

# **18th ANNUAL REPORT 2012-13**



## **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](mailto:contact@indowind.com)  
Website : [www.indowind.com](http://www.indowind.com)

### REGISTRAR AND SHARE TRANSFER AGENT

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: [flavia@bigshareonline.com](mailto:flavia@bigshareonline.com)

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## INDOWIND ENERGY LIMITED

### NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Indowind Energy Limited will be held at 27th September 2013, Friday at the Hotel Savera, 146, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004, at 4.00 pm., to transact the following business.

#### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance sheet as at 31<sup>st</sup> March 2013 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. Niranjan R. Japtap** 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 as a **SPECIAL RESOLUTION**.

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, and the Articles of Association and subject to such approvals as may be required, consent of the Company be and is hereby accorded for the re-appointment of Mr. K.S. Ravindranath, as the Whole time Director of the Company on the terms and conditions as detailed below:

- |                                   |                                    |
|-----------------------------------|------------------------------------|
| a. Period of Appointment          | 3 Years ( 1.11.2012 to 31.10.2015) |
| b. Nature of Appointment          | Contractual                        |
| c. Remuneration (Per Annum)       |                                    |
| 1. Salary (Basic + DA)            | Rs. 5,81,400/-                     |
| 2. Special Allowance              | Rs. 5,89,608/-                     |
| 3. Housing / House Rent Allowance | Rs. 1,93,800/-                     |
| 4. Transport Allowance            | Rs. 9,600/-                        |
| 5. Telephone Expenses             | Rs. 21,600/-                       |
| 6. Club Membership                | Rs. 20,000/-                       |
| d. Perquisites (Per Annum)        |                                    |

Perquisites shall be allowed in addition to both salary and special allowance mentioned above. However, it shall be restricted to an amount equal to the annual salary.

Perquisites are presently classified as follows:

- |  |              |
|--|--------------|
| 1. Medical Reimbursement                           |              |
| Expenses incurred for the appointee and his family | Rs. 15,000/- |
| 2. Leave and Leave Travel concession               | Rs. 38,760/- |
| 3. Educational allowance                           | Rs. 6,000/-  |



## INDOWIND ENERGY LIMITED

### Minimum Remuneration

In the event of loss, absence of inadequacy of profits, in any financial year during the currency of tenure of Mr. K.S.Ravindranath the remuneration aforesaid shall be the minimum remuneration payable to him with the approval of the Central Government, if required.

### **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 18<sup>th</sup> September 2013 to 27<sup>th</sup> September 2013 (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. Members 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.
9. Information regarding the Directors proposed to be reappointed pursuant to clause 49 (IV) (G) of the Listing Agreement with Stock Exchanges is annexed.
- 10 In terms of Section 219 of the Companies Act, 1956 read with Clause 32 of the listing agreement, the Abridged Financial Statements are enclosed together with other documents prescribed. The full version of the Annual Report is available in the website of the Company and will be available for inspection at the Registered Office of the Company on all working days. Members desirous of receiving the full version of the Annual Report may write to the Registrar and Share Transfer Agent of the Company.

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

**S. DIRAVIAM**

Company Secretary &  
Sr. Vice President Legal

Place: Chennai  
Date: 10th August 2013.



## **INDOWIND ENERGY LIMITED**

### **Annexure to notice**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

Item No. 4

The terms of appointment of Mr. K.S. Ravindranath, as Whole Time Director gets completed on 31<sup>st</sup> October 2012. The Board of Director in its meeting held on 25<sup>th</sup> October 2012, re-appointed him as the Whole Time Director of the Company for a further period of 3 years, on the said terms and conditions subject to the approval of Shareholders.

The Board recommends the above resolution for the consideration of the members.

None of the Directors, except Mr. K.S. Ravindranath is deemed to be interested in this resolution.

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

**S. DIRAVIAM**

Company Secretary &  
Sr. Vice President Legal

Place: Chennai  
Date: 10th August 2013.

#### **Brief Profile of Mr. Niranjan R. jagtap**

He enrolled as an advocate to 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. He joined the Board of Director's of the Company on March 28, 2005 and the information pertaining to him to be provided as required under Clause 49 of the Listing Agreement is furnished in the Report on Corporate Governance forming part of the Annual Report.

#### **Brief Profile of Mr. K.S. Ravindranath**

He is one of the first Directors of the Company. He is in charge of the technical operations of the Company and is instrumental in overseeing site selection, erection and installation of wind electric generators (WEG's), spares and maintenance of the WEG's. The information pertaining to him to be provided as required under Clause 49 of the Listing Agreement is furnished in the Report on Corporate Governance forming part of the Annual Report.



## INDOWIND ENERGY LIMITED

### **REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS**

To

The Members

Your Directors are pleased to present this 18<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2013.

### **FINANCIAL HIGHLIGHTS**

<b>PARTICULARS</b>	<b>(Rs. in Lacs)</b>	
	<b>2012-13</b>	<b>2011-12</b>
Income from operations	2194.15	2903.07
Other income	244.76	308.66
Depreciation and amortization expenses	806.40	817.75
Total expenses	2114.00	2846.81
Net Profit for the Year	322.59	410.16

### **THE PERFORMANCE**

The company has earned its income from operation of Rs.2194.15 lacs for the period under review against Rs.2903.07 lacs for the previous year. The reduction in income was due to reduction in project sales during the year under review. Your company has achieved a net profit of Rs. 322.59 lacs against Rs.410.16 lacs of previous year. Your company has earned its other income amounting to Rs.244.76 lacs against Rs.308.66 lacs of previous year. The depreciation expenses for the period under review are Rs.806.40 lacs against the previous year depreciation expenses of Rs. 817.75 lacs. Similarly your company has its total expenses for the period under review amounting to Rs.2114.00 lacs, which is less by 26% than that of previous year total expenses which was Rs.2846.81 lacs. Since the profit earned for the year under review is inadequate and further, since your company is required to undertake its balance redemption obligation in respect of FCCB as per restructured terms, your directors are not in a position to recommend any dividend for the year under review.

