



INDOWIND ENERGY LIMITED

(Incorporated as Indowind Energy Private Limited under the Companies Act, 1956 vide certificate of incorporation dated July 19, 1995. The name was changed to Indowind Energy Limited upon conversion into a public limited company u/s 43 (A) on September 30, 1997). Our Company has been allocated CIN U40108TN1995PLC032311.

Registered Office: 4th floor, Kothari Building, 114 Nungambakkam High Road, Chennai- 600 0034

For changes in the address of the Registered Office please refer chapter titled "History and Corporate Structure" beginning on page [●] of this Draft Red Herring Prospectus.

Tel No: (044) 2833 0867/ 2833 1310 / 52150443; **Fax No:** (044) 2833 0208, **E-mail:** ipo@indowind.com; **Website:** www.indowind.com;

Contact person: Mr. S. Diraviam, Company Secretary and Compliance Officer

DRAFT RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956.

Dated : [●]

(The Draft Red Herring Prospectus will be updated and shall become the Red Herring Prospectus upon RoC filing)

100% Book Building Issue

PUBLIC ISSUE OF 1,25,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING EQUITY SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] (THE "ISSUE") BY INDOWIND ENERGY LIMITED ("OUR COMPANY" OR "ISSUER"). OUT OF WHICH 60,000 EQUITY SHARES OF RS. 10/- EACH HAVE BEEN RESERVED FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES OF OUR COMPANY AGGREGATING RS. [●] ("EMPLOYEE RESERVATION PORTION"), 2,00,000 EQUITY SHARES OF RS. 10/- EACH HAVE BEEN RESERVED FOR SUBSCRIPTION BY EXISTING SHAREHOLDERS OF OUR GROUP COMPANIES AGGREGATING RS. [●] ("EXISTING SHAREHOLDERS OF OUR GROUP COMPANIES RESERVATION PORTION"), AND NET ISSUE OF 1,22,40,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING TO RS. [●] ("NET ISSUE"). THE NET ISSUE WOULD CONSTITUTE 25% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE OF RS. 10/- EACH.

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 days. Any revision of Price Band and the revised Bid / Issue Period, if applicable will be widely disseminated by notification to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited by issuing a press release, and also by indicating the change on the website of the BRLM and the terminals of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs") out of which atleast 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, there is reservation of 60,000 Equity Shares for Eligible Employees and 2,00,000 Equity Shares for Eligible Shareholders of our Group Companies to be allotted on the proportionate basis.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first Issue of our Company, there has been no formal market for the securities of our Company. The face value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. [●] is [●] times the face value of the Equity Shares of our Company. The Issue Price (as has been determined by our Company in consultation with BRLM on the Basis of Assessment of Market demand for Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risk involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to section titled "Risk Factors beginning on page [●] of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue; that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

Our Company has not opted for IPO Grading

LISTING

The Equity Shares offered through this Issue are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). For the purposes of this Issue, BSE shall be the Designated Stock Exchange. The in-principle approvals for the proposed listing have been received from BSE and NSE for the Equity Shares vide their letters dated [●] and [●].

BOOK RUNNING LEAD MANAGER TO THE ISSUE



UTI Securities Limited

[Subsidiary of Securities Trading Corporation of India Limited]

AMBI Reg. No.: AMBI / 083

1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road

Bandra (East), Mumbai – 400 051

Tel: +91 22 6751 5801 / +91 22 6751 5826, Fax: +91 22 6702 3194

Website: www.utisel.com, Email: indowind@utisel.com

Contact Person: Mr. V.S. Narayanan / Ms. Neetu Ranka

REGISTRAR TO THE ISSUE



Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai – 400 072.

Tel: 91-22-2856 0652

Fax: 91-22-2847 5207

Website: www.bigshareonline.com

Email: ipo@bigshareonline.com

Contact Person: Mr. N V K Mohan

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●]

BID / ISSUE CLOSES ON : [●]

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I. DEFINITIONS AND ABBREVIATIONS

Term	Description
“INDOWIND ENERGY LIMITED” or “our Company” or “Issuer” or “INDOWIND” or “IEL” or “we” or “us” and “our”.	INDOWIND ENERGY LIMITED, a public limited company incorporated under the Companies Act, 1956
Promoter	Following mentioned below are the Promoters for our Company: • Mr. K V Bala • Subuthi Finance Limited • Loyal Credit and Investments Limited
Group Companies	Companies/Ventures promoted by our Promoters in this case being: • Subuthi Investments Private Limited (Subuthi Investments); • Indonet Global Limited (Indonet Global); • SGM Windfarms Private Limited (SGM Windfarms); • Bewind Power Private Limited (Bewind Power); • Bekey Properties Private Limited (Bekey Properties) and • Ravello Advertising Private Limited (Ravello Advertising).

Conventional/General Terms

Term	Description
Act	The Companies Act, 1956
Articles of Association	The Articles of Association of our Company.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Directors	The directors of our Company, unless the context otherwise requires
Equity Shares	The equity shares of face value of Rs. 10/- each of our Company
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investors as defined under SEBI (foreign Institutional Investors) Regulations, 1995 registered with SEBI and as under FEMA (Transfer or Issue of Securities) by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
Financial Year/ Fiscal Year/FY	The 12 months ended June 30, of a particular year
FIPB	Foreign Investment Promotion Board constituted under the RBI Act, 1934
IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company
Non Resident	A person who is not a NRI, a FII and is not a person resident in India
NRI/ Non-Resident Indian	A person residing outside India, as defined under FEMA and who is a citizen of India or a person of indian origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time.
PFC	Power Finance Corporation
RBI	Reserve Bank of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act,

	1992.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, issued by SEBI effective from January 27, 2000, as amended from time to time constituted under the Securities and Exchange Board of India Act, 1992.
Stock Exchanges	BSE and NSE

Issue Related Terms

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, allocation of Equity Shares pursuant to this Issue
Escrow Collection Bank (s)	[•]
Bid	An indication to make offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate Member will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation at the Registered Office of our Company
Bid/ Issue Opening Date	The date on which the Syndicate Member shall start accepting Bids for this Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation in the city the Registered Office of our Company
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
Brokers to this Issue	Brokers registered with any recognised Stock Exchange, appointed by the Syndicate Member
BRLM	Book Running Lead Manager to this Issue, in this case being UTI Securities Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of Allocation of Equity Shares sent to the Bidders who have been Allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted by the Syndicate Members

Cut-off	The Issue Price finalised by our Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder, Eligible Employees and Existing Shareholders under the Employee and Existing Shareholders of our Group Companies Reservation Portions, respectively is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account of our Company to the Public Issue Account and Refund Account after the Prospectus is filed with RoC, following which our Board of Directors shall make the Allotment to successful Bidders
Designated Stock Exchange	The designated stock exchange for the purpose of this Issue is BSE.
Draft Red Herring Prospectus	Means this Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which Equity Shares are offered and the size of this Issue. It will become a Red Herring Prospectus after filing with RoC at least three days before the Bid / Issue Opening Date. It will become a Prospectus after filing with the RoC after the Pricing Date.
Eligible Employees	For the purpose of the Employee Reservation Portion, Eligible Employee means Permanent Employees/ Executive Directors of our Company during the period commencing from the date of filling the Draft Red Herring Prospectus and the Bid/ Issue Closing date who are Indian National, are based in India and are physically present in India on the date of the submission of the Bid-cum-application form.
Employee and Reservation Portion	The portion of this Issue being a maximum of 60,000 Equity Shares available for allocation to Eligible Employees. Promoters are not eligible to apply for shares in the Employee Reservation Portion. <i>Vide</i> an undertaking dated February 17, 2007, our Promoters have confirmed that the Promoter Director and relatives of the Promoter and / or our Promoter Group Companies shall not participate in the Issue.
Equity Shares	Equity shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), the Refund Bank and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account(s) for this Issue will be opened, in this case being [●]
Existing Shareholders	Shall mean the existing shareholders of our Group Companies viz., Subuthi Investments Private Limited; Indonet Global Limited; SGM Windfarms Private Limited; Bewind Power Private Limited; Bekey Properties Private Limited and Ravello Advertising Private Limited.

Existing Shareholders of our Group Companies Reservation Portion	The portion of this Issue being a maximum of 2,00,000 Equity Shares available for allocation to Existing Shareholders. Promoters are not eligible to apply for shares in the Existing Shareholders of our Group Companies Reservation Portion. <i>Vide</i> an undertaking dated [●] our Promoters have confirmed that the Promoter Director and relatives of the Promoter and / or our Promoter Group Companies shall not participate in the Issue.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted by the Syndicate Members
Indian GAAP	Generally accepted accounting principles in India.
Indian National	As used in the context of the Employee and Shareholders of our Group Companies Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue / Public Issue	The fresh issue of 1,25,00,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by our Company in terms of the Red Herring Prospectus
Issue Management Team	The team managing this Issue as set out in the section titled “General Information” beginning on page [●] of this Draft Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Minimum Bid	The minimum number of Equity Shares for which the Bidder(s) shall Bid, in this case being [●] Equity Shares.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	This Issue other than the Employee and Shareholders of Group Companies Reservation Portions i.e. 1,22,40,000 Equity Shares of Rs. 10/- each available for Allocation to the public.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000/-
Non Institutional Portion	The portion of this Issue being at least 15% of the Net Issue i.e. 18,36,000 Equity Shares of Rs. 10/- each available for Allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving Allocation who pay less than 100% Margin Amount at the time of Bidding, as applicable
Pay-in-Period	Means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to QIB's whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Project	The issue is being made to raise the funds for the following purposes: 1. Setting up 9 MW Wind Farm Project in at Chitradurga, Karnataka 2. Purchase of Hydraulic cranes 3. Acquisition of second hand WEGs from Banks

	4. Foreclosure of lease with ICICI Bank and UTI Bank 5. Meet the additional working capital requirements 6. To meet the expenses of the public issue.
Prospectus	The Prospectus, filed with the RoC containing, inter alia, this Issue Price that is determined at the end of the Book Building Process, the Issue Size and certain other information
Public Issue Account	Account opened with one of the Escrow Collection Bank(s) to receive monies from the Escrow Account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2500 lacs and Pension Funds with minimum corpus of Rs. 2500 lacs
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of this Issue being up to 50% of the Net Issue including the specific allocation of 5% for Mutual Funds, i.e., 61,20,000 Equity Shares of Rs. 10/- each available for allocation to QIB's
Red Herring Prospectus	The red herring prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the Issue Price at which the Equity Shares will be offered and the size of this Issue. The Red Herring Prospectus, which will be filed with the Registrar of Companies atleast 3 (three) days before the Bid / Issue Opening Date and will become a Prospectus after filing with RoC after pricing
Refund Account	The no-lien account maintained by the Refund Bank to which the surplus money shall be transferred on the Designated Date.
Refund Bank	Shall mean the Escrow Collection Bank who has been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and /or physical mode where payment through electronic mode may not be feasible, in this case being [●].
Registrar/ Registrar to this Issue	Bigshare Services Private Limited, as indicated on the cover page of this Draft Red Herring Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being at least 35% of the Net Issue i.e. 42,84,000 Equity Shares of Rs. 10/- each available for Allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Syndicate	The BRLM and the Syndicate Member
Syndicate Agreement	The agreement to be entered into between our Company and the Members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters. The Syndicate Member is appointed by the BRLM, in this case being [●]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid on the online system of BSE.
Underwriters	The BRLM and the Syndicate Member



Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
U.S. GAAP	Generally accepted accounting principles in the United States.

Notwithstanding the foregoing, in the chapter titled “Main Provisions of the Articles of Association of our Company”, Statement of Tax Benefits” and “Financial Statements” on pages [•], [•] and [•] of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Company/ Industry-related Terms

Term	Description
Auditors	The statutory auditors of the Company namely M/s.V. Ramarathnam and Co. Chartered Accountants.
BOD/ Board/ Board of Directors	The Board of Directors of our Company or a Committee thereof
CC	Cash Credit
RoC	Registrar of Companies, Tamil Nadu at Chennai unless otherwise specified.
Registered Office of the Company	Kothari Buildings, 4 th Floor, 114 Nungambakkam High Road, Chennai 600 0034.
TNEB	Tamil Nadu Electricity Board

Abbreviations

AGM	Annual General Meeting of the shareholders of our Company
A. Y.	Assessment Year
BOI	Bank of India
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CER	Carbon Emission Reduction
CERC	Central Electricity Regulatory Commission
CLB	Company Law Board
CMSs	Central Monitoring Stations
COD	Commercial Operation Date
CWET	Centre for Wind Energy Technology
DCA	Department of Company Affairs
DP	Depository Participant
DSRA	Debt Service Reserve Account
EGM	Extra-ordinary General Meeting of the shareholders of our Company
EHV	Extra High Voltage
EMS	Environmental Management System
EPC	Equipment Procurement and Construction
F.Y.	Financial Year
FI	Financial Institution
GOI	Government of India
HUF	Hindu Undivided Family
IEA	International Energy Agency

IPO	Initial Public Offer
IPP	Independent Power Producer
IREDA	The Indian Renewable Energy Development Agency
KVA	Kilo Volt Amperes
KW	Kilo watts
KWH	Kilo Watt Hours
L/C	Letter of Credit
MF	Mutual Fund
MNRE	Ministry of New and Renewable Energy
MoP	Ministry of Power
MoU	Memorandum of Understanding
MT	Metric Tonnes
MW	Mega Watts
NAV	Net Asset Value
NRIs	Non Resident Indians as defined under FEMA
NSE	The National Stock Exchange of India Limited
O&M	Operations and Maintenance
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PLF	Plant Load Factor
REB	Regional Electricity Board
R&D	Research and Development
RLDC	Regional Load Dispatch Centre
SEBs/EB	State Electricity Boards / Electricity Boards
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Centre
SPU	State Power Utility
STU	State Transmission Utility
Sq.mtrs.	Square Meters
TNW	Tangible Net Worth
TRA	Trust Retention Account
T&D	Transmission and Distribution
V	Volts
WEG / WTG	Wind Energy Generators / Wind Turbine Generators

SECTION II – RISK FACTORS

FORWARD-LOOKING STATEMENTS, CERTAIN CONVENTIONS AND MARKET DATA

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Important factors that could affect our results to differ materially from our expectations includes, among others:

- inter-alia our ability to successfully implement our strategy, our growth and expansion, technological changes;
- our exposure to market risks;
- general economic and political conditions in India which have an impact on our business activities or investments;
- the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in India and globally;
- changes in domestic and foreign laws, regulations and taxes, changes in laws;
- regulations in the wind energy industry, including tax laws;
- Potential mergers, acquisitions restructurings and increased competition;
- Variation in the electricity demand and supply situations;
- Geographical changes in the wind directions and wind density.

For further discussion of factors that could cause our actual results to differ, refer to the section titled “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, the BRLM, nor any of their affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date thereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our Company”, “IEL” unless the context otherwise implies, refer Indowind Energy Limited.

For additional definitions used in this Draft Red Herring Prospectus, please refer to sections titled “Definitions and Abbreviations”, “Statement of Tax Benefits” and “Financial Information of our Company” beginning on pages [●], [●] and [●] of this Draft Red Herring Prospectus. In the section titled “Main Provisions of Articles of Association of our Company”, defined terms have the meaning given to such terms therein.

Market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data and industry publications. Industry publication data generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not



been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lac”, means “One hundred thousand”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

Internal Risk Factors

Risks Relating to Business and Project

The project has not been appraised by any Bank/Financial Institution.

The funds requirement and funding plans are as per our own estimates, and have not been appraised by any bank/financial institution. Our promoters and directors have experience in this line of business and along with a team of professionals; we do not envisage any difficulty in meeting the implementation schedule and do not envisage any cost overruns.

No definitive agreement entered into for acquiring second hand windmills for the project

We have not entered into any definitive agreement for acquiring second hand windmills for which an amount of Rs. 2000 lacs is earmarked. Under the recently passed Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), many banks have taken over the assets (including WEGs) of defaulting companies in order to recover their dues. These assets require specific skills for efficient operations and the banks which have taken over these assets do not have the capability to operate them, and as a result are not able to generate returns from these WEGs. Hence, these banks have put up these WEGs for sale through competitive bidding process. We intend to purchase these from the banks after the completion of the Issue.

The total cost of Plant & Machinery in our project is Rs.8678.20 lacs, of which our Company has not yet placed orders for the Plant & Machinery aggregating Rs. 2650 lacs, which constitutes 30.54 % of the total Plant & Machinery costs.

Our Company has already received quotations from the proposed/short-listed suppliers and the orders shall be placed in as per the schedule of implementation. The commissioning of the projects is by August 2007 and most of the equipments have a delivery period of about 3 months. The placement of orders for machinery has been planned accordingly.

Risk relating purchase of second hand machinery

Our Company proposes to purchase second hand machinery for its projects as stated in the Objects of the Issue to the tune of Rs. 2650 lacs (Rs. 650 lacs for purchase of hydraulic cranes and Rs. 2000 lacs for acquisition of second hand WEG from banks, which constitutes 30.54% of the total plant and machinery.

We have earmarked an amount of Rs. 1826.20 lacs for foreclosure of lease with UTI Bank Limited and ICICI Bank Limited. We have not entered into any definitive agreement with them to foreclose the lease.



Our Company maintains the windmills of these banks under Operation and Management contracts for a period not exceeding the lease contract expiring during 2012 and 2014 respectively. We intend to foreclose the lease and purchase the entire assets. We have not received any expression of interest from these banks showing their willingness to foreclose the lease. However, we do not envisage any problems in foreclosing the lease and taking the assets in our books.

Risk relating to non signing of the Power Purchase Agreement with Government of Karnataka

As of date we have not entered into any Power Purchase Agreement with the Government of Karnataka for the purpose of selling power to them and such selling of power cannot be carried on till such agreement has been executed. We are in process of entering the PPA and agreement will be entered in due course.

Risks relating to Litigation

We are involved in a number of legal proceedings, if decided against us, could impact our income and financial condition.

Our Company is involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts and various Tribunals. Any rulings by appellate courts or tribunals against us would have a material impact on our cash flows which may affect our operations. For further information regarding litigation, please refer to the section titled “Outstanding Litigation and Material Developments” on page [●] of this Draft Red Herring Prospectus.

The following table lays down the matters pending against our Company and the amount involved in such matters:

(In Rs.)		
Matters pending against our Company	Number of Cases pending	Amount involved
Tax Litigation	3	1,90,83,930
Civil Cases	2	1,00,50,000

One of our Corporate Promoter Subuthi Finance Limited a listed company has certain tax demands pending against it which are in the Appeal stage amounting to Rs. 7,33,62,929/-.

A complaint has been filed against our Company before the Registrar of Companies, Tamil Nadu for non payment of dividend on the preference shares by our Company.

A complaint dated January 9, 2003 bearing number 32311/IPC/SL-I/ROC/2003 was filed against our Company by Milton Plastics Limited with Registrar of Companies, Tamil Nadu for non payment of dividend in respect of 12% non-convertible cumulative preference shares of Rs. 100 lacs. The Company has replied to RoC explaining the reasons for non payment of dividend. Order from the said RoC is awaited. For further details please refer to section titled “Outstanding Litigation and Material Developments” on page [●] of this Draft Red Herring Prospectus.

Our Promoter Subuthi Finance Limited has failed to meet certain listing requirements of Stock Exchanges in India and Show Cause Notices have been issued pursuant to it.

Our Promoter, Subuthi Finance Limited has been served several show-cause notices in the years 1998 to 2006 by the Bombay Stock Exchange Limited, the Coimbatore Stock Exchange Limited and the Madras Stock Exchange Limited as regards *inter alia* alleged non-filing of various returns / documents required to be filed / alleged non-compliance of various provisions of the Listing Agreement / SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 / SEBI (Prohibition of Insider Trading) Regulations, 1992. Our Promoter has replied to all of these notices and has filed all necessary documents



and returns required to be filed. As on date of filing this Draft Red Herring Prospectus with SEBI, our Promoter has not received any other show-cause notice that have not been replied to or complied with.

The name of one of our Corporate Promoters, viz., Subuthi Finance Limited appeared on the defaulter list on the website of Credit Information and Bureau of India for a period of 3 years from 2001-2004.

Subuthi Finance Limited had appeared in the Credit Information and Bureau of India (CIBIL) website as defaulters to ICICI Bank Limited (ICICI) for non payment. The company had paid the amount due to ICICI on July 6, 2001 but their name still appeared as defaulters in the CIBIL website. ICICI later *vide* their letter dated January 4, 2004 stated that the amount due to them from Subuthi Finance had been settled by a one time payment on July 6, 2001. The companies name does not appear on the defaulter list anymore.

A part of our Issue proceeds is to be paid as consideration to one of our Group Companies.

We have entered into an Equipment Procurement and Construction (EPC) contract with one of our group Companies viz. Bewind Power Private Limited for setting up the proposed 9MW windfarm project envisaged as one of the Objects of this Public Issue. Hence out of the proceeds of this Issue an amount of Rs. 4950 lacs shall be paid as consideration to Bewind Power. The total amount required for all projects and working capital requirements envisaged in the Objects of this Issue is Rs. 9753.48 lacs and the Issue size is fixed at Rs. [●] to be established through the Book Building Process.

Our Registered Office has been taken on lease from one of our Group Companies, viz. Bekey Properties Private Limited.

Our Company has entered into a lease agreement dated November 29, 2006 with Bekey Properties Private Limited, one of our Group Companies in respect of our Registered Office situated at 4th floor, Kothari Building, 114 Nungambakkam High Road, Chennai- 600 0034. The said lease is for a period of 3 years. For further details of the lease agreement please refer to page [●] of this Draft Red Herring Prospectus.

The equity shares of Subuthi Finance Limited are infrequently traded on BSE, and no trading has taken place on Madras Stock Exchange and Coimbatore Stock Exchange for more than the past five years.

One of our Promoters, Subuthi Finance Limited could not achieve the projections as mentioned in the Prospectus issued in April, 1996.

Subuthi Finance Limited could not achieve the projections due to the following reasons:

- There was a downturn in the hire purchase and leasing industry since 1996.
- Changes in the RBI policy for NBFC's to choose either fund based or fee based activities.
- There were huge claims from the Income Tax Department on account of dis-allowance of depreciation subsequently Subuthi Finance Limited had to pay sizeable taxes and fight various cases in various forums including the Income Tax Appellate Tribunal. Also the Income Tax Department has attached the accounts of Subuthi Finance Limited. The situation was further aggravated by the non-payment of various borrowers.

For more detail of the projections versus the actual performance by Subuthi Finance, please refer "Promise vis-à-vis Performance" in chapter titled "Other Regulatory and Statutory Disclosures" beginning on page [●] of this Draft Red Herring Prospectus.

Our Promoters are involved in ventures having the same line of business with our Company which maybe a potential conflict of interest.

Two of our Promoter Group Companies namely SGM Windfarms Private Limited and Bewind Power Private Limited carry out activities, which are similar in nature to those undertaken by us. In view of the



fact that these two Promoter Group Companies are engaged in similar businesses as our Company there may be a conflict of interest between them and our Company.

Interest of our Promoters/Directors

Except as stated in the “Related Party Disclosures” beginning on page [●] of this Draft Red Herring Prospectus, all our individual Promoter/ Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of our Articles of Association.

Further, the Promoters are interested to the extent of Equity Shares that they are holding and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our individual Promoter hold shares or other stake in our corporate Promoter and Group Companies in addition to other entities, and may be deemed to be additionally interested in any agreement or arrangement entered or to be entered into or to be entered into by our Company with our corporate promoter or Group Companies or such other entities, and if dividend, if any, is payable to our Corporate Promoter or Group Companies or other entities by virtue of their shareholding in our Company.

Further:

- Our Promoter, Mr. K.V. Bala is interested to the amount of lease rent payable to him for our Company guesthouse at Mumbai to the extent of Rs. 3,00,000/- per month.
- One of our Group Companies, viz., Bekey Properties Private Limited is interested to the amount of lease rent payable to them for our Registered Office to the extent of Rs. 1,05,000/- per month.
- One of our Group Companies namely; Bewind Power Private Limited is interested in the Issue proceeds to a tune of Rs. 4950 lacs for one of the objects of the Issue.

Group Companies/Ventures promoted by our Promoter have incurred losses in the last three years.

The following group companies promoted by our Promoters have incurred losses in one or more of the last three years:

Name of the Company	(Rs. in lacs)		
	September 30, 2004	September 30, 2005	September 30, 2006
Subuthi Investments Private Limited	1.07	(1.33)	1.60
SGM Windfarms Private Limited	0.02	(0.58)	(2.32)

There are certain qualifications/observations in the Auditor's Report

Qualifications in the audit report for the financial year ended on June 30, 2002

Taxes on Income – Provision for tax for the accounting year from July 1, 2001 to June 30, 2002 is taken to be on the tax determined for the financial year from April 1, 2001 to March 31, 2002.

Retirement Benefits – The Company has not provided for any retirement benefits and no provision has been made for gratuity payable.

Expenses under Net other Income – Net other income includes expenses incurred.

Dividend Payments – Dividend is provided for on only certain category of Preference Shares only.

Qualifications in the audit report for the financial year ended on June 30, 2003



Non provision of Preference Dividend – Dividend has not been provided on 1 No 12% Preference Share of Rs.100.00 Lacs.

Accounting for Investments – No provision has been made for diminution in the book value of investments.

Qualifications in the audit report for the financial year ended on June 30, 2004

Accounting for Investments - No provision has been made for diminution in the book value of investments.

For further details refer to Annexure 16 of the Auditor's Report on page [●] of this Draft Red Herring Prospectus.

We have made the following applications for renewal of licenses to the appropriate authorities, which are pending.

- Application dated October 18, 2006 for Registration and License to work a factory granted at a unit in RS No. 1/15, Sedarapet, Pondicherry bearing No. PVC – 327 valid till December 31, 2006 issued under the Factories Act, 1948 by the Chief Inspector of Factories.
- Application for renewal of Trademark Mark bearing No. 1376284 issued on August 12, 2005 for the mark “Green Power for you forever” in Part A of the Register of Trademarks in Class 7 in respect of generation of power from wind mills.
-

Risk associated with negative covenants in our agreements with our Lenders

We are subject to usual and customary restrictive covenants in agreements that we have entered into with our banks for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior permission of the banks to:

- Effect any change in the capital structure;
- Formulate any scheme of amalgamation and reconstruction;
- Undertake any new project or expansion schemes/modernization/diversification /renovation or acquire any fixed assets.
- Unless the expenditure on such expansion, etc., is covered by our Company's net cash accruals after providing for dividends, investments etc, or from long term funds received for financing such new projects or expansion;
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern;
- Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or otherwise save and except the working capital facilities granted/ to be granted by other consortium member banks, under consortium arrangement with the bank and term loans proposed to be obtained from financial institutions/ banks for completion of the replacement-cum-modernization programme;
- Undertake guarantee obligation on behalf of any other company;
- Declare dividends for any year except out of profits relating to that year and with specific approval from the bank;

- Withdraw loans/deposits secured from promoter shareholders, directors, depositors and promoters of our Company;
- To make any drastic change in its management setup without the bank's permission;
- Pay any commission to the guarantors towards the guarantees executed by them for the credit facilities granted by the banks to our Company;
- Create any further charge, lien or encumbrance over the assets and properties of our Company to be charged to the bank in favour of any other bank, financial institution, company, firm or person; and
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.

We have obtained No Objection Certificate dated January 6, 2007 and January 3, 2007 from our bankers i.e. Bank of India and Canara Bank, respectively, that they have no objection for this Issue.

Risk associated with implementing the project on time

The proposed project is currently in the initial stages of implementation. Inability to complete the project as per the stated schedule of implementation may lead to cost/time overruns and may impact future profitability of our Company.

The promoters/directors of our Company have established the current setup from ground zero and have adequate experience in setting up and running of such projects. Professionals in key areas have also been employed to oversee the setting up of the proposed project. Consequently, our Company does not envisage any difficulty in meeting the implementation schedule.

We may be unable to cope with technical developments in the industry.

Technology plays a vital role in the Non conventional energy sector. Any failure to keep abreast with technological advancements might place our competitors at an advantageous position in terms of cost, efficiency and generation of wind energy.

In the segment that we operate in, we supply to electricity boards and third parties at competitive prices because of our ability to keep abreast and incorporate the latest technology and cost saving measures. Since inception, we have been continuously moving forward, keeping in line with technical developments in the industry.

Majority of our business income is derived from sale of power to TNEB. The loss of TNEB as our customer would have a material impact on our financials.

About 76 % of our Power Income in Financial Year 2006 is derived from sale of power to TNEB. Our Company sells power generated from its wind farm in Tamil Nadu to TNEB in compliance with state government policy, wherein sale of power to third parties is not allowed. The loss of TNEB as our customer would have a material adverse effect on financial statement of our Company.

Risks relating to Wind Energy sector

- **The Plant Load Factor (PLF) of the Project will be affected by matters such as grid failure and unplanned breakdown.**

Efficiency of any power generating company can be measured in terms of PLF. Thus PLF is a critical success factor of a particular WEG or a project on the whole. It is calculated on the basis of rated capacity (KW) of a single WEG or aggregate rated capacity of a project and no. of hours working (generating) in a year.

As long as the preventive maintenance is undertaken in a proper and systematic manner, there are no major concerns for unplanned breakdowns. In case of grid failure, the PLF of the project may be affected indirectly as the generation of power from windmills cannot be regulated and thus resulting in loss of generation.

- **We currently enjoy some significant government incentives. These incentives if withdrawn would increase our spending and would have a negative impact on our finances.**

We currently enjoy the benefit of various incentives provided by the Central and State Government including tax holidays in order to encourage investment in the power sector. These incentives have a substantial positive impact on our returns from these projects. The most significant of these incentives are Section 80-IA benefits under the Income Tax Act, 1961 which provide for a tax holiday for infrastructure projects. Our financial performance could be affected if these benefits are withdrawn or if our claim for deductions under Section 80-IA are disputed or disallowed by the taxation authority. Further, the detailed explanation of the tax benefits received by us have been detailed in the section under “Tax Benefit Statement”.

- **Viability of the wind power projects is dependent on the wind patterns.**

The viability of wind power projects is dependent on the wind patterns, which are not constant and vary over time. The WTGs are generally considered as viable base load sources of electricity. This means that while demand for wind power may increase, it is unlikely that wind power will be considered a large-scale substitute for power generated from fossil fuel and other forms of renewable sources of energy. This may adversely affect the future growth prospects of the wind power industry in general.

- **Seasonality of business**

Our Company is affected by the weather patterns and the peak energy generation period is between April and October due to the south westerly wind pattern. The same is reflected in higher PLF by the WEGs.

- **Wind farm projects are exposed to construction risks.**

There are various activities, which are covered under the construction activities in our project implementation such as soil testing, micro siting, civil construction and infrastructure development. While we attempt to allocate such risks to equipment suppliers under ‘fixed price fixed time’ contracts, not all such risks can be allocated to the equipment suppliers such as natural calamities, force majeure clauses and government policy changes. Accordingly, delays in completion of a project, the resultant increase in funding costs and delays in the commencement of cashflows, increases the capital need to complete construction which may have impact on the project.

- **Dependence on the EPC Contractor.**

The experience and reputation, human and technical resources along with the financial standing of the EPC contractor for the project are key factors in determining the likelihood of the timely completion of the project for the agreed price. Ensuring that equipment suppliers have satisfactory financial resources to support liquidated damages and performance obligations under EPC contract are also important considerations. Failure of an EPC contractor will have an adverse impact on the project.

- **We are exposed to a range of operational risks associated with our turbines including equipment failure, non-performance to specification, accidents and turbine damages.**

The risk of equipment failure and non-performance to specification can be allocated to EPC contractor and operation and maintenance contractor in the initial stages, which in this case a maximum of 2 years. However, such risk cannot be allocated to them permanently. Accidents and turbine damages can be avoided by proper systems and routine maintenance. However, most of the risks are covered under insurance policies.

- **Market price of electricity is volatile.**

The sale price of power is volatile only in case where we sell the power to the industrial consumers directly under the third party sale as allowed by some of the State Governments. In our case, this is applicable only to our wind farms situated in Karnataka. This risk has no impact on the windfarms situated in the state of Tamil Nadu.

- **Transmission Risks**

Wind farms must be connected to SEB grid to supply the electricity generated. If the grid fails or experiences 'downtime' the wind farm will not be able to deliver the generated electricity. This may affect PLF of the wind farm indirectly and consequently lose revenue.

As a generator of electricity, a wind farm is required to meet certain technical specifications in order to be connected to the grid. If the wind farm does not comply with these specifications or ceases to comply with them, it will not be able to connect to the grid. It can also incur liabilities and penalties for the non-technically compliant transmission of electricity. It may also be at risk of having its connection to the grid terminated unless it rectifies its non-compliance.

Risks of retention of manpower

Our sustained growth depends on our ability to attract and retain skilled manpower. Failure to attract and retain skilled manpower could adversely affect our growth strategy. Any significant changes in the key managerial personnel, may affect the performance of our Company.

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Our management supports and is committed to the development of Human Capital. We have periodic training for all our technical staff to update and hone their skills. All employees are given good working environment, which has helped in building a good teamwork. The attrition rate in our Company is negligible.

We have a mandate with L & T Capital to raise loan for our 9 MW Project that has certain difficulties as to implementation.

Our Company has signed a mandate with L&T Capital to raise loan for our 9 MW Project, which is one of the objects of this Issue. L&T had obtained sanction for us from PFC with some terms, which were not acceptable to the Board of Directors of our company. Our Company has informed L&T that the sanction given by PFC needs some modifications. However, the sanction has expired.

We have been sanctioned an Operating Lease Facility from UTI Bank for Wind Mills wherein only part of the sanction amount has been forwarded to us.

Our Company was sanctioned an Operating Lease Facility of Rs. 6120 lacs by UTI Bank during 2003-04. We have already paid lease management fee of Rs. 122 lacs for the entire project and the Bank has so far released funds only for 30 Wind Energy Generators. Our Company has completed purchasing more than 50 Wind Mills and we are in discussion with the Bank to release the balance fund.



