



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the 15<sup>th</sup> Annual General Meeting of Company will be held at Hotel 'The Accord Metropolitan', 35, G.N.Chetty Road, T.Nagar, Chennai – 600 017, at 4.00 PM on Monday, 20<sup>th</sup> December, 2010 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 30<sup>th</sup> June 2010 and the Balance Sheet as on that date along with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr. K.V. Bala who retires at the end of this meeting and being eligible offers himself for re-appointment.
3. To appoint M/s.V.Ramaratnam & Co, Chartered Accountants, as Statutory Auditors, who retire and being eligible offer themselves for reappointment.

### SPECIAL BUSINESS:

4. To receive, consider and if thought fit, to pass the following Resolution, with or without modification(s), as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), if any, and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (“SEBI”), the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, Stock Exchanges, Reserve Bank of India (“RBI”), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as “Appropriate Authorities”), and subject to such conditions/modifications as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “Requisite Approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, which the Board of Directors of the Company may have constituted or may hereinafter constitute and/or any Director(s) of the Company, delegated with the powers necessary for the purpose, including the powers conferred by this Resolution), the consent of the Members of the Company be and is hereby granted for the Board to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/Foreign Investors/Institutional investors/Foreign institutional Investors, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate (whether incorporated in India or abroad), Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not (collectively “the Investors”), through a Public Issue, Rights Issue, Preferential Issue and/or Private Placement, with or without an over-allotment option, equity shares and/or equity shares through Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”) and/or Foreign Currency Convertible Bonds (“FCCBs”) and/or any securities convertible into equity shares at the option of the Company and/or holder(s) of the securities and/or securities linked to equity shares and/or securities with warrants including any instruments or securities representing equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities linked to equity shares or securities with equity shares/Fully Convertible Debentures (FCDs)/Partly Convertible Debentures (PCDs)/Non Convertible Debentures (NCDs) with or without warrants or any securities, which are convertible or exchangeable with equity shares at a later date, (hereinafter collectively referred to as “Securities”), or any combination of Securities, secured or unsecured, listed on any stock exchange inside India or any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular, and/or listing particulars, and/or private placement(s) or a combination thereof at such time or times, at a discount or premium to the market price or prices in such manner and on such terms and conditions, including security, rate of interest, tenor, etc., as may be decided and deemed



appropriate by the Board in its sole discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with lead managers, for an amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores) inclusive of such premium as may from time to time be decided.”

“**RESOLVED FURTHER THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (“ICDR Regulations)/ and the provisions of the Foreign Exchange Management Act, 2000, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the consent granted to the Board of Directors in terms of the preceding Resolution to create, issue, offer and allot Securities of amount not exceeding Rs. 500 Crores (Rupees Five Hundred crores) (inclusive of premium), includes the consent granted to the Board of Directors to issue Securities, in its sole discretion, to Qualified Institutional Buyers ( as defined in SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (“ICDR Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII of the ICDR Guidelines.”

“**RESOLVED FURTHER THAT** the relevant date for determining the pricing of the Securities to be allotted pursuant to the qualified institutional placement, if any, would be the date as provided under Chapter VIII of the ICDR Guidelines.”

“**RESOLVED FURTHER THAT** pursuant to the provisions of, and further to the existing consents under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (the Act), the consent of the Members be and is hereby granted to the Board to create security, if necessary, for all or any of the above securities to be issued by the creation of mortgage and /or charge on all or any of the Company’s immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.”

“**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or conditions or combination of terms in accordance with prevalent market practices, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any securities, or variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities.”

“**RESOLVED FURTHER THAT** the Company and/or any agency or body or person may issue depository receipts representing the underlying equity shares in the capital of the Company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more Stock Exchange(s) in or outside India).”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint the Lead Managers, Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agents, Trustees, Bankers, Advisors, Paying, Transfer and Conversion Agents, Listing Agents, and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents etc. with such agencies.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized to, in consultation with the Lead Managers, Managers, Underwriters, Advisors, Depository, Custodian, Registrars, and/or other persons as appointed for the purpose, to determine the form and other terms and conditions of the issue(s)/offering(s) including finalisation of the letters of offer, offer documents, application forms and any other document(s) in respect of the issue; pricing of the Securities, the investors to whom the Securities are to be allotted, face value, number of equity shares or other securities to be issued upon conversion or redemption or cancellation of the Securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion, in accordance with all applicable laws and regulations and to determine all other related or incidental matters, as the Board in its absolute discretion may deem fit.”



**“RESOLVED FURTHER THAT** the equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares shall rank pari passu inter-se and with the then existing equity shares of the Company inter alia respects, except Provided otherwise under the terms of issue/offering and in the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars.”

**“RESOLVED FURTHER THAT** the Board, be and is hereby authorized, in its absolute discretion, to dispose off such of these securities as are not subscribed, in such manner, as the Board may deem fit and as permissible by law.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the stock exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any person and/or employee of the Company individually or as Committee of such persons/employees, on such terms and conditions as it may deem fit and revoke and substitute such delegation as permitted by the regulatory authorities, the Companies Act, 1956 and other applicable provisions. “

5. Increase in the Authorized Share Capital and consequential changes in the Memorandum of Association and Articles of Association of the Company:

**“RESOLVED THAT** in accordance Section 16, Section 17, Section 31, Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or modification(s) or re-enactment(s) thereof for the time being in force), sanction be and is hereby accorded by the Company for increase in the authorized share capital of the Company from Rs. 107,00,00,000/- (Rupees One Hundred and Seven Crores only) comprising of 10,00,00,000 (Ten Crores) Equity Shares of Rs.10 each and 7 (Seven) Preference Shares of Rs.1,00,00,000/- each to Rs.150,00,00,000 (Rupees One Hundred and Fifty Crores only) comprising of 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 10/- each and 7(Seven) Preference Shares of Rs. 1,00,00,000/-(Rupees One Crore) each.

**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be replaced with following:

**V.** 'The Authorised Share Capital of the Company is Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 7 (Seven) Preference shares of Rs.1,00,00,000/- (Rupees One Crore Only) each with the power to the company to reduce or increase or consolidate the capital'.

**RESOLVED FURTHER THAT** Clause 3 of the Articles of Association of the Company be replaced with the following:

**'3.** 'The Authorised Share Capital of the Company is Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 7 (Seven) Preference shares of Rs.1,00,00,000/- (Rupees One Crore Only) each with the power to the company to reduce or increase or consolidate the capital'.

The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.'

**RESOLVED FURTHER THAT** any Director of the Company or the Company Secretary or be and are hereby authorized severally to file the required forms with the Registrar of Companies and to do all other such acts, deeds, matters and things as may be considered necessary, desirable, and expedient or appropriate for giving effect to this resolution in all respects as it may, in its absolute discretion, deem fit and proper in the best interests of the Company.”



INDOWIND ENERGY LIMITED



**EXPLANATORY STATEMENT PURSUANT OF SECTION 173(2) COMPANIES ACT.**

**ITEM NO ( 4 )**

The company proposes to raise capital through issue of equity shares by private placement or convertible instruments or ordinary shares through depository receipt mechanism major part of issue proceeds (net of issue expenses) would be used for acquisitions / expansion / creation of Renewable Energy assets and or investments in infrastructure which includes office and housing premises. The Company may also use a portion of the issue proceeds towards of term loans, and to meet working capital needs etc. This Capital raising would enable the Company to save on interest costs, tap the business opportunities and provide a stable platform for future growth

The mechanism. Terms and conditions of the offering will be determined by the Board in consultation with the relevant advisors. Lead Managers, Underwriters and such other agencies or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed on the Stock Exchanges The issue/allotment/conversion would be subject to the availability of regulatory approvals, if any. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchange under the provisions of the Listing Agreement.

The Special Resolution seeks to give the Board, powers to issue Securities in one or more tranches at such time or times, at such price or prices and to such person(s) including institutions. Incorporated bodies and or individuals or otherwise as the Board may in its absolute discretion deem fit.

The Board of Directors accordingly recommends the Resolution set out in the accompanying Notice for the approval of the Members as a Special Resolution

None of the Directors of the Company is, in any way, concerned or interested in the said resolution. except to the extent of his shareholding in the company.

**ITEM NO (5)**

The Company proposes to raise capital through issue of equity shares by **PRIVATE PLACEMENT/GDR/ ADR/FCCB/FCD** etc. There fore the Authorized Capital of the Company has to be increased to facilitate such issues and the Memorandum and Articles of Association of the Company are also required to be altered for this purpose. Hence this resolution as stated under Item No.5 seeking the approval of the shareholders.

