

# **19th ANNUAL REPORT 2013-14**



## **INDOWIND ENERGY LIMITED**



## INDOWIND ENERGY LIMITED

### BOARD OF DIRECTORS

Mr. Bala V Kutti	- Chairman
Mr. K S Ravindranath	- Whole Time Director
Mr. Niranjana R Jagtap	- Independent Director
Mr. T.S. Raghavan	- Independent Director
Mr. K. Ajit Kumar	- Nominee Director

### COMPANY SECRETARY & Sr. VICE PRESIDENT - LEGAL

Mr. S. Diraviam  
diraviam@indowind.com

### AUDITORS

#### STATUTORY

V. Ramaratnam & Co  
Chartered Accountants  
admin@vramaratnam.com

#### INTERNAL

S. Vasudevan & Associates  
Chartered Accountants  
vaudev@yahoo.com

### SUBSIDIARY

Indowind Power Pvt. Ltd.  
"Kothari Buildings", 4th Floor,  
114, Mahatma Gandhi Road,  
Nungambakkam, Chennai - 600 034.

### BANKERS

Bank of India  
DCB Bank Limited  
Axis Bank Limited  
Canara Bank

### 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

### 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

### CONTENTS

Notice to Shareholders.....	1
Directors' Report and Management Discussion & Analysis .....	5
Report on Corporate Governance .....	10
Auditors' Report .....	21
Balance Sheet.....	26
Profit & Loss Account .....	27
Cash Flow Statement .....	28
Notes on Accounts .....	29
<b>CONSOLIDATED FINANCIAL STATEMENT</b>	
Auditors' Report .....	50
Balance Sheet.....	52
Profit & Loss Account .....	53
Cash Flow Statement .....	54
Notes on Accounts .....	55
Attendance Slip / Proxy Form .....	77



## INDOWIND ENERGY LIMITED

### NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of the Shareholders of Indowind Energy Limited will be held at Clarion Hotel, 25, Dr. Radhakrishnan Salai, Mylapore, Chennai-600004 on Thursday, the 14<sup>th</sup> Day of August, 2014 at 4.00 P.M. 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 2014 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**, (holding DIN 00765036), 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 1<sup>st</sup> August 2014 to 8<sup>th</sup> August 2014 (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 136 of the Companies Act, 2013 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.
11. The Ministry of Corporate Affairs (MCA), vide its circular No. 2/2011 dated February 8, 2011, has granted general exemption, subject to certain conditions being fulfilled by the Company. As



## INDOWIND ENERGY LIMITED

required under the circular, the Board of Directors has at its meeting held on 30<sup>th</sup> May 2014 passed a resolution giving consent for not attaching the Balance Sheet of the subsidiary Company. We have also given the required information on subsidiary Company in this Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiary will be provided the same on receipt of a written request from them. These documents will be uploaded on the Company's Website viz. [www.indowind.com](http://www.indowind.com) and will also be available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours.

12. Pursuant to the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to its members in respect of the business to be transacted at the AGM scheduled to be held on Thursday, August 14, 2014 at 4.00 p.m. with a request to follow the instructions for voting electronically as under:-

The voting period begins on 8<sup>th</sup> August 2014 at 9.00 a.m. and ends on 10<sup>th</sup> August 2014 at 6.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date (record date of 6th June 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case of member receiving e-mail:

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- ii. Click on "Shareholders"
- iii. Now, select "INDOWIND ENERGY LIMITED" from the drop down menu and click on "SUBMIT"
- iv. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID.
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - c) Members holding shares in Physical form should enter Folio Number registered with the Company.
- v. Next enter the image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric "PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) "Members who have not updated their PAN with the Company Depository Participant their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB #	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account of folio in dd/mm/yyyy format.



