

CMA Pradip Kumar Das

Chairman &
Managing Director

Indian Renewable Energy
Development Agency Limited's
(IREDA), New Delhi



Shri Pradip Kumar Das, is the Chairman & Managing Director of the Company since May 6, 2020. He is a Fellow Member of the Institute of Cost Accountants of India and Associate Member of the Institute of Company Secretaries of India. He also holds Post-Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar. Prior to joining the Company, he was Director (Finance) in India Tourism Development Corporation Ltd. (ITDC). He has also worked with REC Ltd. (Rural Electrification Corporation), Bharat Heavy Electricals Limited (BHEL), Nuclear Power Corporation Ltd. (NPCL), Bharat Heavy Plate and Vessels Ltd. (BHPV), Kusum Products Ltd. and other organizations. He has over 33 years of vast experience in various positions in Finance, Banking, Accounts, Audit, Resource Mobilisation & Treasury, Loan & Recovery, Disinvestment/Divestment, etc. both in public as well as private sectors. He is a distinguished Member to various high-level committees constituted by Govt. of India bodies and industry associations for various strategic decisions. He is also the former Vice Chairman of Standing Conference of Public Enterprises (SCOPE).

Q1. *“India has taken it upon itself to be carbon neutral by 2070”. According to you, what should be the top 3 priorities for the government in the forthcoming years to scale the ambitious peak of net-zero emission?*

Ans. India is ranked third as per the Renewable Energy (RE) Country Attractive Index (April 2023) post USA and China which ranks the world's top 40 markets on the attractiveness of their renewable energy investment and deployment opportunities. Further, India is the 3rd Largest energy consuming country globally and 3rd largest greenhouse emitter. However, the Per-capita emissions from India are only

one-third of the global average. As per CEA, the annual per capita electricity consumption in India has increased from 18.17 kWh during 1950, has increased to 1255 kWh during the year 2020-22.

India has already submitted its Long-Term Low Emission Development Strategy to the United Nations Framework Convention on Climate Change (UNFCCC), during the 27th Conference of Parties (COP27). Considering rational utilization of national resources with due regard to energy security energy access and employment, the transitions from fossil fuels are decided to be undertaken in a just, smooth, sustainable and all-inclusive

manner. Accordingly, the government is all set to leave no stone unturned when it comes to formulate and communicate long-term low greenhouse gas emission development strategies. The Hon'ble Prime Minister of India, Shri Narendra Modi has recently announced Global Biofuel Alliance under India's G20 Presidency in line with the net zero targets. National Green Hydrogen Mission has been announced with an outlay of ₹ 19,744 crore from FY 2023-24 to FY 2029-30 to make India a global hub for production, usage and export of Green Hydrogen and its derivatives. Increased use of biofuels, especially ethanol blending in petrol, the drive to increase electric vehicle

penetration, and the increased use of green hydrogen fuel are expected to drive the low carbon development of the transport sector. India aspires to maximise the use of electric vehicles, ethanol blending to reach 20% by 2025, and a strong modal shift to public transport for passenger and freight. Apart from this, Promotion of energy efficient/ low carbon technologies, digitization of processes, enhance material efficiency and recycling, exploring low carbon options in hard-to-abate sectors and creation of trading schemes and other market-based enablers to achieve these goals will be pursued where relevant.

Q2. How has Indian Renewable Energy Development Agency (IREDA) evolved as an organisation over the years? What has been IREDA's significant achievements in the last couple of years?

Ans. IREDA has been playing a motherly role in the overall development of RE sector since its inception in 1987 via promoting, developing and extending financial assistance at almost each stage of the RE development value chain of the

new and renewable energy and energy efficiency/ conservation projects. IREDA is India's largest dedicated green financing non-banking financial company (NBFC). Although we started our operations in 1987, our Term Loans Outstanding have been increasing, showing a CAGR of 30.00% over the last three Fiscals.

The renewable sector has been gaining significant traction over the years and power financing NBFCs have been playing a key role in funding renewable projects. In Fiscal 2023 based on the loan book of six major power financing NBFCs, their credit towards renewable sector reached nearly ₹ 1,500 billion. Among these power financing NBFCs, IREDA shares more than 30% of their total share towards loan books contributing to renewable sector.

IREDA provides a comprehensive range of financial products and related services from project conceptualization to the post-commissioning stage in RE projects and equipment manufacturing. It provides financial assistance through both fund-based and non-fund-based

facilities including project finance, short-terms loans, debt refinancing, performance guarantee and letters of comfort. The company mainly finances projects in the wind, hydro, solar, bio-energy sectors as well as emerging areas, such as battery-powered vehicle sectors. IREDA is the largest pure-play green financing NBFC in India.

