

CHAIRMAN'S SPEECH



Dear Shareholders,

It is my pleasure to present to you the performance of your Company during the 34th year of its operation. The entire world has been facing an unprecedented health crisis in the form of COVID-19 pandemic, which disrupted supply chains across all sectors and hampered economic activities globally. The global and Indian economies have passed through prolonged and repetitive lockdowns. However, these times have shown new ways of survival and doing business. While the year was full of challenges both on operational and business fronts, I would like to inform that, IREDA with its dedicated manpower and unflinching commitment towards sustainable growth, has maintained its position as India's leading financial institution focused on the Renewable Energy (RE) sector.

Despite the pandemic regime, IREDA completed the Financial Year (FY) 2020-21 on second highest loan disbursements (since inception) amounting to ₹8,827 Crore, highest ever PBT of ₹569.52 Crore with an increase of 136.20% over the amount of ₹241.11 Crore in the previous year and a net reduction in NPA from 7.18%

in the previous year to 5.61% ending FY2020-21 which is a significant reduction of ~22% from the previous year. This truly indicates your Company's ability to translate a global pandemic situation into an opportunity and adaptability to manage unforeseen transition. I am confident that, in the coming years we will see IREDA scaling newer heights in making our nation energy sufficient, energy efficient and energy independent.

GLOBAL ENERGY SCENARIO

The global power sector is constantly undergoing major transformation with new energy sources and new players entering the arena of energy supply. While Energy-related CO₂ emissions have risen by 1% per year on average since 2010, energy landscape is undergoing a revolution, with greater focus being lent to cleaner sources of energy. More than 100 countries have pledged carbon neutrality by 2040 and many more such commitments are on the horizon.

As per IRENA, Renewable capacity addition has seen a recorded growth of 260 GW being added in 2020, exceeding 2019 growth by 50%. Employment

Opportunities in renewables are expected to reach 42 million globally by 2050 which is four times their current level, through the increased focus of investments on renewables. Energy efficiency measures and system flexibility are further expected to create 21 million and 15 million additional jobs respectively. Similar announcements on the corporate front have gathered pace worldwide wherein the organisations worldwide are undertaking carbon free initiatives.

Falling costs of wind and solar power are making way for increased investments in renewables, that are now the preferred mode for energy generation and sourcing. Share of renewables in new capacity additions rose considerably for the second year in a row.

GOVERNMENT INITIATIVES AND INDIAN RENEWABLE ENERGY SECTOR

The Government of India (GoI) has been thoroughly proactive over enactment of favorable policies and regulations to boost Renewable Energy sector particularly since last 6-7 years. India has been aggressively pushing for innovative market mechanisms and business models, institutional strengthening, capacity building and demand creation measures for the growth of Renewable Power generation.

A Production Linked Incentive (PLI) Scheme has been announced in the budget of FY 2021-22 for manufacturing sector to grow in double digits on a sustained basis, with core competence and cutting-edge technologies. The government has committed nearly ₹1.97 Lakh Crore, over 5 years starting FY 2021-22 including ₹4,500 Crore for manufacturing of 'High Efficiency Solar PV Modules' under the *Atma Nirbhar Bharat Mission* which will be implemented by Ministry of New & Renewable Energy where IREDA is the nodal agency to bring scale and size in Solar PV manufacturing, create and nurture global champions and provide Employment to youth.

Other similar policies include imposition of the Basic Custom Duty on import of solar modules & cells, setting an ambitious target of 30% electric vehicle penetration by 2030 to encourage further investments in indigenous technology under FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicle) scheme and announcing the launch of Hydrogen Energy Mission in FY 2021-22.

With the already achieved Emission reduction of 28% over 2005 levels, against the target of 35% by 2030 and

coveted milestone of 100 GW of installed Renewable Energy Capacity, our nation has emerged as one of the few countries globally to have achieved the commitments under Paris Climate Change (COP21) along with an exponential increase in renewable energy capacity.

