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IS/ISO 9001:2000 Certified

अक्षय ऊर्जा से देश विकास



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

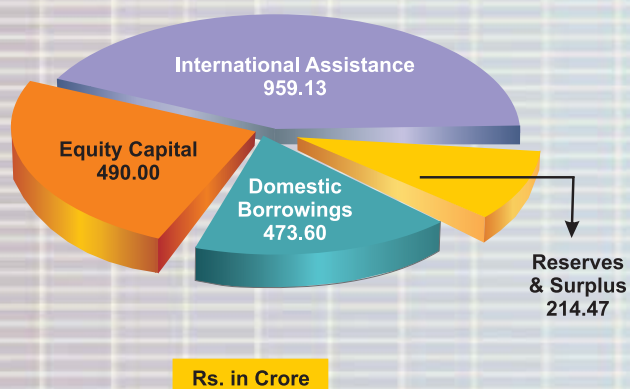
Quality Objectives

Following shall govern the operations :

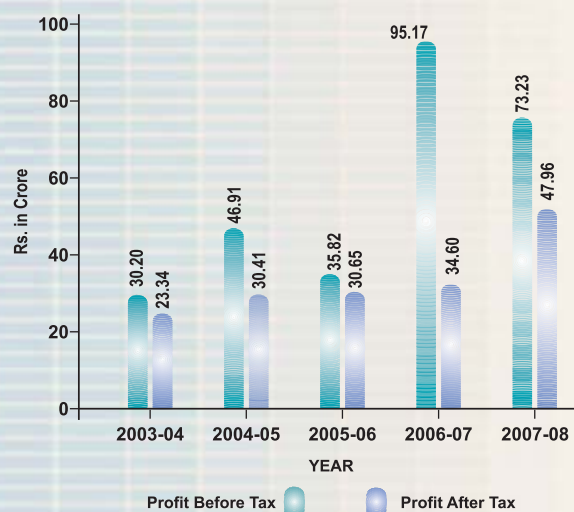
- Improvement in the efficiency of services provided to customers
- Customer satisfaction
- Strengthen Human Resources Development
- Continual improvement of systems, processes and resources.

Highlights of our Performance

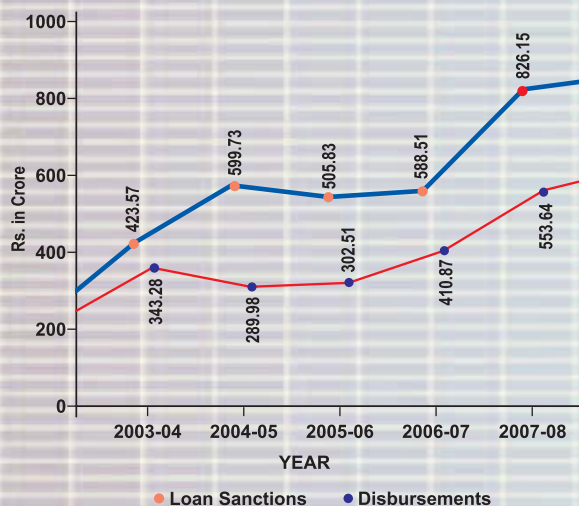
**IREDA's Resource Base
2007-08**



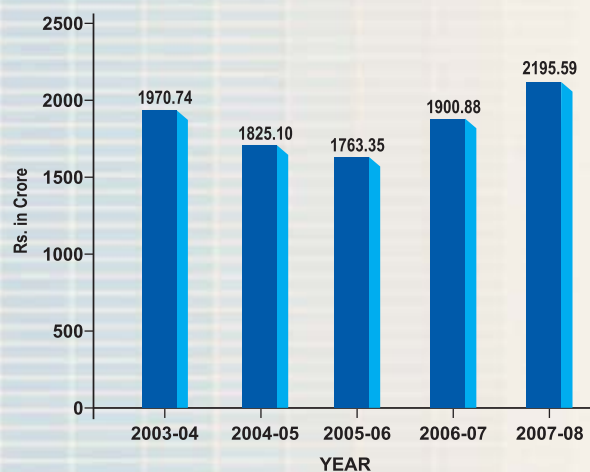
**IREDA's Working Results
Profit before Tax & Profit after Tax**



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



IREDA's Outstanding Loans



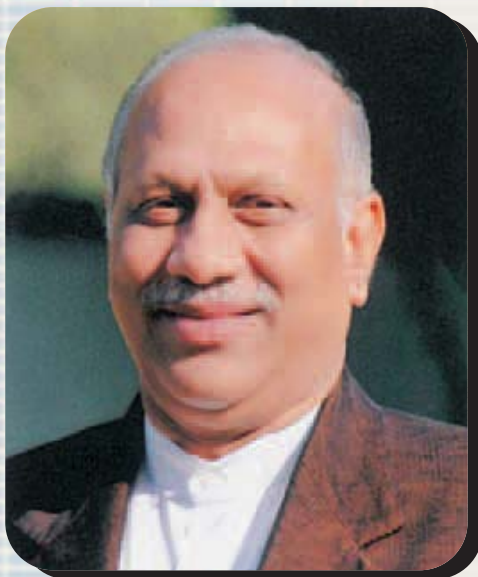


(Rs.in Crores)

RESOURCES	2003-04	2004-05	2005-06	2006-07	2007-08
Equity Capital	325.35	375.35	400.00	440.00	490.00
Reserves & Surplus	127.80	142.60	166.12	178.00	214.47
International Assistance	869.25	921.01	951.03	966.68	959.13
Domestic Borrowings	628.00	528.71	617.34	537.86	473.60
Total	1950.40	1967.67	2134.49	2122.54	2137.20
OPERATIONS	2003-04	2004-05	2005-06	2006-07	2007-08
Loan Sanctions	423.57	599.73	505.83	588.51	826.15
Disbursements	343.28	289.98	302.51	410.87	553.64
Repayment by Borrowers	430.20	426.91	345.21	266.00	262.00
Outstanding Loans	1970.74	1825.10	1763.35	1900.88	2195.59
WORKING RESULTS					
Gross Income	248.34	263.13	195.05	232.78	246.93
Profit before Tax	30.20	46.91	35.82	95.17	73.23
Profit after Tax	23.34	30.41	30.65	34.60	47.96
Earning per Share (Rs.)	71.74	81.01	79.82	85.79	103.91

ENERGY FOR EVER

Renewable Energy



Shri Vilas Muttemwar
Hon'ble Minister for New & Renewable Energy



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Shri Vilas Muttemwar, Hon'ble Minister for New & Renewable Energy presenting the SESI Award for RE Financing Innovation to Shri Debashish Majumdar, Chairman & Managing Director, IREDA at the ICORE-2007 on 27th November, 2007 at New Delhi. Also present is Dr. Rakesh Bakshi, President, SESI.

Board of Directors'

Chairman & Managing Director	Debashish Majumdar (w.e.f. 27.6.2007)
Chairman	V. Subramanian (Ex-Officio upto 26.6.2007)
Managing Director	Debashish Majumdar (Officiating Charge upto 26.6.2007)
Directors	S.P. Reddi K.S. Popli (w.e.f. 04.12.2007) A. K. Rath (upto 31.7.2007) K.P. Sukumaran (w.e.f. 31.7.2007) Hari Kumar (w.e.f. 31.7.2007) A. Prasad (w.e.f. 27.03.2008) Dr. Raj Kishore Prasad (w.e.f. 27.03.2008) Prof. S. Sadagopan (w.e.f. 27.03.2008)
Company Secretary	S.K. Bhargava
Registered Office	India Habitat Centre East Court, Core 4'A' 1st Floor, Lodhi Road New Delhi-110003
Auditors	M/s. S.C. Vasudeva & Co. Chartered Accountants B-41, Panchsheel Enclave Delhi - 110017
Bankers	Canara Bank State Bank of Hyderabad Union Bank of India Bank of Baroda State of Bank of India





IREDA's Extra-Ordinary General Meeting of Shareholders in progress.



IREDA's 20th Annual General Meeting of Shareholders in progress.



Notice

NOTICE is hereby given that the Twenty-first Annual General Meeting of the Shareholders of Indian Renewable Energy Development Agency Limited (IREDA) will be held on **Friday, the 26th September, 2008 at 12.30 P.M.** at IREDA's Registered Office at India Habitat Centre, Lodhi Road, New Delhi-110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended as on that date, Auditor's Report and Comments of Comptroller and Auditor General of India thereon.
2. To declare a Dividend.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions with or without modification(s) as an ORDINARY RESOLUTION:

RESOLVED that approval of the Company be and is hereby accorded in terms of Sub-section (aa) of Section 224 (8) and other applicable provisions, if any, of the Companies Act, 1956, for increase in remuneration payable to M/s. S.C. Vasudeva & Co., Chartered Accountants & Statutory Auditors of the Company for the financial year 2007-08 from Rs. 1,26,500/- to Rs. 1,90,000/- per annum (excluding tax) on the basis of material facts contained in the Explanatory Statement annexed to the Notice of the Meeting. The remuneration shall be valid for a period of three year commencing from year 2007-08.

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

BY ORDER OF THE BOARD OF DIRECTORS

(S.K. BHARGAVA)
Company Secretary)

New Delhi
12th September, 2008

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 - 110017

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company [A Proxy Form is enclosed].
2. An Explanatory Statement setting out all material facts concerning the item of Special Business, in pursuance of Section 173 (2) of the Companies Act, 1956, is annexed to this Notice.

PROXY FORM

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

(A Government of India Enterprise)

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

I/We of in the district of being a member of the above named company hereby appoint of in the district of or failing him/her of in the district of as my proxy to vote for me and on my behalf at the **21st ANNUAL GENERAL MEETING** of the Company to be held on the **26th day of September, 2008** and at any adjournment thereof.

Signed this day of, 2008

.....
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.



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

Revision of Remuneration payable to the Statutory Auditors of the Company for the financial year 2007-08 onwards.

In terms of provisions of Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India (CAG) vide letter No. CAN/COY/CENTRAL GOVT. IRENWE(1)/153 dated 2nd August, 2007 has appointed M/s. S. C. Vasudeva & Co., Chartered Accountants as IREDA's Statutory Auditors for the financial year 2007-08 at a consolidated fee of Rs. 87,150/-. However, the fees paid by IREDA to Statutory Auditors was revised in the financial year 2004-05 to Rs. 1,26,500/- (Rupees one lakh twenty-six thousand five hundred only) which was approved by the Shareholders in their 18th Annual General Meeting held on 23rd November, 2005.

After completion of the Statutory Audit for the year 2006-07 M/s. S.C. Vasudeva & Co., Chartered Accountants & Statutory Auditors of IREDA vide their letter dated 23.6.2007 requested IREDA for enhancement of statutory audit fee between Rs. 4,93,200/- to Rs. 5,63,000/- on the basis of the fee payable for Bank Auditors as per the asset size in terms of RBI Circular dated 6.6.2007 and in terms of the scale of fee recommended by Institute of Chartered Accountants of India (ICAI) chargeable for the work done by Principal, Qualified Assistant, Semi-Qualified Assistant/ other Assistants etc. w.e.f. 12.05.2006.

The nature of the audit work of a bank is more or less like NBFCs like IREDA. It was, therefore, felt reasonable and justifiable to

consider an appropriate enhancement in the audit fee on the basis of increase of work, time spent by auditors, inflation/cost of living index over last 3 years and the guidelines issued by The Institute of Chartered Accountants of India and RBI. Further there has been no increase in the audit fee after 2004-05.

The proposal for increase in audit fee payable to M/s. S.C. Vasudeva & Co., Chartered Accountants & Statutory Auditors of IREDA from Rs. 1,26,500/- to Rs. 1,90,000/- per annum (excluding tax) for the financial year 2007-08 and valid for a period of 3 years commencing from the year 2007-08, as recommended by the Board of Directors at their 181st Meeting held on 31st July, 2008, is, therefore placed before the Shareholders for consideration and approval.

None of the Directors of IREDA is directly or indirectly, concerned or interested, in terms of Section 300 of the Companies Act, 1956, in the above proposal.

BY ORDER OF THE BOARD OF DIRECTORS

(S. K. BHARGAVA)
Company Secretary

New Delhi

Date : 12th September, 2008



Shri Debashish Majumdar, Chairman & Managing Director, IREDA presenting the dividend cheque to Shri Vilas Muttemwar, Hon'ble Minister for New & Renewable Energy in presence of Sh. V. Subramanian, Secretary, MNRE, New Delhi

Chairman's Speech



Dear Shareholders,

It gives me great pleasure in extending you a warm welcome to the Twenty First 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, 2008, 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 and industry scenario, and the emerging global economic indicators that have a bearing on your Company's strategic pursuits and performance. I consider it a great privilege to address this august gathering.

GLOBAL ECONOMIC SCENARIO

Indications of a global recessionary trend seem to be the general opinion with marked fall in growth in the industrialised economies. Coupled with a sustained high oil price, this has led to high rates of inflation in developing economies. Demand for industrial goods, automobiles and housing has seen sharp declines.

Fundamental changes in the global economic order are taking place. The pace at which these changes are taking place is also increasing. The impact of these changes is far reaching and shall affect every aspect of human life in every corner of the world.

The recent WTO round of negotiations shows that change or otherwise, international trade shall go on. While trade barriers are being removed, the era of huge subsidies is being slowly phased out. Intra-regional trade is leading to economic development.

From a global trade point of view, national boundaries shall become more porous. The centers of gravity of certain economic activities will shift from developed nations to developing nations. With the removal of trade barriers, liberalization and overall development of global economy, the volume of two-way trade may

show significant increase. Developing nations economies, instead of remaining agricultural and being sources of industrial raw material would strive to develop their industry and services sectors.

Developing but large economies, like India and China would continue to grow rapidly and would also play a larger role in international trade particularly in agriculture, services & traditional industrial sectors.

Competition and cooperation will co-exist. There will be continual regrouping of trade blocks on the one hand and an under-current of non-tariff barriers on the other. Complexities will grow but so will the opportunities.

INDIAN ECONOMY

Indian economy statistics paint a telling and accurate picture of the ins and outs of a large and dynamic economy on the move. Thanks to a steady trend of growth observed in recent years, supported by a flourishing real estate and service sector, the Indian economy continues to grow at a steady rate of above 8%.

The catalyst for this recent growth originated with a boom in the IT industry, which has had sustained growth for a number of years. Industrial production has also increased at a considerable rate. With exports growing in both the manufacturing and services sectors, foreign exchange reserves have grown year-on-year to over US \$ 290 billion.

The decision to increase fuel prices was quite difficult in the face of huge rally of prices which even threatened smooth supplies in India unless immediate steps were taken. The Government tried all possible alternatives to avoid the price hike and in the end agreed for a hike that was less than one-fifth of the raise sought by state-run firms to make domestic cost at par with imported price. Not only that, it left common man's fuel, kerosene untouched, which in India is sold at the cheapest rates in the world.

INDIAN POWER SECTOR

The Power & Energy Infrastructure sector in India is poised for a major take-off. The sector has seen an addition of around 27,000 MW during the 10th Plan period (2002-07). And during next Plan Period, a capacity addition of over 78,000 MW has to be set up by 2012 excluding capacity additions in the Renewable Energy sector.

The Mission 'POWER for All by 2012' would mean raising the per capita consumption of electricity from the current 704 kWh to 1000 kWh by the year 2012.

With high crude oil prices threatening to derail economic growth, specific programmes are being launched to significantly increase



the share of renewable energy in the total energy mix while recognizing the need to expand the scope of non-fossil options such as nuclear energy.

The acute shortage of electricity pan-India is giving rise to further dieselisation of captive power generation, which needs to be addressed. Given the current power deficit, the policy solution is to step-up capacity addition in power generation, revamp distribution and cut down on systemic leakage and improve efficiency across the production, delivery and end-use of power. What's required is an urgent strengthening and expansion of regional power grids. Such a paradigm would make better use of existing capacity and provide power to deficit regions at modest marginal cost.

RENEWABLE ENERGY SECTOR

I would begin by first looking back at our achievements and then look forward for initiatives that would help us to leapfrog and continue being the leaders in renewable energy financing across the country.

The total installed power generation capacity in the country has reached 1,43,000 MW as on 31.3.2008. The share of renewable energy power generation capacity at 12,403 MW as on 31.3.2008 is close to 9%.