Your directors recommend the resolution as set out in Item No 5 of the Notice and none of the directors are interested or concerned to the resolution except as a share holder to the extent of their shares held by them.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTAILED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER.
2. Proxy forms duly completed should reach the Company not less than 48 hours before the commencement of the meeting.
3. Members seeking any information are requested to write to the company at least 10 days in advance so as to enable the company to keep the information ready.
4. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
5. Relevant Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 is annexed hereto.

**BY ORDER OF THE BOARD  
For INDOWIND ENERGY LIMITED**

**S.DIRAVIAM  
Company Secretary &  
Sr. Vice President Legal**

**Place: Chennai  
Date : 21.10.2010**

**REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSIONS AND ANALYSIS**

To

The Members

Your Directors have great pleasure in presenting this Fifteenth Annual Report of the company together with the audited accounts for the year ended 30<sup>th</sup> June 2010.

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>	
	<b>30<sup>th</sup> June, 2010</b>	<b>30<sup>th</sup> June, 2009</b>
	<b>(Rs. In Thousands)</b>	
<b>Total Income</b>	<b>658,455</b>	647,520
<b>Profit Before Depreciation &amp; Tax</b>	<b>204,209</b>	167,198
<b>Less: Depreciation</b>	<b>71,580</b>	43,729
<b>Tax Provision</b>	<b>7,538</b>	8,876
<b>Deferred Tax Asset / (Liability)</b>	<b>73,978</b>	(95,877)
<b>Profit After Tax</b>	<b>199,069</b>	18,715

**THE PERFORMANCE**

During the year the Company achieved a profit before tax of Rs.13.26 Crores and a profit after tax of Rs. 12.5 Crores. Your Company has managed to withstand the pressures of abnormal recessionary conditions to achieve the above net profit. Since Our Company is required to augment more resources for its expansion activities, your Board of Directors are not in a position to recommend dividend for this year.

**FUTURE PLANS AND PROSPECTS OF THE COMPANY**

Your Company is planning to concentrate on consolidation of operations during 2010 - 11. Your company is planning to shift the sale of power to commercial customers to enhance the realization per unit, by restructuring the asset holdings.

The industry is expecting new policy initiatives viz., introduction of Renewable Energy Certificates, trading of the same through power exchanges during the year 2010-11. As viability of the IPPs were strained due to the increase in interest cost it is becoming important to set up new projects by availing higher realization benefits. Your company is planning to add additional capacities in future in order to enhance the profits.

Your company shall have more focus to increase the profits during the year 2010-11 by putting efforts in increasing the realization from the existing projects.

**RISKS AND CONCERNS**

The dependence on the SEB'S for realization of power receivables is a major concern, which we are trying to address by looking at opportunities by way of Sale of 'Green Power®' to corporate as a business strategy. The availability of good sites for wind projects which can generate higher PLF has become a constraint, this coupled with the high capital cost of Equipment & higher interest cost prevailing in the Banking industry, tends to make the projects financially unviable on standalone basis unless per unit realisation if increased. Strategic funding on SPV models are being worked out to fund the projects.



## **STATUS OF FCCB**

The Company has issued Foreign Currency Convertible Bonds (FCCB) in December 2007 and raised 30mn USD. The FCCBs are due for redemption in Dec.2012. Due to fall in share price of the Company and to avoid the significant debt burden which would arise in the event that all or a significant amount of the FCCBs have to be redeemed on the due date, which may place considerable strain on the Company's financial position, the Company has proposed FCCB restructuring by changing them to zero coupon and reducing the conversion price to reflect current market realities. The share holders have approved the restructuring of FCCBs in their Extraordinary General Meeting held on 12<sup>th</sup> Aug, 2009. The Company has received approval of RBI for conversion of outstanding Bonds of US \$30Mn in to equity shares based on the floor price to be fixed as per SEBI guide lines with a cap of Rs.65.

## **STATUS OF SHARE WARRANTS AND EMPLOYEES' STOCK OPTION SCHEME**

During the FY2009-10 the share holders of the Company had passed a resolution in their EGM convened on 12<sup>th</sup> August 2009 to issue share warrants not exceeding 40 lac on preferential basis to Subuthi Investments P Ltd and the Company has obtained further approval from stock exchanges, where their shares are listed for issue of such warrants. There after the Company has allotted 40 lac share warrants. Out of which 20 lac share warrants are converted in equity shares. The balance 20 lac warrants would be converted in to equity shares as when the warrants are fully paid up.

Similarly in the said EGM the share holders had passed a resolution to issue and allot 10 lac Options which are convertible in to equal number of equity shares of the Company of Rs 10/-each to its employees under Employees' Stock Option Scheme. Further to this the Company has received the requisite approvals from the stock exchange for issue of such options, where the shares are listed. Your Company is in the process of issuing such options.

## **DEPOSITS**

During the year, the Company has not accepted any deposits with in the meaning of the provisions of Sec.58A of the Companies Act 1956.

## **INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES**

As of 30<sup>th</sup> June 2010, Your Company has 69 employees on its rolls. The employees will be inducted in to permanent services of the Company after training; to fill up vacancies as when arises.

The Company does not have any employee drawing salary in excess of the amount stipulated u/s 217 (2A) of the Companies Act, 1956.

## **DIRECTORS**

Mr K.V. Bala is retiring at the end of this AGM and being eligible offers himself for reappointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to clause 2(AA) of Section 217 of the Companies Act, 1956, the Board of Directors hereby state that;

1. In the presentation of the Annual accounts, applicable standards have been followed and there are no material departures.
2. The Directors have selected such accounting policies and apply them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30<sup>th</sup> June 2010 and profit for the Company for the year ended 30<sup>th</sup> June 2010.



3. The Directors have taken proper and sufficient care in the maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

### **CORPORATE GOVERNANCE**

Your Company has complied with the requirements regarding corporate governance as required under Clause 49 of the Listing agreement entered in with the stock exchanges where the Company's shares are listed. A Report on the corporate governance in this regard is made a part of this Annual Report and a certificate from the Auditors of your Company regarding compliance of the conditions of the corporate Governance is attached to this report.

### **LISTING OF EQUITY SHARES**

Your Company's equity shares are continued to be listed on the Bombay Stock Exchange Ltd, Mumbai and National Stock Exchange of India Ltd., Mumbai and FCCB's are listed at Singapore Exchange Securities Trading Ltd., (SGXST) during the year under report.

### **AUDITORS**

M/s.V.Ramaratnam & Co. continue to be the auditors of the Company and they retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

### **ADEQUACY OF INTERNAL CONTROL**

Your Company has effective and adequate internal control systems in combination with delegation of powers. The control system is also supported by internal audits and management reviews with documented policies and procedures.

M/s .S.Vasudevan & Associates are the internal auditors to continuously monitor and strengthen the financial control procedures in line with the growth operations of the Company.

### **INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956**

- |    |                           |   |                |
|----|---------------------------|---|----------------|
| a) | Conservation of Energy    | – | Not Applicable |
| b) | Technology Absorption     | – | Not Applicable |
| c) | Foreign Exchange Earnings | – | Not Applicable |
| d) | Foreign Exchange outgo    | – | Not Applicable |

### **ACKNOWLEDGEMENT**

The Directors wish to place on record their sincere thanks and gratitude to all its Bond holders, Share holders, Bankers, State Governments, Central Government and its agencies, statutory bodies, suppliers, and customers, for their continued co-operation and excellent support extended to the Company from time to time.

Your Directors place on record their utmost appreciation for the sincere and devoted services rendered by the employees at all levels.

For and on behalf of  
**BOARD OF DIRECTORS OF  
INDOWIND ENERGY LIMITED**

Place: Chennai  
Date: 21.10.2010

**K.V.BALA**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

The company is complying with the mandatory requirements of the Code of Corporate Governance (Code) introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects, stipulated for listed companies.

#### A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company is committed to the highest standards of corporate governance in all its activities and business practices. The Company looks at Corporate Governance as a measure to ensure sustained better financial performance and to serve the shareholders by providing better service. The company considers Corporate Governance in its widest sense. The Corporate Governance measures the delivery of Company's objects with a view to translate the ability, opportunity into reality and results. The Board ensures better implementation of the key elements in Corporate Governance like transparency, disclosure, internal controls etc. It takes feedback into account in its reviews of the principles of commitment and growth to ensure better improvement and growth.

The following is the report on the practices of the company on major aspects of corporate governance:

##### a) COMPOSITION OF THE BOARD

The company has complied with the corporate governance norm in terms of constitution of the board. The Board comprises of 4 Directors details are given in Table 1.