IREDA is the issuer of first debt security (green masala bond) in India listed on IFSC exchange. IREDA is the first financial institution in India to raise green masala bonds. IREDA is among the first financial institution to raise global funds for climate financing from DFIs / multilaterals in India. IREDA is a nodal agency for MNRE schemes such as Central Public Sector Undertaking Scheme, Phase-II (Government Producer Scheme); National Bioenergy Program; National Programme on High-Efficiency Solar PV Modules under PLI scheme, Tranche-I; and Generation-Based Incentive (GBI) Scheme. As on March 2023, the loan assets of IREDA had reached ₹ 470.7 billion.

Key financial performance summary of IREDA – Consolidated

Particular	Fiscal 2021	Fiscal 2022	Fiscal 2023	First quarter of Fiscal 2024
Loan Book (Rs. Mn)	2,78,539	3,39,306	4,70,755	4,72,066
Revenue from operations (Rs. Mn)	26,548	28,599	34,820	11,432
Profit after tax (Rs.Mn.)	3,464	6,335	8,646	2,946
Net Interest Income (Rs. Mn)	9,922	11,280	13,237	3,830
Total Debt (Rs.Mn.)	2,40,000	2,76,131	4,01,653	3,99,417
Net Worth (Rs.Mn.)	29,956	52,681	59,352	62,904
Return on assets (%)	1.20%	1.89%	1.98%	0.58%*
Return on equity (%)	12.56%	15.33%	15.44%	4.82%*
Net Interest Margin (%)	3.93%	3.75%	3.32%	0.83%*
CRAR (%)	17.12%	21.22%	18.82%	19.95%
Gross NPA (%)	8.77%	5.21%	3.21%	3.08%
Net NPA (%)	5.61%	3.12%	1.66%	1.61%
Provision coverage ratio (%)	38.14%	41.45%	49.25%	48.68%
Basic EPS (Rs)	4.41	8.03	3.78	1.29
Diluted EPS (Rs)	4.41	8.03	3.78	1.29

* Figures have not been annualised for the period ended June 30, 2023.

On 27th September 2023, IREDA has been upgraded from Schedule B to Schedule A CPSE by Deptt of Public Enterprises. DPE also examining the proposal for upgrading the company from Mini Ratna to NAVARATHNA CPSE very soon. The credit rating IREDA has been upgraded from AA+ to AAA (with stable outlo) by three Rating Agencies. In last 3 yrs there have been a complete Turnaround wrt financial performance as well as best quality Corporate Governance. The company has been publishing it's Annual Audited Financial Results and conducting Annual General Meetings much ahead of other CPSEs. The FY 2022-23 results were published on 25th April 2023. The AGM for FY 2022-23 FY Results was held on 30th June 2023. IREDA is a Debt listed Corporate and expected to list it's Equities soon through IPO.

Q3. What is your outlook on the current state of the power sector in India, mainly the renewable energy segment?

Ans. India is the world's third-largest producer and second-largest user of energy. Power demand in the country has been on the rise in the past decade, with an exception during Fiscal 2021 due to the Covid-19 pandemic. Peak energy demand grew at a CAGR of 4.7% from 148 GW in Fiscal 2014 to 216 GW in Fiscal 2023, while peak supply grew at a CAGR of 5.3% over the same time period. The peak deficit stood at 0.5% i.e. 7,582 million units ("MU") in Fiscal 2023.

The all India peak electricity demand projected is projected to reach 277 GW and energy requirement is projected at 1,908 BU in Fiscal 2027, growing at a CAGR of 4.8% and 4.5%, respectively. During Fiscal 2027 to Fiscal 2032, energy requirement and peak demand are expected to grow at a faster CAGR of 5.3% and 5.7%, respectively.

As on July 2023, the total installed power generation capacity stood at 423 GW with renewable sources accounting for 42% of the installed capacity. Driven by factors such as (i) government's thrust on the RE sector to achieve India's climate targets – 500 GW of non-fossil fuel energy capacity by 2030, 50% of energy requirement to be met through RE by 2030, reduction in carbon intensity of the economy by 45% by 2030 over 2005 levels, becoming energy independent by 2047 and achieving net zero by 2070, and (ii) benefits of RE such as abundant availability of resources, lower tariffs and (iii) technological advancements in renewable power technology, the installed renewable power capacity is expected to increase to 336 GW by Fiscal 2027, with solar, wind and hydro accounting for 55%, 22% and 16% of installed renewable power capacity, respectively. The installed renewable power capacity is expected to reach 595 GW by Fiscal 2032 and account for 66% of the total power generation capacity. A total outlay of ₹ 24.43 trillion is expected towards renewable capacity additions between Fiscal 2023 - Fiscal 2032.

