



## Indowind Energy Ltd

CIN : L40108TN1995PLC032311

E-mail : contact@indowind.com

**Bombay Stock Exchange Limited,  
Registered Office: Floor 25,  
P J Street, Dalal Street,  
Mumbai – 400 001.**

**National Stock Exchange of India Limited,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai – 400 051.**

Dear Sir,

### **Indo wind Energy Ltd. - Outcome of the Board Meeting**

We wish to inform you that the Board of Directors of Indo wind Energy Ltd, met originally on 24<sup>th</sup> May 2016 and again on the adjourned date i.e. 26<sup>th</sup> May 2016 and approved the Audited Financial Results for the quarter and financial year ended March 31, 2016.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure requirements – Regulations 2015), we enclose the following:-

- Audited financial results for the quarter and financial year ended March 31, 2016.
- Auditor's Report on the Audited financial results issued by the statutory Auditor's M/s. Ramaratnam & Co. Chennai
- Form 'A' (Audit report with unmodified information) & Form 'B' (Audit report with modified information)

Kindly take the above documents on record.

Thanking you,

Yours faithfully,

For INDOWIND ENERGY LIMITED

**S. Diraviam  
Company Secretary**





# INDOWIND ENERGY LIMITED

REGD Office: "KOTHARI BUILDINGS", 4<sup>TH</sup> FLOOR, 114, M.G.ROAD,  
NUNGAMBAKKAM, CHENNAI - 600 034.

Standalone Audited Financial Results for the quarter and year ended 31.03.2016

(Rs. in Lakhs)

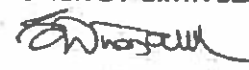
Particulars	Standalone				
	Three Months Ended			Year Ended	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015
	Audited	Un-Audited	Audited	Audited	
<b>1. Income from operation</b>					
(a) Net Sales/Income from Operations (Net of excise duty)	140.63	89.93	162.95	1559.68	1899.33
(b) Other operating income	-	-	-	-	-
<b>Total income from operation (net)</b>	<b>140.63</b>	<b>89.93</b>	<b>162.95</b>	<b>1559.68</b>	<b>1899.33</b>
<b>2. Expenses</b>					
(a)( 1 ) Operating Expenses	48.72	79.15	111.88	341.84	603.75
( 2 ) selling and Distribution Expenses	9.09	11.74	17.21	27.77	16.30
(b) Purchases of stock-in-trade	-	-	-	-	-
(c) Changes in inventories of finished goods, work -in progress and stock-in-trade	45.93	-	(4.48)	45.93	(4.48)
(d) Employee benefits expense	65.98	48.60	51.78	196.20	186.93
(e) Depreciation and amortization expense	47.53	81.02	70.74	755.36	754.24
(f) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	57.66	45.77	38.21	219.99	202.53
<b>Total expenses</b>	<b>274.91</b>	<b>266.28</b>	<b>285.34</b>	<b>1587.09</b>	<b>1759.28</b>
<b>3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(134.28)</b>	<b>(176.35)</b>	<b>(122.39)</b>	<b>(27.41)</b>	<b>140.05</b>
<b>4. Other income</b>	<b>437.84</b>	<b>228.05</b>	<b>201.03</b>	<b>730.13</b>	<b>513.97</b>
<b>5. Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>303.56</b>	<b>51.70</b>	<b>78.64</b>	<b>702.72</b>	<b>654.02</b>
<b>6. Finance costs</b>	<b>331.04</b>	<b>44.94</b>	<b>142.78</b>	<b>667.32</b>	<b>604.08</b>
<b>7. Profit from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(27.48)</b>	<b>6.76</b>	<b>(64.14)</b>	<b>35.40</b>	<b>49.94</b>
<b>8. Exceptional items</b>	<b>-</b>	<b>-</b>	<b>(64.81)</b>	<b>-</b>	<b>-</b>
<b>9. Profit from ordinary activities before tax (7-8)</b>	<b>(27.48)</b>	<b>6.76</b>	<b>0.67</b>	<b>35.40</b>	<b>49.94</b>
<b>10. Tax expense - Income Tax</b>	<b>3.42</b>	<b>-</b>	<b>13.80</b>	<b>3.42</b>	<b>10.79</b>
Deferred Tax (Asset) / Liability	(58.08)	-	22.05	(58.08)	17.07
<b>11. Net Profit from ordinary activities after tax (9-10)</b>	<b>27.18</b>	<b>6.76</b>	<b>(35.18)</b>	<b>90.06</b>	<b>22.08</b>
<b>12. Extraordinary items (net of tax expense)</b>	<b>17.43</b>	<b>-</b>	<b>-</b>	<b>17.43</b>	<b>-</b>
<b>13. Net Profit for the period (11-12)</b>	<b>9.75</b>	<b>6.76</b>	<b>(35.18)</b>	<b>72.63</b>	<b>22.08</b>
<b>14. Share of profit of associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16. Net Profit after taxes, minority interest and share of profit of associates (13-14-15)</b>	<b>9.75</b>	<b>6.76</b>	<b>(35.18)</b>	<b>72.63</b>	<b>22.08</b>
<b>17. Paid-up equity share capital (Face Value of Rs.10/- each)</b>	<b>8974.14</b>	<b>8974.14</b>	<b>8974.14</b>	<b>8974.14</b>	<b>8974.14</b>
<b>18. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8314.85</b>	<b>8088.72</b>
<b>19.(i) Earnings per share (before extraordinary items) (of Rs. 10/- each)</b>					
(a) Basic	0.03	0.01	(0.04)	0.08	0.02
(b) Diluted	0.03	0.01	(0.04)	0.08	0.02
<b>19. (ii) Earnings per share (after extraordinary items) (of Rs. 10/- each)</b>					
(a) Basic	0.01	0.01	(0.04)	0.07	0.02
(b) Diluted	0.01	0.01	(0.04)	0.07	0.02