##### b) NUMBER OF BOARD MEETINGS

Indowind Energy Limited held 7 Board Meetings during the year ended 30th June 2010. These were on 13th July 2009, 11th September 2009, 26th October 2009, 12th January 2010, 10th February 2010, 18th March 2010, and 30th April 2010.

##### c) DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

Details of the above are given in table 1.



**Table 1:** DETAILS ABOUT BOARD OF DIRECTORS OF INDOWIND ENERGY LIMITED

Name	Designation	Board Meetings held during the year	Board Meetings attended during the year	Whether attended last AGM	Other Directorship
Mr. K.V.Bala	Chairman	7	6	Yes	Director in: 1.M/s.Ind Eco Ventures Ltd. 2.M/s.Subuthi Finance Ltd. 3)M/s.Indonet Global Ltd. 4) M/s.Loyal Credit & Investments Ltd
Mr. K.S.Ravindranath	Director	7	3	Yes	Nil
Mr. Niranjan R.Jagtap	* Independent Director	7	6	Yes	Nil
Mr. T.R.Jayaraman	* Independent Director	7	7	Yes	M/s.Subuthi Finance Ltd.

(\*) Independent Director means a Director who, apart from receiving a Director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, its management, or its subsidiaries, which in the judgment of the Board may affect the independence of judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

**d) INFORMATION SUPPLIED TO THE BOARD**

Among others, this includes:

- Annual operating plans and budgets and any updates.
- Quarterly financial results of the company
- Minutes of meeting of Audit Committee and other committees of the Board
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents of dangerous occurrences
- Any materially relevant default in financial obligations to and by the company.
- Any issue which involves possible public claims of substantial nature
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Sale of material nature, of investments, assets, which is not in the normal course of business
- Any issue which involves possible public claims of substantial nature
- Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.



The Board of M/s. Indowind Energy Limited is routinely presented with information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

#### e) COMMITTEES OF THE BOARD

##### 1) AUDIT COMMITTEE

A qualified and independent Audit Committee of the Board of the Company is functioning. It monitors and supervises the Management's financial reporting process with a view to ensure accurate and proper disclosure, transparency and quality of financial reporting. The committee reviews the financial and risk management policies and also the adequacy of internal control systems and holds discussions with Statutory Auditors and Internal Auditors. This is enhancing the credibility of the financial disclosures of the Company and also provides transparency.

The Company continued to drive immense benefit from the deliberation of the Audit Committee comprising of three Directors, Mr.T.R.Jayaraman, Mr.K.V.Bala and Mr.Niranjan R.Jagtap who are eminent professionals having knowledge in project finance, accounts and Company law. Mr.T.R.Jayaraman is the Chairman of the Audit Committee. The minutes of each Audit Committee meeting are placed before, and discussed in full by the Board.

The Audit Committee met 4 times during the year ended 30<sup>th</sup> June 2010.

Attendance records of Audit Committee Members are given in Table 2.

**Table 2:**

Name of Director	No. of meetings held	No. of meetings attended
Mr. T.R.Jayaraman	4	4
Mr. K.V. Bala	4	4
Mr. Niranjan R.Jagtap	4	4

The terms of reference of the Audit Committee are as follows:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of Auditor and the fixation of audit fees.
3. Approval of payment to Auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference:
  - i. Matters required to be included in Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act.
  - ii. Changes of any in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv. Significant adjustments made in the financial statement arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualifications in the audit report.

**(ii) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Share holders' / Investors' grievance committee comprises of the following members of the Board as stated in Table 3.

**Table 3:**

Name	Designation	Status	No. of meetings held	No. of meetings attended
Mr. T.R.Jayaraman	Chairman	Non-Executive and Independent Director	4	3
Mr. K.S.Ravindranath	Member	Whole Time Director	4	1
Mr. Niranjana R.Jagtap	Member	Non-Executive and Independent Director	4	3

The terms of reference of the Shareholders' / Investors' Grievance Committee are as follows:

The shareholders' / Investors' grievance committee shall be responsible to look into redressal of the grievances of the shareholders' and non receipt of dividend if any.

**(iii) REMUNERATION COMMITTEE**

The Remuneration Committee consists of the following members of the Board as stated in Table 4.

**Table 4:**

Name	Designation	Status
Mr. T.R.Jayaraman	Chairman	Non-Executive and Independent Director
Mr. K.V.Bala	Member	Non-Executive Director
Mr. Niranjana R.Jagtap	Member	Non-Executive and Independent Director

The Committee met two times during the Financial Year 2009-10 ie, on 18<sup>th</sup> March 2010 & 30<sup>th</sup> April 2010.

The terms of reference of the Remuneration Committee of our Company are as follows:

The Remuneration Committee shall have all necessary powers and authority to ensure appropriate disclosure on the remuneration of the whole-time Director and to deal with all elements of remuneration package of all directors.

**f. MANAGEMENT**

Disclosure by management to the Board

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and interested Directors neither participate in the discussion, nor do they vote on such matters.



## g. SHAREHOLDERS

### (i) Disclosure regarding appointment or re-appointment of Directors

According to the Articles of Association of Indowind, not less than 1/3<sup>rd</sup> of the Directors who are liable to retire by rotation, shall retire from office. All the Directors are eligible and are offering themselves for re-appointment as and when required.

Mr. K.V. Bala is retiring at the conclusion of this AGM and being eligible, offers himself for re-appointment.

### (ii) Shareholding pattern of Directors

As per our Memorandum, the Directors need not hold any Equity Shares as Qualification Shares.

Details as to shareholding of the Directors are furnished in Table 5.

**Table 5:**

Name of Director	No. of Shares held	% of Paid up Equity Share Capital
Mr. K.V.Bala	4,356,995	8.76
Mr. K.S.Ravindranath	1,784,995	3.59
Mr. Niranjan R.Jagtap	NIL	NIL
Mr. T.R.Jayaraman	NIL	NIL
Total	6,141,990	12.35

### (iii) Registrar and Share Transfer Agent

M/s.Big Share Services Pvt Ltd. who is registered with SEBI as a Category II Registrar, have been appointed as the registrar and share transfer agent of the company for both physical and electronic segment and have attended to share transfer formalities regularly.

### (iv) General Body Meetings

Details of last three annual general meetings are given in Table (6)

**Table 6:**

Year	Location	Date	Time
2008-09	Hotel "The Accord Metropolitan" 35, G.N. Chetty Road, T. Nagar, Chennai – 600 017.	30/12/09	04.00 P.M.
2007-08	"Hotel Savera" 146, Dr. Radhakrishnan Road, Chennai – 600 004.	29/12/08	10.35 A.M.
2006-07	"Hotel Savera" 146, Dr. Radhakrishnan Road, Chennai – 600 004.	28/12/07	04.00 P.M.



**INDOWIND ENERGY LIMITED**



**(v) Disclosures**

Disclosure on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

**(vi) Annual General Meeting for the year 2010**

Date	20 <sup>th</sup> December 2010
Time	04.00 P.M.
Venue	Hotel "The Accord Metropolitan" 35, G.N. Chetty Road, T. Nagar, Chennai – 600 017.
Date of Book Closure	13 <sup>th</sup> December 2010 to 20 <sup>th</sup> December 2010
Registrar and Share Transfer Agent	M/s. Big Share Services Pvt Ltd.

**(vii) Distribution of Shareholding Pattern**

Name of the Company : INDOWIND ENERGY LIMITED  
Year ending : 30.06.2010

Statement Showing Shareholding Pattern								
Name of the Company : <b>INDOWIND ENERGY LIMITED</b>								
Scrip Code : 532894 Quarter Ended : 30 <sup>th</sup> June 2010								
Category code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of(A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of Shares	As a percentage (IX)= (VIII)/(IV)* 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	4	7472990	4931995	15.02	15.02	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	3	17113036	10229882	34.40	34.40	500000	2.92
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)							
	<b>Sub Total(A)(1)</b>	<b>7</b>	<b>24586026</b>	<b>15161877</b>	<b>49.43</b>	<b>49.43</b>	<b>500000</b>	<b>2.03</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Others(Specify)							
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>7</b>	<b>24586026</b>	<b>15161877</b>	<b>49.43</b>	<b>49.43</b>	<b>500000</b>	<b>2.03</b>



