

CERTIFICATE ON KEY PERFORMANCE INDICATORS (“KPI”)

Date: November 06, 2023

To

The Board of Directors,
Indian Renewable Energy Development Agency Limited
India Habitat Centre
Core 4 ‘A’, East Court
1st Floor, Lodhi Road
New Delhi – 110 003

IDBI Capital Markets & Securities Limited
6th floor, IDBI Tower, WTC Complex,
Cuffe Parade, Mumbai 400 005,
Maharashtra, India

BOB Capital Markets Limited
1704, B Wing, 17th Floor,
Parinee Crescenzo, Plot No. C – 38/39,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai-400 051,
Maharashtra, India

SBI Capital Markets Limited
1501, 15th floor, A&B Wing
Parinee Crescenzo, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051,
Maharashtra, India

(IDBI Capital Markets & Securities Limited, BOB Capital Markets Limited, and SBI Capital Markets Limited are collectively, the “Book Running Lead Managers”)

Re: Proposed initial public offering of equity shares of ₹ 10 each (the “Equity Shares” and such offering, the “Fresh Issue”) of Indian Renewable Energy Development Agency Limited (the “Company”) and offer for sale of Equity Shares by existing shareholder (Government of India) of the Company (the “Offer for Sale”, together with the Fresh Issue, is referred as the “Offer”).

1. We, DSP & Associates, Chartered Accountants, statutory auditor of the Company, have received a request from the Company to verify and certify on key performance indicators (“KPI”) and other business/ operational information or circle-ups on the financial, business and operational numbers – a detailed report of the operational metrics of the company as of and for the relevant financial years ended March 31, 2021, March 31, 2022 March 31, 2023 and of six months ended September 30, 2022 and September 30, 2023. Based on specified procedures performed on specified subject matter of specified elements, accounts or items of a financial statement in accordance with the standard/guidelines issued by Institute of Chartered Accountants of India (“ICAI”), as may be required, based on the disclosure in the relevant offer document performed the procedures agreed with you and enumerated below with respect to certain identified operational key performance indicators (“KPIs”) of the Company as on respective dates and for the respective period mentioned against each annexure (the “Periods”), set forth in the accompanying schedules. Our engagement was undertaken in



accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the ICAI. SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information; however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.

2. Our Engagement on the agreed-upon procedures has been performed in accordance with our Engagement Letter dated June 10, 2023.
3. The presentation of the Data and Statement annexed to this certificate is the responsibility of the management of the company including the preparation and maintenance of accounting and other records supporting its contents. This responsibility includes the design, implementation of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The management of the Company is also responsible for ensuring compliance with the requirements under applicable provisions of Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**LODR Regulations**”), guidelines issued by Reserve Bank of India (“**RBI**”) and other applicable laws.
4. We have examined the restated audited standalone financial statements of the Company for the six months ended September 30, 2023 and September 30, 2022, and financial years ending March 31, 2023 and March 31, 2022 and restated audited consolidated financial statements of the Company and its associate for the financial year ended March 31, 2021, (the “**Restated Financial Information**”) prepared in accordance with the Indian Accounting Standards referred to and notified in the Companies (Indian Accounting Standards) Rules, 2015 (“**Ind AS**”), the requirements of Section 26 of Part I of Chapter III of the Companies Act, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”).
5. The details of the key financial and operational performance indicators as required under SEBI ICDR Regulations are set out in **Annexure A**:
6. **Key financial and operational performance indicators (KPIs)**
7. A list of the KPIs of the Company for the six months ended September 30, 2023 and September 30, 2022, and financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 is as per **Annexure-A**. The KPIs disclosed have been selected solely by the management and have been approved by the audit committee pursuant to the resolution dated 1st November 2023.
 - a. However, it is to be understood that the KPI ‘s forming part of Annual financial statements were neither derived nor disclosed with a view to their disclosure in any offer for issue / sale of Equity shares by the company / shareholder.
 - b. The KPIs disclosed by the company have been used historically by the Company to understand and analyze the business performance, which in result, help it in analyzing the growth of various verticals.
8. **Comparison of KPIs over time based on additions or dispositions to the assets/business,**