For INDOWIND ENERGY LIMITED

S. DIRAVIAM  
Company Secretary

Consolidated Audited Financial Results For The Quarter And Year Ended 31.03.2016					
Particulars	Consolidated (Rs. in Lakhs)				
	Three Months Ended			Year Ended	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015
	Audited	Un-Audited	Audited	Audited	
<b>1. Income from operation</b>					
(a) Net Sales/Income from Operations (Net of excise duty)	221.81	196.23	203.04	1922.85	2204.35
(b) Other operating income	-	-	-	-	-
<b>Total income from operation (net)</b>	<b>221.81</b>	<b>196.23</b>	<b>203.04</b>	<b>1922.85</b>	<b>2204.35</b>
<b>2. Expenses</b>					
(a)(1) Operating Expenses	76.49	79.15	90.07	369.61	603.75
(2) selling and Distribution Expenses	61.34	117.69	83.55	361.12	317.58
(b) Purchases of stock-in-trade	-	-	-	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	45.93	-	(4.48)	45.93	(4.48)
(d) Employee benefits expense	65.98	48.60	51.78	196.20	186.93
(e) Depreciation and amortization expense	47.53	81.02	70.74	755.36	754.24
(f) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	58.73	45.97	45.81	221.47	206.12
<b>Total expenses</b>	<b>356.00</b>	<b>372.44</b>	<b>337.48</b>	<b>1949.69</b>	<b>2064.14</b>
<b>3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(134.19)</b>	<b>(176.21)</b>	<b>(134.44)</b>	<b>(26.84)</b>	<b>140.21</b>
4. Other income	437.84	228.05	204.47	730.13	513.97
5. Profit from ordinary activities before finance costs and exceptional items (3+4)	303.65	51.84	67.03	703.29	654.18
6. Finance costs	331.04	44.94	142.78	667.32	604.08
7. Profit from ordinary activities after finance costs but before exceptional items (5-6)	(27.39)	6.90	(75.75)	35.97	50.10
8. Exceptional items	-	-	(64.81)	-	-
9. Profit from ordinary activities before tax (7-8)	(27.39)	6.90	(10.94)	35.97	50.10
10. Tax expense – Income Tax	3.61	-	14.13	3.61	14.13
Deferred Tax (Asset) / Liability	(58.08)	-	22.05	(58.08)	22.05
11. Net Profit from ordinary activities after tax (9-10)	27.08	6.90	(47.12)	90.44	13.92
12. Extraordinary items (net of tax expense)	17.43	-	-	17.43	-
13. Net Profit for the period (11-12)	9.65	6.90	(47.12)	73.01	13.92
14. Share of profit of associates	(3.95)	-	-	(3.95)	-
15. Minority interest	(0.02)	0.04	(2.15)	0.10	0.27
16. Net Profit after taxes, minority interest and share of profit of associates (13-14-15)	13.62	6.86	(44.97)	76.86	13.65
17. Paid-up equity share capital (Face Value of Rs.10/- each)	8974.14	8974.14	8974.14	8974.14	8974.14
18. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year.	-	-	-	8322.09	8091.77
19.(i) Earnings per share (before extraordinary items) (of Rs. 10/- each)					
(a) Basic	0.02	0.01	(0.05)	0.09	0.02
(b) Diluted	0.02	0.01	(0.05)	0.09	0.02
19. (ii) Earnings per share (after extraordinary items) (of Rs. 10/- each)					
(a) Basic	0.01	0.01	(0.05)	0.07	0.02
(b) Diluted	0.01	0.01	(0.05)	0.07	0.02

