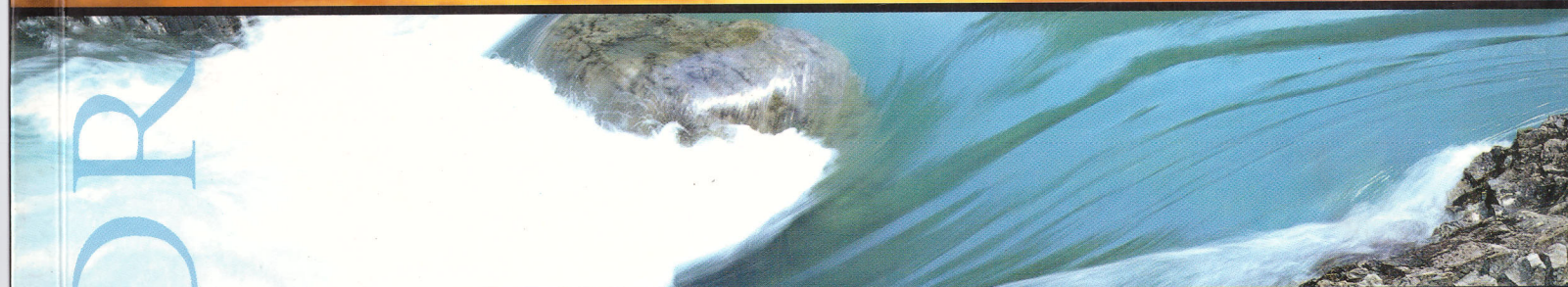


20th ANNUAL REPORT 2006-07





गाँव-गाँव बिजली, घर-घर प्रकाश

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

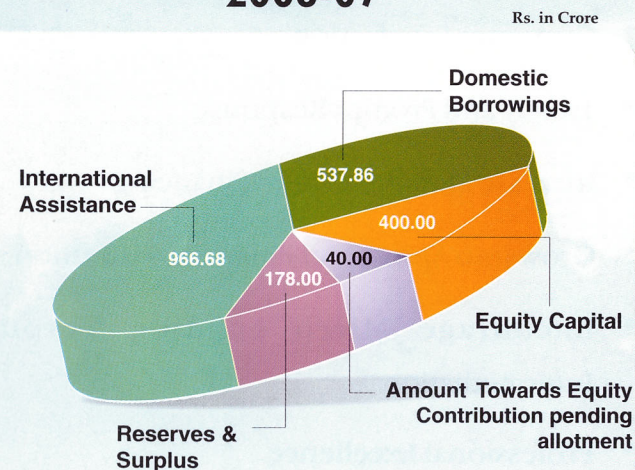
Quality Objectives

Following shall govern the operations :

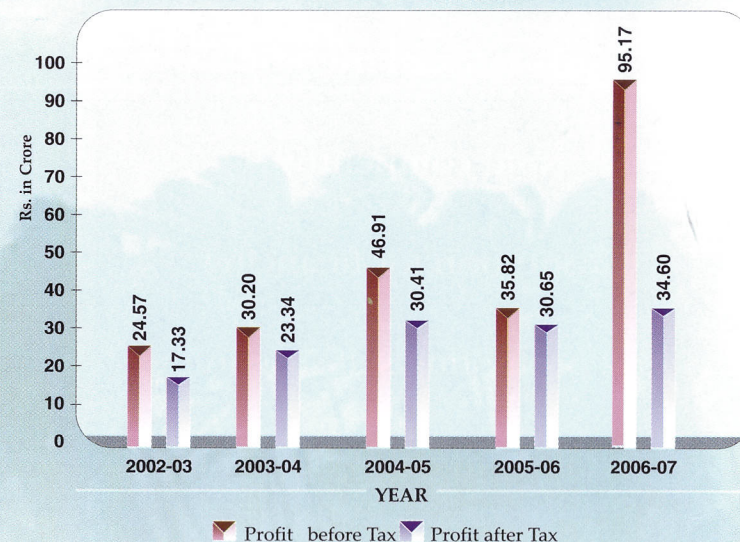
- Improvement in the efficiency of services provided to customers
- Customer satisfaction
- Strengthen Human Resources Development
- Continual improvement of systems, processes and resources

HIGHLIGHTS OF OUR PERFORMANCE

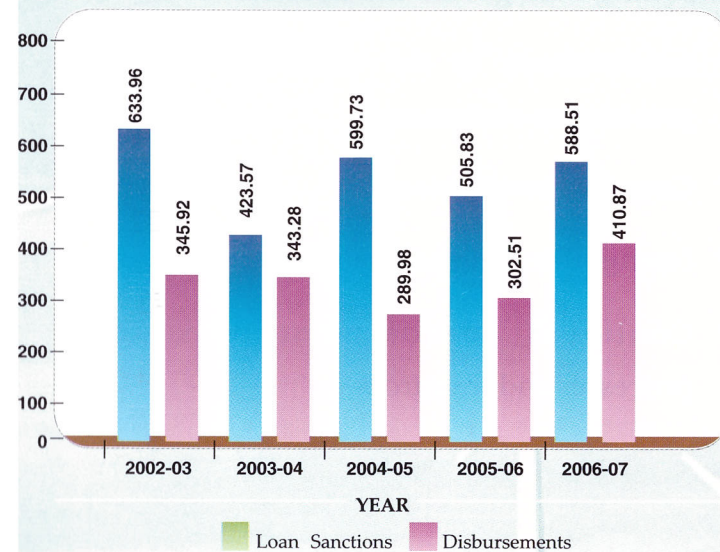
IREDA's Resource Base 2006-07



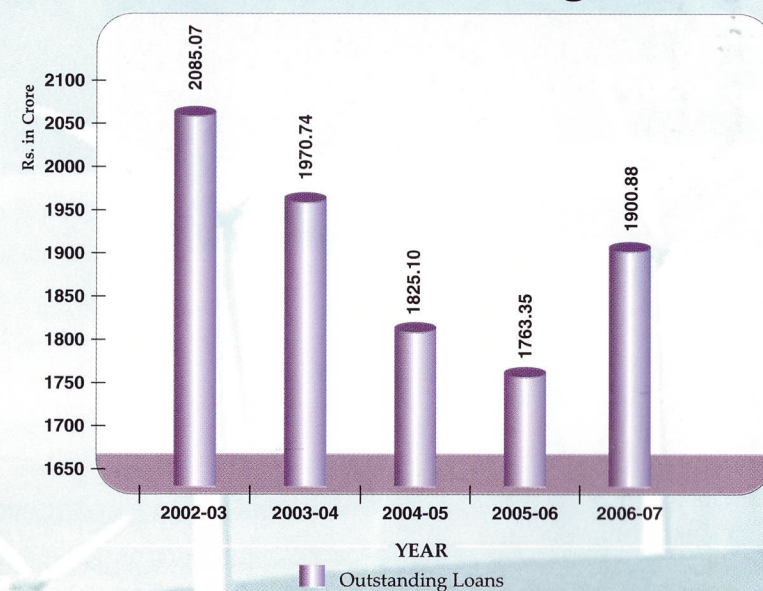
IREDA's Working Results Profits before Tax & Profits after Tax



IREDA's Operations Loan Sanctions & Disbursements



IREDA's Outstanding Loans



(Rs. in Crore)

RESOURCES	2002-03	2003-04	2004-05	2005-06	2006-07
Equity Capital	285.35	325.35	375.35	400.00	400.00
Amount Towards Equity Contribution pending allotment	-	-	-	-	40.00
Reserves & Surplus	112.14	127.80	142.60	166.12	178.00
International Assistance	1204.98	869.25	921.01	951.03	966.68
Domestic Borrowings	659.99	628.00	528.71	617.34	537.86
Total	2262.46	1950.40	1967.67	2134.49	2122.54

OPERATIONS	2002-03	2003-04	2004-05	2005-06	2006-07
Loan Sanctions	633.96	423.57	599.73	505.83	588.51
Disbursements	345.92	343.28	289.98	302.51	410.87
Repayment by Borrowers	201.53	430.20	426.91	345.21	266.00
Outstanding Loans	2085.07	1970.74	1825.10	1763.35	1900.88

WORKING RESULTS

Gross Income	253.51	248.34	263.13	195.05	232.78
Profit before Tax	24.57	30.20	46.91	35.82	95.17
Profit after Tax	17.33	23.34	30.41	30.65	34.60
Earning per Share (Rs.)	60.74	71.74	81.01	79.82	85.79



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Board of Directors



Shri Debashish Majumdar, Chairman & Managing Director receiving 'Indira Gandhi Rajbhasha Puruskar' from Hon'ble Union Minister of Home Affairs, Government of India, Shri Shivraj V. Patil at Vigyan Bhavan, New Delhi.

Chairman & Managing Director Debashish Majumdar (w.e.f. 27.06.2007)

Chairman V. Subramanian
(Ex-Officio upto 26.06.2007)

Managing Director Debashish Majumdar
(officiating charge upto 26.06.2007)

Directors A.K. Rath (Upto 31.07.2007)
S.P. Reddi
K.P. Sukumaran (w.e.f. 31.07.2007)
Hari Kumar (w.e.f. 31.07.2007)

Company Secretary S.K. Bhargava

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

Auditors M/s. S.C. Vasudeva & Co.
Chartered Accountants
B-41, Panchsheel Enclave
Delhi - 110 017

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



IREDA's 19th Annual General Meeting of Shareholders in progress.

Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA) will be held on **Wednesday, the 31st October, 2007 at 12.30 P.M.** at IREDA's Registered Office at India Habitat Centre, Lodi Road, New Delhi-110 003 to transact the following business:

2. To declare a Dividend.

BY ORDER OF THE BOARD OF DIRECTORS

New Delhi
6th October, 2007

(S.K. Bhargava)
Company Secretary

1. All Shareholders
2. The Chairman & Managing Director and Directors.
3. M/s. S.C. Vasudeva & Co., Chartered Accountants, B-41, Panchsheel Enclave, New Delhi-110 017

NOTES

- 1- A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company [A Proxy Form is enclosed].

PROXY FORM

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

[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/Weof.....
in the district of.....being a member of the above
named company hereby appoint.....of.....in the
district of.....or failing him/her.....of.....
.....in the district of.....as my
proxy to vote for me and on my behalf at the **20th ANNUAL GENERAL MEETING** of the Company to be held on the **31st day of October, 2007** and at any adjournment thereof.

Signed thisday of....., 2007

(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 1 MW Jiwa Small Hydro Project set up in Kullu District, Himachal Pradesh

Chairman's Speech



Dear Shareholders,

I have great pleasure in extending you a warm welcome to the Twentieth Annual General Meeting of the Indian Renewable Energy Development Agency Limited. The Directors' Report and the Audited Statements of Accounts for the year ended March 31, 2007, 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. Your Company continues to register commendable success and excellence in all facets of its activities. Before I take up the Company's performance during the last fiscal, let me place before you the current economic environment, industry scenario and the emerging dynamics that have a bearing on your Company's strategic pursuits and performance. I consider it a great privilege to address this august gathering.

Economic Scenario

India today is one of the fastest and vibrant growing economies with a compounded annual real GDP growth rate of 8.6% in the last four years. Industrial growth would have been even higher, had it not been for a relatively disappointing performance of the two sub sectors, namely, mining and quarrying; and electricity, gas and water supply. The country's economic growth momentum is expected to continue at a strong pace this fiscal but inflation could emerge as the main downside risk. Steady increase in gross domestic saving and investment rates, consumption demand, addition of new capacity as well as more intensive and efficient utilisation and capitalisation of existing capacity are expected to support growth in FY 2007-08. The country posted a record 9.4 per cent growth in the first quarter of FY 2007-08. The forecast for the FY 2007-08 shows that agriculture sector is expected to grow at 3.35 per cent as compared to 2.6 per cent earlier estimated, while industry is poised to grow at 9 per cent against the earlier projection of 8.7 per cent. The services sector is

expected to log a growth of 10.09 per cent against a previous estimate of 9.9 per cent. Thus, growth was visible across all sectors making India the favoured destination of foreign direct investment.

Wholesale price inflation (WPI) for the first quarter of this fiscal was 4.6 per cent while consumer price inflation for industrial workers was at 6.3 per cent. Inflation remained benign during the year. Inflation hovers around 5 percent despite steep hike in fuel and commodity prices. But with the gradual pass through of increase in oil prices, the inflation rate is bound to go up gradually. Robust exports of over US\$124 billion and substantial capital inflows helped to raise the foreign exchange reserves to an all time high of US\$199.2 billion at the close of FY 2006-07, despite rise in imports, which spurted by 39.8 per cent.

During FY 2006-2007, Reserve Bank of India has been actively changing its monetary stance to provide adequate liquidity and maintain price stability, indicating its preference for containment of inflation over providing surplus liquidity. Spurred by portfolio inflows and vibrant mutual funds, the equity market saw the Sensex peaking at over 15200 at the close of fiscal 2006-2007.

India is thus emerging as an economic giant, riding on the firm pillars of growth in all sectors coupled with its dominant position in the information technology and knowledge based sectors.

Energy Scenario

India's economic growth averages 8% and is projected to sustain the momentum for many years to come. The key to continue the pace of economic development on a sustainable basis lies in availability of adequate quantity and quality power at affordable prices.

Fossil fuel sources such as oil, gas and coal will not last forever and are becoming increasingly expensive, thus bolstering investment in clean energy sources is seen as the cleanest alternative to reduce greenhouse gas emissions. The highly volatile and unstable oil prices combined with rising energy demand has necessitated India to make serious investments in alternative sources of energy namely nuclear power, gas and renewables. India's bilateral initiative with USA to push forward its civilian nuclear power programme is being pursued vigorously.

The establishment of IREDA 20 years ago by the Government was a significant milestone in the promotion of new and renewable sources of energy, particularly in view of the necessity of harnessing these sources for generation of energy on a commercial basis.

The gap between demand and supply of power has been a cause of concern to India. The installed power generating capacity at the

end of the 10th Plan was 1,32,330 MW, (of which renewable energy component stood at 10,175 MW) has to be increased to 2,11,000 MW by the end of the 11th Plan Period. To meet the growing demand a number of steps are being taken to augment the power generating capacity.

The Integrated Energy Policy aims at accelerated development of the power sector while addressing key issues of energy security, pricing, affordability, sustainability, efficiency, etc. To be futuristic, as a nation we need to address efficiency of energy consumption, demand side management and pricing policy issues.

The National Electricity Policy envisages "Power for all by 2012" and per capita availability of power to be increased to over 1,000 units by 2011-12. The Plan proposal for the XIth Plan targets 14,500 MW from renewables.

The installed renewable energy capacity at the beginning of the 10th Plan was about 3500 MW. A capacity addition of about 6,675 MW had been achieved during the 10th Plan against target of 3,075 MW, which is more than 22% of the gross capacity addition during the Plan period. At 10,175 MW, the installed renewable energy capacity stands at 7.6% of the gross installed capacity. You would be glad to know that IREDA's share in the renewable energy power generation capacity in the country since its inception is 2966 MW.

As a nation we also need to address key issues of energy management by integration of energy efficiency and conservation efforts with renewable energy programmes to achieve its mandate "Power for all" in an equitable and environment friendly sustainable manner. Renewable Energy and Energy Efficiency Projects being intrinsically suitable for consideration under the Clean Development Mechanism (CDM) of the Kyoto Protocol also play a key role in the emerging Carbon Markets that have opened up fresh opportunities for investors in this sector.

I hope that these programmes would lead to a more vibrant energy market. Your company would be prepared to tap this market aggressively.

Performance Highlights

Your Company has shown improved performance during FY 2006-07. Loan sanctions were Rs. 588.51 crore in FY 2006-07 registering an increase of 16.35% over the previous year. Disbursements during FY 2006-07 grew by 35.82% over the previous year and stood at Rs. 410.87 crore, thus breaking the Rs. 400 crore barrier for the first

time after four years. Wind, Hydro power and Biomass Power/ Cogeneration along with energy efficiency and conservation are the principal sectors that were funded during the year. The projects sanctioned would lead to the capacity addition of 259 MW. For the first time, your Company sanctioned a single Wind Power project of 85.40 MW under co-financing arrangements with Asian Development Bank.

Your Company recorded its highest ever Profit before Tax (PBT) at Rs. 95.17 crore in FY 2006-07 which was significantly higher than Rs. 35.82 crore in FY 2005-06 mainly due to improved recoveries. Profit after Tax (PAT) was also the highest ever at Rs. 34.60 crore as compared to Rs. 30.65 crore in FY 2005-06.

Resource Mobilisation

The Authorised as well as paid-up Share Capital of the Company was Rs. 400 crore as on 31st March 2007.

The Government of India accorded its approval to increase the authorised share capital to Rs. 1000 crore for which necessary action for amendment in Memorandum & Articles of Association has been initiated. During the FY 2006-07, the amount of Rs. 40 crore released by Government of India towards equity contribution has been kept as amount received towards equity contribution pending allotment. For the FY 2007-08 the Company has been allocated equity of Rs. 50 crore.

An amount of Rs. 31.71 crore equivalent of US\$7.00 million was availed under IBRD portion and Rs. 15 crore received through counter part funding from Government of India under IDA portion under India: Second Renewable Energy Project of the World Bank.

Dividend

Your Directors recommend a dividend of Rs. 7.00 crore for the FY 2006-07, which is marginally higher than 20% of the Profit After Tax.

Credit Rating

Global rating agency Fitch Ratings India Pvt. Limited assigned a national long-term rating A+(ind) to the Rs. 100 crore non-convertible debenture of IREDA. The outlook on the rating 'A+(ind)' is stable.

Stressed Asset Management

As a Board we continue to evaluate our own performance and indeed the way we operate. We want to ensure that we receive the right information so that we can discharge our monitoring duties and that the Executive team has got the right system of internal control so that it too is picking up the right signals.

During the FY 2006-07, vigorous efforts for recovery of Non-Performing Assets (NPAs) were continued which resulted in recovery of Rs. 86.78 crore from these accounts. This includes recovery of Rs. 12.54 crore from written off loans. However, the level of Net NPA increased marginally from 12.36% in FY 2005-06 to 12.52% as on 31st March 2007.

Policies

Your Company continued to implement various schemes entrusted to it by the Ministry of New and Renewable Energy (MNRE). Moreover, MNRE made your Company its fund manager for its interest subsidy scheme "Accelerated development and deployment of solar water heating systems in domestic, industrial and commercial sectors".

Your Company has undertaken various programmes for business development. These include Market Awareness and Outreach, Creative Market Development Initiative, Energy Efficiency Capacity Building Initiative etc. As a part of its promotional efforts, your Company has supported 53 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 concessions in interest rates and fees to the entrepreneurs setting projects in the North Eastern Region, Sikkim, Uttarakhand, Jharkhand and Chhatisgarh. Loans of Rs. 115.43 crore was sanctioned for setting up two small hydro power projects with an aggregate capacity of 30 MW in Uttarakhand.

Human Resource Development

Your Board aspired that each one of the company's employees, work with the shared high ideals and values. This is not about perception - it is about reality. Your Company believes in investing in its people. Your Company's achievements are a result of the dedication and commitment shown by its spirited employees at all levels.