The Company has not undertaken a material acquisition or disposition of assets/ business for the periods that are covered by the KPIs and accordingly, no comparison of KPIs over time based on additions or dispositions to the business, have been provided.
9. The procedures carried out for such verification are included under Schedule I.
10. On the basis of the procedures set forth above nothing came to our attention that caused us to believe the KPIs were not accurate, valid and complete.
11. We also consent to the inclusion of this letter as a part of “Material Contracts and Documents for



Inspection” in connection with the Offer, which will be available for public inspection from the date of filing of the DRHP until the Bid/Offer Closing Date.

12. We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ issued by the Institute of Chartered Accountants of India (“ICAI”), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Note requires that we comply with the ethical requirements of the ‘Code of Ethics’ issued by the ICAI, as revised from time to time. Further, we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements’, as revised from time to time. We have also complied with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time”).
13. We confirm that the information herein is true, correct, complete, and accurate, not misleading and does not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
14. We undertake to inform you promptly, in writing of any changes to the above information until the allotment of Equity shares / Equity Shares commence trading on the relevant stock exchanges where the Equity Shares of the Company are proposed to be listed (the “Stock Exchanges”), pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the allotment of Equity shares / Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.
15. This certificate can be relied on by the Company, BRLMs, their affiliates and the Legal Counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer.
16. This certificate is issued for the sole purpose of the Offer and relevant extracts can be used in part or full as and where applicable, in connection the red herring prospectus (“RHP”), prospectus (“Prospectus”) and any other material used in connection with the Offer and consent to the submission of this certificate as may be necessary (collectively “Offer Documents”), to the Securities and Exchange Board of India, any regulatory/ statutory authorities , stock exchanges where the Equity Shares are proposed to be listed, Registrar of Companies, NCT of Delhi and Haryana at New Delhi or any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the RHP and Prospectus, as the case may be.
17. All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

For: DSP & Associates
Chartered Accountants
Statutory Auditors
Firm Registration No: 006791-N


Utkarsh Singhal
Partner
Membership No. 565593



UDIN: 23565593BHADQR6623

Place: New Delhi

Date: November 06, 2023

CC:

Domestic Legal Counsel to the Company

Saraf and Partners Law Offices

2402, Tower 2,
One International Centre,
Senapati Bapat Marg, Prabhadevi West,
Mumbai – 400 013

Legal Counsel to the BRLMs

Dentons Link Legal

Aiwan-e-Ghalib Complex
Mata Sundari Lane
New Delhi-110002

International Legal Counsel to the Company

Hogan Lovells Lee & Lee

50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049 321

(“Saraf and Partners Law Offices”, “Dentons Link Legal” and “Hogan Lovells Lee & Lee” collectively, referred to as “Legal Counsels”)



Annexure A

(1) Disclosure of all the KPIs pertaining to the Company that have been disclosed to its investors at any point of time during the three years preceding the date of this certificate

(₹ in million except percentages and ratios)