INDOWIND ENERGY LIMITED



**Statement Showing Shareholding Pattern**

**Name of the Company : INDOWIND ENERGY LIMITED**

**Scrip Code : 532894 Quarter Ended : 30<sup>th</sup> June 2010**

Category code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of(A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of Shares	As a percentage (IX)= (VIII)/(IV)* 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	0	0.00
(b)	Financial Institutions / Banks*	4	3979234	2512568	8.00	8.00	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	1	1349978	1349978	2.71	2.71	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (B)(1)</b>	<b>5</b>	<b>5329212</b>	<b>3862546</b>	<b>10.71</b>	<b>10.71</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	648	10322202	10322202	20.75	20.75	0	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	25812	6879110	6879075	13.83	13.83	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	47	2000724	2000724	4.02	4.02	0	0.00
(c)	Trusts	3	1050	1050	0.002	0.002	0	0.00
(d)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
(d-i)	Clearing Member	104	278792	278792	0.56	0.56	0	0.00
(d-ii)	NRI (Repat)	322	310510	310510	0.62	0.62	0	0.00
(d-iii)	Directors / Relative & Friends	12	33860	1400	0.06	0.06	0	0.00
	<b>Sub-Total (B)(2)</b>	<b>26948</b>	<b>19826248</b>	<b>19793753</b>	<b>39.85</b>	<b>39.85</b>	<b>0</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>26953</b>	<b>25155460</b>	<b>23656299</b>	<b>50.57</b>	<b>50.57</b>	<b>0</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>26960</b>	<b>49741486</b>	<b>38818176</b>	<b>100</b>	<b>100</b>	<b>500000</b>	<b>1.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>26960</b>	<b>49741486</b>	<b>38818176</b>	<b>100</b>	<b>100</b>	<b>500000</b>	<b>1.00</b>

\* 3979234 shares which are standing in the name of a bank is under claim of one of the promoter as beneficial owner and the matter is subjudice.



INDOWIND ENERGY LIMITED



#### Dematerialisation of share and Liquidity

6 Number of Demat requests for dematerialization of 4003698 equity shares were approved during the year 2009-10 amounting to 8.39% of the shares have been dematerialized upto 30<sup>th</sup> June 2010 as against 8.12% for the previous year ended 30<sup>th</sup> June 2009.

The shares of the Company are listed in Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai.

#### Address for correspondence

1. Indowind Energy Limited "Kothari Building" 4 <sup>th</sup> Floor, 114, M.G. Road, Nungambakkam, Chennai – 600 034. Phone: 044-2833 0867/ 2833 1310 Fax: 044-2833 0208 Email: <a href="mailto:diraviam@indowind.com">diraviam@indowind.com</a>	2. M/s.Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072. Phone: 022-40430200 Fax: 022-2847 5207 Email: <a href="mailto:marketing@bigshareonline.com">marketing@bigshareonline.com</a>
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#### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s. Indowind Energy Limited, for the year ended 30<sup>th</sup> June 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor's Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **V. RAMARATNAM & CO**  
Chartered Accountants

**R. SUNDAR**  
Partner  
FRN 002956S

Place: Chennai  
Date : 21.10.2010



**AUDITORS' REPORT**

To

The Members  
INDOWIND ENERGY LIMITED

We have audited the attached Balance Sheet of INDOWIND ENERGY LIMITED, as at 30th June 2010 and the Profit and Loss Account of the Company for the year ended 30th June 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies ( Auditor's report ) order 2003, ( as amended CARO ( by amendment 2004) ) , issued by the Central Government of India in terms of Section 227 (IV) (a) of the Companies Act, 1956, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the statement referred to in paragraph 1 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of such books.
  - c. The Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d. On the basis of written representations received from the Directors as on 30<sup>th</sup> June 2010 and taken on record by the by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2009 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - e. In our opinion, the Balance sheet , Profit & Loss account and Cash Flow Statements dealt with by the report, comply with the Accounting Standard referred to in (3c) of section 211 of the Companies Act, 1956.
  - f. With out qualifying our opinion, we draw your attention to Note II, Clause 12 of Schedule 15 to Accounts to Financial statements. The management is of the view that the liability to pay premium on redemption of the Foreign Currency Convertible Bonds is contingent and it is too early to decide the issue and therefore no provision for any liability that may result in future, including creation of reserve for redemption, has been made in financial statements.





- g. The notification for levy and deposit of Cess U/s. 441A of the Companies Act has not yet been issued in the official gazett, hence in our opinion this clause is not applicable to the company.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon under Schedule give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- 1 in the case of the Balance Sheet, of the state of affairs of the company as at 30th June 2010 and
- 2 in the case of the Profit and Loss Account, for the profit for the year ended on that date.
- 3 In the case of cash flow statement, of the cash flows for the year ended on that date

Place: Chennai  
Date : 21.10.2010

For V. Ramaratnam & Co.,  
Chartered Accountants

R. Sundar  
Partner  
FRN 002956S

#### Annexure

#### RE: INDO WIND ENERGY LIMITED

#### Referred to Paragraph 2 of our report of even date

##### 1. Fixed assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) According to the information and explanations provided to us the Company has regular programme of verification which, in our opinion, is reasonable having regard to the nature of the Company and its size. No material discrepancies were noticed.
- (c) During the year, there was no substantial disposal of fixed assets of the company having any bearing on the going concern basis of the company

##### 2. Inventory

- (a) Physical verification of inventory of units of electricity generated and work-in-progress by the management have been conducted by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) Procedures for physical verification of units of electricity generation and work-in-progress followed by the management are reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) The Company is maintaining proper records of units of electricity generated and work-in-progress no material discrepancies have been noticed on verification between physical stocks and the book records.

##### 3. Loans taken

The company has not taken unsecured loan from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act. Number of loan taken is NIL and total amount outstanding is Rs. NIL.

##### 4. Loans granted

The company has not given any unsecured loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act.

**5. Internal control:**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

**6. Related party transactions:**

(a) According to the information and explanations given to us, we are of the opinion that the transactions need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us, in the case of transactions made exceeding the value of Rs.500,000/- with parties in the register maintained under section 301 of the Companies Act, 1956, the prices are reasonable having regard to prevailing market prices. However, we are unable to comment on certain transactions of specialized items for which comparative prices are not available.

**7. Deposits:**

In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under are applicable, and therefore paragraph 4(vi) of the Order is not applicable.

**8. Internal audit:**

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. Internal audit is done by an outside firm M/s. Vasudevan & Associates, Chartered Accountants. The reports have been considered wherever applicable., while finalizing the audit.

**9. Cost records:**

We have reviewed the books of account relating to materials, labour and other items of cost records maintained by the Company pursuant to the Rules prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie, the prescribed accounts and records have been maintained.

**10. Statutory dues:**

(a) The Company is regular in depositing statutory dues with appropriate authorities including provident fund and ESI, Income Tax, Sales Tax, Service Tax, Customs duty and other materials statutory dues applicable to it, except any disputed statutory dues. Further, no provision for Gratuity has been made during the year as in the opinion of the Management, provision already made is sufficient based on the quotation taken from The Life Insurance Corporation of India, who have quantified the provision.

(b) As on 30th June 2010 according to the records of the company, the following are the particulars of disputed dues on account of Income Tax that have not been deposited:

Name of the Statute	Nature of dues	Amount of Demand (Rs.)	Assessment year to which demand relates	Forum where dispute is Pending
Income Tax Law	Income Tax	2,654,944	1998-99	Commissioner – Appeals
Income Tax Law	Income Tax	10,985,773	2006-07	Commissioner – Appeals
Income Tax Law	Income Tax	55,63,470	2007-08	Commissioner - Appeals



11. The Company has neither accumulated losses nor incurred cash loss during the financial year covered under our audit and preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to any financial institution or debenture holders.
13. In our opinion of the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
14. In our opinion, the Company is not a chit fund or a Nidhi/Mutual benefit fund, society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
16. Based on the information and explanations given to us by the management, proceeds of term loans were applied for the purpose for which the loans were obtained. The company has availed a term loans from various banks and amount outstanding as on the balance sheet date is Rs.398,991,237/-.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no short-term funds were raised by the company for long-term investment. Long-term funds have been used for permanent working capital.
18. According to the information and explanations given to us, the company has made preferential allotment of 20,00,000 shares to the party covered in the register maintained under section 301 of the companies Act, 1956 during the year, approval for which has been obtained from the share holders in the Extra ordinary General Meeting of the company held on August 12, 2009.
19. According to the information and explanations given to us during the period covered under our audit, the company has not issued any debentures during the year and hence, the provisions of clause no 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company. (See if same Clause No. continues)
20. The company has not raised any money by way of public issue during the year.
21. Based up on the Audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For V. Ramaratnam & Co.,  
Chartered Accountants