A Study Tour was organised for non-technical staff to give them a flavour of the complex and difficult nature of projects being financed by your Company. A new Training and Development policy was initiated in your Company. Training programmes were organised for all project staff on environmental/social appraisal and procurement procedures applicable to the World Bank funded projects. The Company has strong focus on leadership and building on teamwork. Employees were deputed for management and personality development programmes in reputed institutions. They were also

deputed to attend seminars, conferences, workshops and symposia on specialised subjects both in India and abroad, to keep them abreast with 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 were redressed through dialogue and discussions by the Director (Grievance). No man-day was lost during 2006-07.

Customer Relations

Your Company has striven to provide value to the customer through every initiative that it has undertaken.

Corporate Governance

Aiming to be a model corporate citizen, IREDA has been complying with the various requirements designed to promote better corporate governance. A comprehensive corporate governance policy framework is being implemented with effective reporting systems ensuring smooth business operations. Your Company also notified "Know Your Customer" (KYC) guidelines and "Fair Practice Code" (FPC) to improve Corporate Governance as per RBI requirements.

Future Outlook

As Your Company looks ahead the opportunities for growth exist within a marketplace whose horizons are ever expanding. To cater to the needs of this growing market, your Company is evolving new and innovative financial products and instruments. In a competitive market, however, raising additional resources at appropriate costs is likely to be the greatest challenge.

Another major challenge that needs the attention of policy planners is Renewable Policy Standard (RPS). For RPS to work we need to create market mechanisms so as to move from a tax-based incentive system, that exists today, to a more realistic and equitable generation based incentive system.

The increased interest shown by foreign investors in renewable energy is a manifestation of opportunities that exist within the Carbon Market. As CDM issues get ironed out the market opportunities for your Company is only bound to grow.

Acknowledgements

Just as the world continues to evolve, so too does the Board. Shri V. Subramanian made way for my role with the Company. As Chairman of the Board his background and experience have been a source of wisdom and insight. I would like to thank him on your behalf for his dedicated service and on a personal note. I wish to acknowledge his contribution and thank him for his unswerving support over the years. We shall miss him but shall continue to have his wise counsel as Secretary, Ministry of New and Renewable Energy.

I wish to also place on record the deep appreciation of the contribution made by Shri A.K. Rath, ex-officio part-time Director of the Board in the growth of your Company.

The Company is grateful to the Government of India, Ministry of New and Renewable Energy, Ministry of Finance, Planning Commission and other Ministries/Departments of the Government of India for their continued guidance, support and assistance. I am thankful to the World Bank, Swiss Development Co-operation, Global Environment Facility, Asian Development Bank, Danish International

Development Agency, Royal Government of Netherlands, KfW, Germany, the Japanese Bank of International Cooperation, Japan and other international financial institutions, agencies and investors for their cooperation, guidance and help. The Company looks forward to their continued support and encouragement.

I thank the clients and subscribers to the bonds for their continued confidence and trust reposed in the Company.

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

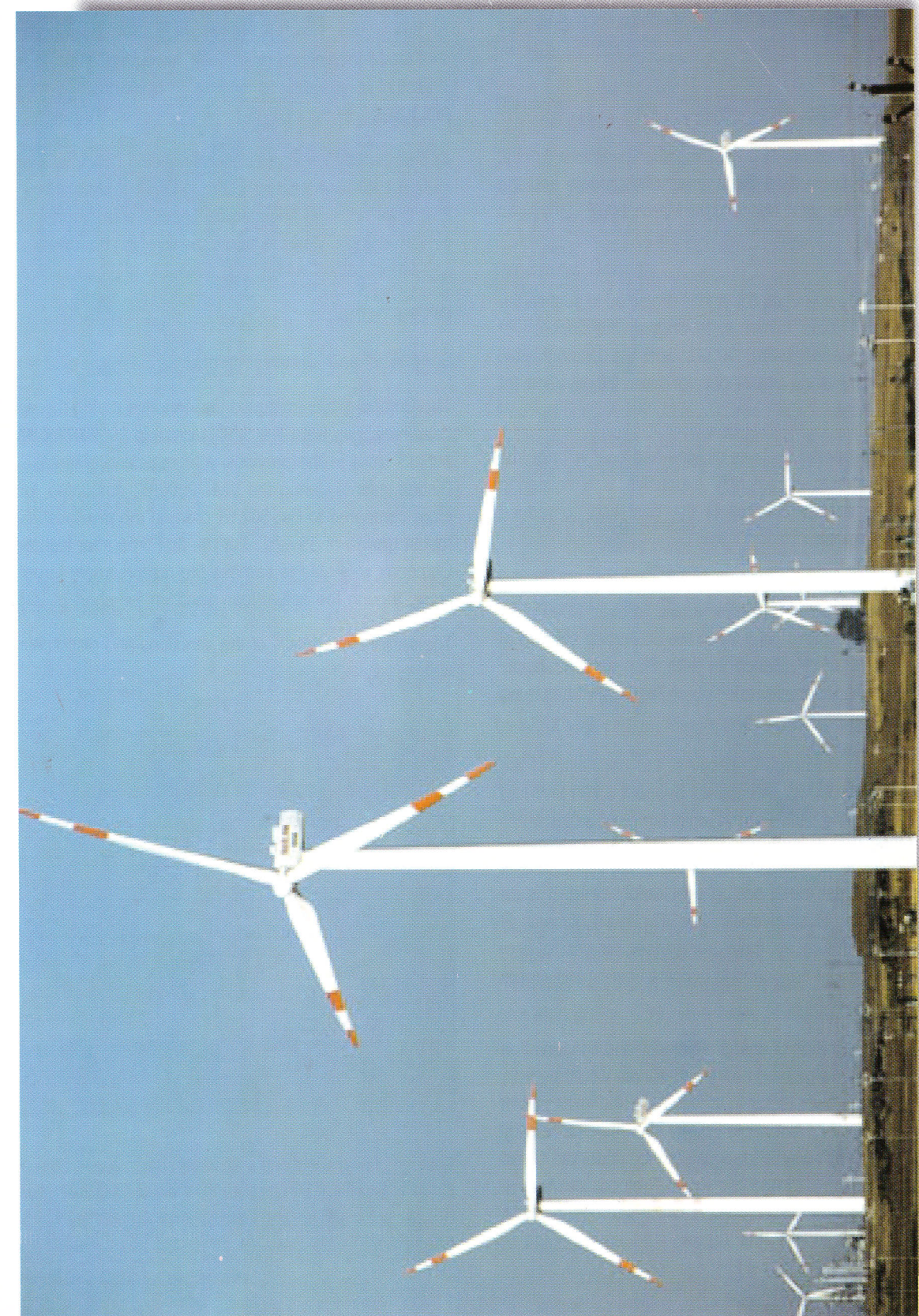
I also place on record my appreciation for the commitment, faith, loyalty, and excellent team work put in by the employees of the company at all levels.

May I now request that the Directors' Report, the Audited Balance Sheet, the Profit and Loss Account and Auditors' Report for the year ended 31st March, 2007, be adopted.

Thank you,

Debashish Majumdar
Chairman and Managing Director

New Delhi
Dated 6th October, 2007



IREDA financed Windfarm Project at Dhule, Maharashtra

Directors' Report

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited Statements of Accounts and the Auditors's Report for the year ended 31st March 2007.

ENERGY SCENARIO

India's economic growth averages 8% and is projected to sustain the momentum for many years to come, leveraging the success of economic reforms initiated during 1990's and the demographic advantage. Energy is one of the major inputs for economic development to maintain this growth.

Traditional energy resources such as oil, gas and coal will not last forever and are becoming increasingly expensive, and bolstering investment in clean energy sources is the best way to reduce greenhouse gas emissions.

The National Electricity Policy envisages "Power for all by 2012" and per capita availability to power to be increased to over 1,000 units by 2011-12. The total installed capacity in the country at the end of 10th Plan was 1,32,330 MW. Based on 10th Plan actual capacity addition of 21,180 MW, a capacity addition of 78,577 MW has been proposed during 11th Plan.

The installed Renewable Energy Capacity at the beginning of the 10th Plan was about 3500 MW. A capacity of about 6,750 MW had been achieved during the 10th Plan against target of 3,075 MW.

For sustainable development and energy security, the importance of renewable energy sources need not be over emphasized. It is an established and accepted fact that renewables will play an increasingly important role in the future as they are cleaner, easier to use, environmentally benign and are bound to become economically more viable with increased use.

It would be through integration of energy efficiency and conservation efforts with renewable energy programmes that India would be able to achieve its mandate "Power for all" in an equitable and environment friendly sustainable manner. Renewable Energy and Energy Efficiency Projects being intrinsically suitable for consideration under the Clean Development Mechanism (CDM) of the Kyoto Protocol also play a key role in the blossoming Carbon Markets which has opened up a fresh opportunity for investors in this sector.

POLICIES

As an annual exercise, existing financing policy was reviewed and certain improvements were brought out therein. New scheme for financing industrial cogeneration sector was introduced during the year. Keeping in view the requirements of the borrowers, the company has simplified and streamlined a number of procedures and systems.

OPERATIONS

Sanctions and Disbursements

The Company has improved performance during the year 2006-07. Loan sanctions were Rs. 588.51 crore in 2006-07 compared to Rs. 505.83 crore in the previous year registering increase of 16.35%. Disbursements during the year 2006-07 amounted to Rs. 410.87 crore compared to Rs. 302.51 crore in the previous year recording robust growth of 35.82%. For the first time after last four years the Company was able to surpass the disbursement target of Rs. 400 crore, though the actual loan sanction fell short of target by 6%.

The sector-wise details of the sanctions and disbursements are as under :

(Rs. in crore)

Sectors	Sanctions	Disbursements
Wind Power	266.19	258.19
Hydro Power	160.87	58.36
Co-generation	116.28	19.68
Biomass Power Generation	0.00	38.99
Energy Efficiency & Conservation	21.30	29.40
Biomass Gasification	1.68	1.25
Solar thermal	13.00	5.00
Waste to Energy	9.19	0.00
Total	588.51	410.87

The cumulative sanctions and disbursements as on 31st March 2007 stood at Rs. 8039.50 crore and Rs. 4429.46 crore respectively. The Cumulative State-wise and Sector-wise sanctions and disbursements are indicated in Annexure I to IV.

Capacity Addition

The loan sanctioned during the year 2006-07 will result in establishment of additional power generating capacity of about 259 MW. The sector-wise breakup of sanctioned capacity is indicated below :

Sectors	Capacity (MW)
Wind Power	148.55
Hydro Power	43.70
Cogeneration	55.00
Energy Efficiency & Conservation	8.00
Waste to Energy	3.66
Total	258.91

For the first time, your Company sanctioned 85.40 MW Wind Power project under co-financing arrangements with international agency Asian Development Bank.

FINANCIAL PERFORMANCE

Working Results

The overall performance for the year 2006-07 was satisfactory. The key parameters of performance in this regard are listed below:

(Rs. in crore)

	2005-06	2006-07
Gross Income	195.04	232.78
Profit before tax (including prior period adjustment)	35.82	95.17
Provision for Income Tax	17.60	27.70
Deferred Tax Credit/Debit	(-)13.55	31.45*
Profit available for appropriation (after adjustment of excess provisions made in earlier years, balance in Profit & Loss Account brought forward, transfer from Debenture Redemption Reserve, fringe Benefit Tax and interest paid to Income tax Debarment)	48.44	34.61
APPROPRIATIONS		
Special Reserves u/s 36(1) (viii) of Income Tax Act 1961	23.57	26.00
Proposed Dividend	6.25	7.00
Dividend Tax	0.87	1.19
General Reserve	17.75	0.00
Surplus carried to Balance Sheet	0.00	0.42

*Including Deferred Tax Debit for earlier year.

The Profit and Loss Account takes care of the RBI's prudential norms regarding income recognition, assets classification and provision as per RBI guidelines.

Dividend

Your Directors recommend a dividend of Rs. 7.00 crore for the financial year 2006-07, which is marginally higher than 20% of the Profit After tax.

Prudential Norms

Your Company is a Non-Banking Financial Company (NBFC), registered with Reserve Bank of India (RBI). As approved by MNRE, it 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.

Non-Performing Assets

During the year 2006-07, vigorous efforts for recovery of Non-Performing Assets (NPAs) were continued which resulted in recovery of Rs. 86.78 crores from these accounts. This includes recovery of Rs. 12.54 crores from the written off loans. However, the level of Net NPA increased marginally from 12.36% as on 31st March, 2006 to 12.52% as on 31st March, 2007. The increase in NPA was mainly on account of reduced/non realization of generation revenue by the borrower from respective SEB in Andhra Pradesh/Karnataka. Further, two projects have been downgraded to NPA due to delayed implementation of the projects in terms of RBI norms, though both were commissioned before 31st March, 2007.

The recovery from existing NPAs during the year not only enabled IREDA to reduce NPA provision to Rs. 0.60 crore for the year (Previous year Rs. 1.91 crore) but also enabled to make an adhoc provision of Rs. 6.50 crore towards standard assets.

As a measure to manage NPA assets, a restructuring package in respect of 25 drought hit Small Hydro Projects in Andhra Pradesh was sanctioned. This step had arrested the slippage of 9 standard accounts into NPA category and likely to result in up-gradation of 16 NPA projects as on 31st March, 2007 into standard category by 31st March, 2008 after satisfactory completion of one year watch period as per the prudential norms.



IREDA financed 7.50 MW Biomass Power Plant set up at Simga Village, Raipur District, Chhattisgarh.

Debt Equity Ratio & Net Worth

The Company's net borrowing stood at Rs. 1390.35 crore as on 31st March, 2007 against its net worth of Rs. 710.70 crore. Debt as ratio to net worth works out 1.96:1 which is well below 5:1 in terms of the Operational Policy Statement of the World Bank.

RESOURCE MOBILISATION

Share Capital

The Authorised as well as paid-up Share Capital of the Company was Rs. 400 crore as on 31st March, 2007.

The Government of India has accorded approval to increase the authorised share capital to Rs. 1000 crore for which necessary action for amendment in Memorandum & Articles of Association were initiated. During the year 2006-07, the Government of India released an amount of Rs. 40 crore towards equity contribution which has been kept as amount received towards equity contribution

pending allotment. For the financial year 2007-08 the Company has been allocated equity of Rs. 50 crore.

International Assistance

An amount of Rs. 31.71 crore equivalent of US \$7.00 million was availed under IBRD portion and Rs. 15 crores 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%. Out of this IDF amount, 25% has to be utilised for further disbursement for the development of worthy renewable energy projects, capacity building of the Company, training and seminar etc and the balance 75% can be utilised to meet forex risk and Government of India guarantee fee on KfW Line of Credit.



IREDA financed Solar Water Heating System under MNRE Interest Subsidy Scheme

Accordingly, your Company has maintained the IDF Memorandum Account, the details of which as on 31.3.2007 are as under :

(Rs. in lacs)

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 development projects particularly worthy of promotion and training etc.	75% of th amount to be utilised for Foreign Risk & GOI Exchange Guarantee Fee	Out of 25% portion	Out of 75% portion	(2-4)	(3-5)
1	2	3	4	5	6	7
3554.66	888.66	2666.00	888.66	2666.00	-	-

Credit Rating

Global rating agency Fitch Ratings India Pvt. Limited assigned a national long-term rating 'A+(ind)' to the Rs. 100 crore non-convertible debenture of IREDA. The outlook on the rating 'A+(ind)' is stable.



IREDA financed Wind Power Project set up at Coimbatore, Tamilnadu

PROMOTIONAL EFFORTS

Business Meets

The Company continued to sponsor Seminars, Workshops, and Business Meets to promote renewable energy technologies. During the year, it supported a total of 53 programmes in different parts of the country. The sector-wise break-up of the promotional programmes is given below :

Sector	No. of Programmes
Wind Energy	05
Hydro Energy	04
Energy Efficiency	10
Bio-Energy & Cogeneration	07
Solar Energy	04
Women Development	02
Renewable Energy (General)	08
Others (Like Environment, Sustainable development, Power etc.)	13
Total	53

Dissemination of Information

The Company has been making concerted efforts in creating awareness about the renewable energy technologies/energy

conservation and their potential benefits. Brochures on various schemes were printed for distribution to the entrepreneurs and users. 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.

Other Developmental Activities

The Company has undertaken various programmes for business development. These include Market Awareness and Outreach, Creative Market Development Initiative, Energy Efficiency Capacity Building Initiative etc.

Development of Rural/Backward Areas

During the year under report, 27 projects with loan assistance of Rs. 543 crore were sanctioned in rural/backward areas. The loan amount sanctioned for these areas constituted around 92% of the total sanctions during the year.

Development of NER & Newly Created States

The Company gives concessions in its lending terms and conditions for setting up projects in North Eastern region, Sikkim, Jharkhand, Chhattisgarh and Uttarakhand. Loan of Rs. 115.43 crore was sanctioned for setting up small hydro power projects with a capacity of 30 MW in Uttarakhand. The Company sponsored one promotional

programme on "US Hydropower Council for International Development-Roundtable Consultation" in Dehradun (Uttarakhand).

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 two programmes exclusively for women, namely "National Seminar on RE Technology: A Path to Rural Women's Energy Security & Empowerment" and "Fourth International Training Course on Role of RE in Energy Planning and Expanding Livelihood Options".

Programmes Entrusted by MNRE

The Company continued to implement the various schemes entrusted to it by the MNRE. Moreover MNRE made your Company as fund manager for its various interest subsidy schemes.

JOINT SECTOR COMPANY

M/s M.P. Windfarms Limited (MPWL) 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 MPWL stood at Rs. 70 lakh, including your Company's initial subscription of Rs. 12 lakh and bonus share of Rs. 4.80 lakh, against the authorized share capital of Rs. 100 lakh.

MPWL took up the work of development of 15 MW WEGs project at Nagda hills near Dewas in Madhya Pradesh and commissioned 4 WEGs each of 600 kW during the year 2006-07. Balance 21 WEGs



IREDA financed Windfarm Project at Dewas, Madhya Pradesh

shall be installed during 2007-08. The consultancy assignment from Oil and Natural Gas Company Ltd. (ONGC) for 50 MW wind farm project in Gujarat is in progress. MPWL is in the process of identifying new sites for development of wind farms in Betul District of MP.

NETWORKING ARRANGEMENTS

IREDA has been networking with various technical and professional organisations through a scheme of Business Development Associates (BDA) for generating more business. As on 31st March, 2007, total number of BDAs stood at 53 comprising 16 Technical Consultancy Organisations, 12 State Nodal Agencies, 2 Local Productivity Councils, 15 Private Sector Enterprises and 8 NGOs and Technical Institutions.

PLANNING, MONITORING AND EVALUATION

Planning

IREDA has drawn up its 11th Plan proposals (2007-12), envisaging ambitious targets for lending operations in line with the national programme. It proposes to sanction loan of Rs. 8145 crore and to disburse Rs 5700 crore during 11th Plan period. With the financial assistance from IREDA, a capacity of 1750 MW is targeted to be added during the same period.

Memorandum of Understanding

The Company's performance in achieving the MoU targets fixed for the year 2006-07 is likely to be rated as "Very Good". The Company has also signed a MoU with the Government for the year 2007-08 which, among others, stipulates loan sanction target of Rs. 714 crores and disbursement target of Rs. 550 crore.

