



IDOWIND ENERGY LIMITED

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### **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of Company will be held at "Hotel Savera ", 146, Dr. Radha Krishnan Road, Chennai - 600 004 at 04.00 p.m. on Friday, 28<sup>th</sup> December, 2007 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 2007 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 re-appointment.

### **SPECIAL BUSINESS**

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** Shri.T.R.Jayaraman be and is hereby appointed as a Director of the Company, whose period of office will be subject to retirement by rotation".

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution.

**"RESOLVED THAT** pursuant to Section 81 (1) (A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), and subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and listing agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any necessary approval if any required from any other authority / statutory body and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company, (herein after referred to as the **"Board"**) and / or duly authorised person(s)/Committee thereof for the time being exercising the powers conferred by the Board by this resolution, consent of the Company is hereby accorded to issue 3 (Three) Convertible Preference Shares of face value of Rs.10,000,000 (Rupees One Crore Only) each, aggregating to Rupees Three Crores, to any person/s / Body Corporate / Financial Institution / FI's on such terms and conditions and such tranches as may be decided and deemed appropriate by the Board or a committee thereof formed by the Board for this purpose.

**RESOLVED FURTHER THAT** these preference shares proposed to be issued, shall rank pari passu with the existing preference shares of the company and on the event of their conversion to equity shares, they shall rank pari passu, with the existing equity shares of the company in all respects.


**RESOLVED FURTHER THAT** for the purpose of giving effect to the issue or allotment of Preference Shares, as described herein above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose.

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

Sd/

**S.DIRAVIAM  
Company Secretary**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**

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**NOTE :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTIALED 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**

**Sd/**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**

**S.DIRAVIAM  
Company Secretary**

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

**ITEM NO.4**

Shri.T.R.Jayaraman was appointed as Additional Director U/s 260 of the Companies Act 1956 on 03.02.2007. He holds office up to the conclusion of this meeting. The Company has received a notice from a member proposing Mr.T.R.Jayaraman as a Director along with necessary deposit in accordance with Sec.257 of the Companies Act 1956.

The Board recommends the resolution for consideration of Shareholders.  
Except Shri. T.R.Jayaraman no other Director is interested in this Resolution.

**ITEM NO.5**

The Authorised Share Capital of the company as of date, consists of 49,000,000 Equity Shares of Rs.10 each amounting to Rs.49 Crores (Rupees Forty Nine Crores only) and 7 convertible preference shares of Rs.1 Crore each amounting to Rs.7 Crores (Rupees Seven Crores Only). The Paid up Share Capital of the Company as of date, consists of 36,456,886 Equity Shares of Rs.10 each amounting to Rs.364,568,860/- (Rupees Thirty six crores forty five lakhs sixty eight thousand eight hundred and sixty only) and 4 convertible Preference Shares of Rs.1 Crore each amounting to Rs.4 Crores. The Company is desirous of issuing the 3 Convertible Preference Shares of Rs.1 Crore each to any prospective investor/s. Approval of the Shareholders is required for issue of these 3 convertible Preference Shares.

The Board recommends the resolution for consideration of Shareholders.  
None of the Directors is interested in this Resolution.

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

**Sd/**

**S.DIRAVIAM  
Company Secretary**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**



**DIRECTORS REPORT FOR THE YEAR 2006 – 07**

To

The Members

Your Directors have great pleasure in presenting this Twelfth Annual Report of the company together with the audited accounts for the year ended 30<sup>th</sup> June 2007.

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>	
	<b>30<sup>th</sup> June, 2007</b>	<b>30<sup>th</sup> June, 2006</b>
	<b>(Rs. In Thousands)</b>	
<b>Total Income</b>	274,800	257,458
<b>Profit Before Depreciation &amp; Tax</b>	76,808	65,375
<b>Less: Depreciation</b>	10,118	7,800
<b>Tax Provision</b>	2,830	1,412
<b>Deferred Tax Asset / (Liability)</b>	1,938	(1,071)
<b>Profit After Tax</b>	66,798	55,092

**THE PERFORMANCE**

Your company's total income has gone up to Rs.2,74,800 (Rs. In Thousands) in 2006-07 registering a growth of 6.7% as compared to the previous year. This is due to the full effect of capacity utilization and also due to the flow of project income on the newly commissioned projects. Profit before depreciation and tax has gone up by 17.48% and the profit after tax has gone up by 19.43% as compared to the previous year.

Your company does not recommend any dividend for the year under review as the surplus is required for meeting out the proposed public issue and expansion expenses.

**SUBSIDIARY COMPANY**

During first week of July 2007, your company acquired 17000 paid-up Equity Shares of Bewind Power Pvt Ltd. consisting 62.96% of paid up capital of that company and there by making it, a subsidiary of your company.

**FUTURE PLANS AND PROSPECTS**

The company is capable of generating 16.80 MW power from its own wind mills. Further, the company is setting up a 9 MW project in Karnataka. The company also intends to expand its capacity by acquiring existing assets for sale from the entities / banks which have ready assets like wind mills for sale. The company plans to buy / acquire these assets to increase its capacity. The proceeds from IPO would be utilized for setting up of 9 MW project, purchase of hydraulic cranes, acquisition of Wind Energy Generators, foreclosure of lease with ICICI Bank and UTI Bank and to meet additional working capital requirements.



