - B	61.78	47.85
Deferred Tax Assets (A-B)	6114.20	7469.51

- (11) Loan to constituents include a sum of Rs.23,08,00,000 (Previous year - Rs.6,16,52,400) 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.
- (12) Bonds have been issued in demat form as per the requests received from bondholders.
- (13) Under sundry creditors, amount payable to small scale industries as on 31st March, 2006 is Nil (Previous year - Nil).
- (14) 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.
- (15) 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.1,26,500)
 For Tax Audit Rs.50,600 (Previous year - Rs.50,600)
 For Certification Rs.1,14,500 (Previous year - Rs.1,02,000)
- (16) Remuneration paid to the Director (Technical) and Director (Finance) are as under:

Particulars	(Amount in Rupees)	
	Director (Technical)*	Director (Finance)**
Salary & allowances	6,33,417 (4,85,870)	3,52,517 (4,17,021)\$
Medical allowance	38,735 (37,093)	25,448 (27,240)\$
Provident Fund	57,376 (51,820)	31,919 (43,331)\$
Value of perquisite for residential accommodation as per Income-tax Act	1,00,367 (23,010)	52,042 (18,990)\$
LTC	0 (13,000)	0 (0)\$
Staff Car***	0 (15,360)	0 (11,188)\$
Total :	8,29,895 (6,26,153)	4,61,926 (5,17,770)\$

Previous year figures shown within bracket

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

** Current year figures w.e.f. 25.7.2005 since when Director (Finance) took charge

\$ Previous year figures are for the period 1.4.2004 to 28.12.2004 since Director (Finance) was relieved on 28.12.2004 due to resignation

*** Staff car is not taxable perquisites in salary

- (17) (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. For the assessment year 2003-04, IREDA filed an appeal with CIT(A) regarding deduction under Section 10 (23G) of the Income Tax Act, 1961. Pending disposal of the appeal, provision to the extent of Rs.2.53 crores has not been made. As the assessment under Section 143(3) is still pending for the assessment years 2004-05 and 2005-06, additional tax liability, if any, would be known only after the assessments are completed.
- (ii) Tax provision is not considered necessary in respect of income tax demand of Rs.1594.73 lakhs in respect of Assessment year 2001-02 pending the disposal of Company's appeal filed against the said order.
- (iii) Interest tax assessment have been completed upto the assessment year 2001-02. In respect of tax recoverable amounting to Rs.22.11 lakhs (Previous year:Rs.26.08 lakhs) from the assessment years 1996-97 to 2000-01, Company is taking the necessary steps for its recovery.

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

- a) Expenditure in Foreign Currency:
 ◆ On Travelling Rs.4,54,923 (Previous year - Rs. 3,53,858)
 ◆ Others Rs.21,22,75,659 (Previous year - Rs. 18,01,02,413)
- b) Earnings in Foreign Exchange:
 ◆ Interest Rs.19,23,54,310 (Previous year - Rs. 13,27,68,619)
- c) Revenue Grant Rs.3,49,19,061 (Previous year -Rs. 2,48,26,159) (GEF)

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

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

(Rs. in crores)