R. Sundar  
Partner  
FRN 002956S

Place: Chennai  
Date : 21.10.2010



INDOWIND ENERGY LIMITED



## BALANCE SHEET AS ON 30TH JUNE 2010

	Schedule	30/06/2010 Rs	30/06/2010 Rs	30/06/2009 Rs	30/06/2009 Rs
<b>I. SOURCES OF FUNDS</b>					
<b>1. SHARE HOLDERS FUNDS</b>					
A) Capital	1	556,504,860		517,414,860	
B) Reserves & Surplus	2	1,018,365,447	<b>1,574,870,307</b>	816,146,725	1,333,561,585
<b>2. LOAN FUNDS</b>					
A) Secured Loans	3	422,653,480		195,267,160	
B) Unsecured Loans Foreign Currency Convertible Bond		1,347,466,082	<b>1,770,119,562</b>	1,347,466,082	1,542,733,242
<b>3. NET DEFERRED TAX LIABILITY</b>					
	8		<b>77,790,036</b>		159,306,131
			<b>3,422,779,905</b>		3,035,600,959
<b>II. APPLICATION OF FUNDS</b>					
<b>1. FIXED ASSETS</b>					
Gross Block	4	1,482,970,434		1,505,143,022	
Less: Depreciation		234,167,674		132,479,901	
Net Block		1,248,802,760		1,372,663,121	
Guarantee Deposits		771,055,403		811,681,916	
Capital W.I.P - Agri Division		4,673,765	<b>2,024,531,928</b>	3,979,269	2,188,324,306
<b>2. INVESTMENTS</b>					
	5		<b>37,190,891</b>		27,190,891
<b>3. (A) CURRENT ASSETS</b>					
LESS:	6	1,410,219,213		1,167,569,085	
<b>(B) CURRENT LIABILITIES &amp; PROVISIONS</b>					
NET CURRENT ASSETS (A - B)	7	73,202,452		383,543,813	
			<b>1,337,016,760</b>		784,025,272
<b>4. MISCELLANEOUS EXPENSES TO BE WRITTEN OFF</b>					
			<b>24,040,326</b>		36,060,489
			<b>3,422,779,905</b>		3,035,600,959

NOTES TO THE ACCOUNTS

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for V.Ramaratnam & co.,  
Chartered AccountantsR.SUNDAR  
Partner  
FRN 002956SPlace : Chennai  
Date : 21.10.2010

For Indowind Energy Limited

BALA K V  
ChairmanRAVINDRANATH K.S.  
DirectorJAYARAMAN T R  
DirectorNIRANJAN R JAGTAP  
DirectorS. DIRAVIAM  
Company Secretary



INDOWIND ENERGY LIMITED



**Profit & Loss Account for the Year ended 30th June 2010**

	Schedule	30/06/2010 Rs	30/06/2010 Rs	30/06/2009 Rs	30/06/2009 Rs
<b>I. INCOME</b>					
Power sale		272,304,437		220,354,426	
Project sale		359,100,000		389,000,000	
Other Income	9	27,050,949	<b>658,455,386</b>	38,165,577	647,520,003
<b>II. EXPENDITURE</b>					
(Increase) / Decrease in W I P	10	(128,493,786)		(166,183,488)	
Project Expenses	11	462,686,688		540,075,447	
Operation & Administration Expenses	12	73,515,330		75,717,780	
Financial Expenses	13	46,537,894		30,712,149	
			<b>454,246,126</b>		480,321,888
Profit before Depreciation			<b>204,209,260</b>		167,198,115
Depreciation			<b>71,580,100</b>		43,729,931
Profit before Tax			<b>132,629,160</b>		123,468,184
Provision for Tax			<b>7,538,081</b>		8,875,902
Deffered Tax Liability ( Asset )			<b>(73,978,014)</b>		95,877,017
Profit after Tax transferred to Profit and Loss Appropriation account			<b>199,069,092</b>		18,715,266
<b>Profit and Loss Appropriation Account</b>					
Transferred from Profit and Loss account			<b>199,069,092</b>		18,715,266
Transfer from Reserves			-		20,000,000
Amount Available from Appropriation			<b>199,069,092</b>		38,715,266
Less: Extra-ordinary and Prior Period items	14		<b>53,210,370</b>		12,020,163
Amount after Appropriation			<b>145,858,722</b>		26,695,103
Less : Transfer to Capital Redemption Reserve			<b>3,000,000</b>		3,000,000
Balance Transferred to Balance Sheet			<b>142,858,722</b>		35,715,266

NOTES TO THE ACCOUNTS

15

**For Indowind Energy Limited**

for V.Ramaratnam & co.,  
Chartered Accountants

BALA K V  
Chairman

RAVINDRANATH K.S.  
Director

R.SUNDAR  
Partner  
FRN 002956S

JAYARAMAN T R  
Director

NIRANJAN R JAGTAP  
Director

Place : Chennai  
Date : 21.10.2010

S. DIRAVIAM  
Company Secretary



SCHEDULES FORMING PART OF BALANCE SHEET

	30/06/2010 Rs	30/06/2010 Rs	30/06/2009 Rs	30/06/2009 Rs
<b>1. SHARE CAPITAL</b>				
<b>EQUITY SHARE CAPITAL</b>				
<b>AUTHORIZED</b>				
63,000,000 Equity Shares of Rs. 10 / - each			630,000,000	
100,000,000 Equity Shares of Rs. 10 / - each	1,000,000,000			
<b>ISSUED AND SUBSCRIBED</b>				
47,741,486 Equity Shares of Rs.10/- each fully paid up		497,414,860		477,414,860
49,741,486 Equity Shares of Rs. 10/- each fully paid up		19,090,000		
Share Application money pending Allotment				
<b>PREFERENCE SHARE CAPITAL</b>				
<b>AUTHORIZED</b>				
7 Preference Shares of Rs.10,000,000/- each	70,000,000		70,000,000	
<b>ISSUED AND SUBSCRIBED</b>				
6% Redeemable Preference Shares		40,000,000		40,000,000
		<b>556,504,860</b>		<b>517,414,860</b>
<b>2. RESERVES &amp; SURPLUS</b>				
<b>A. GENERAL RESERVE</b>				
As Per Last Balance Sheet	82,713,725		79,018,623	
Add: Transfer during the year	142,858,722		23,695,102	
Less: Drawn from reserves	-		20,000,000	
Less: Provision made in the last year	-	<b>225,572,447</b>	-	82,713,725
<b>B. SHARE PREMIUM ACCOUNT</b>				
As per last Balance Sheet	705,433,000		705,433,000	
Add: Additions during the year	56,360,000	<b>761,793,000</b>	-	705,433,000
<b>C. REVALUATION RESERVE</b>		<b>6,000,000</b>		6,000,000
<b>D. CAPITAL REDEMPTION RESERVE</b>				
As per last Balance Sheet	22,000,000		19,000,000	
Add: Additions during the year	3,000,000	<b>25,000,000</b>	3,000,000	22,000,000
		<b>1,018,365,447</b>		<b>816,146,725</b>
<b>3. SECURED LOANS</b>				
<b>A. TERM LOANS</b>				
Bank of India	20,500,435		28,070,891	
Andhra Bank	46,778,892		60,380,151	
Canara Bank - Agricultural Loan	-		1,686,912	
Vehicle Loan	5,809,183		3,718,129	
Indian Renewable Energy Development Company Limited	325,902,727		-	
<b>B. OTHER LOANS</b>				
Bank of India Over draft	12,160,027		90,906,714	
Loan on Key man insurance policy	11,502,216	<b>422,653,480</b>	10,504,363	195,267,160
		<b>422,653,480</b>		195,267,160



SCHEDULES FORMING PART OF BALANCE SHEET

4. FIXED ASSETS												(Rs.)	
DESCRIPTION	GROSS BLOCK				Rate %	DEPRECIATION				NET BLOCK			
	1/7/2009	Additions	Deductions	30/6/2010		UP TO			30/6/2010	AS AT			
						1/7/2009	Current period	Deletion		30/6/2009	30/6/2010		
LAND	48,650,585	4,242,527	-	52,893,112	-	-	-	-	-	48,650,585	52,893,112		
LEASE HELD LAND	20,880,000	-	720,000	20,160,000	-	-	-	-	-	20,880,000	20,160,000		
PLANT & MACH.	1,400,684,440	134,222,167	164,772,944	1,370,133,663	5.28	122,490,744	97,756,038	-	220,246,782	1,278,193,696	1,149,886,881		
BUILDING	7,326,936	320,338	-	7,647,274	1.63	1,056,361	360,144	-	1,416,505	6,270,575	6,230,769		
OFFICE EQUIPMENTS	17,227,808	519,498	-	17,747,306	6.33	5,780,767	1,449,814	-	7,230,581	11,447,041	10,516,725		
VEHICLES	10,373,253	4,015,826	-	14,389,079	9.50	3,152,029	2,121,777	-	5,273,806	7,221,224	9,115,273		
	<b>1,505,143,022</b>	<b>143,320,356</b>	<b>165,492,944</b>	<b>1,482,970,434</b>		<b>132,479,901</b>	<b>101,687,773</b>	<b>-</b>	<b>234,167,674</b>	<b>1,372,663,121</b>	<b>1,248,802,760</b>		

