

17th ANNUAL REPORT 2011-12



INDOWIND ENERGY LIMITED



INDOWIND ENERGY LIMITED

BOARD OF DIRECTORS

Mr. Bala V Kutti	-	Chairman
Mr. K S Ravindranath	-	Whole Time Director
Mr. Niranjan R Jagtap	-	Independent Director
Mr. T.S. Raghavan	-	Independent Director

COMPANY SECRETARY & Sr. VICE PRESIDENT - LEGAL

Mr. S. Diraviam

AUDITORS

STATUTORY

V. Ramaratnam & Co
Chartered Accountants

INTERNAL

S. Vasudevan & Associates
Chartered Accountants

SUBSIDIARY

Indowind Power Pvt. Ltd.

BANKERS

Bank of India
DCB Bank Limited
Axis Bank Limited
Canara 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

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INDOWIND ENERGY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventeenth 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 Friday 28th September 2012 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance sheet as at 31st March 2012 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. Bala V Kutti 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.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. T. S. Raghavan be and is hereby appointed as a Director of the Company, whose period of office will be subject to retirement by rotation”.

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 19th September 2012 to 28th September 2012 (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.



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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.

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

Sd/

S. DIRAVIAM

*Company Secretary &
Sr. Vice President Legal*

Place: Chennai - 600 034.

Date: 10th August 2012

EXPLANATORY STATEMENT PURSUANT SEC 173(2) OF THE COMPANIES ACT, 1956.

ITEM No. (4)

Mr. T.S. Raghavan was appointed as additional Director u/s 260 of the Companies Act, 1956 on 15th May 2012. He holds office up to the conclusion of this meeting. The Company has received a notice from a member proposing Mr. T.S. Raghavan as a Director along with necessary deposit in accordance with sec. 257 of the Companies Act 1956.

The Directors recommend the resolution for approval of shareholders. Except Mr. T.S. Raghavan no other Director is interested in this Resolution.

DIRECTOR PROFILE

Name	- Shri. T S RAGHAVAN
Date of Birth	- 30-04-1940
Place of Birth	- Koradecheri, Tanjore District, Tamilnadu
Residential Address	- No.8/2, Jeevaratham Nagar, Adyar, Chennai-600 020
Academic Qualification	- M.A.,
Professional Qualification	- C.A.I.I.B
Experience	<ol style="list-style-type: none">1. Joined Indian Overseas Bank, Madras in 1965 as Probationary officer and became the General Manager of the Bank in 19922. Executive Director Vijaya Bank, Bangalore from January 1996 to May 19973. Chairman & Managing Director of Bank of Maharashtra from May 1997 to October 19984. Chairman & Managing Director of Indian Bank from October 1998 to April 2000



INDOWIND ENERGY LIMITED

Functioning as Director

1. Tanfec Industries, Cuddalore, Tamilnadu
2. Empee Sugars & Chemicals Ltd, Chennai, Tamilnadu
3. Empee Distilleries Ltd, Chennai, Tamilnadu
4. Viswapriya Financial Services & Securities Ltd, Chennai
5. Onelife Capital Advisors Ltd
6. Hindustan Safe Deposit Lockers Ltd.
7. Indus Finance Corporations Limited, Chennai

Functioning as Chairman

Giri Trading Agency Private Limited, Mumbai & Chennai

Trustee

1. Sri Chandrasekara Rural Development Trust, Chennai
2. Public Health Centre, Chennai
3. Madras Medical Charities Trust, Chennai

Chairman

Guru Kaingarya Sabha Trust, Chennai

Member, Board of Management

Sri Chandrasekara Viswa Maha Vidhyalaya, Kanchipuram
(Deemed University)



INDOWIND ENERGY LIMITED

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSIONS AND ANALYSIS

To
The Members

Your Directors have great pleasure in presenting this 17th Annual Report of the Company together with the audited accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. in Lacs)	
	2011-12	2010-11
Income from operations	2903.07	4772.61
Other income	308.66	262.75
Depreciation and amortization expenses	817.75	582.32
Total expenses	2846.81	4609.53
Profit for the Year	410.16	396.03

THE PERFORMANCE

Your Company has earned its income from operations for the period under review Rs. 2903.07 Lacs as against Rs. 4772.61 Lacs for the previous year. The reduction in income was due to reduction in project sale during the period under review. However your company has improved its income from power sale than that of its previous year. Similarly your company has improved its performance in other income amounting to Rs.308.66 Lacs when compared to that of previous year amounting to Rs. 262.75 Lacs. The depreciation expenses have increased during the period under review. Your company has controlled its total expenses by 50% from Rs. 4609.53 Lacs of previous year to Rs. 2846.81 Lacs for the period under review. Your company has achieved a net profit of Rs. 410.16 Lacs for the period under review against Rs. 396.03 Lacs of previous year. Since your company is required to undertake its redemption obligations, as per the restructured terms of FCCB in December 2012, your Directors are not in a position to recommend any dividend for the year under review.

FUTURE PLANS AND PROSPECTS

Your company has consolidated its operations during 2011-12 and also has successfully shifted a sizeable portion of power sale from Government utility to commercial customers and has effectively realized higher power price per unit than previous years. In the current year, your company is expected to complete shifting of the balance sale of power from Govt. utility to commercial customers.

Your company is currently pursuing the 28 MW capacity wind projects which is expected to be completed in the current year. The new project viability has been severely affected due to the sharp price of dollar against rupee which needs to be taken into account in our proposed projects. The introduction of REC has opened up the new opportunity for realizing higher revenue in the new projects to be established. Your company has successfully registered the 18 MW project under the Clean Development Mechanism with UNFCCC and is now eligible to get CERs for this project also. CER revenues are expected to flow from 2012-13 but the market prices of CER's have also come down drastically which will impact the expected revenue realization from CERs.



