



INDOWIND ENERGY LIMITED

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### **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of Company will be held at "Hotel Savera ", 146, Dr. Radha Krishnan Road, Chennai - 600 004 at 04.00 p.m. on Friday, 28<sup>th</sup> December, 2007 to transact the following business.

### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 30<sup>th</sup> June 2007 and the Balance Sheet as on that date along with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr.K.V.Bala who retires at the end of this meeting and being eligible offers himself for re-appointment.
3. To appoint M/s.V.Ramaratnam & Co., Chartered Accountants as statutory auditors, who retire and being eligible offer themselves for re-appointment.

### **SPECIAL BUSINESS**

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

**"RESOLVED THAT** Shri.T.R.Jayaraman be and is hereby appointed as a Director of the Company, whose period of office will be subject to retirement by rotation".

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution.

**"RESOLVED THAT** pursuant to Section 81 (1) (A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), and subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and listing agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any necessary approval if any required from any other authority / statutory body and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company, (herein after referred to as the **"Board"**) and / or duly authorised person(s)/Committee thereof for the time being exercising the powers conferred by the Board by this resolution, consent of the Company is hereby accorded to issue 3 (Three) Convertible Preference Shares of face value of Rs.10,000,000 (Rupees One Crore Only) each, aggregating to Rupees Three Crores, to any person/s / Body Corporate / Financial Institution / FII's on such terms and conditions and such tranches as may be decided and deemed appropriate by the Board or a committee thereof formed by the Board for this purpose.

**RESOLVED FURTHER THAT** these preference shares proposed to be issued, shall rank pari passu with the existing preference shares of the company and on the event of their conversion to equity shares, they shall rank pari passu, with the existing equity shares of the company in all respects.

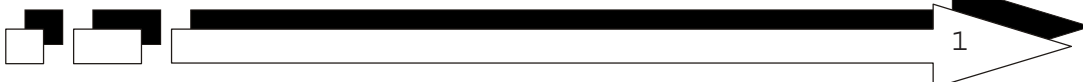
**RESOLVED FURTHER THAT** for the purpose of giving effect to the issue or allotment of Preference Shares, as described herein above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose.

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

Sd/

**S.DIRAVIAM  
Company Secretary**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**

 1



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**NOTE :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTAILED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER.**
2. Proxy forms duly completed should reach 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 copies of the Annual Report to the Annual General Meeting.
5. Relevant Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 is annexed hereto.

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

**Sd/**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**

**S.DIRAVIAM  
Company Secretary**





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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

**ITEM NO.4**

Shri.T.R.Jayaraman was appointed as Additional Director U/s 260 of the Companies Act 1956 on 03.02.2007. He holds office up to the conclusion of this meeting.The Company has received a notice from a member proposing Mr.T.R.Jayaraman as a Director along with necessary deposit in accordance with Sec.257 of the Companies Act 1956.

The Board recommends the resolution for consideration of Shareholders.  
Except Shri. T.R.Jayaraman no other Director is interested in this Resolution.

**ITEM NO.5**

The Authorised Share Capital of the company as of date, consists of 49,000,000 Equity Shares of Rs.10 each amounting to Rs.49 Crores (Rupees Forty Nine Crores only) and 7 convertible preference shares of Rs.1 Crore each amounting to Rs.7 Crores (Rupees Seven Crores Only). The Paid up Share Capital of the Company as of date, consists of 36,456,886 Equity Shares of Rs.10 each amounting to Rs.364,568,860/- (Rupees Thirty six crores forty five lakhs sixty eight thousand eight hundred and sixty only) and 4 convertible Preference Shares of Rs.1 Crore each amounting to Rs.4 Crores. The Company is desirous of issuing the 3 Convertible Preference Shares of Rs.1 Crore each to any prospective investor/s. Approval of the Shareholders is required for issue of these 3 convertible Preference Shares.

The Board recommends the resolution for consideration of Shareholders.  
None of the Directors is interested in this Resolution.

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

**Sd/**

**S.DIRAVIAM  
Company Secretary**

**Place: Chennai  
Date: 14<sup>th</sup> July 2007**



**DIRECTORS REPORT FOR THE YEAR 2006 – 07**

To

The Members

Your Directors have great pleasure in presenting this Twelfth Annual Report of the company together with the audited accounts for the year ended 30<sup>th</sup> June 2007.

**FINANCIAL HIGHLIGHTS**

	For the year ended	
	30 <sup>th</sup> June, 2007	30 <sup>th</sup> June, 2006
	(Rs. In Thousands)	
<b>Total Income</b>	274,800	257,458
<b>Profit Before Depreciation &amp; Tax</b>	76,808	65,375
<b>Less: Depreciation</b>	10,118	7,800
<b>Tax Provision</b>	2,830	1,412
<b>Deferred Tax Asset / (Liability)</b>	1,938	(1,071)
<b>Profit After Tax</b>	66,798	55,092

**THE PERFORMANCE**

Your company's total income has gone up to Rs.2,74,800 (Rs. In Thousands) in 2006-07 registering a growth of 6.7% as compared to the previous year. This is due to the full effect of capacity utilization and also due to the flow of project income on the newly commissioned projects. Profit before depreciation and tax has gone up by 17.48% and the profit after tax has gone up by 19.43% as compared to the previous year.

Your company does not recommend any dividend for the year under review as the surplus is required for meeting out the proposed public issue and expansion expenses.

**SUBSIDIARY COMPANY**

During first week of July 2007, your company acquired 17000 paid-up Equity Shares of Bewind Power Pvt Ltd. consisting 62.96% of paid up capital of that company and there by making it, a subsidiary of your company.

**FUTURE PLANS AND PROSPECTS**

The company is capable of generating 16.80 MW power from its own wind mills. Further, the company is setting up a 9 MW project in Karnataka. The company also intends to expand its capacity by acquiring existing assets for sale from the entities / banks which have ready assets like wind mills for sale. The company plans to buy / acquire these assets to increase its capacity. The proceeds from IPO would be utilized for setting up of 9 MW project, purchase of hydraulic cranes, acquisition of Wind Energy Generators, foreclosure of lease with ICICI Bank and UTI Bank and to meet additional working capital requirements.



### **INDIAN ECONOMIC SCENARIO**

The Government is confident of achieving 9% GDP for the current fiscal year which will result in the growth of all sectors including energy sector. The government is emphasizing and gives priority for the growth of energy sector. The stock market is vibrant indicating the growth of the economy and industries. The FII'S inflow is steady and comfortable resulting in building the confidence of achieving the estimated growth.

