

CHAIRMAN'S SPEECH



Dear Shareholders,

It is my pleasure to present to you the performance of your Company during the 33rd year of its operation. It is wonderful to have you all join us here today and on behalf of the IREDA's Board of Directors, I thank you for making the time. I am also conscious that this AGM is being held in a critical time of human history when India and the world are seeking to deal with an unprecedented pandemic that has thrown up challenges in every sphere of life, health and economy. As a progressive and socially sensitized public enterprise, and as stakeholders of the national outlook, we are conscious of our special responsibilities at this juncture. Adversity they say is the true test of character, thus, it gives us strength that in these tasking times, we have your active support and wisdom backing us up. It's your support that pushes us to strive for more and for higher efficiency. I am happy to inform that IREDA has maintained its position amongst India's leading financier in the Indian Renewable Energy (RE) Sector. It has built a strong presence in financing power generation, transmission & distribution projects across India, thus doing justice to its name as a RE development agency and evolving as a key player in the country's power-sector landscape.

As I said, the end of the financial year witnessed the traumatic spread of COVID-19 that not only affected our lives but also created turbulent times for our businesses. However, these times have shown new ways of survival and doing business too, as we never fell short of the will, inspired by the national leadership. IREDA continues to mark its presence in the market and I hope, that the coming years will see IREDA scaling greater heights in making India both energy sufficient and energy efficient.

GLOBAL ENERGY SCENARIO

Renewable Energy has the potential to transform the trillion dollar energy industry across the world. Indian renewable energy sector is the fifth most attractive renewable energy market in the world. India is eyeing 225 GW from renewables by 2022 and a target of 40% clean energy by 2030. Investing in RE would enable India to develop globally competitive industries & technologies that can provide new opportunities for growth & leadership by corporate India. We have our commitment to create a cleaner and a better society. IREDA is quite conscious of our responsibility to improve the quality of life on this planet. Today India is among the top-five clean energy producers globally and with all your support your company will try to achieve a higher ranking in the global scenario.

RENEWABLE ENERGY SCENARIO

Renewable Energy sector in India has emerged as a significant player in the grid connected power generation capacity. It supports the agenda of sustainable growth, while emerging as a dominant part of the solution to meet the nation's energy needs and an essential player for energy access. Renewable energy has a share of 23.92% in the total installed generation capacity in the country i.e. 373.02 GW (upto 30th September, 2020). Modern renewable energy is not only used in electricity generation – the potential is also great for heating, cooling and transport. India needs a holistic strategy for renewable energy to tap into this potential and to make sure that market development can be beneficial for sustainable development more generally, including local air and water quality. Potential also exists to scale up the use of bioenergy, including Energy-from-Waste (EfW), which requires robust sustainability governance.

Government of India has taken various initiatives to boost the growth of RE sector. The Hon'ble Prime Minister has been in the forefront advocating the development of RE sector and promoting the cause of green energy towards maintaining a sustainable growth. India is amongst the fastest growing economies of the world with rapid urbanization. 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.

In the wake of the COVID-19 pandemic, the Indian renewable sector is dealing with various rising

uncertainties. Several measures have been announced by the Government of India in support of the RE industry. In view of the supply chain issues from China and other countries, MNRE has introduced a provision that any delay in project commissioning due to COVID-19 be treated as Force Majeure condition. The Ministry has provided a blanket extension of 5 months to all solar and wind projects under the pipeline. You would appreciate that these remedial measures have significant implications for IREDA's business.

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 renewable sources of energy such as wind and solar. Hon'ble Prime Minister while inaugurating Asia's biggest 750 MW solar power plant in Madhya Pradesh's Rewa district via video conferencing has described solar energy as sure, pure and secure. The Prime Minister's vision has given direction to the government's policies and schemes that accord a pivotal role to clean energy in the economic growth of a nation while maintaining a balance with the environment. 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.