Note : The Plant and Machinery Includes Revaluation amount of Rs 6,000,000/-, whose W D V as on 30th June 2010 is Rs. 3,851,600/-



**SCHEDULES FORMING PART OF BALANCE SHEET**

		30/06/2010 Rs	30/06/2010 Rs	30/06/2009 Rs	30/06/2009 Rs
<b>5. INVESTMENTS</b>					
<b>Unquoted</b>					
The Jain Sahakari Bank Ltd (4,247 Shares)		124,500		124,500	
India wind Power Limited		10,000,000		-	
Key Man Insurance Policy		27,066,391	<b>37,190,891</b>	27,066,391	27,190,891
<b>6. CURRENT ASSETS</b>					
Work - in - Progress		551,299,486			422,805,700
Sundry Debtors - Unsecured					
Above Six Months	39,416,002				
Below Six Months	42,341,797	81,757,799		79,667,357	79,667,357
Advances & Prepayments					
a) Trade Advances	519,502,961			527,739,327	
b) Other Advances	38,653,095			51,052,336	
c) Deposits	8,700,257			8,776,522	
d) Prepaid Expenses	1,146,625	568,002,938		1,762,671	589,330,856
					31,994,903
Energy stock		49,145,207			43,770,269
Cash & Bank Balances		160,013,783	<b>1,410,219,213</b>		1,167,569,085
<b>7. CURRENT LIABILITIES</b>					
For Expenses		7,734,225		2,906,678	
Provisions		3,538,081		5,750,320	
Sundry Creditors		61,930,146	<b>73,202,452</b>	374,886,815	383,543,813
<b>8. NET DEFERRED TAX LIABILITY</b>					
Opening Balance		159,306,131		63,429,114	
LESS: Current Year Deferred Tax Asset / (Liability)		73,978,014		(113,687,459)	
LESS: MAT CREDIT		7,538,081	<b>77,790,036</b>	17,810,442	159,306,131





**SCHEDULES FORMING PART OF MANUFACTURING, TRADING AND PROFIT & LOSS ACCOUNT**

	30/06/2010 Rs	30/06/2010 Rs	30/06/2009 Rs	30/06/2009 Rs
<b>9. OTHER INCOME</b>				
CER Income	23,884,654		17,061,191	
Financial Income	34,748		1,130,500	
Others	3,131,547	<b>27,050,949</b>	19,973,886	38,165,577
<b>10. (INCREASE) / DECREASE IN W-I-P</b>				
Opening stock	422,805,700		256,622,212	
Closing Stock	551,299,486	<b>128,493,786</b>	422,805,700	166,183,488
<b>11. PROJECT EXPENSES</b>				
Purchases	457,348,668		539,631,411	
Expenses	91,058		444,036	
Compensation	5,246,962	<b>462,686,688</b>	-	540,075,447
<b>12. OPERATIONS &amp; ADMINISTRATION EXPENSES</b>				
Repairs & Maintenance	20,382,959		25,677,450	
Electricity	433,756		430,988	
Travelling & Conveyance	7,290,852		7,393,509	
Vehicle Maintenance	1,705,604		1,629,626	
Telephone	1,032,322		1,550,275	
Miscellaneous	1,334,446		1,003,796	
Security	3,311,951		2,828,771	
Insurance	3,986,817		2,904,904	
Building Maintenance	252,753		407,230	
Rent	927,699		907,112	
Bank Charges	365,501		222,262	
Salaries	11,464,345		9,150,819	
Staff Welfare	770,414		951,847	
Gratuity	-		1,701,015	
PF Contribution	448,649		329,233	
E S I Contribution	18,533		15,625	
Advertisement	1,885,165		974,800	
Books & Periodicals	75,957		30,410	
Business Promotion	3,330,981		4,738,705	
Postage	116,365		116,316	
Printing & Stationery	474,892		694,431	
Legal and Professional Charges	7,927,040		8,487,240	
Fees, Rates & Taxes	3,991,610		2,358,319	
Directors Remuneration	1,000,000		-	
EGM & AGM Expenses	986,719		-	
Fringe Benefit Tax	-	<b>73,515,330</b>	1,213,097	75,717,780
<b>13. FINANCIAL EXPENSES</b>				
Interest and Financial Charges	45,200,940		19,911,390	
Lease Rentals	-		9,742,940	
Processing Charges	1,336,954	<b>46,537,894</b>	1,057,819	30,712,149
<b>14. EXTRA ORDINARY AND PRIOR PERIOD ITEMS</b>				
Public issue Expenses Written off	12,020,163		12,020,163	
Prior Period Items	11,082,534		-	
Impairment Loss	30,107,673	<b>53,210,370</b>	-	12,020,163



## 15. NOTES ON ACCOUNTS FOR THE PERIOD ENDING 30th JUNE 2010

### I SIGNIFICANT ACCOUNTING POLICY:

The accounts are prepared under the historical cost convention (except for revaluation of certain fixed assets as stated below) and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below:

#### USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### A. FIXED ASSETS

Fixed assets are stated at cost or repossessed value in the case of non-payment from buyers, net of MODVAT/ CENVAT/ VAT less Accumulated depreciation and impairment loss if any. The cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of Cenvat) and any directly attributable cost of bringing the assets to its working condition for the intended use.

The Company treats Non Refundable Guarantee Deposits paid for Wind Electric Generators as Capital assets, since related assets are in its control, earning income of power generation, which are adjusted at the time of conclusion of the contract.

#### B. DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIII of the Companies Act, 1956 on cost including revaluation cost, Capitalization of Rupee Fluctuation cost in terms notification issued by The Ministry of Corporate Affairs on march 31, 2010 in relation to AS 11, less accumulated depreciation.

#### C. INVESTMENTS

Investments are held by the company as long term asset. The market fluctuation for the increase/decrease in the value of the investments are not accounted as the investments are unlisted. Company treats key man insurance as investments along with accrued bonus.

#### D. IMPAIRMENT OF ASSETS:

As the assets are treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### E. INVENTORIES

Inventories are valued at cost, net realizable value in the case of unsold power and in case of work-in-progress it is valued to the extent of its completion.



#### **F. REVENUE RECOGNITION**

Revenue consists of sale of power, sale of projects and other income.

Sale of power is recognized at the point of dispatch of electricity generated from Plant and Stock points. Sale of projects is recognized at the point of sale less manufacturing expenses. Other Income is recognized on accrual basis. Company recognized income from carbon Credit based on eligible criteria.

#### **G. RETIREMENT BENEFITS**

The Company has provided for retirement benefits to the employees such as gratuity, Provident Fund and ESI. In the case of gratuity, the Life Insurance corporation of India has quantified the provision amount and the same shall be remitted shortly in the fund with the Life Insurance Corporation of India.

#### **H. FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction and in the case of Foreign Currency Convertible Bonds, as per the Notification issued by The Ministry of Corporate Affairs Dt. March 31, 2009. Companies ( Accounting Standard ) Rules, 2009.

#### **I. TAX ON INCOME**

Provision is made for Income Tax, estimated to arise on the results for the year, at the current rate of Tax, in accordance with the income tax act, 1961. Deferred tax on account of timing difference between accounting and taxable profit is accounted for on the liability method, at the current rate of tax to the extent the timing differences are expected to crystallize. The company has provided Rs 75,38,081/- taking in to account the profit for the period April to March.

#### **J. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **K. SEGMENT REPORTING**

Company is operating business unit wise, according to the nature of products. Services provided are recognized in segments representing one or more strategic business units that offer products or services of different nature and to different markets.

Company's operations could not be analyzed under geographical segments in considering the guiding factors as per Accounting standard -17 issued by the Institute Of Chartered Accountants of India.

#### **L. LOANS AND ADVANCES AND DEBTORS**

Doubtful debtors /Advances are written off in the year in which these are considered to be irrecoverable. However, during the year the company has not recognized any bad debts.

#### **M. EARNING PER SHARE**

The company reports basic and diluted earnings per share in accordance with Accounting Standard issued by the Institute of Chartered Accountants of India. Basic earnings per share is computed dividing the net profit for the year by the Weighted Average number of equity shares outstanding



during the year. Diluted earning per share is computed by dividing the net profit for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where results are anti-dilutive.