### **INDIAN POWER SCENARIO**

The Indian Renewable Energy Development Agency is playing a significant role in promoting renewable energy project in general and wind energy projects in particular. Wind Energy considers to be the fastest growing renewable energy source with worldwide power installed capacity reaching 72,000 MW approx. India is considered as a new wind super power with increase in the scale of wind turbine manufacturing. Wind is considered as a major power source. Projection indicates that by the first decade of the new century, 1,000 MW could be generated and supplied as renewable energy.

Ministry of Power has estimated 2.5 lakhs MW of total installed capacity of power projects by 2012. Out of this, 10% will be generated from renewable sources of energy. Out of which, 50% can be from wind power i.e. 12,500 MW may be generated. Significant technical and operational experience would help India in reaching this target. The Govt. also offers contractive investment options to the private sector to drive towards Pvt. Sector power generation.

### **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.

### **DIRECTORS**

Mr.T.R.Jayaraman was appointed as an Additional Director, effective 3.2.07. He occupies this position till the conclusion of this AGM. A notice has been received from a member proposing him as Director together with necessary deposit under Sec.257 of the Companies Act, 1956.

Mr.K.V.Bala is retiring at the end of this AGM and being eligible offers himself for re-appointment.

### **AUDITORS**

M/s.V.Ramaratnam & Co., Chartered Accountants continue to be the auditors of the company while M/s.S.Vasudevan & Associates continue to act as the internal auditors to continuously monitor and strengthen the financial control procedures in line with the growth operations of the company.

### **EMPLOYEES**

Your Directors place on record their utmost appreciation for the sincere and devoted services rendered by the employees at all levels.

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



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## **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 30<sup>th</sup> June, 2007 and profit for the company for the year ended 30<sup>th</sup> June, 2007.
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.

## **AUDIT COMMITTEE**

The Audit committee met and concluded its business as per the provisions of the Sec 292A of the Companies Act, 1956.

## **EXPLANATIONS TO THE QUALIFICATIONS IN THE AUDITORS REPORT**

With reference to the remarks of the Auditors, vide para 10(a) & (b) of the Annexure to the Auditors' report dated 14<sup>th</sup> July, 2007 the Company is in the process of formulating a policy for investments of the gratuity provisions and with respect to Income Tax demand, the matter is pending before the Commissioner - Appeals.

## **Information as per Section 217 (1) (e) of the Companies Act, 1956**

- |                              |   |                |
|------------------------------|---|----------------|
| a) Conservation of Energy    | – | Not Applicable |
| b) Technology Absorption     | – | Not Applicable |
| c) Foreign Exchange Earnings | – | Not Applicable |
| d) Foreign Exchange outgo    | – | Not Applicable |

## **ACKNOWLEDGEMENT**

The Directors wish to place on record their sincere thanks and gratitude to its Bankers, UTI Bank Ltd., ICICI Bank Ltd., The Power Finance Corporation, Bank of India, Canara Bank, Standard Chartered Bank, State Bank of India, Tamil Nadu Electricity Board (TNEB), Tamil Nadu Energy Development Agency Ltd. (TEDA), Karnataka Power Transmission Corporation Ltd. (KPTCL), Karnataka Renewable Energy Development Ltd. (KREDL), other Govt. Agencies, Statutory Bodies, suppliers and customers for their continued co-operation and excellent support extended to the Company from time to time.

for and on behalf of  
**BOARD OF DIRECTORS OF INDOWIND ENERGY LTD.**

Place : Chennai  
Date : 14<sup>th</sup> July, 2007

**K.S.RAVINDRANATH**  
DIRECTOR

**K.V.BALA**  
DIRECTOR





## 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 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 norm 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 11 Board Meetings during the year ended 30<sup>th</sup> June 2007. These were on 1<sup>st</sup> August 2006, 28<sup>th</sup> September 2006, 27<sup>th</sup> October 2006, 27<sup>th</sup> November 2006, 29<sup>th</sup> November 2006, 2<sup>nd</sup> February 2007, 3<sup>rd</sup> February 2007, 20<sup>th</sup> February 2007, 20<sup>th</sup> April 2007, 1<sup>st</sup> June 2007 and 16<sup>th</sup> June 2007.

#### **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 theyear	Whether attended last AGM	Other Directorship
Shri.K.V.Bala	Director	11	11	Yes	Director in: 1.M/s.Indonet Global Ltd.  2.M/s.Subuthi Finance Ltd.  3)M/s.Bekey Properties Pvt.Ltd.
Shri.K.S.Ravindranath	Director	11	10	Yes	Nil
Shri.Niranjan R.Jagtap	* Independent Director	11	7	No	Nil
Shri.T.R.Jayaraman	* Independent Director	11	4	N/A	Nil

(\*) Independent Director means a Director who, apart from receiving a Director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, its management, or its subsidiaries, which in the judgment of the Board may affect the independence of judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

**d) INFORMATION SUPPLIED TO THE BOARD:**

Among others, this includes:

- Annual operating plans and budgets and any updates.
- Quarterly financial results of the company
- Minutes of meeting of Audit Committee and other committees of the Board
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents of dangerous occurrences
- Any materially relevant default in financial obligations to and by the company.
- Any issue which involves possible public claims of substantial nature
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Sale of material nature, of investments, assets, which is not in the normal course of business
- Any issue which involves possible public claims of substantial nature
- Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.



The Board of M/s. Indowind Energy Limited is routinely presented with information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

#### e) COMMITTEES OF THE BOARD

##### 1) AUDIT COMMITTEE

A qualified and independent Audit Committee of the Board of the company is functioning. It monitors and supervises the Management's financial reporting process with a view to ensure accurate and proper disclosure, transparency and quality of financial reporting. The committee reviews the financial and risk management policies and also the adequacy of internal control systems and holds discussions with Statutory Auditors and Internal Auditors. This is enhancing the credibility of the financial disclosures of the company and also provides transparency.

The company continued to drive immense benefit from the deliberation of the Audit Committee comprising of three Directors, Mr.T.R.Jayaraman, Mr.K.V.Bala and Mr.Niranjan R.Jagtap who are eminent professionals having knowledge in project finance, accounts and company law. Mr.T.R.Jayaraman is the Chairman of the Audit Committee. The minutes of each Audit Committee meeting are placed before, and discussed in full by the Board.

The Audit Committee met 5 times during the year ended 30<sup>th</sup> June 2007.

Attendance records of Audit Committee Members are given in Table 2.

**Table 2:**

Name of Director	No. of Meetings held	No. of Meetings attended
Shri.T.R.Jayaraman	5	4
Shri.K.V.Bala	5	5
Shri.Niranjan R.Jagtap	5	5

The terms of reference of the Audit Committee are as follows:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of Auditor and the fixation of audit fees.
3. Approval of payment to Auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference:
  - i. Matters required to be included in Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act.
  - ii. Changes of any in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv. Significant adjustments made in the financial statement arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any party transactions.
  - vii. Qualifications in the draft audit report.