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

The Company tuned its HR policy to meet its corporate objectives. A new Policy on Training & Development for all the employees and a scheme of Study Tour of the non-technical employees to the projects sites to get a first hand knowledge were implemented during the year. In-house training programme on environmental/social appraisal and procurement procedures applicable to the World Bank funded projects was organized for the benefit of projects officers. The officials at various level were nominated to attend the professional training courses and Seminars/Workshops and management &

personality development programmes on specialized topics in the reputed institutions both in India and abroad so as to keep them abreast with latest developments in their respective fields.

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

INSTITUTIONAL DEVELOPMENT

The Company has upgraded IT infrastructure. Action for implementing Intranet facility has been initiated in order to have faster responses and improved productivity of employees.

IREDA has mooted proposals for formation of Joint Venture to take up micro financing activities and setting up Special Purpose Vehicle (SPV) to develop specific SEZ for RE sector for which it has obtained in principle approval of its Board.

New Office Space

The Company has purchased office space admeasuring 1813.75 square meters at August Kranti Bhavan, Bhikaji Cama Place, New

Delhi from Housing & Urban Development Corporation Ltd. Action for setting up infrastructure for the office has been initiated. It is likely that entire office will be shifted to new building in next year.

ECOLOGY & ENVIRONMENT

The Company has been promoting the spread of eco-friendly renewable energy technologies, which have a benign impact on environment besides reducing pollution. The projects of 124.85 MW commissioned during the year will result in annual saving of 0.12 million tons of oil equivalent (MTOE) and abatement of 0.4 million tons of carbon di oxide.

RIGHT TO INFORMATION ACT, 2005

The Company has implemented the provisions of Right to Information Act, 2005 and designated its 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.



IREDA financed 6 MW_{th} Gasifier for Thermal Application Project at Village Aswathapuram, Kurnool, Andhra Pradesh.



View of Gasifier Reactor of 6 MW_{th} Gasifier

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 Sscheduled Castes/Scheduled Tribes/Other Backward Communities have also been nominated to cater the interests of these categories.

OFFICIAL LANGUAGE IMPLEMENTATION

The Company continued its efforts in the implementation of Official Language policy of the Government of India. Due to its continuous efforts, level of correspondence in Hindi increased to 76.71% as compared to 75.01% at the end of previous year. During the year, officials from MNRE conducted inspection on the use of official language in IREDA and appreciated the efforts made in this regard.

IREDA has been awarded "Third Prize of Indira Gandhi Official Language Awards" by the Department of Official Language, Ministry of Home Affairs, Government of India during the year 2006 for the Financial Year 2004-05 amongst "A" category of PSUs for performance in the field of Official Language Hindi.

Quarterly meetings of the Rajbhasa Karyanvayan Samiti were held to review and make suggestions for accelerated use of Hindi and implementation of the provisions of the Official Language Act. The Company organized Hindi Diwas and Hindi Pakhwara with a view to propagating the progressive use of Hindi. On this occasion, Hon'ble Member of Parliament and Member of the Parliamentary Committee on the Official Language, Shri Jai Prakash had graced the function as its Chief Guest. An exhibition was also displayed for which all the officials of MNRE including the Hon'ble Chief Guest had appreciated the propagation and use of Official Language in IREDA.

AUDITORS & INSPECTIONS OF ACCOUNTS

Statutory Auditors

M/s SC Vasudeva & 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 2006-07.

Audit Review

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



Release of 'IREDA's Calendar 2007' by Hon'ble Chief Guest Shri Jai Prakash, Member of Parliament and Coordinator of Sub-Committee of Parliamentary Official Language on Hindi Diwas, 2006.

Internal Audit & Legal Audit

M/s Ravi Rajan & Co., Chartered Accountants, Delhi were appointed your Company's Internal auditors for the financial year 2006-07 and the Audit Reports and Action Taken Report were submitted to the Audit Committee for review. M/s Bhasin & Co., Advocates were appointed Legal Auditors for the year 2006-07.

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. 2853.07 lakh and the outflow was Rs. 2686.80 lakh.

PERSONNEL AND INDUSTRIAL RELATIONS

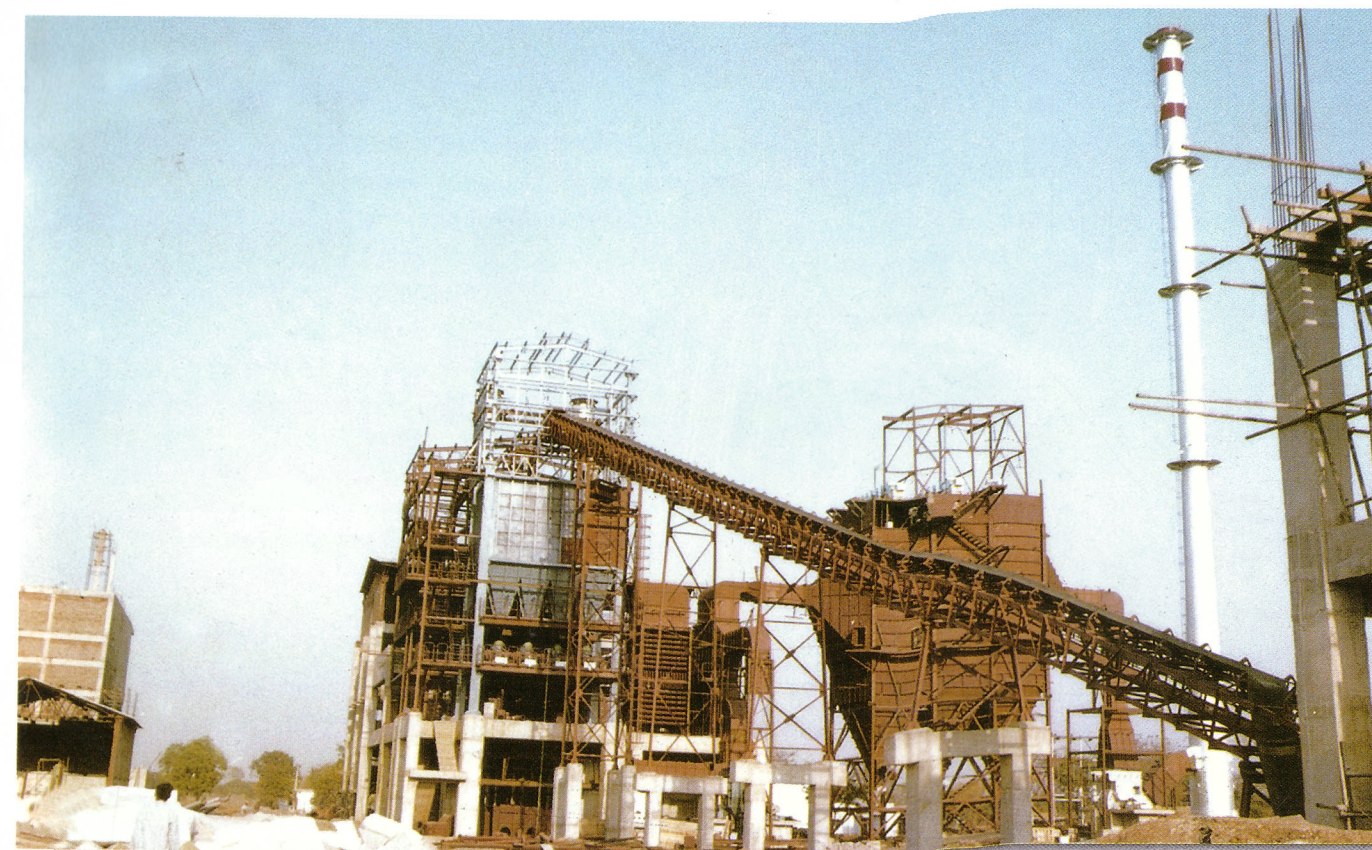
Personnel relations continued to be extremely cordial and harmonious during the year. The grievances of the employees, if any, were redressed through dialogues/discussions by the Director (Grievance).

CUSTOMER RELATIONS

The Company 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.

FAIR PRACTICES CODE (FPC) AND GRIEVANCE REDRESSAL MECHANISM (GRM)

In accordance with broad guidelines prescribed by RBI for NBFC, your Company has framed guidelines on Fair Practice Code in dealing with borrowers. This was approved by the Board of Directors and hosted on website. As required under the Fair Practices Code, the Guidelines on Grievance Redressal Mechanism (GRM) have been prepared to deal with the customers with the main objective for timely settlement of their grievance. The fair practices code and GRM were approved by the Board of Directors and hosted on website for information of public.



IREDA financed 7.5 MW Biomass Power Project set up at District Rajnandgaon, Chhattisgarh

KNOW YOUR CUSTOMER (KYC) POLICY AND ANTI MONEY LAUNDERING (AML) STANDARDS

Based on the guidelines issued by Department of Banking Operations and Development of Reserve Bank of India, your Company has formulated policy on KYC and AML measures. The objective of the KYC is to prevent IREDA being used intentionally or unintentionally by criminal elements for money laundering activities and to understand the customer better and manage risks prudently. These guidelines were also approved by the Board and hosted on the website.

VIGILANCE

Vigilance Department functioned as an effective tool of positive management by streamlining and improving the systems and procedures with emphasis on preventive vigilance. Suggestions/guidelines of Central Vigilance Commission (CVC) on "Tenders" and "Complaints" have been compiled for information and guidance of employees. In-house training programmes were conducted to create awareness among the staff members. As per the standing instructions, periodic returns/record note of periodic reviews were sent to Central

Vigilance Commission (CVC)/Department of Personnel & Training (DOPT)/Department of Public Enterprises (DPE)/Ministry of New and Renewable Energy (MNRE). In pursuance of the directives of CVC, Vigilance Awareness Week was observed during 6th November to 10th November, 2006 in which Debate/Cartoon and Slogan/Essay competitions on vigilance related topics were organized with objective to create an ethical growth of the Company.

CORPORATE GOVERNANCE

Your Company is committed to follow best practice of principles of good corporate governance. The Board lays strong emphasis on transparency, professionalism, accountability and integrity.

BOARD OF DIRECTORS

The Board consists of 4 Directors viz. 2 Government Directors and 2 Functional Directors. During the year 2006-07, 5 meetings of the Board were held on 12.5.06, 19.7.06, 4.10.06, 9.3.07 and 23.3.07 to transact the business of the Company. The decisions taken by the Audit Committee were reported to the Board of Directors in their



A view of oath ceremony during the Vigilance Awareness Week

subsequent meetings. The attendance of each Director in the meeting is as under :

Composition of Board	No. of Meetings held during the tenure of the Director	Meetings attended
Shri V Subramanian Chairman, IREDA & Secretary, MNRE	05	05
Shri A.K. Rath Director, IREDA & Special Secretary & Financial Adviser, MNRE	05	03
Shri Debashish Majumdar Director (Technical) & Managing Director IREDA	05	05
Shri S.P. Reddi Director (Finance) IREDA	05	05

The 19th AGM of the Company was held on 31.10.06. All the Directors attended the AGM.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS DURING 2007-08

- Shri Debashish Majumdar, Director (Technical) & Officiating Managing Director, IREDA took over charge as Chairman and Managing Director of Indian Renewable Energy Development Agency Ltd. (IREDA) with effect from 27th June, 2007 (F/N) in terms of Office Order No. 1/8/2003-IREDA/Admn.-1 dated 26.06.2007 of Government of India in the Ministry of New and Renewable Energy (MNRE). Accordingly, Shri V. Subramanian, Secretary, MNRE relinquished his charge as Chairman, IREDA w.e.f. 26.06.2007.
- Shri A.K. Rath, Special Secretary & Financial Adviser, Ministry of New and Renewable Energy relinquished his charge as Director, IREDA w.e.f. 31.07.2007.
- Shri K.P. Sukumaran, Adviser, Ministry of New and Renewable Energy appointed as ex-officio part-time Director on the Board of Directors of IREDA as per MNRE's letter No. 1/19/95-IREDA dated 31st July, 2007.
- Shri Hari Kumar, Director (Finance), Ministry of New and Renewable Energy appointed as ex-officio part-time Director on

the Board of Directors of IREDA as per MNRE's letter No. 1/19/95-IREDA dated 31st July, 2007.

AUDIT COMMITTEE

In terms of provisions of the Companies Act 1956, the Board has constituted Audit Committee. As per the terms of reference, the Audit Committee during the year 2006-07 took up the matters relating to appointment of Internal Auditors, review of their reports and action taken thereon, review of half yearly/yearly financial statements and other financial policies etc. The composition of Audit Committee and the meetings attended by members are as under :

Composition of Audit Committee	Designation	No. of Meetings attended during 2006-07
Shri V Subramanian Chairman, IREDA & Secretary, MNRE	Chairman	02
Shri A.K. Rath Director, IREDA & Special Secretary & Financial Adviser, MNRE	Member	02
Shri Debashish Majumdar Managing Director & Director (Technical), IREDA	Member	02

The decisions taken by the Audit Committee were reported to the Board of Directors in their subsequent meetings.

GENERAL BODY MEETINGS

Date, Time and Location of the last three AGMs are as under :

AGM	Date	Time	Location
17th	31.12.2004	04.00 PM	New Delhi
18th	23.11.2005	11.00 AM	New Delhi
19th	31.10.2006	11.30 AM	New Delhi

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm:

- that in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

- that they have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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.

ACKNOWLEDGMENTS

The Board of Directors placed on record their deep appreciation of valuable contribution made and the guidance provided by Sh. V. Subramanian, the outgoing Chairman and Sh. A.K. Rath, the outgoing ex-officio part-time Director in the growth of your Company.

The Board of Directors place on record their appreciation of the continued cooperation and support provided by the Ministry of New and Renewable Energy, the Ministry of Finance, the Planning Commission and other Ministries/Departments of the Government of India. The Company is thankful to the World Bank, Swiss Development Co-operation, Global Environment Facility, Asian Development Bank, Danish International Development Agency, Royal Government of the

Netherlands, KfW, Germany, the Japanese Bank of International Cooperation, Japan and other international financial institutions, agencies and investors for their cooperation, 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.

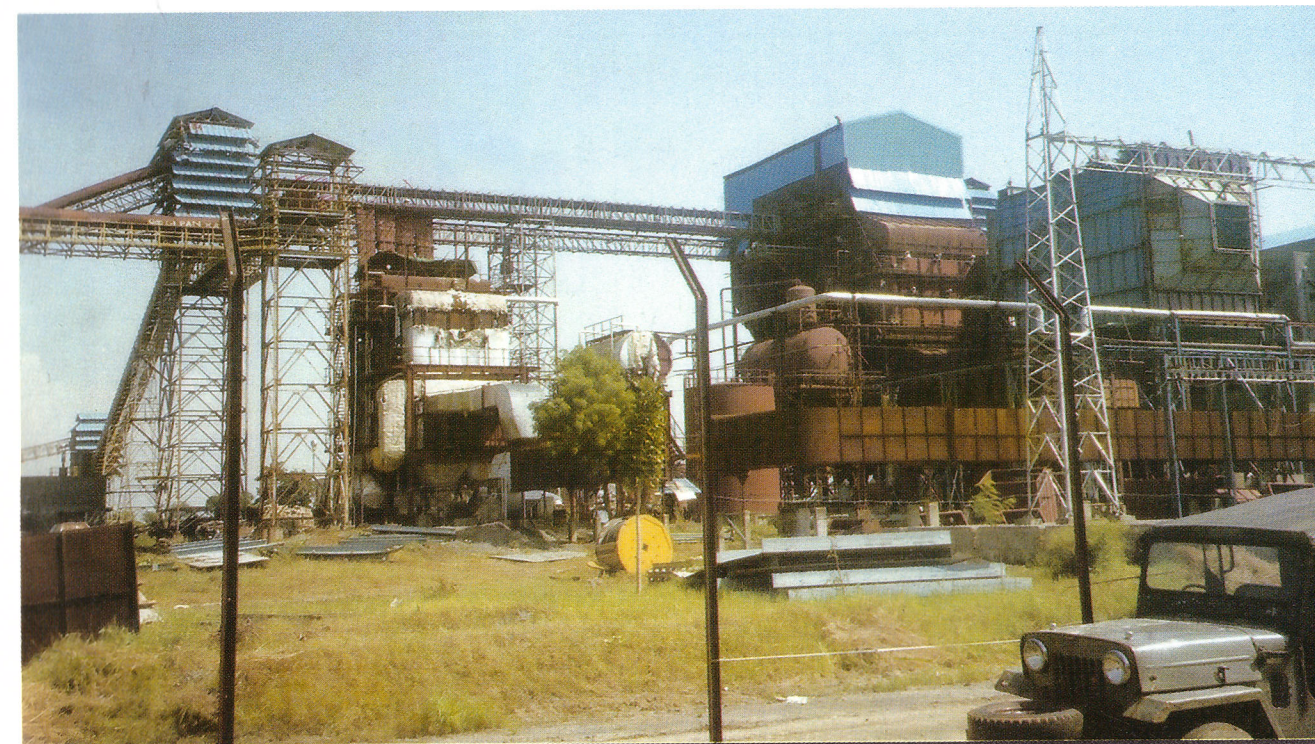
The Board of Directors conveys their appreciation to the employees of the Company at all levels for their individual and collective valuable contribution towards the Company's performance.

