

CHAIRPERSON'S SPEECH



Dear Shareholders,

It is my privilege to present to you the performance of your Company during the 32nd year of its service to the Nation. I am happy to inform that IREDA has maintained its position as India's leading financier in the Indian Renewable Energy (RE) Sector. IREDA has built a strong presence in financing generation, transmission & distribution projects across India, thus evolving as a key player in the country's power-sector landscape. Over thirty years of its operation, IREDA has developed as a distinct and distinguished brand name in the field of Renewable financing. In the last three decades, your company has also been working hand-in-hand with the Government of India by supporting its programmes related to electrification of all villages and millions of households in the country. I hope, with utmost sincerity, that the coming years will see IREDA scaling greater heights in making India both energy sufficient and energy efficient.

RENEWABLE ENERGY SCENARIO

India is amongst the fastest growing economies of the world with rapid urbanisation. Providing 24x7 electricity has remained one of the strong focus area for the nation. With growing environmental concerns and India's commitment for a cleaner tomorrow, the Government of India has provided a sustained policy support as well as improved cost

competitiveness for development of clean sources of energy.

Recognizing the challenge of transitioning to a less-carbon economy early enough, Government of India announced an ambitious programme of expanding Renewable Energy by setting a challenging task of setting up 175 GW of Renewable Energy capacity by 2022. Of this target, 100 GW was for solar (almost 50 times the existing capacity in 2015), 60 GW Wind (almost twice the existing capacity in 2015), 10 GW Bio mass and 5 GW Small-hydro.

I am happy to announce that the country has risen to this challenge admirably, and India is now running one of the largest Renewable Energy expansion programs in the world projected to place India amongst the world leaders in Renewable Energy. Against the 175 GW target to be achieved by 2022, the country has already commissioned 82 GW by August 2019, and another 29 GW is under implementation. In addition, 37 GW of bids have been floated by various agencies, with additional 30 GW of bids expected to be floated in the remaining part of the year.

The Renewable Energy sector is expected to grow further beyond 2022. It is reported that the Government is planning to peg the RE capacity target for 2024 as 225 GW and the 2030 target as 450 GW, when it will be constituting more than 50% of total power generating capacity in the country.

Thus, it is seen that the India's power sector is seeing one of the most rapid diversification in the world. Sources of power are largely shifting from conventional to viable non-conventional sources such as wind and solar. Electricity demand has increased swiftly in the country and is very likely to increase much more in near future. In order to meet this rapidly increasing power consumption requirement of the country, the supply is predominantly going to come from Renewable sources.

The increased focus of GoI towards renewable energy has created attractive opportunities for investments as well as employment opportunities in the sector. With the increased support of government and improved economics, the sector



has become more attractive and booming from investors perspective.

This represents a great opportunity for your company, whose core competencies in the niche area of funding of RE projects is recognized in the country widely.

It is true that the sector is seeing certain headwinds due to a number of reasons such as credit crunch due to financial stress amongst NBFCs, delayed payments by Distribution Companies and attempts by certain Distribution Companies to re-open already signed PPAs. However, these bumps are expected to be temporary and due to timely interventions taken by Government and other authorities, are likely to smoothen out in the next couple of months.

IREDA'S OPERATIONS IN FY 2018-19

Your Company has delivered another year of significant achievements and it has shown progress in various facets during the year. The year witnessed impressive growth, wherein, your company has sanctioned and disbursed loans amounting to ₹11,941.87 Crore and ₹9385.37 Crore, respectively. Loans disbursed during the year registered an increase of 12.69%. Cumulative sanctions and disbursements as on year end stood at ₹72,903.77 Crore and ₹45,503.95 Crore respectively. In the coming years, your company will continuously endeavor to enhance value of all its stakeholders and maintain sustainable growth of your Company.

PERFORMANCE HIGHLIGHTS

Following indicators present a clear picture of operational and functional excellence of your Company:

The Gross Income of your Company increased to ₹2,022.79 Crore registering a growth of 11.56% over the previous year gross income of ₹1,813.18 Crore. The Profit Before Tax (PBT) decreased to ₹311.30 Crore at the end of the financial year 2018-19, over the previous year's PBT of ₹538.97 Crore owing to change in RBI norms and transition to IND AS w.e.f. April 01, 2018. Profit After Tax (PAT) decreased to ₹244.13 Crore at the end of the financial year 2018-19 over the previous year's PAT of ₹370.44 Crore due to same reasons. Your Company's net worth now stands at an impressive ₹2563.77

Crore, up 6.26% from last year.