### I) SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

The Share Transfer and Investors' Grievance Committee was approved and constituted on December 30, 2005. The Share Transfer and Investor Grievance Committee was re-designated as "Shareholders / Investors' Grievance Committee" and re-constituted on February 3, 2007 and comprises of the following members of our Board as detailed in Table 3.

**Table 3:**

Name	Designation	Status	No. of meetings held	No. of meetings attended
Shri.Niranjan R.Jagtap	Chairman	Non-Executive and Independent Director	4	1
Shri.K.S.Ravindranath	Member	Whole Time Director	4	4
Shri.T.R.Jayaraman	Member	Non-Executive and Independent Director	3	3

The terms of reference of the Shareholders / Investor's Grievance Committee are as follows:

The shareholder / Investors grievance committee shall be responsible to look into redressal of the grievances of the shareholders and non receipt of dividend if any.

### I) REMUNERATION COMMITTEE

The Board of Directors in its meeting held on December 30, 2005 approved and constituted the Remuneration Committee. The Committee was re-constituted on February 3, 2007 and comprises of the following members of our Board as detailed in Table 4.

**Table 4:**

Name	Designation	Status
Shri.T.R.Jayaraman	Chairman	Non-Executive and Independent Director
Shri.K.V.Bala	Member	Non-Executive Director
Shri.Niranjan R.Jagtap	Member	Non-Executive and Independent Director

The terms of reference of the Remuneration Committee of our Company are as follows:

The Remuneration Committee shall have all necessary powers and authority to ensure appropriate disclosure on the remuneration of the whole-time Director and to deal with all elements of remuneration package of all directors.

### f) MANAGEMENT

#### Disclosure by management to the Board

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and interested Directors neither participate in the discussion, nor do they vote on such matters.

**g) SHAREHOLDERS****a) Disclosure regarding appointment or re-appointment of Directors**

According to the Articles of Association of Indowind, not less than 1/3<sup>rd</sup> of the Directors who are liable to retire by rotation, shall retire from office. All the Directors are eligible and are offering themselves for re-appointment as and when required.

During the year, Mr.Jayesh M.Thakur, Director resigned with effect from 28.9.06. Mr.T.R.Jayaraman was appointed as Additional Director with effect from 3.2.07 and he is retiring at the conclusion of the forthcoming AGM and is proposed to be appointed as Director under Sec.257 of Companies Act by a member. Mr.K.V.Bala is retiring at the conclusion of this AGM and being eligible, offers himself for re-appointment.

**b) Shareholding pattern of Directors :**

As per our Memorandum, the Directors need not hold any Equity Shares as Qualification Shares.

Details as to shareholding of the Directors are furnished in Table 5.

**Table 5**

Name of Director	No. of Shares held	% of Pre-Issue Paid up Equity Share Capital
Shri.K.V.Bala	4,906,995	13.46
Shri.K.S.Ravindranath	1,784,995	4.90
Shri.Niranjan R.Jagtap	NIL	NIL
Shri.T.R.Jayaraman	NIL	NIL
Total	6,691,990	18.36

**c) Registrar and Share Transfer Agent :**

M/s.Big Share Services Pvt Ltd. who is registered with SEBI as a Category II Registrar, have been appointed as the registrar and share transfer agent of the company for both physical and electronic segment and have attended to share transfer formalities regularly.

**d) General Body Meetings**

Details of last three annual general meetings are given in Table (6)

**Table 6**

Year	Location	Date	Time
2005-06	Kakani Towers, IInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	27/11/06	10.00 A.M.
2004-05	Kakani Towers, IInd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006	30/12/05	10.30 A.M.
2003-05	Kakani Towers, IInd Floor,15, Khader Nawaz Khan Road, Chennai – 600 006	24/12/04	9.30 A.M.

**e) Disclosures**

- i) Disclosure on materially significant related party transactions i.e., transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

- ii) Annual General Meeting for the year 2007

Date	28 <sup>th</sup> December 2007
Time	04.00 P.M.
Venue	"Hotel Savera" 146, Dr. Radhakrishnan Road, Chennai – 600 004.
Date of Book Closure	18 <sup>th</sup> December 2007 to 28 <sup>th</sup> December 2007
Registrar and Share Transfer Agent	M/s. Big Share Services Pvt Ltd.

- f) Distribution of Shareholding Pattern.

Name of the Company : INDOWIND ENERGY LIMITED  
Year ending : 30.06.2007

Category	Pre-Issue	
	No. of Shares	% holding
<b>(A) Promoters</b>		
Subuthi Finance Limited	6,774,265	18.58
K.V. Bala	4,906,995	13.46
Loyal Credit & Investments Limited	6,454,000	17.70
<b>Sub Total (A)</b>	<b>18,135,260</b>	<b>49.74</b>
<b>Promoter Group Holding</b>		
<b>(B) Relatives &amp; Individuals</b>		
K.S. Ravindranath	1,784,995	4.90
K.V. Manoharan	756,000	2.07
K.B. Prathadevi	575,000	1.58
<b>Sub Total (B)</b>	<b>3,115,995</b>	<b>8.55</b>
<b>(C) Group Companies</b>		
Subuthi Investments Private Limited	<b>920,900</b>	<b>2.53</b>
<b>Promoter &amp; Promoter Group A+B+C = (I)</b>	<b>22,172,155</b>	<b>60.82</b>



<b>Non Promoter holding (Others)</b>		
<b>Bodies Corporates</b>		
ICICI Bank Limited	5,133,333	14.08
Commendam Investments Private Limited	1,705,204	4.68
Fullbloom Investments Private Limited	2,420,004	6.64
Kodai Investment and Trading Company Private Limited	35,000	0.10
Karumuthu Finance Limited	2,100,000	5.76
The Jain Sahakari Bank Limited	2,100	0.01
The Sri Ganapathy Mills Company Ltd.	168,000	0.46
Sri Rayalaseema Hi Strenth Hypo Ltd	42,000	0.11
Wescare (India) Limited	942,000	2.58
<b>Sub Total (D)</b>	<b>12,547,641</b>	<b>34.42</b>
Employees (E)	2,100	0.01
Friends and Others (F)	1,734,990	4.75
<b>Non Promoter Holding D+E+F = (II)</b>	<b>14,284,731</b>	<b>39.18</b>
<b>Grand Total ( I + II )</b>	<b>36,456,886</b>	<b>100.00</b>

### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s. Indowind Energy Limited, for the year ended 30<sup>th</sup> June 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor's Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **V. RAMARATNAM & CO**  
Chartered Accountants

Sd/-

**R. SUNDAR**

Partner

Place: Chennai  
Date : 14<sup>th</sup> July 2007

**AUDITORS' REPORT**

To

The Members of INDOWIND ENERGY LIMITED

We have audited the attached Balance Sheet of INDOWIND ENERGY LIMITED, as at 30th June 2007 and the Profit and Loss Account of the Company for the year ended 30th June 2007, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies ( Auditors' report ) order 2003, ( as amended CARO ( by amendment 2004), issued by the Central Government of India in terms of Section 227 (IV) (a) of the Companies Act, 1956, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the statement referred to in paragraph 1 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of such books.
  - c. The Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d. On the basis of written representations received from the directors, as on 1st July 2006, and taken on record by the by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2007 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

In our opinion the Balance sheet and Profit & Loss account dealt with by the report comply with the Accounting Standard referred to in (3c) of section 211 of the Companies Act, 1956.

- e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon under Schedule give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India



- i. In the case of the Balance Sheet of the state of affairs of the company as at 30th June 2007 and
- ii. In the case of the Profit and Loss Account, Profit for the year ended on that date.
- iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

For **V. RAMARATNAM & CO**  
Chartered Accountants

R. SUNDAR  
Partner

Place: Chennai  
Date : 14th July 2007

#### Annexure

**RE: INDO WIND ENERGY LIMITED**  
Referred to Paragraph 2 of our report of even date

#### 1. Fixed assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) According to the information and explanations provided to us the Company has regular programme of verification which, in our opinion, is reasonable having regard to the nature of the Company and its size. No material discrepancies were noticed.
- (c) During the year, there was no substantial disposal of fixed assets of the company having any bearing on the going concern basis of the company.

#### 2. Inventory

- (a) Physical verification of inventory of units of electricity generated and work-in-progress by the management have been conducted by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) Procedures for physical verification of units of electricity generation and work-in-progress followed by the management are reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) The Company is maintaining proper records of units of electricity generated and work-in-progress no material discrepancies have been noticed on verification between physical stocks and the book records.

#### 3. Loans taken

The company has taken unsecured loan from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act. Number of loan taken is 7 and total amount outstanding is Rs. NIL. These loans taken were repayable on demand.

**4. Loans granted**

The company has given unsecured loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act. Number of loans taken is 1 and amount outstanding is Rs. 2,398,206/-.

**5. Internal control**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

**6. Related party transactions**

- (a) According to the information and explanations given to us, we are of the opinion, that the transactions need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made exceeding the value of Rs.500,000/- with parties in the register maintained under section 301 of the Companies Act, 1956, in our opinion, the prices made are reasonable having regard to prevailing market price.

**7. Deposits**

In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under are applicable, and therefore paragraph 4(vi) of the Order is not applicable.

**8. Internal audit**

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

**9. Cost records**

We have reviewed the books of account relating to materials, labour and other items of cost records maintained by the Company pursuant to the Rules prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie, the prescribed accounts and records have been maintained.

**10. Statutory dues**

- (a) The Company has made provision for gratuity, Provident Fund and ESI. However, provision made for gratuity has not been deposited in any scheme. Amount estimated is Rs. 437,045/- .
- (b) As on 30th June 2007 according to the records of the company, the following are the particulars of disputed dues on account of Income Tax that have not been deposited:

Name of the Statute	Nature of dues	Amount of Demand (Rs.)	Assessment year to which demand relates	Forum where dispute is Pending
Income Tax Law	Income Tax	2,654,944	1998-99	Commissioner – Appeals
		11,499,453	2004-05	



11. The Company has neither accumulated losses nor incurred cash loss during the financial year covered under our audit and preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to any financial institutions.
13. In our opinion of the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
14. In our opinion, the Company is not a chit fund or a Nidhi/Mutual benefit fund, society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
16. In our opinion, the company has given guarantee for Rs. 53,000,000 for the availment of loan by a company under same management. The terms and conditions were not prejudicial to the interest of this company.
17. The company has availed a term loan during the year of Rs. 60,603,700 and a OCC facility of Rs. 90,601,085. The funds were utilized for the purpose for which the loans were sanctioned.
18. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no short-term funds were raised by the company for long-term investment. Long-term funds have been used for permanent working capital.
19. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties covered in the register maintained under section 301 of the companies Act, 1956 during the year.
20. According to the information and explanations given to us during the period covered under our audit, the company has not issued any debentures during the year and hence, the provisions of clause no 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
21. According to the information and explanations given to us, the company has not raised any money by way of public issues during the year and therefore paragraph 4 (xx) of the Order is not applicable to the company.
22. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **V. Ramaratnam & Co.,**  
Chartered Accountants

R. Sundar  
Partner  
Place: Chennai  
Date: 14th July 2007



## INDOWIND ENERGY LIMITED

## BALANCE SHEET AS ON 30TH JUNE 2007

	Schedule	30/06/2007 Rs	30/06/2007 Rs	30/06/2006 Rs	30/06/2006 Rs
<b>I. SOURCES OF FUNDS</b>					
<b>1. SHARE HOLDERS FUNDS</b>					
A) Capital	1	404,568,860		404,568,860	
B) Reserves & Surplus	2	240,613,807	645,182,667	174,816,027	579,384,887
<b>2. LOAN FUNDS</b>					
A) Secured Loans	3	159,194,535		84,674,241	
B) Unsecured Loans		-	159,194,535	17,015,737	101,689,978
<b>3. NET DEFERRED TAX LIABILITY</b>					
			2,302,303		4,240,231
			806,679,505		685,315,096
<b>II. APPLICATION OF FUNDS</b>					
<b>1. FIXED ASSETS</b>					
Gross Block	4	252,807,460		223,982,479	
LESS: Depreciation		69,776,884		59,658,786	
Net Block		183,030,576		164,323,693	
Guarantee Deposits		301,899,495		282,241,761	
Capital W.I.P - Agri Division		1,707,941	486,638,012	1,001,709	447,567,163
<b>2. INVESTMENTS</b>					
	5		27,190,891		124,500
<b>3. ( A ) CURRENT ASSETS</b>					
LESS:	6	337,726,608		266,084,940	
( B ) CURRENT LIABILITIES & PROVISIONS	7	48,309,346		31,001,402	
NET CURRENT ASSETS ( A - B )			289,417,262		235,083,538
<b>4. MISCELLANEOUS EXPENSES TO BE WRITTEN OFF</b>					
	8		3,433,340		2,539,895
			806,679,505		685,315,096