Even though the global economic conditions are still challenging, our policy maker have rebuilt buffers to cushion it against possible spillovers. The 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 has taken big leaps for creating a sustainable world and was ranked 3rd in renewable energy country attractive index in 2021. India has a liberal foreign investment policy for renewables allowing 100 per cent FDI through the automatic route. In recent years RE Sector has seen boom in investment in India from Global as well as Indian investors.

Renewable Energy sector in India has emerged as a significant player in the grid connected power generation capacity. Renewable energy capacity in India has increased by 250% between 2014 and 2021. Today India stands at 4th position in the world in terms of installed RE capacity, 5th in solar power and 4th in wind power in terms of installed capacity. India has also enhanced its ambition to install 450 GW of renewable energy capacity by 2030. If large hydro is included the installed RE capacity increases to 146 GW. As the economy grows, the electricity consumption is projected to reach 15,280 TWh in 2040 from 4,926 TWh in 2012.

Though our country lacks sufficient conventional energy resources compared to its required energy needs driven by huge population and rapidly increasing economy, India has been endowed with a wind power potential of around 695 GW at 120m above ground level and huge solar potential of about 748 GW assuming 3% of the waste land area to be covered by Solar PV modules. With vast potential in hydro sector being explored across states in the northeast, India highlights ~26% of the total installed capacity coming from Renewable Sources. The Government of India is leaving no stone unturned towards strengthening availability of human and organisational capacities in the solar, financial and policy sectors and continuously improving business models and policies considering advances in solar technologies, investments and markets.

PERFORMANCE HIGHLIGHTS

Let me present to you a comprehensive picture of operational and financial outcomes of your Company for the FY ending March 2021:

The Gross Income of your Company increased to ₹2,658.63 Crore, registering a growth of 12.07% over the previous year's Gross Income of ₹2,372.38 Crore. The Profit Before Tax (PBT) increased to ₹569.52 Crore at the end of the FY 2020-21 showing a phenomenal increase of 136.20%, over the previous year's PBT of ₹241.11 Crore. Profit After Tax (PAT) increased to ₹346.41 Crore at the end of the FY 2020-21 registering an increase of 61.46% over the previous year's PAT of ₹214.55 Crore. Your Company's net worth now stands at ₹2,995.19 Crore. The Loan Book of IREDA, a NBFC, has grown from ₹23,548 Crore for the FY ending 2019-20 to ₹27,854 Crore for the FY ending 2020-21. There has been a net reduction in NPA by ~22% from 7.18% for the FY ending 2019-20 to 5.61% as on 31st March 2021.

The earning per share has increased from ₹2.73 for the FY ending March, 2020 to ₹4.42 for the FY ending March, 2021 which is an increase of ~62% over the previous year. In accordance with the DIPAM guidelines on Capital Restructuring, your Company is required to pay a minimum annual dividend of 30% of PAT or 5% of Net Worth, whichever is higher. However, for the FY 2020-21, your Company has obtained exemption from payment of dividend to maintain high exposure limits due to increased net worth.

Your Company has delivered another year of significant achievements showing significant progress in various facets during the year. The year witnessed impressive growth, with sanctioned and disbursed loans amounting to ₹11,001.30 Crore and ₹8,826.64 Crore respectively despite the global COVID-19 Pandemic. Cumulative sanctions and disbursements as on year-end stood at ₹96,601.19 Crore and ₹63,115.90 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 would support capacity addition of 6965.82 MW as against 5673.48 MW in previous year.

During the year, your Company mobilized funds amounting to ₹500 Crore from the Domestic Bond Market through Private Placement of Taxable Sub-

ordinated Tier-II Bonds. These Bonds were issued with a maturity of 10 years with coupon rate of 7.74% p.a. Your Company is a leading RE Financier, which contributes to the growth of RE expansion in the country.