Particulars	FY2021	FY2022	FY2023	Period Ended September 30, 2022	Period Ended September 30, 2023
Operations					
Gross Loan Portfolio (GLP) or Term Loans Outstanding ⁽¹⁾	2,78,539.21	3,39,306.06	4,70,755.21	337,833.59	475,144.83
GLP Growth ⁽²⁾	18.29%	21.82%	38.74%	-0.43% %	0.93%
Loans Sanctioned ⁽³⁾	1,10,013.00	2,39,210.62	3,25,866.05	117,654.01	47,445.03
Loans Disbursed ⁽⁴⁾	88,283.53	1,60,708.22	2,16,392.07	40,063.06	62,732.52
Asset Quality					
Gross NPA ⁽⁵⁾	8.77%	5.21%	3.21%	5.06 %	3.13%
Net NPA ⁽⁶⁾	5.61%	3.12%	1.66%	2.72 %	1.65%
Provision Coverage Ratio ⁽⁷⁾	38.14%	41.45%	49.25%	47.58%	48.11%
Slippage Ratio ⁽⁸⁾	2.09%	0.10%	0.02%	0.03 %	0.10%
Credit cost ratio ⁽⁹⁾	3.62%	2.37%	1.84%	2.40 %	1.51%
Return Ratio					
Total Expenses to Average AUM ⁽¹⁰⁾	8.20%	6.72%	5.85%	2.74%*	3.20%*
PAT to Average AUM ⁽¹¹⁾	1.36%	2.09%	2.16%	1.17%*	1.24%*
Return on Assets (ROA) ⁽¹²⁾	1.20%	1.89%	1.98%	1.06% *	1.14% *
Return on Equity (ROE) ⁽¹³⁾	12.56%	15.33%	15.44%	7.52% *	9.26% *
Capital					
Net Worth or Shareholders Equity ⁽¹⁴⁾	29,956.00	52,681.13	59,351.69	56,383.12	65,806.12
Total Debt to Net worth ⁽¹⁵⁾	8.01	5.24	6.77	5.36	6.06
CRAR ⁽¹⁶⁾	17.12%	21.22%	18.82%	23.55%	20.92%
Total Debt/Total Assets ⁽¹⁷⁾	0.79	0.75	0.80	0.75	0.78
Profitability					
Net Interest Income ⁽¹⁸⁾	9,922.15	11,280.44	13,237.65	6,237.53	7,854.23
NIM ⁽¹⁹⁾	3.93%	3.75%	3.32%	1.79% *	1.68% *
Spread ⁽²⁰⁾	3.26%	2.81%	2.21%	1.43% *	1.11% *
Average Yield on Term Loans Outstanding ⁽²¹⁾	10.41%	9.14%	8.44%	4.65% *	4.93% *
Average cost of borrowings ⁽²²⁾	7.15%	6.33%	6.23%	3.22% *	3.82% *
Cost to Income ratio ⁽²³⁾	78.57%	70.99%	67.29%	60.95%	64.69%
Profit per Employee ⁽²⁴⁾	22.06	40.61	54.04	25.97*	33.29*
Operating Margin ⁽²⁵⁾	21.34%	28.66%	32.69%	39.04%	35.30%
Net Profit Margin	13.03%	22.04%	24.82%	26.00%	24.97%



(26)					
Earnings Per Share					
Basic EPS ⁽²⁷⁾	4.41	8.03	3.78	1.80*	2.54*
Diluted EPS ⁽²⁸⁾	4.41	8.03	3.78	1.80*	2.54*

[*Figures have not been annualized for the period ended September 30, 2022 and September 30, 2023.]