Sl. No.	Particulars	Status																														
A) Capital																																
a)	CRAR, core CRAR and supplementary CRAR	36.98% (34.74%)																														
b)	The amount of subordinated debt raised and outstanding as Tier - II capital	Nil (Nil)																														
c)	Risk weighted assets																															
	◆ On balance sheet items	1884.79 (1808.30)																														
	◆ Off balance sheet items	0.02 (4.92)																														
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	12.36% (5.53%)																														
f)	Amount and % of net NPAs under the prescribed asset classification categories (excluding incidental charges)																															
	<table><tr><th>Category</th><th>Gross</th><th>Amount NPA provision</th><th>Net</th><th>% age Net</th></tr><tr><td>S. Std</td><td>174.53 (3.34)</td><td>24.95 (0.51)</td><td>149.58 (2.84)</td><td>9.60% (0.17%)</td></tr><tr><td>Doubtful</td><td>173.79 (232.24)</td><td>130.78 (146.02)</td><td>43.01 (86.22)</td><td>2.76% (5.36%)</td></tr><tr><td>Loss</td><td>0.05 (0.06)</td><td>0.05 (0.06)</td><td>0.00 (0.00)</td><td>0.00% (0.00%)</td></tr><tr><td>Total</td><td>348.37 (235.64)</td><td>155.78 (146.59)</td><td>192.59 (89.05)</td><td>12.36% (5.53%)</td></tr></table>	Category	Gross	Amount NPA provision	Net	% age Net	S. Std	174.53 (3.34)	24.95 (0.51)	149.58 (2.84)	9.60% (0.17%)	Doubtful	173.79 (232.24)	130.78 (146.02)	43.01 (86.22)	2.76% (5.36%)	Loss	0.05 (0.06)	0.05 (0.06)	0.00 (0.00)	0.00% (0.00%)	Total	348.37 (235.64)	155.78 (146.59)	192.59 (89.05)	12.36% (5.53%)						
Category	Gross	Amount NPA provision	Net	% age Net																												
S. Std	174.53 (3.34)	24.95 (0.51)	149.58 (2.84)	9.60% (0.17%)																												
Doubtful	173.79 (232.24)	130.78 (146.02)	43.01 (86.22)	2.76% (5.36%)																												
Loss	0.05 (0.06)	0.05 (0.06)	0.00 (0.00)	0.00% (0.00%)																												
Total	348.37 (235.64)	155.78 (146.59)	192.59 (89.05)	12.36% (5.53%)																												
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.																															
	<table><tr><th>Category</th><th>2005-06</th><th>2004-05</th></tr><tr><td>Standard assets (excluding adhoc provision)</td><td>1.66</td><td>(-) 0.33</td></tr><tr><td>Adhoc provision for standard assets</td><td>34.00</td><td>20.00</td></tr><tr><td>NPAs (including incidental charges)</td><td></td><td></td></tr><tr><td>Against loan outstanding</td><td>1.69</td><td>56.37</td></tr><tr><td>Against incidental charges</td><td>0.22</td><td>0.07</td></tr><tr><td></td><td>1.91</td><td>56.44</td></tr><tr><td>Investments</td><td>0.00</td><td>0.00</td></tr><tr><td>Income Tax including Fringe Benefit Tax</td><td>17.68</td><td>43.99</td></tr><tr><td>Total</td><td>55.25</td><td>120.10</td></tr></table>	Category	2005-06	2004-05	Standard assets (excluding adhoc provision)	1.66	(-) 0.33	Adhoc provision for standard assets	34.00	20.00	NPAs (including incidental charges)			Against loan outstanding	1.69	56.37	Against incidental charges	0.22	0.07		1.91	56.44	Investments	0.00	0.00	Income Tax including Fringe Benefit Tax	17.68	43.99	Total	55.25	120.10	
Category	2005-06	2004-05																														
Standard assets (excluding adhoc provision)	1.66	(-) 0.33																														
Adhoc provision for standard assets	34.00	20.00																														
NPAs (including incidental charges)																																
Against loan outstanding	1.69	56.37																														
Against incidental charges	0.22	0.07																														
	1.91	56.44																														
Investments	0.00	0.00																														
Income Tax including Fringe Benefit Tax	17.68	43.99																														
Total	55.25	120.10																														

h) Movement in net NPAs

Particulars	2005-06	2004-05
Net NPA as on 1 st April	89.05	172.84
Add: Additions during the year	174.53	14.03
Less: Reduction during the year	51.02	22.75
Less: Provision made during the year (excluding incidental charges)	9.19*	56.37
Less: Assets written off	10.78	18.70
Net NPA as on 31st March	192.59	89.05

* includes Rs. 7.50 crores withdrawn from adhoc provision for Standard Assets

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

		% to Net worth	% to total loan assets
	Loan	643.22	1714.41
		(594.92)	(1755.65)
◆ The largest single borrower	49.74	7.73%	2.90%
	(48.55)	(8.16%)	(2.77%)
◆ The largest borrower group	85.27	13.26%	4.97%
	(63.04)	(10.60%)	(3.59%)
◆ The 10 largest single borrowers:			
No. 1	49.74	7.73%	2.90%
	(48.55)	(8.16%)	(2.77%)
No. 2	48.40	7.52%	2.82%
	(48.47)	(8.15%)	(2.76%)
No. 3	46.90	7.29%	2.74%
	(48.40)	(8.14%)	(2.76%)
No. 4	42.48	6.60%	2.48%
	(42.48)	(7.14%)	(2.42%)
No. 5	41.24	6.41%	2.41%
	(40.81)	(6.86%)	(2.32%)
No. 6	37.52	5.83%	2.19%
	(39.07)	(6.57%)	(2.23%)
No. 7	35.53	5.52%	2.07%
	(36.00)	(6.05%)	(2.05%)
No. 8	33.80	5.25%	1.97%
	(34.41)	(5.78%)	(1.96%)
No. 9	31.62	4.92%	1.84%
	(33.35)	(5.61%)	(1.90%)
No. 10	29.18	4.54%	1.70%
	(31.72)	(5.33%)	(1.81%)
Total	396.40	61.63%	23.12%
	(403.26)	(67.78%)	(22.97%)