For INDOWIND ENERGY LIMITED

  
S. DIRAVIAM  
Company Secretary

**SEGMENT WISE REVENUE RESULTS & CAPITAL EMPLOYEED**

(Rs. In Lacs)

Particulars	Three Months Ended			Year Ended	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015
	Audited	Un-Audited	Audited	Audited	
<b>1. Segment Revenue</b> (net sale/income from each segment should be disclosed under this head)					
(a)Power	221.81	196.23	203.04	1922.85	2204.35
(b) Projects	-	-	4.48	-	-
(c) Unallocated	437.84	228.05	201.47	730.13	513.97
<b>Total</b>	<b>659.65</b>	<b>424.28</b>	<b>408.99</b>	<b>2652.98</b>	<b>2718.32</b>
Less: Inter Segment Revenue	-	-	-	-	-
<b>Net sales/Income From Operations</b>	<b>659.65</b>	<b>424.28</b>	<b>408.99</b>	<b>2652.98</b>	<b>2718.32</b>
<b>2. Segment Results Profit (+)/ (Loss) (-) before tax and interest from Each segment)#</b>					
(a)Power	83.54	(130.24)	23.49	353.62	346.33
(b) Projects	-	-	4.48	-	-
(c) Unallocated	220.11	182.08	103.87	349.67	307.85
<b>Total</b>	<b>303.65</b>	<b>51.84</b>	<b>131.84</b>	<b>703.29</b>	<b>654.18</b>
Less: i) Interest	331.04	44.94	142.78	667.32	604.08
ii) Other Un-allocable Expenditure net off	-	-	-	-	-
(iii) Un-allocable income	(27.39)	6.90	(10.94)	35.97	50.10
<b>Total Profit Before Tax</b>					
<b>3. Capital Employed</b> (Segment assets – Segment Liabilities)					
(a)Power	13497.01	10764.74	11896.84	13497.01	11896.84
(b) Projects	2614.14	4394.89	3306.90	2614.14	3306.90
(c) Unallocated	1216.10	2000.91	1893.09	1216.10	1893.09
<b>Total</b>	<b>17327.25</b>	<b>17160.54</b>	<b>17096.83</b>	<b>17327.25</b>	<b>17096.83</b>