Q4. IREDA has registered its highest-ever loan disbursements and sanctions in FY 2022-23. Elucidate your journey towards such an accomplishment?

Ans. Our Business Policy, Practices and its effective executions are our key strength. Our employees are our most important resources.

We offer continuous learning programs for our employees to facilitate the ever-growing demand for knowledge from the

RE industry and competency building programs. We conduct regular training programs and workshops for our employees on various areas related to our operations. In Fiscal 2023 employees have been imparted training on various topic like general management, strategic leadership program for public sector enterprises, risk management, infrastructure financing, stressed asset management and IBC.

We also promote knowledge sharing and knowledge transfer with continuous rotation of employees within the organization. Our employees have the opportunity to learn, develop and enhance their skills both through offline and virtual modes of training, lecture series and other focused development training programs. Our e-learning policy was introduced for the capacity building of our employees by giving them an opportunity to attend e-learning programs of premier institutes in their relevant fields, technical and managerial competencies, leadership, self-development and general management programs.

We provide specialized training programs from various premium educational institutes/organizations in India and abroad, besides in-house training sessions. There are various training programs conducted along with Department of Economic Affairs and Department of Public Enterprises in association with premier institutes. In Fiscal 2023, various lecture series, focused development training programs and workshops were organized on health, lifestyle and fitness, leading to the achievement of over 1,670 training days.

We offer reimbursement facility to support employees for IT infrastructure such as schemes for providing laptops, mobiles handsets and communication expenses.

Our remuneration structure is primarily driven as per the Department of Public Enterprises, GoI and its guidelines. We offer a perks and allowance package that allows employees to include items as per individual requirements from among available options. For the well-being of our employees, we undertake holistic wellness initiatives. We have yoga and fitness facilities within office premises and meditation routines are scheduled daily for all employees. In cases of hospitalisation, hospitals are empanelled to facilitate smooth cashless treatment to employees and dependent family members. We have instituted a post-retirement medical scheme for our retired employees where they are allowed to avail in-patient treatment in empanelled hospitals.

Q5. How do you think the 500 GW of non-fossil fuel-based capacity by 2030 target announced by the Government has shaped up the opportunities coming up in the sector?

Ans. Power financing NBFCs have seen significant traction supported by increase in demand for funds from power sector, and government's push towards growth of power sector. In Fiscal 2023, the outstanding credit of key power financing NBFCs witnessed a CAGR of nearly 10% over Fiscal 2019. In Fiscal 2024, power-financing NBFCs are expected to continue this growth momentum and this growth is likely to be driven by increase in power demand, rise in population, renewable integration, and sustainability goals of the country. The renewable sector has been gaining significant traction over the years and power financing NBFCs have been playing a key role in funding renewable projects. Over the years, asset quality for this set of NBFCs have seen significant improvement with gross NPAs coming down. The decline in gross NPAs is largely supported by restructuring of stressed assets, write-offs, decline in slippages and increased provisioning.

Power deficit in India has been on a declining trajectory and India is expected to further expand its generation capacity. India is also evaluating opportunities with neighbouring countries such as Nepal, Bangladesh, Sri Lanka, Maldives and Bhutan for better integration and synergies by interlinking electricity transmission systems and allowing surplus power to be exported to other grids.

Q6. What strategic intervention you have outlined to support emerging areas such as E-mobility, Green Hydrogen, Green Transmission, etc.

Ans. Our position as the largest pure-play green financing NBFC in India places us among select players who are well placed to capitalise on the rapid growth in the RE sector. Our brand is strengthened by our role as the implementation agency for several prominent MNRE schemes and policies.

We have focussed on building our reputation in relation to the following:

- i. Specialized expertise in technical appraisal of RE projects;
- ii. Innovation in structuring specialised financial products for various RE sectors; and
- iii. Customer satisfaction and quality of service provided to borrowers.

Our exclusive focus on green finance has led to domain knowledge across various

RE sectors from a technical and financial perspective based on our experience of more than 36 years. As of June 30, 2023, we had 349 RE borrowers across more than 10 RE sectors such as solar, wind, hydro, biomass, co-generation, EV, waste-to energy, EEC, manufacturing, ethanol, among others.

