



INDOWIND ENERGY LIMITED



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 14th Annual General Meeting of the Company will be held at Hotel 'The Accord Metropolitan', 35, G.N.Chetty Road, T.Nagar, Chennai – 600 017, at 3.30 PM on Wednesday 30th December, 2009 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 30th June 2009 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. T.R. Jayaraman 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.

NOTES:

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

**Place: Chennai
Date: 11.09.2009**

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



REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSIONS AND ANALYSIS

To

The Members

Your Directors have great pleasure in presenting this Fourteenth Annual Report of the company together with the audited accounts for the year ended 30th June 2009.

FINANCIAL HIGHLIGHTS

	For the year ended	
	30 th June, 2009	30 th June, 2008
	(Rs. In Thousands)	
Total Income	647,520	298,897
Profit Before Depreciation & Tax	167,198	97,868
Less: Depreciation	43,739	19,046
Tax Provision	8,876	6,795
Profit After Tax	114,592	72,027

THE PERFORMANCE

During the year your company achieved a profit before tax of Rs.(in thousands)123,468/- and a profit after tax of Rs.(in thousands) 114,592/- Despite abnormal recessionary conditions, Your Company has managed to withstand the pressures to achieve the above net profit which registers 58% increase than that of the Previous Year.

OVERVIEW OF THE INDIAN ECONOMY

The Indian economy had moved to a high growth phase during 2003 to 2008, but suffered a major decline in 2008-09 on account of the global financial crisis. The factors responsible for rapid expansion of the economy from 2003-2008: robust investment growth, high rate of domestic savings, strong corporate performances and good tax buoyancy were largely undone by the global financial and economic crisis in the second half of 2008-09.

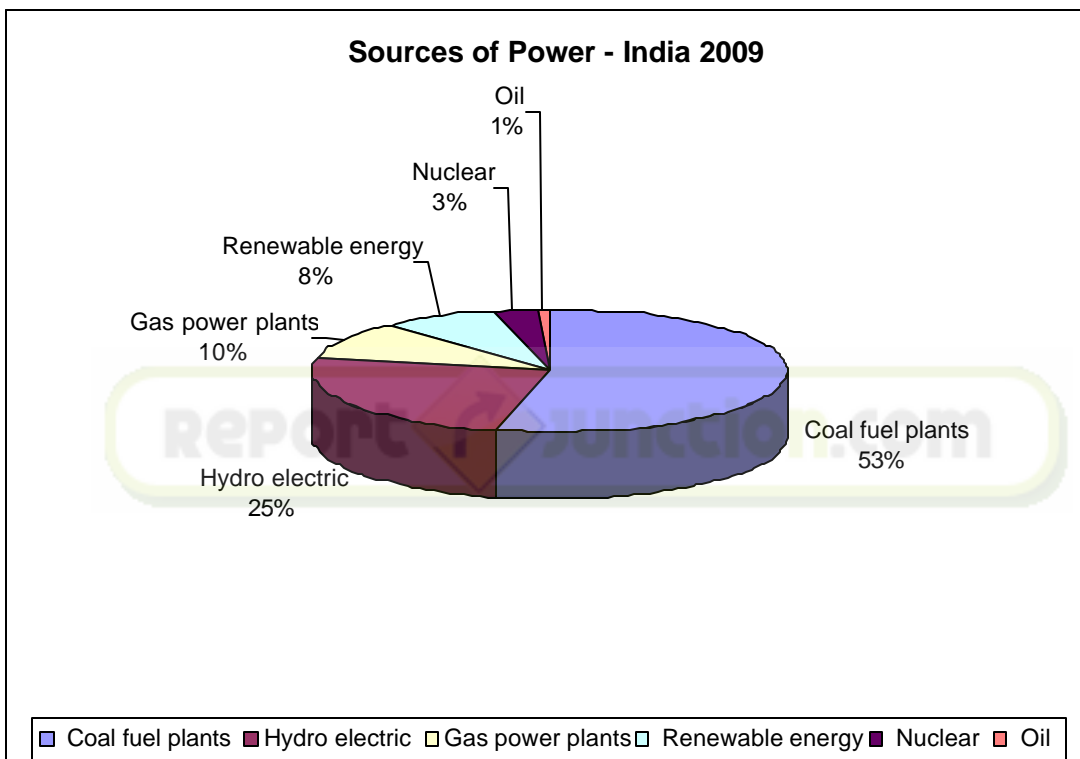
The impact of the slowdown has been broad-based in nature. Growth in Industrial and Agricultural sectors moderated significantly during the year. The services sector managed to minimize the effects of the slowdown with a 9.5% growth (compared to 10.9% last year). Merchandise exports grew by a mere 5.7% during 2008-09 as compared to a 26% growth during last year. The outlook for the Indian economy continues to be subdued with recovery expected only in the second half of 2009-10.

Gross Domestic Product (GDP) at current market prices is estimated at USD₁ 1.18 trillion in 2008-09 by the Central Statistical Organization (CSO) in its advance estimated (AE) of Gross Domestic Product. GDP at factor cost at constant 1999-2000 prices is estimated by the CSO to grow at 7.1% in 2009-10. This represents a deceleration from the high growth rates of 9.7% and 9.0% respectively, in the previous two years.