Keeping in view the rapid growth happening in the RE sector, your Company has played a significant and catalytic role for enhancement of the scope of its operation and can now extend finance to transmission, distribution companies, energy storage, e-mobility and for any other project/scheme/activity directly or indirectly linked with renewable energy, energy efficiency and/or conserving energy and/or other environment friendly technologies. Your Company has been digitizing its operations and services to ensure transparency, ease of doing business and improving process efficiencies. Your company is in the process of revamping its system & application software to provide more and more services to its customers without even visiting IREDA office. IREDA has provided faceless sanctions through digital processes to three projects without physical visits of the borrowers to IREDA Office while the borrowers were called in IREDA office only for signing of Loan agreement.

POLICY AND OPERATIONAL INITIATIVES

I would like to share with you, the following major initiatives undertaken by your Company during the year to meet the growth aspirations in our business operations.

- Introduction of “*Guaranteed Emergency Credit Line (GECL)*” in line with the special scheme launched by the Government of India under the name of Emergency Credit Line Guarantee Scheme (ECLGS) to provide credit to eligible borrowers & 100% guarantee coverage for the GECL assistance.
- Extension of *Scheme for Moratorium of Term Loan's instalments* to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 Pandemic to ensure the continuity of viable businesses during large-scale shutdown.
- Introduction of IREDA's “*Policy for the Resolution for COVID – 19 related Stress*” in compliance of the RBI Circulars dated 06.08.2020 and 07.09.2020 to enable all lending institutions including NBFCs, over implementation of a Resolution Plan (RP) in respect of eligible corporate exposure even without

change in ownership while classifying such exposure as Standard, subject to specified conditions.

- Introduction of “IREDA Policy framework for deferment of Interest Instalments and shifting of Repayment Schedule including residual tenor of Term Loans under COVID-19” to provide some degree of relief to the borrowers, whose operations were impacted directly & indirectly by COVID-19 Pandemic.
- Introduction of “Policy for granting of In-Principle Loan Sanction to Applicants” in cases, where Regulatory/ Government Approvals are linked to In-Principle Sanction of Loans by FIs/Banks or Loan by Other Institutions in consortium are linked to In-Principle Sanction of loan by IREDA.
- Revision in Policy for “Short Term Loans to Govt. Entities” to meet the growing credit demand from the Discoms/ Other Govt. Entities.
- Revision in “Pre- Payment Policy” to include an option of prepayment of loan by the borrower within 30 days from the interest reset date after giving prior written notice of at least 30 days to IREDA
- Revision in IREDA’s Loan exposure upto 70% of the project cost for Small Hydro projects upto 15 MW.
- IREDA has signed Memorandum of Understanding (MoU) with SJVN Limited and NHPC Limited, for providing technical expertise in developing renewable energy projects.
- Maximum loan repayment period under the scheme “Loan against Securitization of Future Cash Flows” has been increased to 15 years from the date of disbursement or 80% of balance life of PPA, whichever is lower, depending on the project cash flows and other financial parameters.
- Disbursement process, operations and financial procedures have been simplified and efficient. Credit appraisal process/mechanism has been strengthened by introducing dedicated financial concurrence teams.
- IREDA has started Quarterly Interactions with its Borrowers to understand the prevalent concerns and demonstrate your Company’s achievements and initiatives taken based on the market and industry feedback for regular improvement in operations, efficiencies and business development e.g. reduction in the applicable rates of interest, exposure norms, Delegation of Powers etc.
- Work Assessment is being carried out at each employee level to study competency analysis and establish a plan of mitigation of the competency gaps to ensure optimal utilization of the available human resources.



IREDA signed MoU with TANGEDCO for providing its professional expertise in developing Renewable Energy projects.



IREDA opened its 4th branch office in Bhubaneswar, Odisha

- Implementation of latest IT technology and systems including Office 365, Data Leak Protection and Information Protection systems, Installation of face recognition biometric attendance machines for contactless attendance and the ongoing process for Implementation of cloud-based ERP-Dynamics 365.
- To meet its commitment towards ease of doing business, during the FY 2020-21, your Company has opened its third branch office in Mumbai, being the financial capital to ensure ease of access and support to the customer, borrowers and other stakeholders.
- Further, post the closure of FY 2020-21, to explore the opportunities for promoting the use of Renewable Energy in the state, your Company has opened its fourth branch office in the country in Bhubaneswar, Odisha for the facilitation of its customer, borrowers, and other stakeholders.
- Post the closure of FY 2020-21, your Company signed a MoU with the Tamil Nadu Generation & Distribution Corporation Limited (TANGEDCO), for providing its professional expertise in Renewable energy project development, bid process management, implementation support and fund raising.