NOTES TO THE ACCOUNTS

13

for V.Ramarathnam & co.,  
Chartered Accountants

R.SUNDAR  
Partner

for Indowind Energy Limited

Place : Chennai  
Date : 14th July, 2007

RAVINDRANATH K.S.  
Director

BALA K V  
Director



INDOWIND ENERGY LIMITED					
Manufacturing, Trading and Profit & Loss Account for the Year ended 30th June 2007					
	Schedule	30/06/2007 Rs	30/06/2007 Rs	30/06/2006 Rs	30/06/2006 Rs
<b>I. INCOME</b>					
Sale of Power		77,208,567		76,430,362	
Sale of WEGs		164,000,000		156,750,000	
Net other Income	9	33,591,709	<b>274,800,276</b>	24,277,427	257,457,789
<b>II. EXPENDITURE</b>					
( Increase ) / Decrease in W I P	10	(83,184,182)		30,470,551	
Purchases		195,714,294		39,479,808	
Production Expenses		12,849,361		56,462,440	
Financial Expenses	11	36,222,196		35,151,519	
Establishment & Administration Expenses	12	36,390,492	<b>197,992,161</b>	30,518,803	192,083,121
Profit Before Depreciation			<b>76,808,115</b>		65,374,668
Depreciation			<b>10,118,098</b>		7,799,987
Profit after Depreciation			<b>66,690,017</b>		57,574,681
Provision for Tax			<b>2,830,165</b>		1,412,502
Deferred Tax Asset/(Ilability)			<b>1,937,928</b>		(1070532)
Profit after Tax			<b>65,797,780</b>		55,091,647
Add: Reversal of Proposed Dividend			-		4,618,120
Less : Transfer to Capital Redemption Reserve			<b>3,000,000</b>		3,000,000
Balance Transferred to Balance Sheet			<b>62,797,780</b>		56,709,767
NOTES TO THE ACCOUNTS	13				
for V.Ramarathnam & co., <i>Chartered Accountants</i>					
R.SUNDAR <i>Partner</i>		for Indowind Energy Limited			
Place : Chennai Date : 14th July, 2007		RAVINDRANATH K.S. Director		BALA K V Director	



INDOWIND ENERGY LIMITED				
SCHEDULES FORMING PART OF BALANCE SHEET				
	30/06/2007 Rs	30/06/2007 Rs	30/06/2006 Rs	30/06/2006 Rs
<b>1. SHARE CAPITAL</b>				
<b>EQUITY SHARE CAPITAL</b>				
<b>AUTHORIZED</b>				
44,000,000 Equity Shares of Rs. 10 / - Each			440,000,000	
49,000,000 Equity Shares of Rs. 10 / - Each	490,000,000			
<b>ISSUED AND SUBSCRIBED</b>		<b>364,568,860</b>		364,568,860
36,456,886 Equity Shares of Rs. 10 / - Each fully paidup				
<b>PREFERENCE SHARE CAPITAL</b>				
<b>AUTHORIZED</b>				
7 Preference Shares of Rs.10,000,000/- each	70,000,000		70,000,000	
<b>ISSUED AND SUBSCRIBED</b>		<b>40,000,000</b>		40,000,000
6% Redeemable Preference Shares of Rs.10,000,000 each				
		<b>404,568,860</b>		404,568,860
<b>2. RESERVES &amp; SURPLUS</b>				
<b>A. GENERAL RESERVE</b>				
As Per Last Balance Sheet	71,036,027		117,163,184	
ADD: Transfer during the year	62,797,780		56,709,767	
LESS: Transfer during the year	-		1,365,844	
	133,833,807		172,507,107	
LESS: Bonus Shares issued during the year	-	<b>133,833,807</b>	101,471,080	71,036,027
<b>B. SHARE PREMIUM ACCOUNT</b>				
As Per Last Balance Sheet	84,780,000		-	
ADD: Additions during the year	-	<b>84,780,000</b>	84,780,000	84,780,000
<b>C. REVALUATION RESERVE</b>				
As Per Last Balance Sheet	6,000,000		20,000,000	
LESS: Reversal on Sale of Wegs	-		14,000,000	
LESS: Goodwill written off	-	<b>6,000,000</b>	-	6,000,000
<b>D. CAPITAL REDEMPTION RESERVE</b>				
As Per Last Balance Sheet	13,000,000		10,000,000	
ADD: Additions during the year	3,000,000	<b>16,000,000</b>	3,000,000	13,000,000
		<b>240,613,807</b>		174,816,027
<b>3. SECURED LOANS</b>				
<b>A. TERM LOANS</b>				
Bank of India	41,158,963		47,239,415	
Bank of India Over draft	90,601,085			
Canara Bank	19,031,727		22,706,806	
Icici Bank - Vehicle Loan	413,010		646,350	
Weizmann Homes Limited	0		14,081,670	
Loan on Key man insurance policy	7,989,750	<b>159,194,535</b>	-	84,674,241
		<b>159,194,535</b>		84,674,241



SCHEDULES FORMING PART OF BALANCE SHEET										
4. FIXED ASSETS (Rs.)										
Description	GROSS BLOCK			Rate %	DEPRECIATION			NET BLOCK		
	1.7.2006	Additions	Deductions		30/6/2007	UP TO	AS AT	30/6/2006	30/6/2007	
					current period	Deletion	30/6/2006			
LAND	35,172,852	20,729,768	-	55,902,620	-	-	-	35,172,852	55,902,620	
PLANT & MACH.	177,341,654	407,278	-	177,748,932	5.28	9,509,415	63,784,313	123,066,756	113,964,619	
BUILDING	3,341,480	-	-	3,341,480	1.63	52,443	684,799	2,709,124	2,656,681	
OFFICE EQUIPMENTS	5,258,249	7,648,835	-	12,907,084	6.33	441,927	3,394,600	2,305,576	9,512,484	
VEHICLES	2,868,244	39,100	-	2,907,344	9.50	114,313	1,913,172	1,069,385	994,172	
	223,982,479	28,824,981	-	252,807,460		10,118,098	69,776,884	164,323,693	183,030,576	

Note 1 : Land Includes Rs 3,750,000/- at Kadambur in Tamilnadu for which the Registration formalities are pending  
 Note 2: The Plant and Machinery Includes Revaluation Amount of Rs 6,000,000/-, Whose W D V as on 30th June 2007 is Rs 4,802,000