Twelve state regulators have under the National Tariff Policy 2006 passed orders for a minimum off-take of renewable power by distribution licensees. These vary widely from near negligible to over 10 per cent. These renewable energy purchase obligations (RPOs) are bound to significantly impact capacity addition for renewable energy. What we also need is a mechanism to ensure continuity and revisiting these obligations at regular intervals.

Energy Efficiency and Conservation (EEC) offers a solution to reduce power demand. The industrial sector in India accounting for 48% of the total energy consumption is adopting new process technologies envisaging energy efficiency.

Renewable energy and energy efficiency sectors promoted by IREDA are two of the major components of CDM projects in India. The revenue generated through sale of certified emission reductions (CERs) under CDM could give a major fillip to development of clean technology and encourage industrial sectors to upgrade their technologies for energy efficiency.

There is a new vigour and vitality in the sector as a whole with launching of new initiatives for promotion of Renewable Energy. In addition, the level and quality of engagement with key stakeholders has been significantly increased. This refreshed approach has been most evident in the handling of key policy issues. The Ministry of New and Renewable Energy (MNRE) ably led by Hon'ble Shri Vilas Muttemwar must be singularly complemented for the impressive leadership in this area, to lay the policy contours that promote increased investments and create suitable competitive markets thereby increasing the scope for renewable energy applications and mainstreaming renewable

energy power through new initiatives like generation based incentive scheme for wind and solar power generation. The Hon'ble Prime Minister's initiative to reallocate 10 percent of the subsidy meant for kerosene to provide solar home lighting systems for the poor in rural areas will give further boost to the sector.

With the government recognizing that the anthropogenically generated global warming induced climate change may alter the distribution and quality of India's natural resources and adversely affect the livelihood of its people, it has announced the National Action Plan on Climate Change (NAPCC). It addresses the "urgent and critical concerns of the country through a directional shift in the development pathway", while outlining a number of steps to simultaneously advance India's development and climate change related objectives of adaptation and mitigation. The focus of the Eight National Missions will be on promoting understanding of climate change, adaptation and mitigation, energy efficiency and natural resource conservation. Three of the eight proposed Missions, namely National Solar Mission, National Mission for Enhanced Energy Efficiency and National Mission on Sustainable Habitat, have a direct relevance on the future of IREDA's activities and business plans.

In addition, the Energy Coordination Committee, chaired by the Prime Minister, has authorized MNRE to draft legislation for the promotion and accelerated growth of renewable energy sector and to draft schemes and guidelines for the introduction of Renewable Energy Certificates. Both these steps, I am sure, would lead to enhanced investments and consequently benefit in the growth of renewable energy sector within the country.

For IREDA, the forward looking initiatives of the government entail raising additional resources, at cost competitive rates, to meet the challenges of projected growth in business.

PERFORMANCE HIGHLIGHTS

The 11th Plan target of Renewable Power Capacity addition is 15,000 MW, most of which is expected through private sector investments. Your company's role during the 11th Plan period is targeted at 1,750 MW capacity addition, Rs.8,145 crore loan sanctions and Rs.5,700 crore disbursement.

Your company has shown improved performance during FY 2007-08. Loan sanctions and disbursements surpassed the respective MoU targets of Rs.714 crore and Rs.550 crore set for the year 2007-08. Your Company's performance in lending operations during the year was excellent. Loan sanctions were Rs.826.15 crore in FY 2007-08 registering an increase of 40.4% over previous year. Disbursement during 2007-08 recorded growth of 34.8% over the previous year and stood at Rs.553.64 crore. The major sectors that were funded during this fiscal were Wind, Small Hydro, Cogeneration, Energy Efficiency and Conservation. The projects sanctioned would lead to the capacity addition of 247.45 MW. For the first time, your Company sanctioned a Wind Power



project in an IPP mode with an installed capacity of 31.20 MW with 100% equity contribution through foreign direct investment (FDI) route.

Profit After Tax (PAT) in FY 2007-08 stood at Rs.47.96 crore, the highest ever, compared to Rs.34.60 crore in FY 2006-07 recording an increase of 38.6%.

RESOURCE MOBILISATION

During FY 2007-08, the Authorised Share Capital of your Company was enhanced to Rs.1000 crore from Rs.400 crore. With the allotment of Rs.40 crore share application money received in the year 2006-07 and release of equity of Rs.50 crore by Govt. of India during 2007-08, the paid-up share capital of your Company stood at Rs.490 crore as on 31st March 2008.

DIVIDEND

Your Directors recommend a dividend of Rs.9.60 crore for the financial year 2007-08, which is 20% of the Profit after Tax.

ASSET QUALITY

We need to continuously keep a strict watch on getting the correct information from our Executive team and provide them with the right internal control system. The level of net NPA during FY 2007-08 was 11.28% as against 12.52% in the previous fiscal. Your company adopted various strategies including action under SARFAESI Act, One Time Settlement, Reschedulement and regular follow-up to marginally reduce the level of NPA. The Company could recover an amount of Rs.57.32 crore including Rs.11.72 crore from written-off loans. Considering the ad-hoc provision, the level of net NPA was 8%.

In addition to the above nine drought-hit small hydro projects, having an exposure of Rs.48.14 crore have been upgraded to Standard category after satisfactory completion of one year watch period.

POLICIES

Your Company continued to implement the various schemes entrusted to it by MNRE including Subsidy Scheme on 'Accelerated Development and Deployment of Solar Water Heating Systems in Domestic, Industrial and Commercial Sectors by Banks and other Financial Institutions'. Moreover MNRE made your Company as fund manager for generation based incentive scheme on 'Grid Interactive Solar PV Power Generation Projects'.

Your Company has prepared an Action Plan for adapting to the changing business environment. IREDA has signed a Memorandum of Understanding with Power Finance Corporation Ltd. for facilitating joint financing of Renewable Energy, Energy Efficiency & Conservation and medium and large hydro projects. In addition, to increase its share in financing of hydro projects, the Company would now also finance medium size hydro projects above 25 MW in Consortium/Co-financing mode with Banks/FIs.

Your Company has undertaken various programmes for business development and as part of its promotional efforts, your Company has organised four seminars in the states of Orissa, West Bengal, Karnataka and Himachal Pradesh for capacity building for project developers in the area of environment and social assessment of small hydro and energy efficiency projects. In addition, your Company has supported various Seminars, Business Meets, Workshops and Exhibitions in different parts of the country.

RISK MANAGEMENT

Your Company has made significant progress in the area of risk management during FY 2007-08. This entails assessment of overall risk, emphasizing clients having track record and project strength while striking a balance between the risk and return on assets and striving towards improving market share. Your Board has approved adoption of risk adjusted lending rates to become effective from 1st April, 2008.

Your Company has formed 'Credit Risk Rating Cell' (CRRCC) to deal with rating of project proposals before appraisal to help in up-gradation of evaluation methodology.

FINANCIAL INCLUSION

IREDA has been consistently practicing a policy of financial inclusion, wherein projects are taken up that promote employment and development of infrastructure in rural areas. IREDA continues to provide special concessions and assists the promoters belonging to SC/ST, Women, Ex-service man and handicapped categories and also for the projects in North Eastern States & Sikkim, Uttarakhand, Jharkhand, Chhattisgarh, Islands and Estuaries.

As in the past, over 90% of the projects comprising of loan assistance of Rs.775 Crores sanctioned by IREDA are located in rural areas.

FUTURE OUTLOOK

Initiatives under National Action Plan on Climate Change (NAPCC), generation based incentives, Renewable Portfolio Standards, Renewable Energy Certificates and Clean Development Mechanism (CDM) offer ample opportunities for charting a sustained growth path for your Company. Looking ahead, the opportunities for growth exist, where competition for resources at appropriate cost, would determine its rate and direction. The challenge also lies in enlarging and widening customer base and designing new financial instruments to suit their specific requirements.

As a part of IREDA's resource mobilization strategy, your Company has been in dialogue with different bilateral and multilateral agencies who intend to be partners in the promotion & development of Renewable Energy & Energy Efficiency in the country. The European Investment Bank Multi Tranche Framework Loan for Euro 150 million, KfW Line of Credit for Euro



50 million along with a Technical Assistance component of Euro 1 million and Nordic Investment Bank Line of Credit for US \$ 50 million are under finalization.

ACKNOWLEDGEMENTS

At the outset I would like to thank, on your behalf and on behalf of the Board, the valuable contribution made by Shri V. Subramanian, former Chairman of the Board and Secretary, MNRE. We wish him well in his future endeavours. I also wish to 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. I take this opportunity to thank my colleagues on the Board for their enlightened guidance and abundant support.

Your Company gratefully appreciates the continued guidance, support and assistance of Ministry of New and Renewable Energy, Ministry of Finance, Planning Commission and other Ministries/Departments of the Government of India.

I am thankful to the World Bank, Global Environment Facility, Asian Development Bank, KfW, Germany, European Investment Bank, Nordic Investment Bank and other international financial institutions and agencies for their co-operation, guidance and help. Your Company looks forward to their continued support and encouragement.

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

Our visions and goals get translated into concrete results, only with the complete commitment, faith, loyalty and excellent teamwork of the employees of the Company at all levels. I, on behalf of the Board and on your behalf, place on record the deep appreciation of all employees for their individual and collective efforts towards your Company's performance.

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 2008, be adopted.

Thank you,

Place : New Delhi
Dated : 26.09.2008

(DEBASHISH MAJUMDAR)
Chairman & Managing Director



Hon'ble President Smt. Pratibha Devisingh Patil at the release function of the set of postage stamps held at New Delhi on the occasion of the Silver Jubilee celebrations of MNRE.



IREDA financed Windfarm Project at Devgaon, Karnataka



Directors' Report

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 21st Annual Report together with the audited Statements of Accounts and the Auditor's Report for the year ended 31st March 2008.

ENERGY SCENARIO

Meeting energy requirement is vital to the economic development of any country and more so for a developing country like India.

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 total installed capacity in the country has reached 1,43,000 MW as on 31.3.2008. The installed Renewable Energy Capacity is 12,403 MW as on 31.3.2008 thereby increasing share in installed capacity close to 9%.

With high crude oil prices threatening to derail economic growth, specific programmes are being launched to significantly increase the share of renewable energy in the total energy mix while recognizing the need to expand the scope of non-fossil options in general such as nuclear energy, wind energy and biomass power.

Renewables will play an increasingly important role in the future as they are cleaner and easier to use and environmentally benign and are bound to become economically more viable with increased use.

Eleven state regulators have under the National Tariff Policy 2006 passed orders for a minimum offtake of renewable power by distribution licencees. This renewable energy purchase obligations (RPOs) is going to have significant impact on capacity addition for renewable energy.

Energy Efficiency and Conservation (EEC) offers a solution to reduce power demand. The industrial sector in India accounting for 48% of the total energy consumption is adopting new process technologies envisaging energy efficiency.

The revenue generated through sale of certified emission reductions (CERs) could give a major fillip to development of clean technology and encourage sectors like steel to upgrade their technologies for energy efficiency.

The 11th Plan target of Renewable Power Capacity addition is 15,000 MW, most of which is expected through private sector. IREDA has a Five Year Plan target of 1,750 MW capacity addition, Rs.8,145 Crore loan sanction and Rs.5,700 Crore disbursement. Adequate resources are being mobilized from bilateral / multilateral agencies like KfW, European Investment Bank (EIB) and Nordic Investment Bank etc.

POLICIES

REVIEW OF POLICIES

Keeping in view the developments in the financial markets, the Company has suitably revised its financing policy. The Company has also simplified and streamlined a number of procedures and

systems making them customer friendly.

NEW INITIATIVES

The Company has introduced four new schemes during 2007-08: (i) *Bridge loan scheme for SDF supported bagasse- based co-generation projects* where IREDA can extend loan upto 90% of project cost to profit making existing sugar mills (ii) *Take Out Financing scheme* where loans from other FIs/ Banks for commissioned projects are taken over by IREDA (iii) *Financing Scheme for SPV grid connected power plants* (iv) *Scheme for financing of hydro projects above 25 MW in consortium/ co-financing with Banks/ FIs.*

OPERATIONS

SANCTIONS AND DISBURSEMENTS

The achievement of loan sanctions and disbursements surpassed the respective MoU targets i.e Rs.714 crore and Rs.550 crore set for the year 2007-08. The Company's performance in lending operations during the year was excellent, as loan sanctions of Rs.826.15 crore in 2007-08 registered increase of 40.4% over previous year and disbursement of Rs.553.64 crore during 2007-08 recorded growth of 34.8% over the previous year.

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

(Rs. in crore)

Sectors	Sanctions	Disbursements
Wind Power	426.97	271.02
Hydro Power	226.23	119.39
Co-generation	68.30	103.88
Biomass Power	-	9.81
Energy Efficiency & Conservation	53.73	13.57
Solar Thermal	50.92	29.82
Waste to Energy	-	6.15
TOTAL	826.15	553.64

The cumulative sanctions and disbursements as on 31st March 2008 stood at Rs.8865.65 crore and Rs.4983.10 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 2007-08 will result in establishment of additional power generating capacity of about 247.45 MW. The sector-wise break-up of sanctioned capacity is indicated below:

Sectors	Capacity (MW)
Wind Power	120.45
Hydro Power	55.00
Co-generation	48.00
Energy Efficiency & Conservation	24.00
TOTAL	247.45

For the first time, the Company sanctioned an independent power project (IPP) of wind farm with an installed capacity of 31.20 MW with 100% equity contribution through foreign direct investment (FDI) route.

FINANCIAL PERFORMANCE

WORKING RESULTS

The overall performance for the year 2007-08 was satisfactory. The key parameters of performance in this regard are listed below.

(Rs. in crore)

	2006-07	2007-08
Gross Income	232.78	246.93
Profit before Tax (including prior period adjustment)	95.17	73.23
Provision for Income Tax	27.70	31.50
Deferred Tax Debit/ Credit	31.45*	6.44
Profit available for appropriation (after adjustment of excess provisions made in earlier years, balance in Profit & Loss Account brought forward, Fringe Benefit Tax and interest paid to Income Tax Department)	34.61	48.38
APPROPRIATIONS		
Special Reserves u/s 36(1) (viii) of Income Tax Act 1961	26.00	17.36
Proposed Dividend	7.00	9.60
Dividend Tax	1.19	1.63
General Reserve	0	10.00
Surplus carried to Balance Sheet	0.42	9.79

* Including Deferred Tax Debit for earlier year.

The Profit and Loss Account takes care of the prudential norms regarding income recognition, asset classification and provisioning as per RBI guidelines.

DIVIDEND

Your Directors recommend a dividend of Rs. 9.60 crore for the financial year 2007-08, which is 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 Ministry of New and Renewable Energy (MNRE), it has been following the Prudential Norms in respect of Income Recognition, Asset Classification, Provisioning and Disclosure requirements issued by RBI applicable to Financial Institution(s) as amended from time to time.

STRESSED ASSETS MANAGEMENT

The level of net NPA during the year 2007-08 was 11.28% as against 12.52% of previous year. The level of NPA marginally

decreased due to recovery by way of One Time Settlement, SARFAESI Act., Reschedulement and regular follow-up. The Company could recover an amount of Rs.57.32 crore including Rs. 11.72 crore from written-off loans.

In addition to the above, nine drought-hit small hydro projects, having an exposure of Rs.48.14 crore have been upgraded to Standard category after satisfactory completion of watch period as per restructuring package.

DEBT EQUITY RATIO & NET WORTH

As on 31st March 2008, the Company's net borrowing stood at Rs.1318.21 crore which is 1.65 times of its net worth amounting Rs.797.13 crore

RESOURCE MOBILISATION

SHARE CAPITAL

The Authorised Share Capital of the Company enhanced to Rs.1000 crore from Rs.400 crore. With the allotment of Rs.40 crore share application money received in the year 2006-07 and release of equity of Rs.50 crore by Govt. of India during 2007-08, paid-up share capital of the Company stood at Rs.490 crore as on 31st March 2008.

INTERNATIONAL ASSISTANCE

An amount of Rs.6.07 crore was availed under IBRD portion and Rs.6.15 crore received through counter-part funding from Government of India IDA portion under India: Second Renewable Energy Project of the World Bank.