Loans sanctioned during the year by way of sole, co-financing and consortium financing arrangements are expected to result in a capacity addition of 3266.37 MW against 3007.13 MW in last year.

During the year, your Company mobilized funds amounting to ₹1,015 Crore with private placement in domestic market. The Company also raised ₹150 Crore by Private Placement of IREDA Taxable, Redeemable, Non-cumulative, Non-Convertible, Subordinated Tier II Bonds. Your Company also availed a Term Loan facility from HDFC Bank of ₹200 Crore and signed a Term Loan facility with SBI of ₹1000 Crore. Further, your Company raised resources aggregating to ₹2,256 Crore through various lines of credit from overseas sources viz. JICA, KFW, ADB, AFD, World Bank etc.

New Initiatives

I would like to share with you, some of the initiative your Company undertook during the year to meet the growth aspirations in our business operations.

New Financial Products/Schemes:- The Company introduced new Loan scheme & financing schemes during the year :

- "Vendor Financing Scheme" to capture the business potential from full value chain of RE Sector was introduced. It is aimed at providing adequate funds for smooth functioning of vendor's business;
- Scheme for "Top Up Loan" was introduced to create a facility for existing borrowers to allow them to borrow a certain amount over and above the main loan;
- Scheme for "Loan/Line of Credit to large scale Solar Roof Top Projects" for projects awarded by Government / Utilities / DISCOMS / Institutions/ Hospitals/Trusts etc. was introduced. This scheme aims to provide finance for large scale Roof Top projects;
- Scheme for financing of "Biomass projects for heating application for commercial use" was introduced to provide financial assistance to Biomass projects for the said purposes to set up facilities which in turn promote



processing of agriculture crop residues in an economic way and support sustainable environment.

- e. Scheme for “Manufacturing of Biomass Pellets/ Briquettes/ Torrifed Pellets/ Refuse derived Fuels (RDF)” was introduced to provide financial assistance for setting up of above stated facility, which in turn will promote processing of agricultural crop residues/ MSW in an economic way.

Collaborating with other Institutions:

Your Company has signed a Memorandum of Understanding (MoU) with the Rural Electrification Corporation Limited (REC) on September 26, 2018 in MNRE, for development and promotion of Renewable Energy Projects. The Government thrust and strategic policies have provided a huge opportunity for all stakeholders including lenders to be part of the green growth of the country. To achieve the ambitious target of 175 GW of Renewable Energy by 2022 financing of about 732 Billion (USD 100 Billion) is required. IREDA and REC have come together to meet the financing requirement of the sector.

CORPORATE SOCIAL RESPONSIBILITY

Your Company’s CSR policy aims at creating a sustainable ecosystem through its activities for the community and environment. As per the Companies Act 2013, a budgetary allocation of 2% of the average net profit made during three immediately preceding financial years has been done in the financial year 2018-19 for CSR activities. During the financial year 2018-19, the Company sanctioned a total amount of ₹15.60 Crore covering a wide spectrum of activities, including health care, drinking water and sanitation, skill development, education, environmental sustainability, rural development and community development. To supervise the CSR activities, your Company has a Board level CSR Committee in place.

MOU RATINGS AND AWARDS

I am happy to share with you that your Company is expected to be rated “Very Good” by Government of India (GoI) based on your Company’s performance against the MoU targets signed with the Ministry of New & Renewable Energy (MNRE) for FY 2018-19 by GoI. I would like to share that the efforts of

your Company have been awarded with many prestigious Awards during the year:

- ❖ IREDA has been honored with “Rising PSU of the Year Award”.
- ❖ INFOSEC MAESTROS Award, 2018 for recognizing security innovations, excellence & leadership in the IT Space.
- ❖ IREDA has been honored with the “UK-India Deal of the Year Award” by India Inc. in London for raising first issue of IREDA’s Green Masala Bonds of USD 300 million raised during 2017-18.
- ❖ Golden Peacock Award for Environment Management for the year 2018.
- ❖ IREDA has been conferred with “Best Project Award of the year 2018” by Asian Development Bank under Clean Energy Finance Program.
- ❖ IREDA has won “Digital Leader Award for Excellence” under the Category– ERP Enterprise Applications conferred as recognition of ERP implementation towards digitalization of business operations.
- ❖ “Express e-Governance Award” under the Enterprise Application Category for successful implementation of ERP integrated Online Loan Application.
- ❖ In the category of “Best Financing Agency in Renewable Energy” award by Central Board of Irrigation and Power (CBIP).

HUMAN RESOURCES DEVELOPMENT

The Company gives utmost importance to capacity-building and well-being of its employees. In this direction, Training and Human Resource Policy of the Company aims to strengthen the business skills and competence of the employees for better performance and productivity. Further, trainings and workshops directed towards spiritual, health and attitudinal development of employees are also regularly conducted. Your company is complying 100% online Appraisal Reports in respect of their employees.

Your Company has taken a number of measures to improve performance culture in the Company through policy interventions and improvement of systems and processes.



Some of the important measures includes preparation of career paths for employees, introduction of Equal Opportunity Policy, formulation of the policy on “Apprenticeship”, improving speed and efficacy of HR service delivery through IT based processes, assessment of level in line with People-Capability Maturity Model (P-CMM) etc. In the assessment done in line with P-CMM, in a scale of 5, your organization has been found at Maturity Level 2, with some of the practices of Maturity Level 3 also evidenced.

CORPORATE GOVERNANCE

IREDA is committed to the highest standards of Corporate Governance. We strive to conduct the business operations in an ethical and responsible manner, within the prevalent regulatory framework, for sustainable value creation for all our stakeholders. The Company has been adopting and adapting the best practices that are followed in the area of Corporate Governance. Your Company has been complying with the requirements of Corporate Governance as stipulated by the Department of Public Enterprises (DPE) for Central Public Sector Enterprises (CPSEs).

FUTURE STRATEGIES

The Company’s Green Energy portfolio is consistently growing in terms of both quantity and quality; and is expected to get a further boost with various policy initiatives of the Government, such as the newly announced Hydro Policy, KUSUM scheme, Solar Roof-top programme etc.

It is evident that the emerging power ecosystem holds a great potential for IREDA. As part of providing its support, your Company to make available adequate and affordable resources for the sector. Your Company will continue its efforts with various international and multilateral lenders for new lines of credit to meet the resource needs of the sector and also shall make further issue of Green Bonds in the international and domestic market to garner capital for onward lending.

Your Company would develop new products and schemes that address the needs of the market. This would, I am sure, lead to significant increase in the market share of your Company.

Further, with the objective of increasing the capital base of your company enabling increase in investment opportunities, it is also planned to bring an Initial Public Offer, so as to have a public shareholding of around 15% post equity. The Draft Red Herring Prospectus for the same has already been filed with SEBI on July 30, 2019.

ACKNOWLEDGEMENTS

I would like to express my sincere and heartfelt thanks to the Government of India particularly the Ministry of New & Renewable Energy and Department of Public Enterprises. My sincere thanks also to other organs of the Government like Niti Aayog, Ministry of Finance, Ministry of Power, Office of the Comptroller & Auditor General of India, Reserve Bank of India and other regulatory authorities for the continuous support, guidance, co-operation and assistance. My thanks also to the Statutory Auditors for their diligently done audit.

I am truly grateful for the untiring efforts and support received from the Board of Directors and dedicated and committed team of employees for their commitment and efforts and look forward for their continuous involvement in achieving common future goals.

My very special thanks go to the International Financial Institutions, bankers, bond-holders, domestic financial institutions, investors and clients for the assistance and co-operation received.

In the end, I wish to express my gratitude to the members and stakeholders for their trust and support.

May I now request that the Directors’ Report, the Audited Balance Sheet, the Profit and Loss Account and Auditors’ Report for the year ended March 31, 2019, be adopted.

Thank you,

Praveen Kumar
Chairman & Managing Director
DIN:- 01523131

Dated: September 12, 2019
Place: New Delhi