**SCHEDULES FORMING PART OF BALANCE SHEET**

		<b>30/06/2007</b>	<b>30/06/2007</b>	<b>30/06/2006</b>	<b>30/06/2006</b>
		<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>5. INVESTMENTS</b>					
Unquoted					
The Jain Sahakari Bank Limited (4247 Shares)		124,500		124,500	
Key Man Insurance		27,066,391		-	
			<b>27,190,891</b>		<b>124,500</b>
<b>6. CURRENT ASSETS</b>					
Stock - Work - in - Progress		134,726,928			51,542,746
Sundry Debtors - Unsecured					
Above Six Months	10,078,792			9,034,144	
Below Six Months	71,640,063	81,718,855		68,325,047	77,359,191
Loans & Advances					
a) Secured Loans	25,198,198			36,729,865	
b) Unsecured Loans	14,560,951			5,896,180	
c) Trade Advances	37,279,136			44,317,533	
d) Other Advances	8,267,392	85,305,677		6,729,408	93,672,986
Energy stock		17,018,576			12,369,107
Deposits		8,677,522			8,032,822
Prepaid Expenses		1,457,695			1,926,773
Cash & Bank Balances		8,821,355			21,181,315
			<b>337,726,608</b>		<b>266,084,940</b>
<b>7. CURRENT LIABILITIES</b>					
For Expenses		1,497,361		5,555,058	
Provisions		1,192,474		1,312,502	
Sundry Creditors		45,619,511	<b>48,309,346</b>	24,133,842	31,001,402
<b>8. MISCELLENEOUS EXPENSES TO BE WRITTEN OFF</b>					
Public Issue Expenses			<b>3,433,340</b>	-	2,539,895


**SCHEDULES FORMING PART OF MANUFACTURING, TRADING AND PROFIT & LOSS ACCOUNT**

	30/06/2007 Rs	30/06/2007 Rs	30/06/2006 Rs	30/06/2006 Rs
<b>9. NET OTHER INCOME</b>				
Interest Income	2,399,512		3,916,156	
Hire Purchase Income	2,120,000		4,080,000	
Other Income	30,016,091		2,349,610	
Income from Exceptional Transactions	-		16,814,946	
LESS: Expenses for the above	(943,894)	<b>33,591,709</b>	(2,883,285)	24,277,427
<b>10. INCREASE / DECREASE IN W-I-P</b>				
Opening stock	51,542,746		82,013,297	
Closing Stock	134,726,928	<b>83,184,182</b>	51,542,746	30,470,551
<b>11. FINANCIAL EXPENSES</b>				
Interest - On Loans	3,429,263		-	
H P Expenses	21,000		10,500	
Lease Rentals	32,029,558		33,054,787	
Processing Charges	742,375	<b>36,222,196</b>	2,086,232	35,151,519
<b>12. ESTABLISHMENT, ADMIN &amp; OTHER EXPENSES</b>				
Advertisement	171,207		22,655	
Books & Periodicals	13,182		16,726	
Business Promotion	1,359,690		1,643,450	
Brokerage	-		348,000	
Electricity	547,483		349,766	
Fees, Rates & Taxes	1,744,850		1,318,520	
Legal and Professional Charges	1,718,996		2,192,998	
Repairs & Maintenance	13,687,040		8,351,139	
Miscellaneous	750,437		707,867	
Postage	86,422		72,585	
Printing & Stationery	294,181		212,484	
Salaries	4,154,437		3,248,281	
Staff Welfare	335,838		262,840	
Telephone	803,550		1,065,979	
Travelling & Conveyance	2,673,132		4,217,414	
Vehicle Maintenance	1,150,746		1,296,484	
Bank Charges	127,426		90,075	
Building Maintenance	93,577		43,395	
E S I Contribution	16,805		53,809	
Insurance	3,152,802		3,235,590	
Security	2,156,126		1,357,114	
Rent	132,200		141,564	
Incentives	65,000		-	
Gratuity	437,045		-	
PF Contribution	182,434		-	
Fringe Benefit Tax	535,886	<b>36,390,492</b>	270,068	30,518,803



### 13. NOTES ON ACCOUNTS FOR THE PERIOD ENDING 30th June 2007

#### I. SIGNIFICANT ACCOUNTING POLICY

The accounts are prepared under the historical cost convention (except for revaluation of certain fixed assets as stated below) and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below:

##### A. FIXED ASSETS

Fixed assets are stated at cost less depreciation and including revaluation cost . The cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of Cenvat) and any directly attributable cost of bringing the assets to its working condition for the intended use.

The Company treats Non Refundable Guarantee Deposits paid for Wind Electric Generators as Capital assets, since related assets are in its control, earning income of power generation.

##### B. DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIII of the Companies Act, 1956 on cost including revaluation cost, less accumulated depreciation.

##### C. INVESTMENTS

Investments are held by the company as long term asset. The market fluctuations for the increase/decrease in the value of the investments are not accounted as the investments are held in unlisted companies. Company treats key man insurance as investments.

##### D. INVENTORIES

Inventories are valued at cost, net realizable value in the case of unsold power and in case of work-in-progress it is valued to the extent of its completion including interest payments related to the projects.

#### **E. REVENUE RECOGNITION**

Revenue consists of sale of power, sale of WEG and other income.

Sale of power is recognized at the point of dispatch of electricity generated from Plant and Stock points. Sale of WEG is recognized at the point of sale of windmill less manufacturing expenses. Other Income is recognized net off of related expenses including accrued bonus on Investments.

#### **F. RETIREMENT BENEFITS**

The Company has provided for retirement benefits to the employees such as gratuity, Provident Fund and ESI. But, in the case of gratuity, only provision is made as per management's estimate and has not formulated any policy for investments of the said gratuity provision.

#### **G. TAX ON INCOME**

The company has provided Rs 2,830,165/- taking in to account the profit for the period April to March.

#### **H. FOREIGN CURRENCY TRANSACTION**

Foreign currency transactions are recorded at exchange rate prevailing at the time of transaction. Exchange differences are not recognized since payments are made in advance for purchases.

#### **J. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



## II NOTES ON ACCOUNTS

### 1. SHARE CAPITAL

Equity share capital

(i) The Equity share Capital includes 16,060,000 Equity Shares of Rs 10/- each allotted as fully paid up Bonus shares as follows:-

500,000 Equity Shares in 1997-1998 by capitalization of Reserves

500,000 Equity shares in 1998-1999 by capitalization Share Premium

7,530,000 Equity Shares in 2003-2004 by capitalization of share premium issue @ the ratio 1: 1

7,530,000 Equity Shares in 2004-2005 by capitalization of share premium issue @ the ratio of 1: 2

10,147,108 Equity Shares in 2005-2006 by capitalization of reserves by issue @ the ratio of 2: 5

(ii) The Equity Share Capital includes 5,037,778 Equity shares of Rs 10/- each allotted as fully paid up Shares on conversion of Convertible Preference Shares as follows:-

120,000 Equity Shares of Rs.10/- each in 1998-1999 at a premium of Rs.490/-

100,000 Equity Shares of Rs.10/- each in 2000-2001 at a premium of Rs.490/-

2,040,000 Equity Shares of Rs.10/- in 2001- 2002 of which 40,000/- shares were issued at a premium of Rs.490/- and 2,000,000/- shares at par.