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 ₹7.27 Crore in the FY 2020-21 for CSR activities. During the year, projects worth of ₹9.02 Crore were sanctioned by

IREDA towards a wide spectrum of activities including contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES) Fund and providing PPE Kits, Masks for Healthcare staff engaged in Hospitals/Quarantine centers and COVID appropriate behavior promotional material in Balrampur and Chandauli Aspirational Districts to support the preventive measures to contain the spread of the pandemic.

IREDA has taken several initiatives to contain the first and second waves of COVID-19 & has constituted an exemplary 'COVID Care Response Team' which continuously took care of all those who approached IREDA in critical phase including arranging and regular delivery of food and medicines, hospitalization, plasma donation, Oxygen Concentrators, Oxygen Cylinders etc.

Considering the ongoing pandemic, your company has contributed ₹7.50 Crore towards PM-CARES Fund for FY 2020-21. Your Company has spent ₹16.42 Crore during the FY 2020-21 on CSR activities for the projects which were completed/ongoing during the year. Your company will continue to have its heart placed in meaningful community development in close integration with its business plans.

MOU RATINGS

The performance of your Company in terms of the Memorandum of Understanding (MoU) signed with the Ministry of New & Renewable Energy (MNRE) for the FY 2020-21 is expected to be "Excellent".

HUMAN RESOURCES DEVELOPMENT

IREDA is committed towards optimizing the potential of

its human capital by introducing conducive work policies that facilitate work life balance, thereby enabling our workforce to focus on achievement of Company's strategic goals by ensuring high level of productivity. Several In-House virtual training programs were facilitated for employees through lecture series and other focused development training programs. The focus of conducting the virtual programs was maintained in order to ensure specific skill development in line with the corporate goals. During the year, the Company achieved a total of 526 man-days of training.

During the COVID-19 lockdown, your Company honored all its commitments and were able to achieve this while following all safety guidelines, strict social distancing and minimizing our workforce in offices. The credit for this goes to the dedication of the team members which made this achievement possible. IREDA adopted Work from Home facility for all employees. At the same time, regular communication was maintained to increase their morale. Caring for people and the communities we work with is deeply ingrained in our core values. IREDA has taken several initiatives to contain the first and second waves of COVID-19 & has constituted an exemplary '*COVID Care Response Team*' which continuously took care of COVID-19 positive employees and their family members. The Team helped employees and their family members by regularly counselling them and providing them all necessary support including regular delivery of food and medicines, hospitalization, plasma donation, Oxygen Concentrators, Oxygen Cylinders etc. The vaccination drive was also carried out for the safety of its employees.

Your Company adopted maximum digitization via E-office and 'Work from Home' for employees to improve efficiency and facilitate productivity during the lockdowns under COVID-19 pandemic. Further, to strengthen the mental and emotional health with physical fitness of IREDA employees, meditation sessions are being organized on daily basis, with effect from 1st July, 2021. IREDA has also introduced a well-equipped fitness facility at its corporate office for all the employees.

IREDA celebrated International Yoga Day, Vigilance Awareness Week, *Hindi Pakhwada* and *Swachhata*-cleanliness and awareness drives during the year under all COVID-19 Protocols.

CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. Your Company believes that, good corporate governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working. Your Company is focused on enhancement of long-term value creation for all its stakeholders without compromising on societal obligations, environment and regulatory compliances. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in future.