## II NOTES ON ACCOUNTS

### 1. SHARE CAPITAL

#### Equity share capital

(i) The Equity share Capital includes 26,207,108 Equity Shares of Rs 10/- each allotted as fully paid up Bonus shares as follows:-

500,000 Equity Shares in 1997-1998 by capitalization of Reserves

500,000 Equity shares in 1998-1999 by capitalization Share Premium

7,530,000 Equity Shares in 2003-2004 by capitalization of share premium issue @ the ratio 1: 1

7,530,000 Equity Shares in 2004-2005 by capitalization of share premium issue @ the ratio of 1: 2

1,01,47,108 Equity Shares in 2005-2006 by capitalization of reserves by issue @ the ratio of 2: 5

(ii) The Equity Share Capital includes 5,037,778 Equity shares of Rs 10/- each allotted as fully paid up Shares on conversion of Convertible Preference Shares as follows:-

120,000 Equity Shares of Rs.10/- each in 1998-1999 at a premium of Rs.490/-

100,000 Equity Shares of Rs.10/- each in 2000-2001 at a premium of Rs.490/-

2,040,000 Equity Shares of Rs.10/- in 2001- 2002 of which 40,000/- shares were issued at a premium of Rs.490/- and 2,000,000/- shares at par.

2,777,778 Equity Shares of Rs.10/- in 2004- 2005 at a premium of Rs.8/-.

(iii) The Equity Share Capital includes 10,000 Equity Shares allotted as fully paid up Shares for consideration for Land, issued during 1999-2000 at a premium of Rs.50/-.

(iv) The company, during the year 2005-06, allotted 9,42,000 Equity shares at a premium of Rs 90 per Share to discharge its liability against capital goods.

(v) The company, during the year 2007-08, allotted 1,12,84,600 Equity shares at a premium of Rs.55 per share through public issue of shares.

(vi) The Company, during the year 2009-10, allotted 20,00,000 Equity shares at a premium of Rs 28.18 per share.



## 2. SECURED LOANS

- a. Term Loan of Rs. 500.00 lakhs availed from Bank of India secured by 13 WEG situate in the State Tamil Nadu Outstanding as on 30th June 2010 - Rs.20,500,435.
- b. Term loan availed from Axis Bank Limited, secured against the motor vehicles of the company. Amount outstanding as on 30th June 2010 - Rs.31,14,872.
- c. Term loan availed from Kotak Bank Limited, secured against the motor vehicles of the company. Amount outstanding as on 30th June 2010 - Rs.26,94,311.
- d. OCC availed from Bank of India, against the hypothecation of stocks. Amount outstanding as on 30th June 2010 - Rs.12,160,027.
- e. Term loan from Andhra Bank, Ahmedabad secured by 5 WEGs situate in the State Tamil Nadu Outstanding as on 30<sup>th</sup> June 2010 – Rs.46,778,892.
- f. During the year the Company has availed a term loan from India Renewable Energy Development Company Limited, Delhi secured by 6 WEGs situated in the State of Karnataka Outstanding as on 30<sup>th</sup> June 2010 – Rs.325,902,72

## 3. DEFERRED TAX LIABILITY

Opening:	
Liability	Rs. 15,93,06,131
Less: Deferred Tax Asset recognized during the year	Rs. 7,39,78,014
Less: MAT Credit for the year	Rs. 75,38,081
Net Deferred Tax Liability	Rs. 7,77,90,036

## 4. CURRENT LIABILITIES

Sundry creditors and trade creditors are subject to confirmation.

## 5. FIXED ASSETS:

### a) Work-in-progress -Agri Division

Fixed assets include Rs.4,673,765/- spent for the agricultural division to be written off over the period of time proportionate to the substantial agricultural income that would accrue to the company.

### b) Plant & machinery

Plant & Machinery includes revaluation amount of Rs. 6,000,000/- which has depreciated to Rs. 3,851,600/- .

### c) Guarantee Deposits

The deposits constitute deposits given to owners of the WEGs which are maintained by the company. The Company has provided security deposits to extent of Rs. 771,055,403 of the owners of windmills and the concern windmills are under company's management .



**6. INVESTMENTS**

Investments constitute investment in The Jain Sahakhari Bank amounting to Rs.124,500/-, in India Wind Power Ltd amounting to Rs 10,000,000/-, which are unquoted and shown at cost. Investment in Key man Insurance policy totaling to Rs. 27,066,391/-is inclusive of accrued bonus of Rs 11,250,000 .

**7. SUNDRY DEBTORS:**

Sundry debtors recoverable in cash or in kind are unsecured and are subject to confirmation.

**8. LOANS & ADVANCES:**

Loans and advances includes Trade & Other Advances totaling to Rs. 558,156,056/- which are unsecured and recoverable in cash or kind and are subject to confirmation.

**9. MISCELLANEOUS EXPENSES**

This relates to the expenses incurred in connection with Initial public offering of Equity shares of the Company, to the extent not written off during the year.

**10. RELATED PARTY DISCLOSURE UNDER ACCOUNTING**

**STANDARD-18:**

The details of related parties as identified by the management are as under:

i) Key Management Personnel:

Shri Bala K V	- Chairman
Shri Ravindranath K.S.	- Whole Time Director
Shri Niranjana Jagtap	- Director
Shri Jayaraman T R	- Director

ii) Associates:

Subuthi Finance Ltd  
Indonet Global Ltd  
Loyal Credit & Investment P Ltd  
Subuthi Investments P Ltd  
S G M Windfarms P Ltd.  
Bekey Properties Pvt Ltd.  
Bewind Energy Private Limited  
Ind Eco Ventures Limited  
Ravello Advertising Private Limited  
Cindia Theatres Private Limited



## 11. RELATED PARTY TRANSACTIONS:

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

### The following transactions were carried out with the Related Parties

Particulars	Associates	Key management personnel
<b>EXPENSES</b>		
Power	Rs. 5,246,962	—
Traveling expenses	—	Rs. 3,120,103
Salary	—	Rs. 1,214,267
Sitting fee	—	Rs. 140,000
Rent	—	Rs. 60,000
<b>Finance:</b>		
Rent Deposit	Rs. 60,00,000	Rs. 678,750
<b>Income</b>		
Power	Rs. 3,853,078	

## 12 FOREIGN CURRENCY CONVERTIBLE BONDS:

During the year 2007-2008, the company issued 5 years 2.5% Coupon US\$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US\$ 30 million (INR. 118,47,00,000 as on date of issue) comprising of 300 US bonds of US \$ 1,00,000 each to finance capital expenditure. The bond holders have an option of converting these bonds into equity shares at an initial conversion price of Rs. 167.11 per share (Face value Rs.10 each) with a fixed rate of exchange on conversion of Rs. 39.405 / US\$ at any time prior to close of business on 21st December 2012, unless redeemed. The FCC Bonds have been restructured with the existing Bondholders. Accordingly, the FCCB will be Zero Coupon Bonds and will have a 50% mandatory conversion (i.e., US\$ 15 million) in to ordinary equity shares at a price equilant to the 10 DMA subject to a cap of Rs.65/- and the balance 50% of the Bonds (i.e., US\$ 15 million) will have the option to convert at the same premium level applicable for the mandatory conversion price or redeem @ 106.724 % upon maturity on December 21, 2012. The Process is under progress for completion.

**13. PROFIT AND LOSS ACCOUNT**

## (i) APPROPRIATIONS

The company has transferred Rs. 30,00,000 to capital redemption reserve.