Installed renewable power generation capacity in India has gained pace over the past few years, Solar capacity increased in the last 5.5 years from around 2.6 GW to more than 36 GW. We have seen reduction in cost of Solar from around ₹17 per unit during 2010 to ₹2.36 per unit now, during the 10 years' period, there is reduction of about 90% in solar tariffs mainly because of scale of solar installations in solar parks, discovery of tariffs through real time reverse auctions, technological advancements along with reduction in equipment costs over the years, conducive policies, and ever evolving regulatory setup in accordance with the needs of the sector. With the increased support of Government and improved economics, renewable energy installed capacity increased 226% in last 5 years. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role. The Government plans to establish renewable energy capacity of 450 GW by 2030.

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

become more attractive and booming from investors perspective. Some of the sectors of the economy going down in the wake of COVID-19 has created an alternate destination for investment in the Power Sector, and in Renewable Energy in particular.

PERFORMANCE HIGHLIGHTS

Let me try to present to you a comprehensive picture of operational and functional outcomes of your Company:

The Gross Income of your Company increased to ₹2,372.38 Crore, registering a growth of 17.32% over the previous year's Gross Income of ₹2,022.21 Crore. The Profit Before Tax (PBT) decreased to ₹241.11 Crore at the end of the Financial Year 2019-20, over the previous year's PBT of ₹310.95 Crore mainly due to change in RBI norms. Profit After Tax (PAT) decreased to ₹214.55 Crore at the end of the Financial Year 2019-20, over the previous year's PAT of ₹249.91 Crore mainly due to higher provisioning on the basis of Expected Credit Loss (ECL) calculations. Your Company's net worth now stands at ₹2,521.32 Crore.

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 ₹12,696.11 Crore and ₹8,785.31 Crore respectively. Loans sanctioned during the year registered an increase of 6.32%. Cumulative sanctions and disbursements as on year-end stood at ₹85,599.89 Crore and ₹54,289.26 Crore respectively. In the coming years, your company will continuously endeavor to enhance value of all its stakeholders and maintaining sustainable growth.

Loans sanctioned during the year including co-financed projects/take over loans that would support capacity addition of 5673.48 MW as against 3266 MW in last year.

During the Financial Year 2019-20, your Company raised a sum of ₹1,803 Crore by way of IREDA Taxable Bonds through Private Placement in the domestic market. Further, your Company raised resources aggregating to ₹334.60 Crore through various Lines of Credit from overseas sources viz. JICA-II, AFD II, World Bank. A Term Loan facility of ₹500 Crore has been signed with Canara Bank having provision for repayment in 20 equal quarterly instalments of ₹25 crores each after two years moratorium period from the date of first disbursement and a Term Loan facility of ₹1,000 Crore has been signed with Bank of Baroda (BOB) for a period of 5 years and drawdown of ₹600 Crores

has been made under the same.

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.

- “Short Term Loan Facility to Govt. Bodies/ DISCOMS/ Transcos /State Owned Trading Companies” was introduced for meeting RPO Compliance /Procurement of RE Power/ Payment to RE Generators/ Setting up RE Infrastructure (including transmission lines).
- A scheme for “loan against Securitization of future GBI receivables in case of Grid Connected Wind & Solar Projects” was introduced to provide loan against Securitization of future Generation Based Incentives (GBI) Receivables of Wind & Solar projects registered under GBI scheme of MNRE.
- A modified “Top-up Loan scheme” for IREDA Borrowers was introduced to tide over Corona Pandemic Crisis for all the Renewable Energy Technologies - for purposes of construction of their project or to meet the equity funding for a new renewable energy project or for any other activities related to RE and for easing out their liquidity requirements arising out of COVID-19 crisis and large-scale shutdown.
- New “Scheme for Moratorium of Term Loan’s Instalments” for a period not more than three months was introduced to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses in the midst of large-scale shutdown. In view of the continued Lockdown and continuing disruptions on account of COVID-19, the moratorium period was further extended by another three months.
- Financing Scheme for “Setting up of New distillery / Expansion of existing distillery for production of Ethanol using Sugarcane Juice / Sugar / Sugar Syrup /B-Heavy Molasses/ C-Heavy Molasses/ Damaged Food Grains” was introduced mainly to provide financial assistance for setting up of new Distillery or expansion of existing Distillery for manufacturing of Ethanol, which in turn promote blending of biofuel in petroleum for reduction in pollution levels and addressing the issues of sugar demand – supply chain.
- To cover reimbursement of Unsecured Loans /