We have agreed to takeover the assets of Wescare India Limited, subject to approval of owners of assets and statutory formalities, but only a portion of acquisition has been completed.

Our Company agreed to takeover wind mills alongwith land, infrastructure and spares from Wescare India Limited. But due to non receipt of approvals from the lenders/ lessors, only a part of the total being 6.49 MW has been acquired by us. The Company is not certain of completing the remaining acquisition.

Any fluctuation in Foreign Exchange rates may adversely affect our profitability.

The volatility in global financial markets may have an adverse impact on our imports of plant and machinery. We have to make payments in foreign exchange for our imports of capital goods. In the future, we expect an increase in our dealings in foreign exchange thus increasing our exposure to foreign exchange markets. Our inability to hedge this foreign exchange exposure may result in an adverse impact on our financial condition.

Our Company has availed certain unsecured loans which are repayable on demand.

Our Company has availed unsecured loans repayable on demand which amount to Rs. 95.46 lacs as on September 30, 2006 from Corporate Bodies which also include Subuthi Finance Limited, SGM Wind Farms Private Limited, Loyal Credit & Investments Limited, Bekey Properties Private Limited and Indonet Global Limited. These unsecured loans do not carry any interest. For further details please refer to Annexure 1 and 7 of the chapter titled "Financial Statements" beginning on page [●] of this Draft Red Herring Prospectus.

Our Company had a negative cash flow for the period ended September 30, 2006.

Our Company had a negative cash flow of Rs. 106.77 lacs for the period ended September 30, 2006 due to utilization of funds for capital expenditure.

We had filed a Draft Prospectus with SEBI on two occasions that were subsequently withdrawn.

We had filed a Draft Prospectus with SEBI and Stock Exchanges on two previous occasions. We had initially filed our Draft Prospectus with SEBI and NSE on September 15, 2003 for a public issue of 25,10,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- each aggregating to Rs. 753 lac. NSE vide its letter dated April 16, 2004, had given an in-principle approval for listing. In view of the changes in capital structure, we withdrew the Draft Prospectus, vide our letter dated July 5, 2004.

On the second occasion, we filed a Draft Red Herring Prospectus with SEBI and BSE on February 2, 2006 for a public issue of 90,00,000 Equity Shares of Rs. 10/- each at a price to be decided through Book Building process. In view of the changes in the Project shifting from Tamil Nadu to Karnataka and changes in Capital Structure, we withdrew the Draft Red Herring Prospectus, vide our letter dated March 23, 2006.

Any future issuance of Equity Shares by our Company may dilute your shareholding in our Company.

To fund future growth plans of our Company we may further raise capital by way of issuance of Equity Shares or convertibles in domestic or overseas market. Such further issuance of Equity Shares or convertibles could dilute your shareholding in our Company. Further, perception of such further Issues may also affect the trading price of our Equity Shares.

Also, sale by our Promoters or major shareholders of their shareholding (subject to lock-in compliances) may affect the trading price of the Equity Shares of our Company.



The Promoters and Promoter Group will collectively own approximately [●] % of Equity Shares in our Company post listing and will continue to control and exercise substantial influence over our Company. Their interest may conflict with your interest as a shareholder.

Post listing our Promoters and Promoter Group will hold approximately [●] % in the paid-up equity capital of our Company. As a result, our Promoters will have the ability to exercise significant influence over the decisions of our Company, as they will be able to determine the outcome of all actions requiring the approval of the shareholders or/ and our Board. The interests of our Promoters may conflict with the interests of our other investors, and you may not agree with the manner in which they exercise their powers of management or voting rights.

External Risk Factors

A slowdown in economic growth in India could cause our business to suffer.

Our performance and the quality and growth of our assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our business. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting commodity and energy prices or various other factors. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business.

Our performance is linked to the stability of policies and the political situation in India

The role of the Indian Central and State Governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The present Government of India, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003 and other acts of violence or war may negatively affect the Indian markets where our equity shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries.



The governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our equity shares.

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

The price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- a) Volatility in Indian and global securities market;
- b) Our results of operations and performance;
- c) Performance of our competitors and perception in the Indian market about investment in the infrastructure sector;
- d) Changes in the estimates of our performance or recommendations by financial analysts;
- e) Significant development in India's economics liberalization and de-regulation policies; and
- f) Significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

Future sales by current shareholders could cause the price of our Equity Shares to decline.

If our existing shareholders sell a substantial number of our Equity Shares in the public market, the market price of our Equity Shares could fall. Sales or distributions of substantial amounts of our Equity Shares by existing holders, or the perception that such sales or distributions could occur, could adversely affect prevailing market prices for our Equity Shares.

Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

Any change in regulatory environment in relation to generating wind power within the country or for selling and distributing power within the country will significantly impact our business. If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.

We keep ourselves abreast of the various developments in relation to the regulatory environment and gear ourselves in order to comply with such regulatory changes. We have been complying with current environmental laws and regulations and have also obtained necessary approvals from regulatory bodies. Also the energy generated by our Company is from renewable source is non-pollutive and eligible for carbon credits.

***Government Policies – Renewable Energy (Windpower)***

Renewable energy growth prospects are highly dependent on Government Policies. Any change in the regulatory authority policies favouring any other renewable source over wind power may have an adverse impact on our business and consequently will have a negative impact on the sales and profitability of our Company.

Risks arising from changes in taxation policies, statutory taxes and other levies affect the cost of production and prices of our products. Any increase in any of these taxes or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

No public market for the shares of our Company

There has been no public market for the Equity Shares of our Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section 'Basis of Issue Price' on page [●]) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

NOTES TO RISK FACTORS:

- 1) Pre-issue net worth of our Company as on June 30, 2006 is Rs. 5308.45 lacs and as on September 30, 2006 is Rs. 5523.79 lacs.
- 2) Size of this Issue – Public Issue of 1,25,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs. [●] (the "Issue"), out of which 60,000 Equity Shares of Rs. 10/- each have been reserved for subscription by Eligible Employees of our Company aggregating to Rs. [●], 2,00,000 Equity Shares of Rs. 10/- each have been reserved for subscription by Existing Shareholders of our Group Companies aggregating Rs. [●] and Net Issue of 1,22,40,000 Equity Shares of Rs. 10/- each aggregating to Rs. [●] ("Net Issue").

- 3) The average cost of acquisition of Equity Shares by the Promoters is depicted below:

Promoter	Average cost of Acquisition (Rs)
Mr. K V Bala	4.29
Subuthi Finance Limited	2.71
Loyal Credit and Investments Limited	0.85

- 4) Book value of the Equity Shares of the Company as on June 30, 2006 is Rs. 14.73 lacs and as on September 30, 2006 is Rs. 15.32 lacs.
- 5) Investors are advised to refer chapter titled “Basis for Issue Price” beginning on page [●] of this Draft Red Herring Prospectus before making an investment in this Issue.
- 6) Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange i.e in this case BSE. For details, refer to the Section “Issue Procedure” beginning on page [●] of this Draft Red Herring Prospectus.
- 7) Investors may contact the BRLM or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same. For contact information of the BRLM and Compliance Officer, please refer section titled “General Information” beginning on page [●] of this Draft Red Herring Prospectus.
- 8) The Company has issued 10,000 Equity Shares of Rs. 10/- each for consideration other than cash on June 28, 2000. For more details of the same are disclosed in “Notes to Capital Structure” in chapter titled “Capital Structure” beginning on page [●] of this Draft Red Herring Prospectus.
- 9) The following are related party transactions other than what is mentioned in the report of our Auditor dated November 2, 2006:
- Our Company has entered into lease agreement with Bekey Properties Private Limited where we have taken our Registered Office on lease *vide* agreement dated November 29, 2006;
 - We propose to implement the 9MW energy project on a turnkey basis through Bewind Power. The total turnkey cost of the project as submitted by Bewind Power is Rs. 4,950 lacs; and
 - We have entered into a lease agreement with our Promoter and Chairman, Mr. K.V. Bala dated December 28, 2006 for our guesthouse at Mumbai. The lease rent payable to Mr. K.V. Bala per month is Rs. 3,00,000/-
 - Our Company has entered into an agreement dated September 1, 2001 with Indonet Global Limited whereby the Company shall use the premises of Indonet Global in Mumbai and Indonet Global shall use the registered office premises of our Company in Chennai.

For more details of the related party transactions and loans and advances made to any company in which our Directors are interested, please refer to “Annexure 14” in chapter titled “Financial Information of our Company” beginning on page [●] of this Draft Red Herring Prospectus.

- 10) The BRLM and our Company shall make all information available to the Public or Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever.

- For details of the Interest of Promoters, Directors and Group Companies, please refer “Annexure 14” on related party transactions in chapter titled “Financial Information of our Company” beginning on page [●] of this Draft Red Herring Prospectus”

- 11) Since inception, the Company has issued 2,62,07,108 Bonus shares by Capitalisation of free reserves, as under:

Date of Allotment	No of Shares	Ratio
September 10, 1997	5,00,000	1 share for every 3 shares
April 15, 1999	5,00,000	1 share for every 8 shares
March 31, 2004	75,30,000	1 share for every 1 share
August 27, 2004	75,30,000	1 share for every 1 share
April 15, 2006	10147108	2 shares for every 5 shares
Total	2,62,07,108	

- 12) Our Company has revalued its fixed assets in the last five years, details of which are as follows:

Asset / Machine ID	Value before revaluation	Revaluation reserve	Value after revaluation
2002-2003			
Work – in – progress	3,16,39,216	6,40,00,000*	9,56,39,216
WEG – T1	5,000	20,00,000	20,05,000
WEG – T2	5,000	20,00,000	20,05,000
WEG – T3	5,000	20,00,000	20,05,000

* Our Company created revaluation amount of Rs. 6,40,00,000/- in the year 2002-2003. However, out of the said amount, our Company reversed Rs. 60,00,000 in 2003-2004, Rs. 4,40,00,000 in 2004-2005 and balance of Rs. 1,40,00,000 in the year 2005-2006.

14. Details of Equity Shares purchased / sold by the Promoters, relatives and Directors in the last six months:

Name of the Promoter / Promoter Group	Date of Sale	Number of Shares Sold	Sale Price (in Rs.)
Subuthi Investments Private Limited	October 4, 2006	2,50,000	4.00
Subuthi Investments Private Limited	November 14, 2006	3,000	30.00

15. The notes on significant accounting policies have been included in the report of our Auditor in chapter titled “Financial Information of our Company” beginning on page [●] of this Draft Red Herring Prospectus.

SECTION III – INTRODUCTION

You should read the following summary together with the Risk Factors appearing on page no. [●] and more detailed information about the Company and financial data included elsewhere in this Draft Red Herring Prospectus.

SUMMARY

INDUSTRY OVERVIEW

World-watch Institute Report “The State of the World 1998”, on progress towards a sustainable society, has noted that renewable energy production in the world is expanding rapidly. Wind generation is the fastest growing energy source in this decade and is expanding at 25% per year. The report recognizes India as a new ‘Wind Superpower’. With declining trend of cost and increase in the scale of wind turbine manufacturing, wind promises to become a major power source globally in the first few decades of this millennium.

India is now the fourth largest wind power generator in the world after Germany, Spain and USA. Five nations – Germany, USA, Denmark, India and Spain account for 73.20% of the world’s installed wind energy capacity. Wind energy continues to be the fastest growing renewable energy source with worldwide wind power installed capacity reaching 71,146 MW by December 2006. (www.windpower.com).

Today, the capital cost of wind power projects is approximately Rs. 5.5 crores per MW, thereby reducing the cost of energy generation vis-à-vis conventional energy, taking into consideration the fiscal benefits extended by Government of India.

As mentioned above the Indian government has introduced a package of incentives, some of which include tax concessions such as 80% accelerated depreciation, tax holidays for power income u/s 80IA, soft loans, customs & excise duty relief and liberalized foreign direct investment procedures.

Various financial incentives & benefits:

- 80% Depreciation benefit in the first year
- Low operational and maintenance costs
- Zero input fuel cost
- Shorter payback duration
- Cost of power generation is very low after payback period
- Zero import duty on certain parts (as notified by MNRE from time to time)
- Tax holidays for new power projects for 10 years
- Company being operating in a seller market, no marketing related issues

The Indian Renewable Energy Development Agency (IREDA) is playing a significant role in promoting Renewable Energy Projects, in general and Wind Energy Projects in particular. Renewable energy is expected to create maximum impact in the production of electricity. Projections indicate that by the end of the first decade of the new century, it would be cost effective to generate and supply renewable energy, aggregating to several thousand megawatts, as the efficiencies in the power generation through wind energy are increasing and costs are decreasing, while the costs of conventional power is increasing. Besides grid supply augmentation, renewable energy technologies offer possibilities of distributed generation at or near points of use, which can reduce peaking loads and save on costly up-gradation and maintenance of transmission and distribution networks growing demand. There are no major technical barriers for large scale penetration of wind power.

As per projections made by Ministry of Power 2,40,000 MW has been the estimated total installed capacity of power projects by 2012. Of this, 10% of installed capacity requirement will be generated from renewable

sources of the energy. Further, it is envisaged that 50% of this capacity or 12,000 MW may be generated from wind power. India has now gained significant technical and operational experience and is now on the threshold of 'taking off' in wind power. It offers a viable option in the energy supply mix, particularly in the context of the present constraints on conventional sources. It also offers an attractive investment option to the private sector, in the form of recently announced policies and drive towards private sector power generation.

The Electricity Industry

The Indian Electricity Market

In the period between March 1993 and March 2006 the demand for power in India increased at a compounded annual growth rate of approximately 6.50 per cent. However, the demand is still substantially in excess of the available supply. In the period ended July 2006, the 802.2 billion KWh of output fell short of total demand by around 7.15 percent. As on September 2006, India's power system had an installed generating capacity of around 1,27,423 MW and thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 66 percent of total power generation capacity. Renewable sources of energy account for 4.86 percent of the power generated, with Wind power having a share of 4.72 percent. In the same year, central government controlled entities (the "Central Sector") accounted for approximately 33 percent of total power generation capacity, the various State Electricity Boards ("SEBs") accounted for approximately 55 percent while private sector utilities (the "Private Sector") accounted for approximately 12 percent.

The break up of the Total Installed Capacity for generation of power from all the available sources for the country as a whole as on September 2006 is given as under:

Sector	MW	Proportion
State Sector	70,568	55.38%
Central Sector	41,424	32.51%
Private Sector	15,431	12.11%
Total	1,27,423	100.00 %

Fuel	MW	Proportion
<u>Thermal</u>	83,982	65.91
Coal	69,198	54.31
Gas	13,582	10.66
Oil	1,202	0.94
<u>Hydro</u>	33,350	26.17
<u>Nuclear</u>	3,900	3.06
<u>Renewable</u>	6,191	4.86
Wind	6,018	4.72
Others	173	0.14
Total	127,423	100.00

http://cea.nic.in/power_sec_reports/Executive_Summary/2006_09/index.htm



OUR BUSINESS

We started developing wind farms in a small way by installing 1 no. of 225 KW Wind Electric Generator, in September 1995. Since then our Company has been expanding our wind farm capacity every year to reach the present capacity of 16.825MW and 17.915 MW for clients & group companies whose O&M is with the Company. The Company is currently in the process of implementing additional capacity of 9MW capacity in Karnataka as mentioned in the section 'Objects of the issue'.

The current scope of operations of our Company include:

- A) Wind Power Generation
- B) Operations & Maintenance of WEG's
- C) Turnkey operations for windmill projects

We offer 'Green Power' to our customers, which include State Electricity Boards and Corporates. Other than the above we are also into the business of providing O&M services for windmills.

We have been selling the power generated to TNEB and various Private Corporate clients in Karnataka such as Hindustan Coca Cola Beverages Private Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, H&R Johnson India Limited, Delphi Automotive Systems Private Limited, Spicer India Limited and Jindal Aluminum,. Under third party sale, the electricity revenues generated from the corporate clients are more than the revenue generated from the sale to SEBs.

The focus of the O&M operations has a major thrust on keeping the machine availability over 90%. This is done to ensure the machine to generate optimum energy when the wind speed in the given area is adequate. As of now, these O&M functions are carried out for captive purpose only.

Under turnkey projects, our Company provides total solution for installation, operation and maintenance of windmills for third parties. Our Company has till date executed turnkey projects to the tune of 12.175 MW.

Wind Farm Concept

The Generation of electricity from wind energy in real sense started only from the beginning of this century and with the growing interest reached to the stage of cost effectiveness, employing feasible light weight blades, improved ailerons, teetering attachment, direct drive transmission, increased height, aerodynamic tower & blade designs, advanced electronic control etc. The electric power producing windmill incorporating all these features are now popularly called the Wind Electric Generator (WEG). At windy sites the WEG's are generally installed in a cluster and are connected to electric grid through suitable transformers and switch gears. Such development of WEGs in a cluster, generating electricity from wind, is commonly known as 'Wind farms or Wind Parks'. So the Wind farm at a site may have a number of wind electric generators with uniform or non-uniform designs or of different or same capacities. The Wind Power projects consist of a cluster of Wind Electric Generators / Wind Turbines / Wind Energy Converters erected and connected together to electrical grid at a site.

Wind Electric Generator

The WEG manufacturers have their own design of Wind Turbine. In general, the wind machine consists of following major components:-

- a Tower (Lattice or Tubular)
- b Nacelle
- c Rotor Blades
- d Gear Box & Transmission System
- e Generator / Converter



- f Yawing System
- g Microprocessor based Control Panel
- h Power & Grid System
- i Breaking / Control System

The wind turbines are available in a wide range from 225 KW capacity to large machines of 2 Mega Watt (MW) capacities. Wind turbines of 225 KW to 1.650 MW capacities are most popular as they have proved to be commercially competitive. The Wind Electric Generator is a simple machine which converts the mechanical energy received from wind to electrical energy. Here the wind speed is the prime mover, which makes the rotor blades to rotate and converts the kinetic energy of the wind into mechanical energy. The mechanical energy developed by the rotor is transferred to the generator coupled to the high-speed shaft. Thus the generator is made to rotate at high speeds. Through this rotation the generator converts the kinetic energy into the electrical energy. This electrical energy produced from the Wind Electric Generator is then transferred to the nearest grid, sub-stations through the transformers which step-up the electrical voltage to minimize the transmission losses in transmission system. The components of wind turbines are designed to last for 20 years. The actual lifetime of a wind turbine depends both on the quality of the turbine and the local climatic conditions and maintenance.

THE ISSUE

Equity Shares offered: Fresh Issue by the Company	1,25,00,000 Equity Shares of face value of Rs. 10/- each constituting 25.53% of the fully diluted post issue paid up capital of our Company
Employee Reservation Portion ⁽¹⁾ Reservation for Eligible Employees	60,000 Equity Shares of face value of Rs.10/- each.
Shareholders of our Group Companies⁽¹⁾ Reservation for Existing Shareholders of our Group Companies	2,00,000 Equity Shares of face value of Rs. 10/- each
Net Issue	1,22,40,000 Equity Shares of face value of Rs.10/- each constituting 25% of the fully diluted post-Issue Equity Share capital of our Company.
Of which A) QIB Portion ⁽¹⁾	61,20,000 Equity Shares of face value of Rs. 10/- each constituting up to 50% of the Net Issue out of which at least 3,06,000 Equity Shares shall be available for Allocation to Mutual Funds. (Allotment on a proportionate basis)
B) Non-Institutional Portion ⁽¹⁾	18,36,000 Equity Shares of face value of Rs 10/- each constituting at least 15% of the Net Issue to the Public (Allotment on a proportionate basis)
C) Retail Portion ⁽¹⁾	Atleast 42,84,000 Equity Shares of face value of Rs 10/- each constituting at least 35% of the Net Issue (Allotment on a proportionate basis)
Equity Shares outstanding prior to the Issue	36,456,886 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	48,956,886 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled “Objects of the Issue” on page [●] of this Draft Red Herring Prospectus for information.

⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company and the BRLM.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of M/s. V. Ramaratnam and Co., Chartered Accountants dated November 2, 2006 in the chapter titled "Financial Information of our Company" beginning on page [•] of this Draft Red Herring Prospectus. You should read this financial data in conjunction with the Company's restated financial statements for each of Fiscal 2002, 2003, 2004, 2005 and 2006 and for the Quarter (3 months period) ended September 30, 2006, including the Notes thereto and the Reports thereon. For details, please refer sections titled "Financial Information of our Company" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages [•] and [•] of this Draft Red Herring Prospectus.

Summary of Profit and Loss Account, (As Restated)

STATEMENT OF PROFIT AND LOSS (AS RESTATED)							
						(Rs. in Lacs)	
S.No.	Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
A	Income						
	a) Power Income	534.74	568.11	525.59	787.13	764.30	351.40
	b) Project Income	0.00	0.00	0.00	1080.00	1567.50	0.00
	Total	534.74	568.11	525.59	1867.13	2331.80	351.40
	Other Income	609.26	988.36	340.00	116.30	271.61	114.26
	Total Income	1144.00	1556.47	865.59	1983.43	2603.41	465.66
B	Expenditure						
	Rawmaterial expenses	0.00	0.00	0.00	778.59	1095.86	0.00
	Operating expenses	83.52	75.98	78.00	108.01	238.64	67.16
	Personnel Expenses	27.02	31.67	40.76	48.57	35.65	12.38
	Administrative expenses	45.35	64.59	88.19	88.83	140.10	28.25
	Total	155.89	172.24	206.95	1024.00	1510.25	107.79
C	Net Profit before Interest, Depreciation, Tax and Extraordinary items	988.11	1384.23	658.64	959.43	1093.16	357.87
	Depreciation	88.70	91.27	104.80	106.50	77.99	26.01
	Interest & Financial Charges	698.37	1046.00	248.33	383.53	439.42	106.53
	Profit / Loss before Tax but before Extra – ordinary Items	201.04	246.96	305.51	469.40	575.75	225.33
	Provision for Taxation						
	- Current Tax	0	6.83	5.23	16.04	14.13	10
	- Deferred Tax	0	0	-7.42	39.12	10.71	0
D	Profit / Loss after Tax but before Extra – ordinary Items.	201.04	240.13	307.70	414.24	550.91	215.33
	Extra-ordinary Items.	0	0	0	0	0	0
	(Add)/Less Taxation Adjustment. FY	0	0.00	0	0	0	0



	Effect of change in accounting policy on account of deferred tax provisions.	0	0	0	0	0	0
E	Profit/Loss after Extra-ordinary Items	201.04	240.13	307.70	414.24	550.91	215.33
	Less : Dividend on Preference Shares	42.00	66.00	0	0	0	0
	Less : Tax on Dividend	0.00	7.26	0	0	0	0
	Less: Dividend on Equity Shares	37.65	60.24	0	0	0	0
	Less : Tax on Dividend	3.84	6.53	0	0	0	0
	Profit available for appropriation	117.55	100.10	307.70	414.24	550.91	215.33
	Less: Transfer to Capital Redemption Reserve	0.00	0.00	0.00	0.00	30.00	0.00
	Balance b/f from Last Year	0	0	0	0	0	0
	Profit Transferred to B/S	117.55	100.10	307.70	414.24	520.91	215.33

(Rs. in Lacs)

STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)							
Sl.No	Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
A	Fixed Assets						
	Gross Block	1,794.73	1,964.82	2,496.87	2,337.72	2,239.82	2400.66
	Less : Depreciation	286.55	377.82	480.53	518.59	596.59	622.6
	Less : Revaluation Reserve	0	640.00	640.00	200.00	60.00	60.00
	Net Block	1,508.18	947.00	1,376.34	1,619.13	1,583.23	1,718.06
	Capital Work in Progress	-	956.39	-	8.39	10.02	10.08
	Capital advances/Guarantee Deposits	1,361.54	1,238.90	1,249.40	1,668.00	2,822.42	2819.35
	Total	2,869.72	3,142.29	2,625.74	3,295.52	4,415.67	4,547.49
B	Investment	85.02	91.17	69.06	1.25	1.25	1.25
C	Current Assets, Loans and Advances						
	Work-in-Progress	-	-	1,426.21	820.13	515.43	661.91
	Sundry Debtors	218.08	332.59	221.77	253.76	773.59	831.48
	Cash and Bank Balances	93.02	77.25	59.94	27.87	211.81	105.04
	Loans and Advances	417.18	3,389.80	1,022.28	672.75	936.73	806.22
	Other Current Assets	479.21	170.02	155.71	212.71	223.28	171.66
	Deferred Tax Assets	-	-	7.42	-	-	0
	Total	1,207.49	3,969.66	2,893.33	1,987.22	2,660.84	2,576.31
D	Liabilities and Provisions						
	Preference shares	1,200.00	1,600.00	1,400.00	400	400	400
	Secured Loans	266.69	404.55	357.37	632.72	846.74	797.97
	Unsecured Loans	-	-	-	246.65	170.16	95.46
	Deferred Tax Liability	-	-	-	31.7	42.4	42.4
	Current Liabilities and Provisions	232.68	2,648.78	1071.55	178.91	310.01	265.43
	Total	1,699.37	4,653.33	2,828.92	1,489.98	1,769.31	1,601.26
E	Net Worth (A+B+C-D)	2,462.86	2,549.79	2,759.21	3,794.01	5,308.45	5,523.79
F	Represented by						
	Equity Share Capital (E)	753	753	1,506.00	2,536.78	3,645.68	3645.68
	Preference Share Capital	-	-	-	-	-	-
	Reserves and Surplus	1,709.86	2,436.79	1,899.37	1,471.63	1,748.16	1963.5
	Less : Revaluation Reserve	0	640.00	640.00	200.00	60.00	60.00
	Less : Miscellaneous Expenses (To the extent not written off)	0	0	6.16	14.4	25.39	25.39
	Net Worth (E +P+F-G)	2,462.86	2,549.79	2,759.21	3,794.01	5,308.45	5,523.79

**GENERAL INFORMATION****Name and Registered Office of our Company****Indowind Energy Limited**

4th floor , Kothari Building,
114 Nungambakkam High Road
Chennai-600 0034
Tel: +91 44 2833 0867, 2833 1310
E-mail: ipo@indowind.com
Website: www.indowind.com

Details of Registration

Registration Number: 18-32311 of 1995, The Company has been allocated CIN U40108TN1995PLC032311.

Our Company is registered with the Registrar of Companies, Tamil Nadu, situated at Block No.6, B Wing 2nd Floor, Shastri Bhavan 26, Haddows Road, Chennai 600034.

BOARD OF DIRECTORS:

The following are the Directors of our Company:

Name of Director	Designation	Status
Mr. K.V. Bala	Chairman	Non-Executive
Mr. K. S. Ravindranath	Whole Time Director	Executive
Mr. T.R. Jayaraman	Director	Non Executive, Independent
Mr. Niranjan R Jagtap	Director	Non Executive, Independent

For further details of our Board of Directors, please refer sections titled “Our Management” and “Our Promoters and their Background” beginning on pages [●] and [●] of this Draft Red Herring Prospectus

COMPANY SECRETARY AND COMPLIANCE OFFICER**MR. S. DIRAVIAM
INDOWIND ENERGY LIMITED**

4th Floor, Kothari Building,
114 Nungambakkam High Road
Chennai – 600 0034.
Tel No: (044) 2833 1310, 2833 0867, 5215 0443
Fax No: (044) 2833 0208
Email: ipo@indowind.com

The Investors are requested to contact the Compliance Officer in case of any Pre-issue/Post-issue related problems such as non-receipt of letter of allotment/share certificate/refund orders/demat credits not made etc.



BANKERS TO THE COMPANY

UTI BANK LIMITED

No. 82, Dr. Radhakrishnan Salai,
Chennai – 600 004.
Tel: (044) 2811 1085/86
Fax: (044) 2811 1084
Email: chennai-branchhead@utibank.co.in

BANK OF INDIA

M.D.I. Building, 1st Floor,
28, S.V. Road, Andheri (west),
Mumbai – 400 058.
Tel No: (022) 2671 3730/2671 9818
Fax No: (022) 2624 7655
Email: boiarcbb@mtnl.net.in

CANARA BANK

Grant Central Branch
118/B West Perumal Maistry Street
Madurai – 625 001
Tel. No.: +91 452 234 2323 / +91 452 234 3191 – 95
Fax No: +91 452 234 772
Email: managermdu1008@canbank.co.in

STANDARD CHARTERED GRINDLAYS BANK LTD.

“Grindlays Garden”,
1, Haddows Road,
Chennai - 600 006
Tel: (044) 2821 9656
Fax: (044) 2821 9660
Email: Rajesh.Malwade@in.standardchartered.com

BOOK RUNNING LEAD MANAGER TO THE ISSUE

UTI SECURITIES LIMITED

[Subsidiary of Securities Trading Corporation of India Limited]
AMBI Reg. No.: AMBI / 083

1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051
Tel: +91 22 6751 5801 / +91 22 6751 5826
Fax: +91 22 6702 3194
Website: www.utisel.com
Email: indowind@utisel.com
Contact Person: Mr. V.S. Narayanan / Ms. Neetu Ranka



REGISTRARS TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.
Tel: 91-22-2847 3747/ 3474/ 0652/ 0653
Fax: 91-22-2847 5207
Website: www.bigshareonline.com
Email: ipo@bigshareonline.com
Contact Person: Mr. N V K Mohan

LEGAL ADVISOR TO THE ISSUE

CRAWFORD BAYLEY & CO.

State Bank Building, 4th Floor,
N.G.N Vaidya Marg,
Fort, Mumbai – 400 023.
Tel: 91-22-2266 3713
Fax: 91-22-2266 0355
Email: sanjay.asher@crawfordbayley.com

ESCROW COLLECTION BANKS

[•]

Escrow Collection Bank(s) will be finalized before the Red Herring Prospectus is filed with the Registrar of Companies, Tamil Nadu.

BROKERS TO THE ISSUE

All brokers registered with SEBI and member of the recognized stock exchange(s) can act as brokers to the Issue.

SYNDICATE MEMBERS

[•]

AUDITORS TO THE COMPANY

M/S V. RAMARATNAM & CO., CHARTERED ACCOUNTANTS

115/1, IV Street, Abhiramapuram,
Chennai - 600 018.
Tel No. (044) 2499 7151
Fax No: (044) 2499 2953
Email: sundar123@vsnl.net
Contact Person: Mr. R Sunder, Partner.



CREDIT RATING/DEBENTURE TRUSTEE

This being Issue of Equity Shares, no credit rating or appointment of Debenture Trustee is required

GRADING

We have not opted for grading in this Issue.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefore.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY

As the net proceeds of the Issue will be less than Rs. 50,000 lacs, under the SEBI Guidelines it is not required that a monitoring agency be appointed by our Company.

BOOK BUILDING PROCESS

Book Building Process refers to the process of collection of Bids, on the basis of the Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with /BSE and eligible to act as underwriters; and
- Registrar to the Issue.

SEBI through its guidelines has permitted an issue of securities to the public through 100% Book Building Process, wherein: (a) 2,60,000 Equity Shares have been reserved for the Eligible Employees and Eligible Shareholders of our Group Companies (b) Net Issue would be as follows (i) up to 50% of the Net Issue shall be allocated to QIBs on a proportionate basis with 5% reservations for the Mutual Funds within the category (ii) at least 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders (iii) at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.



Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date and are now required to pay 10% margin amount upon submission of their Bid. For further details please refer chapter titled “Issue Procedure” beginning on page [●] of this Draft Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed UTI Securities Limited as the BRLM to procure subscription for the Issue.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled “Issue Procedure - Who Can Bid” on page. [●] of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attach copies of your PAN card or PAN allotment letter to the Bid-cum-Application Form (see the section titled “Issue Procedure” on page. [●] of this Draft Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as stated in “Bidders’ Depository Account Details” on page [●] of this Draft Red Herring Prospectus) given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20/- to Rs. 24/- per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22/- in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 22/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with the RoC, our Company and the Underwriters will enter into an Underwriting Agreement for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the



BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
UTI Securities Limited	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above Underwriting Agreement is dated [●].