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 06.10.2007

(DEBASHISH MAJUMDAR)
Chairman & Managing Director



IREDA financed 22 MW Co-generation Project set up at Nagpur District, Maharashtra



IREDA financed 8 MW Waste Heat Recovery Captive Power Plant at Siltara Industrial Area, Raipur, Chhattisgarh

ANNEXURE - I

(Rs. in Crore)

STATEWISE SANCTIONS DURING LAST FIVE YEARS

Sl.No.	Name of State/ Union Territory	2002-03		2003-04		2004-05		2005-06		2006-07		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	4	2.89	2	18.40	3	77.05	3	12.87	2	10.87	248	1,292.94
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*	0	0.00	0	0.00	2	34.65	1	24.64	0	0.00	5	60.47
5	Gujarat	3	14.18	0	0.00	2	4.75	0	0.00	2	11.44	88	174.62
6	Goa	0	0.00	0	0.00	0	0.00	1	0.13	0	0.00	8	0.62
7	Haryana	0	0.00	0	0.00	0	0.00	1	6.00	0	0.00	21	28.18
8	Himachal Pradesh	2	69.92	4	35.28	7	93.19	1	17.30	2	13.42	35	367.98
9	Jammu & Kashmir	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	0.67
10	Jharkhand*	1	0.07	0	0.00	0	0.00	0	0.00	0	0.00	2	0.33
11	Karnataka	21	379.10	9	103.66	11	135.72	7	118.78	6	89.60	247	1,914.18
12	Kerala	2	0.16	0	0.00	0	0.00	0	0.00	0	0.00	31	125.11
13	Madhya Pradesh	0	0.00	1	5.32	0	0.00	1	20.00	1	16.07	72	213.05
14	Maharashtra	15	46.48	7	70.61	8	54.82	19	139.52	9	215.31	321	1,383.01
15	Manipur	0	0.00	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	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.82
18	National Capital Territory of Delhi	3	0.97	0	0.00	0	0.00	0	0.00	0	0.00	60	46.63
19	Orissa	1	60.00	0	0.00	0	0.00	0	0.00	0	0.00	10	165.68
20	Punjab	0	0.00	5	32.67	0	0.00	1	40.00	1	32.02	31	83.32
21	Rajasthan	4	15.13	11	72.63	5	23.14	3	42.48	2	2.05	65	216.29
22	Tamil Nadu	7	24.50	5	45.75	11	87.97	6	32.61	5	21.32	407	1,196.49
23	Uttar Pradesh	0	0.00	0	0.00	1	11.41	1	0.94	1	60.98	79	345.47
24	Uttarakhand*	0	0.00	0	0.00	5	41.34	0	0.00	2	115.43	8	158.99
25	West Bengal	3	20.56	2	39.25	1	33.84	1	50.56	0	0.00	55	241.84
	TOTAL "A"	66	633.96	46	423.57	56	599.73	46	505.83	33	588.51	1,811	8,029.88
B.	UNION TERRITORY												
1	Andaman Nicobar	0	0.00	0	0.00	0	0.00	0	0.00	0	0	1	0.11
2	Daman	0	0.00	0	0.00	0	0.00	0	0.00	0	0	2	8.13
3	Pondicherry	0	0.00	0	0.00	0	0.00	0	0.00	0	0	2	1.38
	TOTAL "B"	0	0.00	0	0.00	0	0.00	0	0.00	0	0	5	9.62
	TOTAL "A" + "B"	66	633.96	46	423.57	56	599.73	46	505.83	33	588.51	1816	8039.50

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



IREDA financed Windfarm Project at Dewas, Madhya Pradesh

SECTORWISE SANCTIONS DURING LAST FIVE YEARS

(Rs. in Crore)

Sl. No.	Sectors	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative since 1987
1	Wind Energy	159.84	121.05	204.25	261.41	266.19	2814.26
2	Small Hydro	281.52	122.00	176.73	17.30	160.87	1868.93
3	Biomass Cogeneration	76.71	58.56	77.46	0.00	116.28	1251.27
4	Biomass Power Generation	51.01	58.29	32.20	89.30	0.00	706.64
5	Energy Efficiency & Conservation	17.20	45.03	96.73	123.32	21.30	479.48
6	Solar Photovoltaics	18.75	2.96	0.00	0.00	0.00	585.95
7	Solar Thermal	13.35	11.43	12.36	7.00	13.00	137.11
8	Waste to Energy	2.32	0.00	0.00	0.00	9.19	58.33
9	Biomass Briquetting	0.00	0.00	0.00	0.00	0.00	19.47
10	Biomass Gasification	0.00	0.00	0.00	0.00	1.68	12.43
11	Biomethanation from Industrial Effluents	0.00	0.00	0.00	0.00	0.00	72.47
12	Biogas (Small Scale)	0.00	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	13.26	4.25	0.00	7.50	0.00	31.48
	Total	633.96	423.57	599.73	505.83	588.51	8039.50



IREDA financed 1 MW SAHOKE Small Hydro Project set up in Sangrur District, Punjab



IREDA financed 2.7 MW Babehalli Small Hydro Project set up in Gurdaspur District, Punjab.

STATEWISE DISBURSEMENT DURING LAST FIVE YEARS

ANNEXURE - III

Sl. No.	Name of State/ Union Territory	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative since 1987
(Rs. in Crore)							
A.	STATES						
1	Andhra Pradesh	115.81	41.92	26.00	37.49	6.01	962.96
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	35.72	21.56	61.92
5	Goa	0.09	0.00	0.00	0.00	0.00	0.09
6	Gujarat	0.94	2.08	3.16	0.00	3.99	132.506
7	Haryana	0.02	0.00	0.00	0.40	0.00	4.60
8	Himachal Pradesh	22.23	32.68	20.49	27.30	37.74	157.24
9	Jammu & Kashmir	0.00	0.00	0.00	0.00	0.00	0.00
10	Jharkhand *	0.05	0.00	0.00	0.00	0.00	0.05
11	Karnataka	68.31	151.11	118.14	115.87	86.69	971.68
12	Kerala	0.14	0.07	0.00	0.00	0.00	44.43
13	Madhya Pradesh	2.59	9.25	3.11	0.65	0.87	117.187
14	Maharashtra	47.66	42.11	12.35	26.04	162.45	716.63
15	National Capital Territory of Delhi	1.83	0.20	0.14	0.00	0.00	12.55
16	Nagaland	0.00	0.00	0.54	0.04	0.07	0.65
17	Orissa	0.00	0.18	14.95	28.37	31.75	106.03
18	Punjab	20.44	3.22	33.68	4.13	0.51	80.51
19	Rajasthan	13.75	44.39	34.55	2.34	41.14	151.7
20	Tamilnadu	40.09	13.56	18.95	20.19	17.15	762.75
21	Uttar Pradesh	5.48	0.00	0.00	0.44	0.40	90.83
22	Uttarakhand*	1.41	0.00	1.08	0.00	0.00	2.49
23	West Bengal	5.08	2.51	2.84	3.53	0.54	49.204
	TOTAL 'A'	345.92	343.28	289.98	302.51	410.87	4426.84
B.	UNION TERRITORY						
1	Andaman Nicobar	0.00	0.00	0.00	0.00	0	0.00
2	Daman	0.00	0.00	0.00	0.00	0	1.49
3	Chandigarh	0.00	0.00	0.00	0.00	0	0.00
4	Pondicherry	0.00	0.00	0.00	0.00	0	1.13
	TOTAL 'B'	0.00	0.00	0.00	0.00	0	2.62
	GRAND TOTAL A+B	345.92	343.28	289.98	302.51	410.87	4429.46

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

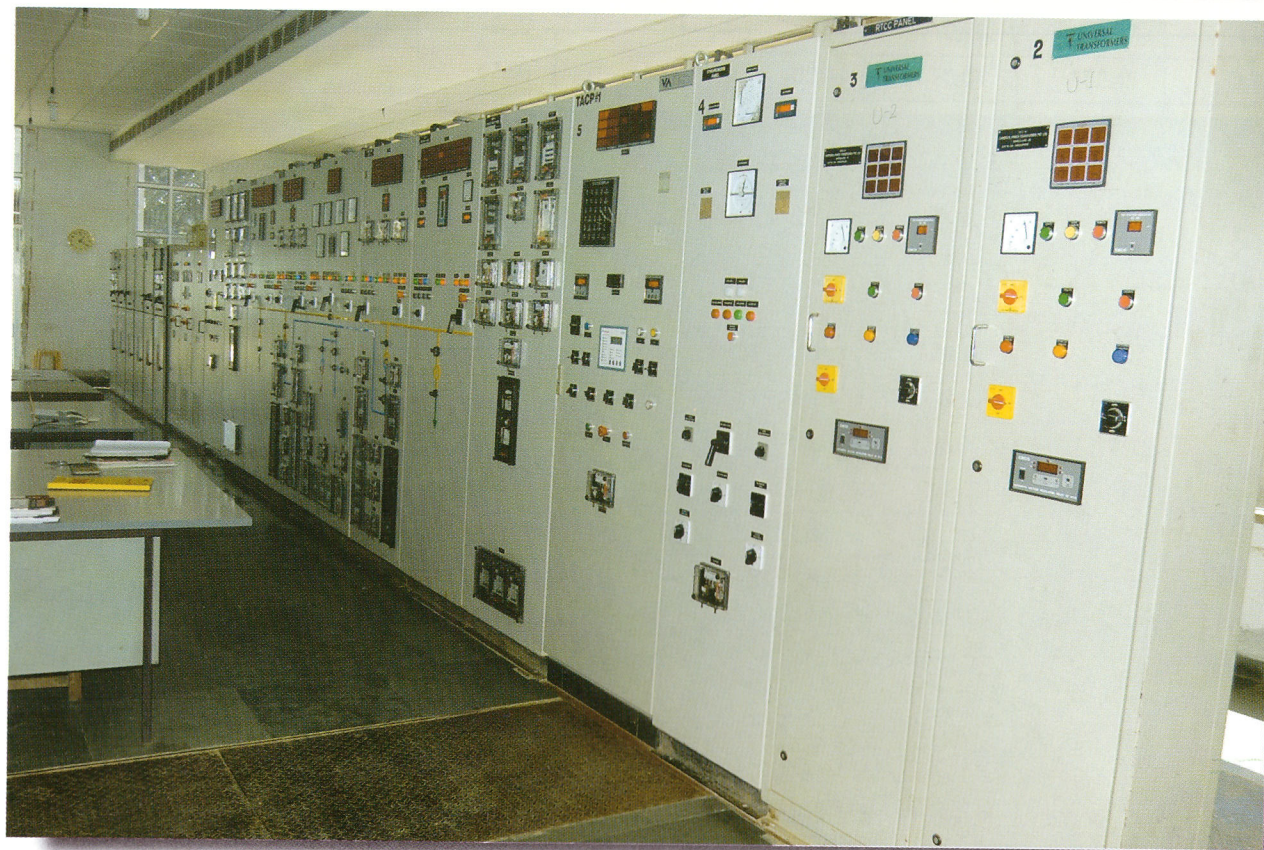
SECTORWISE DISBURSEMENT DURING LAST FIVE YEARS

ANNEXURE - IV

Sl. No.	Sectors	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative since 1987
(Rs. in Crore)							
1	Wind Energy	45.39	93.37	102.47	134.82	258.19	1760.49
2	Small Hydro	65.92	79.52	90.04	64.73	58.36	797.36
3	Biomass Cogeneration	90.55	86.03	26.57	18.44	19.68	711.29
4	Biomass Power Generation	68.08	52.69	45.67	36.74	38.99	513.47
5	Energy Efficiency & Conservation	4.91	5.30	0.65	41.44	29.40	157.42
6	Solar Photovoltaics	35.35	6.97	5.57	0.11	0.00	288.26
7	Solar Thermal	10.92	7.87	17.25	5.93	5.00	85.62
8	Waste to Energy	24.43	9.52	1.64	0.30	0.00	39.60
9	Biomethanation from Industrial Effluents	0.00	0.00	0.00	0.00	0.00	57.60
10	Biomass Briquetting	0.22	0.07	0.00	0.00	0.00	9.99
11	Biomass Gasification	0.00	0.00	0.00	0.00	1.25	5.12
12	Miscellaneous	0.15	1.94	0.12	0.00	0.00	3.24
	Total	345.92	343.28	289.98	302.51	410.87	4429.46



IREDA financed Windfarm Project at Jaisalmer, Rajasthan



IREDA financed 2.7 MW Babehalli Small Hydro Project set up in Gurdaspur District, Punjab

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, 2007

(As conveyed vide letter No.MAB-II/CAD-I/15-8/2007-2008/638 dated 27th September, 2007 by the Office of the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi).

The preparation of financial statements of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 August, 2007.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Sl. No.	Comments	Management's Reply
A.	Comments on Profitability Loans and Advances (Schedule-H) Loan to Constituents IREDA – Rs. 190088.18 lakh A reference is invited to Comment No. 3 of the Comptroller and Auditor General of India for the year 2005-06 which indicated that as per RBI directions, the account of M/s G. K. Bio Energy Limited was to be classified as a sub standard asset during 2005-06. As per RBI directions (November, 2004), an asset is to be classified as doubtful asset if it remained in the sub standard category for 12 months. As of March, 2007, the account of M/s G. K. Bio Energy was, therefore, required to be classified as doubtful asset requiring 20	The project of M/s G K Bio Energy Pvt. Ltd. was sanctioned by IREDA as a demonstration project being first of its kind in the Waste to Energy sector in which Ministry of New and Renewable Energy (MNRE) has extended assistance by way of capital subsidy. The MNRE has constituted a Project Monitoring Committee which envisaged the commissioning by 15th December, 2003 and in terms of Reserve Bank of India (RBI) directions February, 2002, the project should have been commissioned on or before 15th December, 2005. The commissioning of the 1st phase i.e. 1 MW was complete on 3rd March, 2005 and the 2nd phase of 0.50 MW was commissioned on 30th November, 2005 which was within the above stipulated period. Accordingly, the account was treated as standard asset in the financial year 2005-06. During the year 2006-07, the company could not meet the schedule of payment in terms of prudential norms and therefore the account has to be classified as sub standard as on 31st

per cent provision as against 10 per cent provision made by the Company by treating it only as a sub-standard asset. Hence, the provision for Bad and Doubtful Debts is understated and profit for the year overstated by Rs. 89.10 lakh.

March, 2007. Since the account has been classified as sub standard, for the first time as on 31st March, 2007, provision equivalent to 10% of the loan outstanding has been made in terms of prudential norms. Therefore, there is no understatement of provision for bad and doubtful debts and overstatement of profit by Rs.89.10 lakh.

In addition to the above, IREDA has made an adhoc provision of Rs.6.50 crore for the year 2006-07 to meet any eventuality.

For and on behalf of the
Board of Directors

(Saroj Punhani)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II
New Delhi

(Debashish Majumdar)
Chairman and Managing Director

Place : New Delhi
Date : 27th September, 2007



Inside view of IREDA financed 3 MW Lodhama Small Hydro Project set up in Darjeeling District, West Bengal

**Management Reply to Statutory Audit Report [Required under Section 217(3) of the Companies Act, 1956]
for the financial year 2006-07**

Sl. No.	Auditors' Report	Management Reply
(d) of Auditors' Report	As stated in Note No. 18 of Schedule 'P' to the financial statements, deferred tax liability amounting to Rs.14,54,57,000 up to financial year 2001-02 arising as a result of deduction claimed in respect of special reserve under section 36(1)(viii) of Income-tax Act 1961 has been adjusted directly with the figure of General Reserve. This is contrary to the transitional provision contained in Accounting Standard (AS)-22 on "Accounting for Taxes on Income" as issued by Institute of Chartered Accountants of India. As per said standard, the aforesaid amount should have been charged to the statement of profit and loss. Had the treatment prescribed by the said standard been followed, the profit after tax would have been Rs.20,05,46,232 as against the reported figure of Rs.34,60,03,232 and the figure of General Reserve would have been Rs.37,87,71,655 as against the reported figure of Rs.23,33,14,655.	The deferred tax assets/liabilities have been accounted for in terms of the Accounting Standard -22 (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI) since the year it became applicable to the company. In terms of the transitional provisions of AS-22, the accumulated deferred tax assets for the period prior to the adoption of this standard was credited to General Reserve. The company is availing tax rebate u/s 36(1)(viii) of the Income Tax Act, 1961 by appropriating upto 40% of the taxable profit to Special Reserve A/c. Since the company does not see any possibility of withdrawing this Special Reserve in future, it had not created deferred tax liability on the Special Reserve by treating it as a permanent difference. On reconsideration, in compliance of the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India in terms of AS-22, the company has accounted for the deferred tax liability on Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, during the year 2006-07 for the first time. In terms of the transitional provisions of the said standard, the deferred tax liability of Rs.1454.57 lakhs on Special Reserve upto the financial year 2001-02 has been adjusted with General Reserve. The deferred tax liability of Rs.2673.55 lakhs for the financial years from 2002-03 to 2005-06 has been charged to the Profit & Loss A/c under the head 'Deferred Tax – Earlier year' and the liability for the financial year 2006-07 amounting to Rs.470.55 lakhs has been charged to the Profit & Loss Account which is in order.

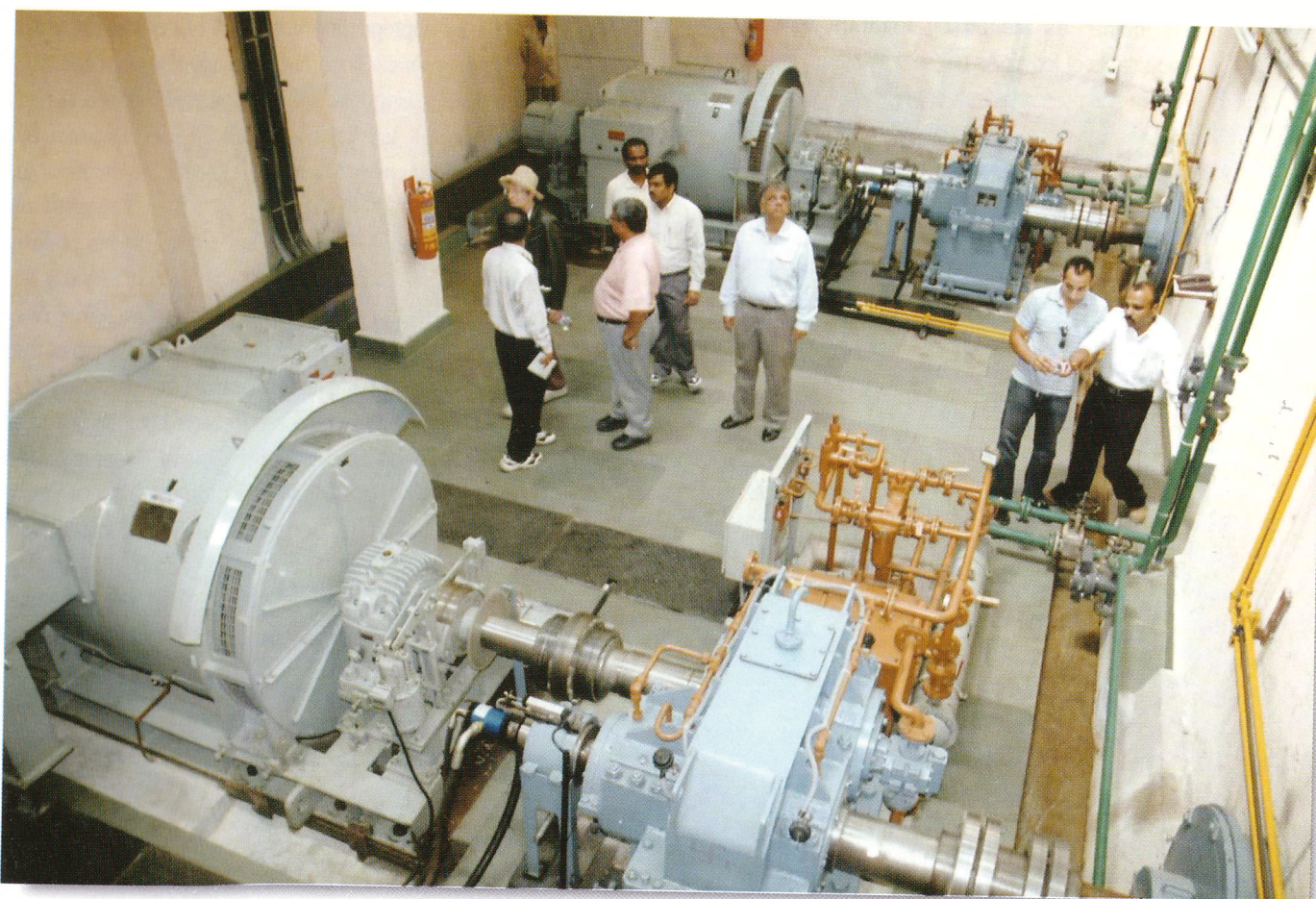
(i) of
Annexure
to Auditor's
Report

(a) According to the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company has not updated the Fixed Assets Register so as to include various particulars for the year ended 31st March, 2007.

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year and we are informed that no discrepancies were noticed on such physical verification. In absence of the updation of the Register as mentioned in (a) above, we are unable to comment on the discrepancy / discrepancies, if any. In our opinion, frequency of physical verification of fixed assets is reasonable.