## INDOWIND ENERGY LIMITED

Dividend Bank Details #	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</p>
-------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - x. For members holding shares in physical form the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi. Click on the EVSN of "INDOWIND ENERGY LIMITED" on which you choose to vote.
  - xii. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv. After selecting the resolution you have decided to vote on click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK' else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take printout of the voting done by you by clicking on "click here to print" option on the Voting page.
  - xvii. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xviii. Note for institutional Shareholders
    - Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
    - A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
    - After receiving the login details they have to create a Corporate user who would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.



## **INDOWIND ENERGY LIMITED**

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix. In case you have any queries or issues regarding e-voting you may refer the Frequently Asked Questions ("FAQ") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The Company has appointed Mr.R. Kannan, Practising Company Secretary, Chennai (C.P. No. 3363) to act as scrutinizer for conducting the electronic voting process in a fair and transparent manner.

In case of members receiving the physical copy, please follow all steps from Sl. No. (i) to Sl. No. (xix) above to cast vote.

- The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 6th June 2014.
- A copy of this Notice has been placed on the website of the Company and the website of CDSL.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman. The Results declared along with the Scrutinizer's Report shall be placed on the Company's / CDSL's website within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

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

Place: Chennai - 600 034.  
Date: 30<sup>th</sup> May 2014

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

### **BRIEF PROFILE OF MR. BALA V. KUTTI**

Bala V. Kutti, has over 23 years of business experience in the areas of project management, investment banking, corporate lending and merchant banking. Further, he has promoted a number of companies and ventures apart from Indowind Energy Limited. 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 DISCUSSIONS AND ANALYSIS**

To

The Members

Your Directors are pleased to present this 19<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2014.

### **FINANCIAL HIGHLIGHTS AND PERFORMANCE**

	₹. In Million	
<b>PARTICULARS</b>	<b>2013-14</b>	<b>2012-13</b>
Total Income	239.41	243.89
Total Expenses	94.24	91.59
EBITDA	145.17	152.30
Interest	47.17	39.17
Depreciation	95.03	80.64
Tax Provision	2.01	0.23
Profit After Tax	0.96	32.26

During the year under review, your Company's total income achieved is good, considering that the income achieved is, after taking into account the additional transmission charges of ₹. 23.20 Million levied by TANGEDCO during the year and also due to estimated generation loss of approx. ₹. 26.65 Million due to TANGEDCO load shedding and backing down the grid during peak wind season. Your Company could successfully absorb the interest charges on part of term loan released by Exim Bank from operations and also could absorb the additional burden of around 40% on interest charges due to weakening of ₹. All these factors affected the net profit of the company during the year. We are hopeful that the Government of Tamil Nadu will improve the grid network which will enable the Company to achieve better top line revenue in the current year and though your Company is not in a position to provide Dividend this year, it is confident of declaring dividend in future, once grid availability network in Tamil Nadu improves and full shifting of power sales to private customers is completed.

### **OPERATIONS AND PERFORMANCE**

Your company's existing wind farms are running satisfactorily, though at a reduced PLF due to poor grid availability in Tamil Nadu during peak season. The newly added 2 MW wind farm has started contributing for the energy production. Your company also added a 0.25 MW capacity in Tamil Nadu during the year and completed 2 MW repowering in Tamil Nadu. Your company also completed the transmission line works for 1.92 MW capacity wind farm in Hanumasagar, Karnataka from 11 KV to 66 KV line as per the KPTCL directions. Your company's power sale division achieved an increase in the gross billing rate by ₹. 0.175 compared to previous year and net realization increased by ₹. 0.661 per unit, in view of recovery of some of the charges levied by TANGEDCO from the clients. Further, your company's balance planned expansion programme got delayed due to non-availability of sanctioned limits and adverse economic conditions. As the power tariffs have



## **INDOWIND ENERGY LIMITED**

improved, your Company is pursuing the matter with the bank for early disbursement to help the Company to complete the expansion which will improve the revenue, realization per unit and the bottom line for the benefit of the shareholders in future.