◆ The 10 largest borrower groups:

No. 1	85.27	13.26%	4.97%
	(63.04)	(10.60%)	(3.59%)
No. 2	63.04	9.80%	3.68%
	(46.74)	(7.86%)	(2.66%)
No. 3	54.39	8.46%	3.17%
	(40.87)	(6.87%)	(2.33%)
No. 4	45.24	7.03%	2.64%
	(38.08)	(6.40%)	(2.17%)
No. 5	43.61	6.78%	2.54%
	(35.15)	(5.91%)	(2.00%)
No. 6	41.81	6.50%	2.44%
	(31.72)	(5.33%)	(1.81%)
No. 7	29.22	4.54%	1.70%
	(27.94)	(4.70%)	(1.59%)
No. 8	28.77	4.47%	1.68%
	(27.14)	(4.56%)	(1.55%)
No. 9	27.26	4.24%	1.59%
	(26.66)	(4.48%)	(1.52%)
No. 10	17.86	2.78%	1.04%
	(26.29)	(4.42%)	(1.50%)
Total	436.46	67.86%	25.46%
	(363.63)	(61.12%)	(20.71%)

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

	Industries	Loan O/S	% to total loan
No. 1	Power	889.95	51.91%
		(861.64)	(49.08%)
No. 2	Sugar	275.02	16.04%
		(322.15)	(18.36%)
No. 3	Steel	89.32	5.21%
	(FIs/NBFCs)	(98.95)	(5.64%)
No. 4	FIs/NBFCs	82.46	4.81%
	(Steel)	(67.46)	(3.84%)
No. 5	Agriculture	67.83	3.96%
	(Engineering)	(61.15)	(3.48%)



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	743.75 (342.83)	590.73 (614.14)	502.26 (535.03)	252.10 (311.48)	235.72 (210.82)	2324.56 (2014.30)
Foreign currency assets	44.78 (40.49)	88.83 (95.15)	79.11 (104.70)	64.01 (58.92)	342.26 (320.70)	618.99 (619.96)
Total Assets	788.53 (383.32)	679.56 (709.29)	581.37 (639.73)	316.11 (370.40)	577.98 (531.52)	2943.55 (2634.26)
Rupee liabilities*	381.01 (277.70)	267.91 (264.52)	191.68 (188.68)	198.04 (69.80)	1287.68 (1215.26)	2326.32 (2015.96)
Foreign currency liabilities	42.47 (38.30)	88.83 (95.15)	79.11 (104.70)	64.01 (58.92)	342.81 (321.23)	617.23 (618.30)
Total Liabilities	423.48 (316.00)	356.74 (359.67)	270.79 (293.38)	262.05 (128.72)	1630.49 (1536.49)	2943.55 (2634.26)

* 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	7.72% (10.81%)
n) Non-operating income as % to average capital employed	0.02% (0.01%)
o) Operating profit as a percentage to average capital employed	3.37% (5.87%)
p) Return on average assets	1.18% (1.22%)
q) Net profit per employee/Rs. in lakhs	26.42 (23.76)

E) Movement in Provisions

l) Provisions for Non Performing Assets comprising loans (excluding provisions for standard assets)

Particulars	2005-06	2004-05
Opening balance as at the beginning of the financial year	147.30	90.86
Add: Provisions made during the year	55.06	84.21
Less:		
" Write off during the year including incidental charges	11.24	19.10
" Write back during the year	34.41	8.67
Closing balance at the close of the financial year	156.71	147.30
Net charged to P&L A/c for NPA loans	1.91	56.44
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	0.00	0.12
Less:		
" Write off during the year	0.00	0.12
" 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	31.3.2006	31.3.2005
1	Total amount of loan assets subjected to restructuring	332.47	100.93
2	Restructured instalment of principal in the total amount of loan assets indicated out of 1 above subjected to restructuring	42.85	25.84
3	Amount of standard assets subjected to restructuring	272.69	97.18
4	Amount of sub standard/doubtful assets subjected to restructuring	59.78	3.75