With reference to the observations of Auditors in their independent audit report in respect of "Emphasis of Matter" and "Basis for Qualified opinion", information provided in Note No. 18 & 27.1 respectively under Notes on accounts are self-explanatory.

Similarly their observations in respect of "Report on other Legal and Regulatory Requirements", Your Directors wish to state that the Company has been accounting the carbon income on accrual basis as unbilled revenue. Based on events happened during the year, the irrecoverable amount has been written off as prior period items

### **FUTURE PLANS AND PROSPECTS**

Your Company after successfully consolidating its operations by shifting the major portion of the power sale to Group Captive Customers has started realizing higher power purchase price per unit. The Company has currently increased its total operating capacity from 38 MW to 45. MW which is



## **INDOWIND ENERGY LIMITED**

mainly due to the funding of EXIM Bank, and expects to increase the power sale revenue by around 30% in the current year. Your company expects the grid evacuation to improve and will also enhance the actual realized PLF. Your company is expecting another 42233 No. of CERs to be issued in the 18 MW project shortly. Your company has currently started re-powering some of its old machines to make them yield, higher PLF which is expected to bear fruit in the current season

### **RISKS AND CONCERNS**

The high interest rate in the banking system and rupee depreciation and volatility continues to affect per MW CAPEX. The rupee depreciation has drastically affected the expansion plans to import WEGs as the CAPEX on such imported WEGs funded by dollar denominated loan will increase by 20 to 35% making the project unviable. At this juncture, raising ECB funds, Foreign Currency loan is considered highly risky. The grid availability and evacuation issue in Tamil Nadu continues to be a concern. Your Company has realized 64,702 No. of CERs from its registered projects from UNFCCC which are not yet sold in the market due to the low price of CERs currently prevailing.

### **OPPORTUNITIES AND THREATS**

The increased operating capacity and re-powering of old machines coupled with higher realization per unit is expected to improve the bottom line for your company. The continuous low price of CERs in the market makes it unviable to sell the CERs to realize carbon income.

### **STATUS OF FCCB**

You are aware that the company has raised 30Mn USD in the year 2007 by issuing FCCB which carried interest rate of 2.5% pa. The Trustee (Bank of New York, Mellon) on the instruction of a bond holder filed a winding up petition against the company before the Hon<sup>ble</sup> High Court of Madras alleging occurrence 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. The Hon<sup>ble</sup> High Court has heard the arguments from both the sides and reserved their orders in July 2012. Orders are yet to be pronounced. In the mean while the company has redeemed 8.5Mn USD bonds.

### **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 31<sup>st</sup> March 2013, Your Company has 56 employees on its rolls at different locations including Senior Management Personnel, Engineers, Technicians and Trainees. Any new employees will be inducted in to permanent services of the Company after training, to fill up vacancies as when arises. Your company has not issued any shares under Employees' Stock option Scheme during the year under review.

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



## **INDOWIND ENERGY LIMITED**

### **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](http://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 (IPPL)

Indowind Power Private Limited (IPPL) has earned a Power income of Rs. 143.47 lacs for the period under review against Rs. 49.18 lacs of previous year and posted a net profit of Rs. 2.70 lacs during the period under review against Rs 0.31 lacs of previous year. The sundry debtors amounting to Rs.69.27 lacs for the year under review are Group Captive Consumers. The Authorised Capital of the Company is Rs. 1,10,00,000/- comprises of 11,00,000 equity shares of Rs. 10/- each. The issued and Paid up capital of the company comprises of 10,21,660 equity shares of Rs. 10/- each amounting to Rs.1,02,16,600 in which Indowind Energy Ltd holds 7,31,660 equity shares of Rs. 10/- each amounting to 71.61% of the total paid up capital.

### **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 31<sup>st</sup> March 2013 and profit for the Company for the year ended 31<sup>st</sup> March 2013.
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.





## **INDOWIND ENERGY LIMITED**

### **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 Ltd., (SGX), GDRs are 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**

Place: Chennai-34  
Date: 10th August 2013.

**Bala V. Kutti**  
Chairman



## INDOWIND ENERGY LIMITED

### 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 CODE OF 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 norms 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 4 Board Meetings during the year ended 31<sup>st</sup> March 2013. These were on 15<sup>th</sup> May 2012, 10<sup>th</sup> August 2012, 25<sup>th</sup> October 2012 and 4<sup>th</sup> February 2013.

##### 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 (in Public Limited Companies)
Mr. Bala V. Kutti	Chairman	4	3	Yes	<ul style="list-style-type: none"> <li>➤ M/s.Ind Eco Ventures Ltd</li> <li>➤ M/s.Indus Finance Corporation Ltd.,</li> <li>➤ M/s.Indonet Global Ltd.</li> <li>➤ M/s.Loyal Credit &amp; Investments Ltd</li> </ul>