Bridge Loans/other similar instrument infused in the project for take over part, Modifications were made under the “Takeover Guidelines for Takeover of Loans of Banks/FIs and unsecured Loans/Bridge Loans/Creditor Payables etc”.

CORPORATE SOCIAL RESPONSIBILITY

IREDA aims at creating a sustainable ecosystem through its activities for the community and environment. In compliance with the requirement of the Companies Act, 2013, we have made a budgetary allocation of ₹13.40 Crore in the Financial Year 2019-20 for CSR activities. During the year, projects worth of ₹24.31 Crore were sanctioned by IREDA towards a wide spectrum of activities including development of Aspirational Districts, contribution to Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES), Swachh Bharat Kosh, clean ganga fund and providing PPE Kits to Healthcare staff in some pockets. Considering the ongoing pandemic, IREDA has contributed ₹7.50 Crore towards PM-CARE Fund from the CSR for FY 2020-21 as well. Your company will continue to have its heart placed in meaningful community development in close integration with its business plans.

MOU RATINGS

I want to share with you that your Company is expected to be rated “Fair” 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 2019-20. The major reasons for the said ratings have been because of decrease in operating profit, ROI and NPA. The MOU Rating for the FY 2018-19 of your Company was “Very Good”. I do not have any doubt that with the innovations being taken up in business operations, backed by an incentivizing policy regime, your company will turn a new leaf very soon.

HUMAN RESOURCES DEVELOPMENT

In line with the philosophy that a dedicated and motivated workforce is the foundation of any organization, a number of initiatives are being taken by the company. The Company gives utmost importance to capacity-building and well-being of its employees. 47 personnel have been elevated to higher posts. IREDA has also incorporated periodical review of employees under FR-56(j) under clause no. 34 of Service Rules. Steps have been taken towards leadership development, reform of performance management system, strengthening of internal communication, training/

retraining for continued learning through e-based platforms, simplifying of policies for making them employee centric, etc.

IREDA has taken a number of measures to improve performance culture in the Company through policy interventions and improvement of systems and processes. Training and Human Resource Policy of the Company aims to strengthen the business skills and competence of the employees for better performance and productivity. During the year, IREDA has achieved 300 training man-days, which includes one week training programme at premier institutes for more than 15% employees. “Monthly Lecture Series” with eminent personalities of different walks of life, to harness their knowledge and to create awareness on concepts for development has become regular feature in IREDA. Trainings and workshops directed towards spiritual, health and attitudinal development of employees are also regularly conducted.

CORPORATE GOVERNANCE

IREDA strives to conduct its business operations in an ethical and responsible manner within the prevalent regulatory framework, for sustainable value creation for all our stakeholders. IREDA complies with all applicable provisions relating to Corporate Governance stipulated under the Companies Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations, Reserve Bank of India, MNRE & DPE Guidelines and other laws.

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 KUSUM scheme, Focus of Storage, Solar/Wind Hybrid Technologies, Biofuels such as Ethanol and Compressed Bio Gas (CBG), E-mobility and associated infrastructure, Off- Shore Wind, 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 is 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, proposal for infusion of equity by GoI is under consideration.

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 and Ministry of Power, Office of the Comptroller & Auditor General of India, Reserve Bank of India and other regulatory authorities for 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 team of employees for their commitment and efforts, who are the ultimate Resource of the Company. I look forward for their continuous involvement in achieving future goals.

My 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, 2020, be adopted.

Thank you,

sd/-
Pradip Kumar Das
Chairman & Managing Director
DIN:- 07448576

Place: New Delhi
Date: November 02, 2020