As a part of IREDA's resource mobilisation strategy to raise funds from international sources, the Company has been in dialogue with different bilateral and multilateral agencies who intend to be partner in the promotion & development of Renewable Energy & Energy Efficiency investments in the country. The European Investment Bank Multi Tranche Framework Loan for Euro 150 million, KfW Line of Credit for Euro 50 million along with a Technical Assistance component of Euro 1 million and Nordic Investment Bank Line of Credit for US \$ 50 million are under finalisation.

PROMOTIONAL EFFORTS

BUSINESS MEETS

The Company continued to sponsor Seminars, Workshops and Business Meets to promote renewable energy technologies. During the year, it supported the following programmes:

- Business Meet on Wind Energy Investment in Gujarat organised at Ahmedabad.
- Business Meet on Wind Energy organised at Ahmedabad.
- Solar India 2007 organised at Bangalore.
- Investor Meet on Wind Power Prospects in Madhya Pradesh organised at Indore.

DISSEMINATION OF INFORMATION

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





View of IREDA financed 0.75 MW Maligiri Small Hydro Project at Mandya District, Karnataka



conservation and their potential benefits. During the year, efforts were made for awareness creation and outreach and hiring of services of Call Centre to attend the queries of the borrowers with toll free numbers. Financing Guidelines of IREDA are available in its website. Brochures on various schemes were printed for distribution to the entrepreneurs and users. The "IREDA News" continued to be published to highlight the current developments in the renewable energy sector and a Bulletin on Energy Efficiency (BEE) for creating awareness about Energy Efficiency and Conservation (EEC) in the country. Print and electronic media were used for sustained publicity.

OTHER DEVELOPMENTAL ACTIVITIES

The Company undertook four programmes in the states of Orissa, West Bengal, Karnataka and Himachal Pradesh for capacity building for project developers in the area of environment and social assessment of small hydro and energy efficiency projects.

DEVELOPMENT OF RURAL AREAS

During the year under report, 26 projects located in the rural area were sanctioned loan assistance of Rs.775 crore. The loan amount sanctioned for these areas constituted around 94% of the total sanctions during the year.

SPECIAL CONCESSIONS

IREDA continued to provide special concessions to assist the promoters belonging to SC/ST, Women, Ex-service man and Handicapped categories and also for the projects in North Eastern

States, Sikkim, Uttarkhand, Jharkhand, Chhattisgarh, Islands, Estuaries. The concessions include rebate in interest rates, exemptions in payment of Registration Fee, Inspection charges, Legal Charges (other than incurred for Recovery), Expenditure incurred on Nominee Director(s), Front-end-fee etc.

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 Interest Subsidy Scheme on 'Accelerated Development and Deployment of Solar Water Heating Systems in Domestic Industrial and commercial Sectors by Banks and other Financial Institutions' and 'Grid Interactive Solar PV Power Generation Projects'.

BUSINESS STRATEGY

The Company has prepared Road Map and Action Plan for adapting to the changing business environment. IREDA has signed MoU with Power Finance Corporation for facilitating joint financing of RE, EEC and medium and large hydro projects. Further to have more share in financing of hydro projects, the Company has resorted to three pronged efforts viz.: (i) Financing of medium size hydro projects above 25 MW (ii) Consortium/ Co-financing with Banks / FIs (iii) To be lead institution in the financing

JOINT SECTOR COMPANY

M/s M. P. Windfarms Limited (MPWL) is the sole Joint Sector Company promoted by your Company in collaboration with the



IREDA financed 5 MW Brahmaganga Small Hydro Project at Kullu District, Himachal Pradesh.



The paid-up capital of M/s MPWL stood at Rs.70 lakh .MPWL has authorized share capital of Rs.100 lakh. MPWL took up the work of development of 15 MW project at Nagda hills near Dewas in Madhya Pradesh and has commissioned the entire capacity.

NETWORKING ARRANGEMENTS

As a part of marketing strategy, the Company has networking arrangements with various technical and professional organisations through a scheme of Business Development Associates (BDA) to enlarge its outreach . As on 31st March, 2008, total number of BDAs stood at 52 comprising 16 Technical Consultancy Organisations, 12 State Nodal Agencies, 02 Local Productivity Councils, 15 Private Sector Enterprises and 07 NGOs and Technical Institutions.

PLANNING, MONITORING AND EVALUATION

PLANNING

IREDA has drawn up its Annual Plan for the year 2008-09, which envisages ambitious targets for loan sanction of Rs.900 crore and disbursement of Rs.650 crore.

MEMORANDUM OF UNDERSTANDING

The Company's performance in achieving the MoU targets fixed for the year 2007-08 is likely to be rated as 'Excellent'. The Company has also signed a MoU with the Government for the year 2008-09.

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. Performance monitoring was done for grid-connected projects having aggregate installed capacity 338.78 MW.

HUMAN RESOURCE DEVELOPMENT

Efforts towards Human Resource Management and Development were made to meet the Corporate Objective of accelerated growth. In this direction, the Company went for recruitment drive and appointed officials in various disciplines. New set of knowledge and skills are required to deal with changes and challenges. Keeping this in view training seminar on "RET Screen Version 4" was conducted in collaboration with RET Screen International, Canada for IREDA officials to learn how to use the software to evaluate clean energy use and assess potential saving opportunities. In-house programme on Fair Practices code, Grievance Redressal Mechanism, Know Your Customer (KYC) and Anti Money Laundering Standards was organized for IREDA officials dealing with borrowers. Further, the Company continued to nominate officials at various levels for the professional training courses and Seminars/ Workshops/ Symposia on specialized subjects both in India and abroad, so as to keep them abreast with the latest developments in their respective fields. As a HRD measure various welfare schemes/ guidelines/ rules were updated and implemented.



IREDA financed Windfarm Project at Nagda Hills, Madhya Pradesh

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 formed 'Credit Risk Rating Cell' (CRRC) to deal with rating of project proposals before appraisal to help in up-gradation of evaluation methodology. The Company has engaged reputed consultant for reviewing systems and procedures for its lending operations and for developing a suitable action plan for its organisation restructuring.

As per knowledge management plan, the Company implemented Intranet facility which enable all its officials to share information and to access online circulars/ notices, news, upcoming events, sanction/ disbursement details etc. The Portal also facilitates to download and use administrative forms, thus reducing paper work and improve communication facility.

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 RE projects to the tune of 182.85 MW commissioned during the year will result in annual saving of 0.20 million tons of oil equivalent (MTOE) and

abatement of 0.65 million tons of carbon dioxide.

COMMITTEE ON PUBLIC UNDERTAKINGS

During the year, Committee on Public Undertakings (COPU) selected power generating PSUs for horizontal study. IREDA participated in the examination of its physical and financial performance by COPU.

QUALITY MANAGEMENT SYSTEM CERTIFICATION AS PER ISO 9001:2000

The Company was accredited with ISO 9001:2000 certification for the quality Management Systems Certification by the Bureau of Indian Standards [BIS] on 28th Dec. 2004 for a period of 3 years. During this period IREDA all through managed to keep the required Quality Standards. Based on the rigorous evaluation criteria through Surveillance Audit and Final renewal audit, the BIS have renewed the certificate for another period of 3 years with effect from 29th Dec. 2007 to 28th Dec. 2010.

RESERVATION FOR SC/ST/OBCs/PH

In accordance with the Government's policy, the Company is strictly following the Government's instructions regarding recruitment and promotion of candidates belonging to Scheduled Castes/ Scheduled Tribes/Other Backward Communities. Liaison officers for Scheduled Castes/ Scheduled Tribes and Other Backward Communities have also been nominated to watch the interests of these categories.



Inauguration of "Exhibition on Hindi Works" by Shri Vilas Muttemwar, Hon'ble Minister for New & Renewable Energy on the occasion of Hindi Diwas, 2007.



OFFICIAL LANGUAGE IMPLEMENTATION

The Company continued its sincere efforts in the implementation of Official Language Policy of the Government of India. Due to its continuous efforts, level of correspondence in Hindi increased substantially.

Various incentive schemes were implemented to encourage the employees for accelerated use of Hindi. Workshop and competitions related to Official Language were organized on regular intervals. The efforts yielded good results to create conducive environment for increased use of Hindi in IREDA. The Company organized various competitions during Hindi Pakhwara in the first fortnight of September, 2007.

Quarterly meetings of the Rajbhasha Karyanvayan Samiti were held regularly to review the progress of Official Language and made suggestions for progressive use of Hindi in IREDA and further implementation of the provisions of the Official Language Act, Rules, Annual Programme and other directions issued by Department of Official Language from time to time.

AUDITS & INSPECTIONS OF ACCOUNTS

STATUTORY AUDITORS

M/s S C Vasudeva & Co, Chartered Accountants, New Delhi was appointed as Statutory Auditors of the Company by the Comptroller and Auditor General of India for the financial year 2007-08.

AUDIT REVIEW

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

INTERNAL AUDIT & LEGAL AUDIT

M/s Ravi Rajan & Co., Chartered Accountants, Delhi were appointed your Company's Internal auditors for the financial year 2007-08 and the Audit Reports and Action Taken Report were submitted to the Audit Committee for review. M/s L.P Agarwalla & Co., Advocates were appointed Legal Auditors for the year 2007-08.

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.3704.00 lakh and the outflow was Rs.3423.21 lakh.

PERSONNEL AND INDUSTRIAL RELATIONS

Personnel relations continued to be extremely cordial and harmonious during the year. The grievances of the employees, if



Release of "IREDA Glossary" by Shri Vilas Muttemwar, Hon'ble Minister for New & Renewable Energy on the occasion of Hindi Diwas, 2007.

any, were redressed through dialogues/ discussions by the Director (Grievance).

CUSTOMER RELATIONS

The Company believes in building and enhancing better customer relationship. The Company continued with its customer-friendly approach in day-to-day dealings. The problems of borrowers are redressed by a response mechanism and by providing effective and immediate hearing by senior executives. The Company has also provided a Suggestion Box for receiving suggestions/ complaints and an e-mail site is also functioning for the same. A Customer Facilitation Centre is operating for quick disposal, timely assistance and response to queries of borrowers, promoters and entrepreneurs. A Grievance Redressal Committee (GRC) is already in place to look after the grievances of the customers/ borrowers.

VIGILANCE

Vigilance Department has made efforts to streamline the systems and procedures with emphasis on preventive vigilance. Some of the system improvements suggested to the IREDA management were approved and notified. A Booklet on "Do's and Don'ts for IREDA employees" has been prepared and put on the intranet of IREDA.

A Vigilance Awareness Week was observed during 12th November

to 16th November, 2007 in which Sharing Experiences/ Essay / Cartoon and Slogan/ Debate competitions etc. were organized to create awareness among the users of the services provided by the Departments/ organisations about the initiatives taken for improvement of the systems and procedures, the complaint handling policy, the avenue available for redressal of grievances etc.

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.

Your Company has always endeavored to implement and maintain high standards of Corporate Governance norms and has been practicing the principles of good corporate Governance even when they were not mandatory by legislation. The Company's philosophy of Corporate Governance stems from its belief that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in preserving shareholder trust while maximizing long-term shareholder value.

A Certificate from practicing Company Secretaries- M/s B. Mathur & Co., Company Secretaries, confirming compliance of conditions of Corporate Governance in line with the DPE Guidelines is annexed at **Annexure-VI**.



A view of oath ceremony during the Vigilance Awareness Week, 2007.



A report in line with the DPE Guidelines on compliance of provisions of Corporate Governance is given below.

BOARD OF DIRECTORS

The Board of Directors of IREDA provide leadership and strategic guidance, objective judgement, independent of management and exercise control over the Company while remaining at all times accountable to the shareholders.

Composition

The Board of Directors presently comprise of eight members. There are three whole-time directors and five part-time directors, out of whom two are part-time ex-officio government nominee directors and three part-time non-official directors.

The composition of Board of Directors as on the date of the report is as follows :

Whole-time Directors

- i) Shri Debashish Majumdar : Chairman and Managing Director

- ii) Shri S. P. Reddi : Director (Finance)
iii) Shri K. S. Popli : Director (Technical)

Government Directors

- iv) Shri K. P. Sukumaran : Director
v) Shri Hari Kumar : Director

Part-time Non-Official Director

- vi) Shri A. Prasad : Director
vii) Dr. Raj Kishore Prasad : Director
viii) Prof. S. Sadagopan : Director

NUMBER OF BOARD MEETINGS

There were 10 meetings of the Board of Directors held during the year 2007-08 i.e. 27.04.2007, 22.06.2007, 08.08.2007, 13.08.2007, 28.09.2007, 28.11.2007, 28.12.2007, 17.01.2008, 21.02.2008 and 26.03.2008. Detailed agenda along with explanatory notes were circulated in advance to the Board.



Shri Ashokrao Chavan, Hon'ble Minister, Department of Industries, Mining, Cultural Affairs & Protocol, Government of Maharashtra presenting a souvenir to Shri B. V. Rao, GM (DCCS), IREDA at the Silver Jubilee function of MITCON at Pune.



The composition of the Board, Directors' attendance at the Board meetings during the year and also at the last Annual General Meetings are as following

Details of Meeting, number of directorships in other Companies and membership in other Committees etc.:

Name & Designation	Board Meetings		No of other Directorship*	Membership in the Committees of other Companies		Attendance at the last AGM
	Held during the tenure	Attended		As Member	As Chairman	
Shri V. Subramanian Chairman, IREDA & Secretary, MNRE (ceased w.e.f.26.06.07)	02	02	Nil	–	–	N/A
Shri A. K. Rath Director, IREDA & Special Secretary & Financial Advisor, MNRE (ceased w.e.f. 31.07.07)	02	01	04	–	–	N/A
Shri Debashish Majumdar Managing Director & Director (Technical) (ceased w.e.f. 26.06.07)	02	02	Nil	03	–	Attended
Shri Debashish Majumdar Chairman & Managing Director (w.e.f. 27.06.07)	08	08	Nil	03	–	Attended
Shri S. P. Reddi Director (Finance), IREDA	10	10	Nil	–	–	Attended
Shri K. P. Sukumaran Director, IREDA & Adviser, MNRE (w.e.f. 31.07.07)	08	08	Nil	–	–	Attended
Shri Hari Kumar Director, IREDA & Director (Finance), MNRE (w.e.f. 31.07.07)	08	08	Nil	–	–	–
Shri K. S. Popli Director (Technical), IREDA (w.e.f. 04.12.07)	04	04	Nil	–	–	N/A
Shri. A. Prasad Director, IREDA (w.e.f. 27.03.08)	–	–	Nil	–	–	N/A
Dr. Raj Kishore Prasad Director, IREDA (w.e.f. 27.03.08)	–	–	Nil	–	–	N/A
Prof. S. Sadagopan Director, IREDA & Director, IIT, Bangalore (w.e.f. 27.03.08)	–	–	Nil	–	–	N/A

* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies

** Does not include Chairmanship/Membership in Board Committees other than Audit Committee etc.



None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 3 Committees, across all the companies in which he is a Director.

INFORMATION AVAILABLE TO THE BOARD

The Board has complete access to all the relevant information within the Company. The information regularly supplied to the Board specifically includes :-

- Annual operating plans, budgets and any updates there in.
- Capital budgets and any updates therein.
- Quarterly MOU Achievement results for the Company and its operating divisions or business segments.
- Minutes of meeting of the Audit Committee and other Committee of the board
- Information on recruitment/remuneration of senior officers just below the board level.
- Material show cause, demand prosecution notices and penalty notices, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company.
- Details of any joint venture or collaboration agreement.
- Investments.
- Quarterly foreign exchange exposures and steps taken by the Management to limit the risk of adverse exchange rate movement, if material.

- Non-compliance of any regulatory, statutory nature.

CODE OF CONDUCT

Code of Conduct for Board Members and Senior Management Personnel is a comprehensive code applicable to all Directors and Members of the Senior Management of the Company. It is in alignment with Company's vision and value to achieve the Mission and Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the code of Conduct has been put on the Company's website.

Based on the affirmations received from Board Members and Senior Management Personnel, declaration regarding compliance of Code of Conduct made by the Chairman & Managing Director is given below:

All the members of the Board and Senior Management Personnel have affirmed compliance of code of Conduct for the financial year ended on 31st March, 2008.