In the opinion of our Board of Directors and the BRLM (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors at their meeting held on [●], have accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the BRLM and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

Number of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL 4,90,00,000 Equity Shares of Rs. 10/- each 7 Preference Shares of Rs. 1,00,00,000/- each	49,00,00,000 7,00,00,000	56,00,00,000
B. ISSUED, SUBCRIBED AND PAID-UP CAPITAL 3,64,56,886 Equity shares of Rs. 10/- each 4 Preference (Redeemable) Shares of Rs. 1,00,00,000/- each	36,45,68,860 4,00,00,000	
C. PRESENT ISSUE 1,25,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per Equity Share	12,50,00,000	[●]
D. EMPLOYEE RESERVATION PORTION 60,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per Equity Share	6,00,000	[●]
E. SHAREHOLDERS OF OUR GROUP COMPANIES RESERVATION PORTION 2,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per Equity Share for the shareholders of group companies i.e. Subuthi Investments, Indonet Global, SGM Windfarms, Bewind Power, Bekey Properties and Ravello Advertising	20,00,000	[●]
F. NET OFFER TO PUBLIC 1,22,40,000 Equity shares of Rs. 10/- each at a premium of Rs. [●] per Equity Share	12,24,00,000	[●]
G. PAID UP CAPITAL AFTER THE PRESENT ISSUE 4,89,56,886 Equity shares of Rs. 10/- each	48,95,68,860	[●]
H. SHARE PREMIUM ACCOUNT Before the Issue After the Issue		8,47,80,000 [●]

Notes to Capital Structure

1) Details of Increase / Reclassification in Authorized Capital

Sr. No	Particulars (Rs. Lacs)			Date of Meeting	AGM/EGM
	Equity	Preference	Total		
1.	50	0	50	July 19, 1995	Incorporation
2.	160	0	160	March 27, 1996	EGM
3.	210	1000	1210	August 6, 1997	EGM
4.	410	1000	1410	September 4, 1997	EGM
5.	410	1600	2010	September 27, 1997	EGM

6.	410	2600	3010	March 18, 1998	EGM
7.	610	2400	3010	April 9, 1999	EGM*
8.	510	2500	3010	January 18, 2000	EGM*
9.	535	2500	3035	September 14, 2000	EGM
10.	1035	2000	3035	November 5, 2001	EGM*
11.	1635	1400	3035	March 30, 2004	EGM*
12.	2260	1400	3660	August 27, 2004	EGM
13.	2560	1100	3660	February 25, 2005	EGM*
14.	2860	1100	3960	February 25, 2005	EGM
15.	3560	400	3960	October 21, 2005	EGM*
16.	4400	700	5100	April 15, 2006	EGM
17.	4900	700	5600	November 27, 2006	AGM

* Reclassification of Capital

2) Capital Build-up:

Our existing Equity Share capital has been subscribed and allotted as under:

Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of Allotment	Cumulative Paid-up Capital (Rs.)	Share premium (In Rs.)	Cumulative Share Premium
July 19, 1995	200	10	10	Cash	Subscribers to MOA	2000	--	--
April 12, 1996	1499800	10	10	Cash	Further Allotment	15000000	--	--
September 10, 1997	500000	10	--	Bonus	Bonus in the ratio of 1:3	20000000	--	--
September 10, 1997	2000000	10	10	Cash	Further Allotment	40000000	--	--
April 15, 1999	500000	10	--	Bonus	Bonus in the ratio of 1:8	45000000	--	--
April 15, 1999	120000	10	500	Other than cash	Conversion of Preference Shares	46200000	58800000	58800000
December 24, 1999	180000	10	11.30	Cash	Further Allotment	48000000	234000	59034000
December 24, 1999	180000	10	10	Cash	Further Allotment	49800000	--	59034000
December 24, 1999	20000	10	10	Cash	Further Allotment	50000000	--	59034000
June 28, 2000	10000	10	60	Other than cash*	Further Allotment	50100000	500000	59534000
March 31, 2001	80000	10	10	Cash	Further Allotment	50900000	--	59534000
June 23, 2001	100000	10	500	Other than cash	Conversion of Preference	51900000	49000000	108534000



Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of Allotment	Cumulative Paid-up Capital (Rs.)	Share premium (In Rs.)	Cumulative Share Premium
					Shares			
October 9, 2001	2000000	10	10	Other than cash	Conversion of Preference Shares	71900000	--	108534000
December 4, 2001	300000	10	10	Cash	Further Allotment	74900000	--	108534000
December 4, 2001	40000	10	500	Other than cash	Conversion of Preference Shares	75300000	19600000	128134000
March 30, 2004	7530000	10	--	Bonus	Bonus in the ratio of 1:1	150600000	--	128134000
August 27, 2004	7530000	10	--	Bonus	Bonus in the ratio of 1:2	225900000	--	128134000
January 18, 2005	1666667	10	18	Other than cash	Conversion of Preference Shares	242566670	13333336	141467336
June 24, 2005	1111111	10	18	Other than cash	Conversion of Preference Shares	253677780	8888888	150356224
April 15, 2006	10147108	10	--	Bonus	Bonus in the ratio of 2:5	355148860	--	150356224
April 17, 2006	942000	10	100	Cash	Further Allotment	364568860	84780000	235136224
TOTAL								

* The Equity Shares were allotted to Sree Royalseema Power Corporation and the consideration for the same was the land at Pazhavor, Tamil Nadu acquired by our Company from them.

Preference Share Capital History of the Company (Capital build up)

Date of Allotment / Redemption / Conversion	No. of Preference Shares allotted / redeemed / converted	Nature of Shares (Convertible / Redeemable)	List of Preference Shareholder(s)	Face Value	Cumulative No. of Preference Shares	Nature of payment (Consideration)
September 30, 1997	6	Redeemable	Bank of Madura	1,00,00,000	6	Cash
March 18, 1998	5	Convertible	NEPC Textiles	1,00,00,000	11	Cash
	5		NEPC Agro Foods Limited		16	
June 25, 1998	1	Redeemable / Convertible at the option of the Shareholder	NEPC Agro Foods Limited	1,00,00,000	17	Cash
	1		Milton Plastics Limited		18	
	2		Sri Ganapathy Mills Limited		20	
	3*		Pennar Pattersons		23	

Date of Allotment / Redemption / Conversion	No. of Preference Shares allotted / redeemed / converted	Nature of Shares (Convertible / Redeemable)	List of Preference Shareholder(s)	Face Value	Cumulative No. of Preference Shares	Nature of payment (Consideration)
			Securities Limited			
April 15, 1999	(5)	Converted	NEPC Agro Foods Limited	1,00,00,000	18	Other than Cash
April 15, 1999	(1)	Converted at the option of the Shareholder	NEPC Agro Foods Limited	1,00,00,000	17	Other than Cash
July 1, 1999	3	Redeemable Convertible at the option of the shareholder	Subuthi Finance Limited	1,00,00,000	20	Cash
September 15, 1999	2	Redeemable	K.V. Bala	1,00,00,000	22	Cash
January 18, 2000	3	Redeemable Convertible at the option of the shareholder	Bank of Madura	1,00,00,000	25	Cash
March 29, 2001	(1)*	Redeemed	Subuthi Finance Limited	1,00,00,000	24	Cash
April 11, 2001	1	Redeemable	SGM Windfarms Private Limited	1,00,00,000	25	Cash
June 23, 2001	5	Redeemable	SGM Windfarms Private Limited	1,00,00,000	30	Cash
	1		Subuthi Finance Limited		31	
June 23, 2001	(2)	Redeemed	Bank of Madura Limited	1,00,00,000	29	Cash
June 23, 2001	(5)	Converted	NEPC Textiles Limited	1,00,00,000	24	Other than cash
June 23, 2001	(3)	Redeemed	Subuthi Finance Limited	1,00,00,000	21	Cash
June 23, 2001	(2)	Redeemed	K.V. Bala	1,00,00,000	19	Cash
October 9, 2001	(2)*	Converted	Mr. K.V. Bala	1,00,00,000	17	Other than cash
December 4, 2001	1	Redeemable	Subuthi Finance Limited	1,00,00,000	18	Cash
December 4, 2001	(2)	Converted at the option of the shareholder	Sri Ganapathi Mills Limited	1,00,00,000	16	Other than cash
January 31, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	15	Cash
February 18, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	14	Cash



Date of Allotment / Redemption / Conversion	No. of Preference Shares allotted / redeemed / converted	Nature of Shares (Convertible / Redeemable)	List of Preference Shareholder(s)	Face Value	Cumulative No. of Preference Shares	Nature of payment (Consideration)
February 20, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	13	Cash
February 25, 2002	1	Redeemable / Convertible at the option of the shareholder	Loyal Credit and Investments Limited	1,00,00,000	14	Cash
	1**		MSKV Remedies Limited		15	
March 8, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	14	Cash
March 22, 2002	(1)	Redeemed	Subuthi Finance Limited	1,00,00,000	13	Cash
March 22, 2002	(1)	Redeemed	Subuthi Finance Limited	1,00,00,000	12	Cash
March 26, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	11	Cash
March 27, 2002	1	Redeemable	Karumuthu Finance Limited	1,00,00,000	12	Cash
	1		Orlion Tools Limited		13	
March 29, 2002	(1)	Redeemed	SGM Windfarms Private Limited	1,00,00,000	12	Cash
November 16, 2002	(1)	Redeemed	Loyal Credit and Investments Limited	1,00,00,000	11	Cash
January 20, 2003	2	Redeemable	Wind Energy Development Company Private Limited	1,00,00,000	13	Cash
March 31, 2003	2	Redeemable Convertible at the option of the shareholder	Wind Energy Development Company Private Limited	1,00,00,000	15	Cash
	1		Subuthi Finance Limited		16	
March 31, 2004	(1)	Redeemed	Milton Plastics Limited	1,00,00,000	15	Cash
June 30, 2004	(1)	Redeemed	Karumuthu Finance Limited	1,00,00,000	14	Cash
January 18, 2005	(3)	Converted at the option of the Shareholder	ICICI Bank Limited***	1,00,00,000	11	Other than Cash
June 24, 2005	(1)	Redeemed	Orlion Tools Limited	1,00,00,000	10	Cash
June 24, 2005	(1)**	Converted	Subuthi Finance Limited	1,00,00,000	9	Other than Cash
June 24, 2005	(2)	Redeemed	Wind Energy Development Company	1,00,00,000	7	Cash



Date of Allotment / Redemption / Conversion	No. of Preference Shares allotted / redeemed / converted	Nature of Shares (Convertible / Redeemable)	List of Preference Shareholder(s)	Face Value	Cumulative No. of Preference Shares	Nature of payment (Consideration)
			Limited			
June 24, 2005	(2)	Redeemed	Wind Energy Development Company Limited	1,00,00,000	5	Cash
June 24, 2005	(1)	Converted	Subuthi Finance Limited	1,00,00,000	4	Other than Cash
TOTAL				-	4	-

Notations:

- * Out of the 3 preference shares allotted to Pennar Pattersons Securities Limited on June 25, 1998, 2 were transferred to Mr. K.V. Bala and 1 was transferred to Subuthi Finance Limited on October 10, 1998.
- ** 1 preference share allotted to MSKV Remedies Limited on February 25, 2002 was transferred to Subuthi Finance Limited on March 31, 2004.
- *** Pursuant to the merger of Bank of Madura into ICICI Bank Limited w.e.f. March 10, 2001, the shareholding of Bank of Madura in our Company shifted to the merged entity. Thus, conversion of the preference shares allotted to Bank of Madura on January 18, 2001 are recorded in the name of the merged entity i.e. ICICI Bank Limited. As on date of filing this Draft Red Herring Prospectus with SEBI, our Promoters are in the process of negotiating terms and conditions with ICICI Bank Limited for the 20,00,000 Equity Shares or part of it to be transferred to either one of the Promoters or Group Companies. The Company undertakes, in the event there is a transfer of Equity Shares from ICICI Bank Limited, the minimum public shareholding prescribed by SEBI and / or Stock Exchanges shall be maintained.

As on date of filing this Draft Red Herring Prospectus, the 4 outstanding redeemable preference shares are held by ICICI Bank Limited that were allotted to Bank of Madura on September 30, 1997.

3) Promoters' Contribution and Lock in

Capital Build Up of our Promoters:

Sr. No.	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for	% of post issue paid up capital
1.	Subuthi Finance Limited	12-04-96	Cash	300000	10	10	-	0.61
		10-09-97	Bonus	100000	10	-	-	0.20
		10-09-97	Cash	2000000	10	10	-	4.09

Sr. No.	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for	% of post issue paid up capital
		15-04-99	Bonus	300000	10	10	-	0.61
		24-12-99	Cash	20000	10	10	-	0.04
		01-07-00	Transfer	(300000)	10	10	-	(0.61)
		30-03-04	Bonus	2420000	10	-	1 year	4.94
		21-07-04	Transfer	(14900)	10	15	-	(0.03)
		27-08-04	Bonus	2412550	10	-	1 year	4.93
		29-09-04	Transfer	(2000000)	10	10	-	(4.09)
		29-09-04	Transfer	(1500000)	10	1	-	(3.06)
		03-12-04	Transfer	(10000)	10	10	-	(0.02)
		24-06-05	Conversion of Preference Shares	1111111	10	Other than Cash	3 year	2.27
		15-04-2006	Bonus	1935504	10	-	3 year	3.95
		Total		67,74,265				13.84
2.	K.V. Bala	12-04-96	Cash	100000	10	10		0.20
		10-09-97	Bonus	33333	10	-		0.07
		15-04-99	Bonus	16667	10	-		0.61
		24-12-99	Cash	180000	10	10		0.03
		31-03-01	Cash	80000	10	10		0.16
		09-10-01	Conversion of Preference Shares	2000000	10	Other than cash	3 year	4.09
		31-01-02	Transfer	27588	10	10	3 years	0.06
		31-01-02	Transfer	47411	10	10	3 years	0.10
		30-03-03	Transfer	(2000000)	10	2.5	-	(4.09)
		30-03-04	Bonus	484999	10	-	3 years	0.99
		27-08-04	Bonus	484999	10	-	3 years	0.99
		31-03-06	Transfer	2050000	10	0.83	1 year	4.19
		15-04-06	Bonus	1401998	10	-	3 years	2.86
		Total		49,06,995				10.02
3.	Loyal Credit and Investments	30-3-03	Purchase	20,00,000	10	2.5	-	4.09
		30-3-03	Purchase	1,20,000	10	10	-	0.25
		30-3-03	Purchase	1,00,000	10	10	-	0.20

Sr. No.	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Locked in for	% of post issue paid up capital
	Limited	30-3-04	Bonus	22,20,000	10	0	3 years	4.53
		27-8-04	Bonus	22,20,000	10	0	3 years	4.53
		31-3-06	Transfer	(20,50,000)	10	-	-	(4.19)
		15-4-06	Bonus	18,44,000	10	0	3 years	3.77
		Total		64,54,000				13.18
	Grand Total (A+B+C)			1,81,35,260				37.04

Equity Shares of our Promoters to be locked in for 3 years:

As per clause 4.13.1 of the SEBI Guidelines the following Equity Shares of our Promoters (eligible for lock-in) shall be locked-in on LIFO basis (i.e. Equity Shares that have been issued last shall be locked in first) for a period of 3 years from the date of Allotment in this Issue:

Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / transfer Price (Rs.)	Period of lock-in (years)	% of post issue paid up capital
Subuthi Finance Limited	24-06-05	Other than Cash (Conversion of Preference Shares)	11,11,111	10	-	3	2.27
	15-04-06	Other than Cash (Bonus Issue)	19,35,504	10	-	3	3.95
	Sub-Total		30,46,615				6.22
K. V. Bala	9-10-01	Other than Cash (Conversion of Preference Shares)	4,10,000	10	-	3	0.84
	31-01-02 Transfer	Cash	27,588	10	10	3	0.06
	31-01-02 Transfer	Cash	47,411	10	10	3	0.10
	30-03-04	Other than Cash (Bonus Issue)	4,84,999	10	-	3	0.99
	27-08-04	Other than Cash (Bonus Issue)	4,84,999	10	-	3	0.99
	15-04-06	Other than Cash (Bonus Issue)	14,01,998	10	-	3	2.86
	Sub-Total		28,56,995				5.84
Loyal	27-8-04	Other than Cash	22,20,000	10	-	3	4.53



Credit and Investment s Limited		(Bonus Issue)					
	15-4-06	Other than Cash (Bonus Issue)	18,44,000	10	-	3	3.77
	Sub-Total		40,64,000				8.30
Grand Total (A+B+C)			99,67,610				20.36

4) Other than the above, the entire pre-issue Equity Share capital of our Company, i.e. 2,64,89,276 Equity Shares constituting 72.66% of the pre-Issue Equity Share capital shall be locked in for a period of 1 year from the date of allotment of Equity Shares in the public issue.

5) The lock-in period shall commence from the date of allotment of Equity Shares pursuant to this Issue.

6) The specific written consent dated February 17, 2007 has been obtained from our Promoters for inclusion of such number of their existing shares to ensure minimum Promoters' contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.

7) The Equity Shares, which are being locked-in for three years, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines:

We confirm that the minimum Promoter contribution of 20% which is subject to lock-in for three years, does not consist of:

- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
 - Equity Shares issued to Promoters on conversion of partnership firms into limited company.
 - Equity Shares with a contribution less than Rs. 25,000/- per Bid from each individual and contribution less than Rs. 1,00,000/- from firms and companies.
 - Equity Shares acquired by the Promoter's during the preceding three years resulting from bonus issue, out of revaluation reserves or for consideration other than cash without accrual of cash resources.
 - The Equity Shares issued to Promoter's during the preceding one year at a price lower than the Issue Price.
 - Any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary
- 8) The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

9) The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter/Promoter Group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with

banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions, provided pledge of securities is one of the conditions for the grant of loan.

- 10) The details of sale/ purchase/ financing of shares by Promoters/Directors/Promoters' Group:** The Promoters/Directors/Promoters' Group have not purchased and/or sold/financed any securities of our Company during the past 6 months except as follows:

Name of the Promoter / Promoter Group	Date of Sale	Number of Shares Sold	Sale Price (in Rs.)
Subuthi Investments Private Limited	October 4, 2006	2,50,000	4.00
Subuthi Investments Private Limited	November 14, 2006	3,000	30.00

- 11) Shareholding Pattern of our Company before and after the Issue is as under:**

Category		Pre-Issue		Post Issue*	
		No. of Shares	% holding	No. of Shares	% holding
(A) Promoters					
	Subuthi Finance Limited	6774265	18.58		
	K.V. Bala	4906995	13.46		
	Loyal Credit & Investments Limited	6454000	17.70		
	Sub Total (A)	18135260	49.74		
Promoter Group Holding					
(B) Relatives & Individuals					
	K.S. Ravindranathan	1784995	4.90		
	K.V. Manoharan	756000	2.07		
	K.B. Prathadevi	575000	1.58		
	Sub Total (B)	3115995	8.55		
(C) Group Companies					
	Subuthi Investments Private Limited	920900	2.53		
Promoter & Promoter Group (A+B+C)		22172155	60.82		
Non Promoter holding (Others)					
D.	Bodies Corporates				
	ICICI Bank Limited	5133333	14.08		
	Commendam Investment Private Limited	1705204	4.68		
	Fullbloom Investments Private Limited	2420004	6.64		

	Kodai Investment and Trading Company Private Limited	25000	0.07		
	Karumuthu Finance Limited	2100000	5.76		
	The Jain Sahakari Bank Limited	1500	0.00		
	Sri Ganapathy Mills Ltd.	168,000			
	Sri Rayalaseema Hi Strenth Hypo Ltd	42,000			
	Sub Total (D)	11595041	31.80		
E	Employees	9750	0.03		
F	Friends and Others	2679940	7.35		
G	Public	-			
	Non Promoter Holding (D+E+F+G)				
	Grand Total	36,456,886	100.00		

***The post issue shareholding pattern will be determined after the book building process.**

12)Particulars of top 10 shareholders:

10 days prior and as on the date of filing this Draft Red Herring Prospectus with SEBI

Sr. No.	Share holder	No of shares held	% to the total share capital
1	Subuthi Finance Limited	6774265	18.58
2	Loyal Credit and Investment Limited	6454000	17.70
3	ICICI Bank Limited	5133333	14.08
4	K.V. Bala	4906995	13.46
5	Full Bloom Investments Limited	2420004	6.64
6	Karumuthu Finance Limited	2100000	5.76
7	K.S. Ravindranath	1784995	4.90
8	Commendum Investments Private Limited	1705204	4.68
9	Wescare	942000	2.58
10.	Subuthi Investment Private Limited	920900	2.53

b) two years prior to filing of this Draft Red Herring Prospectus with SEBI

Sr. No.	Share holder	No of shares held	% to the total share capital
1	Loyal Credit Investments Limited	66,60,000	26.25
2	Subuthi Finance Limited	37,27,650	14.69
3	Fullbloom Investments P Limited	18,00,003	7.10
4	K.V.Balakrishnan	14,54,997	5.74
5	K.S.Ravindranath	12,91,664	5.09
6	Commendum Investments Private Limited	10,18,003	4.01

7	Subuthi Investments Private Limited	5,79,500	2.28
8	K.V. Manoharan	5,40,000	2.13
9	K.B.Prathadevi	4,50,000	1.77
10.	N. Laxsmanan	2,98,500	1.18

13) Employee Stock Option Scheme (ESOS)

Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

- 14)** Since inception, the Company has issued 2,62,07,108 Bonus shares by Capitalisation of free reserves, as under:

Date of Allotment	No of Shares	Ratio
September 10, 1997	5,00,000	1 share for every 3 shares
April 15, 1999	5,00,000	1 share for every 8 shares
March 31, 2004	75,30,000	1 share for every 1 share
August 27, 2004	75,30,000	1 share for every 1 share
April 15, 2006	10147108	2 shares for every 5 shares
Total	2,62,07,108	

- 15)** Our Company has revalued its fixed assets in the last five years, details of which are as follows:

Asset / Machine ID 2002-2003	Value before revaluation	Revaluation reserve	Value after revaluation
Work – in – progress	3,16,39,216	6,40,00,000*	9,56,39,216
WEG – T1	5,000	20,00,000	20,05,000
WEG – T2	5,000	20,00,000	20,05,000
WEG – T3	5,000	20,00,000	20,05,000

* Our Company created revaluation amount of Rs. 6,40,00,000/- in the year 2002-2003. However, out of the said amount, our Company reversed Rs. 60,00,000 in 2003-2004, Rs. 4,40,00,000 in 2004-2005 and balance of Rs. 1,40,00,000 in the year 2005-2006.

- 16)** Our Company, our Promoters, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
- 17)** Our Company has not raised any bridge loan against the proceeds of this Issue.
- 18)** A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- 19)** An over-subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum application size in this issue.
- 20)** Only Eligible Employees of our Company (including working Directors) and Existing Shareholders of our Group Companies who are Indian Nationals based in India and are physically present in India on



the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employees and Shareholders of our Group Companies Reservation Portions, respectively, on competitive basis. Bid/ Application by Eligible Employees and Existing Shareholders can also be made in the “Net Issue” and such Bids shall not be treated as multiple Bids.

- 21) In case of undersubscription in the net offer to the public portion, spill-over to the extent of undersubscription shall be permitted from the reserved category to the net public offer portion. Undersubscription, if any, in any of the category would be met with the spill over from other categories at the discretion of our Company and BRLM.
- 22) Unsubscribed portion in any reserved category may be added to other reserved category.
- 23) In case of over-subscription in all categories, up to 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- 24) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
- 25) At any given time, there shall be only one denomination for the Equity Shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
- 26) As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by the Promoters are not pledged to any party.
- 27) Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on Bids, all the successful Bidders will be issued fully paid-up shares. The securities offered through this public issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of securities, if not made fully paid-up, in the manner specified in clause 8.6.2 of the SEBI Guidelines.
- 28) The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date of filing this Draft Red Herring Prospectus with SEBI.
- 29) No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
- 30) The securities that are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchange where the shares are to be listed, before the listing of the securities.
- 31) Our Company has 54 members as on the date of filing this Draft Red Herring Prospectus with SEBI.

OBJECTS OF THE ISSUE

The issue is being made to raise the funds for the following purposes:

1. Setting up 9 MW Wind Farm Project in at Chitradurga, Karnataka
2. Purchase of Hydraulic cranes
3. Acquisition of second hand Wind Energy Generators (WEG) from Banks
4. Foreclosure of lease with ICICI Bank and UTI Bank
5. Meet the additional working capital requirements
6. To meet the expenses of the public issue

Cost of Project and Means of Finance

The cost of the project and means of finance as estimated by our management are given below:

Cost of Project

(Rs. in Lacs)	
Particulars	Amount
Land & Site development	182.00
Building & Civil work	158.00
Plant & Machineries	8678.20
Electrical works and Utilities	150.00
Infrastructure and preliminary Expenses	258.00
Contingencies	65.00
Additional Working Capital requirement	262.28
Public Issue Expenses	[●]
Total	[●]

Means of Finance

(Rs. in Lacs)	
Particulars	Amount
Proceeds from Initial Public Offer	[●]
Internal Accruals	[●]
Total	[●]

[●] – The relevant figure will be updated on finalization of the issue price.

Proceeds from the initial public offer would be crystallized on finalization of the issue price on conclusion of the book building process. Any shortfall in the cost of the project would be met with internal accruals.

In case the IPO does not go as planned, the Company will make alternative arrangements like availing of fresh loans from bank and also internal accruals.

Excess money, if any, will be deployed for general corporate purposes including but not restricted to meeting working capital requirements, strategic initiatives, entering into strategic alliances, partnerships, joint ventures and acquisitions, investment in research and technology up-gradation, investment in other segments of the industry, meeting exigencies, which our Company in the ordinary course of business may not foresee, reducing the working capital loan or other term loans, repayment of debts or any other purposes as approved by our Board of Directors.

The Main Object Clause of the Memorandum of Association of the company enables the company to undertake the activities for which the funds are being raised in the present issue. The

activities the company has been carrying out until now is in accordance with the object of Memorandum of Association of the company.

The detailed cost (project and activity wise) is as under:

(Rs. In Lacs)						
Project	Land & Site development	Building & Civil work	Plant & Machinery	Electrical works & utilities	Infrastructure and preliminary expenses	Total
Setting up 9 MW Wind Farm Project in at Chitradurga, Karnataka	182.00	158.00	4202.00	150.00	258.00	4950.00
Purchase of Hydraulic cranes	-	-	650.00	-	-	650.00
Acquisition of second hand WEGs from Banks	-	-	2000.00	-	-	2000.00
Foreclosure of lease with ICICI Bank and UTI Bank	-	-	1826.20	-	-	1826.20
Sub-total	182.00	158.00	8678.20	150.00	258.00	9426.20
Additional working capital requirements	-	-	-	-	-	262.28
Contingencies	-	-	-	-	-	65.00
Public Issue expenses	-	-	-	-	-	[●]
Total	182.00	158.00	8678.20	150.00	258.00	[●]

No part of the Issue proceeds will be paid as consideration to Promoters, Directors, key management personnel, associate or group companies, except a sum of Rs. 4950 lacs being paid to Bewind Power Private Limited for the implementation of the 9MW Wind Farm Project as per EPC. Of the above project cost, approximately 90% of the total project cost would be used for creation of tangible fixed assets.

Appraisal

The project is not appraised by any Bank/Financial Institution/Merchant Banker.

Brief details about the Project

1. Setting up 9 MW Wind Farm Project in at Chitradurga, Karnataka

The purpose of the project is to set up a wind farm of 9 MW Capacity in Pallavanahalli Village, Hiriyur Taluk, Chitradurga District, Karnataka to harness the wind energy potential on commercial terms. The energy generated from this wind farm would be sold to KPTCL through a power purchase agreement. We have submitted the documents relating to the PPA to KPTCL and the same will be signed before Commercial Operational Date (COD).

All these WEGs will be connected in a pool by means of 33 KV overhead transmission lines in the wind farm and terminating it at the nearest substation of KPTCL located at Chitradurga located at a distance of about 8 kms from the project site.

Originally the licence to operate an 8 MW wind farm at Chitradurga, Karnataka was in the name of Devlina Power Private Limited. *Vide* order dated 25th July 2006, the Government of Karnataka has transferred the said licence to our Company and enhanced the capacity to 9 MW on compliance with certain commercial conditions.

The land admeasuring 125.23 acres at Pallavanhalli Village, Chitradurga District, Karnataka, was registered in the name of Mr. M.S. Ghosh and Mrs. K.B. Pratha Devi. The same has been assigned to our Company vide two agreements dated February 27, 2006.

Our Company has acquired 125.23 acres of land including the ridge of the hill on which the proposed wind mills are to be installed from private land owners in the names of Mrs. K.B. Prathadevi and Mr. M.S. Ghosh due to the requirement of the Karnataka Government that agricultural land has to be registered in the name of individuals who are carrying on agricultural activities. However, to protect the interest of the Company, two separate deeds of assignment dated February 27, 2006 have been entered into between Mrs. K.B. Prathadevi and our Company and Mr. M.S. Ghosh and our Company, respectively. The total consideration paid for acquisition of land by our Company would be adjusted against the amount to be paid to Bewind Power for setting up of proposed 9 MW project. The details of the sale deeds for the acquisition of the land are as follows:

Date of Sale Deed	Survey No.	Name of Party(ies) from whom the Land has been acquired	Area (Acre)	Consideration Paid (Rs. in lac)	Stamp Duty (Rs. in lac)	Total Amount Paid (Rs. in lac)
February 20, 2006	28/1 (part)	Thippamma; G. Ranganna; G.N. Vikram; Ambika; Reema; Amogh; Jayamma; Chikkanna; G.H. Raghu; G.H. Kasturi Rangappa; G.K. Ramanna; and Kasturi Rangappa.	12.30	3.02	0.03	3.05
February 20, 2006	28/2P2 (part)	G.H. Dyamakka	10.30	2.68	0.27	2.95
February 20, 2006	28/2P4 (part)	G.R. Chikkanna; G.R. Suresh; G.R. Venkatesh; G.R. Lakshmana; G.R. Kallappa; and G.R. Krishnamurthy.	15.00	3.75	0.04	3.79
February 20, 2006	28/1 (part)	Thippamma; G. R. Nagaraj; G.N. Vikram; Ambika; Reema; Amogh; Jayamma; Chikkanna; G.H. Raghu; G.H. Kasturi Rangappa; G.K. Ramanna; and Kasturi Rangappa.	14.15	3.60	0.04	3.69
February 20, 2006	28/2P3 (part)	G.R. Ramanna	11.30	2.94	0.26	2.97
February	28/3	Bhageetathamma;	11.00	2.75	0.25	3.00

22, 2006	(part)	G.H. Ganashayam; G.H. Ranganath; G.H. Nataraj; G.R. Venkatesh; and G.R. Gangadharappa				
February 22, 2006	28/3 (part)	Bhageetathamma; G.H. Ganashayam; G.H. Ranganath; G.H. Nataraj; G.R. Venkatesh; and G.R. Gangadharappa	15.03	3.77	0.34	4.11
February 20, 2006	28/1 (part)	Thippamma; G. R. Nagaraj; G.N. Vikram; Ambika; Reema; Amogh; Jayamma; Chikkanna; G.H. Raghu; G.H. Kasturi Rangappa; G.K. Ramanna; and Kasturi Rangappa.	18.22	4.64	0.05	4.69
February 22, 2006	28/3 (part)	Bhageetathamma; G.H. Ganashayam; G.H. Ranganath; G.H. Nataraj; G.R. Venkatesh; and G.R. Gangadharappa	17.00	4.25	0.38	4.63
Total			124.3	31.4	1.66	32.88

Cost Estimate

The total turnkey cost of the project as submitted by Bewind Power *vide* their quotation dated November 15, 2006 is Rs. 4,950 lacs. The detailed break up of the cost estimate is as follows:

Break-up of Cost Estimate

Cost Head	Total
Cost of WEG & Tower	4202.00
Land and Site Development	182.00
Cost of civil works	158.00
Electrical work and utilities	150.00
KPTCL/KREDL fees & infrastructure charges	258.00
Total Cost	4950.00

1. The order for implementing the project on turnkey basis shall be placed on the EPC contractor (Bewind Power Private Limited) on firm price basis inclusive of all taxes and duties.
2. There is no component of foreign exchange involved in the cost estimate of the project.
3. The estimated cost of the project per MW works out to Rs. 5.5 crores.

i. Selection of size of machine

Selection of the WEG for the specific site is done based on techno-economic considerations, so that the selected WEG produces energy at the lowest cost. The cost of WEG varies from one WEG manufacturer to another, depending on the Unit Size, Rotor Diameter, Hub Height, Technology used, Site Conditions, Transport cost, Foreign Exchange value w.r.t. Indian rupee, Import content etc. Also the price varies from time to time depending on the market conditions. While the use of larger rotor diameter may result in higher energy capture in low wind regimes, but it may not necessarily mean that such a WEG would be techno-economically the best because the cost of WEG will also be more. So there has to be a trade off between the increases in cost required for using WEGs with larger unit size, rotor diameter and hub height and the extra energy produced. To ensure the quality of machines being installed a condition is being stipulated that the WEG to be installed in the proposed wind farm should have a valid type certification from CWET, India.

ii. EPC Arrangements

We propose to implement the 9 MW wind energy project on turnkey basis through Bewind Power Private Limited (Bewind), who shall be responsible for procurement/supply, erection, testing and commissioning and also for operation and maintenance of the project during the warranty period of two years with a provision that O&M contract for the wind farm shall be extendable on mutual agreement basis. The EPC contractor shall be responsible for complete design, engineering, procurement, erection, testing, commissioning at the wind power plant. This would also include site clearance, soil testing, micro siting, security during and after erection, construction of suitable power evacuation facility and connection of the wind power plant with state grid at interconnection point as agreed by KPTCL, construction of internal wind farm roads and any other associated work.

iii. Warranty

Bewind will provide two-year warranty effective from the date of commissioning against all defects in design, material, engineering and construction. The EPC Contractor shall undertake all repairs/trouble shooting/replacements of the defective WEG parts during the warranty period.

iv. Operation and Maintenance (O&M) Services

Bewind shall provide free operation during warranty of two years. The Maintenance services of the wind farm are also to be done free of cost during the period. Bewind is fully equipped to undertake O&M of the wind farm, after the warranty period, for which a separate agreement shall be entered into, to undertake O&M services @ 1.50% of the project cost.

v. Machine Availability

The turnkey contractor shall guarantee machine availability not less than 98% during the 6 months peak wind period (April/ May to September/ October) and not less than 95% on an annual basis as a part of the O&M contract during the warranty period.

vi. Machine Performance

Bewind shall guarantee a minimum generation from the wind farm irrespective of the wind profile, equivalent to an annualized PLF of 33% in the first two years of operation post COD.

If Bewind fails to meet the stipulated performance parameters and/ or there is a difference of more than 5% between the theoretical generation and the actual generation achieved from the wind farm, the

contractor shall be liable to pay penalty for the same on account of loss of revenue on the basis of applicable tariff as per the PPA with KPTCL. The owner shall have the right to invoke the performance bank guarantee in such cases.

In case the contractor fails to demonstrate a minimum PLF of 33% in both the first and second year of operation, the entire amount of the performance bank guarantee may be forfeited. However, in such a scenario, the contractor shall also have the option of providing free O&M for the third year of operation and demonstrating a PLF of more than 33%. If the contractor successfully demonstrated a PLF of 33% in the third year, as mentioned above, then the performance bank guarantee would not be forfeited.

vii. Environment Management

The present proposal is for setting up of wind power project. It is a pollution free and eco-friendly eliminating the hazards of conventional generation. Hence, the project would have nil impact on the environment.

viii. O&M Expense

The O&M charges paid to the O&M contractor from 3rd year onwards would not exceed 1.5% of the project cost. The contract would have a provision for escalation of maximum 5% every year.

ix. Project Linkages

Power Evacuation: The evacuation of power from the proposed wind farm would be through nearest KPTCL substation located at Chitradurga itself at a distance of about 6-8 kms from the Project site. The power output from the proposed 9 MW windfarm would be collected by 33/0.415kv, 315 KVA transformers through 33kv overhead lines with suitable ASCR conductors and finally it shall be fed to grid through the substation.

