

16th ANNUAL REPORT 2010-11



INDOWIND ENERGY LIMITED



INDOWIND ENERGY LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY & Sr. VICE PRESIDENT - LEGAL

Mr. S. Diraviam

AUDITORS

STATUTORY

V. Ramaratnam & Co
Chartered Accountants

INTERNAL

S. Vasudevan & Associates
Chartered Accountants

BANKERS

Bank of India
Development Credit Bank Limited
Axis Bank Limited
Andhra Bank
Export - Import Bank of India

REGISTERED OFFICE

"Kothari Buildings", 4th Floor, 114, Mahatma Gandhi Road,
Nungambakkam, Chennai - 600 034.
Tel : 044-28330867 / 28331310 Fax : 044-28330208.
E-mail : contact@indowind.com Website : www.indowind.com

BRANCH OFFICES

MUMBAI

603, Keshava Building, 6th Floor,
Bandra Kurla Complex, Bandra East,
Mumbai - 400 051. Tel : 022-26590125

MADURAI

85, Kamarajar Salai,
Madurai - 625 009.
Tel : 0452 - 2623161

SITE OFFICES

NETTOR

Kidararakulam,
Alangulam,
Tirunelveli District,
Tamilnadu - 627 854.

ARALVOIMOZHI

Subash Nagar
Kumarapuram Road,
Kanyakumari District,
Tamilnadu - 629 301.
Tel : 04652 - 263889

GADAG

Adarsha Nagar,
Plot No. 16, Gadag,
Karnataka - 582 103.
Tel : 08372 - 230262

CHITRADURGA

Srinivas Complex,
First Floor,
B.P. Extension Area,
Chitradurga - 577 501.

WORKS

PUDUCHERRY

1/3, Karasur Revenue Village, Sedarapet,
Puducherry - 605 111. Tel : 0413 - 2671231

PROJECT SITES

TAMILNADU

Kanyakumari Dist.

1. Aralvaimozhi
2. Senbagaramanpudur
3. Muppandal

Tirunelveli Dist.

1. Pazhavor
2. Kasikavaithan
3. Keelaveeranam
4. Karungulam
5. Sundarapandiapuram
6. Sambavar Vadakarai
7. Perungudi
8. Levingipuram

KARNATAKA

Gadag Dist.

1. Mallasamudra
2. Nagavi
3. Beladaddi

Koppal Dist.

1. Hanumasagar

Chitradurga Dist.

1. Elkorahalli
2. Palavanahalli



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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of Indowind Energy Limited will be held at Hotel 'The Accord Metropolitan 35, G.N.Chetty Road, T.Nagar, Chennai 600 017, at 4.00 PM on Thursday 29th September 2011 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Niranjana R. Jagtap who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s.V.Ramaratnam & Co, Chartered Accountants, as Statutory Auditors.

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 THE PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed stamped and signed should reach the Registered Office of 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 copy of the Annual Report to the Meeting.
5. Members are requested to bring with them the Attendance slip and hand it over at the entrance duly filled in and signed by them
6. The Register of Members and Share Transfer Book will remain closed from 22nd September 2011 to 29th September 2011 (both days inclusive)
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. Member are requested to inform their change of address (with PIN code) e-mail id, nominations, etc., to the Registrars and share Transfer Agents (RTA) of the Company in respect of shares held in physical form and their Depository participants in respect of shares held in electronic form.



INDOWIND ENERGY LIMITED

9. Information regarding the Directors proposed to be reappointed pursuant to clause 49 (IV) (G) of the Listing Agreement with Stock Exchanges is annexed.

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

Sd/

S. DIRAVIAM

*Company Secretary &
Sr. Vice President Legal*

Place: Chennai

Date: 20th August 2011

INFORMATION REGARDING THE DIRECTOR PROPOSED TO BE RE-APPOINTED PURSUANT TO CLAUSE 49(IV) (G) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES.

Mr. Niranjan R. Jagtap is a senior Advocate with more 40 years experience in the Bar he enrolled as an Advocate in the Bar Council of Maharashtra and Goa in 1971. He further registered as an Advocate on the original side of the High Court of Bombay in 1981 and was appointed as Notary-Greater Bombay by the Government of Maharashtra in 1983. He has been practicing in the Firm Niranjan Jagtap & Co since 1983.

- | | | |
|-------------------------|---|--|
| 1. Other Director ship | - | Ind Eco Ventures Ltd., |
| 2. Committee Membership | - | |
| Name of the Committee | - | Audit Committee Member
(Indowind Energy Limited)
Shareholder / Investor Grievance Committee
Member. Indowind Energy Limited)
Remuneration Committee Member.
(Indowind Energy Limited) |



INDOWIND ENERGY LIMITED

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSIONS AND ANALYSIS

To

The Members

Your Directors have great pleasure in presenting this 16th Annual Report of the Company together with the audited accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

	Year Ended 31 st March, 2011 (Nine Months) (Rs. In Lacs)	Year Ended 30 th June, 2010 (Twelve Months) (Rs. In Lacs)
Total Income	5035	6584
Profit Before Depreciation & Tax	1008	2042
Less: Depreciation	582	716
Tax Provision	14	75
Deferred Tax Asset / (Liability)	104	740
Profit after Tax	516	1991

THE PERFORMANCE

Your Company has changed its Financial Year as April to March, effective 1st April 2011 instead of July to June as practiced for earlier years. The main purpose of shifting of financial year from April to March is to have a uniform financial year along with other Group Companies of Your Company. Consequent on the change in accounting year from June to March, the financial performance of the Company for a period of 9 months from 1st July 2010 to 31st March 2011 is highlighted above and hence it is suggested not to compare the previous year's figures. During the year under review the Company has achieved a profit before tax of Rs1008 lacs and a profit after tax of Rs.516 lacs. Considering the proposed expansion plans of Your Company which requires resources, Your Directors consider it prudent not to recommend dividend for the year under review.