**INDIAN ECONOMIC SCENARIO**

The Government is confident of achieving 9% GDP for the current fiscal year which will result in the growth of all sectors including energy sector. The government is emphasizing and gives priority for the growth of energy sector. The stock market is vibrant indicating the growth of the economy and industries. The FII'S inflow is steady and comfortable resulting in building the confidence of achieving the estimated growth.

**INDIAN POWER SCENARIO**

The Indian Renewable Energy Development Agency is playing a significant role in promoting renewable energy project in general and wind energy projects in particular. Wind Energy considers to be the fastest growing renewable energy source with worldwide power installed capacity reaching 72,000 MW approx. India is considered as a new wind super power with increase in the scale of wind turbine manufacturing. Wind is considered as a major power source. Projection indicates that by the first decade of the new century, 1,000 MW could be generated and supplied as renewable energy.

Ministry of Power has estimated 2.5 lakhs MW of total installed capacity of power projects by 2012. Out of this, 10% will be generated from renewable sources of energy. Out of which, 50% can be from wind power i.e. 12,500 MW may be generated. Significant technical and operational experience would help India in reaching this target. The Govt. also offers contractive investment options to the private sector to drive towards Pvt. Sector power generation.

**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.

**DIRECTORS**

Mr.T.R.Jayaraman was appointed as an Additional Director, effective 3.2.07. He occupies this position till the conclusion of this AGM. A notice has been received from a member proposing him as Director together with necessary deposit under Sec.257 of the Companies Act, 1956.

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

**AUDITORS**

M/s.V.Ramaratnam & Co., Chartered Accountants continue to be the auditors of the company while M/s.S.Vasudevan & Associates continue to act as the internal auditors to continuously monitor and strengthen the financial control procedures in line with the growth operations of the company.

**EMPLOYEES**

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

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



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## **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, 2007 and profit for the company for the year ended 30<sup>th</sup> June, 2007.
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.

## **AUDIT COMMITTEE**

The Audit committee met and concluded its business as per the provisions of the Sec 292A of the Companies Act, 1956.

## **EXPLANATIONS TO THE QUALIFICATIONS IN THE AUDITORS REPORT**

With reference to the remarks of the Auditors, vide para 10(a) & (b) of the Annexure to the Auditors' report dated 14<sup>th</sup> July, 2007 the Company is in the process of formulating a policy for investments of the gratuity provisions and with respect to Income Tax demand, the matter is pending before the Commissioner - Appeals.

## **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 its Bankers, UTI Bank Ltd., ICICI Bank Ltd., The Power Finance Corporation, Bank of India, Canara Bank, Standard Chartered Bank, State Bank of India, Tamil Nadu Electricity Board (TNEB), Tamil Nadu Energy Development Agency Ltd. (TEDA), Karnataka Power Transmission Corporation Ltd. (KPTCL), Karnataka Renewable Energy Development Ltd. (KREDL), other Govt. Agencies, Statutory Bodies, suppliers and customers for their continued co-operation and excellent support extended to the Company from time to time.

for and on behalf of  
**BOARD OF DIRECTORS OF INDOWIND ENERGY LTD.**

Place : Chennai  
Date : 14<sup>th</sup> July, 2007

**K.S.RAVINDRANATH**  
DIRECTOR

**K.V.BALA**  
DIRECTOR





## **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 11 Board Meetings during the year ended 30<sup>th</sup> June 2007. These were on 1<sup>st</sup> August 2006, 28<sup>th</sup> September 2006, 27<sup>th</sup> October 2006, 27<sup>th</sup> November 2006, 29<sup>th</sup> November 2006, 2<sup>nd</sup> February 2007, 3<sup>rd</sup> February 2007, 20<sup>th</sup> February 2007, 20<sup>th</sup> April 2007, 1<sup>st</sup> June 2007 and 16<sup>th</sup> June 2007.

#### **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
Shri.K.V.Bala	Director	11	11	Yes	Director in: 1.M/s.Indonet Global Ltd.  2.M/s.Subuthi Finance Ltd.  3)M/s.Bekey Properties Pvt.Ltd.
Shri.K.S.Ravindranath	Director	11	10	Yes	Nil
Shri.Niranjan R.Jagtap	* Independent Director	11	7	No	Nil
Shri.T.R.Jayaraman	* Independent Director	11	4	N/A	Nil

(\*) 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 5 times during the year ended 30<sup>th</sup> June 2007.

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

**Table 2:**

Name of Director	No. of Meetings held	No. of Meetings attended
Shri.T.R.Jayaraman	5	4
Shri.K.V.Bala	5	5
Shri.Niranjan R.Jagtap	5	5

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 party transactions.
  - vii. Qualifications in the draft audit report.

**I) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Share Transfer and Investors' Grievance Committee was approved and constituted on December 30, 2005. The Share Transfer and Investor Grievance Committee was re-designated as "Shareholders / Investors' Grievance Committee" and re-constituted on February 3, 2007 and comprises of the following members of our Board as detailed in Table 3.

**Table 3:**

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

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

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

**I) REMUNERATION COMMITTEE**

The Board of Directors in its meeting held on December 30, 2005 approved and constituted the Remuneration Committee. The Committee was re-constituted on February 3, 2007 and comprises of the following members of our Board as detailed in Table 4.

**Table 4:**

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

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.