We have to submit a detailed report for the identifying the detailed plan for the evacuation of power from the proposed wind farm along with the details of the land acquired for the proposed project and the location of the WEGs after micro siting.

2. Purchase of Hydraulic cranes

Our Company has been hiring cranes for maintenance and operations of windmills from various parties. Since our Company is now operating more than 150 WEGs at 95% availability through effective and efficient service without waiting for the availability of hired cranes we intend to purchase 2 hydraulic cranes of 220 tonnes capacity for our locations in Tamil Nadu and Karnataka. We intend to purchase second hand cranes from the market at an approximate cost of Rs. 325 lacs per crane (delivered duty paid Mumbai port).

Sr. No	Vendor	Specifications	Qty	Amount (Rs. in Lacs)
a)	Govindji Gopalji & Sons, vide quotation dated 07 th December 2006	Make/Model: Demag HC510 Telescopic truck crane Year of make: 1985 Capacity: 220 tons Specs: 147 ft+40 ft fixed JIB, additional fly JIB of 137 ft Tyres: 14.00 x 24	2	650.00



The vendor has given a certificate stating that the life of such cranes is generally assumed to be 50 years if they are properly maintained by the owner of the crane. The above second hand crane was built 22 years back and the crane still has a good working life of about 27 years.

3. Acquisition of second hand WEGs from Banks

Under the recently passed The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI Act), many banks have taken over the assets (including WEGs) of defaulting companies in order to recover their dues. These assets require specific skills for efficient operations and bank which taken over these assets do not have the wherewithal to operate these assets, and as a result are not able to generate returns from these WEGs. Many banks have put up these WEGs for sale through competitive bidding process.

Large capacity windfarms are available for sale through the bidding process. We are confident of acquiring 10 MW windfarm through the bidding process at an estimated cost of Rs. 2000 lacs.

Being in this business we know the intricacies of operating these WEGs, ranging from 0.25 MW to 1 MW. Majority of the WEGs up for sale also fall in this category and hence it makes sense to acquire these WEGs. Moreover with experience in Operations and Maintenance of these WEGs, this acquisition will result in expanding our capacities at substantially lower costs with benefits of operations and maintenance.

4. Foreclosure of lease with ICICI Bank and UTI Bank

Our Company has entered into an operating lease with UTI Bank Limited and ICICI Bank Limited for windmills. The banks own the windmills and the same is given on operating lease to us. We operate the windmills of 10.75 MW under O&M contract for these 2 banks, period of which is ending in 2012 and 2014 respectively.

By foreclosing the lease transaction we shall be saving our lease payments to these banks and the impact of the power generated shall be reflected in income generated from power. An amount of Rs. 1826.20 lacs shall be required to foreclose the lease transaction, discounted @ 15% NPV, as given in the repayment schedule below:

Rs. In lacs			
Year	Lease Rent Schedule		
	UTI Bank	ICICI Bank	
		Karnataka	Tamil Nadu
2006-07	244.00	72.90	68.00
2007-08	279.40	72.90	68.00
2008-09	279.40	72.90	68.00
2009-10	279.40	72.90	68.00
2010-11	279.40	72.90	68.00
2011-12	208.60	72.90	68.00
2012-13	0.00	72.90	68.00
2013-14	0.00	388.00	68.00
2014-15	0.00	0.00	334.00
NPV discounted @ 15%	995.99	430.13	400.08

In case foreclosure does not happen, then the same shall be deployed to acquire second hand WEGs.

5. Meet the additional working capital requirements

Presently our Company does not have any working capital facilities from any banks as its internal accruals are sufficient to take care of its working capital gap. For the proposed project at Chitradurga, Karnataka, we shall require additional working capital funds as calculated below:

Sale of Electricity : 25,00,000 units/MW
(on a conservative basis)
Hence for 9 MW :2,25,00,000 units
Revenue Generated @ Rs. 3.40 per unit:Rs. 765 lacs
Revenue Generated for peak period (80%):Rs. 612 lacs
Debtors holding period :3 months
Working capital requirement(612*3/7):Rs. 262.28 lacs

6. Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in Lacs)

Sr. No.	Particulars	Amount
1	Book Running Lead Manager's fees	[●]
2	Registrar's fees	[●]
3	Underwriting commission @ [●]%	[●]
4	Legal Advisor's fees	[●]
5	Advertisement and Marketing expenses	[●]
6	Brokerage and Selling expenses	[●]
7	Stock Exchange fees for providing bidding terminals	[●]
8	SEBI and Stock Exchanges fees on filing of Offer Document	[●]
9	Other Miscellaneous expenses	[●]
	Total	[●]

Contingencies

Our management does not expect any material change in the cost of project, as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision of Rs. 65 lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

(Rs. In Lacs)

Particulars	Amount
Plant & Machineries	8678.20
Contingencies (approx @ 0.75%)	65.00

Schedule of Implementation

Project Implementation Schedule for Proposed Projects is as under:

	Windfarm at Chitradurga, Karnataka		Hydraulic Cranes		Acquiring windfarms from Banks		Foreclosure of lease	
Activities	Commencement	Completion	Commencement	Completion	Commencement	Completion	Commencement	Completion
Acquisition of Land	Completed		--		--		--	
Civil Construction	May 2007	July 2007	--	--	--	--	--	--
Electrical Work & Utilities	June 2007	September 2007						
Placement of orders for Machinery	May 2007	August 2007	May 2007	May 2007	May 2007	June 2007	April 2007	April 2007
Arrival of Machinery	July 2007	August 2007	August 2007	August 2007	July 2007	July 2007	May 2007	May 2007
Erection & Commissioning of Machinery	August 2007	September 2007	--	--	--	--	--	--
Generation of Energy	October 2007		--		August 2007		June 2007	

Deployment of Funds in the Project

We have incurred the following expenditure on the project till February 2, 2007. The same has been certified by our statutory auditors, V. Ramaratnam & Co, Chartered Accountants vide their certificate of even date.

<u>Funds Deployed</u>	<u>Amount in Rs.</u>
1) 9 MW project at Karnataka	
– Land and site development	53,47,909
– Infrastructure and preliminary expenses	21,52,605
2) Public Issue Expenses	27,22,765
Total Funds Deployed	1,02,23,279

<u>Sources of Funds</u>	<u>Amount in Rs.</u>
1) Internal Accruals	1,02,23,279

Details of Balance Fund Deployment

The overall cost of the proposed project and the proposed year wise break up of deployment of funds are as under:

(Rs. in Lacs)						
Particulars	Already incurred	FY 2006-07		FY 2007-08		Total Cost
		Quarter 3	Quarter 4	Quarter 1	Quarter 2	
Windfarm at Chitradurga, Karnataka						
Land & Site Development	53.48		72.80	54.60	1.12	182.00
Building & Civil Works			63.20	79.00	15.80	158.00
Plant & Machinery			1680.80	2101.00	420.20	4202.00
Electrical Works & Utilities			60.00	75.00	15.00	150.00
Infrastructure & Preliminary	21.53	30.00	88.20	88.20	30.07	258.00



Expenses						
Purchase of Hydraulic Cranes	--		195.00	455.00	--	650.00
Acquisition of used WEGs	--		--	2000.00	--	2000.00
Foreclosure of lease with ICICI Bank and UTI Bank	--		1826.20	-	-	1826.20
Additional Working Capital Requirements					262.28	262.28
Contingencies					65.00	65.00
Public Issue Expenses	27.23	[•]	[•]	[•]	[•]	[•]
TOTAL	102.24	[•]	[•]	[•]	[•]	[•]

Interim Use of Funds

Pending any use as described above, the proceeds of the issue shall be invested in high quality, interest / dividend bearing short term / long term liquid instruments including money market mutual fund, deposits with banks for the necessary duration and other investment grade interest bearing securities as may be approved by our Board.

No part of the proceeds of this Issue will be paid by us as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters, save and except in the course of normal business.



BASIC TERMS OF THE ISSUE

RANKING OF EQUITY SHARES

The Equity Shares to be issued shall, subject to the Memorandum and Articles rank *pari passu* with the existing Equity Shares of our Company in all respects, except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in “Notes to Capital Structure” in chapter titled “Capital Structure” beginning on page [●] of this Draft Red Herring Prospectus. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

Our Company has been paying dividend in cash and intends to continue the same policy.

FACE VALUE AND ISSUE PRICE

The Equity shares of our Company are of face value Rs.10/- per Equity Share and this Issue is being made at Rs. [●] per Equity Share.

RIGHTS OF EQUITY SHAREHOLDERS

- Right to receive dividend, if declared.
- Right to attend general meetings and exercise voting rights, unless prohibited by law.
- Right to vote on a poll either personally or by proxy.
- Right to receive offer for rights shares and be allotted bonus shares.
- Right to receive surplus on liquidation.
- Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act .

MARKET LOT

Our Company shall allot the Equity Shares in dematerialized form only. The trading in the Equity Shares of our Company shall only be in dematerialized form for all investors, where the market lot is one (1) Equity Share.

NOMINATION FACILITY TO INVESTORS

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the Registrar and Transfer Agents of our Company.



In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Net Issue including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

Our Equity Shares will be traded in dematerialized form only and therefore the marketable lot is 1 (ONE) share. Therefore, there is no possibility of any odd lots.

Restriction, if any on transfer and transmission of shares/debentures and on their Consolidation/ Splitting

There is no restriction on transfer or transmission of Equity Shares except as stated otherwise in Articles of Association of our Company. For more details please refer chapter titled “Main provisions of Articles of Association” beginning on page [●] of this Draft Red Herring Prospectus.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares now being offered are subject to the terms of this Draft Red Herring Prospectus, the Bid-cum- Application Form, the Revision Form, the Confirmation of Allocation Note (CAN), Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act and the provisions of the Companies Act. In addition, the Equity Shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of the capital and listing of securities laid down from time to time by SEBI, the Government of India, the Stock Exchanges, RBI, RoC and / or other authorities and other documents that may be executed in respect of the Equity Shares.

TERMS OF PAYMENT

The Bid should be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The Entire amount [●] of Rs. 10/- per Share is payable along with the Bid only for Retail and Non-Institutional Bidders. The Margin Amount for QIB's is 10% of the Bid Amount and the remaining to be payable by the Pay-in-Date.

Where a Bidder is allotted lesser number of Equity Shares than he / she has applied for, the excess amount paid on subscription shall be refunded to the Bidder.



BASIS FOR ISSUE PRICE

The Price Band for the Issue Price will be decided by us in consultation with the BRLM and specified in the Red Herring Prospectus that will be filed with the Registrar of Companies. The Price Band will also be advertised in [•], an English language newspaper [•] and a Hindi language newspaper with wide circulation and [•], a regional language newspaper. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10/- and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Investors should read the following summary with the Risk Factors included from page number [•] to [•] and the details about our Company and its financial statements included in the Draft Red Herring Prospectus. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

IMPORTANT: There are no listed companies for the company in the same line of activity. Thus the financials are not strictly comparable. Thus we have taken the companies in the power sector to compare and make a market assessment of the power stocks.

Qualitative Factors:

- i. A profit making enterprise since inception engaged in generation of power from Windmills.
- ii. The power generation from wind mills is environmentally friendly and has no raw material cost.
- iii. Our current business activities and the project proposed to be implemented qualify under the projects for Clean Development Mechanism (CDM) under Kyoto Protocol.
- iv. We have become the first Wind Energy company from India to get the Carbon Credits (Certified Emission Reductions) issued by UNFCCC for its recently commissioned 12.3 MW projects in Tamilnadu under the Clean Development Mechanism
- v. We have successfully registered the Logo of “Green Power” as its International Trade Mark under the Intellectual Property Rights.

Quantitative Factors

1. Adjusted Earnings Per Share

Particulars	EPS (Rs.)	Weight
2003-04	1.22	1
2004-05	1.24	2
2005-06	1.54	3
Weighted Average EPS	1.39	
September 30, 2006	0.6*	

* - EPS for the quarter ended September 30, 2006 has not been annualized.

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share

Particulars	P/E at the lower end of the price band	P/E at the higher end of the price band
Based on 2005-06 EPS of Rs. 1.54	[●]	[●]
Based on weighted average EPS of Rs. 1.39	[●]	[●]

Industry P/E: Power Generation and Supply	P/E Ratio
Highest – GVK Power Infrastructures Limited	52.5
Lowest – Gujarat Inds. Power	6.7
Industry Composite	17.3

*Source: Capital Market, Volume XXI /22, Jan 01 – 14, 2007 (Industry – Power Generation and Supply)

3. Return on Net Worth

Particulars	RONW %	Weight
2003-04	11.15	1
2004-05	10.92	2
2005-06	10.38	3
Weighted Average	10.69	

Return on Net Worth for the quarter ended on September 30, 2006 is 3.90%.

Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS of Rs. 1.54 for the year ended June 30, 2006 is [●] %

4. Net Asset Value (Rs.)

	Particulars	At the lower end of the price band (Rs. [●])	At the higher end of the price band (Rs. [●])
a)	As on September 30, 2006	15.15	15.15
b)	After Issue	[●]	[●]
c)	Issue Price	[●]	[●]

5. Comparison of Accounting Ratios with Peer Group Companies

Based on the Products portfolio and turnover, given below is the comparison of Accounting Ratios with Peer Group Companies

Particulars	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Gujarat Industries Power Company Limited	7.40	6.70	15.4	61.5
Jaiprakash Hydro-Power Limited	1.60	15.30	12.5	14.3
Tata Power Company Limited	22.70	19.90	8.80	280.7



Reliance Energy Limited	29.40	16.20	10.80	330.00
Indowind Energy Limited – as Restated for the year ended June 30, 2006	1.54	-	10.38	14.56

Source: Capital Market, Volume XXI / 22, Jan 01 – 14, 2007 (Industry – Power Generation and Supply)

Note: All the figures for our company are based on the Restated Financials as appearing in the chapter titled “Financial Information of our Company” beginning on page [●] of this Draft Red Herring Prospectus.

6. The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
7. The Book Running Lead Manager believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.
8. The final issue price would be determined based on the demand from the investors.



STATEMENT OF TAX BENEFIT

To,
The Board of Directors
Indowind Energy Limited
15, Khader Nawaz Khan Road
2nd Floor, Kakani Towers
Chennai - 600 006.

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Indowind Energy Limited ("the Company") and its shareholders. We further state that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. Their statement is only intended to provide general information to the investors and is neither designated nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

The auditors do not express any opinion or provide any assurance as to whether:

- i) The Company or its share holders will continue to obtain these benefits in future; or
- ii) The condition prescribed for availing the benefits have been/ would be met with

The contents of their annexure are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will inter-alia be available to M/s Indowind Energy Limited and its Shareholders.

**ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS****A) BENEFITS TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 "ACT":**

- 1) Subject to Compliance of certain conditions laid down in section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -

In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.

- 2) The Company is eligible to a deduction under section 35D of the Act, equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
- 3) The Company is eligible for deduction under section 35DD of the Act, equal to one-fifth of expenditure incurred wholly and exclusively for the purposes of amalgamation and demerger of an undertaking.
- 4) The Company is eligible under section 72A of the Act to set off of the accumulated loss and unabsorbed depreciation allowance in the scheme of amalgamation or demerger, subject to certain conditions provided and specified under the said section.
- 5) The Company subject to fulfillment of certain conditions is eligible for deduction under section 80IB of the Act to the extent of the Profit & Gains from manufacturing units set up in specified areas at such amount equal to such percentage and such number of assessment years as specified in the said section.
- 6) The Company is eligible to carry forward the credit of taxes paid by it under the provisions of section 115JB of the Act to the extent of difference of the tax calculated and paid under the said section and the amount of tax payable by the assessee on its total income computed in accordance with the other provision of this Act.

B) TO THE MEMBERS OF THE COMPANY**Under the Income-tax Act, 1961****Resident Members**

- Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
- Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10- 2004 and such transaction is chargeable to Securities Transaction Tax.
- In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of

India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.

- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in specified bonds issued by the Government of India.
- If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- Under section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short term capital asset, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized Stock Exchange in India and such transaction is chargeable to Securities Transaction Tax, will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Non-Resident Indians/Members other than FIIs and Foreign Venture Capital Investors:

- By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.

Tax on income from investment and Long Term Capital Gains:

A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to certain incomes of Non-Residents".

Under section 115E of the Act, where shares in the company are subscribed for inconvertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess on income tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.

Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases

Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Return of income not to be filed in certain cases

Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Other Provisions

Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.

Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in specified bonds issued by the Government of India.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Under section 54ED of the Act and subject to the conditions and to the extent specified there in, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

Under section 54F of the Act and subject to the conditions and to the extent specified there in, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital asset, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized Stock Exchange in India and such transaction is chargeable to Securities Transaction Tax will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].

Foreign Institutional Investors (FIIs)

By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.

The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income-tax) as per section 115AD of the Act.

The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.

Short term capital gains:	30% (plus applicable surcharge and education cess on income-tax)
Long term capital gains:	10% (without cost indexation plus applicable surcharge and education cess on income-tax) (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in specified bonds issued by the Government of India.

Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of



an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Under the Wealth-tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, hence Wealth-tax Act will not be applicable.

Notes:

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Prospectus which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.

Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

**For V. Ramaratnam & Co
CHARTERED ACCOUNTANTS**

**R. Sundar
(PARTNER)
Membership No: 12339**

**Place: Chennai
Date: November 2, 2006**

SECTION IV – ABOUT US

Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. The industry data has been collated from various industry and / or research publications and from information available from the World Wide Web.

1. INDUSTRY OVERVIEW

World-watch Institute Report “The State of the World 1998”, on progress towards a sustainable society, has noted that renewable energy production in the world is expanding rapidly. Wind generation is the fastest growing energy source in this decade and is expanding at 25% per year. The report recognizes India as a new ‘Wind Superpower’. With declining trend of cost and increase in the scale of wind turbine manufacturing, wind promises to become a major power source globally in the first few decades of this millennium.

India is now the fourth largest wind power generator in the world after Germany, Spain and USA. Five nations – Germany, USA, Denmark, India and Spain account for 73.20% of the world’s installed wind energy capacity. Wind energy continues to be the fastest growing renewable energy source with worldwide wind power installed capacity reaching 71,146 MW by December 2006. (www.windpower.com).

Today, the capital cost of wind power projects is approximately Rs. 5.5 crores per MW, thereby reducing the cost of energy generation vis-à-vis conventional energy, taking into consideration the fiscal benefits extended by Government of India.

As mentioned above the Indian government has introduced a package of incentives, some of which include tax concessions such as 80% accelerated depreciation, tax holidays for power income u/s 80IA, soft loans, customs & excise duty relief and liberalized foreign direct investment procedures.

Various financial incentives & benefits:

- 80% Depreciation benefit in the first year
- Low operational and maintenance costs
- Zero input fuel cost
- Shorter payback duration
- Cost of power generation is very low after payback period
- Zero import duty on certain parts (as notified by MNRE from time to time)
- Tax holidays for new power projects for 10 years
- Company being operating in a seller market, no marketing related issues

The Indian Renewable Energy Development Agency (IREDA) is playing a significant role in promoting Renewable Energy Projects, in general and Wind Energy Projects in particular. Renewable energy is expected to create maximum impact in the production of electricity. Projections indicate that by the end of the first decade of the new century, it would be cost effective to generate and supply renewable energy, aggregating to several thousand megawatts, as the efficiencies in the power generation through wind energy are increasing and costs are decreasing, while the costs of conventional power is increasing. Besides grid supply augmentation, renewable energy technologies offer possibilities of distributed generation at or near points of use, which can reduce peaking loads and save on costly up-gradation and maintenance of transmission and distribution networks growing demand. There are no major technical barriers for large scale penetration of wind power.

As per projections made by Ministry of Power 2,40,000 MW has been the estimated total installed capacity of power projects by 2012. Of this, 10% of installed capacity requirement will be generated from renewable sources of the energy. Further, it is envisaged that 50% of this capacity or 12,000 MW may be generated from wind power. India has now gained significant technical and operational experience and is now on the threshold of 'taking off' in wind power. It offers a viable option in the energy supply mix, particularly in the context of the present constraints on conventional sources. It also offers an attractive investment option to the private sector, in the form of recently announced policies and drive towards private sector power generation.

The Electricity Industry

The Indian Electricity Market

In the period between March 1993 and March 2006 the demand for power in India increased at a compounded annual growth rate of approximately 6.50 per cent. However, the demand is still substantially in excess of the available supply. In the period ended July 2006, the 802.2 billion KWh of output fell short of total demand by around 7.15 percent. As on September 2006, India's power system had an installed generating capacity of around 1,27,423 MW and thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 66 percent of total power generation capacity. Renewable sources of energy account for 4.86 percent of the power generated, with Wind power having a share of 4.72 percent. In the same year, central government controlled entities (the "Central Sector") accounted for approximately 33 percent of total power generation capacity, the various State Electricity Boards ("SEBs") accounted for approximately 55 percent while private sector utilities (the "Private Sector") accounted for approximately 12 percent.

The break up of the Total Installed Capacity for generation of power from all the available sources for the country as a whole as on September 2006 is given as under:

Sector	MW	Proportion
State Sector	70,568	55.38%
Central Sector	41,424	32.51%
Private Sector	15,431	12.11%
Total	1,27,423	100.00%

Fuel	MW	Proportion
<u>Thermal</u>	83,982	65.91
Coal	69,198	54.31
Gas	13,582	10.66
Oil	1,202	0.94
<u>Hydro</u>	33,350	26.17
<u>Nuclear</u>	3,900	3.06
<u>Renewable</u>	6,191	4.86
Wind	6,018	4.72
Others	173	0.14
Total	127,423	100.00

http://cea.nic.in/power_sec_reports/Executive_Summary/2006_09/index.htm

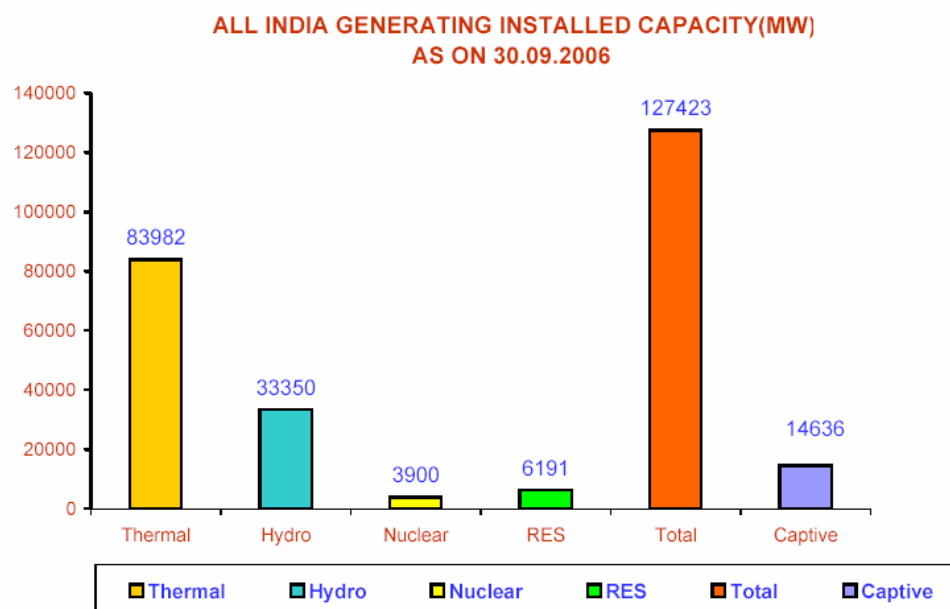
Installed Power Generation Capacity (MW) as on September 2006

ALL INDIA GENERATING INSTALLED CAPACITY(MW)
(As on 30.09.2006)

SL. NO.	Region	Hydro	Thermal				Nuclear	R.E.S.@	Total
			Coal	Gas	Diesel	Total			
1	Northern	11795.88	17802.50	3213.19	14.99	21030.68	1180.00	694.59	34701.15
2	Western	6941.33	21441.50	5820.72	17.48	27279.70	1840.00	1098.83	37159.86
3	Southern	10997.71	15962.50	3586.30	939.32	20488.12	880.00	4233.49	36599.32
4	Eastern	2496.53	13662.38	190.00	17.20	13869.58	0.00	111.67	16477.78
5	N. Eastern	1113.07	330.00	771.50	142.74	1244.24	0.00	46.86	2404.17
6	Island	5.25	0.00	0.00	70.02	70.02	0.00	5.42	80.69
7	All India	33349.77	69198.88	13581.71	1201.75	83982.34	3900.00	6190.86	127422.97

Capative Genrating capacity connected to the Grid (MW) = 14636

RES@ =Renewable Energy Sources (RES) includes Small Hydro Project(SHP), Biomass Gas(BG), Biomass Power(BP), Urban & Industrial waste Power(U&I), and Wind Energy



Installed Power Generation Capacity (MW) as on 30-11-2005

SL. NO.	REGION	HYDRO	THERMAL				NUCLEAR	R.E.S.@	TOTAL
			COAL	GAS	DSL	TOTAL			
1	Northern	11070.79	17382.50	3213.19	14.99	20610.68	1180.00	920.46	33781.93
2	Western	6476.33	20789.50	5074.72	17.48	25881.70	1300.00	1084.71	34742.74
3	Southern	11026.39	15992.50	3201.20	939.32	20133.02	830.00	3829.52	35818.93
4	Eastern	2466.52	13813.58	190.00	17.20	14020.78	0.00	193.40	16680.70
5	N. Eastern	1095.02	330.00	750.50	142.74	1223.24	0.00	124.81	2443.07
6	Island	0.00	0.00	0.00	70.02	70.02	0.00	5.42	75.44
7	All India	32135.05	68308.08	12429.61	1201.75	81939.44	3310.00	6158.32	123542.81

Capative Genrating capacity connected to the Grid (MW) = 14636

@ Renewable Energy Sources (RES) includes SHP, BG, BP, U&I, and Wind Energy

The Government adopts a system of successive “Five Year Plans” which set out the targets for the economic development of the country in various sectors, including the power sector. The target for additional generating capacity has been set at 41,110 MW under the Tenth Plan (2002-2007).

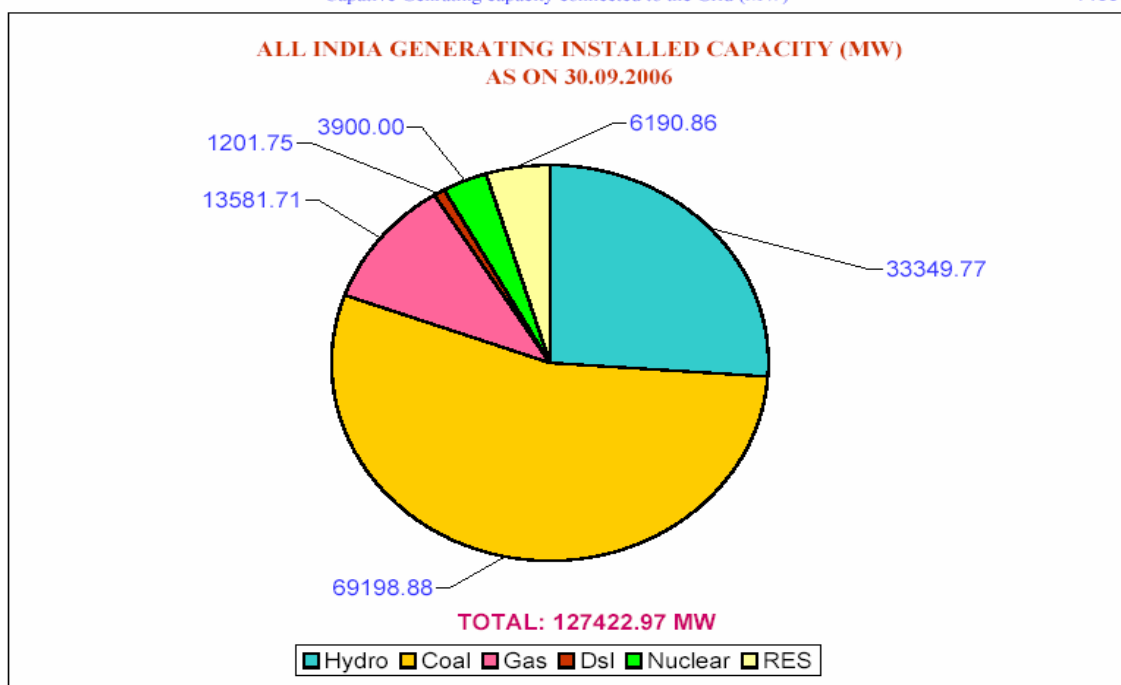
GROWTH OF INSTALLED CAPACITY SINCE SIXTH PLAN

(in MW)

Plan/Year	Hydro	Thermal				Nuclear	RES	Total
		Coal	Gas	Diesel	Total			
End of VI th Plan (31.03.1985)	14460.02	26310.83	541.50	177.37	27029.70	1095.00	0.00	42584.72
End of VII th Plan (31.03.1990)	18307.63	41237.48	2343.00	165.09	43745.57	1565.00	18.14	63636.34
End of 2 Annual Plans(31.03.92)	19194.31	44791.48	3095.00	167.52	48054.00	1785.00	31.88	69065.19
End of VIII th Plan (31.03.97)	21658.08	54154.48	6561.90	293.90	61010.28	2225.00	902.01	85795.37
End of IX th Plan (31.03.2002)	26268.76	62130.88	11163.10	1134.83	74428.81	2720.00	1628.39	105045.96
March, 2003	26766.83	63950.88	11633.20	1178.07	76762.15	2720.00	1628.39	107877.37
March, 2004	29506.84	64955.88	11839.82	1172.83	77968.53	2720.00	2488.13	112683.50
March, 2005	30942.24	67790.88	11909.82	1201.75	80902.45	2770.00	3811.01	118425.70
March, 2006	32325.77	68518.88	12689.91	1201.75	82410.54	3360.00	6190.86	124287.17
SEPTEMBER 06	33349.77	69198.88	13581.71	1201.75	83982.34	3900.00	6190.86	127422.97

Capative Genrating capacity connected to the Grid (MW) =

14636



(Source: http://cea.nic.in/power_sec_reports/Executive_Summary/2006_09/9.pdf)

Actual Power Supply Position(Previous month)

(Figures in net MU)

State / System / Region	August, 2006				April, 2006--August, 2006			
	Requirement (MU)	Availability (MU)	Surplus / Deficit (-)		Requirement (MU)	Availability (MU)	Surplus / Deficit (-)	
			(MU)	(%)			(MU)	(%)
Chandigarh	140	140	0	0.0	644	642	-2	-0.3
Delhi	2,287	2,158	-129	-5.6	10,803	10,470	-333	-3.1
Haryana	2,725	2,280	-445	-16.3	11,881	10,509	-1,372	-11.5
Himachal Pradesh	412	411	-1	-0.2	1,977	1,959	-18	-0.9
Jammu & Kashmir	868	612	-256	-29.5	4,568	3,120	-1,448	-31.7
Punjab	4,838	3,943	-895	-18.5	19,600	16,728	-2,872	-14.7
Rajasthan	2,239	2,239	0	0.0	12,639	12,204	-435	-3.4
Uttar Pradesh	5,110	4,214	-896	-17.5	24,090	19,386	-4,704	-19.5
Uttaranchal	506	495	-11	-2.2	2,396	2,302	-94	-3.9
Northern Region	19,125	16,492	-2,633	-13.8	88,598	77,320	-11,278	-12.7
Chattisgarh	1,081	1,048	-33	-3.1	5,734	5,411	-323	-5.6
Gujarat	3,546	3,288	-258	-7.3	22,614	20,682	-1,932	-8.5
Madhya Pradesh	2,348	2,305	-43	-1.8	13,283	11,377	-1,906	-14.3
Maharashtra	7,059	6,742	-317	-4.5	41,990	35,913	-6,077	-14.5
Daman & Diu (*)	136	118	-18	-13.2	648	565	-83	-12.8
Dadar Nagar Haveli (*)	243	239	-4	-1.6	1,179	1,145	-34	-2.9
Goa	207	207	0	0.0	1,029	1,029	0	0.0
Western Region	14,620	13,947	-673	-4.6	86,477	76,122	-10,355	-12.0
Andhra Pradesh	4,985	4,979	-6	-0.1	24,242	23,709	-533	-2.2
Karnataka	3,275	3,276	1	0.0	15,818	15,603	-215	-1.4
Kerala	1,213	1,214	1	0.1	6,065	5,979	-86	-1.4
Tamil Nadu	5,542	5,543	1	0.0	26,294	25,966	-328	-1.2
Pondicherry	160	160	0	0.0	783	783	0	0.0
Lakshadweep	2	2	0	0.0	10	10	0	0.0
Southern Region	15,175	15,172	-3	0.0	73,202	72,040	-1,162	-1.6
Bihar	702	653	-49	-7.0	3,336	3,071	-265	-7.9
DVC	994	991	-3	-0.3	4,667	4,593	-74	-1.6
Jharkhand	354	343	-11	-3.1	1,700	1,619	-81	-4.8
Orissa	1,388	1,376	-12	-0.9	6,862	6,772	-90	-1.3
West Bengal	2,345	2,327	-18	-0.8	11,693	11,527	-166	-1.4
Sikkim	17	17	0	0.0	86	85	-1	-1.2
Andaman- Nicobar	20	15	-5	-2.5	100	75	-25	-25.0
Eastern Region	5,800	5,707	-93	-1.6	28,344	27,667	-677	-2.4
Arunachal Pradesh	19	18	-1	-5.3	94	90	-4	-4.3
Assam	409	391	-18	-4.4	1,861	1,730	-131	-7.0
Manipur	42	41	-1	-2.4	195	187	-8	-4.1
Meghalaya	118	97	-21	-17.8	574	454	-120	-20.9
Mizoram	18	18	0	0.0	93	89	-4	-4.3
Nagaland	32	31	-1	-3.1	148	142	-6	-4.1
Tripura	71	66	-5	-7.0	334	305	-29	-8.7
N. Eastern Region	709	662	-47	-6.6	3,299	2,997	-302	-9.2
All India	55,429	51,980	-3,449	-6.2	279,920	256,146	-23,774	-8.5

Lakshadweep and A & N Islands stand- alone systems, power supply position of these, does not form part of regional requirement and availability

Note : Both peak met and energy availability represent the net consumption (including the transmission losses) in the various States. Net export has been accounted for in the consumption of importing States.