RISKS AND CONCERNS

A payment delay from SEBs are continuing in Tamilnadu and is expected to be sorted out by the end of the year which is still a cause for concern as this affects the project viability & also puts strain on the IPPs to meet their debt obligations to banks and FIs. The interest rates also continues to be higher thereby affecting the project viability. In order to address the above two risks, your company is exploring the option of ECB funding and selling of power through Group Captive scheme or under REC mechanism for our future projects. The grid availability and evacuation continues to be a constraint which affects the generation and the revenue from the existing projects.

The recent decision by the Govt. of India to remove the Accelerated Depreciation benefit for the wind mill industry has reduced the interest in non-core IPPS to establish new projects which is already visible in the reduction of new capacity additions. The proposed extension of Generation Based Incentive & REC mechanism is expected to act as an alternative stimulus to the Windmill industry.

OPPORTUNITY AND THREAT

The one year trading data of REC Certificate in the Indian exchanges shows realization of around Rs.2.50 per unit initially & is now reduced to Rs.2 per unit. This additional revenue stream provides an opportunity for higher revenue realization ensuing new project viabilities. The reduction in CER prices in the international market and its negative trend does not augur well for the projects which have been registered under the Clean Development Mechanism as the CER revenues do not even compensate for the registration expenses.

Govt. of India has initiated policy discussions for establishing off-shore wind farms across the Indian coast lines. This is expected to open up huge space for IPPs with large sized projects being established on the ocean beds. Your company expects to be part of this initiative to look at establishing offshore wind farms.

FORFEITURE OF SHARE WARRANTS AND EMPLOYEES' STOCK OPTION SCHEME

The Company has issued 40 Lacs share warrants to Subuthi Investments Pvt. Ltd., out of which 20 Lacs share warrants were converted in to equity shares as the Company has received the consideration amount in full and for further the balance of 20 Lacs shares warrants, the balance consideration amount was not received and there fore this share warrants were forfeited. As regards Employees' Stock Option Scheme Your Company has not issued any shares so far under this scheme.

STATUS OF FCCB

You are aware that the Company has raised 30 Mn. USD in December 2007 by issue of FCCB which carries interest @ 2.5 % p.a. The trustee (bank of New york Mellon) on the instruction of a bond holder has filed a winding up petition against the company before the Hon'ble High Court, Madras alleging occurrence of events of default. Your company has denied the same among other grounds that the bonds have been restructured in June 2009. As per the restructured terms, these bonds carry zero interest and to be redeemed in December, 2012 by paying 50% in cash and the balance 50% by mandatory conversion in to shares at the price prescribed under restructured terms. Since the matter is subjudice we refrain from touching the merits of the matter. The Hon'ble High Court has heard the arguments of both sides. The judgments stands reserved.



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MEMORANDUM OF COMPROMISE WITH ICICI BANK

Pursuant to the Memorandum of Compromise entered in to with ICICI Bank Ltd., all the pending cases filed by the Company and against the Company were withdrawn by both the parties.

POSTAL BALLOT

The Company has obtained the approval of the share holders by means of special resolution through Postal Ballot during the year in respect of withdrawal and cancellation resolutions passed earlier the details of which is mention in corporate Governance Report.

STATUS OF GDR (GLOBAL DEPOSITORY RECEIPTS)

Your Company has raised Rs.81.58 crores by issuing 20,00,000 "GDRs" comprising of 4,00,00,000 equity shares of Rs. 10/- each. These GDRs are listed on the Luxembourg Stock Exchange. All GDRs were converted into equity shares of the company by the investors and there is no outstanding GDRs as of date.

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 2012, Your Company has 59 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.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report.

In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 in February 2011, the Balance Sheet, Profit and Loss Statement, Report of the Board of Directors and Report of the Auditors of the Subsidiary Company, is not attached to the Balance Sheet of your Company. The financial information relating to the Subsidiary Company in the aggregate has been disclosed in the consolidated financial statements, as required. Further,

- The annual accounts of the Subsidiary Company have been posted by your Company on its website www.indowind.com
- Annual accounts of the Subsidiary Company and related detailed information will be available for inspection by the members, at the Registered office of the Company and will also be made available to the members upon request.

SUBSIDIARY

- Indowind Power Private Limited

Indowind Power Private Limited has earned a Power income of Rs. 49.18 Lacs and posted a net profit of Rs. 45,455/- during the period under review. The issued and Paid up capital of the Company



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comprises of 9,21,660 equity share of Rs. 10/- each amounting to Rs. 92,16,600/- in which Indowind Energy Ltd., holds 6,81,560 equity share Rs. 10/- amounting to 74% of the total paid up capital. The sundry debtors amounting to Rs. 54 Lacs are costumers of power generate by under group captive consumption

DIRECTORS

Mr. Bala V Kutti retires by rotation and being eligible offers himself for re-appointment.

Mr. T.S. Raghavan was appointed as additional Director U/s. 260 of the Companies Act 1956. He holds office up to the conclusion of 17th AGM of the Company. A notice has been received from a member proposing his candidature for the Directorship along with requisite fee and the same is included in the notice convening the 17th AGM for the consideration and approval of the shareholders.

Mr. T.R. Jayaraman, Independent Director passed away on 11th June 2012. Your Company places on record its appreciation for the excellent contribution of Mr. T.R. Jayaraman during his tenure as Director of the Company.

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 2012 and profit for the Company for the year ended 31st March 2012.
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 in with the Stock exchanges where the Company's shares are listed. A Report on the Corporate Governance in this regard is made as 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 are listed at Luxembourg Stock Exchange at Luxembourg during the year under review.



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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**

Place: Chennai - 600 034
Date: 10th August 2012

BALA V KUTTI
Chairman