2,777,778 Equity Shares of Rs.10/- in 2004- 2005 at a premium of Rs.8/-.

(iii) The Equity Share Capital includes 10,000 Equity Shares allotted as fully paid up Shares for consideration for Land, issued during 1999-2000 at a premium of Rs.50/-.

(iv) The company, during the year 2005-06, allotted 942,000 Equity shares at a premium of Rs 90 per Share to discharge its liability against capital goods.

### 2. SECURED LOANS

a. Term Loan from Canara Bank secured by equitable mortgage of 79.49 acres wind farm assets Kasikkuvithan Tirunelveli District Tamil Nadu and 5 WEGS of 250 kw installed at Kasikkuvithan Tirunelveli District Tamil Nadu,

– Amount outstanding as on 30th June 2007 – Rs 19,031,727

b. Term Loan of Rs. 500.00 lakhs availed from Bank of India secured by 13 WEG situate in the State Tamil Nadu Outstanding as on 30th June 2007 is Rs. 41,158,963

c. Term loan of Rs. 7 lakhs availed from ICICI Bank secured against the motor vehicle of the company. Amount outstanding as on 30th June 2007 Rs.413,070.



- d. OCC from Bank of India, against the hypothecation of stocks. Amount outstanding as on 30th June 2007 - Rs. 90,601,085/-.

### 3. DEFERRED TAX LIABILITY

Opening Liability	Rs. 4,240,231/-
Deferred asset recognized during the year	Rs. 1,937,928/-
Closing balance	Rs.2,302,303/-

### 4. CURRENT LIABILITIES

Sundry creditors and trade creditors are subject to confirmation.

### 5. FIXED ASSETS:

#### a) Work-in-progress -Agri Division

Fixed assets include Rs.1,707,941/- spent for the agricultural division to be written off over the period of time proportionate to the agricultural income that accrues to the company.

#### b) Plant & machinery

Plant & Machinery includes revaluation amount of Rs. 6,000,000/- which has depreciated to Rs. 4,802,000/-

#### c) Guarantee Deposits

The deposits constitute deposits given to owners of the WEGs which are maintained by the company. The Company has provided security deposits to extent of Rs. 301,899,495/- to the owners of windmills and the concern windmills are under company's management .

### 6. INVESTMENTS

Investments constitute investment in The Jain Sahakhari Bank amounting to Rs. 124,500/-, which is unquoted and shown at cost. Investment in Key man Insurance policy totalling to Rs. 27,066,391/-is inclusive of accrued bonus of Rs 11,250,000 .

### 7. SUNDRY DEBTORS

Sundry debtors recoverable in cash or in kind are unsecured and are subject to confirmation.



## 8. LOANS & ADVANCES

Loans and advances includes secured loan of Rs. 25,198,198/- for which the company holds various securities for its value and the balances are subject to confirmation.

## 9. PUBLIC ISSUE EXPENSES

This relates to equity issue expenses and will be written off after public issue.

## 10. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD-18

The details of related parties as identified by the management are as under:

i) Key Management Personnel:

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

ii) Associates:

Subuthi Finance Ltd  
Indonet Global Ltd  
Loyal Credit & Investment P Ltd  
Subuthi Investments P Ltd  
S G M Windfarms P Ltd.  
Bekey Properties Pvt Ltd.  
Bewind Power Private Limited

## 11. RELATED PARTY TRANSACTIONS

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

**The following transactions were carried out with the Related Parties**



Particulars	Associates	Key management personnel
<b>EXPENSES</b>		
Leasing expenses	Rs. 1,425,808	————
Traveling expenses	————	Rs. 619,145
Salary	————	Rs. 265,000
Sitting fee	————	Rs. 38,000
<b>Income</b>		
Sale of WEGs	Rs 144,000,000	
<b>Finance:</b>		
Rent Deposit	————	Rs. 673,750
Unsecured loan taken	————	————
Unsecured loan given	Rs. 2,398,206	————

**12. PROFIT AND LOSS ACCOUNT****(i) APPROPRIATIONS**

During the year, the company has transferred Rs. 3,000,000 to capital redemption reserve.



- (ii) INFORMATION PURSUANT TO THE PROVISIONS OF SCHEDULE VI TO THE COMPANIES ACT, 1956.  
(a) Power generation:

Year/place	Capacity (installed)	Production (Units)	Sale (units)	Income (Rs.)	Avg.price Per unit (Rs.)
<b>2005-2006</b>					
Tamil Nadu	13.525 MW	23,932,249	22,487,058	58,049,824	2.58
Increase in Stock				4,290,567	
Karnataka	3.300 MW	4,443,140	4,218,019	16,637,527	3.95
Decrease in Stock				(2,547,556)	
<b>Total</b>	<b>16.825 MW</b>	<b>28,375,389</b>	<b>26,705,077</b>	<b>76,430,362</b>	
<b>2006-2007</b>					
Tamil Nadu	13.525 MW	21,949,646	20,459,262	53,258,219	2.61
Increase in Stock				4,024,037	
Karnataka	3.300 MW	4,841,127	4,841,127	19,300,879	3.99
Increase in Stock				625,432	
<b>Total</b>	<b>16.825 MW</b>	<b>26,790,773</b>	<b>25,300,389</b>	<b>77,208,567</b>	

- (b) WEGs sale:

Project under implementation - Opening	9.45 MW
Additional Projects commenced during the year	4.00 MW
Projects Completed and sold during the year	2.00 MW
Project under implementation - Closing	11.45MW

- (iii) Expenditure in Foreign Currency on travel – Rs. 38,025/- (previous year Rs. 737,998/-)

- (iv) Remuneration paid to Directors:

The company has paid Rs.2,90,000/- by way of remuneration to the whole time director. Sitting fees paid during the year Rs.38,000/-

- (v) Administrative and other expenses include remuneration to Auditors towards:

	2006-07	2005-06
	(Rs. in thousands)	
Statutory Audit	50.00	50.00
Tax Audit	15.00	15.00
Certification	5.00	5.00



- (vi) Information with regard to other matters specified in Schedule VI of the Companies Act, 1956, are either Nil, or not applicable to the Company for the period under Audit.
- (vii) Value of imports during the year – Rs, 1,787,244/- ( Previous Year - Nil)
- (viii) Earnings in Foreign Currency – Nil ( Previous year Nil)

**13. CONTINGENT LIABILITIES:**

Income Tax demand for the A Y 1998-99 is Rs. 2,654,944/- and for the year 2004-05, Rs. 11,499,453. The company has been legally advised that the demand is likely to be deleted or substantially reduced. The company has preferred appeals and the said appeals are pending before the appellate authorities.