FUTURE PLANS AND PROSPECTS

Your Company is planning to concentrate on consolidation of operations during 2011-12. In that direction Your Company is planning to add new capacity of 28 MW during 2011-12 in Karnataka and in Tamil Nadu. Your Company is already implementing the shifting of the sale of power from Government utility to commercial customers, to enhance the price realization per unit. In that direction, Your Company has restructured the asset holdings and has already formed a subsidiary Company called "Indowind Power Private Ltd. Already power sale to new corporate clients have started. Nearly about 20 million units have been added and another 5 million units may likely to be added in the current year.

The industry is expecting new policy initiatives viz., introduction of Renewable Energy Certificates, trading of the same through power exchanges during the year 2011-12. 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



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higher realization benefits. Your Company is planning to add capacities in future in order to enhance the profits.

RISKS AND CONCERNS

Payment delays from State Electricity Board are continuing to be a risky proposition for renewable energy projects. Availability of long term projects from the financial institution at an acceptable interest rate is equally a risky factor for the Company. As the economy is tightening and the growth rate slowing down, credit disbursal is also increasingly squeezed out by the banks. 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 realization is increased. Strategic funding on SPV are being worked out to fund the projects.

Grid connection and availability are posing a major risk factor for implementing new Projects. Long distance evacuations from the existing wind sites are still not been fully established and stabilized by the Government in Tamil Nadu and Karnataka. The delay in execution of the projects causes a major concern for the new projects.

OPPORTUNITY AND THREAT

Power Exchange India Ltd/ Mumbai (PXIL) and (Indian Energy Exchange Ltd / New Delhi (IEXL) are proposed to be explored for selling the power through these exchanges. For new projects which are having inter-state connectivity, major disagreements among developed countries over the reduction in carbon emission, introduction of carbon tax and supporting the Kyoto protocol beyond 2012 is a threat for making the project viable, using carbon revenue as an additional factor. Introduction of RECs and proposed trading by REC (Renewable Energy Corporation) during the year 2011 augurs well for a new income stream. Increasing Government support for solar even though well received, for solar projects is actually offsetting the Government support for wind projects

STATUS OF FCCB

You are aware that Your Company has made a Foreign Currency Convertible Bond (FCCB) in December 2007 and raised 30 Mn USD. The FCCBs are due for redemption in December 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. However the Bond holders wanted to have a review on this structuring model and therefore the Company has made an additional offer by providing three different options as to redemption and with different price and period and the decision of the bond holders are expected in this regard.

STATUS OF SHARE WARRANTS AND EMPLOYEES' STOCK OPTION SCHEME

Pursuant to the resolution passed by the members at in the EGM convened on 12th August 2009, the Company has issued 40 lacs share warrants on preferential basis to Subuthi Investments P Ltd. Out of which 20 lacs share warrants are converted into equity shares as the Company has received the consideration amount in full for 20 lacs warrants.



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As regards Employees' Stock Option Scheme Your Company has not issued any shares so far under this scheme.

GDR (Global Depository Receipts)

Pursuant to the approval granted by the share holders of the Company for issue of GDR in the Annual General Meeting held on 30th December 2009, Your Company has raised Rs.81.58 crores by issuing 20,00,000 GDR comprising of 4 crore Equity shares of Your Company. These GDRs are listed on the Luxembourg Stock Exchange.

SUBSIDIARY COMPANY

As mentioned above, Your Company has restructured the asset holdings and has formed a subsidiary Company called "**Indowind Power Private Ltd.**" This subsidiary was incorporated during August 2010 with an Authorized Capital of Rs.15,00,000 and a paid up capital of Rs. 5,76,000 as on 31-3 2011. Your Company has 74% stake and the balance by captive consumer clients. Already power sales to new corporate clients for 25 million units have started.

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 31st March 2011, Your Company has 70 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. Niranjana R. Jagtap retires by rotation and being eligible offers himself for re-appointment.

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 31st March 2011 and profit for the Company for the year ended 31st March 2011.
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.



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CORPORATE GOVERNANCE

Your Company has complied with the requirements regarding Corporate Governance as required under Revised 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, FCCBs are listed at Singapore Exchange Securities Trading Ltd., (SGXST), GDRs listed at Luxembourg Stock Exchange at Luxembourg during the year under review.

AUDITORS

M/s.V.Ramaratnam & Co. 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.

PARTICULARS REQUIRED UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956

The particulars required to be given in terms of section 217 (1) (e) of the Companies Act, 1956 regarding conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Foreign Exchange outgo are not applicable to Your Company.

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**

K.V. BALA
Chairman

Place: Chennai
Date: 20.8.2011