For INDOWIND ENERGY LIMITED



S. DIRAVIAM  
Company Secretary

**Notes:****1. Statement of Assets and Liabilities under Clause 41 (l) (ea) of the Listing Agreement****(in Rs.)**

Particulars	Standalone		Consolidated	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Audited		Audited	
<b>A. EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
(a) Share Capital	897414860	897414860	897414860	897414860
(b) Reserves and Surplus	831484831	808872099	832209436	809177218
(c) Money received against share warrants	-	-	-	-
<b>Sub-total - Shareholders' funds</b>	<b>1728899691</b>	<b>1706286959</b>	<b>1729624296</b>	<b>1706592078</b>
<b>2. Share application money pending allotment</b>	-	-	-	-
<b>3. Minority interest</b>	-	-	<b>3100607</b>	<b>3090642</b>
<b>4. Non-current liabilities</b>				
(a) Long-term borrowings	667359061	716705352	667359061	716705352
(b) Deferred tax liabilities (net)	42115728	65671725	42115728	65671725
(c) Other long-term liabilities	-	-	-	-
(d) Long-term provisions	621590065	621590065	621590065	621590065
<b>Sub-total - Non-current liabilities</b>	<b>1331064854</b>	<b>1403967142</b>	<b>1331064854</b>	<b>1403967142</b>
<b>5. Current liabilities</b>				
(a) Short-term borrowings	-	-	-	-
(b) Trade payables	8309700	7287360	8309700	7287360
(c) Other current liabilities	71500000	49874004	71500000	49874004
(d) Short-term provisions	27447018	6127148	29361582	6416181
<b>Sub-total-Current liabilities</b>	<b>107256718</b>	<b>63288512</b>	<b>109171282</b>	<b>63577545</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3167221263</b>	<b>3173542613</b>	<b>3172961038</b>	<b>3177227407</b>
<b>B. ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Fixed assets	2581557639	1971415091	2639096942	2019177544
(b) Goodwill on consolidation	-	-	-	-
(c) Non-current investments	92056491	69556491	84086243	61190891
(d) Deferred tax assets (net)	-	-	-	-
(e) Long-term loans and advances	261414425	330689878	26141425	330689878
(f) Other non-current assets	93600466	664695828	40719178	614304604
<b>Sub-total - Non-current assets</b>	<b>3028629021</b>	<b>3036357288</b>	<b>3025316788</b>	<b>3025362917</b>
<b>2. Current assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	32555776	37224025	32555776	37224025
(c) Trade receivables	40613253	43356262	46806901	54615555
(d) Cash and cash equivalents	47150297	47189415	47338919	47954498
(e) Short-term loans and advances	2703910	3992674	2703910	3982674
(f) Other current assets	15569006	5422949	18238744	8087738
<b>Sub-total - Current assets</b>	<b>138592242</b>	<b>137185325</b>	<b>147644250</b>	<b>151864490</b>
<b>TOTAL - ASSETS</b>	<b>3167221263</b>	<b>3173542613</b>	<b>3172961038</b>	<b>3177227407</b>

2. The audited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 26<sup>th</sup> May 2016.

3. Depreciation is provided in line with the generation of power.

4. Previous year's figure have been regrouped & rearranged wherever necessary.

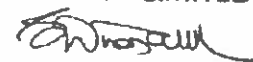
For and on behalf of Board of  
INDOWIND ENERGY LIMITED

Sd/-

Bala V. Kutti  
Chairman

Place: Chennai 34  
Date: 26<sup>th</sup> May 2016

For INDOWIND ENERGY LIMITED



S. DIRAVIAM  
Company Secretary



H.O. – No. 26, IV Street  
Abhiramapuram , Chennai - 600018.  
Phone: 91-44-23711132

## V. Ramaratnam & Company Chartered Accountants

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### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF INDOWIND ENERGY LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **INDOWIND ENERGY LIMITED** ("the Company"), which comprise the Balance Sheet as at **31st March, 2016**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Basis of Qualified Opinion

- (i) As mentioned in Note No. 1, the financial statements of the company have been prepared on a Going Concern basis. However, as mentioned in our basis of qualified opinion / emphasis of matters there are matters pending in litigation with courts and Appellate authorities. The final outcome of these litigations is uncertain. The company has followed accounting practices which are in deviation from accounting standards prescribed by the Institute of Chartered Accountants of India as described under Emphasis of Matter. The outcome of some of these events, if unfavorable from the company's standpoint, can cast significant doubts on the ability of the Company to continue as a going concern.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the paragraphs "Basis of Qualified Opinion" and "Emphasis of Matter"**, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

1. We draw your attention to Note No. 9 of financial statements under fixed assets regarding capitalisation of 4.2 MW out of 5.8 MW wind farm project for Rs. 48.60 Crores out of 24 MW expansion project.

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The capitalization was done by way of a Transfer agreement with suppliers towards settlement of project advances made in the past. We had expressed our qualified opinion in earlier audit reports regarding the recoverability of the project advances.