### **FUTURE PLANS AND PROSPECTS**

Your Company has planned to improve the WEGs performance and operational efficiency thereby ensuring above 90% machine availability. The Company is also putting in place an automation programme to reduce manual labour and associated costs thereby ensuring better operational control. Your Company has also identified 3 MW in Tamil Nadu for repowering and commenced repowering for improving energy production in future. The Company expects resumption of generation from its Hanumasagar wind farm, which was stopped for the past 2 years due to KPTCL changing over its transmission line from 11 KV to 66 KV.

It is heartening to note that the Karnataka ERC has announced increase in consumer tariff which is expected to increase the third party power sale tariff.

Your Company has taken up along with the Indian Wind Power Association the issue of ensuring full evacuation during the current wind season to avoid loss of generation due to grid back down through legal measures.

### **RISKS AND CONCERNS**

The continued high interest rates and exchange fluctuation is a dampener for looking at new projects due to viability concerns. The grid availability and evacuation issue in Tamil Nadu is still not sorted out which is a cause of concern.

### **OPPORTUNITIES AND THREATS**

The higher tariffs available in states like Maharashtra and Karnataka along with the GBI (generation based incentive) for new projects is an opportunity to execute new projects in these states. The setting up of the National Green Energy Fund corpus for funding Renewable Energy Projects by way of reduced interest rates through IREDA to commercial bank is an opportunity for considering new projects by your Company.

Growing Population of old and obsolete technology WEGs in high wind areas is increasing the cost per KWH of generation making it unviable to operate. The lack of long term wind energy policy in the Centre and State level is a threat to the industry.

With reference to the observations of the Auditors in their Independent Auditors' Report in respect of "Basis for Qualified Opinion", your Directors wish to state that due to cost escalations, non-release of entire sanctioned loan amount, your company is unable to execute the projects in time by mobilizing the balance fund requirements. However, your Company is negotiating with the banks as well as with the suppliers severally, to resolve the matter at the earliest.

### **STATUS OF FCCB**

Your Company has redeemed USD 8.5 Mn. FCCB during the previous year which has been informed in the Annual Report 2012-13. Your Directors are pleased to inform you that, the Company has further redeemed FCCB amounting to USD 6.5 Mn during the year under review. Thus, USD 15 Mn. FCCB





## **INDOWIND ENERGY LIMITED**

Bonds were redeemed. The Company has expressed its willingness to convert the balance USD 15 Mn. in to shares as per the terms and conveyed the Trustee (BNY) to take initiative for the same. In respect of the petition filed by BNY against the company, the Hon'ble Judge, who reserved the orders, has departed the matter and fresh hearing is expected.

### **DEPOSITS**

During the year, the Company has not accepted any deposits with in the meaning of the provisions of Section 73 of the Companies Act 2013.

### **INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES**

As of 31<sup>st</sup> March 2014, Your Company has 61 employees on its rolls at different locations including Senior Management Personnel, Engineers, Technicians and Trainees. The trainees will be inducted in to permanent services of the Company after completion of training period; to fill up vacancies as when arises. Your Company has not issued any shares under Employees' Stock option Scheme during the year under review.

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

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)

The subsidiary company has substantially contributed to the turnover of your Company for the year under review. The Authorised Capital of the Company is ₹. 1,50,00,000/- comprises of 15,00,000 equity shares of ₹. 10/- each. The issued and Paid up capital of the Company comprises of 11,36,760 equity shares of ₹. 10/- each amounting to ₹. 1,13,67,600 in which Indowind Energy Ltd holds 8,36,560 equity shares of ₹. 10/- each amounting to 73.59% of the total paid up capital.

### **DIRECTORS**

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



## **INDOWIND ENERGY LIMITED**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to provisions under section 134(5) of the Companies Act, 2013, 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 2014 and profit for the Company for the year ended 31<sup>st</sup> March 2014.
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 safeguarding 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.
5. The Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **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.

### **AUDITORS**

M/s.V.Ramaratnam & Co. are retiring 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.