(Debashish Majumdar)
Chairman & Managing Director

AUDIT COMMITTEE

In compliance to the provisions of Section 292A of the Companies Act, 1956 (the Act) IREDA had constituted a Committee of the Board known as "Audit Committee". The terms of the reference of the Audit Committee is as under:

- To appoint Internal Auditors and fix payment of fees.
- To discuss the scope of work of the Internal Auditors and review/modify the same.



IREDA & PFC join hands for joint financing Renewable Energy Projects.

- (iii) To discuss with the Auditors periodically about the internal control system, progress of the work and compliance/action taken by IREDA.
- (iv) To discuss the observations of the Statutory Auditors, Internal Auditors, action taken by IREDA and review the same.
- (v) To review the half-yearly and annual financial statements before submission to the Board.
- (vi) To review the Internal Audit Reports and action taken/compliance report thereon, internal control systems and all matters of financial management having direct impact on the functioning of the Company.
- (vii) To review the Company's financial and risk management policy.
- (viii) To investigate into the matters referred to the Committee by the Board.

NUMBER OF AUDIT COMMITTEE MEETINGS

There were 3 meetings of the Audit Committee held during the year 2007-08 i.e. 13.08.07, 28.12.07 and 26.3.08. Detailed agenda along with explanatory notes were circulated in advance to the Committee. The Composition of the Audit Committee, Member's attendance at the Audit Committee meetings during the year are as following:

Names of Members	Designation	No. of meeting attended during the year 2007-08
Shri Debashish Majumdar (upto 28.12.2007)	Chairman & Managing Director	02
Shri K. P. Sukumaran	Ex-officio Part-time Director	03
Shri Hari Kumar	Ex-officio Part-time Director	03
Shri K. S. Popli (w.e.f. 26.03.2008)	Director (Technical)	01

The minutes of the Audit Committee were placed before the Board for information.

The Chairman of the Audit Committee was present at the AGM held on 31.10.2007.

The Board of Directors of IREDA at its 180th Meeting held on 31st July, 2008 has approved the reconstitution of the Audit Committee as under :

- (I) Shri A. Prasad, Part-time Non-Official Director : Member

- (ii) Dr. R. K. Prasad, Part-time Non-Official Director : Member
- (iii) Shri K. S. Popli, Director (Technical) : Member

COMMITTEE OF DIRECTORS

In terms of provisions contained in IREDA's Articles of Association and further strengthening of Board of Directors by MNRE by way of appointment of part-time non-official directors on the Board of IREDA, the Board at its 180th Meeting held on 31st July, 2008 approved the constitution of Committee of Directors (COD) keeping in view the delegation structure and the work requirement as under :

(I) CONSTITUTION

Whole-Time Directors

- (I) Shri Debashish Majumdar : Chairman & Managing Director
- (ii) Shri S. P. Reddi : Director (Finance)
- (iii) Shri K. S. Popli : Director (Technical)

Government Directors

- (iv) Shri K. P. Sukumaran : Adviser, MNRE & Director, IREDA

Part-time Non-official Directors

- (v) Shri A. Prasad : Director, IREDA
- (vi) Dr. Raj Kishore Prasad : Director, IREDA

(II) Terms of Reference

- (i) To consider sanction of loans for projects as under :

“Projects (other than relating to Briquetting and hybrid technologies) involving IREDA's loan beyond Rs. 7.50 crores and upto 20 crores in each case subject to a ceiling of Rs. 400 crores in a financial year.

- (ii) Any other matter which the Board of Directors may prescribe for consideration of the COD.

REMUNERATION COMMITTEE

The appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company. As such the Company has no Remuneration Committee.

GENERAL BODY MEETING

The details of Date, Time and Location of the last three Annual General Meetings held are as under :

Financial Year	Date	Time	Location
2004-05	23.11.2005	11.00 A.M.	Registered Office:
2005-06	31.10.2006	11.30 A.M.	India Habitat Centre
2006-07	31.10.2007	12.30 P.M.	Lodhi Road, New Delhi



DIRECTORS' RESPONSIBILITIES STATEMENT

Pursuant to the requirement under section 217 (2 AA) of the Companies Act 1956 with respect to the Directors Responsibility Statement the Board of Directors of the Company hereby confirm

- o That in the preparation of the annual accounts for the financial year ended on 31st March, 2008, the applicable accounting standards have been followed ;
- o That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2008 and of the Profit and Loss Account of the Company for the period ended 31st March, 2008 ;
- o That the Directors 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;
- o That the Directors have prepared the Annual Accounts for the financial year ended on 31st March, 2008 on a going concern basis.

ACKNOWLEDGEMENTS

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

The Board of Directors place on record their appreciation of the continued guidance, co-operation 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, KfW, Germany and other international financial institutions, agencies and investors for their co-operation, guidance and help.

The Company is thankful to the Comptroller and Auditor General of India, the Statutory / Internal / Legal 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 : 12.09.2008

(DEBASHISH MAJUMDAR)
Chairman & Managing Director



An overview of Maligere Small Hydro Project at Karnataka





Annexure- I
(Rs. in crore)

STATEWISE SANCTIONS DURING LAST FIVE YEARS

S. Name of State No. /Union Territory	2003-04		2004-05		2005-06		2006-07		2007-08		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	2	18.40	3	77.05	3	12.87	2	10.87	1	4.47	249	1,297.41
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	2	34.65	1	24.64	0	0.00	0	0.00	5	60.47
5 Gujarat	0	0.00	2	4.75	0	0.00	2	11.44	5	183.15	93	357.77
6 Goa	0	0.00	0	0.00	1	0.13	0	0.00	0	0.00	8	0.62
7 Haryana	0	0.00	0	0.00	1	6.00	0	0.00	0	0.00	21	28.18
8 Himachal Pradesh	4	35.28	7	93.19	1	17.30	2	13.42	1	14.20	36	382.18
9 Jammu & Kashmir	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	0.67
10 Jharkhand #	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	0.33
11 Karnataka	9	103.66	11	135.72	7	118.78	6	89.60	10	418.47	257	2,332.65
12 Kerala	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	31	125.11
13 Madhya Pradesh	1	5.32	0	0.00	1	20.00	1	16.07	1	8.15	73	221.20
14 Maharashtra	7	70.61	8	54.82	19	139.52	9	215.31	2	35.65	323	1,418.66
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	0	0.00	0	0.00	0	0.00	0	0.00	1	1.00	61	47.63
19 Orissa	0	0.00	0	0.00	1	40.00	1	32.02	2	77.51	12	243.19
20 Punjab	5	32.67	0	1.85	0	0.00	0	0.00	0	0.00	31	83.32
21 Rajasthan	11	72.63	5	23.14	3	42.48	2	2.05	0	0.00	65	216.29
22 Tamil Nadu	5	45.75	11	87.97	6	32.61	5	21.32	5	15.25	412	1,211.74
23 Uttar Pradesh	0	0.00	1	11.41	1	0.94	1	60.98	1	68.30	80	413.77
24 Uttarakhand #	0	0.00	5	41.34	0	0.00	2	115.43	0	0.00	8	158.99
25 West Bengal	2	39.25	1	33.84	1	50.56	0	0.00	0	0.00	55	241.84
TOTAL "A"	46	423.57	56	599.73	46	505.83	33	588.51	29	826.15	1840	8,856.03
B. Union Territory												
1 Andaman Nicobar	0	0	0	0	0	0	0	0	0	0	1	0.11
2 Daman	0	0	0	0	0	0	0	0	0	0	2	8.13
3 Pondicherry	0	0	0	0	0	0	0	0	0	0	2	1.38
TOTAL "B"	0	0	0	0	0	0	0	0	0	0	5	9.62
TOTAL 'A' + 'B'	46	423.57	56	599.73	46	506	33	588.51	29	826.15	1845	8,865.65

Sanction has been shown after the formation of the respective States



IREDA financed 24 MW DP Bagasse Co-generation Project set up in the state of Uttar Pradesh.





View of IREDA financed 5 MW Brahmaganga Small Hydro Project at Kullu District, Himachal Pradesh.

SECTORWISE SANCTIONS DURING LAST FIVE YEARS

(Rs. in crore)

S. No.	Sectors	2003-04	2004-05	2005-06	2006-07	2007-08	Cumulative since 1987
1	Wind Power	121.05	204.25	261.41	266.19	426.97	3241.23
2	Hydro Power	122.00	176.73	17.30	160.87	226.23	2095.16
3	Cogeneration	58.56	77.46	0.00	116.28	68.30	1319.57
4	Biomass Power	58.29	32.20	89.30	0.00	0.00	706.64
5	Energy Efficiency & Conservation	45.03	96.73	123.32	21.30	53.73	533.21
6	Solar Photovoltaics	2.96	0.00	0.00	0.00	0.00	585.95
7	Solar Thermal	11.43	12.36	7.00	13.00	50.92	188.03
8	Waste to Energy	0.00	0.00	0.00	9.19	0.00	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	1.68	0.00	12.43
11	Biomethanation from Industrial Effluents	0.00	0.00	0.00	0.00	0.00	72.47
12	Miscellaneous	4.25	0.00	7.50	0.00	0.00	33.16
	TOTAL	423.57	599.73	505.83	588.51	826.15	8865.65



The investors Meet on Wind Power Projects in Madhya Pradesh at Indore.



Annexure III
STATEWISE DISBURSEMENT DURING LAST FIVE YEARS

(Rs./Crores)

S. No.	Name of State/Union Territory	2003-04	2004-05	2005-06	2006-07	2007-08	Cumulative since 1987
A.	STATES						
1	Andhra Pradesh	41.92	26.00	37.49	6.01	25.21	988.17
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	Chattisgarh*	0.00	0.00	35.72	21.56	0.00	61.92
5	Goa	0.00	0.00	0.00	0.00	0.13	0.22
6	Gujarat	2.08	3.16	0.00	3.99	77.75	210.256
7	Haryana	0.00	0.00	0.40	0.00	0.00	4.6
8	Himachal Pradesh	32.68	20.49	27.30	37.74	46.99	204.23
9	Jharkhand*	0.00	0.00	0.00	0.00	0.0	0.05
10	Karnataka	151.11	118.14	115.87	86.69	118.00	1089.68
11	Kerala	0.07	0.00	0.00	0.00	0.00	44.43
12	Madhya Pradesh	9.25	3.11	0.65	0.87	0.00	117.187
13	Maharashtra	42.11	12.35	26.04	162.45	137.41	854.04
14	National Capital Territory of Delhi	0.20	0.14	0.00	0.00	0.00	12.55
15	Nagaland	0.00	0.54	0.04	0.07	0.00	0.65
16	Orissa	0.18	14.95	28.37	31.75	14.22	120.25
17	Punjab	3.22	33.68	4.13	0.51	0.00	80.51
18	Rajasthan	44.39	34.55	2.34	41.14	1.00	152.7
19	Tamil Nadu	13.56	18.95	20.19	17.15	17.30	780.05
20	Uttar Pradesh	0.00	0.00	0.44	0.40	68.30	159.13
21	Uttarakhand *	0.00	1.08	0.00	0.00	46.79	49.28
22	West Bengal	2.51	2.84	3.53	0.54	0.54	49.744
	TOTAL 'A'	343.28	289.98	302.51	410.87	553.64	4980.477
B.	UNION TERRITORY						
1	Daman	0	0	0	0	0	1.49
2	Pondicherry	0	0	0	0	0	1.13
	TOTAL 'B'	0	0	0	0	0	2.62
	GRAND TOTAL A+B	343.28	289.98	302.51	410.87	553.64	4983.10

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

Annexure IV
SECTORWISE DISBURSEMENT DURING LAST FIVE YEARS

(Rs./Crores)

S.No.	Sectors	2003-2004	2004-05	2005-06	2006-07	2007-08	Cumulative Since 1987
1	Wind Power	93.37	102.47	134.82	258.19	271.02	2031.51
2	Hydro Power	79.52	90.04	64.73	58.36	119.39	916.75
3	Cogeneration	86.03	26.57	18.44	19.68	103.88	815.17
4	Biomass Power	52.69	45.67	36.74	38.99	9.81	523.28
5	Energy Efficiency & Conservation	5.3	0.65	41.44	29.40	13.57	170.99
6	Solar Photovoltaics	6.97	5.57	0.11	0.00	0.00	288.26
7	Solar Thermal	7.87	17.25	5.93	5.00	29.82	115.44
8	Waste to Energy	9.52	1.64	0.30	0.00	6.15	45.75
9	Biomethanation from Industrial Effluents	0.00	0.00	0.00	0.00	0.00	57.60
10	Biomass Briquetting	0.07	0.00	0.00	0.00	0.00	9.99
11	Biomass Gasification	0	0	0	1.25	0	5.12
12	Miscellaneous	1.94	0.12	0	0	0	3.24
	TOTAL	343.28	289.98	302.51	410.87	553.64	4983.10



IREDA financed 10 MW Biomass Power Project at Chimur, Chandrapur District, Maharashtra.





IREDA financed 31.20 MW Windfarm Project at Village Kurtakoti, Harthi, Malasamudra District Gadag, Karnataka.

Annexure V (Part-I)

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Renewable Energy Development Agency Limited for the year ended 31st March, 2008

(As conveyed vide letter No.MAB-II/CAD-I/15-7/08-09/463 dated 4th September, 2008 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, 2008 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 1st August, 2008.

I on behalf of 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, 2008. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the Comptroller
and Auditor General of India**

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

Place: New Delhi

Date: 4th September, 2008



Annexure V (Part-II)

Management Reply to Statutory Auditor's Report (Required under Section 217 (3) of the Companies Act, 1956) for the Financial Year 2007-08

S.No.	Auditors Report	Management Reply
(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 31 st March, 2008.	During the year 2007-08, the fixed assets register has been maintained through the Fixed Assets Management Software. The entire data has been entered in the Software upto 31.03.2008. The observations of the Auditors relates to incorporation of actual dates of capitalizing of few assets during the earlier financial years 2000-01 to 2006-07. These dates have now been incorporated and necessary rectification has been made in the Fixed Assets Register. The corrected register is being referred to the Internal Auditors for verification.
	(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 adjustment of discrepancy / discrepancies, if any. In our opinion, frequency of physical verification of fixed assets is reasonable.	Since the rectification have already been incorporated in the register and are under verification by Internal Auditors, the comments as per Para 'b' shall automatically get resolved.



Annexure VI

B Mathur & Co.

Company Secretaries

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

CIN Number : U40108DL1987GOI027265
Nominal Capital : Rs.1000,00,00,000 (Rupees One Thousand Crore)

To
The Members
Indian Renewable Energy Development Agency Limited
India Habitat Centre, 1st Floor, East Court,
Core 4A, Lodhi Road,
New Delhi-110003

We have examined all relevant records of Indian Renewable Energy Development Agency Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance Guidelines issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on 22nd June, 2007 for the financial year ended on 31st March, 2008.

The compliance of the conditions of Corporate Governance in accordance with the Guidelines issued by the Department of Public Enterprises (DPE) is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the said **DPE Guidelines except** with regard to the **(I) Composition of its Board of Directors; (ii) Composition of Audit Committee and (iii) Meetings of Audit Committee**, in so far, that there were no independent Directors **(in terms of DPE Guidelines)** on the Board of the Company during the financial year ended on March 31, 2008, since, these Directors were not appointed by the concerned Ministry i.e. Ministry of New and Renewable Energy (MNRE).

For B Mathur & Co.
Company Secretaries

Date : 10.07.2008
Place: New Delhi

Brijeshwar Dayal Mathur
Company Secretary
C.P. No. 5334



Statutory Auditors' Report

**To the Members of
Indian Renewable Energy Development Agency Limited, New
Delhi**

We have audited the attached Balance Sheet of **Indian Renewable Energy Development Agency Limited**, as at 31st March, 2008, 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 examining, 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 (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's 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: -

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) 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;

- c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement are in agreement with the books of account;
- d) 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 these are applicable to the Company.
- e) 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.
- f) in our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes on Accounts as per Schedule - P 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.
 - a. In the case of the Balance Sheet, of the state of affairs of Company as at 31st March, 08;
 - b. In the case of the Profit and Loss Account, of the profit for the year ended on that date;
 - c. 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 : 1.8.2008

Annexure to the Auditors' 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 2008.