1. *Gross Loan Portfolio (GLP) or Term Loans Outstanding represents the total term loans outstanding (gross i.e., without netting-off the related provisioning) given by us as at the end of the period. It does not include interest accrued and due on term loans & interest accrued but not due on term loans, liquidated damages accrued and due, staff loans and interest accrued thereon.*
2. *GLP Growth represents growth in GLP for the period divided by GLP of the previous period in %.*
3. *Loans Sanctioned represents term loans approved during the period and may/may not be disbursed.*
4. *Loans Disbursed represents disbursement or financing of term loans during the period.*
5. *Gross NPA represents Gross Non-performing Term Loans divided by Term Loan Outstanding, at the period end in %.*
6. *Net NPA represents Net Non-performing Term Loans divided by Net Term Loans outstanding, as at the period end in %. Net Term Loans represent Term Loans Outstanding minus NPA Provisions, as at the period end.*
7. *Total provisions held on Gross NPA divided by Gross NPA, as at the period end in %*
8. *Fresh accretion of NPAs during the period divided by Term Loans Outstanding- Stage 1 & 2 (Standard), at the beginning of period in %.*
9. *Total NPA Provisions and write-offs (excluding provision for contingencies/standard assets) divided by average GLP outstanding, during the period in %*
10. *Total expenses for a period divided by Average Asset under Management (AUM) for the period. AUM is interest & income generating assets.*
11. *Profit after Tax for the period divided by Average AUM for the period*
12. *Profit after Tax for the period divided by Average total assets.*
13. *Profit after Tax for the period divided by Average shareholder's equity.*
14. *Net worth represents the sum of equity share capital and other equity at the end of the period.*
15. *Total borrowings as at period end divided by net worth as at period end. Total Borrowings includes Debt Securities, Borrowings (Other than Debt Securities) and Subordinated Liabilities as at period end.*
16. *Total of Tier-I and Tier-II Capital divided by Credit Risk Weighted Asset in %*
17. *Total borrowings at the end of the period divided by Total Assets at the end of the period*
18. *Net Interest Income (comprising interest on term loans and investments) less interest expense (comprising interest on borrowings availed by us and net gain/loss on foreign exchange translation), for the period.*
19. *Net Interest Income divided by average interest-earning assets, in %*
20. *Difference between average yield on average interest earning assets and average cost on average interest-bearing liabilities, in %.*
21. *Interest earned on Term Loans Outstanding divided by Average Term Loans Outstanding, in %*
22. *Interest expended during the period divided by average borrowings from all sources, in %.*
23. *Total expenses for the period divided by total income for the period, in %*
24. *Profit after tax for the period divided by number of employees at the period end.*
25. *Profit before tax excluding other income divided by Total Revenue from Operations, for the period in %*
26. *Profit after tax divided by Total income, for the period in %*
27. *Profit After Tax for the period divided by weighted average number of Equity shares at the end of the period*
28. *Profit After Tax for the period divided by weighted average number of Equity shares including Potential No. of Equity Shares at the period end*

Explanation for the key financial and operational metrics:

Particulars	Description	Rationale
Operations		
Gross Loan Portfolio (GLP) or Term Loans Outstanding	Gross Loan Portfolio (GLP) or Term Loans Outstanding represents the total term loans outstanding (gross i.e., without netting-off the related provisioning) given by us as at the end of the period. It does not include interest accrued and due on term loans & interest accrued but not due on term loans, liquidated damages accrued and due, staff loans and interest accrued thereon.	These metrics are used by the management to assess the growth in terms of scale and composition of business of our Company
GLP Growth	GLP Growth represents growth in GLP for the period divided by GLP of the previous period in %.	