2. Note No. 5 of the financial statements in respect of the Company's ability to continue as a going concern which is in part dependent on the successful outcome of the decision regarding the liquidation petition by the bond holders before the Honorable Madras High Court.
3. In accordance with Accounting Standard - 11 (Standard on The Effects of Changes in Foreign Exchange Rates), the Company is required to value its monetary assets and liabilities viz., Long Term Provisions at the foreign exchange rate prevailing on the date of the balance sheet. The company has not re-instated the foreign currency term loan disclosed under Note No 4 & 7 amounting to Rs. 57.30 Crores representing a part of the loan amount taken from EXIM Bank at the year end forex rates. Had the same been re-instated, the profit for the financial year ended 31<sup>st</sup> March 2016 as per the statement of profit & loss account, would have been decreased by Rs. 25.98 Crores.
4. Note No. 9 in respect of Depreciation. The company has to compute depreciation in accordance with the Schedule II to the Companies Act which provides useful lives to compute the depreciation. However, the company has computed depreciation in a manner which is inconsistent with Schedule II of the Companies Act. Had the depreciation been provided in compliance with the provisions of Schedule II, the profit would have decreased by Rs. 1.29 Crores.
5. Note No. 15 in respect of cash and equivalents. In our opinion Rs 30 Lakhs grouped under cash and cash equivalents requires provisioning since the bank has not confirmed this balance and the quality of the asset is doubtful. Had the same been provided for, the profit for the year would have been decreased by Rs. 30 Lakhs
6. Note No. 19 in respect of other income. In accordance with the provisions of Accounting Standard AS 29 (Provisions, Contingent liabilities and Contingent assets) an entity shall not recognize a contingent asset as this may result in recognition of income which is uncertain. Had this income not been recognized, the profit for the year would have decreased by Rs. 1.25 Crores.



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7. Note No. 14 of financial statements in respect of trade receivables of Rs. 2.93 Crores. The Company had provided interest on the belated payments from TANGEDCO and BESCOM, during the financial year 2014-15 in accordance with terms of the Power Purchase Agreement. However the same has not been acknowledged as payable by the electricity boards.

Our opinion is not modified in respect of the matters mentioned above.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. *except to the matters mentioned under our "basis of qualified opinion" and "emphasis of matters" and their effect on Profit & Loss of the company on account of non-compliance of Accounting Standards.*
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



Branch Office: - No. 21, Rukmani Street, West Mambalam, Chennai – 600033. Ph - +91-44-2371 1132



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Phone: 91-44-23711132

## V. Ramaratnam & Company Chartered Accountants

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- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 5 and 26 to the financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For V Ramaratnam and Company,  
Chartered Accountants,  
Firm's Registration No. : 002956S

R Sundar,  
Partner.  
Membership No. 012339



Place of Signature: Chennai  
Date: May 26, 2016



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### INDEPENDENT AUDITOR'S REPORT

**To the Members of Indowind Energy Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Indowind Energy Limited** ("the Holding Company") and its subsidiary and associate (Collectively referred to as "the Company" or "the Group), which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

The financial statements of the subsidiary Company reflecting total assets of Rs. 666.57 Lakhs (Previous year Rs. 625.18 Lakhs) as at 31st March, 2016, total revenue of Rs. 127.98 Lakhs (Previous year Rs. 105.81 Lakhs) for the year ended on that date have been audited by other auditor, whose report have been furnished to us. We have relied upon this report for the purpose of the amounts included in respect of the above company in the Consolidated Financial Statements.



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### Opinion

Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the component, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India **subject to our opinion in the independent audit report of even date on standalone financial statements of Holding Company:**

- a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company as at March 31, 2016;
- b) in the case of the Consolidated Profit and Loss Account, of the Consolidated profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the Consolidated cash flows for the year ended on that date.

For V Ramaratnam and Company,  
Chartered Accountants,  
Firm's Registration No. : 002956S

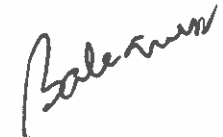
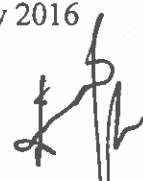


R Sundar,  
Partner  
Membership No. 012339



Place of Signature: Chennai  
Date: May 26, 2015

**FORM A (for Audit Report with Unmodified opinion) along with the Audited Financial Results of Standalone Operations of the Indowind Energy Ltd, for the Financial Year 2015-16**