Upto 31st March, 2006 the Fixed Assets Register was maintained manually. In order to computerize and maintain the Fixed Assets Register electronically, IREDA has purchased a software called 'Fixed Asset Management Software' and the data as on 31st March, 2006 was uploaded. The discrepancies pointed out by the Auditors are being examined to rectify the same.

Fixed assets as on 31st March, 2007 has been verified by a team consisting of officials from Finance, Administration and Technical Departments. As per the Fixed Assets Verification Report and manual register of Fixed Assets maintained in Management Services Department, there is no discrepancy in the Fixed Assets.



View of Power House of IREDA financed 2.2 MW Birsinghpur Small Hydro Project in Madhya Pradesh.

Auditors' Report

To the Members of
**INDIAN RENEWABLE ENERGY
DEVELOPMENT AGENCY LIMITED**

We have audited the attached Balance Sheet of **Indian Renewable Energy Development Agency Limited**, as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.

Further to our comments in the annexure referred to above, we report that: -

- we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion, proper books of account, as required by law have been kept by the Company so far, as appears from our examination of the books;
- the Balance Sheet, Profit and Loss Account and Cash Flow Statement are in agreement with the books of account;
- As stated in Note No. 18 of Schedule 'P' to the financial statements, deferred tax liability amounting to Rs.14,54,57,000 up to financial year 2001-02 arising as a result of deduction claimed in respect of special reserve

under section 36(1)(viii) of Income-tax Act 1961 has been adjusted directly with the figure of General Reserve. This is contrary to the transitional provision contained in Accounting Standard (AS)-22 on "Accounting for Taxes on Income" as issued by Institute of Chartered Accountants of India. As per said standard, the aforesaid amount should have been charged to the statement of profit and loss. Had the treatment prescribed by the said standard been followed, the profit after tax would have been Rs.20,05,46,232 as against the reported figure of Rs.34,60,03,232 and the figure of General Reserve would have been Rs.37,87,71,655 as against the reported figure of Rs.23,33,14,655.

Subject to the above in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956; in so far as they are applicable to the Company.

- the provision of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company in view of the Notification No. GSR 829 (e) dated 21/10/2003 issued by Government of India.
- in our opinion and to the best of our information and according to explanations given to us, subject to the effect on the financial statements of the matter refer to in the paragraph (d) above and read together with the Significant Accounting Policies and Notes on Account as per schedule P, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - In the case of the Balance Sheet, of the state of affairs of Company as at 31st March, 07;
 - In the case of the Profit and Loss Account, of the profit for the year ended on that date;
 - In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **S.C. Vasudeva & Co.**
Chartered Accountants

(**R.C. Luthra**)
PARTNER
M. No. 81052

Place : New Delhi
Date : 16th August, 2007

Annexure to the Auditor's Report

Annexure referred in paragraph 3 of our report to the members of **Indian Renewable Energy Development Agency Limited**, on accounts for the financial year ended 31st March 2007.

(i) (a) According to the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the Company has not updated the Fixed Assets Register so as to include various particulars for the year ended 31st March, 2007.

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year and we are informed that no discrepancies were noticed on such physical verification. In absence of the updation of the Register as mentioned in (a) above, we are unable to comment on the discrepancy / discrepancies, if any. In our opinion, frequency of physical verification of fixed assets is reasonable.

(c) According to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year.

(ii) Provisions of Paragraph 4(ii) (a) to 4(ii) (c) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) As the Company has not granted any loans, secured or unsecured to any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of Paragraph 4 (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the Company.

(c) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from any companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(d) As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of Paragraph 4 (iii) (f) and (iii) (g) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) (a) According to the information and explanations given to us, there are no particulars of contracts or arrangement during the year which are required to be entered in a register maintained pursuant to Section 301 of the Companies Act, 1956.

(b) Paragraph 4(v)(b) of the Order is not applicable during the year

(vi) According to the information and explanations given to us the Company has not accepted any deposits from the public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and relevant rules framed there under are not applicable to the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

(ix) (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) According to records of the Company, the disputed statutory dues in respect of Income-tax aggregating to Rs.2,111.73 lakhs that have not been deposited on account of matters pending before the Commissioner of Income-tax (Appeals), the details of which are given below:

NAME OF STATUTE	NATURE OF DUES	DISPUTED AMOUNT (Rs. In Lakhs)
The Income-tax Act 1961	Income tax Asstt.year 2001-02	1,594.73
The Income-tax Act 1961	Income tax Asstt.year 2004-05	517.00
		2,111.73

According to the information and explanations given to us, there are no disputed statutory dues pending in respect of sales tax, service tax, custom duty, wealth tax, excise duty and cess.

(x) In our opinion, the Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

(xii) 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.

(xiii) The Company is not a chit fund Company or nidhi /mutual benefit fund/society. Therefore, the provisions of Paragraph 4 (xiii), First part and Second part; sub clauses (a) to (d) of the said Order are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of paragraph 4(xiv) of the said Order are not applicable to the Company

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that the term loans raised have been utilized for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments by the Company.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in register maintained under Section 301 of the Companies Act, 1956

(xix) According to the information and explanations given to us the Company has issued tax free bonds in the nature of debentures which are secured by negative lien on the assets of the Company. This is as per the agreement entered with the Trustees.

(xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year. Therefore, the provisions of paragraph 4 (xx) of the said Order are not applicable to the Company.

(xxi) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

For S.C. Vasudeva & Co.
Chartered Accountants

R.C. Luthra
(Partner)
M. No. 81052

Place : New Delhi
Date : 16th August, 2007

Balance Sheet

as at 31st March, 2007

	SCHEDULE	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	4,000,000,000	4,000,000,000
Amount received towards Equity Contribution pending allotment		400,000,000	-
Reserves and Surplus	B	2,924,265,444	2,792,303,856
Loan Funds			
Secured	C	11,180,325,295	12,044,922,987
Unsecured	D	8,522,509,236	8,379,243,553
		<u>27,027,099,975</u>	<u>27,216,470,396</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	482,011,492	111,682,779
Less : Depreciation		72,798,402	84,246,454
Net Block		<u>409,213,090</u>	<u>27,436,325</u>
Investments	F	1	1
Deferred Tax Assets		287,084,000	746,951,000
Current Assets, Loans & Advances			
Cash & Bank Balances	G	10,249,214,580	11,533,650,514
Other Current Assets	G	103,375,900	114,547,266
Loans & Advances	H	18,758,733,421	17,006,435,305
		<u>29,111,323,901</u>	<u>28,654,633,085</u>
Less : Current Liabilities & Provisions			
Current Liabilities	I	982,881,394	778,635,755
Provisions	J	1,802,300,379	1,440,441,087
		<u>2,785,181,773</u>	<u>2,219,076,842</u>
Net Current Assets		26,326,142,128	26,435,556,243
Miscellaneous Expenditure (to the extent not written off or adjusted)		4,660,756	6,526,827
		<u>27,027,099,975</u>	<u>27,216,470,396</u>

Accounting Policies and Notes on Accounts

P

As per our Report of even date
For **S C Vasudeva & Co**
Chartered Accountants

R C Luthra
Partner, M No. 81052

S P Reddi
Director (Finance)

Debashish Majumdar
Chairman and Managing Director

Place : New Delhi
Date : 16th August, 2007

S K Bhargava
Company Secretary

Profit and Loss Account

for the year ended 31st March, 2007

	SCHEDULE	Year ended 31.3.2007 Rs.	Year ended 31.3.2006 Rs.
INCOME			
Income from operations	K	1,663,539,948	1,555,416,597
Other Income	L	664,293,700	395,038,231
		<u>2,327,833,648</u>	<u>1,950,454,828</u>
EXPENDITURE			
Personnel	M	58,564,698	59,983,017
Administrative and Others	N	26,817,784	27,763,348
Depreciation		6,891,060	3,430,547
Finance Charges	O	1,204,567,192	1,012,899,391
Fixed Assets written off		-	10,959
Bad debts written off		2,682,694	112,451,791
Provision for Bad & Doubtful debts (Net)		6,032,658	19,050,966
General Provision for Standard Assets		70,000,000	356,641,509
		<u>1,375,556,086</u>	<u>1,592,231,528</u>
PROFIT FOR THE YEAR		952,277,562	358,223,300
Prior period Adjustments (Net)		-617,012	-17,822
PROFIT BEFORE TAX		951,660,550	358,205,478
PROVISION FOR TAXATION			
Tax - Current Year		277,000,000	176,000,000
Deferred Tax - Current Year		47,055,000	-135,531,000
Deferred Tax - Earlier Year		267,355,000	
Fringe Benefit Tax		1,200,000	805,815
Interest paid to Tax Authorities		13,047,318	10,452,114
PROFIT AFTER TAX		346,003,232	306,478,549
Add : Balance in Profit & Loss Account brought from previous year		4,505	474,515
Transfer from Debenture Redemption Reserve		-	177,459,543
Excess Provision written back		93,986	17,066
		<u>346,101,723</u>	<u>484,429,673</u>
PROFIT AVAILABLE FOR APPROPRIATION			
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		260,000,000	235,700,000
Proposed Dividend		70,000,000	62,500,000
Corporate Dividend Tax		11,896,500	8,765,625
General Reserve		-	177,459,543
Surplus carried to Balance sheet		4,205,223	4,505
		<u>346,101,723</u>	<u>484,429,673</u>
Earning Per Share of Rs 1000/- each (Basic & Diluted)		85.79	79.92

Accounting Policies and Notes on Accounts

P

As per our Report of even date
For **S C Vasudeva & Co**
Chartered Accountants

R C Luthra
Partner, M No. 81052

S P Reddi
Director (Finance)

Debashish Majumdar
Chairman and Managing Director

Place : New Delhi
Date : 16th August, 2007

S K Bhargava
Company Secretary

Schedules

PARTICULARS	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
SCHEDULE- 'A' SHARE CAPITAL		
Authorised		
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 Equity Shares of Rs. 1,000 each fully paid up	4,000,000,000	4,000,000,000
	4,000,000,000	4,000,000,000
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	6,446,585	7,650,159
Received during the year	12,030,630	-
	18,477,215	7,650,159
Less : Transferred to Miscellaneous Income	3,311,876	1,203,574
	15,165,339	6,446,585
UNDP Hilly Hydro Capital Grant	121,792,725	117,293,609
Sub Total (II)	136,958,064	123,740,194
Total (I)+(II)	1,144,301,145	1,131,083,275
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	1,094,938,000	859,238,000
Balance up to last year	1,214,511,145	978,811,145
Addition During the Year	260,000,000	235,700,000
	1,474,511,145	1,214,511,145
NBFC Reserve	67,933,276	67,933,276
Debenture Redemption Reserve	-	177,459,543
Less Transfer to Profit & Loss Account	-	177,459,543
	-	-
General Reserve		
Balance from Previous year	378,771,655	201,312,112
Add: Transfer from Profit & loss Account	-	177,459,543
Less: Deferred tax liability on Special Reserve (Refer note No 18)	145,457,000	-
	233,314,655	378,771,655
Profit & Loss Account	4,205,223	4,505
	2,924,265,444	2,792,303,856

PARTICULARS

As at 31.3.2007
Rs.

As at 31.3.2006
Rs.

SCHEDULE- 'C' SECURED LOANS

A. Tax Free Bonds

(Secured by negative lien on assets of the company)

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

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

5.50% Tax free Secured Redeemable Energy Bonds

(Series XI- 2003-04)

Redeemable at par after the expiry of 10 years on 22-10-2013

Put/call option is available at the end of 7th year

500,000,000 500,000,000

B. Loan & Advances from Banks (secured by US\$ deposit, Euro deposit and by pari-passu charge on the book debts)

(Due for repayment within one year Rs. 1,001,845,579/-)

(Previous year Rs. 714,597,692/-)

9,180,325,295 9,544,922,987

11,180,325,295 12,044,922,987

PARTICULARS	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
SCHEDULE- 'D'		
UNSECURED LOANS		
Other Loan and advances		
A. From Banks		
(Loans Guaranteed by the Government of India)		
From		
Asian Development Bank (ADB) (Due for repayment within one year Rs. 57,576,070/- (Previous year Rs. 52,037,392/-)	1,681,335,671	1,777,054,232
Kreditanstalt Fur Wiederaufbau-(KfW)-Germany (Due for repayment within one year Rs. 243,025,304/- (Previous year Rs. 243,025,304/-)	2,878,217,560	2,936,984,208
International Bank for Reconstruction and Development (IBRD) (Due for repayment within one year Rs. 108,740,205/- (Previous year Rs. 124,721,996/-))	1,605,956,005	1,458,205,113
B. From Others		
(Government Loans)		
Against		
International Development Agency (IDA) - Second Renewable Energy Project (Due for repayment within one year Rs. Nil (Previous year Rs. Nil))	2,357,000,000	2,207,000,000
	8,522,509,236	8,379,243,553

SCHEDULE-'E'
FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2006	Additions during the year	Adjustments/ Disposals during the year	As at 31.03.2007	Up to 1.4.2006	For the year	Adjustments/ Disposals during the year	Up to 31.03.2007	As at 31.03.2007	As at 31.03.2006
Tangible Assets										
Buildings-residential- leasehold	4,143,149	-	-	4,143,149	1,877,559	113,279		1,990,838	2,152,311	2,265,590
Buildings-office- leasehold-IHC	26,410,058	-	-	26,410,058	11,679,309	736,537		12,415,846	13,994,212	14,730,749
Buildings-office- leasehold-AKB	-	376,755,950	-	376,755,950	-	1,754,754		1,754,754	375,001,196	-
Office Equipment	11,533,464	6,200		11,539,664	6,714,342	671,822	(3,188)	7,382,976	4,156,688	4,819,122
Computers	57,166,784	12,153,546	(22832410)*	46,487,920	54,459,470	2,772,095	(22173681)**	35,057,884	11,430,036	2,707,314
Furniture & Fixtures	8,830,318	107,325		8,937,643	6,634,855	405,521	(339)	7,040,037	1,897,606	2,195,463
Vehicles	1,447,536			1,447,536	1,219,549	59,026	-	1,278,575	168,961	227,987
Library	1,661,370			1,661,370	1,661,370	-		1,661,370	-	-
Total A	111,192,679	389,023,021	(22,832,410)	477,383,290	84,246,454	6,513,034	(22,177,208)	68,582,280	408,801,010	26,946,225
Previous year	111,220,252	80,255	107,828	111,192,679	80,912,776	3,430,547	96,869	80,912,776	30,307,476	30,307,476
Intangible Assets										
Software	-	1,005,200	3,623,002	4,628,202	-	378,026	3,838,096	4,216,122	412,080	-
Total B	-	1,005,200	3,623,002	4,628,202	-	378,026	3,838,096	4,216,122	412,080	-
Previous year	-	-	-	-	-	-	-	-	-	490,100
Capital Work In Progress	490,100	-	(490,100)	-	-	-	-	-	-	490,100
Total C	490,100	-	(490,100)	-	-	-	-	-	490,100	490,100
Previous year	490,100	-	-	490,100	-	-	-	-	490,100	490,100
Total A+B+C	111,682,779	390,028,221	(19,699,508)	482,011,492	84,246,454	6,891,060	(18,339,112)	72,798,402	409,213,090	27,436,325
Previous year	111,710,352	80,255	107,828	111,682,779	80,912,776	3,430,547	96,869	84,246,454	27,436,325	30,797,576

* Includes Rs. 3,623,002 (Previous Year: NIL) transferred to "Gross Block-Software" from "Gross Block-Computers"

** Includes Rs. 3,446,016 (Previous Year: NIL) transferred to "Accumulated Depreciation-Software" from "Accumulated Depreciation-Computers"

PARTICULARS	As at 31.3.2007 Re.	As at 31.3.2006 Re.
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SCHEDULE- 'F'
INVESTMENTS
Long Term Investment in shares (Unquoted)
(At Nominal 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 and written off after retaining Re 1 as nominal value (Refer note No. 14)

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PARTICULARS	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
SCHEDULE-'G'		
CURRENT ASSETS		
1. Cash and Bank balances		
Postage Imprest	8,535	88,090
Bank balances with Scheduled Banks		
A) In Current Account		
- IREDA	257,544,715	256,898,118
- MNRE	5,836,409	26,124,918
- UNDP	7,675,289	2,680,050
- National Hydrogen Energy Board	332,792	311,289
B) In Deposit Account		
a) INR-Short term Deposit		
- IREDA	3,680,000,000	4,860,900,000
- MNRE	35,000,000	89,900,000
- DRT No lien Account	17,484,345	-
b) Foreign Currency Deposit		
- Dollar Deposit	3,299,439,239	3,253,010,284
- Euro Deposit	2,884,653,469	2,936,950,073
c) Cheques Under Collection	61,239,787	106,787,692
	<u>10,249,214,580</u>	<u>11,533,650,514</u>
Other Current Assets		
2. Interest accrued but not due on Loans and Deposits		
- On Loans	9,253,026	10,620,267
- On deposit with banks	94,122,874	103,926,999
	<u>103,375,900</u>	<u>114,547,266</u>
	<u>10,352,590,480</u>	<u>11,648,197,780</u>
SCHEDULE-'H'		
LOANS & ADVANCES		
A. Term Loans to Constituents of IREDA	19,008,817,805	17,633,504,983
Interest Accrued and due on Loans	46,989,706	88,117,436
Loans to Employees	3,595,994	5,040,441
Sub Total -I	<u>19,059,403,505</u>	<u>17,726,662,860</u>
B. Advances (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received		
Security Deposits	239,240	255,915
Staff Advances (Not bearing interest)	916,055	1,464,769
Advance Tax & Other Tax Recoverable	1,090,017,486	683,298,613
Others	23,249,123	20,307,262
Sub Total -II	<u>1,114,421,904</u>	<u>705,326,559</u>
III=(I+II)	<u>20,173,825,409</u>	<u>18,431,989,419</u>
Less: Provisions for Bad and doubtful debts#	<u>1,573,128,278</u>	<u>1,567,095,620</u>
Total Loans & Advances to constituents of IREDA*	<u>18,600,697,131</u>	<u>16,864,893,799</u>

PARTICULARS	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
Loans to constituents of MNRE	98,988,764	104,271,559
Interest Accrued and due on MNRE Loans	59,047,526	37,269,947
Total Loans & Advances to constituents of MNRE	<u>158,036,290</u>	<u>141,541,506</u>
Total Loans to constituents of IREDA & MNRE	<u>18,758,733,421</u>	<u>17,006,435,305</u>
Particulars of loan & Advances :		
IREDA		
- Considered good in respect of which company is fully secured	15,240,108,109	14,982,717,223
- Considered good in respect of which company holds no security other than personal security of the borrower*	1,078,029,716	996,552,609
- Others	1,114,421,904	705,326,559
- Considered doubtful	2,741,265,680	1,747,393,028
	<u>20,173,825,409</u>	<u>18,431,989,419</u>
Less: Provision for bad and doubtful debts (IREDA only)	<u>1,573,128,278</u>	<u>1,567,095,620</u>
	<u>18,600,697,131</u>	<u>16,864,893,799</u>
MNRE		
- Considered good in respect of which company is fully secured	34,340,931	36,665,278
- Considered good in respect of which company holds no security other than personal security of the borrower	1,124,111	8,886,423
- Considered doubtful	122,571,248	95,989,805
	<u>158,036,290</u>	<u>141,541,506</u>
GRAND TOTAL	<u>18,758,733,421</u>	<u>17,006,435,305</u>
- Due from Directors of the Company	91,575	82,065
- Due from other officers of the Company	10,314,991	12,987,041
- Maximum amount due at any time during the year from directors of the company	383,047	632,543
- Maximum amount due at any time during the year from officers of the company	13,996,272	15,391,066
*includes interest funded Rs. 393,426,773 (Previous year 477,843,517)		
#includes Rs. Nil (Previous year 75,000,000) withdrawn from adhoc provision for standard assets		
SCHEDULE-'I'		
CURRENT LIABILITIES		
Sundry Creditors	2,528,596	1,815,121
Provident Fund Payable	648,776	642,189
MNRE Programme Funds	493,418,986	468,722,777
MNRE Co Gen Specific Grant	21,363,548	35,476,133
National Hydrogen Energy Board	314,954	311,289
UNDP Programme Funds	7,675,289	2,680,050
Interest accrued but not due	216,969,926	173,927,423
Book Overdraft (IREDA)	135,513,085	-
Book Overdraft (MNRE)	14,480,385	-
Other Liabilities	89,967,849	95,060,773
	<u>982,881,394</u>	<u>778,635,755</u>