Source: http://www.cea.nic.in/power_sec_reports/executive_summary/2006_09/23-24.pdf

Capacity utilization in the Indian power sector, as measured by the PLF of generating plants, is lower than

in developed countries due to a combination of factors including age of the plants, dated technology, inadequate maintenance, unsatisfactory transmission infrastructure and irregular fuel supply.

As per figures available till September 2006, India relied on coal to fulfill approximately 54 percent of its power generation requirements. As on January 1, 2004, India had 245.6 billion MT of coal reserves, a significant proportion of which is in the Eastern and South Eastern regions of the country. However, much of this coal has a high ash content (up to 40.0 per cent. as compared with 12.0 per cent. in high quality internationally sourced coal) and is not suitable in an untreated state for environmentally friendly generation. The calorific value of Indian coal is typically around 3,500 kcal/kg, vis-à-vis, 6500 kcal/kg for internationally sourced coal. Lower calorific value means that a higher quantity of coal is required for the same amount of power generation necessitating the use of larger boilers. Therefore, power generators may increasingly look to overseas sources of coal or to alternative fuels such as gas, of which India has approximately 751 billion cubic meters of proven and probable reserves.

Transmission and Distribution

A reliable transmission and distribution ('T&D') system is important for the transfer of power from generating stations to the end users. A T&D system comprises transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. The distribution networks and the state grids are owned and operated by the respective SEBs or the state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to end-consumers. The SEB's have a monopoly over power distribution in their respective states, except in a few metropolitan and city areas (such as Mumbai, Kolkata, Ahmedabad, Surat, Delhi and Noida) where private or municipal licensees distribute power.

Regional Grids

Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited and some are jointly owned by the relevant SEBs. In order to facilitate the transmission of power between neighbouring states, state grids are inter-connected through high-voltage transmission links to form a regional grid. There are five regional grids, which have been constituted as follows:

- Northern region grid which comprises Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttaranchal and Uttar Pradesh;
- Eastern region grid which comprises Bihar, Orissa Jharkhand, Sikkim and West Bengal;
- Western region grid which comprises Dadra and Nagar Haveli, Daman and Diu, Chattisgarh, Goa, Gujarat, Madhya Pradesh and Maharashtra;
- Southern region grid which comprises Andhra Pradesh, Karnataka, Kerala, Pondicherry and Tamil Nadu; and
- North eastern region grid which comprises, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

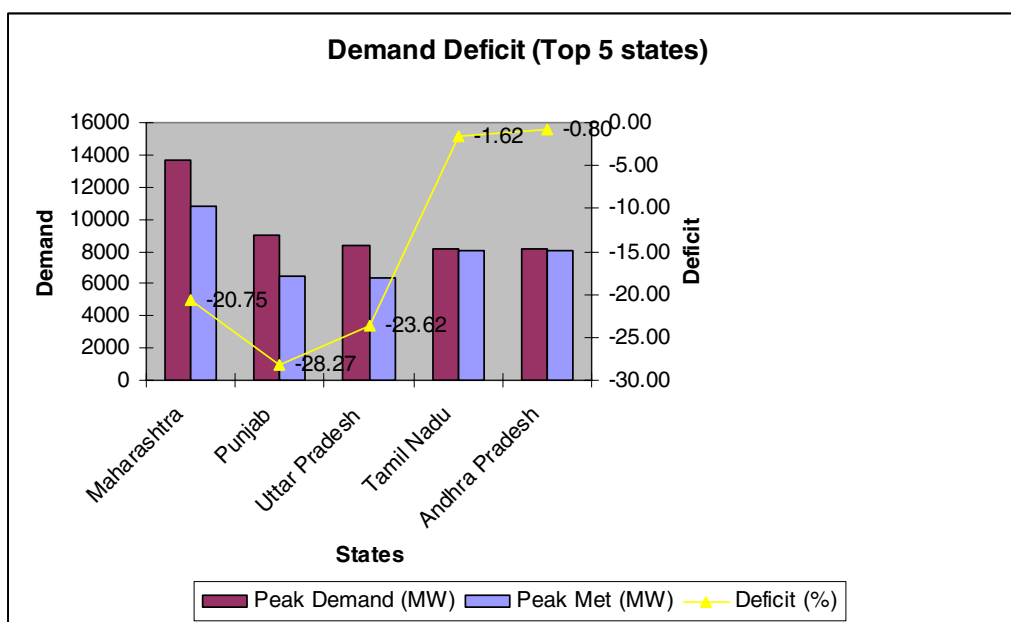
Situations do arise in which there is surplus availability in one state and deficit in another. The regional or inter-state transmission lines facilitate transmission of power from a surplus state to a deficit state. Optimal scheduling of power and co-ordination between the power plants at the state level is done by the state load dispatch centre while power control and scheduling for interstate flow is operated and controlled by the regional load dispatch centers. In addition, it has been proposed that by 2012 the regional grids be gradually

integrated to form a national grid, so that surplus power from a region could be transferred to a deficit region, resulting in a more optimal utilization of the generating capacity in India.

Markets

Geographically, India's electricity market is divided into five regions and 31 states. A regional electricity board serves each region. The size of each regional power market correlates with the size of the economy of each region. The west of the country accounts for 28 percent of India's GDP and 30 percent of its capacity, while north & south of the country each account for 27 percent of GDP and 26 percent of its capacity respectively.

The end users of power can be broadly classified into residential (consuming approximately 20 percent of power generated), industrial (consuming approximately 30 percent of power generated), commercial (consuming approximately 5 percent of power generated) and agricultural consumers (consuming approximately 30 percent of power generated). The balance is largely due to T&D losses. There is a significant variation in the consumption pattern among the various states depending upon industrial investments, extent of rural electrification and income levels etc.



A heavy element of cross-subsidy also exists in the Indian power sector in terms of lower rates charged to agricultural and domestic consumers and higher rates charged for industrial and commercial consumers. The burden of cross-subsidy in tariffs, coupled with low collections from agricultural consumers due to inadequate metering and political support has resulted in a number of industrial consumers shifting to captive power over the last few years.

In India, the responsibility of the development of power sector is shared between the Central Government and the State Governments. The Ministry of Power ('MoP') has overall responsibility of governing the power sector in the country. The Central Electricity Authority ('CEA'), constituted under the Electricity (Supply) Act 1948, is the technical wing of the MoP with responsibility for technical and economic matters. The Ministries of Power of various state governments govern the power sector in each of those



states.

The Central Electricity Regulatory Commission (the 'CERC') is the regulatory body constituted under the Electricity Regulatory Commission Act 1998 to bring into effect rationalization of electricity tariff and transparent policies regarding subsidies for the regulation of inter-state transmission of energy and the promotion of efficiency and environmentally friendly policies. The Electricity Act 2003 stipulates that the CERC is the central regulatory body and it has been mandated *inter-alia* to regulate tariffs of inter-state generating companies and inter-state transmission of electricity and to issue inter-state transmission licenses.

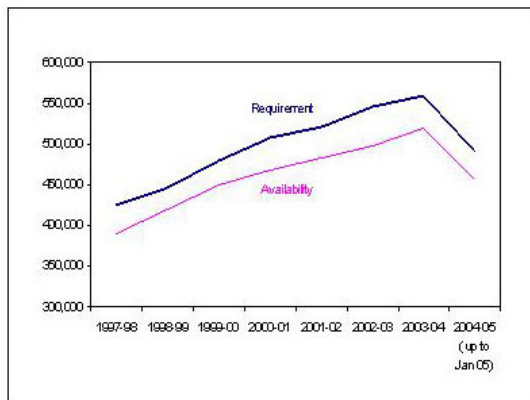
The Electricity Regulatory Commission Act 1998 also provides for the formation of State Electricity Regulatory Commissions ('SERCs') in the respective states for the rationalization of the electricity tariff and the formulation of policy within each state. Some states have set up SERC under their own state legislation and others under the Central Electricity Regulatory Commission Act 1998. With the formation of the SERCs, all issues related to tariff, as well as regulation of private utilities will come under the review of the SERC. The Electricity Act 2003 stipulates that the SERCs will continue to be the state bodies, which *inter alia* issue intra-state and transmission licences, regulate tariffs of intra-state generation and transmission.

The SEBs were created under the Electricity (Supply) Act 1948, which entrusted them with the primary responsibility for generation, transmission and distribution of electricity and the regulation of private utilities. Although the Electricity (Supply) Act 1948 grants the SEBs considerable autonomy, in practice they must obtain state governments' approval for most major decisions including those on investment, tariffs, borrowings, and salary and personnel policies.

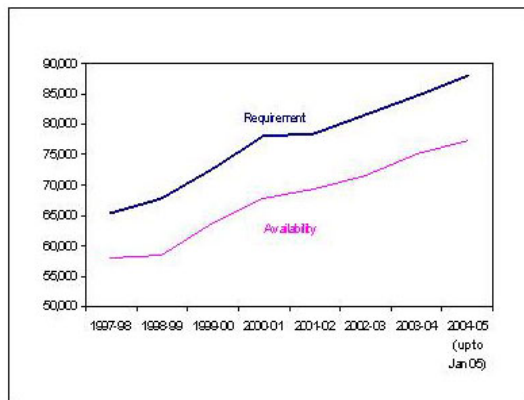
The private sector utilities are accountable to the MoP of their respective State Government and the relevant SERC for state issues and to the MoP, the CERC and CEA for central sector issues.

Historically, the power industry in India has been characterized by energy shortages. According to the Central Electricity Authority, India, in fiscal 2006, demand for electricity exceeded supply by an estimated 8.3% in terms of total requirements and 12.3% in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand.

Power Supply Position (in MU)



Peak Demand (in MW)



Shortage (%)								
1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	(up to Jan 05)
8.1	5.9	6.2	7.8	7.5	8.8	7.1	7.2	

Shortage (%)								
1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	(up to Jan 05)
11.3	13.9	12.4	13.0	11.8	12.2	11.2	12.1	

The figures listed below indicate a huge demand and supply gap of Power:

Year	Requirement	Availability	Shortage	Shortage (%)
1997-98	424505	390330	34175	8.1
1998-99	446584	420235	26349	5.9
1999-2000	480430	450594	29836	6.2
2000-01	507216	467400	39816	7.8
2001-02	522537	483350	39187	7.5
2002-03	545983	497890	48093	8.8
2003-04	559264	519398	39866	7.1
2004-05	591373	548115	43258	7.3
2005-06	566109	430408	135701	24.0

Peak Demand and Supply:

Year	Peak Demand	Met	Peak Shortage	Shortage (%)
1997-98	65435	58042	7393	11.3
1998-99	67905	58445	9460	13.9
1999-2000	72669	63691	8978	12.4
2000-01	78037	67880	10157	13.0
2001-02	78441	69189	9252	11.8
2002-03	81492	71547	9945	12.2
2003-04	84574	75066	9508	11.2
2004-05	87906	77652	10254	11.7

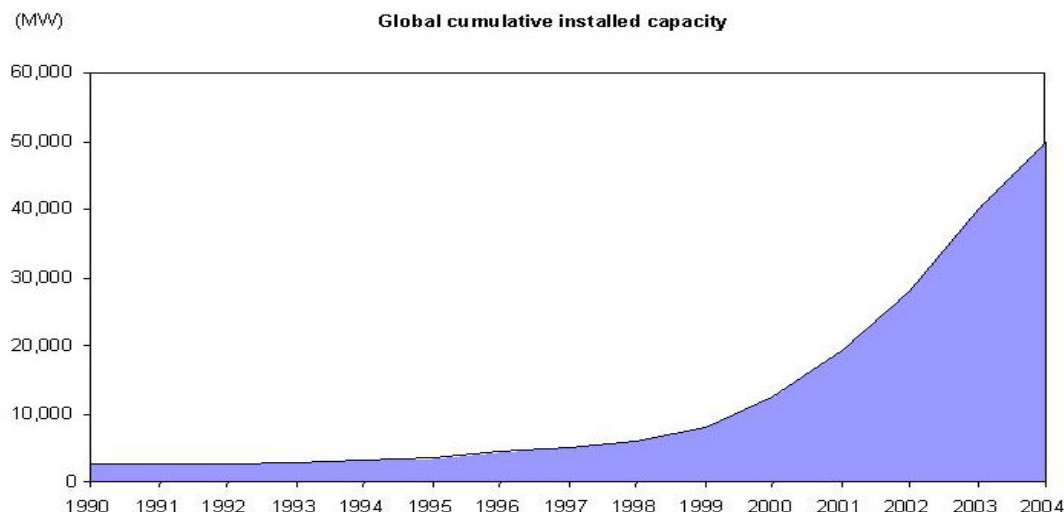


2005-06	90119	80631	9488	10.5
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(Source: http://powermin.nic.in/reports/pdf/ar05_06.pdf)

MU = Million Unit
1 unit = 1kwh

Global Wind Energy Demand



As on December 2006, the total installed wind power capacity worldwide is 71,146 MW (Source: www.windpowerindia.com)

By the end of 2004, the global wind energy industry was worth approximately US\$11.3 billion. Technological advances have resulted in larger and better quality wind turbine generators (“WTGs”) with higher generation efficiencies at lower costs. According to the TERI Project Report No. 2002RT66 (the “TERI Report”), rapid wind power development has been driven by increasing interest in greenhouse gas reduction and the expanding global power market. Furthermore, heightened environmental awareness has resulted in increased demand for “green power” in developed countries.

Many countries have adopted ‘Renewable Portfolio Standards’ (R.P.S.) which mandate a certain percentage of power generation to be met from renewable sources of energy such as wind energy. All over the world wind generated electricity is treated preferentially by means of production credits and incentives. Internationally, the cost of production of a kilowatt-hour of wind power has fallen by 20% over the past five years.

In World Energy Outlook 2004, the International Energy Agency, or IEA, estimates the global electricity demand to double between 2002 and 2030, with demand for electricity likely to increase at a much faster pace in developing countries like India and China. The IEA also estimates wind power’s share of total electricity generation to grow from 0.2% in 2002 to 3.0% in 2030 and it will be the second-largest renewable source of electricity after hydro power.

The number of countries with wind power installations grew to over 60 countries by the end of 2004. Large multinationals such as General Electric and Siemens have now entered the wind power market through the acquisition of existing wind turbine manufacturers.

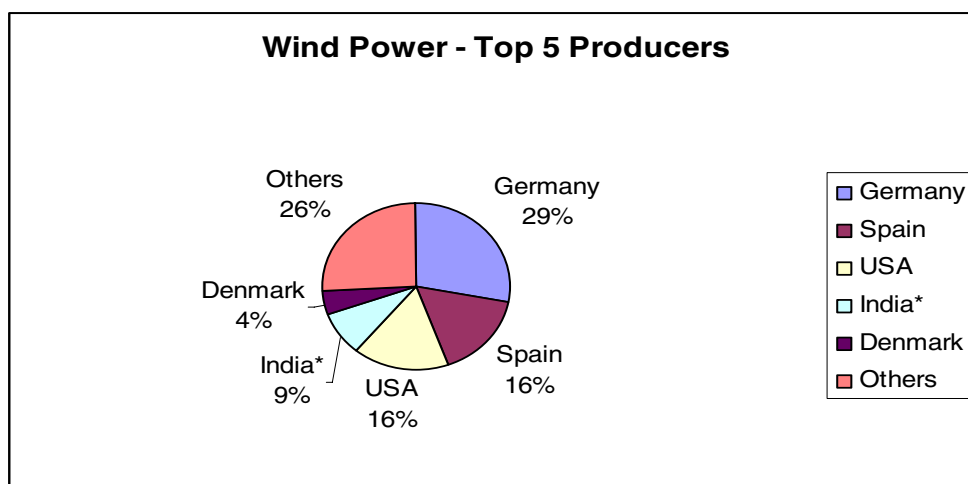
The global wind energy industry is worth US\$11.3bn (as at end 2004), according to BTM Consultants Aps. No other renewable energy based technology has attained the same level of maturity as wind power. Total installed capacity, as on 31st December 2006 is 71,146 MW. Major industrialized countries are leaders in wind farm development.

As on 31st March 2006, the installed wind power capacity for the top 5 countries is as under:

Country	MW	%
Germany	20020	28.14
Spain	11600	16.30
USA	11723	15.84
India*	6053	8.59
Denmark	3136	4.41
Others	18614	26.80
Total	71146	100.00

The total installed wind power capacity of India stands at 6053 MW as on December 2006.

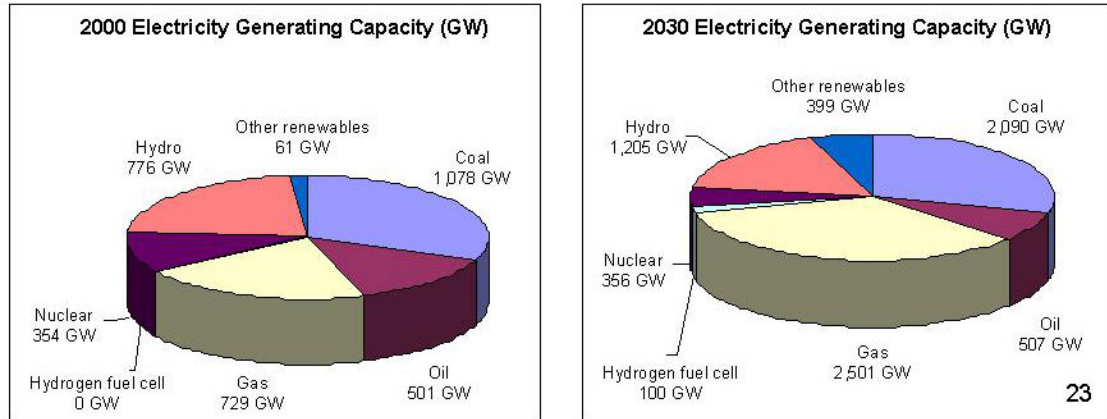
The following is represented diagrammatically below:



(Source: <http://www.windpowerindia.com>)

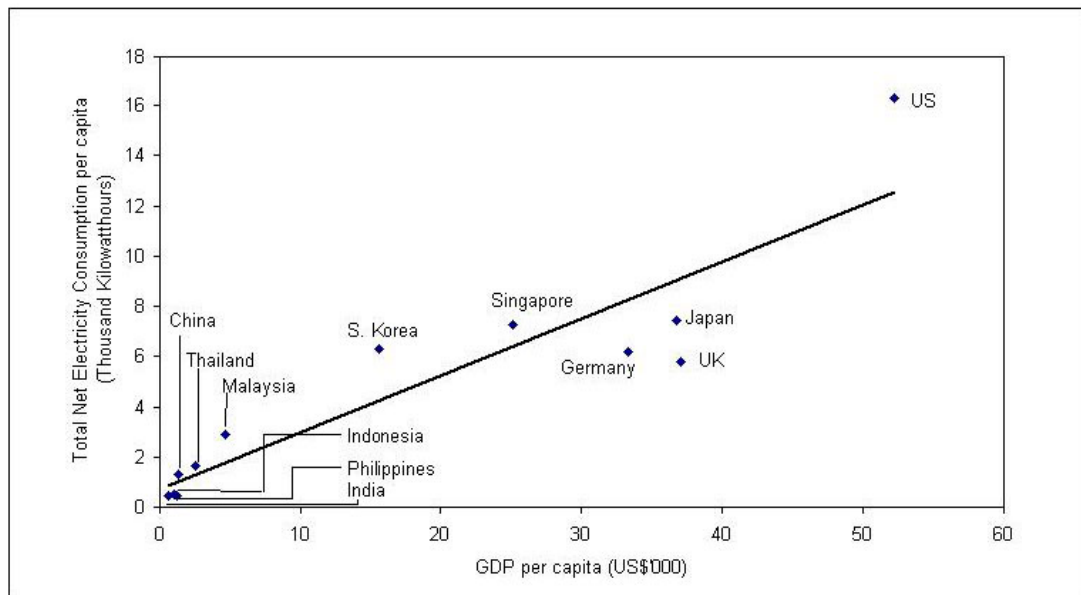
The International Energy Agency (IEA) in its World Energy Outlook 2004 estimates that the world electricity demand will double between 2002 and 2030. Globally, the power sector is required to add an estimated 4,800 GW of capacity to meet the projected increase in electricity demand and to replace ageing infrastructure. The IEA has estimated that this would require an investment of US\$10 trillion and more than US\$ 5 trillion of that amount will be required by developing countries alone.

The IEA expects the following to be the global generating mix from renewable:



The IEA also expects that the predominant use of fossil fuels, such as coal, oil and natural gas, for energy production will continue in the future. Nuclear power's contribution is expected to decline and the use of renewable energy sources, such as hydro power, wind power, biomass and solar, is expected to increase. The IEA also estimates that wind power share in total electricity generation will grow from 0.2% in 2002 to over 3% in 2030 and will be the second-largest renewable source of electricity after hydro power.

According to the United Nations, India, with 355 kWh per capita electricity consumption in 2000, has one of the lowest electricity consumption levels in the world, in part due to unreliable supply and inadequate distribution networks. This contrasts with 827 kWh per capita in China, 1,878 kWh per capita in Brazil and 12,331 kWh per capita in the United States, in 2000.



The Government of India ("GoI") in its mission "Power for all by 2012", estimated that Indian installed generation capacity should be 2,40,000 MW by the end of its Eleventh Five Year Plan in 2012 compared to 127,423 MW as of September 30, 2006. This is in addition of demand for power which is growing @ around 12% annually.

The GoI adopts a system of successive Five-Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five-Year Plan has increased power generation capacity by adding targets. The Ninth Plan targeted a capacity addition of 40,245 MW. Ministry of Power ("MoP") estimates indicates that only around 19,251 MW or 47.8% of the planned capacity was added during the Ninth Plan. The Tenth plan (FY 2002 — 2007) has targeted a capacity addition of 41,110 MW through Thermal, Hydro and Nuclear power plants. This includes 14,557 MW that has been planned in the first three years of the Tenth Five-Year Plan against which the actual installations have been 9,692 MW at the end of the third year.

With increasing urbanization, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. Some latent demand for electricity may also surface in the event of wider distribution and increased reliability in power supply. In this scenario, the GoI expects that alternative sources of energy, such as wind and biomass, are likely to play an increasingly significant role in bridging the demand supply gap.

Estimated Wind power potential in India:

The wind power potential on macro level based data collected from 10 states considering only 1% of land availability is around 45,195 MW.

(Source: MNRE, New Delhi, India)

		Gross Potential MW
1	Andhra Pradesh	8,275
2	Karnataka	6,620
3	Tamil Nadu	3,050
4	Kerala	875
Total for Southern India		18,820
1	Gujarat	9,675
2	Maharashtra	3,650
3	Rajasthan	5,400
Total for Western States of India		18,725
1	Orissa	1,700
2	West Bengal	450
Total For Eastern States of India		2,150
1	Madhya Pradesh	5,500
Total for Central States of India		5,500
Total For India		45,195

Key Factors Driving the Rapid Development of Wind Energy

The key factors driving the growth of renewable energy and wind energy in particular are:

- Recognition of the desire to address the human-induced climate change through a reduction of greenhouse gas emissions
- Competitive energy sources facing input price
- Desire by many countries to diversify the sources of their energy supply
- Need to reduce the dependence on and depletion, of non-renewable resources
- Vast improvement in wind power economics

Wind energy is the fastest growing renewable energy source, and is gaining worldwide attention because of its ever improving technology and economics.

Key Drivers for Wind Energy

Wind energy is clean: A single 750-kilowatt wind turbine, operated for one year at a site with Class 4 wind speeds (winds averaging 12.5-13.4 mph at 10 meters height), can be expected to displace a total of 1,179 tons (2.36 million pounds) of carbon dioxide, 6.9 tons of sulfur dioxide, and 4.3 tons of nitrogen oxides. More wind power means less smog, acid rain, and greenhouse gas emissions.

Wind energy means jobs: Wind energy brings jobs and income to revitalize rural communities and bolster farm incomes against bad weather. Worldwide, the wind and solar industries are likely to be one of the biggest sources of new manufacturing jobs in the next century.

Wind energy is abundant: With today's technology, wind energy could provide electricity with turbines installed on less than 1% of its land area. And within that area, less than 5% of the land would be occupied by wind equipment--the remaining 95% could continue to be used for farming or ranching.

Wind energy is inexhaustible: Unlike oil fields, fossil fuels etc, wind energy is renewable in nature.

Wind energy is domestic: It will never be subject to embargoes or "price shocks" caused by international conflicts.

Wind energy is environmentally preferable: Traditional energy sources carry a host of serious environmental baggage: air pollution and acid rain; the possibility of changing the earth's climate; radioactive waste disposal; oil spills; and more. Wind energy's environmental impacts are nil.

Wind energy is elegant: Modern wind turbines are tall, graceful kinetic sculptures, visually striking and awe-inspiring.

Security of energy supply is becoming an increasingly important issue for many countries, particularly with the level and volatility of fossil fuel prices having increased considerably over the past three years. With expectations that the long term global demand for energy will outstrip supply, countries which rely significantly on imported sources of energy, view the contribution of wind energy, generated on home ground to be of a national strategic importance.

Wind energy is recognized as a cost competitive and large-scale renewable energy source in many countries. In response, many countries have introduced legislated programmes to encourage and promote renewable energy. Technological improvements and economies of scale resulting from a growth in the volumes of wind turbines being produced has reduced the cost of producing one kilowatt hour of electricity from wind by 80% over the last 25 years. Cost reductions are expected to continue at a rate of 3% to 5%

per annum on average, which is likely to make wind energy increasingly cost competitive when compared with electricity sourced from conventional fuels and other sources.

Concerns about the environment and the threat of global warming continue to play an increasingly significant role in global politics. Many countries around the world have to various extents, committed to the promotion of renewable energy, in many cases, via legislated incentive schemes. These incentives typically include granting special privileges to provide wind farms with priority access into the electricity grid or some form of economic benefit such as premium tariff for purchase of such energy.

Kyoto Protocol and Certified Emission Reductions Trading Scheme

The Kyoto Protocol came into force in Signatory Nations on 16 February 2005. Some 141 countries, accounting for 55% of the world's greenhouse gas emissions, have ratified the treaty. Under the Kyoto Protocol, participants pledge by 2012 to cut greenhouse gas emissions (from the level of emissions in 1990) from the industrialized world as a whole by 5.2%.

The Key Protocol includes three market-based methods known as the “Kyoto Mechanisms” that allow countries to earn or buy credits outside their borders:

- The Clean Development Mechanism (CDM) contemplates credits being earned by investing in emission reduction projects in developing countries.
- Joint implementation envisages “Certified Emission Reductions” credits (CER”s) being earned by investing in emission reduction projects in developed countries that have adopted a Kyoto target.
- International Emissions Trading to permit developed countries that have adopted a Kyoto target to buy and sell “Emission Reduction Units” (“ERU”s) amongst themselves.

One example of an emission-trading scheme based on the principles behind the Kyoto Mechanisms is the EU Emission Trading Scheme, which was created by the EU on 1st January 2005. Under the EU Emission Trading Scheme, renewable energy projects such as wind farms located in countries participating in the Kyoto Protocol are classified as emission reduction projects and will earn CERs or ERU equivalents which can be sold through the EU Emission Trading Scheme. However, the scheme is at an early stage of implementation and details of how the scheme may interact with the established national incentive systems in the EU are not yet determined.

In connection with India's commitment to performing its obligations under the Kyoto Protocol, the Government of India intends for 10% of all electrical energy generated in India to derive from renewable sources by 2010.

As per the Kyoto Protocol signed by 141 nations in 1997, all countries are required to reduce their Green House Gas (GHG) emissions by 5.2% from the 1990 levels by the year 2012, or pay a price to those that do. The main idea was to make developed countries pay for their wild ways with emissions, while at the same time monetarily rewarding countries with good behaviour in this regard.

The expenditure in developed countries is high compared to that in developing ones. It costs nearly \$300 to \$500 in developed countries for every tonne reduction in Carbon dioxide (CO₂), as against \$10 to \$25 in developing ones. If an Indian company can prove that it has prevented the emission of x tonnes of carbon, it can sell this *good carbon-karma* to a company in the US or Europe which has a *bad karma*. Companies there can fund plantations in India, and in turn take credit for the Carbon absorbed by the trees. There is, however, a limit to which developed countries can buy Carbon Credit (CC).

There exists a tremendous market opportunity for India. The Indian market is estimated at \$ 40 to \$50 million annually. India could emerge as one of the largest beneficiaries of this method and is expected to account for almost 31% of the total world carbon trade through the Clean Development Mechanism (CDM). This opportunity exists till 2012. Closer to the clean-up date, however, prices will rise, and in the years leading up to it, there will be a scramble to buy cheap credits.

One credit or Carbon Emission Reduction (CER) is equivalent to one tonne of emission reduced. CERs are issued on a yearly basis and the first ones were issued only in November last year worldwide. The price of CER depends on how many need the commodity, and also on weather patterns. For example, if there is harsh winter and you have to generate a lot of electricity to heat up homes, then the prices of CERs go up. On the other hand, if the winter was mild, and it rained instead of snow, it means that there will be ample water in reservoirs, which helps generate hydroelectric power with low carbon emission. In this case, the CER prices will go down.

India's dominance expected to be driven by the domestic industry, but by its huge tracts of plantation land. There is about 126 mn hectares (311 mn acres) of low-yielding crop & pasture land all over India.

Carbon dioxide (CO₂) is generally generated by industrial emissions and affects climate change, which is in turn, absorbed by the trees from the air. About 50% of a tree's dry weight is Carbon. The amount of carbon captured by trees is estimated from the volume of the trees, calculated from the heights and diameters. The tree volume is then converted into tonnes of dry wood. Hence, planting approx. 100,000 hectares of new forest can remove a million tonne of carbon annually from the atmosphere. In addition, rehabilitation of dry forests in India could double the sequestration from 27 to 55 tonnes of carbon yearly for every hectare of dry forest improved.

United Nations Framework Convention for Climate Change (UNFCCC) sets an overall framework for intergovernmental efforts to tackle the challenge posed by climate change. The Convention enjoys near universal membership, with 189 nations signing on it, except the US & Australia, which are not a part of the Kyoto protocol.

In India, so far 242 projects have been identified to generate CERs and almost 318 projects worth almost US \$2.27 bn, have received clearance from MoEF. None of the 242 CDM projects are connected with afforestation, agriculture or even rural development; a majority of these are energy-efficient projects.

On a global level, India has contributed barely 30 mn CERs of the almost 2 bn traded globally so far. China accounts for 43% of the total CERs registered at the UN, whereas India accounts for 12.11%. India, however, leads the market in terms of no. of projects at the same stage of development. India has had a headstart, and should retain the advantage until China gets going.

Legislated Programs for wind energy

Wind energy is becoming more cost competitive when compared with traditional fuel based generation. The long term unit cost of building a new wind farm is still significantly more expensive than the cost of building a new fossil fuel based power generation facility with equivalent output. However this comparison ignores the very different environmental attributes of the two options.

Many governments around the world are committed to reducing greenhouse gas emissions in order to address their potential impact on climate change. To facilitate this, many governments have implemented legislation to provide renewable energy generators, such as wind farms, with the mechanisms necessary to ensure the continued development of renewable energy sources. These government programs typically include granting special privileges to provide wind farms with priority access into the electricity grid and/or some form of economic benefit such as premium tariffs for purchase of such energy.

Wind Energy Development

A modern wind turbine is designed to generate high quality, network compatible electricity for more than 20 years, with remote monitoring and relatively low maintenance.

There have been three major trends in the development of wind turbines in recent years:

- Larger capacity and taller turbines, increase in individual turbine power output capacity over the last 25 years, from 30 kW machines in 1980 to 5,000 kW machines in 2005.
- Increased efficiency: An overall efficiency increase of 2-3% annually over the last 15 years
- Investment costs have decreased: Significant technological developments including size, together with economies of scale in production, have reduced the cost of wind energy generation by approximately 80 % over the past 25 years.

Currently design efforts are focused on addressing grid compatibility, further improvements to acoustic performance and the emerging offshore market.

Indian Wind Energy Demand

The Government of India identified the importance and potential of wind power generation as early as 1983, when it commenced a national wind power program to tap the then estimated potential of 45,000 MW. The Government of India's market-oriented approach subsequently led to the commercial development of wind power technology in India. The broad based national program concentrates on wind resource assessment activities, research and development support, implementation of demonstration projects to create awareness, establishment of new sites, involvement of utilities and industry, growth of infrastructure capability and capacity for manufacture, installation, operation and maintenance of WTGs and policy support.

India has made steady progress in the development of wind power since the inception of the national wind power program and is the fourth largest country in the world with installations of 5341 MW. It has been estimated that the cumulative installed MW capacity for wind power in India will grow from 3,000 MW in 2004 to 8,300 MW in 2009, representing a CAGR of 22.6%.

State-wise Wind Power Installed Capacity in MW

State	Total Capacity March 31, 2005	Total Capacity March 31, 2006	Total Capacity Sept 30, 2006
Andhra Pradesh	120.60	121.00	121.00
Gujarat	253.50	338.10	375.60
Karnataka	410.70	584.60	687.50
Kerala	2.00	2.00	2.00
Madhya Pradesh	28.90	40.30	53.00
Maharashtra	456.30	1001.30	1241.70
Rajasthan	284.80	358.10	385.90
Tamil Nadu	2036.90	2892.50	3148.1
West Bengal	1.10	1.10	1.60
Others	--	1.60	1.60
Total	5630.80	5340.60	6018.00

(Source: www.windpowerindia.com)

Total Generation from Wind Power Projects (kWh) (As on March 31, 2006)

State	Generation (MU)
Andhra Pradesh	1740
Gujarat	1613
Karnataka	2291
Kerala	16
Madhya Pradesh	238
Maharashtra	3227
West Bengal	2
Tamil Nadu	15381
Rajasthan	93
Total	24,601

(Source: www.windpowerindia.com)

Ministry of New & Renewable Energy (MNRE)

The Ministry for New & Renewable Energy (“MNRE”) was conceived in 1992 as a result of the Government of India’s recognition of the potential of wind energy and other forms of renewables for the purposes of national development. The Government of India has changed the name of Ministry of non-conventional energy Sources (MNES) to Ministry of New and Renewable Energy (MNRE) vide circular dated 20th October 2006.