**(As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)**

1.	Name of the Company	Indowind Energy Ltd BSE Code: 531841 NSE Code: INDOWIND
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2016
3.	Type of Audit observation	Attached
4.	Frequency of observation	Basis of Qualified opinion - New
5.	Signed by	
	<ul style="list-style-type: none"> <li>• Chairman</li> <li>• President Finance</li> <li>• Auditor</li> <li>• Audit Committee Chairman</li> </ul>	<p align="right"></p> <p>Bala V. Kutti Chairman (Indowind Energy Ltd) (DIN: 00765036) Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>Dinakar K.K. (President Finance (Indowind Energy Ltd)) Place: Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>R. Sundar Partner – Membership No.012339 For V. Ramaratnam &amp; Co Chartered Accountants Firm Registration No: 002956S Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>Niranjana R. Jagtap (Independent Director and Chairman – Audit Committee) (DIN: 01237606) (Indowind Energy Ltd) Place: Mumbai Date: 26<sup>th</sup> May 2016</p>

## **FORM - A**

### **Type of Audit Observation:**

#### **1. Basis for Qualified Opinion**

As mentioned in Note No. 1, the financial statements of the company have been prepared on a Going Concern basis. However, as mentioned in our basis of qualified opinion / emphasis of matters there are matters pending in litigation with courts and Appellate authorities. The final outcome of these litigations is uncertain. The company has followed accounting practices which are in deviation from accounting standards prescribed by the Institute of Chartered Accountants of India as described under Emphasis of Matter. The outcome of some of these events, if unfavorable from the company's standpoint, can cast significant doubts on the ability of the Company to continue as a going concern.

#### **2. Emphasis of Matter**

1. We draw your attention to Note No. 9 of financial statements under fixed assets regarding capitalisation of 4.2 MW out of 5.8 MW wind farm project for Rs. 48.60 Crores out of 24 MW expansion project. The capitalization was done by way of a Transfer agreement with suppliers towards settlement of project advances made in the past. We had expressed our qualified opinion in earlier audit reports regarding the recoverability of the project advances.
2. Note No. 5 of the financial statements in respect of the Company's ability to continue as a going concern which is in part dependent on the successful outcome of the decision regarding the liquidation petition by the bond holders before the Honorable Madras High Court.
3. In accordance with Accounting Standard - 11 (Standard on The Effects of Changes in Foreign Exchange Rates), the Company is required to value its monetary assets and liabilities viz., Long Term Provisions at the foreign exchange rate prevailing on the date of the balance sheet. The company has not re-instated the foreign currency term loan disclosed under Note No 4 & 7 amounting to Rs. 57.30 Crores representing a part of the loan amount taken from EXIM Bank at the year end forex rates. Had the same been re-instated, the profit for the financial year ended 31<sup>st</sup> March 2016 as per the statement of profit & loss account, would have been decreased by Rs. 25.98 Crores.

4. Note No. 9 in respect of Depreciation. The company has to compute depreciation in accordance with the Schedule II to the Companies Act which provides useful lives to compute the depreciation. However, the company has computed depreciation in a manner which is inconsistent with Schedule II of the Companies Act. Had the depreciation been provided in compliance with the provisions of Schedule II, the profit would have decreased by Rs. 1.29 Crores.
5. Note No. 15 in respect of cash and equivalents. In our opinion Rs 30 Lakhs grouped under cash and cash equivalents requires provisioning since the bank has not confirmed this balance and the quality of the asset is doubtful. Had the same been provided for, the profit for the year would have been decreased by Rs. 30 Lakhs
6. Note No. 19 in respect of other income. In accordance with the provisions of Accounting Standard AS 29 (Provisions, Contingent liabilities and Contingent assets) an entity shall not recognize a contingent asset as this may result in recognition of income which is uncertain. Had this income not been recognized, the profit for the year would have decreased by Rs. 1.25 Crores.
7. Note No. 14 of financial statements in respect of trade receivables of Rs. 2.93 Crores. The Company had provided interest on the belated payments from TANGEDCO and BESCOM, during the financial year 2014-15 in accordance with terms of the Power Purchase Agreement. However the same has not been acknowledged as payable by the electricity boards.