G) Assets Sold to Securitisation Company/Reconstruction Company

Particulars	2005-06	2004-05
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 arrangements.
- ◆ 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/million)	Amount(Rs./Cr)
Liabilities		
BOB Rupee Term Loan against US\$ deposit - ADB	Nil (Nil)	172.81 (177.52)
Canara Bank Rupee Term Loan against Euro deposit-KfW	Nil (Nil)	284.34 (308.64)
Canara Bank Rupee term loan against US\$ deposit - IBRD	Nil (Nil)	Nil (3.70)
Bank of Baroda term loan against US\$ deposit - IBRD	Nil (Nil)	130.00 (Nil)
Assets		
BOB \$ Deposit - ADB	US\$ 39.71 (US\$ 40.75)	177.16 (178.27)
Canara Bank Euro Deposit - KfW	Euro 54.38 (Euro 59.03)	293.70 (334.53)
BOB \$ Deposit - IBRD	US\$ 31.74 (US\$ 21.74)	141.62 (95.12)
Canara Bank US\$ Deposit (including Special A/c) - IBRD	US\$ 0.94 (US\$2.25)	4.19 (9.84)

I) Interest Rate Derivatives

During the financial year 2004-05, IREDA has finalised the interest rate swap for KfW loan with Standard Chartered Bank with effect from 12-1-2005 for 5 years. The status as on 31st March, 2006 are as under:-

Sl. No.	Particulars	Amount (Euro million)
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	54.38 (59.03)
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2006 (instrument-wise)	54.38 (59.03)
3	Notional principal amount of exchange traded interest rate derivatives and not "highly effective" (instrument-wise)	54.38 (59.03)
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	(-) 0.87 (0.046)

Previous year figures shown within bracket



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration No. 027265 State Code 55 (Refer Code List)
 Balance Sheet Date 31 03 06
 Date Month Year

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

Public Issue
 NIL

Bonus Issue
 NIL

Right Issue
 NIL

Private Placement (Govt. Contribution)
 246500

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

Total Liabilities
 29435547

Source of Funds

Paid-up Capital
 4000000

Secured loans
 12044923

Current Liabilities & Provisions
 2219076

Application of Funds

Net Fixed Assets
 27436

Current Assets
 28654633

Accumulated Losses
 NIL

IV Performance of Company (Amount in Rs. Thousand)

Turnover (Gross Income)
 1950455

Profit before tax
 +358205

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

Basic and diluted Earnings per share in Rs. (PAT)
 76.62

Total Expenditure (including PPA)
 1592249

Profit after tax
 +306478

Dividend Rate %
 1.56

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

Item Code No. (ITC Code) NOT APPLICABLE

Product Description PROJECT FINANCING

V SUBRAMANIAN
 Chairman

DEBASHISH MAJUMDAR
 Director (Technical) &
 Managing Director

(20) 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:-

- (i) IREDA recognised various market risks including interest rate, foreign exchange fluctuation and other assets liability mismatches;
 (ii) 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.
 (iii) 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.
 (iv) 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 2004-05, 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:-

Sl. No.	Particular	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	293.70
	b) For trading	-	-
2	Marked to Market Positions(1)		
	a) Asset (+)/Receivables	-	-
	b) Liability (-)/Payable	-	4.80
3	Credit Exposure (2)	-	-
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	0.08
	b) on trading derivatives	-	-
5	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	-	10.34
	b) on trading	-	-

(21) 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.