INDIAN POWER SCENERIO

While India has made impressive progress in the Power Sector since independence, it has not been sufficient. In terms of generation, while new capacity has been added, demand has far outstripped the supply leading to a widening gap. Some fundamental changes are imperative in the working of the power sector entities to realise the vision of “reliable, affordable and quality power for all by 2012”. The reform process is in progress in several states under the overall guidance of Ministry of Power and the Ministry of New & Renewable Energy. It is aimed at bringing about sustainable improvements in the operations of the utilities and making them viable businesses. The reforms have brought about various improvements in operational structure, commercial orientation, and transparency in operation and overall customer orientation in several states. Private investments allowed since 1991, increased participation of private domestic and global players



KEY FINDINGS

- ????? India consumes 3.4% of global energy
- ??????? Annual demand is increasing by 3.6% over last 30 years
- ????? Industrial sector “ 35.5%, Domestic sector “ 25.87%, Agri Sector – 38.63% (2006-07)
- ????? More than 64% of India’s total installed capacity is contributed by thermal power.
Significant jump in unit size and steam parameters will result in higher efficiencies and better economics for the Indian power sector.
- ????? Western region accounts for largest share (30.09%) of the installed power in India followed by Southern region with 27.76%.
- ????? Unbalanced growth remains the cause of concern for the Indian power sector. Only about 56% of households have access to electricity, with the rural access being 44% and urban access about 82%.



RENEWABLE POWER PROJECTS

Renewable Energy Technologies have matured enough to not only supplement conventional power; it also provides viable solutions in the Off-Grid mode to meet the electricity needs of remote villages in the country. Wind, small-hydro and biomass are major sources of Grid Interactive power. In the Field of wind power 789.85 MW Capacity has been achieved during the Year 2008-09. Small Hydro Power accounts for 63.25 MW, Biomass Power accounts for 61.50 MW and Biogases Cogeneration accounts for 193.00 MW for the same period. The total achievement during the year 2008-09 by grid Interactive Power is 1107.60 MW. India recorded total renewable deals of USD 134 million in 2008, which is about 7.3 per cent of total Asia Pacific renewable deals, and it stands third, behind China and Australia

WIND POWER

India has the fifth largest installed capacity of wind power globally at 9,587 MW, accounts for nearly 6% of installed capacity in India. Additional 6,000 MW capacities will be installed by 2012. Southern region remains the dominant region in renewable energy source accounting for more than 57% of the total renewable energy installed capacity.

ELECTRICITY TRENDS IN INDIA

By 2012, India will need another 60 to 70 GW of power; For the Indian economy to grow at 9% annually, additional capacity of 60 GW must be added every five years, requiring approx. US\$100 billion in investment every five years. Government promise of 100% electricity to domestic users will push up domestic consumption which will cross 29% by 2011-12.

FUTURE PLANS AND PROSPECTS

Indowind is planning to add around 20 to 25MW by acquisitions in FY2010, through QIP placements or NCD issue which has received Investment grade rating of "A-" by CARE / ICRA.

MOU for 100MW Wind & 100MW solar power projects: Indowind has in January 2009 signed an MOU with the Government of Gujarat during the Vibrant Gujarat Global Investor's Summit 2009 for setting up of 100 MW wind energy project & 100 MW Solar Energy project in Gujarat. The projects are in its initial phase & we have initiated the process of land acquisition with the Gujarat Govt. Indowind has started working on the financial closure for the projects and also is in discussion with vendors for sourcing of the equipments. These projects will be taken up as CDM (Clean Development Mechanism) projects to avail of CER (Certified Emission Reduction) benefits under the Kyoto Protocol.

RISKS AND CONCERNS

The dependence on the SEB's for realisation 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 corporates 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. Strategic funding on SPV models are being worked out to fund the projects with lower cost of funds.

STATUS OF FCCB

The company issued a 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 12th Aug, 2009. The company is in the process of obtaining approvals from RBI and FCCB holders.

**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 30th June 2009, Your Company has 62 employees on its rolls. The employees who are on probation will be inducted in to permanent services of the company after training, to fill up vacancies as and 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 T.R.Jayaraman 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 30th June 2009 and profit for the company for the year ended 30th June 2009.
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 revised clause 49 of the Listing Agreement entered into 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, 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 Share holders, Bond 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 LTD.**

Place : Chennai
Date : 11.09.2009

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, disclosures, 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 2009. These were on 7th July 2008, 31st July 2008, 22nd October 2008, 17th November 2008, 24th January 2009, 20th April 2009, and 17th June 2009.

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	7	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	1	Yes	Nil
Mr. Niranjana R.Jagtap	* Independent Director	7	1	Yes	Nil
Mr. T.R.Jayaraman	* Independent Director	7	6	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 30th June 2009.

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

Table 2:

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.V. Bala	Member	Non-Executive Director	4	4
Mr. Niranjan R.Jagtap	Member	Non-Executive and Independent Director	4	1

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 if 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	1

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 2008-09 ie, on 20th April 2009 & 17th June 2009.

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 and employees.

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.