- (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 Asset Register so as to include various particulars for the year ended 31st March, 2008.**
- (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 adjustment of 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. 1178 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	Demand raised for Asstt. year 2004-05	517
The Income-tax Act 1961	Demand raised for Asstt. year 2005-06	661
		1178

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 : 1.8.2008



S.C. Vasudeva & Co.
Chartered Accountants

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

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

We have audited the annexed Balance Sheet of Indian Renewable Energy Development Agency Limited as at 31st March, 2008 and report that:

- 1) Pursuant to the Company's application for registration, as per provisions of Section 45-1A of the Reserve Bank of India Act, 1934, the Reserve Bank of India has issued certificate of registration on 10th February, 1998;
- 2) The Board of Directors has passed a resolution by circulation on 27.04.2007 that the Company will not accept any public deposit during the financial year 2007-08 without the approval of the Reserve Bank of India;
- 3) The Company has not accepted any public deposit during the year ended 31st March, 2008;
- 4) The Company has complied with the prudential norms relating to income recognition, asset classification and provisioning for the bad and doubtful debts as per norms applicable to term lending institutions, as approved by the Government of India. The company has also complied with the Accounting Standards as per the Companies (Accounting Standard) Rules, 2006.

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

**(R. C. Luthra)
Partner**

Membership No. 81052

**Place : New Delhi
Dated : 06.08.2008**



Comments of CAG

No. MAB-II/CAD-II/15-7/08-09/463

**INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II**

Date: 04.09.2008

To,

The Managing Director,
Indian Renewable Energy Development Agency Limited
India Habitat Centre, Core-4 'A', East Court,
1st Floor, Lodhi Road,
New Delhi-110 003

Subject: 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, 2008.

Sir,

I forward Nil Comments of 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, 2008. These Nil Comments may be published in the Annual Report of the Company.

Yours faithfully

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

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, 2008.

The preparation of financial statements of Indian Renewable Energy Development Agency Limited for the year ended on 31st March 2008 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 1st August 2008.

I on behalf of 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 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of Indian**

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

**Place : New Delhi
Dated : 4.09.2008**



Balance Sheet

As at 31st March, 2008

	SCHEDULE	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	4,900,000,000	4,000,000,000
Amount received towards Equity Contribution pending allotment		-	400,000,000
Reserves and Surplus	B	3,289,867,162	2,924,265,444
Loan Funds			
Secured	C	9,988,485,464	11,180,325,295
Unsecured	D	8,446,037,157	8,522,509,236
		26,624,389,783	27,027,099,975
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		489,154,928	482,011,492
Less : Depreciation		97,502,628	72,798,402
Net Block		391,652,300	409,213,090
Investments	F	1	1
Deferred Tax Assets		354,521,441	287,084,000
Current Assets, Loans & Advances			
Cash & Bank Balances	G	6,928,953,403	10,249,214,580
Other Current Assets	G	107,861,102	103,375,900
Loans & Advances	H	21,766,323,356	18,758,733,421
		28,803,137,861	29,111,323,901
Less : Current Liabilities & Provisions			
Current Liabilities	I	737,063,970	982,881,394
Provisions	J	2,191,232,850	1,802,300,379
		2,928,296,820	2,785,181,773
Net Current Assets		25,874,841,041	26,326,142,128
Miscellaneous Expenditure (to the extent not written off or adjusted)		3,375,000	4,660,756
		26,624,389,783	27,027,099,975
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 : 1.8.2008 S K Bhargava Company Secretary			

Profit and Loss Account

for the year ended 31st March, 2008

	SCHEDULE	Year ended 31.3.2008 Rs.	Year ended 31.3.2007 Rs.
INCOME			
Income from operations	K	1,972,707,403	1,663,539,948
Other Income	L	496,627,090	664,293,700
		2,469,334,493	2,327,833,648
EXPENDITURE			
Personnel	M	88,187,830	58,564,698
Administrative and Others	N	29,450,110	26,817,784
Depreciation		25,318,937	6,891,060
Finance Charges (Net)	O	1,194,413,514	1,204,567,192
Bad debts written off		27,884	2,682,694
Provision for Bad & Doubtful debts		385,697,740	6,032,658
General Provision for Standard Assets		10,127,001	70,000,000
		1,733,223,016	1,375,556,086
PROFIT FOR THE YEAR		736,111,477	952,277,562
Prior period Adjustments (Net)		-3,829,057	-617,012
PROFIT BEFORE TAX		732,282,420	951,660,550
PROVISION FOR TAXATION			
Tax - Current Year		315,000,000	277,000,000
Deferred Tax - Current Year		(64,360,000)	47,055,000
Deferred Tax - Earlier Year			267,355,000
Fringe Benefit Tax		2,000,000	1,200,000
Interest paid to Tax Authorities		-	13,047,318
PROFIT AFTER TAX		479,642,420	346,003,232
Add :			
Balance in Profit & Loss Account brought from previous year		4,205,223	4,505
Excess Provision written back		-	93,986
PROFIT AVAILABLE FOR APPROPRIATION		483,847,643	346,101,723
APPROPRIATIONS			
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		173,609,000	260,000,000
Proposed Dividend		96,000,000	70,000,000
Corporate Dividend Tax		16,315,200	11,896,500
General Reserve		100,000,000	-
Surplus carried to Balance sheet		97,923,443	4,205,223
		483,847,643	346,101,723
Earning Per Share of Rs 1000/- each (Basic & Diluted)		103.91	85.79
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 : 1.8.2008		S K Bhargava Company Secretary	



Schedules

SCHEDULE-'A' SHARE CAPITAL

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
Authorised 100,00,000 (Previous year 40,00,000) Equity Shares of Rs. 1,000 each	10,000,000,000	4,000,000,000
Issued, Subscribed & Paid up 49,00,000 (Previous Year 40,00,000) Equity Shares of Rs. 1,000 each fully paid up	4,900,000,000	4,000,000,000

SCHEDULE-'B' RESERVES & SURPLUS

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
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	15,165,339	6,446,585
Balance from Previous year	3,117,089	12,030,630
Received during the year	18,282,428	18,477,215
Less : Transferred to Miscellaneous Income	4,763,032	3,311,876
	13,519,396	15,165,339
UNDP Hilly Hydro Capital Grant	124,376,924	121,792,725
Sub Total (II)	137,896,320	136,958,064
Total (I)+(II)	1,145,239,401	1,144,301,145
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	1,354,938,000	1,094,938,000
Balance up to last year	1,474,511,145	1,214,511,145
Addition During the Year	173,609,000	260,000,000
	1,648,120,145	1,474,511,145
NBFC Reserve	67,933,276	67,933,276
General Reserve		
Balance from Previous year	233,314,655	378,771,655
Less: Provision For Employee Benefits (Refer note No 14)	2,663,758	-
Add: T/f From Profit & Loss Account	100,000,000	-
Less: Deferred tax liability on Special Reserve	-	145,457,000
	330,650,897	233,314,655
Surplus i.e. balance as per annexed Profit & Loss Account	97,923,443	4,205,223
	3,289,867,162	2,924,265,444

SCHEDULE-'C' SECURED LOANS

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
<u>A. Tax Free Bonds</u>		
(Secured by negative lien on assets of the company)		
8.50% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years ie on 30.8.2007	-	100,000,000
8.75% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years ie on 31.8.2007	-	100,000,000
9% Tax free Secured Redeemable Energy Bonds (Series VIII- 2000-01)		
Redeemable at par after the expiry of 7 years ie on 1.9.2007	-	300,000,000
8.75% Tax free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years as under		
Tranche I on 20.11.2008	100,000,000	100,000,000
Tranche II on 15.12.2008*	300,000,000	300,000,000
* Put/call option is available at the end of 5th year.		
8.50% Tax free Secured Redeemable Energy Bonds (Series IX- 2001-02)		
Redeemable at par after the expiry of 7 years ie on 20.11.2008		
Put/call option is available at the end of 5th year.	100,000,000	100,000,000
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 1,050,033,431 (Previous year Rs 1,001,845,579/-)	8,488,485,464	9,180,325,295
	9,988,485,464	11,180,325,295



SCHEDULE-'D' UNSECURED LOANS

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
Other Loan and advances		
A. From Banks		
(Loans Guaranteed by the Government of India)		
From		
Asian Development Bank (ADB)	1,500,591,079	1,681,335,671
(Due for repayment within one year Rs 56,276,324 (Previous year Rs 57,576,070 /-))		
Kreditanstalt Fur Wiederaufbau-(KFW)-Germany	1,666,691,097	2,878,217,560
(Due for repayment within one year Rs 294,899,736 (Previous year Rs 243,025,304/-))		
International Bank for Reconstruction and Development (IBRD)	2,860,254,981	1,605,956,005
(Due for repayment within one year Rs 106,394,228 (Previous year Rs 108,740,205/-))		
B. From Others		
(Government Loans)		
Against		
International Development Agency (IDA) - Second Renewable Energy Project	2,418,500,000	2,357,000,000
(Due for repayment within one year Rs Nil (Previous year Rs Nil))		
	8,446,037,157	8,522,509,236

SCHEDULE-'E' FIXED ASSETS

AMOUNT IN RS.

Particulars	GROSS BLOCK				Depreciation			NET BLOCK	
	up to 1.4.2007	Additions during the year	Disposals during the year	Adjustments during the year	As at 31.03.2008	up to 1.4.2007	for the year	Disposal during the year	Adjustments during the year *
Tangible Assets									
Buildings-residential leasehold	4,143,149	-	-	-	4,143,149	1,990,838	107,616	2,044,695	2,152,311
Buildings-office-leasehold-IHC	26,410,058	-	-	-	26,410,058	12,415,846	699,711	13,294,501	13,994,212
Buildings-office-leasehold-AKB	376,755,950	-	-	-	376,755,950	1,754,754	18,750,060	356,251,136	375,001,196
Office Equipment	11,539,664	69,680			11,609,344	7,382,976	584,275	7,968,768	4,156,688
Computers	46,487,920	2,670,493			49,158,413	35,057,884	4,247,014	10,469,275	11,430,036
Furniture & Fixtures	8,937,643	-			8,937,643	7,040,037	342,121	1,555,953	1,897,606
Vehicles	1,447,536	791,797			2,239,333	1,278,575	94,713	866,045	168,961
Library	1,661,370	28,022			1,689,392	1,661,370	28,022	-	-
Total A	477,383,290	3,559,992	-	-	480,943,282	66,582,280	24,853,532	388,122,181	408,801,010
Previous year	111,192,679	389,023,021	(22,832,410)	-	477,383,290	84,246,454	6,513,034	408,801,010	26,946,225
Intangible Assets									
Software	4,628,202	1,321,824	-	-	5,950,026	4,216,122	465,405	1,268,499	412,080
Total B	4,628,202	1,321,824	-	-	5,950,026	4,216,122	465,405	1,268,499	412,080
Previous year	-	1,005,200	3,623,002	-	4,628,200	-	378,026	412,080	-
Capital Work In Progress									
Building		768,370	-	-	768,370	-	-	768,370	-
Software under installation	-	1,493,250	-	-	1,493,250	-	-	1,493,250	-
Total C	-	2,261,620	-	-	2,261,620	-	-	2,261,620	-
Previous year	490,100	-	(490,100)	-	-	-	-	-	-
Total A+B+C	482,011,492	7,143,436	-	-	489,154,928	72,798,402	25,318,937	391,652,300	409,213,090
Previous year	111,682,779	390,028,221	(19,699,508)	-	482,011,492	84,246,454	6,891,060	409,213,090	27,436,325

* Adjusted through prior period adjustment



SCHEDULE-'F' INVESTMENTS

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
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. 13)	1	1
	1	1

SCHEDULE-'G' CURRENT ASSETS

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
1. Cash and Bank balances		
Postage Imprest	22,690	8,535
Bank balances with Scheduled Banks		
A) In Current Account		
- IREDA	415,635,838	257,544,715
- MNRE	3,905,269	5,836,409
- UNDP	6,336,903	7,675,289
- National Hydrogen Energy Board	346,028	332,792
B) In Deposit Account		
a) INR-Short term Deposit		
- IREDA	-	3,680,000,000
- MNRE	85,000,000	35,000,000
- DRT No lien Account	15,372,905	17,484,345
b) Foreign Currency Deposit		
- Dollar Deposit	3,169,375,453	3,299,439,239
-Euro Deposit	2,889,888,358	2,884,653,469
C) Cheques Under Collection/DD In hand	343,069,959	61,239,787
	6,928,953,403	10,249,214,580
Other Current Assets		
2. Interest accrued but not due on Loans and Deposits		
- On Loans	32,927,569	9,253,026
-On deposit with banks	74,933,533	94,122,874
	107,861,102	103,375,900
	7,036,814,505	10,352,590,480



SCHEDULE-'H' LOANS & ADVANCES

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
A.Term Loans to Constituents of IREDA	21,955,914,241	19,008,817,805
Interest Accrued and due on Loans	53,389,881	46,989,706
Loans to Employees	5,441,110	3,595,994
Sub Total -I	22,014,745,232	19,059,403,505
B.Advances (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received		
Security Deposits	260,930	239,240
Staff Advances (Not bearing interest)	1,075,677	916,055
Advance Tax & Other Tax Recoverable	1,564,579,072	1,090,017,486
Others	21,903,823	23,249,123
Sub Total -II	1,587,819,502	1,114,421,904
III=(I+II)	23,602,564,734	20,173,825,409
Less: Provisions for Bad and doubtful debts	1,958,826,018	1,573,128,278
Total Loans & Advances to constituents of IREDA*	21,643,738,716	18,600,697,131
Loans to constituents of MNRE	64,665,931	98,988,764
Interest Accrued and due on MNRE Loans	57,918,709	59,047,526
Total Loans & Advances to constituents of MNRE	122,584,640	158,036,290
Total Loans to constituents of IREDA & MNRE	21,766,323,356	18,758,733,421
Particulars of loan & Advances :		
IREDA		
- Considered good in respect of which company is fully secured	17,598,053,674	15,240,108,109
- Considered good in respect of which company holds no security other than personal security of the borrower*	1,286,146,875	1,078,029,716
- Others	1,587,819,502	1,114,421,904
- Considered doubtful	3,130,544,683	2,741,265,680
	23,602,564,734	20,173,825,409
Less: Provision for bad and doubtful debts (IREDA only)	1,958,826,018	1,573,128,278
	21,643,738,716	18,600,697,131
MNRE		
- Considered good in respect of which company is fully secured	5,932,160	34,340,931
- Considered good in respect of which company holds no security other than personal security of the borrower	-	1,124,111
- Considered doubtful	116,652,480	122,571,248
	122,584,640	158,036,290
GRAND TOTAL	21,766,323,356	18,758,733,421
- Due from Directors of the Company	29,400	91,575
- Due from other officers of the Company @	-	10,314,991
- Maximum amount due at any time during the year from directors of the company	365,416	383,047
- Maximum amount due at any time during the year from officers of the company @	19,228	13,996,272

*includes interest funded Rs 334,989,140 (Previous year 393,426,773)

@ The figures for the current financial year is in respect of officers of the Company i.e Secretary as per the Company Act, 1956. The previous year figure is in respect of all the employees.