(22) 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

V SUBRAMANIAN
 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 : 25th July, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

(Amount in Rupees)

PARTICULARS	For the year ended 31.3.2006(Rs.)	For the year ended 31.3.2005 (Rs.)
A Cash Flow from Operating Activities:		
Net Profit before Tax and Extraordinary/ PP items:	358,223,300	469,194,158
Adjustment for:		
1 Depreciation	3,430,547	4,489,990
2 NPA Provision	19,050,966	564,436,651
3 General Provision for Std. Assets	356,641,509	196,695,612
4 Misc Expenses written off	2,500,991	3,199,603
5 Prior period expenses/income	-17,822	-79,832
6 Excess Provision for earlier years	17,066	
7 Write off Assets /Investment	10,959	1,199,999
8 Adjustment for tax	-5,671,915	-216,266,641
9 Adjustment for Interest to income tax deptt	-10,452,114	-26,583,247
10 Adjustment for Fixed Assets	-	-
Operating profit before working Capital Charges:	723,733,487	996,286,293
Increase / Decrease		
1 Decrease in Loans & Advances	474,919,812	1,224,696,250
2 Decrease in MNES loan	23,637,576	9,115,283
3 Increase in other Current Assets	-51,509,867	-28,742,426
4 Decrease in Current Liabilities	-3,994,924	-218,036,110
5 Increase in Provision	1,256,775	313,323
Net cash used in Operating Activities	444,309,372	987,346,320
B Cash Flow From Investing Activities		
1 Purchase of Fixed Assets	-80,255	-825,044
Net Cash used in Investing Activities	-80,255	-825,044
C Cash Flow from Financial Activities		
1 Equity received from Govt of India	246,500,000	500,000,000
2 Capital grants	11,010,479	291,829
3 Decrease in Bonds	-425,000,000	-1,000,000,000
4 Dividend & Dividend Tax paid	-69,555,000	-45,227,500
5 Increase /Decrease in Secured Loans	2,284,147,134	-695,275,391
6 Increase in Un-secured Loans	289,269,850	517,159,236
Net Cash in-flow from Financing Activities	2,336,372,463	-723,051,826
Net Increase in Cash & Cash Equivalents	3,504,335,067	1,259,755,743
Cash & Cash Equivalents at the beginning of the year	8,029,315,447	6,769,559,704
Cash & Cash Equivalents at the end of the year	11,533,650,514	8,029,315,447
Net Increase in Cash & Cash Equivalents	3,504,335,067	1,259,755,743

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

K G Somani
Partner, M No.6238

Place : New Delhi
Date : 25th July, 2006

V Subramanian
Chairman

S P Reddi
Director (Finance)

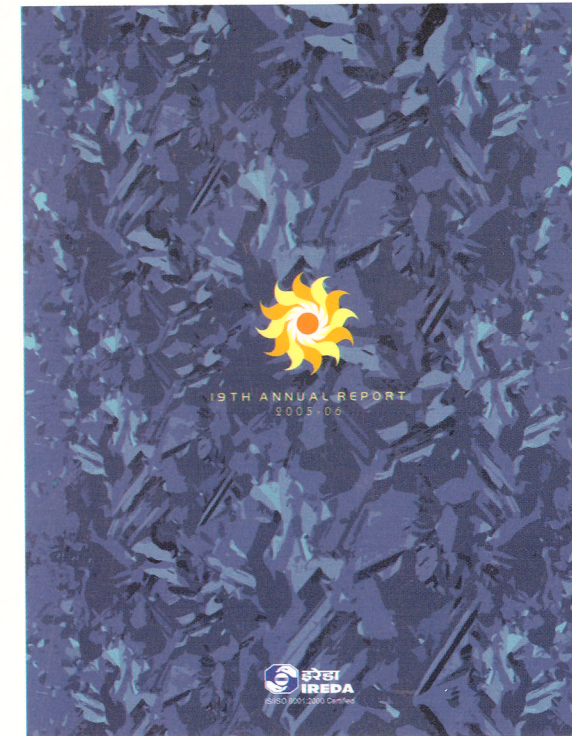
Debashish Majumdar
Director (Technical) & Managing Director