**FORM B**

**(for Audit Report with modified opinion) along with the Audited Financial Results of Standalone Operations of the Indowind Energy Ltd, for the Financial Year 2015-16 Pursuant to Regulation 33 (4) of SEBI (Listing obligation and Disclosure Requirements) Regulations 2015**

1	Name of the Company	Indowind Energy Limited BSE Code: 531841 NSE Code: INDOWIND
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2016
3	Type of Audit Qualification	Attached
4	Frequency of Qualification	<i>Basis of Qualified opinion - new</i>
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors report	<i>Attached</i>
6	Additional comments from the Board / Audit Committee chair:	<i>Attached</i>
7	<ul style="list-style-type: none"> <li>• Chairman</li> <li>• President Finance</li> <li>• Auditor</li> <li>• Audit Committee Chairman</li> </ul>	<p align="right"><i>Bala V. Kutti</i></p> <p>Bala V. Kutti Chairman (Indowind Energy Ltd) (DIN: 00765036) Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"><i>Dinakar K.K.</i></p> <p>Dinakar K.K. (President Finance (Indowind Energy Ltd)) Place: Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"><i>R. Sundar</i></p> <p>R. Sundar Partner – Membership No.012339 For V. Ramaratnam &amp; Co Chartered Accountants Firm Registration No: 002956S Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"><i>Niranjan R. Jagtap</i></p> <p>Niranjan R. Jagtap (Independent Director and Chairman – Audit Committee) (DIN: 01237606) (Indowind Energy Ltd) Place: Mumbai Date: 26<sup>th</sup> May 2016</p>

**FORM – B**

**3. Type of Audit Qualification:**

**BASIS FOR QUALIFIED OPINION**

- (i) As mentioned in Note No. 1, the financial statements of the company have been prepared on a Going Concern basis. However, as mentioned in our basis of qualified opinion / emphasis of matters there are matters pending in litigation with courts and Appellate authorities. The final outcome of these litigations is uncertain. The company has followed accounting practices which are in deviation from accounting standards prescribed by the Institute of Chartered Accountants of India as described under Emphasis of Matter. The outcome of some of these events, if unfavorable from the company's standpoint, can cast significant doubts on the ability of the Company to continue as a going concern.

**Management Response**

*With respect to the observations made by the Auditors relating to the pending litigations with Courts and Appellate authorities, the company wishes to state that, based on the opinion rendered by experts from various fields, the company has strong factors in the cases of all the litigations in its favour. Therefore, the management is of the opinion that in the case of all the litigations and claims, the outcomes are most likely to be in favour of the company. Accordingly, the management is of the view that the going concern assumption is appropriate.*

### **3. Type of Audit Observation:**

#### **Emphasis of Matter**

- 1. We draw your attention to Note No. 9 of financial statements under fixed assets regarding capitalisation of 4.2 MW out of 5.8 MW wind farm project for Rs. 48.60 Crores out of 24 MW expansion project.**

**The capitalization was done by way of a Transfer agreement with suppliers towards settlement of project advances made in the past. We had expressed our qualified opinion in earlier audit reports regarding the recoverability of the project advances.**

The company's 16 MW out of 24 MW project was getting delayed due to non-release of part of the loan by Exim Bank, causing huge carrying costs and damages. To avoid further delays and to convert them into revenue earning assets, the company had reached a settlement with the suppliers by which the company will take over 5.8 MW project. The company proposes to complete the balance 10 MW project as and when the loan funds are released by the bankers.

- 2. Note No. 5 of the financial statements in respect of the Company's ability to continue as a going concern which is in part dependent on the successful outcome of the decision regarding the liquidation petition by the bond holders before the Honorable Madras High Court.**

During the financial year 2007-08, the company had issued Foreign Currency Convertible Bonds for USD 30 Mn. Out of which, the company had already redeemed bonds worth 15 Mn USD. The company had entered into restructuring agreement with the Bond holders for conversion of the balance bonds into equity. However, before the maturity date, the Trustees of the Bond holders had filed a winding up petition before the Hon'ble High Court of Madras, which is being heard. As the management is confident of getting justice in Company's favour, the management is of the opinion that the going concern assumption is appropriate.

- 3. In accordance with Accounting Standard - 11 (Standard on The Effects of Changes in Foreign Exchange Rates), the Company is required to value its monetary assets and liabilities viz., Long Term Provisions at the foreign exchange rate prevailing on the date of the balance sheet. The company has not re-instated the foreign currency term loan disclosed under Note No 4 & 7 amounting to Rs. 57.30 Crores representing a part of the loan amount taken from EXIM Bank at the year end forex rates. Had the same been re-instated, the profit for the financial year ended 31<sup>st</sup> March 2016 as per the statement of profit & loss account, would have been decreased by Rs. 25.98 Crores.**

Your Directors wish to state that your company is following the policy of recording loans based on INR values realized on the dates of withdrawals. However, the repayments are being made at the prevailing market rates. Accordingly, the differences on account of exchange rate fluctuations are being recorded as expenses in the Profit and Loss Account in the respective years over the repayment period.