PARTICULARS	As at 31.3.2007 Rs.	As at 31.3.2006 Rs.
SCHEDULE-'J' PROVISIONS		
Standard Assets	759,641,574	689,641,574
Income-tax	946,500,000	669,500,000
Fringe Benefit Tax	2,005,815	805,815
Proposed Dividend	70,000,000	62,500,000
Corporate Dividend Tax	11,896,500	8,765,625
Leave Encashment	4,581,857	4,094,728
Other Provisions	7,674,633	5,133,345
	<u>1,802,300,379</u>	<u>1,440,441,087</u>

PARTICULARS	For the year ended 31.3.2007 Rs.	For the year ended 31.3.2006 Rs.
SCHEDULE-'K' INCOME FROM OPERATIONS		
Interest on Loans	1,521,436,785	1,411,335,172
Less : Rebate on Prompt Payment	8,545,554	23,262,170
	<u>1,512,891,231</u>	<u>1,388,073,002</u>
Front end Fee	32,045,491	49,472,773
Less: Service Tax	3,671,450	4,579,150
	<u>28,374,041</u>	<u>44,893,623</u>
Application Fee	2,217,788	2,752,500
Less: Service Tax	241,854	254,768
	<u>1,975,934</u>	<u>2,497,732</u>
Recovery out of Bad Debts written off	118,014,401	119,056,821
MNRE Service Charges	2,546,817	895,419
Less: Service Tax	262,476	-
	<u>2,284,341</u>	<u>895,419</u>
	<u>1,663,539,948</u>	<u>1,555,416,597</u>

SCHEDULE-'L' OTHER INCOME		
Interest on Deposits		
- Short Term Deposit	376,804,366	175,553,656
- US\$ Deposit	182,060,245	121,938,554
- EURO Deposit	99,145,140	69,658,430
- GEFII	829,169	757,324
	<u>658,838,920</u>	<u>367,907,964</u>
Other Interest		
- From Bank (IRS)	-	21,008,308
- on Staff Loan	378,076	556,998
Service Charges		
- UNDP Programme Fund	363,153	989,418
Less Service Tax	57,680	-
	<u>305,473</u>	<u>989,418</u>
- National Hydrogen Energy Board	12,751	134,977
Dividend from Investment	84,000	-
Interest on Income Tax Refund	96,730	2,328,944
Consultancy fee	592,141	-
Miscellaneous income- Transfer from Capital Grant	3,311,876	1,203,574
- Others	673,733	908,048
	<u>664,293,700</u>	<u>395,038,231</u>

PARTICULARS	For the year ended 31.3.2007 Rs.	For the year ended 31.3.2006 Rs.
SCHEDULE-'M' PERSONNEL EXPENSES		
Salaries,Wages and other amenities	46,170,434	46,373,350
Contribution to Provident Fund	3,220,730	3,195,067
Contribution to Benevolent fund	58,220	62,090
Contribution to Gratuity fund	1,296,572	1,416,278
Staff Welfare	7,818,742	8,936,232
	<u>58,564,698</u>	<u>59,983,017</u>

SCHEDULE-'N' ADMINISTRATIVE EXPENSES		
Business Promotion	1,597,016	1,638,654
Travelling & Conveyance	4,855,354	5,104,883
Electricity & Water Charges	153,136	136,698
Information & Dissemination	690,536	1,061,649
Insurance	222,064	931,297
Legal & Professional	3,915,795	2,907,544
Loss on sale of fixed assets	94,834	-
Newspapers and Periodicals	547,212	633,686
Office Maintenance	2,362,714	1,202,489
Office rent	6,783,090	7,184,383
Postage Telegram & Telephone	1,968,977	1,741,950
Printing and Stationery	1,908,888	1,799,483
Rates & Taxes	262,665	262,665
Repair & Maintenance-Others	880,590	1,716,338
-Building	8,586	55,607
Filing Fee	4,500	4,500
Miscellaneous	561,827	1,381,522
	<u>26,817,784</u>	<u>27,763,348</u>

SCHEDULE-'O' FINANCE CHARGES		
Finance Charges		
Interest on Borrowings		
- on Bonds	170,250,000	215,139,591
- on Loans	960,163,342	726,104,451
	<u>1,130,413,342</u>	<u>941,244,042</u>
Other Finance Charges		
Miscellaneous Expenditure written off	1,866,071	2,500,991
Bond Trusteeship fee	255,000	379,823
Bank Charges	17,581	63,556
Difference in Exchange	64,777	(361,102)
Commitment fee -International Bank for Reconstruction and Development (IBRD)	2,415,398	3,965,077
GOI Guarantee Fee		
- Asian Development Bank (ADB)	10,122,590	10,794,231
- Kreditanstalt Fur Wiederaufbau (KFW)	33,664,004	38,336,921
- International Bank for Reconstruction and Development (IBRD)	17,805,913	15,712,695
	<u>66,211,334</u>	<u>71,392,192</u>
Interest Rate Swap (IRS)	7,942,516	-
Others	-	263,157
	<u>1,204,567,192</u>	<u>1,012,899,391</u>

SCHEDULE 'P'
ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

(1) General

The financial statements are prepared on accrual basis of accounting under the historical cost convention in accordance with the generally accepted accounting principles in India, the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

(2) Revenue and Expense Recognition

- (i) Income and expenses are accounted for on accrual basis except the following which are accounted for on cash basis:
Income on Non-performing assets of IREDA where (i) interest remains overdue for more than 90 days or (ii) loan installments of principal remains overdue for more than 90 days on the Balance Sheet date, is recognized on cash basis.
- (ii) Loan/ Bond issue expenses such as front-end fee/ Arranger's fee, Stamp duty, etc., are written off during the tenure of the loan/ bond.
- (iii) 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 date of the transaction. Monetary assets and liabilities are re-stated at the exchange rate prevailing at the year end. The difference between the year end rate 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 Accounting Standard (AS)-11 on The Effects of Changes in Foreign Exchange Rates issued by The Institute of Chartered Accountants of India.

(4) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation.

(5) Intangible Assets

Intangible assets are recognized when it is probable that future economic benefit attributable to the assets will flow to the company and the cost of the assets can be measured reliably. Such assets are stated at cost less accumulated amortization.

(6) Depreciation/amortization

- (i) Depreciation on fixed assets (including leasehold properties) other than on library books is provided on written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on Library books is provided @ 100% in the year of purchase.
- (iii) Intangible assets are amortized over their estimated useful life. The estimated useful life does not exceed 10 years.

(7) Insurance Claims

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

(8) Investments

Long term investments are carried at cost. Provision for diminution in the value of such investments is made to recognize the decline other than temporary, in the value of the investments.

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

IREDA is a Non Banking Financial Company registered with Reserve Bank of India and follows the guidelines in case of income recognition, asset classification and provisioning, issued by Reserve Bank of India for financial institutions and complies with the disclosure requirements as contained in RBI circulars, as amended from time to time and with amendment, if any, as approved by MNRE.

(10) Loans

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

(11) Grants

- (i) Grants for acquisition of eligible fixed assets are accounted for as capital grants. Such grants are allocated to income over the periods and in the proportions in which the depreciation on those assets is charged.
- (ii) Grant-in-aid for financing projects in specified sectors of New and Renewable Sources of Energy (NRSE) is treated and accounted for as Capital Reserve/Grant.
- (iii) The expenditure incurred under Technical Assistance Programme (TAP) is accounted for as recoverable and shown under the head 'Current Assets'. The assistance reimbursed from The World Bank is credited to the said account.

(12) The Employee/ Retirement Benefits

- (i) Provident Fund
Company contributes to its own Provident Fund Trust which is recognized by the Income Tax Authorities. Company's contribution for the year to the said Trust is charged to Profit & Loss Account.
- (ii) Gratuity
The company has taken a Master Policy from Life Insurance Corporation of India (LIC) to cover its liability on account of gratuity payable to its employees. The liability for gratuity is recognized on the basis of actuarial valuation made by the LIC on 1st September each year. Annual premium paid during the year is charged to the Profit and Loss Account.
- (iii) Leave Encashment
The liability on account of leave encashment is provided on the basis of actuarial valuation at the year end.
- (iv) Benevolent Fund
Company contributes to IREDA Employee's Benevolent Fund Scheme. The contribution of company is charged to Profit & Loss Account.

(13) Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss i.e. the amount by which the carrying amount of an asset exceeds, its recoverable amount and the same is provided in the books of account.

(14) Provisions and Contingent Liabilities

- (i) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:-
 - (a) the Company has a present obligation as a result of a past event;
 - (b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - (c) the amount of the obligation can be reliably estimated
- (ii) Contingent liability is disclosed in the case of:-
 - (a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or;
 - (b) a possible obligation, unless the probability of outflow in settlement is remote;
- (iii) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

B. NOTES ON ACCOUNTS :

- (1) As per Accounting Standard (AS) – 29 on Provisions, Contingent Liabilities and Contingent Assets issued by The Institute of Chartered Accountants of India, the details of Provisions, Contingent Liabilities as on 31st March, 2007 are disclosed as under:-

a) Details of Provisions

(Amount in Rupees)					
Sl. No.	Nature of the liability for which provision is made	Opening balance at the beginning of the financial year	Additions made during the financial year	Amount incurred and charged against the provision during the financial year	Closing balance at the end of the financial year
1	Standard assets	68,96,41,574 (40,80,00,065)	7,00,00,000 (35,66,41,509)	0 (7,50,00,000)	75,96,41,574 (68,96,41,574)
2	Income tax	66,95,00,000 (49,91,71,915)	27,70,00,000 (17,60,00,000)	0 (56,71,915)	94,65,00,000 (66,95,00,000)
3	Fringe Benefit Tax	8,05,815 (0)	12,00,000 (8,05,815)	0 (0)	20,05,815 (8,05,815)
4	Proposed dividend	6,25,00,000 (6,10,00,000)	7,00,00,000 (6,25,00,000)	6,25,00,000 (6,10,00,000)	7,00,00,000 (6,25,00,000)
5	Dividend tax	87,65,625 (85,55,000)	1,18,96,500 (87,65,625)	87,65,625 (85,55,000)	1,18,96,500 (87,65,625)
6	Leave encashment	40,94,728 (28,37,953)	14,91,802 (27,94,854)	10,04,673 (15,38,079)	45,81,857 (40,94,728)
7	Other Provisions	51,33,345 (66,91,202)	67,10,085 (12,78,063)	41,68,797 (28,35,920)	76,74,633 (51,33,345)
	Total	144,04,41,087 (98,62,56,135)	43,82,98,387 (60,87,85,866)	7,64,39,095 (15,46,00,914)	180,23,00,379 (144,04,41,087)

Previous year figures shown within bracket

b) Capital Commitment

Estimated value of contract to be executed on Capital Account and not provided for Rs. Nil (Previous year : Rs. 4,90,100/)

c) Contingent Liabilities not provided for:-

Income tax demand for Assessment Years 2001-02, 2003-04 and 2004-05 – Rs. 28.02 crores (Previous year : Rs. 18.48 crores) [Refer Note No. 27(i) & (ii)]

(2) MNRE Programme Funds :

(a) The Company besides its own activities implements Programmes on behalf of Ministry of New and Renewable Energy on the basis of Memorandum of Understanding entered into with them. In terms of stipulations of each of the MoUs, MNRE has placed an agreed sum in respect of each Programme with IREDA for programme implementation. Interest on MNRE loans are accounted on due basis and interest on MNRE term deposits on cash basis. As the income generated by the MNRE programme loans are not the income of IREDA and also the loan assets belongs to MNRE, the same are not considered for asset classification and provisioning purposes. On closure of the respective Programmes, IREDA is required to transfer the amount standing to the credit of MNRE (inclusive of interest accrued thereon) to MNRE after deducting the Service charges, irrecoverable defaults and other dues as stipulated in the MoU. The amount due to MNRE on account of the above at the close of year, along with interest on unutilized funds kept in separate bank account with Nationalized Banks as short-term deposits, is shown under the head Current Liabilities in the Balance Sheet.

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

(3) Subsidy

(a) Interest Subsidy

As per the Government policy, MNRE is providing interest subsidy. The interest subsidy is released to programmes like Co-generation, Small Hydro, Briquetting, Biomass and Waste to Energy on NPV basis and for Solar and SPV programmes on actual basis. The interest subsidy is to be passed on to the borrowers on quarterly basis subject to the borrowers complying with the terms and conditions of the sanction.

The undisbursed interest subsidy as on 1-4-2006 was Rs. 27,40,42,982 (Previous year Rs. 28,95,98,496) and IREDA received during the year Rs. 26,73,64,943 (Previous year Rs. 18,01,02,586). Out of this, a sum of Rs. 24,69,01,631 (Previous year Rs. 15,93,08,738) has been passed on during the year to the borrowers on compliance of the terms and conditions of the interest subsidy scheme. Further, during the year a sum of Rs. 44,000 (Previous year - Rs. 3,63,49,362) has been refunded to MNRE on account of loan recalled/pre-closed by the borrowers. The total undisbursed interest subsidy as on 31-3-2007 stands at Rs. 29,44,62,294 (Previous year - Rs. 27,40,42,982).

The programme-wise details of interest subsidy received, passed, refunded during the year and the balance as on 31st March, 2007 are as under:-

(i) Interest subsidy on NPV basis:-

(Amount in Rupees)						
Sl.No.	Name of the sector	Opening Balance as on 1.4.2006	Interest Subsidy received during 2006-07	Amount refunded during 2006-07	Interest Subsidy passed on during 2006-07	Closing Balance as on 31.3.2007
1	Bio-mass	7,60,96,686	15,00,83,000	0	6,81,31,524	15,80,48,162
	Co-generation	(13,81,22,649)	(64,66,000)	(3,46,48,000)	(3,38,43,963)	(7,60,96,686)
2	Bio Methenation	6,68,878	0	0	4,82,500	1,86,378
		(12,22,345)	(0)	(0)	(5,53,467)	(6,68,878)
3	Biomass Briquetting	4,63,874	0	0	90,402	3,73,472
		(6,24,453)	(0)	(0)	(1,60,579)	(4,63,874)
4	Small Hydro	14,46,80,853	57,47,783	44,000	4,63,03,652	10,40,80,984
		(17,99,47,979)	(1,56,35,696)	(17,01,362)	(4,92,01,460)	(14,46,80,853)
5	Waste to Energy	1,98,08,299	0	0	0	1,98,08,299
		(2,05,55,495)	(0)	(0)	(7,47,196)	(1,98,08,299)
	Sub	24,17,18,590	15,58,30,783	44,000	11,50,08,078	28,24,97,295
	Total....A	(34,04,72,921)	(2,21,01,696)	(3,63,49,362)	(8,45,06,665)	(24,17,18,590)

During the year, a sum of Rs. 14,36,77,154 (gross subsidy) equivalent to Rs. 11,50,08,078 (NPV) (Previous year – gross subsidy of Rs. 11,47,65,018 equivalent to NPV – Rs. 8,45,06,665) has been passed on to the borrower.

(ii) Interest subsidy on actual basis:-

(Amount in Rupees)						
Sl.No.	Name of the sector	Opening Balance as on 1.4.2006	Subsidy received during 2006-07	Amount refunded during 2006-07	Subsidy passed on during 2006-07	Closing Balance as on 31.3.2007
1	Solar Thermal	(-) 68,359	4,25,00,000	0	2,53,26,551	1,71,05,090
	Sector	(-) (69,21,906)	(4,10,00,000)	(0)	(3,41,46,453)	(-) (68,359)
2	SPV WP	(-) 1,02,83,815	1,02,61,272	0	85,55,179	(-) 85,77,722
	2000-01	(-) (1,19,90,543)	(1,19,68,000)	(0)	(1,02,61,272)	(-) (1,02,83,815)

3	SPV WP	(-) 3,41,01,504	4,64,22,682	0	1,23,21,178	0
	2001-02	(-) (2,33,19,469)	(36,44,000)	(0)	(1,44,26,035)	(-) (3,41,01,504)
4	SPV WP	(-) 16,85,049	16,85,049	0	45,90,782	(-) 45,90,782
	2002-03	(35,54,310)	(0)	(0)	(52,39,359)	2(-)(16,85,049)
5	SPV WP	(-) 36,65,157	36,65,157	0	29,29,336	(-) 29,29,336
	1999-00	(-) (43,88,890)	(43,88,890)	(0)	(36,65,157)	(-) (36,65,157)
6	SPV WP	(-) 70,80,647	70,00,000	0	47,37,114	(-) 48,17,761
	Manufacturing	(-) (78,07,927)	(70,00,000)	(0)	(62,72,720)	(-) (70,80,647)
7	Accelerated	8,92,08,923	0	0	7,34,33,413	1,57,75,510
	SWH System	(0)	(9,00,00,000)	(0)	(7,91,077)	(8,92,08,923)
	Sub	3,23,24,392	11,15,34,160	0	13,18,93,553	1,19,64,999
	Total.....B	(-) (5,08,74,425)	(15,80,00,890)	(0)	(7,48,02,073)	(3,23,24,392)
	Grand Total	27,40,42,982	26,73,64,943	44,000	24,69,01,631	29,44,62,294
	(A + B)	(28,95,98,496)	(18,01,02,586)	(3,63,49,362)	(15,93,08,738)	(27,40,42,982)

Previous year figures shown within bracket

(b) Capital subsidy

The un-disbursed capital subsidy as on 1.4.2006 was Rs. 4,22,01,140 (Previous year – Rs. 3,09,48,209) 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. 4,29,60,200 (Previous year – Rs. 1,12,50,000) was received from MNRE. Out of the total capital subsidy amount available, Rs. 4,97,20,000 (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 31-3-2007 are as under:-

(Amount in Rupees)

Name of the sector	Opening balance as on 1.4.2006	Received during the year	Interest received on FDR during the year	Passed on during the year	Amount refunded to MNRE during the year	Adjustment	Closing balance as on 31.3.2007
Co-gen-eration	3,09,51,140 (3,09,48,209)	44,90,200 (0)	0 (2,931)	0 (0)	74,569 (0)	85,949 (0)	3,52,80,822 (3,09,51,140)
Small hydro	1,12,50,000 (0)	3,84,70,000 (1,12,50,000)	0 (0)	4,97,20,000 (0)	0 (0)	0 (0)	0 (1,12,50,000)
Total	4,22,01,140 (3,09,48,209)	4,29,60,200 (1,12,50,000)	0 (2,931)	4,97,20,000 (0)	74,569 (0)	85,949 (0)	3,52,80,822 (4,22,01,140)

Previous year figures shown within bracket

- (4) Current Assets include a sum of Rs. 76,75,289 (Previous year – Rs. 26,80,050) in Current Account with Scheduled Banks on account of unutilized funds received from UNDP/MNRE for implementation of "Green House Gases Emission". The equivalent amount is shown under the head Current Liabilities.
- (5) (a) 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 to the Companies Act, 1956.
- (b) The property tax in respect of office premises for the period upto 31st March, 2004 has been paid as per the demand raised by India Habitat Centre which was based on cost of the building. Municipal Corporation of Delhi has raised an issue with India Habitat Centre to include license fee received from the facilities area for the purpose of calculating rateable value. This matter is now pending with the Hon'ble Delhi High Court. In case the Hon'ble Delhi High Court decides against the company, the liability on account of municipal tax will have to be reworked which is not ascertainable at this stage.