The MNRE has revised its estimate for gross wind power potential in India from 20,000 MW to 45,000 MW. The MNRE estimates the technical potential at approximately 13,000 MW (assuming 20% grid penetration), which is expected to increase with the augmentation of grid capacity.

The MNRE continues to encourage State Governments to implement national policy guidelines set for wind power projects. The MNRE has been working closely with the various State Governments, as a result of which States with wind power potential have introduced policies pertaining to the purchase of power, wheeling and banking in order to provide a framework for investment in wind power. For example, the Maharashtra Energy Regulatory Commission intends to make 750 MW of new wind power available for sale to utilities by March 2007 and has imposed a Rs. 0.04 per unit green power cess on commercial and industrial users in order to promote non conventional renewable energy projects.

Recent National regulatory and legislative initiatives in India further support the expansion and development of the wind energy industry: The new Electricity Act 2003, for example, dictates that all State-level Energy Regulatory Commissions must ensure that electricity distributors procure a specified minimum percentage of power generation from renewable energy sources.

As a result of the Government of India’s strong emphasis on the development of the wind energy sector, the MNRE projects that 10% of India’s 2,40,000 MW installed capacity requirement by 2012 will derive from renewable sources and that 50% of this capacity will come from wind power.

Key Drivers for the Growth of the Wind Energy Industry in India

The TERI Report cites the following as the key drivers for the growth of the wind energy industry in India:

- Wind power is a renewable based power generation technology which has demonstrated sufficiently low risk to gain the attention of the financial community and independent power developers for near-

term projects. Significant technology advances have occurred since the first wind power plant was installed in the country in early eighties.

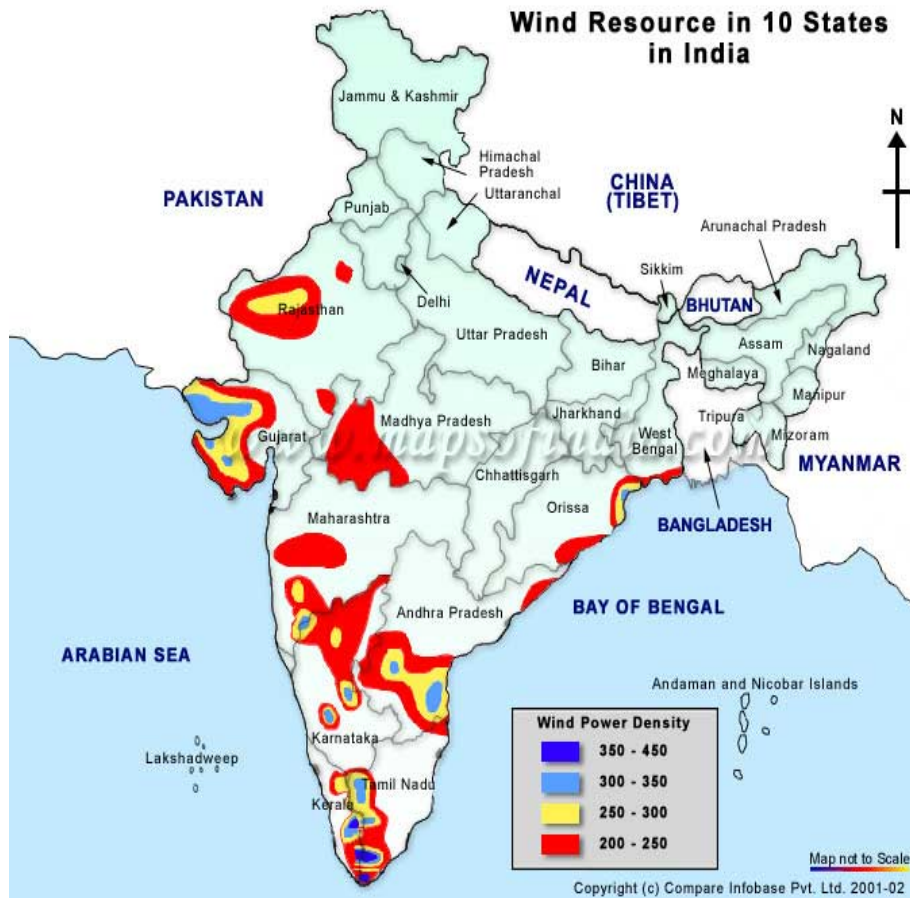
- The short gestation period (approximately 4-6 months for a wind energy project to begin generating electricity) offers wind energy as a viable alternative to conventional forms of power generation.
- Industrial learning curve theory suggests that costs decrease by about 20% each time the number of units produced doubles.
- So far as impacts on the power systems are concerned, it is an established fact that addition of wind power results in (a) reduction in technical losses and (b) strengthening of voltage levels.
- Detailed studies have shown that the levelized annual cost of wind power is less than that of a new thermal power station. While the cost of energy from a thermal power station is initially low, it continues to increase with increases in the cost of fuel. On the other hand, the cost of wind energy is initially high and reduces as loans are repaid as no variable cost is involved.

Therefore, the initiatives taken by the Government of India and the various State Governments in relation to the establishment of a supportive and stable policy framework for investment in wind power have contributed to the recent growth of the Indian wind power industry. As a result, India today has among the world's largest sustainable programs for renewable energy such as wind.

Wind Energy potential in India

India has a high potential for wind energy. The adjoining figure shows the wind resources in 10 states in India. Exhaustive wind resource assessment carried out in more than 483 stations spread over 20 States As on date 498 Wind Monitoring stations have indicated wind power density $> 200 \text{ W/m}^2$ at 50m above ground level. Micro Survey of Wind Resource for 211 Wind Monitoring Stations have been completed to understand the zone of influence and Wind Power Potential around the stations. Wind farms have been installed in more than 10 States. More than 95% of installed capacity is by Private Sector. According to the AWEA (AWEA, 2002), in general, sites with a wind power density of 200 W/m^2 or higher are now preferred for large scale wind plants in USA. The places marked in red shows wind power density in the range of $200\text{-}250 \text{ w/m}^2$, The places marked in "yellow" show wind power density in the range of $250\text{-}300 \text{ w/m}^2$, the places marked in light blue show wind power density in the range of $300\text{-}352 \text{ w/m}^2$ while the places marked in dark blue show the wind power density $350\text{-}400 \text{ w/m}^2$.

(Source: www.windpowerindia.com 2003/MNES, 2002).



BUSINESS OVERVIEW

Wind Farm Business

As early as 1995, we saw the opportunity to enter into alternative energy. In particular, we studied and found wind power generation to be an attractive investment that compliments our business model.

Why power generation

- **Huge Electricity Demand Supply Gap in India**

India's economy (GDP) has grown at a CAGR of 9.9% (Source: CEA) over the last 5 years. Much of this growth has been powered by rapid industrialization and rising affluence which has, in turn lead to a sharp demand for energy. Going forward, the CEA expects electricity demand to increase by 75% by the year 2012. As it is, India has been a power deficit country for the last five decades. As of March 2006, the energy shortage was approximately 8.20% and the peak deficit was much higher at 12.28%. India thus requires an immediate, clean and cost effective solution to bridge the electricity demand supply gap.

Why renewable energies

- **Conventional fossil fuel energies are prone to escalating feedstock prices and are highly pollutive**

Globally, demand for fossil fuels such as coal, gas and oil, which are the conventional sources of energy, have outstripped supply. Prices of feedstock for thermal power generators that run on conventional sources of fuel have been sharply escalating. The adverse environmental effects caused by the conventional energy production are also of key global concern. The world is in need of alternative and renewable sources of energy.

Rationale for wind power

- *Abundance of wind resources in India not yet tapped – wind is inexhaustible*

India is blessed with geographical and climatic conditions that generate significant wind resources. At a total installed wind power generation capacity of 6018 MW as of September 2006, India ranks fourth globally, after Germany, Spain and the USA. Against India's total gross potential of 45,195 MW, the current installed capacity has tremendous room for growth.

- *Vastly improved cost economics over the last 25 years*

As one of the oldest forms of alternative energy, wind power has proven to be one of the most commercially viable. Realizing the significant potential of wind energy, wind turbine manufacturers have dedicated much resources, time and effort in researching and developing bigger and better wind turbine generators. In addition more sophisticated wind resource assessment techniques have been developed in order to harness wind energy for electricity generation more efficiently and effectively. As a result, there has been phenomenal improvement and advancement in wind power technology over the last 25 years. For instance in the 1980s, sizes of commercial wind turbine designs used to be a mere 50 KW in capacity with rotor diameters of some 15 meters. Current turbines are now capable of delivering up to 6,000 KW in generating capacity with rotor diameters of over 124 meters installed in Germany. Such improvement in technology has substantially enhanced the cost effectiveness of wind turbine generators significantly.

- *Attractive legislative incentives*



India is the only country in the world which has a separate ministry for development of non-conventional energy, 'Ministry for New and Renewable Energy (MNRE)'. For detailed note on legislative benefits please refer page [●] under the heading 'Policy Matters'.

The Electricity Act 2003, which came into force in India in June 2003, consolidated and replaced a number of earlier electricity legislations. The Act has introduced significant changes in industry structure and provides an enabling framework for accelerated and more efficient development of the power sector. The main objective of the Act is to provide "power for all". It also recognizes the importance of renewable energy and has placed emphasis through legislative changes on its development. The Act mandates the provision of suitable measures for connectivity and procurement of a minimum percentage of power by SEB's / State Utilities from renewables. In addition, it stipulates suitable policy formulation and tariff setting by respective State Governments to ensure adequate returns to investors in renewable power infrastructure and a high degree of certainty of the returns. The Act also brings clarity to the roles of different organizations and provides for better financial management of the State Electricity Boards.

- *Other incentives – the Kyoto Protocol*

India is a signatory to the Kyoto Protocol, an international treaty that was ratified on 16th February 2005 to help reduce greenhouse gas (**GHG**) emissions responsible for global warming. This protocol and new European Union Emission rules (**EUR**) have created a market in which companies and Governments that reduce GHG emission levels can sell the ensuing emission reduction/carbon credits to countries that are exceeding their GHG emission quotas.



OUR BUSINESS

We started developing wind farms in a small way by installing 1 no. of 225 KW Wind Electric Generator, in September 1995. Since then our Company has been expanding our wind farm capacity every year to reach the present capacity of 16.825MW and 17.915 MW for clients & group companies whose O&M is with the Company. The Company is currently in the process of implementing additional capacity of 9MW capacity in Karnataka as mentioned in the section 'Objects of the issue'.

The current scope of operations of our Company include:

- D) Wind Power Generation
- E) Operations & Maintenance of WEG's
- F) Turnkey operations for windmill projects

We offer 'Green Power' to our customers, which include State Electricity Boards and Corporates. Other than the above we are also into the business of providing O&M services for windmills.

We have been selling the power generated to TNEB and various Private Corporate clients in Karnataka such as Hindustan Coca Cola Beverages Private Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, H&R Johnson India Limited, Delphi Automotive Systems Private Limited, Spicer India Limited and Jindal Aluminum,. Under third party sale, the electricity revenues generated from the corporate clients are more than the revenue generated from the sale to SEBs.

The focus of the O&M operations has a major thrust on keeping the machine availability over 90%. This is done to ensure the machine to generate optimum energy when the wind speed in the given area is adequate. As of now, these O&M functions are carried out for captive purpose only.

Under turnkey projects, our Company provides total solution for installation, operation and maintenance of windmills for third parties. Our Company has till date executed turnkey projects to the tune of 12.175 MW.

Wind Farm Concept

The Generation of electricity from wind energy in real sense started only from the beginning of this century and with the growing interest reached to the stage of cost effectiveness, employing feasible light weight blades, improved ailerons, teetering attachment, direct drive transmission, increased height, aerodynamic tower & blade designs, advanced electronic control etc. The electric power producing windmill incorporating all these features are now popularly called the Wind Electric Generator (WEG). At windy sites the WEG's are generally installed in a cluster and are connected to electric grid through suitable transformers and switch gears. Such development of WEGs in a cluster, generating electricity from wind, is commonly known as 'Wind farms or Wind Parks'. So the Wind farm at a site may have a number of wind electric generators with uniform or non-uniform designs or of different or same capacities. The Wind Power projects consist of a cluster of Wind Electric Generators / Wind Turbines / Wind Energy Converters erected and connected together to electrical grid at a site.

Wind Electric Generator

The WEG manufacturers have their own design of Wind Turbine. In general, the wind machine consists of following major components:-

- j Tower (Lattice or Tubular)
- k Nacelle
- l Rotor Blades
- m Gear Box & Transmission System
- n Generator / Converter



- o Yawing System
- p Microprocessor based Control Panel
- q Power & Grid System
- r Breaking / Control System

The wind turbines are available in a wide range from 225 KW capacity to large machines of 2 Mega Watt (MW) capacities. Wind turbines of 225 KW to 1.650 MW capacities are most popular as they have proved to be commercially competitive. The Wind Electric Generator is a simple machine which converts the mechanical energy received from wind to electrical energy. Here the wind speed is the prime mover, which makes the rotor blades to rotate and converts the kinetic energy of the wind into mechanical energy. The mechanical energy developed by the rotor is transferred to the generator coupled to the high-speed shaft. Thus the generator is made to rotate at high speeds. Through this rotation the generator converts the kinetic energy into the electrical energy. This electrical energy produced from the Wind Electric Generator is then transferred to the nearest grid, sub-stations through the transformers which step-up the electrical voltage to minimize the transmission losses in transmission system. The components of wind turbines are designed to last for 20 years. The actual lifetime of a wind turbine depends both on the quality of the turbine and the local climatic conditions and maintenance.

Brief Details about the Project

For details about the Project, please refer section titled “Brief Details about the Project” beginning from page [•] of this Draft Red Herring Prospectus.

Our Competitive Strengths

1. We are an existing profit making company with a good track record for over a decade.
2. Our Company has qualified and experienced manpower in its field of operations
3. We derive benefit from the fact that our existing projects are located in Tamil Nadu and Karnataka, which are in the high wind zone.
4. No competition, and ever increasing demand for power

VISION AND MISSION STATEMENT

Indowind Energy Limited is committed to the development and promotion of “Green PowerTM”, generation in the country. Reflecting this commitment, clear statements of Vision, Mission of company are as follows:

VISION:

To excel in the generation of “Green PowerTM”, as an alternative and clean energy technology company, leveraging on the 6M resources, through a satisfied and motivated workforce to create and enhance shareholder value

The corporate vision of the company is to be a major Global player in the renewable energy space using State of the Art Technology to set up World-class projects. Effective utilization of the 6 M resources viz. Man, Machine, Material, Money, Market & Management to achieve the objective. Providing a comfortable work environment with adequate employee benefits by being a preferred employer. Create and enhance shareholder value through innovative structuring and funding of projects and minimizing costs.

MISSION:

To emerge as a leading and sustainable company committed to promotion and generation of “Green PowerTM”, through Renewable Sources of Energy.



Mission is to be a pioneer in the IPP space, growing into an environmentally clean energy company in the field of power generation, by tapping new opportunities for growth.

Our Business Strategy

- **Enhancement of capacities:** Currently we have owned windmills to generate 16.825 MW power. Our strategy has always been to be a large player in this field and we have been raising our capacities every year. Our current project to set up a 9 MW windfarm in Karnataka is an indication of our strategy to expand our business.

We also intend to expand our capacities by way of inorganic growth, i.e. by acquiring existing assets, which are up for sale. In India, there are Entities/Banks, which have ready assets like windmills for sale. We intend to acquire these assets to substantially increase our generation capacities and take a quantum leap.

- Our Company has a team of skilled employees, which is an advantage to the Company. The Company believes in maintaining good relationship with its work force by motivating them through various incentives and activities.

Our Products

The only product that our Company sells is the power generated by windmills, which is a source of 'Clean Energy'.

Major Customers:

Our major customers are:

- a) **Tamil Nadu:**
Tamil Nadu Electricity Board (TNEB)
- b) **Karnataka:**
Spicer India Limited
H&R Johnson India Limited
Karnataka Distilleries Limited
Managalore Distilleries Limited
H&R Johnson India Limited
Delphi Automotive Systems Private Limited
Hindustan Coca Cola Beverages Private Limited

Competition

There is no competition as such in the power sector today in India and in the space we operate, since the demand for electricity outstrips its supply. Currently the peak demand deficit is at 12%, while the non-peak deficit is at 8%.

We do not face direct competition in the industry, as there are no companies, which are into generation of power from windmills on stand-alone basis, till recently. However, there are some companies who are generating power from windmills for captive consumption. Since, there is huge potential for power as such in general and more for wind power in particular, (since this is considered as green power – non conventional energy) we feel the market is very big. Moreover, even in a situation of power being available

in plenty, availability of quality power shall come into force, which could be further detrimental for high precision industries, software industries etc.

Technology and process

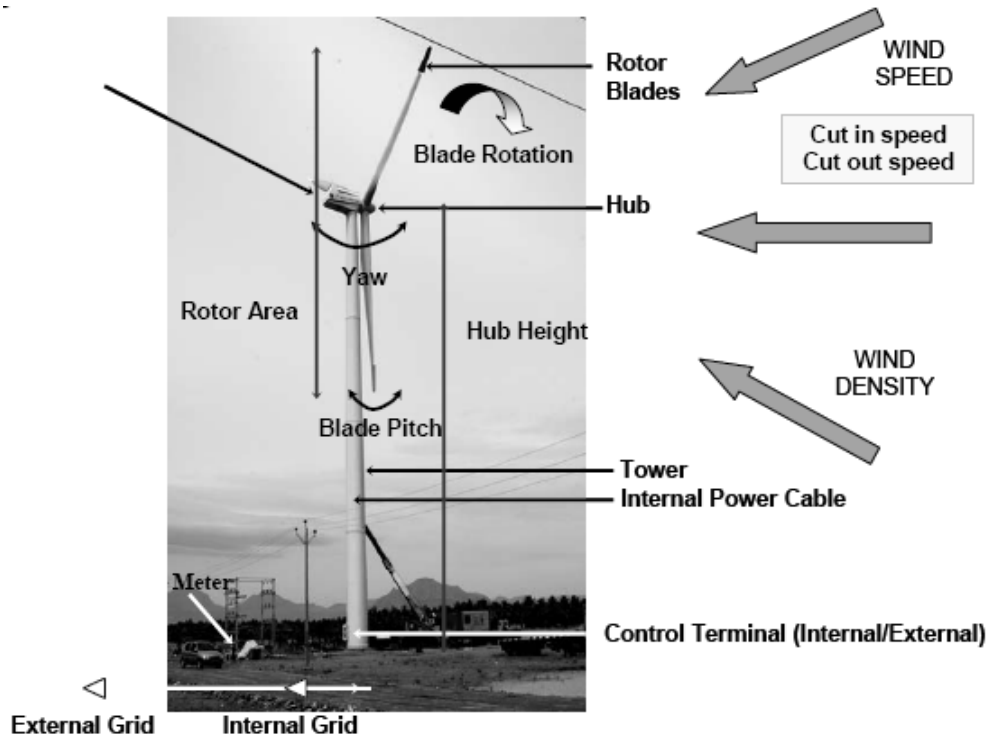
Wind Power Generation Process - Movement of air is called wind

The wind moves everything what-so-ever comes in to its way. The conceptual idea of wind generator is derived from the artistic thought of “The wind firki”, which is just a children game.

Wind rotates wind mill and wind turbine identically, in the same way in which it does for small mill firki. In case of firki the wind passes through and energy does not get utilized, but in case of the wind turbine the passing through wind do lot of work. With the help of the energy of the wind, wind turbine rotates the generator and produces the electricity. This production of the electricity is mainly dependent on the velocity of the wind. Only higher wind velocity through out the year makes the wind energy project viable. The potential of generation of the power increases in the velocity of the wind i.e. by doubling the velocity of the wind, the potential of the power in wind increase by eight times.

The state of art technology of wind turbine generator converts the kinetic energy of the wind into mechanical energy. The kinetic energy of wind is transferred through blades of wind generator into mechanical energy and drives the shaft of the generator. This mechanism transfers the rotary movement to the generator through gears and mechanical energy is converted into the electrical energy. The electrical energy is then supplied into the grid after stepping-up to a required electrical voltage.

The wind turbine system consisting of blades, shafts, gears and generator, is controlled by the sophisticated computer controlled system installed at the base of the tower, which also have sensors to sense the wind speed and its directions to switch on and off the wind turbine generator.



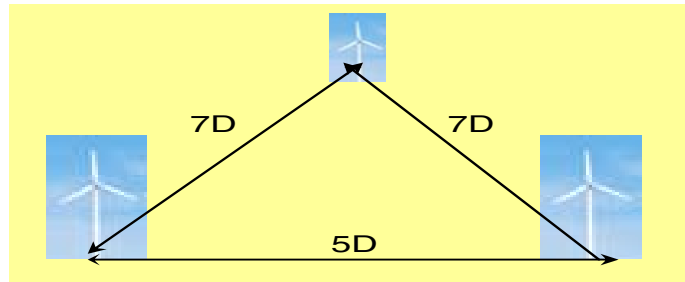
Wind Mill Specifications/Details

Wind energy is a renewable in nature and is generated through non-conventional methods. Wind energy is considered as a viable option for generation of power as the technology for electricity generation from wind has been developed fully for smooth and trouble free operation as well for its economic viability. The different technological parameters related to wind energy technology are detailed below.

Wind Farm layout

Generally wind farms are established by locating WEGs in rows perpendicular to the predominant wind direction with spacing of $5D$ between WEGs and each of such rows are installed with a spacing of $7D$ between them, D being the diameter of the rotor. This is required to avoid Wake Effect from the WEGs installed in front along the wind direction. In the design of wind farm layout, wind rose pattern plays an important role. The best wind rose pattern for the wind farm is unidirectional wind. In the proposed site, the predominant wind direction is west-southwest during the main wind season i.e April to September. Single row layout will have the best Array efficiency*.

However, the limitation in land availability makes it difficult to achieve such a formulation for a large wind farm. A wind farm layout for 9MW will depend on the selection of the WEGs make and size. The WEGs shall be located facing the predominant wind direction to capture maximum wind potential at the site. The spacing adopted will result in reduction of the wake effects and will be finalized during micro-siting exercise at site depending on the site conditions and shape of the land.



** Array efficiency is the actual output from cluster of turbines compared with that output which would be obtained without any interference. The array efficiency depends on spacing between turbines and nature of wind regime.*

Approach to Marketing and Proposed Marketing Set-up

The energy generated from the proposed project would be sold to KPTCL. We are yet to enter into a PPA with KPTCL in this regard. We have already obtained notification order from the nodal agency in Karnataka (KREDL), government order from GoK, and have also entered into an agreement with GoK for setting up the proposed 9 MW project in Chitradurga district, Karnataka. We have already filed an application with the above enclosures with KPTCL for entering into a PPA, the process of which shall be completed in due course.

The sale rate of energy generated from the project would be sold to KPTCL @ Rs. 3.40 per unit without any escalation for the next 10 years from the date of commissioning of this project.

Export obligations

Our Company does not have any export obligations.

Collaborations/Tie-up/Association

Our Company does not have any collaboration/association/tie-ups.

Infrastructure Facilities

Raw Material

For generating power from windmills, the only raw material required is wind, which is available, in plenty from nature.

Land

The existing windmills of our Company has total extent of land measuring over 800 acres, spread over the states of Tamil Nadu and Karnataka. For the proposed 9 MW project, we have purchased a total 125.23 acres in Pallavanahalli village, Hiriyur Taluk, Chitradurga district, Karnataka. The entire land of this project is registered and assigned in favour of our Company.

Utilities

Power



The windmill projects do not require large quantities of power, unlike other manufacturing operations. However, the WEGs do draw very few quantity of power to start the turbine for generation, which is termed as reactive power KVARH (Kilo Volt Amps Reactive Hours)

Water

In order to have permanent water supply arrangements both for construction and usage, the EPC contractor would arrange to dig a bore well and install a pump of suitable capacity.

Manpower

Our Company recruits people from the Industry depending on its requirement. The Company has maintained good relationship with the employees. There is easy availability of manpower where our operations are located and we do not foresee any problem in hiring more manpower if needed. Currently the people employed in the Company are as follows:

The employee strength as on 30th September 2006 is 97:

Details of Manpower						
Particulars	Head Office and Mumbai branch		Site at Tamil Nadu		Site at Karnataka	
	Permanent Employees	Contract Labourers	Permanent Employees	Contract Labourers	Permanent Employees	Contract Labourers
KMP	3				1	
Skilled	3	0	5	0	3	
Semi-Skilled	2	0	7	0	6	
Unskilled		0	3	56		8
Total	8	0	15	56	10	8

The total number of permanent employees is 33 and working on contract are 64.

We do not need any major addition in manpower. However, if required the same shall be recruited from the local areas where adequate skilled and unskilled talents are available.

Environmental Aspects

Our operations do not generate any effluents. On the contrary the generation of power from windmills is eco-friendly and pollution free and hence is categorized as 'Green Power'. Our Company is committed to provide a safe, clean and healthy environment. We adhere to all the requirements to be met in this regard and will continue complying with all local and national environmental laws and regulations, at all the times. We do not envisage any difficulty in meeting the required parameters to maintain a clean and healthy environment.

Capacity and Capacity Utilization

In windfarms the capacity utilization depends upon the availability of wind. Hence the capacity utilization factor largely depends upon the tenure of the wind available during the days/months. What is important here is the machine availability to generate power when the wind blows is significant. The availability of machine should be not less than 90%. The CUF is calculated at the end of the day/month/year depending on the wind and WEG availability.

Installed capacity

As on date, our Company has an installed capacity of 16.825 MW. Our installed capacity has grown over the year in the following manner:

Year	Installed Capacity			Total	Capacity Utilization (PLF)
	Tamilnadu	Karnataka	Andhra Pradesh		
2003-04	13.525	4.10	0.25	17.875	21.49%
2004-05	13.525	4.10	-	17.625	22.98%
2005-06	13.525	3.30	-	16.825	23.76%

Proposed Capacity

Particulars	Capacity
Setting up of Windfarm at Chitradurga, Karnataka	9 MW
Acquisition of Secondhand WEG	10 MW
Foreclosure of Lease	10.80 MW
TOTAL	29.80 MW

INSURANCE

We have a standard fire, special perils policy and machinery breakdown with National Insurance Company Limited for each of our windmills situated in Karnataka and a standard fire and special perils policy with ICICI Lombard General Insurance Company Limited for each of our windmills situated in Tamil Nadu. Furthermore we also have Public Liability Insurance (Industrial Risks) Policy for all our windmills located in Tamil Nadu and Karnataka with ICICI Lombard General Insurance Company Limited. In addition, for our employees we also have a group personal accident insurance policy and a workmen's compensation insurance policy with the ICICI Lombard General Insurance Company Limited. All the above insurance policies are valid till December 2007.

Further, at the time of implementation of the project, the contractor shall be liable to take insurance policies for transit-cum-storage-cum-erection, workmen compensation and all other statutory insurance as may be required during implementation of the project. However during the operation and maintenance phase, our Company shall take insurance of fire and allied perils and shall get reimbursement thereof from the contractor at actuals. As far as coverage of Machinery Break-down (MBD) insurance is concerned, it is the discretion of the contractor to take the suitable MBD policy or cover the risk on his own.

PROPERTY

The following table sets forth the location and other details of our freehold land held by our Company in India

Sr. No.	Description of Property/ Area	Purpose
KARNATAKA		
1.	Mallasamudra-survey no. 12/4 District Gadag Area: 8.00 acres	Location of Windmill
2.	Mallasamudra- survey no. 12/1A District Gadag	Location of Windmill

Sr. No.	Description of Property/ Area	Purpose
	Area: 6.03 acres	
3.	Mallasamudra- survey no. 12/2 District Gadag Area: 4.00 acres	Location of Windmill
4.	Mallasamudra- survey no. 12/6B District Gadag Area: 4.01 acres	Location of Windmill
5.	Mallasamudra- 43% of 6.36, survey no. 9/3A+3B District Gadag Area: 3.00 acres	Location of Windmill
6.	Kalasapur- survey no. 214/A/2 District Gadag Area: 0.36 acres	Area between two windmills
7.	Kalasapur- survey no. 214/A/3 District Gadag Acres: 8 acres	Location of Windmill
8.	Kalasapur- survey no. 215/A District Gadag Area: 3.3 acres	Location of Windmill
9.	Gadag- survey no. 254/2A District Gadag Area: 4.25 acres	Area between two windmills
10.	Gadag- survey no. 255/2A District Gadag Area: 4.25 acres	Area between two windmills
11.	Gadag- survey no. 256/2B2 District Gadag Area: 5.29 acres	Area between two windmills
12.	Kalasapur- survey no. 214/B/2 District Gadag Area: 1.37 acres	Area between two windmills
13.	Survey No. 340/4, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 0.3 acres	Location of Windmill
14.	Survey No. 349/1, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 0.77 acres	Location of Windmill

Sr. No.	Description of Property/ Area	Purpose
15.	Survey No. 544/5, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 1.21 acres	Location of Windmill
16.	Survey No. 770/1, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 2.35 acres	Location of Windmill
17.	Survey No. 720/2, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 0.70 acres	Location of Windmill
18.	Survey No. 792/4, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 2.17 acres	Location of Windmill
19.	Survey No. 778/1, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 5.42 acres	Location of Windmill
20.	Survey No. 776, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 6.52 acres	Location of Windmill
21.	Survey No. 774/2, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 4.71 acres	Location of Windmill
22.	Survey No. 779/4, Aralvoimozhi Village, K. K. District, Tamil Nadu Area: 1.4 acres	Location of Windmill
TAMIL NADU		
23.	Survey No. 89/1, village Kasikuvaitan, district Tirunelveli. Area: 2.98 acres	Location of Windmill
24.	Survey No. 85/5, village Kasikuvaitan, district Tirunelveli. Area: 1.58 acres	Location of Windmill
25.	Survey No. 690/1, village Keelaveeranam, district Tirunelveli. Area: 1.02 acres	Location of Windmill
26.	Survey No. 692 / 2, village Keelaveeranam, district Tirunelveli. Area: 0.53 acres	Location of Windmill

Sr. No.	Description of Property/ Area	Purpose
27.	Survey No. 691 / 1B, village Keelaveeranam, district Tirunelveli. Area: 0.07 acres	Location of Windmill
28.	Survey No. 691/1A16, village Keelaveeranam, district Tirunelveli. Area: 0.55 acres	Location of Windmill
29.	Survey No. 693, village Keelaveeranam, district Tirunelveli. Area: 4.65 acres	Location of Windmill
30.	Survey No. 693, village Keelaveeranam, district Tirunelveli. Area: 0.16 acres	Location of Windmill
31.	Survey No. 87 / 2, village Kasikuvaiathan, district Tirunelveli. Area: 0.62 acres	Location of Windmill
32.	Survey No. 96 / 5, village Kasikuvaiathan, district Tirunelveli. Area: 0.37 acres	Location of Windmill
33.	Survey No. 96 / 9, village Kasikuvaiathan, district Tirunelveli. Area: 0.91 acres	Location of Windmill
34.	Survey No. 672 / 2A, village Keelaveeranam, district Tirunelveli. Area: 1 acre	Location of Windmill
35.	Survey No. 690 / 1, village Keelaveeranam, district Tirunelveli. Area: 3.04 acres	Location of Windmill
36.	Survey No. 682 / 3 – along with path, village Keelaveeranam, district Tirunelveli. Area: 3.04 acres	Location of Windmill
37.	Survey No. 463 / 1, village Keelaveeranam, district Tirunelveli. Area: 1 acre	Location of Windmill
38.	Survey No. 672 / 2A, village Keelaveeranam, district Tirunelveli. Area: 1 acre	Location of Windmill

Sr. No.	Description of Property/ Area	Purpose
39.	Survey No. 423 / 3, village Keelaveeranam, district Tirunelveli. Area: 1.1 acres	Location of Windmill

The following table sets forth the location and other details of our leasehold properties of our Company in India.