R K Sachdeva
Company Secretary



S No.	PROGRAMME	SECTOR	BALANCE AS ON 1.4.2005	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 31.03.2006	LOANS OUTSTANDING AS ON 31.03.2006	INTEREST OUTSTANDING AS ON 31.03.2006	BALANCE WITH BANK	BALANCE WITH IREDA	TOTAL FUNDS
					STD.	LOAN	TOTAL						CURRENT AC	STD	BANKS
1	SPV MFG. LOAN (32046)		45563019	0	0	3700599	3700599	186054	532541	43545023	15732000	20790673	7384813	0	43545023
2	SPV USER LOAN (32050-32055-32045)		155655853	0	0	1412126	1412126	468192	1514778	169459659	58033474	13803921	17754283	0	169459659
3	SPV USER'S SUBSIDY (32044-32044)		83257884	0	0	0	0	212925	0	(6408161)	0	0	80479	0	(77082648)
4	SPV MARKET (32142)		12000	0	0	0	0	0	0	12000	0	0	0	0	12000
5	SOLAR THERMAL (32081)		8847422	0	2307	306680	310987	28245	1679705	7447207	3406385	2648353	1324794	0	7447207
6	MICRO HYDEL GRANT		715879	0	0	0	0	0	0	715879	0	0	0	0	715879
7	SPV PUMPING PUBLICITY GRANT 94-95		163590	0	0	0	0	0	0	163590	0	0	0	0	163590
8	SPV IMP REIMBURSEMENT 2001-02		4356531	0	0	0	0	0	0	-539631	0	0	0	0	(539631)
9	SOLAR THERMAL GRANT 93-94		21025	0	0	0	0	0	0	21025	0	0	0	0	21025
10	MNES SPV IMP PROMISEMENT		972201	0	0	0	0	0	0	972201	0	0	0	0	972201
11	MNES SPV PUMPING FUND GRANT		93100	0	0	0	0	0	0	93100	0	0	0	0	93100
12	CAPITAL SUBSIDY COGENERATION (32356)		308448208	11250000	2931	0	2931	0	0	42201139	27099800	0	160517	0	42201139
13	CO GENERATION INTEREST SUBSIDY		139122649	6468000	0	0	0	3464800	53843983	76096866	0	0	0	0	76096866
14	INTEREST SUBSIDY ON SOLAR THERMAL		(6821906)	41000000.00	0	0	0	0	34146463	(68359)	0	0	0	0	(68359)
15	SPV USER'S SUBSIDY 2001-2002 (32745)		242499	0	0	198771	198771	0	(84447)	525717	0	0	0	0	525717
16	SPV USER'S SUBSIDY 2002-2003 (32668)		403159	0	0	0	0	0	404132	(973)	0	0	34568	0	(35411)
17	SPV USER'S SUBSIDY 2003-2004 (32668)		31925079	0	20734	0	20734	0	0	36722	0	0	37397	0	(675)
18	INTEREST SUBSIDY ON SPV USER LOAN 99-00 (32583)		(4388800)	4388800	0	0	0	0	3665157	(3665157)	0	0	8366	0	(3665157)
19	INTEREST SUBSIDY ON SPV USER LOAN 2000-01 (32668)		(11990543)	11990000	0	0	0	0	10261272	(1232815)	0	0	0	0	(10283815)
20	INTEREST SUBSIDY ON SPV MFG. (32581)		(7807927)	7000000	0	0	0	0	6277220	(708547)	0	0	0	0	(708547)
21	INTEREST SUBSIDY ON SPV USER LOAN 2001-02 (32746)		(23319469)	3644000	0	0	0	0	14426305	(34101504)	0	0	30777	0	(34101504)
22	INTEREST SUBSIDY ON SPV USER LOAN 2002-03		3554310	0	0	0	0	0	5233559	(1685049)	0	0	0	0	(1685049)
23	INTEREST SUBSIDY ON BIO-MASS BROTQUETTING		1846798	0	0	0	0	0	1132752	0	0	0	0	0	1132752
24	INTEREST SUBSIDY ON SMALL HYDRO		179947979	15855866	0	0	0	0	49201460	144630553	0	0	0	0	144630553
25	INTEREST SUBSIDY ON WASTE TO ENERGY		20554495	0	0	0	0	0	747196	19808299	0	0	0	0	19808299
26	SOLAR WATER HEATING SYSTEMS 2005-06		0	9000000	0	0	0	0	791077	8920823	0	0	(651077)	8920823	0
27	INTEREST SUBSIDY FOR BALAJI ANDHRA BANK		0	641783	0	0	0	0	0	641783	0	0	0	0	641783
	TOTAL		510819056	191994389	212772	5620176	562348	895116	133223514	468722775	104271559	3726947	116024918	8990000	468722775

STATUS OF MNES FUNDS AS ON 31.03.2006



*The theme for the Annual Report 2005-06 signifies
the strategic importance of Poly-Crystalline Silicon
in the field of Solar Energy.*



Indian Renewable Energy Development Agency Limited

(A Government of India Enterprise)

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

Tel.: 24682214, Fax : 91-11-24682202, E-mail : mdireda@iredaltd.com

Website : www.iredaltd.com