Particulars	Description	Rationale
Loans Sanctioned	Loans Sanctioned represents term loans approved during the period and may/may not be disbursed.	
Loans Disbursed	Loans Disbursed represents disbursement or financing of term loans during the period.	
Asset Quality		
Gross NPA	Gross NPA represents Gross Non-performing Term Loans <i>divided by</i> Term Loan Outstanding, at the period end in %.	These metrics are used by the management to assess the asset quality of the loan portfolio and adequacy of provisions against the delinquent loans
Net NPA	Net NPA represents Net Non-performing Term Loans <i>divided by</i> Net Term Loans outstanding, as at the period end in %. Net Term Loans represent Term Loans Outstanding minus NPA Provisions, as at the period end.	
Provision Coverage Ratio	Total provisions held on Gross NPA <i>divided by</i> Gross NPA, as at the period end in %	
Slippage Ratio	Fresh accretion of NPAs during the period <i>divided by</i> Term Loans Outstanding– Stage 1 & 2 (Standard), at the beginning of period in %	
Credit cost ratio	Total NPA Provisions and write-offs (excluding provision for contingencies/standard assets) <i>divided by</i> average GLP outstanding, during the period in %	This ratio indicates the credit cost on the average assets of the entity.
Return Ratio		
Total Expenses to Average AUM	Total expenses for a period <i>divided by</i> Average Asset under Management (AUM) for the period. AUM is interest & income generating assets.	These metrics are used by the management to assess the cost and profit on the assets in the business of our Company
PAT to Average AUM	Profit after Tax for the period <i>divided by</i> Average AUM for the period	
Return on Assets (ROA)	Profit after Tax for the period <i>divided by</i> Average total assets.	These metrics are used by the management to assess the returns on the deployed capital and the assets in the business of our Company
Return on Equity (ROE)	Profit after Tax for the period <i>divided by</i> Average shareholder's equity.	
Capital		
Net Worth or Shareholders Equity	Net worth represents the sum of equity share capital and other equity at the end of the period.	These metrics are used by the management to measure the adequacy of Capital financial resources for the business growth of the Company
Total Debt to Net worth	Total borrowings as at period end <i>divided by</i> net worth as at period end. Total Borrowings includes Debt Securities, Borrowings (Other than Debt Securities) and Subordinated Liabilities as at period end.	
CRAR	Total of Tier-I and Tier-II Capital <i>divided by</i> Credit Risk Weighted Asset in %	
Total Debt to Total Assets	Total borrowings at the end of the period <i>divided by</i> Total Assets at the end of the period	This metrics indicate proportion of the total borrowed funds against our total assets.
Profitability		
Net Interest Income	Net Interest Income (comprising interest on term loans and investments) less interest expense (comprising interest on borrowings availed by us and net gain/loss on foreign exchange translation), for the period.	These metrics are used by the management for assessing the financial performance of the company during a particular period
NIM	Net Interest Income <i>divided by</i> average interest-earning assets, in %	
Spread	Difference between average yield on average interest earning assets and average cost on average interest-bearing liabilities, in %.	
Yield on Term Loans	Interest earned on Term Loans Outstanding <i>divided by</i> Average Term Loans Outstanding, in %	These metrics are used by the management to assess the income on loans given in the business of our Company
Cost of Borrowings	Interest expended during the period <i>divided by</i> average borrowings from all sources, in %.	These metrics are used by the management to assess the cost for financial resources which are



Particulars	Description	Rationale
		deployed for the business growth of our Company
Cost to Income ratio	Total expenses for the period <i>divided by</i> total income for the period, in %	These metrics are used by the management for assessing the financial performance of the company during a particular period
Profit per Employee	Profit after tax for the period <i>divided by</i> number of employees at the period end.	
Operating Margin	Profit before tax excluding other income <i>divided by</i> Total Revenue from Operations, for the period in %	These metrics are used by the management to assess the profit earned on revenue generated in the business of our Company
Net Profit Margin	Profit after tax <i>divided by</i> Total income, for the period in %	
Earnings Per Share		
Basic EPS	Profit After Tax for the period <i>divided by</i> weighted average number of Equity shares at the end of the period	These metrics are used by the management to assess the Earnings on the Capital deployed in the business
Diluted EPS	Profit After Tax for the period <i>divided by</i> weighted average number of Equity shares including Potential No. of Equity Shares at the period end	These metrics are used by the management to assess the Earnings on the Capital deployed in the business



Schedule I

At your request, we have read the items identified by you in the Annexure-A, and have performed the following procedures, which were applied as indicated with respect to the letters explained below:

- A. Compared the amounts with, or recalculated the percentages based on, amounts included in or derived from the Restated Financial Information and found them to be in agreement.
- B. Compared the amounts/ metrics with, or recalculated the percentages based on, corresponding amounts/ metrics appearing in a schedule prepared by officials of the Company based on the accounting records of the Company and found them to be in agreement. We proved the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amount identified in such schedule with the corresponding amount appearing in the relevant accounting records of the Company and found them to be in agreement.
- C. Compared the amounts/ metrics with, or recalculated the percentages based on, corresponding amounts/ metrics appearing in a schedule prepared by officials of the Company based on management accounts, relevant management information system reports or other financial information, corporate, secretarial, regulatory filings or other records of the Company and found them to be in agreement. We proved the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amounts/ metrics identified in such schedule with the corresponding amounts/ metrics appearing in the relevant corporate, secretarial and other records of the Company and found them to be in agreement.
- D. Proved the arithmetic accuracy or computation of the percentages or amounts.