We have offered the following innovative products:

- ⊙ Loans against securitization of future cashflows of RE projects.
- ⊙ Guarantee assistance scheme to RE suppliers, developers, manufacturers and engineering, procurement and construction (“EPC”) contractors for bid security.
- ⊙ Credit enhancement guarantee scheme for raising bonds by our developers against their operating RE assets.
- ⊙ Special product for funding RE projects through bonds, banks loans and other financial instruments.
- ⊙ Factoring for purchasing receivables of solar power developers payable by eligible government entities.
- ⊙ Schemes for biomass-based power co-generation, heat application and ethanol.
- ⊙ Funding for battery energy storage systems and green hydrogen.
- ⊙ Financing for e-mobility/ green mobility sector, including fleet financing for EV operators and on-lending for e-mobility/ green mobility financing.

Our reputation has been built on our expedited processing of loan applications, structuring of financial products based on the needs of developers and responsiveness to customer queries and issues through the term loan lifecycle.

We have a robust IT infrastructure with an Enterprise Resource Planning System (“ERP System”) tailored to our business requirements. We benefit from our integrated ERP comprising business processes such as finance and accounts, payroll, human resource management system, employee self-service, loan origination system and loan management system, liability management system, legal, credit risk rating system, inventory management, and project monitoring and risk management.

Each loan proposal under consideration is graded using our proprietary Credit Risk Rating System (“CRRS”), which captures multiple risks including permitting risk,

execution risk, generation risk, operating risk, off-taker risk, sponsor risk, and project funding and financial risk for comprehensive risk assessment. The applicable interest rate is finalised for a project based on the risk grade assigned by CRRS. Credit appraisal proposals are reviewed by an internal screening committee, which includes our Chief Risk Officer, to assess overall viability of the loan proposal. In addition, every credit appraisal undergoes an independent financial concurrence to validate the project viability model, compliances and other relevant documentation. Based on the recommendations of the screening committee and financial concurrence, the final appraisal agenda with detailed terms and conditions is put up for approval before the sanctioning authority.

We have already signed memoranda of understanding (“MoUs”) with other banks and NBFCs for co-origination and co-lending of RE projects. We may form partnerships with other financiers to originate and structure large project loans by leveraging our existing relationships with RE developers.

We will continue to focus on identifying new sources of funding and enhancing limits for existing competitively priced sources to further lower borrowing costs and meet the long tenor requirements of our asset base. We will leverage our credit reputation to negotiate lower cost of term loans from bank and lower realization on our medium-term and long-term capital market issuances.

Q7. Which innovative projects are there in your pipeline for the next 2 to 3 years; which you believe will be in demand in the years to come?

Ans. We intend to play a critical role in meeting this financing requirement and enhance our market share in RE sectors such as solar, wind, hydro power and biomass, biofuels and cogeneration. We plan to continue launching financing products to meet the evolving needs of RE developers.

We have identified key areas for diversification and expansion which are in line with the focus areas of the Government of India which include Green Hydrogen and its derivatives, pumped hydro storage power plants, Battery storage value chain (including manufacturing, storage, recycling), Offshore wind, Green energy corridor, Rooftop solar power and Green mobility value chain (fuel cells, charging infrastructure).

Q8. What is your view on the role of a contemporary CMA as a leader in any industry?

Ans. The role and significance of CMAs have increased manifold due to growing competition in the corporate sector, essentially comprising of closely analysing costs and devising ways to reduce them as far as possible. A CMA is necessary across multiple functions in an organization. The present roles of a CMA include significant contributions in Corporate Decision Making, Resource Management, Performance Management, Financial Reporting & strategy, optimization of stakeholder’s value, Risk Management, sustainable Development, Corporate social Responsibility, Enterprise Governance and Audit assurance and taxation.

Certified Management Accountants are known to have provided instrumental financial guidance to organizations, discussions, decisions, and businesses. Its best known that CMA professionals have been performing for organizations in the roles like CFO or Financial Controller wherein they exercise their leadership skills to communicate in the most effective and relatable manner and ultimately motivate their teams to achieve their goals. Leaders in every organization are accountable and shoulder significant responsibilities for their team members.

Q9. What are the various ways your organization can integrate with our Institute for the diverse avenues in professional development matters?

Ans. Being the largest lender in pure play green financing NBFC in the country the rich experience of IREDA can be handy for the ICMAI in organising Green Energy and it’s Financing related training, seminar, workshops, etc. not only to enhance its awareness but also upskill the future CMAs which can enable them to grow in the profession.

We are already having a good relationship by recruiting CMAs through campus.

Q10. If you have to give one piece of advice to the CMA professionals, what is that going to be?

Ans. My advise would be to the CMAs to be deep rooted to the core values of the Institute by ensuring highest level of honesty, simplicity and constantly updating their knowledge base as well as its application. They must understand well how to manage their need and control their greed by highest level of ethical standards for ensuring sustainability in their existence and growth. **MA**