**SCHEDULE-'I'
CURRENT LIABILITIES**

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
Sundry Creditors	-	-
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	3,821,357	2,528,596
Provident Fund Payable	716,071	648,776
MNRE Programme Funds	432,757,104	493,418,986
MNRE Co Gen Specific Grant	7,280,304	21,363,548
National Hydrogen Energy Board	346,028	314,954
UNDP Programme Funds	6,336,903	7,675,289
Interest accrued but not due	205,442,736	216,969,926
Book Overdraft (IREDA)	-	135,513,085
Book Overdraft (MNRE)	-	14,480,385
Other Liabilities	80,363,467	89,967,849
	737,063,970	982,881,394

**SCHEDULE-'J'
PROVISIONS**

PARTICULARS	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
Standard Assets	769,768,575	759,641,574
Income-tax	1,261,500,000	946,500,000
Fringe Benefit Tax	4,005,815	2,005,815
Proposed Dividend	96,000,000	70,000,000
Corporate Dividend Tax	16,315,200	11,896,500
Leave encashment	5,171,189	4,581,857
Gratuity	5,422,277	-
Post Retirement Medical	4,428,986	-
Sick Leave	5,786,604	-
Leave Travel Concession	1,994,760	-
Other Provisions	20,839,444	7,674,633
	2,191,232,850	1,802,300,379

**SCHEDULE-'K'
INCOME FROM OPERATIONS**

PARTICULARS	For the Year ended 31.03.2008 Rs.	For the Year ended 31.03.2007 Rs.
Interest on Loans	1,838,146,775	1,521,436,785
Less : Rebate on Prompt Payment	9,925,868	8,545,554
	1,828,220,907	1,512,891,231
Front end Fee	75,879,764	32,045,491
Less: Service Tax	8,333,364	3,671,450
	67,546,400	28,374,041
Application Fee	2,784,334	2,217,788
Less: Service Tax	305,948	241,854
	2,478,386	1,975,934
Recovery out of Bad Debts written off	70,764,260	118,014,401
MNRE Service Charges	4,121,221	2,546,817
Less: Service Tax	423,771	262,476
	3,697,450	2,284,341
	1,972,707,403	1,663,539,948

**SCHEDULE-'L'
OTHER INCOME**

PARTICULARS	For the Year ended 31.03.2008 Rs.	For the Year ended 31.03.2007 Rs.
<u>Interest on Deposits</u>		
-Short Term Deposit	202,342,421	376,804,366
-US\$ Deposit	166,043,147	182,060,245
- EURO Deposit	122,077,029	99,145,140
- GEFII	403,928	829,169
	490,866,525	658,838,920
<u>Other Interest</u>		
-on Staff Loan	488,268	378,076
<u>Service Charges</u>		
- UNDP Programme Fund	309,718	363,153
Less Service Tax	61,186	57,680
	248,532	305,473
- National Hydrogen Energy Board	-	12,751
Dividend from Investment	84,000	84,000
Interest on Income Tax Refund	-	96,730
Consultancy fee	-	592,141
Miscellaneous income- Transfer from Capital Grant	4,763,032	3,311,876
- Others	176,733	673,733
	496,627,090	664,293,700



SCHEDULE-'M'
PERSONNEL EXPENSES

PARTICULARS	For the Year ended 31.03.2008 Rs.	For the Year ended 31.03.2007 Rs.
Salaries,Wages and other amenities	63,874,363	46,170,434
Contribution to Provident Fund	3,334,186	3,172,820
Provident Fund Inspection Charges	54,339	47,910
Contribution to Benevolent fund	58,260	58,220
Contribution to Gratuity fund	1,820,011	1,296,572
Staff Welfare	18,172,077	7,818,742
Human Resource Development	135,700	-
Recruitment	738,894	-
	88,187,830	58,564,698

SCHEDULE-'N'
ADMINISTRATIVE EXPENSES

PARTICULARS	For the Year ended 31.03.2008 Rs.	For the Year ended 31.03.2007 Rs.
Business Promotion	1,705,311	1,597,016
Travelling & Conveyance	4,772,281	4,855,354
Electricity & Water Charges	608,496	153,136
Information & Dissemination	579,649	690,536
Insurance	261,304	222,064
Legal & Professional	3,404,910	3,915,795
Loss on sale of fixed assets	-	94,834
Newspapers and Periodicals	545,343	547,212
Office Maintenance	2,964,275	2,362,714
Office rent	7,117,325	6,783,090
Postage Telegram & Telephone	1,672,660	1,968,977
Printing and Stationery	1,776,554	1,908,888
Rates & Taxes	1,565,010	262,665
Repair & Maintenance-Building	-	8,586
'-Others	816,809	880,590
Filing Fee	9,000	4,500
Miscellaneous	1,651,183	561,827
	29,450,110	26,817,784

**SCHEDULE-'O'
FINANCE CHARGES**

PARTICULARS	For the Year ended 31.03.2008 Rs.	For the Year ended 31.03.2007 Rs.
<u>Finance Charges</u>		
Interest on Borrowings		
- on Bonds	119,343,494	170,250,000
- on Loans	976,288,063	960,163,342
	1,095,631,557	1,130,413,342
Other Finance Charges		
Miscellaneous Expenditure written off	1,285,756	1,866,071
Bond Trusteeship fee	136,315	255,000
Bank Charges	26,601	17,581
Difference in Exchange	(2,879,532)	64,777
Commitment fee -International Bank for Reconstruction and Development (IBRD)	893,167	2,415,398
GOI Guarantee Fee		
-Asian Development Bank (ADB)	9,102,094	10,122,590
-Kreditanstalt Fur Wiederaufbau (KFW)	32,712,488	33,664,004
-International Bank for Reconstruction and Development (IBRD)	18,966,005	17,805,913
	60,242,894	66,211,334
Interest Rate Swap (IRS)	37,539,063	7,942,516
Others	1,000,000	-
	1,194,413,514	1,204,567,192



ACCOUNTING POLICIES AND NOTES TO 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 (revised 2003) issued under the Companies (Accounting Standards) Rules, 2006.

(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) **Employee Benefits**

(A) **Short Term Employee Benefits**

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the Profit & Loss Account of the year in which the related service is rendered.

(B) **Post Employment Benefits**

- (i) Defined Contribution Plans
 - (a) Contribution to provident fund is made in accordance with the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is recognized as an expense and charged to the Profit & Loss Account.
 - (b) Contribution to benevolent fund is made in accordance with IREDA Employees Benevolent Fund Scheme and is recognized as an expense and charged to Profit & Loss Account.
- (ii) Defined Benefit Plans
 - (a) Gratuity

The employees Gratuity Fund Scheme is funded by IREDA and managed by LIC through a separate trust. The present value of IREDA's obligations under Gratuity is recognized on the basis of an actuarial valuation as at the year end and the fair value of the Plan assets is reduced from the gross obligations to recognize the obligation on a net basis.
 - (b) Other Long Term Benefits

Other Long Term Benefits such as Leave Encashment, Sick Leave, Post Retirement Medical Benefit and Leave Travel Concession are recognized on the basis of an actuarial valuation made as at the end of the year.

(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 TO ACCOUNTS :

- (1) As per Accounting Standard (AS) 29 on Provisions, Contingent Liabilities and Contingent Assets issued under the Companies (Accounting Standards) Rules, 2006, the details of Provisions, Contingent Liabilities as on 31st March, 2008 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	75,96,41,574 (68,96,41,574)	1,01,27,000 (7,00,00,000)	0 (0)	76,97,68,575 (75,96,41,574)
2	Income tax	94,65,00,000 (66,95,00,000)	31,50,00,000 (27,70,00,000)	0 (0)	126,15,00,000 (94,65,00,000)
3	Fringe Benefit Tax	20,05,815 (8,05,815)	20,00,000 (12,00,000)	0 (0)	40,05,815 (20,05,815)
4	Proposed dividend	7,00,00,000 (6,25,00,000)	9,60,00,000 (7,00,00,000)	7,00,00,000 (6,25,00,000)	9,60,00,000 (7,00,00,000)
5	Dividend tax	1,18,96,500 (87,65,625)	1,63,15,200 (1,18,96,500)	1,18,96,500 (87,65,625)	1,63,15,200 (1,18,96,500)
6	Leave encashment	45,81,857 (40,94,728)	12,03,815 (14,91,802)	6,14,483 (10,04,673)	51,71,189 (45,81,857)
7	Gratuity	0 (0)	54,22,277 (0)	0 (0)	54,22,277 (0)
8	Post retirement medical benefit	0 (0)	44,28,986 (0)	0 (0)	44,28,986 (0)
9	Sick leave	0 (0)	57,86,604 (0)	0 (0)	57,86,604 (0)
10	Leave Travel Concession	0 (0)	19,94,760 (0)	0 (0)	19,94,760 (0)
10	Other Provisions	76,74,633 (51,33,345)	2,58,98,906 (67,10,085)	1,27,34,095 (41,68,797)	2,08,39,444 (76,74,633)
11	Total	180,23,00,379 (144,04,41,087)	48,41,77,548 (43,82,98,387)	9,52,45,078 (7,64,39,095)	219,12,32,849 (180,23,00,379)

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. Nil)

c) **Contingent Liabilities not provided for:-**

Income tax demand for Assessment Years 2003-04, 2004-05, 2005-06 and 2006-07 Rs.23.59 crores (Previous year : Rs. 28.02 crores)

(2) **MNRE Programme Funds**

- (a) The Company besides its own activities implements Programmes on behalf of Ministry of Non-Conventional Energy Sources on the basis of Memorandum of Understanding entered into with them. In terms of stipulations of each of the MoUs, 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 1-4-2007 was Rs.29,44,62,294 (Previous year : Rs.27,40,42,982) and IREDA received during the year Rs.22,12,88,536 (Previous year : Rs. 26,73,64,943). Out of this, a sum of Rs.23, 34, 28,919 (Previous year: Rs.24, 69, 01,631) 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.: Nil (Previous year : Rs.44,000) has been refunded to MNRE on account of loan recalled/pre-closed by the borrowers. The total undisbursed interest subsidy as on 31-3-2008 stands at Rs.28,91,65,275 (Previous year: Rs.29,44,62,294).

The programme-wise details of interest subsidy received, passed, refunded during the year and the balance as on 31st March, 2008 are as under:-

(i) **Interest subsidy on NPV basis:-**

(Amount in Rupees)

Sl. No.	Name of the sector	Opening Balance as on 1.4.2007	Interest Subsidy received during 2007-08	Amount refunded during 2007-08	Interest Subsidy passed on during 2007-08	Closing Balance as on 31.3.2008
1	Bio-mass Co-generation	15,80,48,162 (7,60,96,686)	2,77,26,000 (15,00,83,000)	0 (0)	6,39,96,436 (6,81,31,524)	12,17,77,726 (15,80,48,162)
2	Bio Methanation	1,86,378 (6,68,878)	0 (0)	0 (0)	1,86,378 (4,82,500)	0 (1,86,378)
3	Biomass Briquetting	3,73,472 (4,63,874)	0 (0)	0 (0)	3,73,472 (90,402)	0 (3,73,472)
4	Small Hydro	10,40,80,984 (14,46,80,853)	0 (57,47,783)	0 (44,000)	4,04,04,963 (4,63,03,652)	6,36,76,021 (10,40,80,984)
5	Waste to Energy	1,98,08,299 (1,98,08,299)	0 (0)	0 (0)	0 (0)	1,98,08,299 (1,98,08,299)
	Sub Total A	28,24,97,295 (24,17,18,590)	2,77,26,000 (15,58,30,783)	0 (44,000)	10,49,61,249 (11,50,08,078)	20,52,62,046 (28,24,97,295)



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

(Amount in Rupees)

Sl. No.	Name of the sector	Opening Balance as on 1.4.2007	Subsidy received during 2007-08	Amount refunded during 2007-08	Interest received on FDR	Subsidy passed on during 2007-08	Closing Balance as on 31.3.2008
1	Solar Thermal Sector	1,71,05,090 (-) (68,359)	0 (4,25,00,000)	0 (0)	0 (0)	1,26,94,646 (2,53,26,551)	44,10,444 (1,71,05,090)
2	SPV WP 200001	(-) 85,77,722 (-) (1,02,83,815)	85,77,722 (1,02,61,272)	0 (0)	0 (0)	68,49,086 (85,55,179)	(-) 68,49,086 (-) (85,77,722)
3	SPV WP 200102	0 (-) (3,41,01,504)	1,02,47,513 (4,64,22,682)	0 (0)	0 (0)	1,02,47,513 (1,23,21,178)	0 (0)
4	SPV WP 200203	(-) 45,90,782 (-) (16,85,049)	85,33,397 (16,85,049)	0 (0)	0 (0)	39,42,615 (45,90,782)	0 (-) (45,90,782)
5	SPWVP 199900	(-) 29,29,336 (-) (36,65,157)	51,10,539 (36,65,157)	0 (0)	0 (0)	21,81,203 (29,29,336)	0 (-) (29,29,336)
6	SPV WP Manufacturing	(-) 48,17,761 (-) (70,80,647)	50,00,000 (70,00,000)	0 (0)	0 (0)	20,01,235 (47,37,114)	(-) 18,18,996 (-) (48,17,761)
7	Accelerated SWH System	1,57,75,510 (8,92,08,923)	15,60,93,365 (0)	0 (0)	68,43,364* (0)	9,05,51,372 (7,34,33,413)	8,81,60,867 (1,57,75,510)
	Sub Total B	1,19,64,999 (3,23,24,392)	19,35,62,536 (11,15,34,160)	0 (0)	68,43,364 (0)	12,84,67,670 (13,18,93,553)	(-) 8,39,03,229 (1,19,64,999)
	Grand Total (A + B)	29,44,62,294 (27,40,42,982)	22,12,88,536 (26,73,64,943)	0 (44,000)	68,43,364 (0)	23,34,28,919 (24,69,01,631)	28,91,65,275 (29,44,62,294)

* includes Rs.46,25,553 of previous year not shown
 Previous year figures shown within bracket

(b) **Capital subsidy**

The un-disbursed capital subsidy as on 1.4.2007 was Rs.3,52,80,822 (Previous year : Rs.4,22,01,140) 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.2,65,43,750 (Previous year: Rs.4,29,60,200) was received from MNRE. Out of the total capital subsidy amount available, Rs.5,81,33,750 (Previous year: Rs.4,97,20,000) 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 31-3-2008 are as under:-

(Amount in Rupees)

Name of the sector	Opening balance as on 1.4.2007	Received during the year	Passed on during the year	Amount refunded to MNRE during the year	Adjustment	Closing balance as on 31.3.2008
Co- generation	3,52,80,822 (3,09,51,140)	0 (44,90,200)	3,15,90,000 (0)	0 (74,569)	0 (85,949)	36,90,822 (3,52,80,822)
Small hydro	0 (1,12,50,000)	2,65,43,750 (3,84,70,000)	2,65,43,750 (4,97,20,000)	0 (0)	0 (0)	0 (0)
Total	3,52,80,822 (4,22,01,140)	2,65,43,750 (4,29,60,200)	5,81,33,750 (4,97,20,000)	0 (74,569)	0 (85,949)	36,90,822 (3,52,80,822)

Previous year figures shown within bracket

- (4) Current Assets include a sum of Rs.63,36,903 (Previous year : Rs.76,75,289) 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) The scales of pay of Executives (including Board level appointees)/Non-unionized Supervisors and Non-executives of IREDA are due for revision w.e.f. 1st January, 2007 and 1st August, 2007 respectively. The 2nd Pay Revision Committee (PRC) constituted by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India vide Gazette Notification dated 30th November, 2006 has submitted its recommendations on 30th May, 2008 to Government of India. As per the recommendations of the said Committee, a provision of Rs.147 lakhs has been made in the books of account which includes Performance Incentive of Rs.84 lakhs (Previous year : Performance Incentive Rs.22 lakhs)
- (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) 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.118,58,35,976 (Previous year : Rs.129,75,08,243) on accounts classified as Non-Performing Asset (NPA) has not been recognized as income for the year. Further, a sum of Rs.2,02,19,151 (Previous year : Rs.13,57,78,806) being the amount of unrealized interest upto 2006-07 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.28,11,85,342 (Previous year : Rs.30,73,80,749) has been recognized as income being interest realized during the year from NPA accounts.
- (9) 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 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, in so far applicable to the company have been disclosed separately by way of an annexure.
- (10) 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. Intangible assets are amortized over their estimated useful life but not exceeding 10 years.
- (11) IREDA has created Exchange Risk Administration Fund (IREDA - ERAF) for management of foreign exchange risk on international lines of credit which is approved by Central Board of Direct Taxes vide notification No.11220. IREDA has made Nil provision (Previous year Nil) equivalent to liability of IDA credit Second Renewable Energy Project on Rupee basis. Books of account of ERAF are prepared and maintained separately.
- (12) All the operations of the company are considered as a single business segment. Further, the company does not have any 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 under the Companies (Accounting Standards) Rules, 2006.
- (13) 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.
- (14) **Employee Benefits**
 - (i) IREDA has adopted Accounting Standard 15 (revised) 'Employee Benefits' issued under the Companies (Accounting Standards) Rules, 2006, with effect from 1st April, 2007. Pursuant to the adoption, the transitional obligation of Rs.26,63,758 (net of deferred tax asset of Rs.13,71,627) has been adjusted against the opening balance of General Reserve as at 1st April, 2007. The said amount represents the difference between the liability in respect of various employee benefits determined under AS-15 (revised) as on 1st April, 2007 and the fair value of the plan asset as on that date.
 - (ii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard 15 (Revised) are as under:-