FUTURE STRATEGIES

IREDA will continue its trajectory of registering growth, through innovation and repositioning in the ever-changing space. With an objective to set-up highly efficient domestic manufacturing capacity of Solar Modules of GW-scale and reduction in import dependence, Govt. of India has approved Production Linked Scheme through MNRE. Considering the commitment of IREDA towards the growth of RE sector, MNRE has designated your Company as the Implementing Agency for the said scheme. The financial outlay for PLI over a five-year period is ₹4,500 Crore. Further, in line with the "Central Public Sector Undertaking (CPSU) Scheme Phase-II (Government Producer Scheme)" issued by the GoI, for setting up 12,000 MW grid-connected Solar Photovoltaic (PV) Power Projects by the Government Producers with Viability Gap Funding (VGF) support for self-use or use by Government/Government entities, IREDA has invited bids for setting-up of Solar Manufacturing Units.

IREDA is in the process of setting up a debt fund (Fund) in the form of an Alternate Investment Fund (AIF) to tap large Institutional Investors viz, Pension funds, Insurance Funds, Environmental, Social and Governance Funds, etc. AIF will also help IREDA in financing new projects of those borrowers who are nearing the exposure limit. Further, your Company is also planning to do Asset-Based Securitization (ABS) by issuance of Pass-Through Certificates.

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. While your company is presently a debt listed company, it is fully geared up and working in the direction of getting equity listed and accordingly IREDA shall also come out with the IPO of fresh Equity shares and plans to make further issue of Green Bonds in the international & domestic market to garner capital for onward lending.

Further, Hon'ble Finance Minister, in the budget announcement of February 2021, had announced infusion of ₹1,500 Crore as Equity in your Company with which IREDA would be able to extend additional loan facility of ₹12,000 Crore and improve its capital adequacy which will help IREDA in borrowing at lower rate of interest, thus lowering the interest rates for developers. It would also help in financing of around 4,500 MW of RE projects worth ₹18,000 Crore to ₹19,000 Crore apart from generating an employment of 13,500 job years and reduce emissions of 8.55 million tons of CO₂.

IREDA is all set to support sustainable energy solutions under proposed National Hydrogen Energy Mission which would aim to lay down Government of India's vision, intent and direction for hydrogen energy utilization.

IREDA is geared up towards five-fold growth in the loan book from ~₹28,000 Crore ending March 2021 to ₹1.35 Lakh Crore ending March 2026.

Your Company plans to increase the contribution per employee from ~₹17 Crore in FY 2020-21 to ~₹55 Crore ending FY 2025-26. While your Company has sanctioned and disbursed loans to most of the RE Projects in the Southern Western and northern region of the country, time has come to expand the business towards development of RE projects in the Eastern and North Eastern region of India and hence, your Company plans to open multiple branch locations to ensure PAN-India Coverage.

ACKNOWLEDGEMENTS

I would like to place on record my personal gratitude and your Company's grateful appreciation for 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, Ministry of Corporate Affairs and other Ministries / Departments of the Government of India, Office of the Comptroller & Auditor General of India, Reserve Bank of India, Department of Public Enterprises, Department of Investment and Public Asset Management(DIPAM), Securities and Exchange Board of India, National Stock Exchange of India Ltd. & BSE Ltd. & other regulatory authorities for continuous support, guidance, co-operation and assistance. My special thanks to the Statutory Auditors, Secretarial Auditors, Cost Auditors and the Internal Auditors for their valued support and guidance. My distinct thanks to all investors, lenders, borrowers and customers including State Governments, State power utilities and private entrepreneurs in the Renewable Energy sector, for placing their trust in the Company.

I am thankful for the support and co-operation of international financial institutions namely Japan International Cooperation Agency (JICA), Kreditanstalt fur Wiederaufbau (KfW), Asian Development Bank (ADB), Agence française de développement (AFD), European Investment Bank (EIB), Nordic Investment Bank (NIB), International Finance Corporation (IFC) and the World Bank.

I am indebted to the Board of Directors and the enthusiastic team of employees for their untiring commitment, efforts and their continuous involvement in achieving the goals of the Company.

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, 2021, be adopted.

Thank You,

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

Dated: September 20, 2021
Place: New Delhi