Sr. No.	Description of Property/ Area	Nature of Interest	Purpose	Term	Lease Rentals
1.	Plot No. 39 comprised in R.S. 218/B situated at Adithya Nagar, Kalsapur, near Anjuman Polytechnic, Karnataka	Lease Agreement dated July 1, 2005 executed between Hanumathappa F. Doddamani (the "Lessor") and our Company (the "Lessee")	Branch Office	36 months i.e. from July 1, 2005 till July 1, 2008	Rs. 1200/- per month
2	Agricultural lands situated at Pazhavor village, Tirunelveli District. Area: 159.96 acres	Lease Agreement dated October 20, 2003 executed between UTI Bank Ltd. (the "Lessor") and our Company (the "Lessee").	Installation of wind turbine generators for generation of electricity	10 years i.e from October 20, 2003 to October 20, 2013	Rs. 120 per acre, per annum with an increase of 5% for every 5 years.
3	Two Wind Electric Generators of 225 KW capacity each at Ramagiri.	Lease Agreement dated July 1, 2001 between Weizmann Homes Ltd. (the "Lessor") and our Company (the "Lessee")	Business Activities	7 years i.e from July 1, 2001 to August 31, 2008	Rs. 3,30,00,000/- over a period of seven years
4	Equipment/Machinery (Specification required)	Lease Agreement dated March 31, 1998 between L & T Finance Ltd. (the "Lessor") and our Company (the "Lessee")	Business activities	One hundred and twenty months from March 31, 1998.	Rs. 1,12,500/- payable in 40 installments over 120 months
5	Thirty Wind Electricity Generators of 225KW capacity each at Pazhavor village.	Lease Agreement dated March 4, 2004 between UTI Bank Limited (the "Operating Lessor") and our Company (the "Operating Lessee").	Business activities	Seven years from March 4, 2004	Rs. 1,39,70,000/- payable in the form of monthly rentals for the term of 7 years.
6	Kakani Towers, 2 nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.	Lease Agreement dated April 1, 2000 between Subuthi Investments Private Limited ("Lessor") and our Company ("Lessee").	Office premises	A period of 10 years from April 1, 2000	There are no rentals payable for the first three years and at the end of three years the Company to place an interest free refundable

Sr. No.	Description of Property/ Area	Nature of Interest	Purpose	Term	Lease Rentals
					deposit of Rs. 50 lacs
7	85, Kamarajar Salai, Madurai Area : 1000 Sq. Ft.	Lease Agreement dated April 1, 2001 between Mr. K.R. Venkataraman ("Lessor") and our Company ("Lessee").	Operations and Maintenance	A period 10 years from April 1, 2001	There are no rentals provided save and except, Rs. 23,50,000/- interest free refundable deposit
8	603, Keshava, 6 th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Area: 350 Sq. Ft.	Our Company has entered into an agreement dated September 1, 2001 with Indonet Global Limited whereby the Company shall use the premises of Indonet Global in Mumbai and Indonet Global shall use the registered office premises of our Company in Chennai.	Operations and Maintenance	No specific period specified	NIL
9.	1, Arjuna Towers, 2, Mount Mary Road, Bandra (W), Mumbai 400 050. Area: 2435 sq. ft.	Lease Agreement dated December 28, 2006 with Mr. K.V. Bala and our Company	Guest House	11 months from the date of the agreement	Monthly rent payable Rs. 3,00,000/-
10.	4th floor, Kothari Building, 114 Nungambakkam High Road, Chennai 600 034. Area: 3000 sq. ft.	Lease Agreement dated November 29, 2006 between Bekey Properties Private Limited and our Company.	Registered Office	3 years from the date of the agreement and shall be extended at the option of the Lessee	Monthly rent payable is Rs. 1,05,000/-

REGULATIONS AND POLICIES

Introduction

The wind power programme in India was initiated towards the end of the Sixth Plan in 1983-84. India is perhaps the only country in the world to have an exclusive Ministry for Non-Conventional Energy Sources ("MNES"). In 1980, CASE (Commission on Alternative Sources of Energy) was set up to look into feasibility of tapping into sources of renewable energy. In 1982, a separate Department of Non-Conventional Energy Sources ("DNES") was created under the aegis of Ministry of Energy for promoting activities relating to development, trial and induction of variety of renewable energy technologies for use in different sectors. In 1992 the MNES started functioning as a separate Ministry to develop all areas of renewable energy. Policy guidelines were issued by the MNES to all the states during the mid-Nineties with a view to promote commercial development and private investment in this sector. The guidelines pertain to areas such as provision of facilities for wheeling, banking, third party sale and buy-back of electricity. Nine states have introduced renewable energy policies following the MNES's Guidelines in the country.

Ministry for Non-Conventional Energy Sources (MNRE)

The mandate of MNRE includes research, development, commercialization and deployment of renewable energy systems/ devices for various applications in rural, urban, industrial and commercial sector. In order to ensure quality of wind farm projects and equipments, the MNRE introduced the "Guidelines for wind power projects" ("MNRE Guidelines") in July 1995 for the benefit of SEBs, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated and issued. The MNRE Guidelines, *inter-alia*, make provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects.

In the 1987, MNRE established the "Indian Renewable Energy Development Agency Limited" (IREDA), a financial institution to complement the role of MNRE and make available finance to renewable energy projects. IREDA is involved in extending financial assistance and related services to promote deployment of renewable energy systems in India.

The Indian Renewable Energy Development Agency is the promotional, developmental and financing arm of the MNRE. It falls under the administrative control of the MNRE and provides concessional finance and technical consultancy support for the promotion and development of renewable energy sources. It is also engaged in the promotion of energy efficiency and conservation projects and schemes.

The programs of the MNRE are implemented through state nodal agencies, SEBs, R&D institutions, industries, and non governmental organizations. Since 1996, these programs have been made more market-oriented, with a greater role for the private sector.

MNRE has established various specialized technical institutions to carry out its mandate. In relation to the wind energy sector, the "Centre of Wind Energy Technology (C-WET) at Chennai is the major specialized technical institution. In addition, it has also been playing vital role in the wind resource assessment programme of the country. India's renewable energy program derives strength from technical support provided by the C-WET (Centre for Wind Energy Technology). The role of C-WET covers a wide range of wind-energy-related activities: R&D, technology upgrading, testing certification, standardization, training, and information dissemination.

Additionally, the SNAs (State Nodal Agencies), also known as energy development agencies, are responsible for propagating RETs, in tandem with the MNRE, in their respective states. These agencies

chalk out state-level programs and plans for RETs. Subsidies and other support provided by the MNRE are also channeled through the SNAs. In addition to their own schemes, the SNAs also facilitate implementation of various schemes of the MNRE.

Various Policies/ Regulations for Setting up of wind farms

I. Infrastructure development for wind power projects

Land

The land used for setting up wind power projects may be private land, revenue land (Government owned) or forest land. Private lands are purchased directly from the owners and in the event such land is agricultural land, such land is converted into non agricultural land, if so required by the Government. In case of land owned by the Government, it is made available by the respective state governments on long-term lease or out right sale basis as per the prevailing policies of the concerned State Government. Certain State Governments like, Gujarat and Rajasthan has special policies for allotment of Revenue lands for wind power projects.

In Rajasthan, for example, allotment of land is carried out only after an application is submitted for the same to the state nodal agency, Rajasthan Renewable Energy Corporation Limited (RRECL). An empowered committee constituted by the state government does the evaluation of the application for allotment of land. This application is evaluated on grounds such as amount of land already allotted to the particular developer, micro siting drawing of proposed land, likely date of commissioning of the project on the land applied for. The RRECL recommends allotment and on basis of the report submitted by the local tehsildar and other local officials, the district revenue authorities make the allotment.

The government of Gujarat has announced a special policy for allotment of revenue land for the purposes of setting up wind farm projects. Under the said policy, a maximum of one hectare of land per WTG is allotted to the applicants by the district revenue authorities on the basis on applications made in accordance with the said policy. The said land is allotted on long-term basis generally for a period of twenty years at a fixed rent of Rs. 10,000 per annum per hectare.

In case of forest land, the Ministry of Environment and Forest has announced a special policy in November 2003, which is updated from time to time, which elaborates the procedures and guidelines for diversion of the forest lands under the Forest (Conservation) Act, 1980 for the purpose of establishing wind power projects. The said guidelines, *inter alia*, provide for the following:

- Areas like national parks and sanctuaries, areas of outstanding natural beauty, natural heritage site, sites of archaeological importance and sites of special and scientific interests and other important landscapes cannot be considered for wind power projects;
- Wind power projects are required to be located at a safe distance (1 km. or more) from these sites;
- Distance from the industrial coasts is required to be a minimum of 3.5 km;
- Specific guidelines in order to protect the natural habitats of birds and animals are required to be observed;
- To ensure optimal use of forest land, it has been stipulated that WTGs of capacity of at least 1 MW should be allowed as a matter of policy; and
- NOC from local bodies is also mandatorily required.

Evacuation

In order to evacuate the power generated by the wind power project, creation of proper evacuation facilities in form of internal lines, external high voltage lines and substations becomes essential. These



infrastructures are created either by manufacturer or developer on case-to-case basis with a proper permission and payment of requisite fees by and to SEB/ state nodal agencies.

Other clearances

Depending upon the location of the wind power project, we require to take additional permissions/authorizations. For example additional permissions may be required in the event that a wind power project is being set up close to an air force base.

II. Wind power generation

Under the Electricity Act 2003, which repealed all the earlier enactment pertaining to this sector, the activity of generation of the power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power. The summary of the policies issued by nine states is given below:



INDOWIND ENERGY LIMITED

ITEMS	STATES								
	Andhra Pradesh	Gujarat	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Rajasthan	Tamil Nadu	West Bengal
Captive Use	Allowed	Allowed	Allowed	Allowed	Allowed	Allowed	Allowed	Allowed	Allowed
Wheeling	At par with conventional	4% of energy	5% of energy + Rs.1.15/kWh as cross subsidy for 3rd party sale.	To be decided by SERC	2% of energy + transmission charges as per ERC	2% of Energy as wheeling + 5% as T&D loss.	10% of energy	5% of energy	2% of energy
Banking		6 Months	Allowed @2% of energy input		Not Allowed	12 Months	Calender Year	5% (12 months Financial year April to March)	6 Months
Buy-back Rate by SEB	Rs.3.37 per kWh w.e.f.01.04.2004 (frozen for 5 years)	Rs.2.60 per kWh (5 paise escalation per year for 10yrs)	Rs. 3.40 per kWh without any escalation for 10 yrs of commercial operation	To be decided by SERC	Year wise rates (Rs./kWh) from 1 st to 20 th year 3.97, 3.80, 3.63, 3.46, 3.30, 3.14, 2.98, 2.83, 2.67, 2.52, 2.43, 2.44, 2.46, 2.48, 2.50, 2.51, 2.53, 2.55, 2.58, 2.60	Rs.3.50/kWh (First year of commissioning). (escalation of 15 paise per year for 13yrs)	First year 2.91/kWh then escalation of 5 paise per year until 10 th year and then Rs.3.36/kWh from 11 th to 20 th year	Rs.2.70 per kWh (Base year 2001-02) (No escalation for 5 years)	To be decided on case to case basis
Third Party Sale	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs	Allowed under Electricity Act 2003 subject to regulation framed by respective SERCs
Other Incentives	Industry Status	E.D. Exempted, Demand cut 30% of windfarm installed capacity	No electricity Duty for 5 yrs		No electricity Duty for 5 yrs	# Power evacuation arrangement, Approach Road, Electricity Duty, Loan to cooperative societies	Exemption from electricity Duty @50% for 10 years		
Penalty on kVArh consumption	10 paise per kVArh	10 paise per kVArh	To be decided by SERC		27 paise per kVArh	25 paise per kVArh	Nil	Nil for average power factor between 0.85 and 1.0 based on import power Rs.0.30/- per kVArh if the ratio of kVArh drawn to kWh exported is upto 10% and Re.1/- per KVArh for more than 10%	
Infrastructure	Rs. 10 Lacs/MW					Nil	Rs. 17 Lacs / MW	Rs. 28.75 Lacs /	



Green Power

INDOWIND ENERGY LIMITED

Development Charges								MW	
Guarantee of Payment by SEB	Through L/c				Through L/c	Revolving irrevocable L/c			

(Source: MNES/ SNAs)

Other incentives in Maharashtra are : (a) For evacuation arrangement of wind energy project, 50% amount will be given as a subsidy through Green energy fund and 50% amount will be given as a loan without interest to private developers. The loan will be repaid by MSEB/transmission licenses after commissioning and transferring the ownership of evacuation arrangement to MSEB / transmission licenses in 5 equal yearly installments. (b) 100% expenditure for construction of approach roads will be made through Green energy fund. (c) No electricity duty for 5 years for captive use. (d) 11% share capital will be provided to cooperative sector for setting up of wind power projects as a grant through Green energy fund.

Tax Benefits/ Relief provided by Central Government.

There are various incentives in form of tax relief's, concessional rates of taxes (direct & indirect) by the Central Government for the Wind Power Projects. Under mentioned is a snapshot to the incentives so provided:

CENTRAL INCENTIVES	
A. Indirect Taxes	
Description of Goods	Rate
i) Wind operated electricity generators upto 30 kW and wind operated battery chargers upto 30 kW	5%
ii) Parts of wind operated electricity generators for manufacturer of wind operated electricity generators, namely :	
a. Special bearing	5%
b. Gear Box	5%
c. Yaw components	5%
d. Wind turbine controllers	5%
e. Parts of the goods specified at (a) to (d) above	5%
f. Sensors	25%
g. Brake hydraulics	25%
h. Flexible coupling	25%
i. Brake calipers	25%
iii) Blades for rotor of wind operated electricity generators for the manufacturers or the manufacturers of wind operated electricity generators.	5%
iv) Parts for the manufacturer or the maintenance of blades for rotor of wind operated electricity generation	5%
v) Raw materials for manufacturer of blades for rotor of wind operated electricity generators	5%
Conditions :	
(a) If the importer at the time of importation furnishes in all cases, a certificate to the Dy. Commissioner of Customs or Assistant Commissioner of Customs as the case may be, from an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of Non-Conventional Energy Sources recommending the grant of this exemption and in the case of the goods at (ii) to (v) the said officer certifies that the goods are required for the specified purposes; and	
(b) Furnishes an undertaking to the said Dy. Commissioner of Customs Assistant Commissioner to the effect that -	
(i) in the case of wind operated electricity generators upto 30 kW, or wind operated battery chargers upto 30 kW, he shall not sell or otherwise dispose off, in any manner, such generators or chargers for a period of two years from the date of importation.	
(ii) in case of other goods specified at (ii) to (v), he shall use them for the specified purpose, and	
(iii) in case he fails to comply with sub-conditions (i) or (ii), or both conditions, as the case may be, he shall pay an amount equal to the difference between the duty leviable on the imported goods but for the exemption under this notification and that already paid at the time of importation.	
II. Excise Duty	
Devices/Systems exempted from Excise Duty:	
(i) Wind operated electricity generator, its components and parts thereof including rotor and wind turbine controller.	
(ii) Water pumping wind mills, wind aero-generators and battery chargers.	
[Notification No.6/2002 dated 01/03/2002 (S.No.237 non-conventional devices/systems)]	
III. Sales Tax	
Exemption/reduction in Central Sales Tax and General Sales Tax are available on sale of renewable energy equipment in various states.	

B. Direct Taxes
1. 80% Accelerated Depreciation on specified Non-conventional Renewable Energy devices/systems (including wind power equipment) in the first year of installation of the projects. 2. Tax Holiday on Power Projects

Direct Taxes

Under the provisions of the Income Tax Act, 1961 and the Rules made thereunder, specific concessions have been made available to non-conventional energy sector, including wind energy.

Accelerated 80% depreciation has been provided on specified renewable energy based devices/ projects including wind mill and devices that run on wind mills.

Income earned by way of dividends, interest or long-term capital gains by industrial undertakings set up in any part of India for the generation or generation and distribution of power at any time during the period beginning on the April 1, 1993 and ending on the March 31, 2006, is also exempt from tax.

Section 80-IA of the Income Tax Act, 1961 provides for deduction from the total income of an assessee, of profits from an undertaking set up in any part of India for the generation or generation and distribution of power, which begins to generate power during the period April 1, 1993 to March 31, 2006. This deduction is subject to payment of MAT.

HISTORY AND CORPORATE STRUCTURE

Our Company was incorporated as 'Indowind Energy Private Limited' on July 19, 1995 *vide* certificate of incorporation No. 18-32311 of 1995 issued by the RoC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 43A of the Companies Act, our Company was converted into Public Limited Company on September 30, 1997.

Our Company has been promoted by Mr. K.V. Bala and Subuthi Finance Limited with the main object of developing wind farms on a large scale for commercial exploitation, generating energy from Wind Mills, Wind Turbines and other Equipment and selling it to State Electric Boards and Corporate clients. Our Promoter Mr. K.V. Bala, a B.Tech, MBA having promoted Subuthi Finance identified wind energy generation as a sunrise sector and in this endeavour, promoted our Company for sale of 'Green Power' to Corporates and SEBs. Our Company commenced its commercial operation of generating power on September, 1995 by setting up 225 KW Wind Electric Generator in Tamil Nadu. Our Company has been raising its generation capacity every year and the same has since been increased to 16.825 MW. Our Company generated 5.6 lac units of power during 1995-96 with a PLF of 4.5%, which has been continuously increasing and it achieved a production of 283.75 lac units with a PLF of 23.76 % during FY 2005-06.

We have purchased WEGs from reputed suppliers like NEPC-MICON, VESTAS-RRB, AMTL-Wind World and AWT to avoid dependence on single technology and single manufacturer.

We offer 'Green Power' to our customers that include SEBs and Corporates. Other than the above we are also into the business of providing Operations and Maintenance services for windmills. Recently we have also ventured into turnkey projects for erection, installation and maintenance of windmills for corporates companies. We have worked continuously to strengthen our infrastructure and enhance our presence in this sector.

We have been selling the power generated to Tamil Nadu Electricity Board (TNEB) and various private corporate clients in Karnataka such as Hindustan Coca Cola Beverages Private Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, H&R Johnson India Limited, Delphi Automotive Systems Private Limited and Spicer India Limited. The electricity charges recovered for the corporate clients in Karnataka are more than the revenue generated from the sale to SEBs. Since the wheeling charges under the new policy are very exorbitant, we have decided to sell the power generated from the proposed 9 MW project to KPTCL where the realisation per unit is higher as compared to sale to private corporate clients.

For the year ended June 30, 2006, we achieved a turnover and profitability of Rs. 2603.41 lacs and Rs. 550.91 lacs respectively. Due to better cost management and higher PLF, our Company has been able to maintain a sustainable growth. During the period FY 2002 – 2006, our turnover and profitability has grown at a CAGR of 28.81% and 22.31% respectively.

Our Company had filed its Draft Offer document on two previous occasions, with SEBI and Stock Exchanges. We had initially filed our Draft Prospectus with SEBI and NSE on September 15, 2003 for a public issue of 25,10,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- each aggregating to Rs. 753 lacs. NSE, *vide* its letter dated April 16, 2004, had given an in-principle approval for listing. In view of the changes in capital structure, we withdrew the Draft Prospectus, *vide* our letter dated July 5, 2004.

On the second occasion, we filed a Draft Red Herring Prospectus with SEBI and BSE on February 2, 2006 for a public issue of 90,00,000 Equity Shares of Rs. 10/- each at a price to be decided through Book Building process. In view of the changes in the Project and Capital Structure, we withdrew the Draft Red Herring Prospectus, *vide* our letter dated March 23, 2006.

Major events in the history of our Company is given below:

Year	Event
1995	- Commenced Business as Private Limited Company - Our first Wind Mill commissioned during September 1995 in Tamil Nadu with the capacity of 225 KW.
1998	Being the front runner to set up wind mill project in the state of Karnataka.

Year	Event
2004	• Setup Wind Mill assembly plant in the State of Pondicherry
2005	• Company patented the “Green Power” as trade mark during March 2005 • Obtained Host Country approval for CER (Carbon Emission Reduction) and Project registered with UNFCCC (No.0277) • 100th Windmill commissioned at Nettoor – HT SC 1513 on 25th October
2006	• Signed MOU with Titan Industries for “Green Power” • Completed the accounting year with 143 windmills in the group & Total group capacity reached 34.74 MW • First Wind Energy company in India to get Carbon credits issued by UNFCCC on 24th September

Changes in Registered Office of our Company

The table below shows the changes in the Registered Office address since incorporation:

Previous Address	New Address	Reasons for Change	Date of Change
H 54 Anna Nagar, Chennai 600 102	2 nd Floor, Kakani Towers, 15 Khader Nawaz Khan Road, Chennai – 600 006	For larger premises	February 26, 1996
2 nd Floor, Kakani Towers, 15 Khader Nawaz Khan Road, Chennai – 600 006	4 th Floor, Kothari Buildings, 114 Nungambakkam High Road, Chennai – 600 034.	For larger premises	December 1, 2006

The requisite Form 18 for the shifting of the Registered Office was duly filed with the Registrar of Companies on both the occasions.

Our Main Objects

The main objects of our Company as contained in our Memorandum of Association are as set forth below:

1. To carry on the business of generating energy from wind using Wind Mills, Wind Turbines and other equipments and to sell, distribute, supply and share the energy to Governments, Companies, Industries, Electricity Boards and individuals according to the Law for the time being in force and also for self consumption.
2. To provide all kinds of services including installation, commissioning, operation and maintenance of all kinds of power generation equipments, machineries and plants.
3. *To carry on the business of manufacturers, sellers, exporters, importers, dealers, agents, suppliers and assemblers of all kinds of power generation equipments including Wind Mills, Wind Turbines, Solar Panels, Solar Modules, Wave Energy Generators, Bio-Mass and Bio-gas plants and all other conventional power generation equipments and spares of power generation equipments."

* Amended by insertion pursuant to a special resolution of the members passed at the Extra-ordinary General Meeting held on October 14 2005.

The object clause of the Memorandum of Association of our Company enables us to undertake activities for which funds are being raised in this Issue. The existing activities of our Company are in accordance with the object clause of our Memorandum of Association.

Changes in Memorandum of Association of our Company

Date of Shareholders' Approval	Changes in the Memorandum of Association
March 27, 1996	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 16,000,000 (Rupees sixteen million only) divided into 1,600,000 (one million six hundred thousand) equity shares of Rs. 10/- (ten) each each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
August 6, 1997	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 121,000,000 (Rupees one hundred and twenty – one million only) divided into 2,100,000 (two million one hundred thousand) equity shares of Rs. 10/- (ten) each and 10 (ten) preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
September 4, 1997	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 141,000,000 (Rupees one hundred and forty – one million only) divided into 4,100,000 equity shares of Rs. 10/- each and 10 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
September 27, 1997	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 201,000,000 (Rupees two hundred and one million only) divided into 4,100,000 equity shares of Rs. 10/- each and 16 preference shares of Rs. 10,000,000/- each., subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether

	original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
March 18, 1998	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 301,000,000 (Rupees three hundred and one million only) divided into 4,100,000 equity shares of Rs. 10/- each and 26 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
June 25, 1998	Proposed special resolution “Resolved that the word “Private” be deleted from the name clause of the company.”
December 11, 1998	Special resolution passed at EGM to treat the special resolution passed at EGM on 25th June, 1998 as rescinded.
April 9, 1999	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 301,000,000 (Rupees three hundred and one million only) divided into 6,100,000 equity shares of Rs. 10/- each and 24 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
January 18, 2000	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company to Rs. 301,000,000 (Rupees three hundred and one million only) divided into 5,100,000 equity shares of Rs. 10/- each and 25 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
September 14, 2000	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 303,500,000 (Rupees three hundred and three million and five hundred thousand only) divided into 5,350,000 equity

	shares of Rs. 10/- each and 25 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
November 5, 2001	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 303,500,000 (Rupees three hundred and three million and five hundred thousand only) divided into 10,350,000 equity shares of Rs. 10/- each and 20 preference shares of Rs. 10,000,000/- each., subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
March 30, 2004	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 303,500,000 (Rupees three hundred and three million and five hundred thousand only) divided into 16,350,000 equity shares of Rs. 10/- each and 14 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
August 27, 2004	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 366,000,000 (Rupees three hundred and sixty six million only) divided into 22,600,000 equity shares of Rs. 10/- each and 14 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
February 25, 2005	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is Rs. 396,000,000 (Rupees three hundred

	and ninety six million only) divided into 28,600,000 equity shares of Rs. 10/- each and 11 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
October 14, 2005	The Board resolved to alter object clause of the Memorandum of Association by addition of the following under clause III (A): “To carry on the business of manufacturers, sellers, exporters, importers, dealers, agents, suppliers and assemblers of all kinds of power generation equipments including Wind Mills, Wind Turbines, Solar panels, Solar Modules, Wave Energy Generators, Bio-Mass and Bio-gas plants and all other conventional power generation equipments and spares of power generation equipments”.
October 21, 2005	The existing Clause V of the Memorandum of Association of the Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorised capital of the Company is 396,000,000 (Rupees three hundred and ninety six million only) divided into 35,600,000 equity shares of Rs. 10/- each and 4 preference shares of Rs. 10,000,000/- each, subject to being increased or reduced as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return on capital or otherwise.
April 15, 2006	The existing Clause V of the Memorandum of Association of our Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorized capital of the Company is Rs. 44,00,00,000/- (Rupees Forty Four Crores only) divided into 4,40,00,000 Equity Shares of Rs. 10/- each and 7 preference shares of Rs. 1,00,00,000/- each, subject to being increased or reduced hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the Companies Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return or capital or otherwise.
November 27, 2006	The existing Clause V of the Memorandum of Association of our Company relating to share capital was altered by deleting the same and substituting the following new Clause V: - The authorized capital of the Company is Rs. 56,00,00,000/- (Rupees Fifty Six Crores only) divided into 4,90,00,000 Equity Shares of Rs. 10/- each and 7 preference shares of Rs. 1,00,00,000/- each, subject to being increased or reduced hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the Companies Act, the shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto, whether in regard to dividend, voting, return or capital or otherwise.



Subsidiaries

We do not have any Subsidiary company.

Shareholders Agreements

There is no shareholders agreement among our shareholders in relation to our Company.

Other Agreements

There are no agreements that have been entered into by our Company other than in the normal course of business.

Strategic Partners

There are no strategic partners for our Company.

Financial Partners

Our Company does not have any financial partners

OUR MANAGEMENT

Board of Directors:

Our Company is currently managed by a Board of Directors comprising of 4 Directors. Mr. Ravindranath who is Whole Time Director of our Company is looking after the day to day operations of our Company. He is in-charge of the overall management of our Company subject to the supervision and control of the Board.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus.

Name, Designation, Fathers Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
Mr. K V Bala Non-Executive Chairman DIN: 00567036 S/o Mr. Kutti Rengachari Venkatraman Flat No. 101, I Floor, Arjuna Towers, 2 nd Mount Mary Road, Bandra (West), Mumbai – 400 050 Occupation: Business	Indian	41 years	i. Indonet Global Limited ii. Loyal Credit & Investments Limited iii. Bekey Properties Private Limited iv. Subuthi Finance Limited

Name, Designation, Fathers Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
Mr. K. S. Ravindranath Whole-time Director DIN: 00848817 S/o Mr. K.K Sankaran 14, Lakshmipuram, 5th Street, Madurai – 625001 Occupation: Business	Indian	46 years	NIL.
Mr. Niranjan R. Jagtap Independent Director DIN: 01237606 S/o Mr. Rao Saheb Jagtap 3/4, Asger Manzil, 2 nd Floor, 49, Janmabhoomi Marg, Fort, Mumbai – 400023. Occupation: Practising Advocate	Indian	60 years	NIL
Mr. T.R. Jayaraman Independent Director DIN: 01257967 S/o. T.M. Ramalangam No. 15, Plot No. 1/511, South Avenue Road, Muthamizh Nagar, Kodungaiyar, Chennai – 600 118. Occupation: Professional	Indian	72 years	NIL

BRIEF BIOGRAPHY OF OUR DIRECTORS

The Brief Profile of the members of our Board, other than our Promoter, is given below:

Mr. K. S. Ravindranath, Whole-time Director

Mr. K. S. Ravindranath, 46 years, is a Whole-time Director of our Company. He holds a Diploma in Engineering from PAC Ramaswamy Raja College of Polytechnic, Rajapalayam and has over 15 years experience in the textile industry before joining our Company. He is one of the first Directors of our Company. Mr. Ravindranath is in charge of the technical operations of our Company and is instrumental in overseeing site selection, erection and installation of wind electric generators (WEG's), spares and maintenance of the WEG's.

Mr. Niranjan R. Jagtap, Non-Executive and Independent Director

Mr. Niranjan R. Jagtap, 60 years, Non-Executive and Independent Director, holds a Bachelors Degree in Law from the Government Law College, Mumbai and was enrolled as an Advocate to the Bar Council of Maharashtra and Goa in 1971. He was further registered as an advocate on the Original Side of the High Court of Bombay in 1981 and was appointed as Notary –Greater Bombay by the Government of Maharashtra in 1983. He has been practicing

in the firm Niranjana Jagtap & Co since the year 1983. Mr. Jagtap joined the Board of Directors of our Company on March 28, 2005.

Mr. T.R. Jayaraman, Non-Executive and Independent Director

Mr. T.R. Jayaraman, 72 years, Non-Executive and Independent Director, holds a Bachelors Degree in Arts, Bachelors Degree in Law, Government Diploma for Companies Secretaries from Institute of Company Secretaries of India and is a Fellow Member of the Institute of Companies Secretaries. Mr. Jayaraman was associated with Tuticorin Alkalies and Fertilisers Limited from the year 1979 till his retirement in the year 1995 as General Manager and Company Secretary. During his tenure of 16 years, he was involved in all areas of the company, viz., implementation of the project dealing with financial institution / banks for term loans and working capital requirements and all general administration, legal and secretarial matters. In the year 1995, he joined M/s. New Link Overseas Finance, a NBFC company involved in hire purchase and leasing operations as Company Secretary. His responsibilities include dealing with rating institutions viz., ICRA and CARE, arranging term loans from banks, complying with legal requirements, company law matters and RBI related matters. Mr. Jayaraman joined our Board of Directors on February 3, 2007.

DETAILS OF THE BORROWING POWERS

Subject to the provisions of Sections 58A, 292 and 370 of the Act and the Articles of Association, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Our members have, pursuant to a resolution dated November 27, 2006 at our AGM authorised our Board to borrow monies together with moneys already borrowed by us, in excess of the aggregate of the paid-up capital of our Company and its free reserves, not exceeding Rs. 300 crores at any time.

DETAILS OF APPOINTMENT AND COMPENSATION OF OUR EXECUTIVE DIRECTOR.

Mr. K S Ravindranath, Whole-time Director.

Mr. K.S Ravindranath, was re-appointed as the Whole Time Director of our Company pursuant to the provisions of the Companies Act by a resolution of our Board of Directors dated January 18, 2005 and Shareholder's resolution at the EGM dated February 25, 2005 for a period of 3 years with effect from November 1, 2004 upto October 30, 2007.

The significant terms of employment are as follows:

PARTICULARS	
Tenure of Appointment	3 years
Remuneration:	Rs. 20,000/- (Rupees twenty thousand only) per month.
Commission:	NIL

Perquisites /Allowances	a. House Rent Allowance: Our Company shall provide house rent allowance subject to a ceiling of 60% of salary. b. Medical Benefit For Self And Family: Our Company shall reimburse the expenses actually incurred by the Director subject to a ceiling of his salary for a period of one month in one year or 3 months salary over a period of three years. c. Leave Travel Assistance For Self And Family: Our Company shall provide leave travel assistance for the director and his family once in a year. d. Payment of Club Fees: Our Company shall reimburse annual fees for a maximum of two clubs. e. Superannuation Benefit: Our Company shall provide superannuation benefits as and when the same are announced by our Company. f. Contribution To Provident Fund As And When Applicable: Our Company shall contribute to the provident fund as and when applicable. g. Bonus – As Per Rules Of The Company: Our Company shall provide bonus to its director in accordance with the rules framed by our Company from time to time. h. Car and Telephone: Our Company shall provide a car at the cost of the Company for the use of Company's business. However, use of the car for personal use shall be billed by our company to our director. Our company shall provide telephone to the director at the cost of the Company. However personal calls shall be billed by the Company to the Director.
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DETAILS OF APPOINTMENT AND COMPENSATION OF NON EXECUTIVE DIRECTORS

Sr No	Name of Director	Contract/ Appointment Letter/ Resolution	Details of Remuneration
1.	Mr. K.V Bala	Re-appointed as Non-Executive Director with effect from December 30, 2005 <i>vide</i> Shareholder's resolution dated. December 30, 2005.	No remuneration except Sitting Fees of Rs. 2000 per meeting
2.	Mr. Niranjan R. Jagtap	Appointed as Independent Director with effect from March 28, 2005 <i>vide</i> resolution of our Board of Directors dated March 28, 2005, and Shareholder's Resolution dated December	No remuneration except Sitting Fees of Rs. 2000 per meeting

		30, 2005, regularizing his appointment.	
3.	Mr. T.R. Jayaraman	Appointed as Additional Director vide resolution of our Board of Directors on February 3, 2007.	No remuneration except Sitting Fees of Rs. 2000 per meeting.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, including with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration/Compensation Committee and the Share Transfer and Investor Grievance Committee. The following are the details of the Committees formed in order to comply with Clause 49 of the listing agreement.

AUDIT COMMITTEE

Our Audit Committee had been cosanstituted pursuant to provisions of the Companies Act. The Audit Committee was approved and constituted and formed by a meeting of the Board of Directors held on December 30, 2005.

The Audit Committee was re-constituted on February 3, 2007 and comprises of the following members of our Board:

Name	Designation	Status
Mr. T.R. Jayaraman	Chairman	Non-Executive and Independent
Mr. K.V.Bala	Member	Non-Executive
Mr. Niranjana Jagtap	Member	Non-Executive and Independent

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 the them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 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 judgement 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 related party transactions
 - vii. Qualifications in the draft audit report.

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:

Name	Designation	Status
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Mr. Niranjan Jagtap	Chairman	Non-Executive and Independent
Mr. K.S. Ravindranath	Member	Whole Time Director
Mr. T. R. Jayaraman	Member	Non-Executive and Independent.

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

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

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:

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

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.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of our Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 prior to listing of our Equity Shares.

Shareholding pattern of Directors:

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

Name of Director	No. of shares held	% of Pre-Issue Paid-up Equity Share Capital
Mr. K. V. Bala	49,06,995	13.46
Mr. K. S. Ravindranath	17,84,995	4.90
Mr. Niranjan R. Jagtap	NIL	NIL
Total	66,91,990	18.36

INTEREST OF DIRECTORS

Except as stated in the "Related Party Transactions" beginning on page [●] of this Draft Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of our Articles of Association. Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in our Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

- Further, our Promoter and Chairman, Mr. K.V. Bala is interested to the amount of lease rent payable to him for the Company guesthouse at Mumbai to the extent of Rs. 3,00,000/- per month.