(a) Change in the present value of the obligation

(Amount in Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Un funded)	Leave Travel Concession (Un funded)	Sick Leave (Un funded)	Post Retirement Medical Benefit (Un funded)
Present value of obligation as at the beginning of the year	1,20,46,002	45,81,857	0	50,18,576	-
Interest cost	9,63,680	3,66,549	-	4,01,486	-
Current service cost	11,83,444	4,88,456	-	4,99,189	3,16,119
Benefits paid	(-) 3,99,036	(-) 6,14,483	-	-	(-) 1,02,295
Actuarial loss/(gain) on obligations	4,08,262	3,48,810	-	(-) 1,32,647	42,15,162
Present value of obligation at year end	1,42,02,352	51,71,189	19,94,760	57,86,604	44,28,986

(b) Change in fair value of plan asset

(Amount in Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Un funded)	Leave Travel Concession (Un funded)	Sick Leave (Un funded)	Post Retirement Medical Benefit (Un funded)
Fair value of plan assets at the beginning of the year	80,10,617	-	-	-	-
Expected return on plan assets	6,40,849	-	-	-	-
Employers contribution	4,33,119	-	-	-	-
Benefits paid	(-) 3,99,036	-	-	-	-
Actuarial loss/(gain) on obligations	94,526	-	-	-	-
Fair value of plan asset at the end of the year	87,80,075	-	-	-	-

c) Amount recognized in balance sheet

(Amount in Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Un funded)	Leave Travel Concession (Un funded)	Sick Leave (Un funded)	Post Retirement Medical Benefit (Un funded)
Estimated present value of obligations as at the end of the year	1,42,02,352	51,71,189	19,94,760	57,86,604	44,28,986
Fair value of plan assets as at the end of the year	87,80,075	-	-	-	-
Unfunded net liability recognized in balance sheet	54,22,277	51,71,189	19,94,760	57,86,604	44,28,986

(d) Expense recognized in the statement of Profit & Loss Account

(Amount in Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Un funded)	Leave Travel Concession (Un funded)	Sick Leave (Un funded)	Post Retirement Medical Benefit (Un funded)
Current service cost	11,83,444	4,88,456	19,94,760	4,99,189	3,16,119
Interest cost	9,63,680	3,66,549	-	4,01,486	-
Expected return on plan asset	(-) 6,40,849	-	-	-	-
Net actuarial (Gain)/Loss recognized in the year	3,13,736	3,48,810	-	(-) 1,32,647	42,15,162
Total expenses recognized in Profit & Loss Account	18,20,011	12,03,815	19,94,760	7,68,028	45,31,281

(e) Principal actuarial assumption as expressed as weighted average

(Rate per annum)

Particulars	Gratuity (Funded)	Leave Encashment (Un funded)	Leave Travel Concession (Un funded)	Sick Leave (Unfunded)	Post Retirement Medical Benefit (Un funded)
Discount rate	8%	8%	8%	8%	8%
Expected rate of return on plan assets	8%	-	-	-	-
Expected rate of salary increase	7%	7%	7%	7%	7%
Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)

(f) Investment details of fund

Particulars	Gratuity (Funded investment)	
	In %	Amount in Rupees
Central Government securities	25%	Figures not available
State Government securities	15%	
Investment in PSUs	40%	
Other investments (mixed in above 3 categories)	20%	

Note:- This being the first year of disclosure, previous year figures have not been furnished.



(g) **Defined Contribution Plan**

During the year, the company has recognized an expense of Rs.33,34,186 (Previous year : Rs.31,72,820) in respect of contribution to provident fund and Rs.58,260 (Previous year : Rs.58,220) in respect of contribution to benevolent fund.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in employee market.

- (15) As per Accounting Standard (AS) 15 (issued 1995) on 'Accounting for Retirement Benefits in the Financial Statements of Employers' issued by The Institute of Chartered Accountants of India, provision should have been made for Sick Leave w.e.f. 1st April, 1995 but the same was not provided. While making provision for the Employee Benefits for the Sick Leave as per the Accounting Standard (AS) 15 (revised 2005) on 'Employee Benefits', provision has been made for the financial year 2007-08 based on the actuarial valuation. However, the provision required for Sick Leave upto 31st March, 2007 amounting to Rs.33,12,762 has been booked under the head 'Prior Period Expenditure'.

(16) **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 under the Companies (Accounting Standards) Rules, 2006 are as under:-

(Amount in Rupees)

Particulars	Key Management Personnel (KMP)
Managerial remuneration	18,47,061 (14,97,780)
Borrowings (interest accrued)	
Opening balance	20,374 (53,265)
Less Repaid during the year	20,374 (32,891)
Closing balance	0.00 (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) Shri K S Popli

- (iii) The Chairman and Managing Director, Director (Finance) and Director (Technical) 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.

(17) **Impairment of Assets**

Provision for impairment loss as required under Accounting Standard (AS) 28 on Impairment of Assets issued under the Companies (Accounting Standards) Rules, 2006 is not necessary as in the opinion of Management, there is no Impairment of Assets during the financial year.

(18) **Deferred Taxes**

- a) In compliance with the Accounting Standard relating to "Accounting for Taxes on Income" (AS-22) issued under the Companies (Accounting Standards) Rules, 2006, the company has taken credit in the Profit & Loss Account towards deferred tax asset (net) on account of timing differences. After giving due consideration, deferred tax assets/liabilities are measured using the applicable current rates of Income Tax. In accordance with the provisions of AS-22, the current



year deferred tax credit of Rs.643.60 lakhs (Previous year debit : Rs. 470.55 lakhs for the year and Rs.2673.55 lakhs for earlier years) has been credited to the profit and loss account.

- b) The details of deferred tax assets (net) as on 31st March, 2008 is given below:-

A	Deferred Tax Asset (+)	(Rs. in lakhs)	
	Arising on account of timing differences:-	As at 31/3/2008	As at 31/3/2007
	Provision for Leave Salary , Gratuity, Sick Leave, LTC and Post Retirement Medical Benefit	77.51	15.56
	Provision for doubtful debts and advances	9110.81	7929.09
	Provision for Performance Incentive	28.55	0.00
	Provision for Pay Revision	21.41	0.00
	Stamp duty debited to P&L A/c but not paid	1.11	0.00
	Total A	9239.39	7944.65
B	Deferred Tax Liability (-)		
	Depreciation	123.00	58.85
	Stamp duty paid but not debited to P&L A/c	0.00	3.10
	Special Reserve	5601.94	883.74
	Adjusted with General Reserve	0.00	1454.57
	Charged to Profit & Loss A/c	0.00	2673.55
	Total B	5724.94	5073.81
	Deferred Tax Asset (+)/Liability (-) (A-B)	3514.44	2870.84
	Deferred Tax Asset on account of AS -15		
	General Reserve	13.72	0.00
	Prior period	17.06	0.00
	Deferred Tax Asset	3545.22	2870.84

- (19) In terms of Accounting Standard (AS) 20 on Earnings Per Share issued under the Companies (Accounting Standards) Rules, 2006, the Earnings Per Share (Basic & Diluted) is worked out as under:-

	As at 31.03.2008	As at 31.03.2007
Nominal value of Equity share (Rs. per share)	1000	1000
Numerator		
Profit after Tax as per Profit & Loss A/c (Rs. in lakhs)	4796.42	3460.10
Denominator		
◆ Number of equity shares (44+5) (in lakhs)	49.00	40.00
◆ Number of equity shares pending allotment (in lakhs)	0.00	4.00
◆ Weighted average number of Equity shares for calculating Basic and Diluted Earning per share (in lakhs)	46.16**	40.33*
◆ Basic & Diluted Earning per share (Rs. per share)	103.91	85.79

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

** weighted average $(44 \times 12/12 + 5 \times 158/366 = 46.16)$

- (20) Loan to constituents include a sum of Rs.43,78,59,375 (Previous year : Rs.47,75,02,000) 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) The amount payable to enterprises falling under The Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil (Previous year : Rs. Nil). Accordingly, no disclosure is being made as required by the said Act.
- (23) 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.
- (24) Legal and professional charges include 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.60,000 (Previous year : Rs. Nil)
 - For Certification : Rs.1,25,500 (Previous year : Rs.95,500)
- (25) Remuneration paid to the Chairman and Managing Director, Director (Finance) and Director (Technical) excluding staff car which is not a taxable perquisite in salary, are as under:-

(Amount in Rupees)

Particulars	Chairman and Managing Director*	Director (Finance)	Director (Technical)**
Salary & allowances	6,65,588 (5,32,679)	6,50,870 (5,97,818)	1,09,129 (0)
Medical allowance	46,615 (42,200)	44,650 (41,356)	11,937 (0)
Provident Fund	64,523 (52,871)	62,095 (59,311)	12,824 (0)
Value of perquisite as per Income Tax Act, 1961	75,238 (81,196)	42,801 (90,349)	60,791 (0)
Total	8,51,964 (7,08,946)	8,00,416 (7,88,834)	1,94,681 (0)

Previous year figures shown within bracket

* Since Chairman and Managing Director was Director (Technical) and also Officiating Managing Director upto 26.6.2007, previous year figures are in the capacity of Director (Technical) and current year figures are shown as Director (Technical) as well as Chairman and Managing Director.

** Figures are for the period 4.12.2007 to 31.3.2008 since Director (Technical) joined IREDA on 4th December, 2007

- (26) (i) For the assessment year 2004-05, income tax demand of Rs.1034 lakhs was raised out of which 50% was paid during 2006-07. No provision has been made in respect of the aforesaid amount as the Company had filed an appeal to the CIT(A) against the order of the Assessing Officer. CIT(A) has granted partial relief. Further, IREDA has filed an appeal with ITAT against the order of CIT(A) which is pending.
- (ii) For the assessment year 2005-06, income tax demand of Rs.1444 lakhs was raised out of which Rs.783 lakhs was paid during 2007-08. No provision has been made in respect of the aforesaid amount as the Company had filed an appeal to the CIT(A) against the order of the Assessing Officer.
- (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.

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

- a) Expenditure in Foreign Currency:
- On Traveling Rs.90,868 (Previous year : Rs.2,95,006)
 - Others Rs.34,22,30,119 (Previous year : Rs.26,83,84,907)
- b) Earnings in Foreign Exchange:
- Interest Rs.37,04,00,399 (Previous year : Rs.28,53,07,383)
- c) Revenue Grant Rs.4,96,99,565 (Previous year : Rs. 4,47,81,976) (GEF)

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

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

(Rs. in crores)

SI No	Particulars		Status			
A)	Capital					
a	CRAR, core CRAR and supplementary CRAR		34.31% (33.86%)			
b	The amount of subordinated debt raised and outstanding as Tier II capital		Nil (Nil)			
c	Risk weighted assets					
	On balance sheet items		2374.91 (2149.03)			
	Off balance sheet items		11.80 (14.01)			
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		11.28% (12.52%)			
f	Amount and % of net NPAs under the prescribed asset classification categories (excluding incidental charges)	Category	Amount			% age
			Gross	NPA provision	Net	Net
		S. Std	104.52 (96.57)	10.45 (9.66)	94.07 (86.91)	4.79% (5.10%)
		Doubtful	311.37 (272.88)	183.73 (146.40)	127.64 (126.48)	6.49% (7.42%)
		Loss	0.03 (0.04)	0.03 (0.04)	0 (0.00)	0% (0.00%)
		Total NPA	415.92 (369.49)	194.21 (156.10)	221.71 (213.39)	11.28% (12.52%)
		Standard Asset	1744.21 (1490.57)	0 (0)	1744.21 (1490.57)	- -
		Total loan outstanding	2160.13 (1860.06)	194.21 (156.10)	1965.92 (1703.96)	- -



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		2007-08	2006-07
	General provision for standard assets		1.01	0.50
	Adhoc provision for standard assets		0	6.50
	NPAs (including incidental charges)			
	Against loan outstanding		38.11	0.32
	Against incidental charges		0.46	0.28
			38.57	0.60
	Investments		0.00	0.00
	Income Tax including Fringe Benefit Tax		31.70	27.82
	Total		71.28	35.42
h	Movement in net NPAs			
	Particulars		2007-08	2006-07
	Net NPA as on 1 st April		213.39	192.59
	Add: Additions during the year		108.56	96.56
	Less: Reduction during the year		62.13	75.44
	Less: Provision made during the year (excluding incidental charges)		38.11	0.32
	Less: Assets written off		0	0.00
	Net NPA as on 31 st March		221.71	213.39
i	Credit exposure as % to net worth and as % to total assets in respect of:		% to Net worth	% to total loan assets
	Loan		797.13 (710.70)	2160.13 (1860.06)
	The largest single borrower	108.76 (57.00)	13.64% (8.02%)	5.03% (3.06%)
	The largest borrower group	130.09 (145.83)	16.32% (20.52%)	6.02% (7.84%)
	The 10 largest single borrowers:			
	No. 1	108.76 (57.00)	13.64% (8.02%)	5.03% (3.06%)
	No. 2	91.35 (51.62)	11.46% (7.26%)	4.23% (2.78%)
	No. 3	74.22 (50.76)	9.31% (7.14%)	3.44% (2.73%)
	No. 4	70.87 (48.40)	8.89% (6.81%)	3.28% (2.60%)
	No. 5	68.30 (47.03)	8.57% (6.62%)	3.16% (2.53%)
	No. 6	48.40 (43.88)	6.07% (6.17%)	2.24% (2.36%)
	No. 7	47.07 (41.46)	5.90% (5.83%)	2.18% (2.23%)
	No. 8	47.03 (39.80)	5.90% (5.60%)	2.18% (2.14%)
	No. 9	46.54 (37.64)	5.84% (5.30%)	2.15% (2.02%)
	No. 10	44.42 (34.26)	5.57% (4.82%)	2.06% (1.84%)
	Total	646.96 (451.83)	81.16% (63.58%)	29.95% (24.29%)

	The 10 largest borrower groups:						
	No. 1			130.09 (145.83)	16.32% (20.52%)	6.02% (7.84%)	
	No. 2			97.51 (63.04)	12.23% (8.87%)	4.51% (3.39%)	
	No. 3			63.04 (44.78)	7.91% (6.30%)	2.92% (2.41%)	
	No. 4			46.96 (43.01)	5.89% (6.05%)	2.17% (2.31%)	
	No. 5			43.67 (43.00)	5.48% (6.05%)	2.02% (2.31%)	
	No. 6			40.46 (40.58)	5.08% (5.71%)	1.87% (2.18%)	
	No. 7			32.57 (36.44)	4.09% (5.13%)	1.51% (1.96%)	
	No. 8			24.47 (31.70)	3.07% (4.46%)	1.13% (1.70%)	
	No. 9			22.35 (25.13)	2.80% (3.54%)	1.03% (1.35%)	
	No. 10			19.85 (17.86)	2.49% (2.51%)	0.92% (0.96%)	
	Total			520.97 (491.37)	65.36% (69.14%)	24.12% (26.42%)	
j	Credit exposure to the 5 largest Industrial sectors as % to total loan assets			Industries	Loan O/S	% to total loan	
	No. 1			Power	1100.15 (955.81)	50.93% (51.39%)	
	No. 2			Sugar	325.51 (245.07)	15.07% (13.18%)	
	No. 3			FIs/NBFCs	195.49 (79.86)	9.05% (4.29%)	
	No. 4			Steel	100.76 (97.83)	4.66% (5.26%)	
	No. 5			Agriculture	60.04 (64.34)	2.78% (3.46%)	
C)	Liquidity						
k	Maturity pattern of rupee assets and liabilities;						
l	Maturity pattern of foreign currency assets and liabilities:-						
	Items	Less than or equal to 1 year	More than a year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total
	Rupee assets	505.66 (725.79)	615.11 (560.43)	475.48 (451.16)	296.05 (275.29)	457.05 (350.16)	2349.35 (2362.83)
	Foreign currency assets	45.99 (42.54)	76.95 (88.74)	56.86 (55.15)	63.51 (61.94)	362.61 (370.03)	605.92 (618.40)
	Total Assets	551.65 (768.33)	692.06 (649.17)	532.34 (506.31)	359.56 (337.23)	819.66 (720.19)	2955.27 (2981.23)
	Rupee liabilities	447.84 (428.70)	211.49 (257.23)	215.85 (161.88)	153.14 (233.32)	1324.19 (1283.55)	2352.51 (2364.68)
	Foreign currency liabilities	45.76 (40.93)	76.95 (88.74)	56.86 (55.15)	63.52 (61.95)	359.67 (369.78)	602.76 (616.55)
	Total liabilities	493.60 (469.63)	288.44 (345.97)	272.71 (217.03)	216.66 (295.27)	1683.86 (1653.33)	2955.27 (2981.23)