Company has provided corporate guarantee for the availment of term loans by IndonetGlobal Limited for Rs. 53,000,000 from Bank of India.

**14. SEGMENT INFORMATION**

Based on Accounting Standard 17, issued by the Institute of Chartered Accountant of India the Company's primary business segment is wind Power generation, project sale, financial income and other income

( in Rs.)

Particulars	Power	Project	Others	Total
Segment Income	77,208,567	164,000,000	34,535,603	275,744,170
Segment expenses	66,108,642	125,379,473	5,371,510	196,859,625
Segment results	11,099,925	38,620,527	29,164,093	78,884,545
Unallocable Exp				12,194,528
Net profit	11,099,925	38,620,527	29,164,093	66,690,017
Segment assets	574,740,378	182,641,129	97,607,344	854,988,851
Segment liability	46,032,521	150,791,775	12,981,888	209,806,184
Capital Employed	528,707,857	31,849,354	84,625,456	645,182,667



**INDOWIND ENERGY LIMITED**

**Green Power™**  
*for you . forever*

15. Previous year's figures have been regrouped wherever necessary.

**16. EARNING PER SHARE**

Profit After tax	Rs. 65,797,780
No. of Shares	3,64,56,886

Earning Per share (Annualized) Rs. 1.80

As per our report of even date

For **V.Ramaratnam & Co.,**  
Chartered Accountants

(By Order of the Board)  
for **INDOWIND ENERGY LIMITED**

**R.SUNDAR**  
Partner

**RAVINDRANATH K.S.**  
Director

**BALA K V**  
Director

Place: Chennai  
Date : 14<sup>th</sup> July 2007

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Regn. No.  State code   
Balance sheet date

**II CAPITAL RAISED DURING THE YEAR ( AMOUNT IN Rs. THOUSANDS )**

Public issue	<input type="text" value="NIL"/>	Rights issue	<input type="text" value="NIL"/>
Bonus issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( AMOUNT IN Rs. THOUSANDS )**

Total liabilities	<input type="text" value="854989"/>	Total assets	<input type="text" value="854989"/>
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**SOURCES OF FUNDS**

Paid up capital	<input type="text" value="404569"/>	Reserves & Surplus	<input type="text" value="240614"/>
Secured loans	<input type="text" value="159195"/>	Unsecured loans	<input type="text" value="NIL"/>

**APPLICATION OF FUNDS**

Net fixed assets	<input type="text" value="486638"/>	Investments	<input type="text" value="27191"/>
Net current assets	<input type="text" value="289417"/>	Misc. Expenditure	<input type="text" value="3433"/>
Accumulated losses	<input type="text" value="NIL"/>		

**IV PERFORMANCE OF COMPANY ( AMOUNT IN Rs. THOUSANDS )**

Turnover	<input type="text" value="274800"/>	Total Expenditure	<input type="text" value="208110"/>
Profit/(Loss) before tax	<input type="text" value="66690"/>	Profit/(Loss) after tax	<input type="text" value="65798"/>
Earning/share	<input type="text" value="1.80"/>		



## Cash Flow statement for the year ended 30th June 2006

	As on 30.6.07	As on 30.6.06
<b>A. Cash inflow / (outflow) from operating activities</b>	66,690,017	62,192,801
NET RESULT BEFORE TAXES	<b>66,690,017</b>	<b>62,192,801</b>
<b>Adjustments to reconcile net income before tax to net cash provided by operating activities:</b>		
Depreciation and amortization	10,118,098	7,799,987
Interest income, net	(2,399,512)	(3,916,156)
Hire Purchase Income	(2,120,000)	(4,080,000)
Profit on sale of asset	-	(15,115,646)
	<b>72,288,603</b>	<b>46,880,986</b>
<b>Changes in operating assets and liabilities</b>		
Restricted cash (Deposits)	(644,700)	1,147,740
Accounts receivable and other assets	4,794,221	(80,209,359)
Inventory for WIP	(83,184,182)	30,470,550
Inventory for Energy	(4,649,469)	(1,743,011)
Reversal of Revaluation reserve from WIP		(14,000,000)
Accounts payable and other liabilities	15,890,281	20,215,641
<b>Net Changes in operating assets and liabilities</b>	<b>(67,793,849)</b>	<b>(44,118,439)</b>
<b>Direct Tax Paid</b>	1,730,000	1,644,473
<b>Net cash provided by operating activities</b>	<b>2,764,754</b>	<b>1,118,074</b>
<b>B. Cash inflow / (outflow) from investing activities</b>		
Payments for purchase of property plant and equipment	(28,824,981)	(6,969,132)
Increase in Guarantee Deposits	(19,657,734)	(115,441,874)
Increase in Agri Division Assets	(706,232)	(162,689)
Proceeds from sale of property plant and equipment	-	25,000,000
Purchase of available for sale investments	(27,066,391)	-
Interest Income, net	2,399,512	3,916,156
Hire Purchase Income	2,120,000	4,080,000
<b>Net cash used in Investing activities</b>	<b>(71,735,826)</b>	<b>(89,577,539)</b>
<b>C. Cash inflow / (outflow) from Financing activities</b>		
Proceeds from secured loan	98,590,835	29,907,715
Proceeds from compound financial instruments		
Repayment of secured loans	(24,070,541)	(8,505,895)
Repayment of Unsecured Loans	(17,015,737)	(7,648,803)
Proceeds from issue of share capital	-	94,200,000
Share issue expenses	(893,445)	(1,099,699)
<b>Net cash provided by financing activities</b>	<b>56,611,112</b>	<b>106,853,318</b>
<b>Net increase in cash and cash equivalents</b>	<b>(12,359,960)</b>	<b>18,393,853</b>
Cash & Cash equivalents at the beginning of the year	21,181,315	2,787,462
Cash & Cash equivalents at the end of the year	<b>8,821,355</b>	<b>21,181,315</b>
<b>Cash &amp; Cash equivalents comprise</b>		
Cash in hand	1,701,318	691,664
Balances with banks	7,120,037	20,489,651
	<b>8,821,355</b>	<b>21,181,315</b>

for Indowind Energy Limited

Place : Chennai

Date : 14th July, 2007

RAVINDRANATH K.S.  
DirectorBALA K V  
Director