- (6) Upto financial year 2005-06, the expenditure on account of performance incentive has been worked out based on the actual working results for the particular financial year after the accounts are adopted by the shareholders and the same is paid in the next financial year. However, for the financial year 2006-07, the incentive has been worked out based on the provisional accounts and provision has been made accordingly for a sum of Rs. 22 lakhs. This has resulted in booking of expenditure of Rs. 17.17 lakhs for the year 2005-06 under the head 'Prior Period Item'.
- (7) While making provision 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.
- (8) During the year, IREDA has restructured 23 out of 25 Small Hydro Projects in the state of Andhra Pradesh which were adversely affected by drought during the three financial years viz; 2001-02 to 2003-04. The said restructuring envisage keeping aside the instalments of funded interest outstanding as on 01.04.2005 to be repaid after repayment of the main loan over the extended period of loan depending upon cash flow from the project. The said funded interest kept aside, will not carry any interest during the period 01.04.2005 till the repayment of the main loan. However, the funded interest shall carry interest from the date of repayment of the main loan and repayable in 4 years after repayment of main loan. Further, the rate of interest has been reduced from the current interest rate to 10% (fixed) after payment of premium, as approved by the Board.
- All the 25 projects had paid the requisite premium but only 23 commissioned projects have been sanctioned the restructuring package on 27.03.2007. Two projects which were under implementation were not immediately sanctioned the said package due to examination of the implementation period based on which the repayment schedule shall be fixed and the package made effective.
- In terms of the RBI Guidelines dated 28th March, 2001, the sacrifice in interest in respect of 9 standard assets from the current level i.e. 10%/14.68% to 0% measured in present value term has been provided. The said sacrifice in NPV terms works out to Rs.18.80 crores and the same has been earmarked out of the ad-hoc provision made in the earlier years.
- (9) IREDA is following the prudential norms issued by the Reserve Bank of India to the term lending institutions for income recognition, asset classification and provisioning as amended by Ministry of New and Renewable Energy from time to time. Accordingly, the unrealized interest amounting to Rs.129,75,08,243 (Previous year - Rs. 126,06,62,958) on accounts classified as Non-Performing Asset (NPA) has not been recognized as income for the year. Further, a sum of Rs. 13,57,78,806 (Previous year – Rs. 39,64,15,748) being the amount of unrealized interest upto 2005-06 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. 30,73,80,749 (Previous year - Rs. 8,22,51,879) has been recognized as income being interest realized during the year from NPA accounts.
- (10) The company is exempted from the prudential norms applicable to Non-Banking Financial Companies (NBFCs) but is following the norms applicable to Financial Institutions (FIs) in respect of income recognition, assets classification, provisioning and other related matters as prescribed by the Ministry of New and Renewable Energy vide letter dated 5th March, 2002. Since, the company is carrying on the business of NBFC hence the disclosures required in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, in so far applicable to the company have been disclosed separately by way of an annexure.
- (11) Upto the financial year 2005-06, depreciation on fixed assets including computer software was provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Consequent to introduction of new Accounting Policy in the financial year 2006-07, Intangible assets are amortized over their estimated useful life but not exceeding 10 years. The impact of the above change in the accounting policy resulted in higher depreciation of Rs. 1,57,398 on computer software for the year.
- (12) IREDA has created Exchange Risk Administration Fund (IREDA - ERAF) for management of foreign exchange risk on international lines of credit which is approved by Central Board of Direct Taxes vide notification No.11220. IREDA has made Nil provision (Previous year – Nil) equivalent to liability of IDA credit Second Renewable Energy Project on Rupee basis. Books of account of ERAF are prepared and maintained separately.
- (13) All the operations of the company are considered as a single business segment. Further, the company does not have any full-fledged branch. As such all the activities are considered as a single business/geographical segment for the purpose of Accounting Standard (AS) -17 on Segment Reporting issued by The Institute of Chartered Accountants of India.
- (14) IREDA had made an investment in 1,68,000 equity shares of Rs. 10 each, including 48,000 equity shares allotted as bonus shares in M/s M.P. Wind Farms Ltd., a joint sector company promoted by M/s Consolidated Energy Consultants Ltd., M/s M.P.Urja Vikas Nigam Ltd. and Indian Renewable Energy Development Agency Ltd. The face value of equity shares invested was Rs. 12.00 lakhs. IREDA

had subsequently sanctioned two loans to M/s M.P.Wind Farms Ltd., for their wind projects. The above loans have been classified as Non Performing Assets (NPA) in the books of IREDA since 2000-01. The loans were under doubtful category and 100% provision made. Further the company was sanctioned One Time Settlement (OTS) which has not been completed. In terms of RBI Circular No.:REF.DBS.FID.No.C-5/01.02.00/2004-05 dated 9th August 2004 applicable to financial institutions, 100% provision has been made in respect of non performing investments (NPI). As the working results of M/s. M.P.Wind Farms Ltd., was not satisfactory, the investment had been written off in the books of account during the financial year 2004-05. The investment is being disclosed in the books of account at a nominal value of Re.1.

(15) Related Party Disclosure

- (i) Details of transactions entered into with the related parties during the year as required by Accounting Standard (AS) – 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are as under:-

(Amount in Rs.)	
Particulars	Key Management Personnel (KMP)
Managerial remuneration	14,97,780
Borrowings (interest accrued)	
▪ Opening balance	53,265
▪ Less Repaid during the year	32,891
▪ Closing balance	20,374

- (ii) Disclosure of Related Parties with whom Business transactions took place during the year:-

Key Management Personnel : (i) Shri Debashish Majumdar
: (ii) Shri S P Reddi

- (iii) The officiating Managing Director/Chairman and Managing Director and Director (Finance) have also been allowed staff car including private journey upto a ceiling of 1000 Kms. per month on payment of monthly charges as per Department of Public Enterprises guidelines.

(16) Impairment of Assets

Provision of impairment loss as required under Accounting Standard (AS) – 28 on Impairment of Assets is not necessary as in the opinion of management, there is no Impairment of Assets during the financial year.

- (17) As on 31st March, 2007, the authorized as well as paid up share capital of IREDA stands at Rs. 400 crores. Ministry of New and Renewable Energy (MNRE) has approved increase in authorized share capital vide letter dated 16th March, 2007 from Rs. 400 crores to Rs. 1000 crores. The increase in the authorized share capital has to be approved by the shareholders. Pending completion of the formalities, MNRE has released Rs. 40 crores towards equity contribution to IREDA and the same has been shown as “Amount received towards Equity contribution pending allotment” in the books of account.

(18) Deferred Taxes

- a) The deferred tax assets/liabilities have been accounted for in terms of the Accounting Standard -22 (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI) since the year it became applicable to the company. In terms of the transitional provisions of AS-22, the accumulated deferred tax assets for the period prior to the adoption of this standard was credited to General Reserve.

The company is availing tax rebate u/s 36(1)(viii) of the Income Tax Act, 1961 by appropriating upto 40% of the taxable profit to Special Reserve A/c. Since the company does not see any possibility of withdrawing this Special Reserve in future, it had not created deferred tax liability on the Special Reserve by treating it as a permanent difference. On reconsideration, in compliance of the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India in terms of AS – 22, the company has accounted for the deferred tax liability on Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, during the year 2006-07 for the first time. In terms of the transitional provisions of the said standard, the deferred tax liability of Rs. 1454.57 lakhs on Special Reserve upto the financial year 2001-02 has been adjusted with General Reserve. The deferred tax liability of Rs. 2673.55 lakhs for the financial years from 2002-03 to 2005-06 has been charged to the Profit & Loss A/c under the head ‘Deferred Tax – Earlier year’ and the liability for the financial year 2006-07 amounting to Rs.470.55 lakhs has been charged to the Profit & Loss Account.

- (b) Details of deferred tax liability/asset (net) as on 31st March, 2007 is given below:-

		(Rs. in lakhs)	
A	Deferred Tax Assets	As at 31/3/2007	As at 31/3/2006
	Arising on account of timing differences:-		
▪	Provision for Leave Salary	15.56	13.78
▪	Provision for doubtful debts and advances	7929.09	7503.58
	Total – A	7944.65	7517.36
B	Deferred Tax Liability		
▪	Depreciation	58.85	38.50
▪	Stamp duty paid but not debited to P&L A/c	3.10	9.35
▪	Special Reserve	883.74	0.00
	Total – B	945.69	47.85
	Deferred Tax Assets/Liabilities (A-B)	6998.96	7469.51
	Adjusted with General Reserve	(-) 1454.57	-
	Charged to Profit & Loss Account	(-) 2673.55	-
	Deferred Tax Assets	2870.84	7469.51

- (19) In terms of Accounting Standard (AS) 20 on Earnings Per Share issued by The Institute of Chartered Accountants of India, the Earnings Per Share (Basic & Diluted) is worked out as under:-

		(Rupees in lakhs)	
		As at 31.03.2007	As at 31.03.2006
Nominal value of Equity share (Rs./per share)		1000	1000
Numerator			
Profit after Tax as per Profit and Loss Account		3460.10	3064.79
Denominator			
▪ Number of equity shares		40.00	37.53
▪ Shares allotted/amount received towards share capital during the year		4.00	2.47
▪ Weighted average number of Equity shares for calculating Basic and Diluted Earning per share		40.33 **	38.35 *
▪ Basic & Diluted Earning per share (Rs./per share)		85.79	79.92

* weighted average $(37.53 \times 12/12 + 2.47 \times 4/12 = 38.35)$

** weighted average $(40 \times 12/12 + 4 \times 1/12 = 40.33)$

- (20) Loan to constituents include a sum of Rs. 47,75,02,000 (Previous year – Rs. 23,08,00,000) in respect of which the execution of final security documents are in the process of being completed by the constituents and has been treated as unsecured.
- (21) Bonds have been issued in demat form as per the requests received from bondholders.
- (22) Under sundry creditors, amount payable to small scale industries as on 31st March, 2007 is Nil (Previous year – Nil).
- (23) The company is in the process of identifying the amount payable to enterprises falling under The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no disclosure is being made as required by the said Act.
- (24) The Current Asset, Loans & Advances of IREDA have a value on their realization in the ordinary course of the business equivalent to the amount stated in the Balance Sheet.
- (25) Legal and professional charges includes remuneration (excluding service tax) paid to Statutory Auditors of the Company as under:-
For Statutory Audit Rs. 1,26,500 (Previous year – Rs. 1,26,500)
For Tax Audit Rs. Nil (Previous year – Rs. 50,600)
For Certification Rs. 95,500 (Previous year – Rs. 1,14,500)

- (26) Remuneration paid to the Director (Technical)* and Director (Finance) excluding staff car which is not a taxable perquisite in salary, are as under:

Particulars	(Amount in Rupees)	
	Director (Technical)*	Director (Finance)
Salary & allowances	5,32,679	5,97,818
	(6,33,417)	(3,52,517) **
Medical allowance	42,200	41,356
	(38,735)	(25,448) **
Provident Fund	52,871	59,311
	(57,376)	(31,919) **
Value of perquisite for residential accommodation as per Income-tax Act	81,196	90,349
	(1,00,367)	(52,042) **
Total :	7,08,946	7,88,834
	(8,29,895)	(4,61,926) **

Previous year figures shown within bracket

* Also officiated as Managing Director w.e.f. 29.12.2004 to 26.6.2007 and Chairman and Managing Director w.e.f. 27.6.2007.

** Previous year figures are for the period 25.7.2005 to 31.3.2006 since Director (Finance) took charge on 25.7.2005.

- (27) (i) For the assessment year 2004-05, income tax demand of Rs. 1034 lakhs has been raised out of which 50% has been paid during 2006-07 and for balance demand, stay has been granted upto 31.7.2007. No provision has been made in respect of the aforesaid amount as the Company has filed an appeal to the CIT(A) against the order of the Assessing Officer and is hopeful to get the desired relief in appeal.
- (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. 22.11 lakhs) from the assessment years 1996-97 to 2000-01, the company is taking the necessary steps for its recovery.
- (28) Information pursuant to the provisions of Part-II of Schedule VI of the Companies Act, 1956:
- a) Expenditure in Foreign Currency:
- On Traveling Rs. 2,95,006 (Previous year – Rs. 4,54,923)
- Others Rs. 26,83,84,907 (Previous year – Rs. 21,22,75,659)
- b) Earnings in Foreign Exchange:
- Interest Rs. 28,53,07,383 (Previous year – Rs. 19,23,54,310)
- c) Revenue Grant Rs. 4,47,81,976 (Previous year – Rs. 3,49,19,061) (GEF)
- (29) The disclosure under RBI Guidelines are as under (IREDA only):-
- (i) On CRAR, NPAs, Exposure, Liquidity etc.

SI No	Particulars	Status	(Rs. in crores)
A) Capital			
a)	CRAR, core CRAR and supplementary CRAR	33.86% (36.98%)	
b)	The amount of subordinated debt raised and outstanding as Tier – II capital	Nil (Nil)	
c)	Risk weighted assets		
♦	On balance sheet items	2149.03 (1884.79)	
♦	Off balance sheet items	14.01 (0.02)	
d)	The shareholding pattern as on the date of the balance sheet	100% owned by Govt. of India (100% owned by Govt. of India)	

B) Asset quality and credit concentration

- e) Percentage of net NPAs to net loans and advances 12.52%
(12.36%)

- f) Amount and % of net NPAs under the prescribed asset classification categories (excluding incidental charges)

Category	Amount		Net	% age Net
	Gross	NPA provision		
S. Std	96.57	9.66	86.91	5.10%
	(174.53)	(24.95)	(149.58)	(9.60%)
Doubtful	272.88	146.40	126.48	7.42%
	(173.79)	(130.78)	(43.01)	(2.76%)
Loss	0.04	0.04	0.00	0.00%
	(0.05)	(0.05)	(0.00)	(0.00%)
Total	369.49	156.10	213.39	12.52%
	(348.37)	(155.78)	(192.59)	(12.36%)

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

Category	2006-07	2005-06
General provision for standard assets	0.50	1.66
Adhoc provision for standard assets	6.50	34.00
NPAs (including incidental charges)		
– Against loan outstanding	0.32	1.69
– Against incidental charges	0.28	0.22
	0.60	1.91
Investments	0.00	0.00
Income Tax including Fringe Benefit Tax	27.82	17.68
Total	35.42	55.25

h) Movement in net NPAs

Particulars	2006-07	2005-06
Net NPA as on 1 st April	192.59	89.05
Add: Additions during the year	96.56	174.53
Less: Reduction during the year	75.44	51.02
Less: Provision made during the year (excluding incidental charges)	0.32	9.19*
Less: Assets written off	0.00	10.78
Net NPA as on 31 st March	213.39	192.59

* 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	710.70	1860.06
	(643.22)	(1714.41)
♦ The largest single borrower	57.00	8.02%
	(49.74)	(7.73%)
♦ The largest borrower group	145.83	20.52%
	(85.27)	(13.26%)
		(4.97%)

♦ The 10 largest single borrowers:

No. 1	57.00	8.02%	3.06%
	(49.74)	(7.73%)	(2.90%)
No. 2	51.62	7.26%	2.78%
	(48.40)	(7.52%)	(2.82%)
No. 3	50.76	7.14%	2.73%
	(46.90)	(7.29%)	(2.74%)
No. 4	48.40	6.81%	2.60%
	(42.48)	(6.60%)	(2.48%)
No. 5	47.03	6.62%	2.53%
	(41.24)	(6.41%)	(2.41%)
No. 6	43.88	6.17%	2.36%
	(37.52)	(5.83%)	(2.19%)
No. 7	41.46	5.83%	2.23%
	(35.53)	(5.52%)	(2.07%)
No. 8	39.80	5.60%	2.14%
	(33.80)	(5.25%)	(1.97%)
No. 9	37.64	5.30%	2.02%
	(31.62)	(4.92%)	(1.84%)
No. 10	34.26	4.82%	1.84%
	(29.18)	(4.54%)	(1.70%)
Total	451.83	63.58%	24.29%
	(396.40)	(61.63%)	(23.12%)

♦ The 10 largest borrower groups:

No. 1	145.83	20.52%	7.84%
	(85.27)	(13.26%)	(4.97%)
No. 2	63.04	8.87%	3.39%
	(63.04)	(9.80%)	(3.68%)
No. 3	44.78	6.30%	2.41%
	(54.39)	(8.46%)	(3.17%)
No. 4	43.01	6.05%	2.31%
	(45.24)	(7.03%)	(2.64%)
No. 5	43.00	6.05%	2.31%
	(43.61)	(6.78%)	(2.54%)
No. 6	40.58	5.71%	2.18%
	(41.81)	(6.50%)	(2.44%)
No. 7	36.44	5.13%	1.96%
	(29.22)	(4.54%)	(1.70%)
No. 8	31.70	4.46%	1.70%
	(28.77)	(4.47%)	(1.68%)
No. 9	25.13	3.54%	1.35%
	(27.26)	(4.24%)	(1.59%)
No. 10	17.86	2.51%	0.96%
	(17.86)	(2.78%)	(1.04%)
Total	491.37	69.14%	26.42%
	(436.46)	(67.86%)	(25.46%)

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

	Industries	Loan O/S	% to total loan
No. 1	Power	955.81 (889.95)	51.39% (51.91%)
No. 2	Sugar	245.07 (275.02)	13.18% (16.04%)
No. 3	Steel	97.83 (89.32)	5.26% (5.21%)
No. 4	Fls/NBFCs	79.86 (82.46)	4.29% (4.81%)
No. 5	Tobacco (Agriculture)	64.34 (67.83)	3.46% (3.96%)

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 than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
Rupee assets	725.79 (743.75)	560.43 (590.73)	451.16 (502.26)	275.29 (252.10)	350.16 (235.72)	2362.83 (2324.56)
Foreign currency assets	42.54 (44.78)	88.74 (88.83)	55.15 (79.11)	61.94 (64.01)	370.03 (342.26)	618.40 (618.99)
Total Assets	768.33 (788.53)	649.17 (679.56)	506.31 (581.37)	337.23 (316.11)	720.19 (577.98)	2981.23 (2943.55)
Rupee liabilities*	428.70 (381.01)	257.23 (267.91)	161.88 (191.68)	233.32 (198.04)	1283.55 (1287.68)	2364.68 (2326.32)
Foreign currency liabilities	40.93 (42.47)	88.74 (88.83)	55.15 (79.11)	61.95 (64.01)	369.78 (342.81)	616.55 (617.23)
Total liabilities	469.63 (423.48)	345.97 (356.74)	217.03 (270.79)	295.27 (262.05)	1653.33 (1630.49)	2981.23 (2943.55)

* includes IDA - 2nd loan received from MNRE 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

8.74%
(7.72%)

n) Non-operating income as % to average capital employed

0.01%
(0.02%)

o) Operating profit as a percentage to average capital employed	3.89%
p) Return on average assets	(3.37%) 1.28%
q) Net profit per employee/Rs. in lakhs	(1.18%) 31.45 (26.42)

E) Movement in Provisions

I) Provisions for Non Performing Assets comprising loans (excluding provisions for standard assets)		
Particulars	2006-07	2005-06
Opening balance as at the beginning of the financial year	156.71	147.30
Add: Provisions made during the year	43.08	55.06
Less:		
♦ Write off during the year including incidental charges	0.27	11.24
♦ Write back during the year	42.20	34.41
Closing balance at the close of the financial year	157.31	156.71
Net charged to P&L A/c for NPA loans	0.60	1.91
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	0.00
Less:		
♦ Write off during the year	0.00	0.00
♦ Write back during the year	0.00	0.00
Closing balance at the close of the financial year	0.00*	0.00*

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

F) Restructured Accounts

Sl. No	Particulars	31.3.2007	31.3.2006
1	Total amount of loan assets subjected to restructuring	319.66	332.47
2	Restructured instalment of principal in the total amount of loan assets indicated out of 1 above subjected to restructuring	32.86	42.85
3	Amount of standard assets subjected to restructuring	207.99	272.69
4	Amount of sub standard/doubtful assets subjected to restructuring	111.67	59.78

G) Assets Sold to Securitisation Company/Reconstruction Company

Particulars	2006-07	2005-06
Number of accounts	Nil	Nil
Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
Aggregate consideration	Nil	Nil
Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
Aggregate gain/loss over net book value	Nil	Nil

H) On forward rate agreements and interest rate swaps

- ♦ The notional principal of swap agreements
 - ♦ A swap agreement was entered with Bank of Baroda for foreign exchange risk management of Asian Development Bank (ADB) line of credit. As per the arrangement, the loan drawn from ADB will be kept in \$ deposit with Bank of Baroda, London which earns interest at 6

monthly LIBOR. Against this deposit, INR loan is drawn from Bank of Baroda, New Delhi at PLR less 3.75% as modified in their revised terms.