- 4. Note No. 9 in respect of Depreciation. The company has to compute depreciation in accordance with the Schedule II to the Companies Act which provides useful lives to compute the depreciation. However, the company has computed depreciation in a manner which is inconsistent with Schedule II of the Companies Act. Had the depreciation been provided in compliance with the provisions of Schedule II, the profit would have decreased by Rs. 1.29 Crores.**

The rate of depreciation prescribed in Schedule II is based on the full usage of the machine. However, in our case, as the machines were not fully utilized due to non-availability of grid, the company chose to charge only 85% of the prescribed rates of depreciation.

- 5. Note No. 15 in respect of cash and equivalents. In our opinion Rs 30 Lakhs grouped under cash and cash equivalents requires provisioning since the bank has not confirmed this balance and the quality of the asset is doubtful. Had the same been provided for, the profit for the year would have been decreased by Rs. 30 Lakhs**

From the company's current account, the Bank of India, Bangalore Main Branch had adjusted Rs.30 lakhs as processing charges for sanction of facility which was not accepted by the company. Efforts are being taken to get refund of the same.

- 6. Note No. 19 in respect of other income. In accordance with the provisions of Accounting Standard AS 29 (Provisions, Contingent liabilities and Contingent assets) an entity shall not recognize a contingent asset as this may result in recognition of income which is uncertain. Had this income not been recognized, the profit for the year would have decreased by Rs. 1.25 Crores.**

Arbitration proceedings have been initiated on the suppliers of the wind farm project in the case of the compensation claim lodged by the Company for shortfall of power generation based on the performance guarantee given by the suppliers at the time of purchase of the project.

- 7. Note No. 14 of financial statements in respect of trade receivables of Rs. 2.93 Crores. The Company had provided interest on the belated payments from TANGEDCO and BESCO, during the financial year 2014-15 in accordance with terms of the Power Purchase Agreement. However the same has not been acknowledged as payable by the electricity boards.**

The claims made by the company on the Electricity Boards relate to interest for belated settlement of power supply bills, in accordance with the clause as contained in the Power Purchase Agreements entered into with the Electricity Boards.



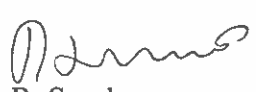

**FORM – B**

**5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors report:**

<b>S.No.</b>	<b>Audit qualification/observation</b>	<b>Reference to notes in financial statements</b>
1	Basis for Qualified Opinion	(i) Note 1
2	Emphasis of Matter	(i) Note 9 (ii) Note 5 (iii) Note 4 & 7 (iv) Note 9 (v) 15 (vi) 19 (vii) 14

**FORM A (for Audit Report with Unmodified opinion) along with the Audited Financial Results of Consolidated Operations of the Indowind Energy Ltd, for the Financial Year 2015-16**

**(As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)**

1.	Name of the Company	Indowind Energy Ltd BSE Code: 531841 NSE Code: INDOWIND
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2016
3	Type of Audit observation	Un-Qualified
4	Frequency of observation	NA
5	Signed by	
	<ul style="list-style-type: none"> <li>• Chairman</li> <li>• President Finance</li> <li>• Auditor</li> <li>• Audit Committee Chairman</li> </ul>	<p align="right"></p> <p>Bala V. Kutti Chairman (Indowind Energy Ltd) (DIN: 00765036) Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>Dinakar K.K. (President Finance (Indowind Energy Ltd) Place: Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>R. Sundar Partner – Membership No.012339 For V. Ramaratnam &amp; Co Chartered Accountants Firm Registration No: 002956S Place : Chennai Date: 26<sup>th</sup> May 2016</p> <p align="right"></p> <p>Niranjan R. Jagtap (Independent Director and Chairman – Audit Committee (DIN: 01237606) (Indowind Energy Ltd) Place: Mumbai Date: 26<sup>th</sup> May 2016</p>