* 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	9.30% (8.74%)	
n	Non-operating income as % to average capital employed	0.02% (0.01%)	
o	Operating profit as a percentage to average capital employed	4.35% (3.89%)	
p	Return on average assets	1.79% (1.28%)	
q	Net profit per employee/Rs. in lakhs	41.71 (31.45)	
E)	Movement in Provisions		
I)	Provisions for Non Performing Assets comprising loans (excluding provisions for standard assets)		
	Particulars	2007-08	2006-07
	Opening balance as at the beginning of the financial year	157.31	156.71
	Add: Provisions made during the year	62.63	43.08
	Less:		
	Write off during the year including incidental charges	0	0.27
	Write back during the year	24.06	42.20
	Closing balance at the close of the financial year	195.88	157.31
	Net charged to P&L A/c for NPA loans	38.57	0.60
	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	31.3.2008	31.3.2007
	1	Total amount of loan assets subjected to restructuring	108.97	319.66
	2	Restructured instalment of principal in the total amount of loan assets indicated out of 1 above subjected to restructuring	43.44	32.86
	3	Amount of standard assets subjected to restructuring	59.05	207.99
	4	Amount of sub standard/doubtful assets subjected to restructuring	49.92	111.67
G)	Assets Sold to Securitisation Company/Reconstruction Company			
	Particulars		2007-08	2006-07
	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 foreignexchange 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, at PLR less 4.25% p.a. New Delhi		



		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% pa. 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)
		<u>Liabilities</u>		
		BOB Rupee Term Loan against US\$ deposit ADB	Nil (Nil)	147.07 (167.61)
		Canara Bank Rupee Term Loan against Euro deposit - KfW	Nil (Nil)	235.73 (260.04)

		Bank of Baroda term loan against US\$ deposit IBRD	Nil (Nil)	142.44 (152.53)
		Assets		
		BOB \$ Deposit ADB	US\$ 37.34 (US\$ 38.57)	149.81 (167.68)
		Canara Bank Euro Deposit KfW	Euro 45.55 (Euro 49.85)	288.99 (288.47)
		BOB \$ Deposit - IBRD	US\$ 40.66 (US\$ 36.02)	163.12 (156.56)
		Canara Bank US\$ Deposit (including Special Account IBRD)	US\$ 0.94 (US\$ 0.94)	3.77 (4.09)
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 31 st March, 2008 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 (Nil)	
	2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2008 (instrument-wise)	45.08 (49.74)	
	3	Notional principal amount of exchange traded interest rate derivatives and not "highly effective" (instrument-wise)	45.08 (49.74)	
	4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	(-) 1.01 (-) (1.52)	

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:-**

- (i) IREDA recognized various market risks including interest rate, foreign exchange fluctuation and other assets liability mismatches.
- (ii) In order to protect the company from foreign exchange fluctuation risk, the company has entered into long term



agreements with nationalized banks with adequate flexibility which enable IREDA to re-negotiate the term to get advantage of the interest rate regime.

- (iii) IREDA has also established Exchange Risk Administration Fund (ERAF) to protect itself against the exchange risk arising out of INR borrowings repayable in US\$ terms.
- (iv) IREDA is taking active action for protection against interest rate risk by adopting hedging instrument on case to case basis. In this regard, during the financial year 2004-05, an interest rate swap has been 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 Crores)

Sl. No.	Particular	Currency Derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	374.48
	b) For trading	-	-
2	Marked to Market Positions(1)		
	a) Asset (+)/Receivables	-	-
	b) Liability (-)/Payable	-	6.43
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	-	0.07
	b) on trading	-	-

(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, M No. 81052

S. P. Reddi

Director (Finance)

Debashish Majumdar

Chairman and Managing Director

Place : New Delhi

Date : 1.8.2008

S K Bhargava

Company Secretary

Cash Flow Statement For the Year Ended 31st March, 2008

(Amount In Rupees)

Particulars	For the year ended		For the year ended	
	March 31, 2008		March 31, 2007	
A Cash Flow from Operating Activities:				
Net Profit Before Tax and Extraordinary / Prior Period	736111477		952277562	
Adjustment for:				
1 Depreciation	25318937		6891060	
2 Provision for NPAs	385697740		6032658	
3 General Provision for Std. Assets	10127001		70000000	
4 Misc Expenses written off	1285756		1866071	
5 Prior period expenses/income	-3829057		-617012	
6 Liabilities/ Provisions no longer required written back	0		93986	
7 Foreign Exchange Fluctuations	-3466284		-63182	
8 Interest to Tax Authorities	0		-13047318	
9 Fixed Assets write off/adjustment	-614711		1360397	
10 Deferred tax-gratuity & others	-3077441			
11 Dividend on investment	-84000		-84000	
12 Provisions for employees benefits	-2663758		-	
Operating profit before Working Capital Changes	1144805660		1024710222	
Increase / Decrease in				
1 Loans & Advances	-2954177739		-1335117117	
2 MNRE loan	35451650		-16494784	
3 Other Current Assets	-23385144		107150719	
4 Current Liabilities	-232652612		206786926	
5 Provision for Employee Benefits	18221959		487129	
	-3156541887		-1037187126	
Cash Generated from Operations	-2011736227		-12476904	
Income Tax & FBT Paid	474561586		406718873	
Net Cash Generated from Operations		-2486297813		-419195778
B Cash Flow From Investing Activities				
1 Purchase of Fixed Assets	-7143436		-390028221	
2 Dividend on Investment	84000		84000	
Net Cash flow from Investing Activities		-7059436		-389944221
C Cash Flow from Financial Activities				
1 Amount received towards equity contribution	-		400000000	
2 Equity Contribution	500000000		-	
3 Capital Grants	938256		13217870	
4 Redemption of Bonds	-500000000		-500000000	
5 Dividend paid	-70000000		-62500000	
6 Dividend Tax paid	-11896500		-8765625	
7 Increase /Decrease in Secured Loans	-691839831		-364597692	
8 Increase /Decrease in Un-secured Loans	-54105853		47349512	
Net Cash flow from Financing Activities		-826903928		-475295935
Net Increase in Cash & Cash Equivalents	-3320261177			-1284435934
Cash & Cash Equivalents at the beginning of the year	10249214580		11533650514	
Cash & Cash Equivalents at the end of the year	6928953403		10249214580	
Net Increase in Cash & Cash Equivalents	-3320261177		-1284435934	

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 : 1.8.2008

S K Bhargava

Company Secretary





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

(Particulars as required in terms of Paragraph 13 of Non-Banking (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, in so far as they are applicable to the company)

(Rupees in crores)

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)	150.00	Nil
(ii) Unsecured	Nil	Nil
(b) Term Loans from Govt. of India	241.85	Nil
(c) Term Loan from International Financial Institution	602.76	Nil
(d) Term Loan from Banks	848.85	Nil
(e) Overdrafts from Bank	Nil	Nil
(f) Cash Credit from Banks	Nil	Nil
Total	1843.46	Nil

Particulars	Amount Outstanding
ASSET SIDE:	
Break up of loans and advances including bills receivable	
(a) Secured loan	2048.01
(b) Unsecured loan	128.61
(c) Foreign currency deposit	605.93
(d) INR deposit	Nil
Total	2782.55

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

Particulars	Amount Net of Provisions		
	Secured	Unsecured	Total
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	2653.94	128.61	2782.55
Total	2653.94	128.61	2782.55

Other Information

Particulars		Amount	
(i) Gross Non-Performing Assets			
(a) Related Parties	-	-	-
(b) Other than related Parties	-	415.92	-
(ii) Net Non-Performing Assets			
(a) Related Parties	-	-	-
(b) Other than related Parties	-	221.71	-
(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 : 1.8.2008

S K Bhargava

Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration No.	027265	State Code	55	(Refer Code List)
	Balance Sheet Date	31/03/08	Date	Month	Year
II	Capital raised during the year (Amount in Rs. Thousand)				
	Public Issue	NIL	Right Issue	NIL	
	Bonus Issue	NIL	Private Placement (Govt. Contribution)	500000	
III	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)				
	Total Liabilities	29552687	Total Assets	29552687	
	Source of Funds				
	Paid-up Capital	49000000			
	Reserves & Surplus	3289867	Secured loans	9988486	
	Unsecured loans	8446037	Current Liabilities & Provisions	2928297	
	Application of Funds				
	Net Fixed Assets	391652	Investment	NIL	
	Deferred Tax Assets	354522	Current Assets	28803138	
	Misc. Expenditure & Others	3375	Accumulated Losses	NIL	
IV	Performance of Company (Amount in Rs. Thousand)				
	Turnover (Gross Income)	2469334	Total Expenditure (including PPA)	1737052	
	Profit before tax	+ 732282	Profit after tax	+ 479642	
	(Please tick Appropriate box (+) for Profit (-) for Loss)				
	Basic and diluted Earnings per share in Rs. (PAT)	103.91	Dividend Rate %	1.96	
V	Generic names of Three Principal Products/Services of Company (as per monetary terms)				
	Item Code No. (ITC Code)	NOT APPLICABLE			
	Product Description	PROJECT FINANCING			

S P REDDI
Director (Finance)

DEBASHISH MAJUMDAR
Chairman and Managing Director



**STATUS OF MNRE FUNDS AS ON 31.03.2008**

Sl.No.	PROGRAMME	BALANCE AS ON 1.4.2007	GRANT RECEIVED DURING THE YEAR	INTEREST DURING THE YEAR		SERVICE CHARGES RECOVERABLE	AMOUNT REFUNDED	AMOUNT/SUBSIDY DISBURSED	TOTAL FUNDS AS ON 31.03.2008	LOANS OUTSTANDING AS ON 31.03.2008	INTEREST OUTSTANDING AS ON 31.03.2008	BALANCE WITH BANK	STD	BANKS	ALANCE WITH EDA	OTAL FUNDS	
	S E C T O R			S.T.D.	LOAN	TOTAL						CURRENT A/C					
1	SPV. MFG. LOAN-(32046)	40830203.53	0.00	0.00	4519461.00	4519461.00	0.00	3725000.00	0.00	41624664.53	15732000.00	30041799.00	16196.40	0.00	16196.40	(4165330.87)	41624664.53
2	SPV. USER LOAN (32290+32425+32045)	171450326.89	0.00	0.00	(3091114.00)	(3091114.00)	256822.00	11783039.00	0.00	156319351.89	45866668.00	2388349.00	478744.92	0.00	478744.92	8603598.97	156319351.89
3	SPV. USER'S SUBSIDY(32424+32044)	(85366723.57)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(85366723.57)	0.00	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	0.00	12000.37	0.00	0.00	0.00	0.00	0.00	12000.37	12000.37
5	SOLAR THERMAL-(32081)	11744724.53	0.00	0.00	576217.00	576217.00	1302.00	183641.00	0.00	12135996.53	3065263.00	58943.70	58943.70	0.00	58943.70	5073230.83	12135998.53
6	MICRO HYDEL GRANT	7159878.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7159878.73	0.00	0.00	0.00	0.00	0.00	7159878.73	7159878.73
7	SPV PUMPING PUBLICITY GRANT 94-95	163589.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	163589.51	0.00	0.00	0.00	0.00	0.00	163589.51	163589.51
8	SPV WP REIMBURSEMENT-2001-02	(535631.00)	535631.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	SOLAR THERMAL GRANT-93-94	21025.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21025.00	0.00	0.00	0.00	0.00	0.00	21025.00	21025.00
10	MNES SPV MKT PROM REIMBURT	972200.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	972200.93	0.00	0.00	0.00	0.00	0.00	972200.93	972200.93
11	MNES SPV PUMPING FLIM GRANT	93100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93100.00	0.00	0.00	0.00	0.00	0.00	93100.00	93100.00
12	CAPITAL SUBSIDY	3690821.92	0.00	0.00	0.00	0.00	0.00	0.00	31590000.00	3690821.92	0.00	0.00	0.00	0.00	3690821.92	3690821.92	3690821.92
13	CO GENERATION INTT SUBSIDY	158048162.00	27726000.00	0.00	0.00	0.00	0.00	0.00	6396436.00	121777726.00	0.00	0.00	0.00	0.00	121777726.00	121777726.00	121777726.00
15	SPV. USER'S SUBSIDY-2001-2002-(32745)	525717.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	525717.00	0.00	0.00	0.00	0.00	0.00	525717.00	525717.00
16	SPV. USER'S SUBSIDY-2002-2003-(32669)	(973.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(973.00)	0.00	0.00	0.00	0.00	34568.00	(35541.00)	(973.00)
17	SPV. USER'S SUBSIDY-2003-2004-(32968)	36722.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36722.00	0.00	0.00	0.00	0.00	37397.00	(675.00)	36722.00
14	INTEREST SUBSIDY ON SOLAR THERMAL	17105090.45	0.00	0.00	0.00	0.00	0.00	0.00	12894646.00	4410444.45	0.00	0.00	0.00	0.00	4410444.45	4410444.45	4410444.45
18	INTEREST SUBSIDY ON SPV USER LOAN-99-00	(2826336.00)	5110539.00	0.00	0.00	0.00	0.00	0.00	2181203.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	INTEREST SUBSIDY ON SPV USER LOAN 2000-01	(8577722.00)	8577722.00	0.00	0.00	0.00	0.00	0.00	6849086.00	(6849086.00)	0.00	0.00	0.00	0.00	0.00	(6849086.00)	(6849086.00)
20	INTEREST SUBSIDY ON SPV MFG-(32591)	(4817761.00)	5000000.00	0.00	0.00	0.00	0.00	0.00	2001235.00	(1818996.00)	0.00	0.00	0.00	0.00	0.00	(1818996.00)	(1818996.00)
21	INTEREST SUBSIDY ON SPV USER LOAN 2001-01	0.00	10247513.00	0.00	0.00	0.00	0.00	0.00	10247513.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	INTEREST SUBSIDY ON SPV USER LOAN 2002-01	(4590762.00)	8533397.00	0.00	0.00	0.00	0.00	0.00	3942615.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	INTEREST SUBSIDY ON BIO- MASS BRIQ	559850.00	0.00	0.00	0.00	0.00	0.00	0.00	559850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	INTEREST SUB ON SMALL HYDRO	104080984.00	0.00	0.00	0.00	0.00	0.00	0.00	40404963.00	63676021.00	0.00	0.00	0.00	0.00	0.00	63676021.00	63676021.00
25	INTEREST SUBSIDY ON SOLAR THERMAL NEW	11944154.00	0.00	0.00	0.00	0.00	0.00	0.00	5739701.00	6204453.00	0.00	0.00	0.00	0.00	0.00	6204453.00	0.00
25	INTEREST SUB ON WASTE TO ENERGY	19806299.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19806299.00	0.00	0.00	0.00	0.00	0.00	19806299.00	19806299.00
26	SOLAR WATER HEATING SYSTEMS 2005-06	20401063.00	156368251.00	0.00	0.00	0.00	0.00	0.00	90608447.00	88160867.00	0.00	0.00	0.00	0.00	88279419.00	(116522.00)	88160867.00
	TOTAL	493418984.29	224099963.00	0.00	2004564.00	2004564.00	258124.00	15691680.00	270915695.00	432757102.29	54655931.00	57918709.00	3905269.02	65000000.00	8895269.02	221267193.27	46552649.29

A View of IREDA Financed 24 MW
Bagasse Co-generation Project.



ENERGY FOR EVER



IS/ISO 9001:2000 Certified

Indian Renewable Energy Development Agency Ltd.

(A Government of India Enterprise)

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