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

- ♦ Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps

- ♦ Nature and terms of swap is indicated above.

- ♦ All foreign currency liabilities and assets have been translated at exchange rate prevailing at the year end, which is disclosed in the accounting policy number 3.

- ♦ Quantification of the losses which would be incurred if the counter parties failed to fulfil their obligations under the agreements

- ♦ Not applicable

- ♦ Collateral required by the entity upon entering into swaps

NIL

- ♦ Any concentration of credit risk arising from the swaps. Examples of concentration could be exposures particular industries or swaps with highly geared companies

- ♦ Not applicable

- ♦ The 'fair' value of the total swaps book. If the swaps are linked to specific assets, liabilities or commitments, the fair value would be the estimated amount that the entity would receive or pay to terminate the swap agreements at balance sheet date. For a trading swap, the fair value would be its mark to market value.

Particulars	Amount (FC/million)	Amount (Rs./Cr)
Liabilities		
BOB Rupee Term Loan against US\$ deposit – ADB	Nil (Nil)	167.61 (172.81)
Canara Bank Rupee Term Loan		

against Euro deposit-KfW	Nil (Nil)	260.04 (284.34)
Canara Bank Rupee term loan against US\$ deposit – IBRD	Nil (Nil)	Nil (Nil)
Bank of Baroda term loan against US\$ deposit – IBRD	Nil (Nil)	152.53 (130.00)
Assets		
BOB \$ Deposit – ADB	US\$ 38.57 (US\$ 39.71)	167.68 (177.16)
Canara BankEuro Deposit – KfW	Euro 49.85 (Euro 54.38)	288.47 (293.70)
BOB \$ Deposit- IBRD	US\$ 36.02 (US\$ 31.74)	156.56 (141.62)
Canara Bank US\$ Deposit (including Special A/c) – IBRD	US\$ 0.94 (US\$ 0.94)	4.09 (4.19)

I) **Interest Rate Derivatives** During the financial year 2004-05, IREDA has finalized 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, 2007 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)	Nil (54.38)
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2007 (instrument-wise)	49.74 (54.38)
3	Notional principal amount of exchange traded interest rate derivatives and not “highly effective” (instrument-wise)	49.74 (54.38)
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	(-) 1.52 (-) (0.87)

Previous year figures shown within bracket

(30) Disclosure on risk exposure in derivatives

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

A) **Qualitative Disclosure:-**

- IREDA recognized various market risks including interest rate, foreign exchange fluctuation and other assets liability mismatches;
- In order to protect the company from foreign exchange fluctuation risk, the company has entered into long term agreements with nationalized banks with adequate flexibility which enable IREDA to re-negotiate the term to get advantage of the interest rate regime.
- IREDA has also established Exchange Risk Administration Fund (ERAF) to protect itself against the exchange risk arising out of INR borrowings repayable in US\$ terms.
- IREDA is taking active action for protection against interest rate risk by adopting hedging instrument on case to case basis. In this regard, during the financial year 2004-05, an interest rate swap has been finalized with Standard Chartered Bank for KfW loan. As per the swap, IREDA hedged variable interest rate receivable by fixed interest rate receivable against fixed interest rate liability.

B) **Quantitative Disclosures:-**

		(Rupees in crore)	
Sl. No.	Particular	Currency Derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	341.61
	b) For trading	-	-
2	Marked to Market Positions(1)		
	a) Asset (+)/Receivables	-	-
	b) Liability (-)/Payable	-	8.82
3	Credit Exposure (2)	-	-
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	0.07
	b) on trading derivatives	-	-
5	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	-	0.08
	b) on trading	-	0.07

(31) 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.

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

As per our report of even date

For **S. C. Vasudeva & Co.**
Chartered Accountants

(R C Luthra)
Partner
Membership No. 81052

S P REDDI
Director (Finance)

DEBASHISH MAJUMDAR
Chairman and Managing Director

Place : New Delhi
Date : 16th August, 2007

S K BHARGAVA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (Amount in Rupees)

PARTICULARS	For the year ended 31.3.2007 (Rs.)	For the year ended 31.3.2006 (Rs.)
A Cash Flow from Operating Activities:		
Net Profit Before Tax and Extraordinary / Prior Period Items:	952277562	358223300
Adjustment for:		
1 Depreciation	6891060	3430547
2 Provision for NPAs	6032658	19050966
3 General Provision for Std. Assets	70000000	356641509
4 Misc Expenses written off	1866071	2500991
5 Prior period expenses/income	-617012	-17822
6 Laibilities/ Provisions no longer required written back	93986	17066
7 Foreign Exchange Fluctuations	-63182	104455
8 Interest to Tax Authorities	-13047318	-10452114
9 Fixed Assets written off	1360397	10959
10 Dividend on investment	-84000	-
11 Tax Provision adjusted for earlier years	-	-5671915
Operating profit before Working Capital Changes	1024710222	723837942
Increase / Decrease in		
1 Loans & Advances	-1335117117	742654064
2 MNRE loan	-16494784	23637576
3 Other Current Assets	107150719	-150263338
4 Current Liabilities	206786926	-3994924
5 Provision for Leave Encashment	487129	1256775
	-1037187127	613290153
Cash Generated from Operations	-12476905	1337128095
Income Tax & FBT Paid	406718873	-267734252
Net Cash Generated from Operations		-419195778
		1069393843
B Cash Flow From Investing Activities		
1 Purchase of Fixed Assets	-390028221	-80255
2 Dividend on Investment	84000	-
Net Cash flow from Investing Activities		-389944221
		-80255
C Cash Flow from Financial Activities		
1 Amount received towards equity contribution	400000000	-
2 Equity Contribution	-	246500000
3 Capital Grants	13217870	11010479
4 Redemption of Bonds	-500000000	-425000000
5 Dividend paid	-62500000	-62500000
6 Dividend Tax paid	-8765625	-7055000
7 Increase /Decrease in Secured Loans	-364597692	2284147134
8 Increase /Decrease in Un-secured Loans	47349512	387918866
Net Cash flow from Financing Activities		-475295935
Net Increase in Cash & Cash Equivalents	-1284435934	3504335067
Cash & Cash Equivalents at the beginning of the year	11533650514	8029315447
Cash & Cash Equivalents at the end of the year	10249214580	11533650514
Net Increase in Cash & Cash Equivalents	-1284435934	3504335067

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 **S C Vasudeva & Co**
Chartered Accountants

R C Luthra
Partner, M No. 81052

S P Reddi
Director (Finance)

Debashish Majumdar
Chairman and Managing Director

Place : New Delhi
Date : 16th August, 2007

S K Bhargava
Company Secretary

Annexure to be enclosed with Balance Sheet (As prescribed by RBI)

(Particulars as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, in so far as they are applicable to the company)

Particulars	Amount Outstanding	Amount Overdue
LIABILITY SIDE:		
Loans and advances availed by NBFCs inclusive of interest accrued thereon but not paid		
(a) Debentures		
(i) Secured (Tax Free Bonds)	200.00	Nil
(ii) Unsecured	Nil	Nil
(b) Term Loans from Govt. of India	235.70	Nil
(c) Term Loan from International Financial Institution	616.55	Nil
(d) Term Loan from Banks	918.03	Nil
(e) Overdrafts from Bank	Nil	Nil
(f) Cash Credit from Banks	Nil	Nil
Total	1970.28	Nil

Particulars	Amount Outstanding
ASSET SIDE:	
Break up of loans and advances including bills receivable	
(a) Secured loan	1767.98
(b) Unsecured loan	107.91
(c) Foreign currency deposit	618.41
(d) INR deposit	368.00
Total	2862.30

Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances:

Particulars	Amount Net of Provisions		Total
	Secured	Unsecured	
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same Group	Nil	Nil	Nil
(c) Other related Parties	Nil	Nil	Nil
2. Other than Related Parties	2754.39	107.91	2862.30
Total	2754.39	107.91	2862.30

Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	369.49
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	213.39
(iii) Asset acquired in satisfaction of debts	-

As per our Report of even date
For **S C Vasudeva & Co**
Chartered Accountants

R C Luthra
Partner, M No. 81052

S P Reddi
Director (Finance)

Debashish Majumdar
Chairman and Managing Director

Place : New Delhi
Date : 16th August, 2007

S K Bhargava
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

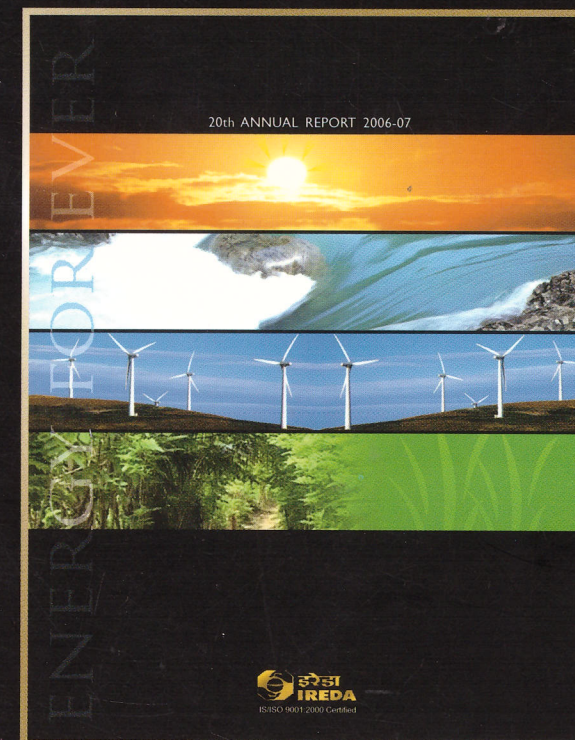
SP REDDI
Director (Finance)

DEBASHISH MAJUMDAR
Chairman and Managing Director



STATUS OF MNRE FUNDS AS ON 31.03.2007

STATUS OF MNRE FUNDS AS ON 31.03.2007																
Sl. No.	PROGRAMME	BALANCE AS ON 1.4.2006	GRANT RECEIVED DURING THE YEAR	INTEREST EARNED DURING THE YEAR		SERVICE CHARGES RECOVERABLE	AMOUNT REFUNDED	AMOUNT/ SUBSIDY DISBURSED	TOTAL FUNDS AS ON 31.03.2007	LOANS OUTSTANDING AS ON 31.03.2007	INTEREST OUTSTANDING AS ON 31.03.2007	BALANCE WITH BANK			BALANCE WITH IREDA	TOTAL FUNDS
				S.T.D.	LOAN							CURRENT A/C	STD	BANKS		
1.	SPV. MFG. LOAN-(32046)	43545022.53	0.00	0.00	4053798.00	4053798.00	0.00	6766617.00	40830203.53	15732000.00	25522338.00	616196.40	616196.40	(1040330.87)		40830203.53
2.	SPV. USER LOAN (32290+32425+32045)	169459659.24	0.00	0.00	13426602.65	13426602.65	132145.00	11303790.00	0.00	171450326.89	53041701.00	30121692.00	4005662.92	4005662.92	84281270.97	171450326.89
3.	SPV. USERS SUBSIDY (32424+32044)	(77062647.57)	0.00	0.00	0.00	0.00	0.00	8394076.00	0.00	(65366723.57)	0.00	0.00	0.00	0.00	(85366723.57)	(85366723.57)
4.	SPV. MARKET -(32142)	12000.37	0.00	0.00	0.00	0.00	0.00	0.00	12000.37	0.00	0.00	0.00	0.00	0.00	12000.37	12000.37
5.	SOLAR THERMAL - (32081)	7447207.00	0.00	0.00	4648099.53	4648099.53	7785.00	342699.00	0.00	11744724.53	31152683.00	3403496.00	1142584.70	0.00	1142584.70	4083390.83
6.	MICRO HYDEL GRANT	7159878.73	0.00	0.00		0.00			7159878.73			0.00	0.00	0.00	7159878.73	7159878.73
7.	SPV. PUMPING PUBLICITY GRANT 94-95	163589.51	0.00			0.00			163589.51			0.00	0.00	0.00	163589.51	163589.51
8.	SPV. WP REIMBURSEMENT-2001-02	(535631.00)	0.00			0.00			(535631.00)			0.00	0.00	0.00	(535631.00)	(535631.00)
9.	SOLAR THERMAL GRANT-93-94	21025.00	0.00			0.00			21025.00			0.00	0.00	0.00	21025.00	21025.00
10.	MNES SPV MKT FROM REIMBURT	972200.93	0.00			0.00			972200.93			0.00	0.00	0.00	972200.93	972200.93
11.	MNES SPV PUMPING FILM GRANT	93100.00	0.00			0.00			93100.00			0.00	0.00	0.00	93100.00	93100.00
12.	CAPITAL SUBSIDY	42201139.28	42960200.00	0.00	0.00	0.00	0.00	0.00	49880517.36	27098900.00	0.00	0.00	0.00	0.00	8181021.92	35280021.92
13.	CO GENERATION INTEREST SUBSIDY	76096865.00	150083000.00	0.00	0.00	0.00	0.00	0.00	66131524.00	158048162.00	0.00	0.00	0.00	0.00	158048162.00	158048162.00
14.	INTEREST SUBSIDY ON SOLAR THERMAL	525717.00	0.00	0.00	0.00	0.00			525717.00			0.00	0.00	0.00	525717.00	525717.00
15.	SPV. USERS SUBSIDY-2001-2002 (32745)	(973.00)	0.00	0.00	0.00	0.00			(973.00)			34568.00	34568.00	(35541.00)	(973.00)	(973.00)
16.	SPV. USERS SUBSIDY-2002-2003-(32689)	36722.00	0.00			0.00			36722.00			37397.00	37397.00	(675.00)	36722.00	36722.00
17.	SPV. USERS SUBSIDY-2002-2003-(32688)	(68338.45)	42500000.00	0.00	0.00	0.00	0.00	0.00	252626551.00	17105090.45	0.00	0.00	0.00	0.00	17105090.45	17105090.45
18.	INTEREST SUBSIDY ON SPV. USER LOAN/99-00 (32583)	(3665157.00)	3665157.00	0.00	0.00	0.00	0.00	0.00	2929336.00	(2929336.00)		0.00	0.00	0.00	(2929336.00)	(2929336.00)
19.	INTEREST SUBSIDY ON SPV. USER LOAN 2000-01-(32636)	10283815.00	10261272.00	0.00	0.00	0.00	0.00	0.00	8555179.00	(8577722.00)		0.00	0.00	0.00	(8577722.00)	(8577722.00)
20.	INTEREST SUBSIDY ON SPV. MFG-(32591)	(7080647.00)	7000000.00	0.00	0.00	0.00	0.00	0.00	4737114.00	(4817761.00)		0.00	0.00	0.00	(4817761.00)	(4817761.00)
21.	INTEREST SUBSIDY ON SPV. USER LOAN 2001-02-(32746)	(34101504.00)	46422692.00	0.00	0.00	0.00	0.00	0.00	12321178.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22.	INTEREST SUBSIDY ON SPV. USER LAON 2002-03	(1685049.00)	1685049.00	0.00	0.00	0.00	0.00	0.00	4590782.00	(4590782.00)		0.00	0.00	0.00	(4590782.00)	(4590782.00)
23.	INTEREST SUBSIDY ON BIOMASS BRIQUETTING	1132752.00	0.00	0.00	0.00	0.00	0.00	0.00	572902.00	559850.00		0.00	0.00	0.00	559850.00	559850.00
24.	INTEREST SUB ON SMALL HYDRO	144680653.00	6299191.00	0.00	0.00	0.00	44000.00	0.00	46855000.00	104080984.00	0.00	0.00	0.00	0.00	104080984.00	104080984.00
25.	INTEREST SUBSIDY ON SOLAR THERMAL NEW LOANS	0.00	13059602.00	0.00	0.00	0.00	0.00	0.00	1114448.00	11944154.00	0.00	0.00	0.00	0.00	11944154.00	
26.	INTEREST SUB ON WASTE TO ENERGY	19808399.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19808399.00		0.00	0.00	0.00	19808399.00	19808399.00
27.	SOLAR WATER HEATING SYSTEMS 2005-06	89208823.00	0.00	4744105.00	0.00	4625553.00	0.00	0.00	73433413.00	20401063.00	0.00	0.00	(11480385.00)	35000000.00	20519615.00	(118552.00)
28.	INTEREST SUBSIDY FOR BALAJI-ANDHRA BANK	641783.00	0.00	0.00	0.00	0.00	0.00	0.00	641783.00	0.00					0.00	0.00
TOTAL		46972775.47	32365153.00	4744105.00	22128494.18	26754043.18	139830.00	26769152.00	299089767.36	9968674.00	5947526.00	(684975.96)	35000000.00	26556024.02	39002670.27	46147630.29



The theme for the Annual Report 2006-07 highlights the timeless, limitless and inexhaustible elements of nature providing sustainable energy for Mankind.



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