## (ii) INFORMATION PURSUANT TO THE PROVISIONS OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

## (a) Power generation:

Year/place	Capacity (installed)	Production (Units)	Sale (units)	Income (Rs.)	Avg.price Per unit (Rs.)
<b>2008-2009</b>					
Tamil Nadu Decrease in Stock	24.725 MW	26,948,962	29,035,960	83,924,339 (62,30,979)	2.90
Karnataka Increase in Stock	19.520 MW	37,873,982	36,058,097	128,065,766 4,992,570	3.55
<b>Total</b>	<b>44.245 MW</b>	<b>64,822,944</b>	<b>65,094,057</b>	<b>210751696</b>	
		<b>Power share from other Transactions</b>		<b>9602730</b>	
		<b>Total Power Income</b>		<b>220354426</b>	
<b>2009-2010</b>					
Tamil Nadu Increase in Stock	28.225 MW	38,837,849	36,761,109	103,812,446 6,215,267	2.83
Karnataka Increase in Stock	21.920 MW	34,890,607	31,882,500	113,545,329 10,935,637	3.56
<b>Total</b>	<b>50.145 MW</b>	<b>73,728,456</b>	<b>68,643,609</b>	<b>234,508,679</b>	
		<b>Power Share from other Transactions</b>		<b>37,795,758</b>	
		<b>Total Power Income</b>		<b>272,304,437</b>	

## (b) WEGs sale:

Project under implementation - Opening	1.20 MW
Projects Completed during the year	0.25 MW
Project under implementation - Closing	0.95 MW

## (iii) Expenditure in Foreign Currency :

- Travel – Rs.NIL (previous year 08-09 Rs. 1,091,572/-)

## (iv) Remuneration paid to Directors:

The company has paid Rs.1,201,692/- by way of remuneration to the whole time director.  
Sitting fees paid during the year Rs.140,000/-





- (v) Administrative and other expenses include remuneration to Auditors towards:

	2009-2010 (Rs. in thousands)	2008-2009
Statutory Audit	100.00	100.00
Tax Audit	15.00	15.00
Certification	5.00	5.00

- (vi) Information with regard to other matters specified in Schedule VI of the Companies Act, 1956, are either Nil, or not applicable to the Company for the period under Audit.
- (vii) Value of imports during the year – Rs NIL /- ( Previous Year – NIL)

#### 15. CONTINGENT LIABILITIES:

Income Tax demand for the A Y 1998-99 is Rs. 2,654,944/- ,for A Y 2006-07 is Rs.10,985,773/- and for the A Y 2007-08, Rs. 55,63,470/-. The company has been legally advised that the demand is likely to be deleted or substantially reduced. The company has preferred appeals and the said appeals are pending before the appellate authorities.

In the case of Foreign Currency Convertible Bonds, in case of redemption at the maturity date i.e 21<sup>st</sup> December, 2012, the applicable forex rate is contingent in nature for which no provision is required as per The Reserve Bank of India's guidelines.

The company has deposited, with The Hon'ble High Court of Madras, an amount of Rs.10.81 Crores in the matter relating to the disputed claims of ICICI Bank Limited relating to sale of Wind mills to the company, Lease rentals and issues relating to Preference shares are settled. Both the parties have raised claims against each other and waiting for the final outcome from the competent authorities. Hence no amount is quantified. Meanwhile the ICICI Bank Limited has realised around Rs 6.93 Crores by selling 14,65,899 Equity shares of the company, which the company is claiming.

#### 16. IMPAIRMENT LOSS

During the year company recognised Rs 30,107,673/- relating to second hand machinery for earlier years and disclosed as a part Extra ordinary and prior period items

#### 17. SEGMENT INFORMATION

Based on Accounting Standard 17, issued by the Institute of Chartered Accountant of India the Company's primary business segment is wind Power generation, project sale, financial income and other income  
( in Rs.)

Particulars	Power	Project	Others	Total
Segment Income	272,304,437	359,100,000	27,050,949	658,455,386
Segment expenses	157,848,739	334,192,902	3,263,364	495,305,005
Segment results	114,455,698	24,907,098	23,787,585	163,150,381
Unallocable Exp	-	-	-	30,521,221
Net profit	-	-	-	132,629,160
Segment assets	2,106,289,727	551,299,486	844,784,601	3,495,982,357
Segment liability	1,839,783,933	-	88,866,199	1,921,112,050
Capital Employed	266,505,794	551,299,486	755,918,402	1,574,870,307



INDOWIND ENERGY LIMITED



18. Previous year's figures have been regrouped wherever necessary.

**19. EARNING PER SHARE**

Profit after tax	Rs. 125,091,079
No. of Shares	49,741,486

Earning Per share - (Annualised) Rs. 2.62

As per our report of even date

for V.Ramaratnam & co.,  
*Chartered Accountants*

**R.SUNDAR**  
*Partner*  
FRN 002956S

Place : Chennai  
Date : 21.10.2010

(By Order of the Board)

**For Indowind Energy Limited**

**BALA K V**  
Chairman

**RAVINDRANATH K.S.**  
Director

**JAYARAMAN T R**  
Director

**NIRANJAN R JAGTAP**  
Director

**S. DIRAVIAM**  
Company Secretary



INDOWIND ENERGY LIMITED



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Regn. No.  State code   
Balance sheet date

**II CAPITAL RAISED DURING THE YEAR ( AMOUNT IN Rs. THOUSANDS )**

Public issue  Rights issue   
Bonus issue  Private Placement

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( AMOUNT IN Rs. THOUSANDS )**

Total liabilities  Total assets

**SOURCES OF FUNDS**

Paid up capital  Reserves & Surplus   
Secured loans  Unsecured loans

**APPLICATION OF FUNDS**

Net fixed assets  Investments   
Net current assets  Misc. Expenditure   
Accumulated losses

**IV PERFORMANCE OF COMPANY ( AMOUNT IN Rs. THOUSANDS )**

Turnover  Total Expenditure   
Profit/(Loss) before tax  Profit/(Loss) after tax   
Earning/share (Rs.)

(By Order of the Board)

**For Indowind Energy Limited**

**BALA K V**  
Chairman

**RAVINDRANATH K.S.**  
Director

Place : Chennai

Date : 21.10.2010

**JAYARAMAN T R**  
Director

**NIRANJAN R JAGTAP**  
Director

**S. DIRAVIAM**  
Company Secretary



INDOWIND ENERGY LIMITED



## Cash Flow Statement for the year ended 30th June 2010

(Rs.)

Particulars	Year ended 30.6.10	Year ended 30.6.09
<b>A. Cash inflow / (outflow) from operating activities</b>	142,858,722	123,468,184
NET RESULT BEFORE TAX	<b>142,858,722</b>	<b>123,468,184</b>
<b>Adjustments to reconcile net income before tax to net cash provided by operating activities:</b>		
Add: Depreciation and amortization	71,580,100	43,729,931
Impairment Loss	30,107,673	-
Less: Financial income	(34,748)	1,130,500
	<b>244,511,747</b>	<b>168,328,615</b>
<b>Changes in operating assets and liabilities</b>		
Restricted cash (Deposits)	76,265	661,744,905
Accounts receivable and other assets	19,161,211	(86,783,546)
Inventory	(145,644,090)	(164,945,079)
Accounts payable and other liabilities	(310,341,361)	311,527,655
Def Tax (Asst) / Liab	(81,516,095)	
<b>Net Changes in operating assets and liabilities</b>	<b>(518,264,069)</b>	<b>721,543,935</b>
<b>Provision for Tax</b>		
<b>Net cash provided by operating activities</b>	<b>273,752,322</b>	<b>889,872,550</b>
<b>B. Cash inflow / (outflow) from investing activities</b>		
Payments for purchase of property plant and equipment	(143,320,356)	(644,507,092)
Increase in Guarantee Deposits	40,626,513	(475,578,056)
Increase in Agri Division Assets	(694,496)	(1,250,601)
Proceeds from sale of property plant and equipment	165,492,944	768,800
Purchase / sale of investments	(10,000,000)	-
Interest Income	34,748	(1,130,500)
<b>Net cash used in Investing activities</b>	<b>(52,139,353)</b>	<b>(1,121,697,449)</b>
<b>C. Cash inflow / (outflow) from Financing activities</b>		
Proceeds from secured loan	325,902,727	64,098,280
Repayment of secured loans	(98,516,407)	(916,717)
Repayment of Unsecured Loans	-	114,921,305
Proceeds from Unsecured Loans	-	-
Proceeds from issue of share capital	39,090,000	-
Proceeds from issue of share capital (Share Premium A/C)	56,360,000	-
Misc Expenses	12,020,163	47,402,559
FCCB Issue & Forex Fluctuation Account	-	-
Amount Transferred to Cap Red Reserve	3,000,000	-
<b>Net cash provided by financing activities</b>	<b>337,856,483</b>	<b>225,505,427</b>
<b>Net Increase in cash and cash equivalents</b>	<b>116,243,514</b>	<b>(6,319,472)</b>
Cash & Cash equivalents at the beginning of the year	43,770,269	50,089,741
Cash & Cash equivalents at the end of the year	<b>160,013,783</b>	<b>43,770,269</b>
<b>Cash &amp; Cash equivalents comprise</b>		
Cash in hand	298,877	416,447
Balances with banks	159,714,906	43,353,822
	<b>160,013,783</b>	<b>43,770,269</b>

for V.Ramaratnam & co.,  
Chartered AccountantsR.SUNDAR  
Partner  
FRN 002956SPlace : Chennai  
Date : 21.10.2010

For Indowind Energy Limited

BALA K V  
ChairmanJAYARAMAN T R  
DirectorRAVINDRANATH K.S.  
DirectorNIRANJAN R JAGTAP  
DirectorS. DIRAVIAM  
Company Secretary