Except as stated herein under and in section titled “History and Corporate Structure” beginning on page [•] of this Draft Red Herring Prospectus, our Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus, in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

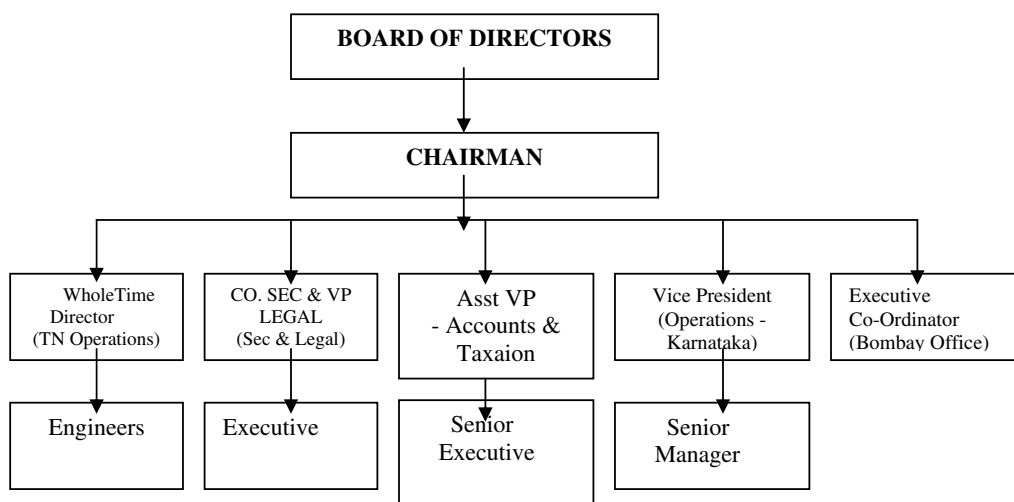
CHANGE OF DIRECTORS IN THE LAST THREE YEARS

There change in Directorship of our Company during the last 3 years is as under:

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. K.V.R. Kousigan	April 19, 1999	August 28, 2003	Resignation
Mr. K.V. Rajenthiran	May 30, 2000	August 28, 2003	Resignation
Mrs. Amutha Rajenthiran	May 30, 2000	August 28, 2003	Resignation
Mr. P N Vedanarayanan	September 18, 2000	August 28, 2003	Withdrawal of Nomination by IREDA
Mr. Amritlal H Shah	March 28, 2005	November 7, 2005	Resignation
Mr. Jayesh M Thakur	March 28, 2005	September 29, 2006	Resignation
Mr. K.S.Ravindranath	February 25, 2005	-	Re-appointment w.e.f November 1, 2004
Mr. Niranjan R Jagtap	March 28, 2005	-	Appointment as Additional Director
Mr. Niranjan R Jagtap	December 30, 2005	-	Regularisation of Appintment as Director
Mr. T.R. Jayaraman	February 3, 2007	-	Appointment as Additional Director

There are no payments made to the Directors except the remuneration to the Executive Director as mentioned above in “Details of Appointment and Compensation of our Executive Director” on page [•] of this Draft Red Herring Prospectus.

MANAGEMENT ORGANISATION STRUCTURE OF OUR COMPANY



KEY MANAGERIAL PERSONNEL

Brief profile of Key Managerial Personnel

Brief Biographies of our Key Managerial Personnel other than our Executive Director are given below:

Mr. R. Balajee - Vice President

Mr. R. Balajee, 45 years, joined our Group Company in September 1996 and in the year 2001 he joined our Company. He holds a Bachelors degree in Commerce from Osmania University, Hyderabad and also holds a Post Graduate Diploma in Business Management from Bharatya Vidya Bhavan Rajendra Prasad Institute of Communications and Management, Mumbai. Prior to joining our Company, he was working for Brisk Group. He has 22 years of experience in Marketing, Sales, Operations, Administration, Resource Planning and Corporate Affairs. Presently, he is responsible for Sales Operations Administration, Resource Planning and Corporate Affairs of our Company. For the fiscal 2006 the remuneration paid by our Company to Mr. Balajee was Rs. 3,38,421/-

Mr. K. K. Dinakar - Assistant Vice-President

Mr. K. K. Dinakar, 43 years, joined our Company in September 1998. Mr. Dinakar holds a Bachelors Degree in Commerce from Madras University and is currently completing his CA (final) and CS (final). Prior to joining our Company, he was working for Viari Exports and he has 16 years of experience in Finance & Accounts. Presently, he is responsible for Accounts & Finance aspects of our Company. For the fiscal 2006 the remuneration paid by our Company to Mr. Dinakar was Rs. 2,46,061/-

Mr. K. S. Mandanna - Senior Manager – Projects & Administration

Mr. K. S. Mandanna, 57 years, joined our Company in January 2001. Mr. Mandanna holds a Bachelors degree in Arts from Mysore University and is a Certificate holder in Commercial Crops Agricultural Farm Equipments & Animal Husbandry. Prior to joining our Company, he was working for NEPC Tea Garden Limited. He has 31 years of experience in regional sales, site operations and maintenance and site administration. The remuneration paid to him in the fiscal 2006 was Rs. 2,57,648/-

S. Diraviam – Company Secretary and Vice President – Legal

Mr. S. Diraviam, 54 years, joined our Company in June 1, 2006. He holds a Bachelors Degree in law from Law College, Madras. He is a fellow member of the Institute of Company Secretaries of India, an Associate member of the Institute of Costs & Works Accountants of India. He is the Chairman of the Southern India Regional Council of the Institute of Company Secretaries of India for the year 2007. He has previously worked with Jay Flash Ceramics Limited, Omega Cables Limited, Tan India Limited, U.B Petroproducts Limited, SPIC Organics Limited. Prior to joining our Company, Mr. Diraviam was heading the secretarial, shares and legal department at Manali Petro Chemical Limited. He has over 24 years experience in the company secretarial and legal areas. The remuneration payable by our Company to him for the fiscal 2007 is Rs. 4,50,284/-

The key managerial personnel whose names appear above are permanent employees and are on the rolls of our Company. None of the above mentioned key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

Share-holding of Key Managerial Personnel of our Company

None of our key managerial personnel hold any Equity Shares of our Company. There is no profit sharing or bonus sharing plan for the Key Managerial Personnel

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY (NON-SALARY RELATED)

There is no payment or benefit to be given to the officers of our Company other than their remuneration or salary.

CHANGES IN KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

Name & Designation	Date of Appointment	Date of Leaving	Reason
Mrs. T. R. Gayathri	October 10, 2005	January 2006	Resignation – Personal Grounds
Mr. A. Raja Sukumar	February 1, 2003	April 1, 2006	Resignation – Shifted to Group Company
Mr. N. Laxmanan	June 1, 2000	November 4, 2006	Resignation– Personal Grounds
S. Diraviam	June 5, 2006	-	Appointment

EMPLOYEES

Our Company has employed 33 permanent employees apart from the security personnels employed from time to time during peak season for the purpose of maintaining the Green Belt and for the purpose of security. The details of our permanent employees are as follows:

SITE	SERIAL NO.	JOB DESCRIPTION	NO. OF EMPLOYEES
Chennai	1.	Key Managerial Personnel	3
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	2
Mumbai	1.	Key Managerial Personnel	0
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	1
Gadag	1.	Key Managerial Personnel	0
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	10
Madurai	1.	Key Managerial Personnel	0
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	9
Nettur	1.	Key Managerial Personnel	0
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	6

Pondicherry	1.	Key Managerial Personnel	0
	2.	Other Staff (Skilled, Semi-Skilled and Unskilled)	2
		TOTAL	33

OUR PROMOTERS AND THEIR BACKGROUND

1. Individual Promoter

Mr. K. V. Bala



Passport No.	F7761138
Driving License No.	F/TN/059/008789/2005

Mr. K V Bala, 41 years, holds a Bachelors degree in Technology from Anna University and a Master of Business Administration degree from Bhartidasan Institute of Management and has done an Advanced Management Programme from Stanford University, USA. He has to his credit over 15 years of business experience in the areas of project management, investment banking, corporate lending and merchant banking. He has been instrumental in promoting a number of companies and ventures apart from our Company including our Promoter Subuthi Finance Limited, and Indonet Global Limited. He has a team of qualified and experienced professionals to assist in his ventures. His ability to provide strategic guidance and financial acumen has gone a long way in developing our Company to the current level of operations and profitability. He is currently the Non-Executive Chairman of our Company and is director in several of its associated venture companies with a portfolio of growth-oriented companies within the group.

2. Corporate Promoters

a) SUBUTHI FINANCE LIMITED (Subuthi Finance)

Company Registration Number	:	18-22317
Nature of Business	:	Non – Banking Finance Company

Subuthi Finance Limited, was incorporated as 'Subuthi Finance Private Limited' a private limited company *vide* Certificate of Incorporation No. 18-22317 dated March 11, 1992, with the Registrar of Companies, Tamil Nadu at Chennai. Pursuant to the provisions of Section 44 of the Act, Subuthi Finance Limited was converted into a public limited company on March 29, 1994 wherein the word 'Private' was deleted from the name of the company. The Promoter of Subuthi Finance Limited is Mr. K.V. Bala. The registered office of Subuthi Finance Limited is situated at Kakani Towers, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.

Business Activities:

Subuthi Finance Limited has been registered as a Non-Banking Finance Company with the RBI *vide* certificate No. 07.00068 dated March 4, 1998, and is *inter alia* engaged in the business of corporate financing, leasing, hire-purchase and corporate advisory. The equity shares of Subuthi Finance Limited are listed on BSE, Coimbatore Stock Exchange and Madras Stock Exchange Limited.

Board of Directors:

The Board of Directors of Subuthi Finance Limited as on September 30, 2006 are as follows:

Name of the Director	Designation
Mr.K.V.Bala	Director
Mr. R Sathyendran	Director
Mr. A Rajasukumar	Director

Shareholding Pattern as on September 30, 2006

The equity shares of Subuthi are currently listed on the Bombay Stock Exchange, Coimbatore Stock Exchange Limited and Madras Stock Exchange Limited. The shareholding pattern of Subuthi as on September 30, 2006 is as follows:

Category	No of Shares Held	% of Shareholding
Promoters Holding		
Indian Promoters	36,34,100	72.68
Foreign Promoters	-	-
Persons acting in concert	-	-
Sub-Total	36,34,100	72.68
Non-Promoters Holding		
Institutional Investors		
a. Mutual Funds	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions)	1,28,400	2.57
c. FIIs	-	-
Sub-Total	1,28,400	2.57
Others		
a. Private Corporate Bodies	3,24,871	6.50
b. Indian Public	9,11,579	18.23
c. NRIs / OCBs	-	-
d. Any Other ([•])	1050	0.02
Sub-Total	12,37,500	24.75
Grand Total	50,00,000	100.00%

Brief Financial Performance

(Rs. In Lacs, except the per share data)

Particulars	For the Financial Year ended 31 st March		
	2004	2005	2006
Equity Share Capital (excluding calls in arrears)	481.46	481.46	481.46
Reserves (excluding Revaluation Reserves)	1,179.88	1191.12	1199.33
Net Worth	1,493.81	1548.05	1564.91
Total Income	515.19	123.41	53.53
PAT for the year	9.81	11.24	8.21
EPS (Rs.)	0.20	0.22	0.16
NAV per share (Rs.)	29.88	30.96	31.29

BSE Stock Market Data

Month	High (Rs.)	Low (Rs.)
March 2006	18.00	15.75
April 2006	19.80	17.90
May 2006	17.50	17.15
June 2006	18.00	18.00
July 2006	18.10	18.10
August 2006	18.00	18.00
September 2006	-	-
October 2006	-	-

Month	High (Rs.)	Low (Rs.)
November 2006	-	-
December 2006	25.70	10.25
January 2007	15.50	8.80

(Source: www.bseindia.com)

Market Value of its shares as on the date of filing of this Draft Red Herring Prospectus with SEBI is Rs. 11.00.

Other Details

Public or rights issue in the preceding three years.	Nil
Whether the company has become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years.	No

Note: Subuthi Finance Limited had received a notice from the Reserve Bank of India dated January 21, 2003 in respect of certain alleged irregularities/ violations of the RBI Act, 1934 consequent to an inspection of the company's books of accounts, including failure of the company to pass a Board resolution disallowing acceptance of public deposits as required under RBI Circular DNBS (COBW) No.02/02.01/97-98 dated January 2, 1998. The company has *vide* its letter dated February 6, 2003 (re-submitted on June 10, 2004) replied to the above letter thereby intimating its compliance with the necessary requirements stated in the notice. For more details of the notices issued to Subuthi Finance Limited, please refer chapter titled "Outstanding Litigation" beginning on page [●] of this Draft Red Herring Prospectus.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Subuthi, its Promoters and Directors except as stated in chapter titled "Outstanding Litigations".

b) LOYAL CREDIT & INVESTMENTS LIMITED ("LOYAL CREDIT")

Loyal Credit was incorporated as 'Loyal Credit and Investments Private Limited' a private limited company *vide* certificate of incorporation no. 7999 dated November 7, 1979, with the RoC, Tamil Nadu at Chennai. Subsequently pursuant to the provisions of Section 43A of the Act, the company was converted into a public limited company and accordingly the word 'Private' was deleted from the name of the company. The registered office of Loyal Credit is situated at "Bhaskara Apartment", 28 Pycrofts Garden Road, Chennai – 600 006. The CIN allocated to Loyal Credit is L65993TN1979PLC007999.

Business Activities

Loyal Credit is *inter alia* in the business of finance of hire purchase of all kinds of property both movable and immovable and otherwise buying, acquiring, selling, letting on hire or lease, hire purchase or easy payment system of property both movable and immovable.

Board of Directors:

As on September 30, 2006 the Board of Directors of Loyal Credit comprises of the following:

Name of the Director	Designation
Mr. K. V. Bala	Director
Ms. K. B. Prathadevi	Director
Mr. K. R. Loganathan	Director

Shareholding Pattern as on September 30, 2006.



The equity shares of Loyal Credit are not listed on any stock exchange. The shareholding pattern of Loyal Credit as on September 30, 2006 is as follows:

Sr. No.	Category	Name of Shareholder	No of shares	% holding
1	Promoters	K.V. Bala	75,000	76.02%
2	Individuals	K.M. Thiagarajan	32	0.03%
		Deborah Thiagrajan	1280	1.31%
		Tara Chintamani	355	0.36%
		Maya Marie	355	0.36%
		Rena Visalakshi	355	0.36%
3	Bodies Corporate	Dowel Business Credits Private Limited	5,320	5.39%
		Saura Trade Credits Private Limited	5,320	5.39%
		Saunaka Finance Private Limited	5,320	5.39%
		Kewal Trade Credits Private Limited	5,320	5.39%
	Total		98,657	100%

Brief Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March		
	2004	2005	2006
Equity Share Capital (excluding calls in arrears)	9.87	9.87	9.87
Reserves (excluding Revaluation Reserves)	295.01	309.99	311.70
Net Worth	304.88	319.86	321.57
Total Income	22.74	40.38	29.25
Profit after Tax	2.23	14.98	1.71
EPS (Rs.)	2.26	15.18	1.73
NAV per share (Rs.)	308.90	324.07	325.94

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Loyal Credit, its promoters and directors except as stated in section titled "Outstanding Litigations and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus.

Declaration

It is confirmed that the PAN, Bank Account details and Passport Number of Mr. K V Bala have been submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of this Draft Red Herring Prospectus with them. In respect of corporate Promoters, i.e. Subuthi Finance Limited and Loyal Credit & Investments Limited, it is confirmed that the, PAN, Bank Account details, Company Registration Number and the addresses of the Registrar of Companies where the company is registered; are being submitted to the Stock Exchanges, on which Equity Shares are proposed to be listed at the time of filing this Draft Red Herring Prospectus.

COMMON PURSUITS

The main objects clause of two of our Promoter Group Companies namely SGM Windfarms Private Limited and Bewind Power Private Limited authorize them to undertake activities of a similar nature to those undertaken by us. In view of the fact that these two Promoter Group Companies are engaged in similar businesses as our Company there may be a conflict of interest between them and our Company.

Interest of Promoter

Except as stated in the "Related Party Transactions" beginning on page [●] of this Draft Red Herring Prospectus, all our individual Promoter/ Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or

reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of our Articles of Association.

Further, the Promoters are interested to the extent of Equity Shares that they are holding and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our individual Promoter hold shares or other stake in our corporate Promoter and Group Companies in addition to other entities, and may be deemed to be additionally interested in any agreement or arrangement entered or to be entered into or to be entered into by our Company with our corporate promoter or Group Companies or such other entities, and if dividend, if any, is payable to our Corporate Promoter or Group Companies or other entities by virtue of their shareholding in our Company.

Further:

- Our Promoter, Mr. K.V. Bala is interested to the amount of lease rent payable to him for our Company guesthouse at Mumbai to the extent of Rs. 3,00,000/- per month; and
- One of our Group Companies viz., Bekey Properties Private Limited is interested to the amount of lease rent payable to it for our Registered Office to the extent of Rs. 1,05,000/- per month.
- One of our Promoter Group Companies, viz. Bewind Power is interested in the Issue proceeds to the tune of Rs. 4950 lacs for one of the objects of the Issue.

Payment or benefit to the Promoter:

Other than the salary and remuneration of the Promoter and Directors, referred to in “Details of Appointment and Compensation to our Executive Directors” and “Details of Appointment and Compensation of Non-Executive Directors” the section titled “Our Management” beginning on the page [●] of this Draft Red Herring Prospectus, there are no payments or benefits made to Promoters of our Company.

Related Party Transactions:

For the details of the Related Party Transactions please refer to the Annexure 14 to the report of our Auditors included in chapter titled “Financial Information of our Company” on page [●] of this Draft Red Herring Prospectus.



CURRENCY OF PRESENTATION

Throughout this Draft Red Herring Prospectus unless the context otherwise requires all references to “Rupees” / “Rs.” is the legal currency of the Republic of India.



DIVIDEND POLICY

There is no policy as such for declaration of dividend. However depending upon the financial performance of our company, our Board decides dividend declaration for that year. For details on the dividend paid by our Company in the past, please refer section titled “Statement of Dividend Paid” in chapter titled “Auditor’s Report” beginning on page [●] of this Draft Red Herring Prospectus”

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION OF OUR COMPANY

Auditors' Report

**V Ramaratnam & Co.,
Chartered Accountants,
Partners: R Venkataraman
R Sundar, S Nirupama**

**115/I, IV Street, Abhiramapuram
Chennai – 600 018
Phone: 24997151
Fax: 24992953
E-mail: sundar123@vsnl.net**

**The Board of Directors
Indowind Energy Limited**

4th floor, Kothari Building
114 Nungambakkam High Road
Chennai- 600 0034

We have examined and found correct the Audited Accounts of M/s. Indowind Energy Limited for the past five financial years ended on 30th June 2002, 2003, 2004, 2005, 2006 and for the period ended on 30th September 2006 being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and our terms of reference with the Company dated 27th October, 2006 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as at 30th June, 2002, 30th June, 2003, 30th June, 2004, 30th June, 2005, 30th June, 2006 and for the period ended on 30th September 2006 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure 4 to this report.

We report that the restated profits of the Company for the financial years ended 30th June, 2002, 30th June, 2003, 30th June, 2004, 30th June, 2005, 30th June 2006 and for the period ended on 30th September 2006 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and notes appearing in Annexure 3 to this report.

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

- i. Statement of Cash Flow as appearing in 'Annexure 5' to this report;
- ii. Accounting Ratios as appearing in 'Annexure 6' to this report;
- iii. Statement of Unsecured Loans as appearing in 'Annexure 7' to this report.
- iv. Statement of Debtors as appearing in 'Annexure 8' to this report.
- v. Details of loans and advances as appearing in 'Annexure 9' to this report;
- vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
- vii. Capitalisation Statement as appearing in 'Annexure 11' to this report;

- viii. Statement of Secured Loans as appearing in 'Annexure 12' to this report.
- ix. Details of Contingent Liabilities as appearing in 'Annexure 13' to this report;
- x. Statement of Related Parties transactions as appearing in 'Annexure 14' to this report.
- xi. Statement of Tax Shelter as appearing in 'Annexure 15' to this report.
- xii. Details of qualifications appearing in the audit report as given in 'Annexure 16' to this report.
- xiii. Significant changes in the Accounting Policies as appearing 'Annexure 17' to this report.
- xiv. Details of other income as appearing in 'Annexure 18' to this report.
- xv. Details of Investments as appearing in 'Annexure 19' to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For V. Ramaratnam & Co
Chartered Accountants

R. Sundar
Partner Date: 02/11/2006
Membership No.12339 Place: Chennai

							ANNEXURE 1
STATEMENT OF ASSETS & LIABILITIES (AS RESTATED)							(Rs. in Lacs)
Sl.No	Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
A	Fixed Assets						
	Gross Block	1,794.73	1,964.82	2,496.87	2,337.72	2,239.82	2400.66
	Less : Depreciation	286.55	377.82	480.53	518.59	596.59	622.6
	Less : Revaluation Reserve	0	640.00	640.00	200.00	60.00	60.00
	Net Block	1,508.18	947.00	1,376.34	1,619.13	1,583.23	1,718.06
	Capital Work in Progress	-	956.39	-	8.39	10.02	10.08
	Capital advances/Guarantee Deposits	1,361.54	1,238.90	1,249.40	1,668.00	2,822.42	2819.35
	Total	2,869.72	3,142.29	2,625.74	3,295.52	4,415.67	4,547.49
B	Investment	85.02	91.17	69.06	1.25	1.25	1.25
C	Current Assets, Loans & Advances						
	Work-in-Progress	-	-	1,426.21	820.13	515.43	661.91
	Sundry Debtors	218.08	332.59	221.77	253.76	773.59	831.48
	Cash and Bank Balances	93.02	77.25	59.94	27.87	211.81	105.04
	Loans and Advances	417.18	3,389.80	1,022.28	672.75	936.73	806.22
	Other Current Assets	479.21	170.02	155.71	212.71	223.28	171.66
	Deferred Tax Assets	-	-	7.42	-	-	-
	Total	1,207.49	3,969.66	2,893.33	1,987.22	2,660.84	2,576.31
D	Liabilities and Provisions						
	Preference shares	1,200.00	1,600.00	1,400.00	400	400	400
	Secured Loans	266.69	404.55	357.37	632.72	846.74	797.97
	Unsecured Loans	-	131.78	728.10	246.65	170.16	95.46
	Deferred Tax Liability	-	-	-	31.7	42.4	42.4
	Current Liabilities & Provisions	232.68	2,648.78	1071.55	178.91	310.01	265.43
	Total	1,699.37	4,653.33	2,828.92	1,489.98	1,769.31	1,601.26
E	Net Worth (A+B+C-D)	2,462.86	2,549.79	2,759.21	3,794.01	5,308.45	5,523.79
F	Represented by						
	Equity Share Capital (E)	753	753	1,506.00	2,536.78	3,645.68	3645.68
	Reserves & Surplus	1,709.86	2,436.79	1,899.37	1,471.63	1,748.16	1963.5
	Less : Revaluation Reserve	-	640.00	640.00	200.00	60.00	60.00
	Less : Miscellaneous Expenses (To the extent not written off)	-	-	6.16	14.4	25.39	25.39
	Net Worth (E +P+F-G)	2,462.86	2,549.79	2,759.21	3,794.01	5,308.45	5,523.79

STATEMENT OF PROFIT & LOSS (AS RESTATED)							
						(Rs. in Lacs)	
S.No.	Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
A	Income						
	a) Power Income	534.74	568.11	525.59	787.13	764.30	351.40
	b) Project Income	-	-	-	1080.00	1567.50	-
	Total Income	534.74	568.11	525.59	1867.13	2331.80	351.40
	Other Income	609.26	988.36	340.00	116.30	271.61	114.26
	Total	1144.00	1556.47	865.59	1983.43	2603.41	465.66
B	Expenditure						
	Rawmaterial expenses	-	-	-	778.59	1095.86	-
	Operating expenses	83.52	75.98	78.00	108.01	238.64	67.16
	Personnel Expenses	27.02	31.67	40.76	48.57	35.65	12.38
	Administrative expenses	45.35	64.59	88.19	88.83	140.10	28.25
	Total	155.89	172.24	206.95	1024.00	1510.25	107.79
C		988.11	1384.23	658.64	959.43	1093.16	357.87
	Net Profit before Interest, Depreciation, Tax and Extraordinary items						
	Depreciation	88.70	91.27	104.80	106.50	77.99	26.01
	Interest & Financial Charges	698.37	1046.00	248.33	383.53	439.42	106.53
	Profit / Loss before Tax but before Extra – ordinary Items	201.04	246.96	305.51	469.40	575.75	225.33
	Provision for Taxation						
	- Current Tax	-	6.83	5.23	16.04	14.13	10
	- Deferred Tax	-	-	(7.42)	39.12	10.71	-
D	Profit / Loss after Tax but before Extra – ordinary Items.	201.04	240.13	307.70	414.24	550.91	215.33
	Extra-ordinary Items.	-	-	-	-	-	-
E	Profit/Loss after Extra-ordinary Items	201.04	240.13	307.70	414.24	550.91	215.33
	Less : Dividend on Preference Shares	42.00	66.00	-	-	-	-
	Less : Tax on Dividend	-	7.26	-	-	-	-
	Less: Dividend on Equity Shares	37.65	60.24	-	-	-	-
	Less : Tax on Dividend	3.84	6.53	-	-	-	-
	Profit available for appropriation	117.55	100.10	307.70	414.24	550.91	215.33
	Less: Transfer to Capital Redemption Reserve	-	-	-	-	30.00	-
	Balance b/f from Last Year	-	-	-	-	-	-
	Profit Transferred to B/S	117.55	100.10	307.70	414.24	520.91	215.33

Annexure – 3

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

- 1 Expenses shown in the Audited Balance Sheets, under Net Other Income are shown separately under the appropriate heads.
- 2 Income Tax pertaining to year 2000-01 shown in 2002-03, as Taxes for earlier years, is not accounted in the restated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

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. 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 Deposits for Wind Electric Generators as Guarantee deposits.

B. DEPRECIATION

Depreciation on Fixed Assets other than Goodwill is provided on Straight Line Method at the rate and in the manner prescribed in Schedule 13 of the Companies Act, 1956 are stated at cost plus revaluation cost, less accumulated depreciation.

C. INVESTMENTS

Investments are held by the company as long-term asset. The market fluctuation for the increase/decrease in the value of the investments are not to be accounted.

D. INVENTORIES

Inventories and Work In Progress are valued at cost and unsold power at net realizable value.

E. REVENUE RECOGNITION

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

Sale of power is recognized at the point of dispatch of electricity generated from Plant and Stock points.

Project sale: The income is recognized at the point of sale of windmill sale less manufacturing expenses and other project loss.

Other income: The income is recognized on accrual basis (except on suit filed cases) minus connected expenditure.

F. RETIREMENT BENEFITS

The Company has provided for retirement benefits to the employees such as Gratuity, Provident Fund and ESI. But, has not formulated any policy for investments of the said provision.

G. TAX ON INCOME

The income tax is determined in accordance with the provisions of Income Tax Act, 1961, for the income earned from April 2005 to March 2006.

H. CONTINGENT LIABILITIES

All ascertained liabilities have been provided for in the accounts except income tax demands, wherever appeals are pending.

Income Tax demand for the A Y 1998-99 is Rs. 4,088,257/-.

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.

I. DEFERRED TAX

Deferred tax is recognized subject to consideration of prudence, on all timing difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The deferred tax liability shown in the balance sheet is after adjusting deferred asset plus current years deferred liability.

NOTES TO ACCOUNTS:

(i) 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.)
2005-2006					
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)	
Total	16.825 MW	28,375,389	26,705,077	76,430,362	
July 06-Sep 06					
Tamil Nadu	13.525 MW	8,591,971	9,492,927	24,706,765	2.60
Decrease in Stock				(2,432,580)	
Karnataka	3.300 MW	3,249,861	3,200,000	12,669,032	3.96
Increase in Stock				196,951	
Total	16.825 MW	11,841,832	12,692,927	35,140,168	

(b) WEGs sale:

Project under implementation - Opening	9.45 MW
Additional Projects commenced during the year	0.00 MW
Projects Completed and sold during the year	0.00 MW
Project under implementation - Closing	9.45 MW

1. Managerial Remuneration:

A. Managerial Remuneration paid to Mr. K. S. Ravindranath, Whole Time Director -:
(Rs. in Lacs)

Particulars	Year ended		
	30.06.2005	30.06.2006	30.09.2006
(a) Salaries	2.45	2.48	0.75
(b) Commission	0.00	0.00	0.00
(c) Other Perquisites	0.00	0.00	0.00
Total	2.45	2.48	0.75

B. Computation of Net Profit u/s 349 and u/s 350 of Companies Act. 1956
(Rs. in Lacs)

Particulars	Year ended		
	30.06.2005	30.06.2006	30.09.2006
Profit	414.20	550.91	215.33
Add: Whole Time Director's Remuneration	2.45	2.48	0.75
Total	416.65	553.39	216.08
Commission on Net Profit to Managing Director	0.00	0.00	0.00

2. Auditors Remuneration: (Rs. In Lacs.)

Particulars	Year ended		
	30.06.2005	30.06.2006	30.09.2006
Audit Fees	0.40	0.40	0.00
Tax Audit Fees	0.15	0.15	0.00
Other Services	0.05	0.05	0.05
Total	0.60	0.60	0.05

3. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred tax in the previous year for accumulated deferred tax Liability and for the previous year also. The Company has also accounted for the deferred tax assets in compliance with the above Accounting Standard.

The net deferred tax liability for the year ended on 30th September, 2006 amounts to Rs. 42,40,231/- (For year ended 30th June, 2006 Rs. 42,40,231/-).

4. During the year, the company has not raised any funds by way of public Issue of shares.
5. Sundry debtors/creditors and Loans and Advances balances are subject to confirmation and consequent reconciliation, if any. (age wise analysis of debtors & creditors required)
6. There are no dues to SSI Units outstanding for more than 30 days.
7. Contingent Liabilities not provided for:
- (i) Income Tax demand for the A Y 1998-99 is Rs. 4,088,257/-. 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.
 - (ii) The Company has given guarantee for Rs. 200.00 lacs for the term provided by Bank of India to M/s. Indonet Global Limited.
8. Public Issue Expenses: This relates to equity issue expenses and will be written off after public issue.
9. Previous year figures have been regrouped / reclassified wherever necessary for better comparison with current year figures.

10. Earnings per share (Rs. In Lacs)

Particulars	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Profit after tax (Profit attributable	307.69	414.24	550.92	215.33

to Equity Share holders = Profit after tax less Preference Dividend)				
Weighted Average No of equity share out standing during the period	252.07	335.07	357.08	357.08
Nominal value of equity shares (Rs.)	10	10	10	10
Earning per share (Rs.)	1.22	1.24	1.54	0.60

11. Previous years figures have been regrouped wherever necessary.

12. The figures have been rounded off to the nearest lacs.

Segment Reporting:

As per AS 17 (Accounting Standard on segment Reporting) issued by ICAI, the Segment wise Primary information as under

Rs. In Lacs

Segment Reporting for the year 2004-05				
Segment reporting	Power	Project	Others	Total
Segment Income	787.13	1,080.00	136.45	2,003.57
Segment Expense	584.41	784.11	66.45	1,434.97
Segment results	202.72	295.89	69.99	568.60
Corporate office expenses	19.84	49.60	29.76	99.20
Total profit	182.88	246.29	40.23	469.41
Segment assets	3,821.22	828.52	866.82	5,516.56
Segment liabilities	221.26	553.49	315.23	1,089.99

Segment Reporting for the year 2005-06				
Segment reporting	Power	Project	Others	Total
Segment Income	764.30	1,567.50	271.61	2,603.41
Segment Expense	593.67	1,264.13	41.33	1,958.10
Segment results	170.64	303.37	230.28	704.29
Corporate office expenses	-	-	-	128.54
Total profit	170.64	303.37	230.28	575.75
Segment assets	5,313.59	894.27	955.30	7,163.16
Segment liabilities	241.34	699.46	428.52	1,369.32

Annexure 5						
Cash Flow Statement:					(Rs. In Lacs)	
	30.06.02	30.06.03	30.06.04	30.06.05	30.06.06	30.09.06
A. CASH FLOW FROM OPERATIONS						
Net Income from Operating Activities	201.10	247.00	305.49	469.40	575.75	225.33
Adjustments						
Add: Depreciation	88.70	91.30	104.80	106.50	78.00	26.01
Less: Income from other activities	199.50	188.00	305.90	69.99	242.77	110.12
Operating profit before working capital changes	90.30	150.30	104.39	505.91	410.98	141.22
Working Capital Changes						
Sundry Debtors - Decrease/(Increase)	(93.30)	(114.45)	110.82	(31.99)	(519.83)	(57.90)
Loans & Advances, Receivables & Banked Power - Decrease / (Increase)	(221.70)	(2,969.11)	2,357.53	295.25	(269.93)	130.51
(Increase) / Decrease in Other Current Assets	(148.20)	305.80	(445.58)	(2.72)	(4.63)	(104.92)
(Increase) / Decrease in Guarantee Deposits	180.40	122.64	(10.50)	(418.60)	(1,154.42)	3.07
(Increase) / Decrease in Deferred Tax	-	-	(7.42)	31.70	10.70	-
Current liabilities - Increase /(Decrease)	133.20	2,396.26	(1,577.23)	(338.18)	131.09	(44.58)
(Increase) / Decrease in Other Current Liabilities	-	-	-	-	(41.06)	(74.69)
Increase / Decrease in Current Assets	(149.60)	(258.86)	427.62	(464.54)	(1,848.08)	(148.51)
Cash flow from Operations (A)	(59.30)	(108.56)	532.01	41.37	(1,437.10)	(7.29)
B. Cash flow from Investing Activities						
Net Income from Other Activities	199.50	188.00	305.90	69.99	242.77	110.12
Purchase / Sale of Fixed Assets	294.39	(170.10)	(532.09)	26.65	70.18	(160.83)
(Increase) / Decrease in Capital W-I-P	-	(316.64)	-	157.69	163.07	-
Purchase / Sale of Investments	107.60	(6.10)	22.03	67.81	-	-
Cash flow from Investing Activities (B)	601.49	(304.84)	(204.16)	322.14	476.02	(50.71)
Cash flow from Financing Activities (C)						
Proceed from issue of Equity Shares	234.00	-	(200.00)	-	94.20	-
Proceed from Share Premium on Equity Shares	196.00	-	-	-	847.80	-
Proceed from issue of Preference Shares	400.00	500.00	-	-	0.00	-
Redemption of Preference Shares	(1,100.00)	(100.00)	-	(500.00)	0.00	-
Proceeds from Secured Loans	-	137.80	-	-	214.02	-
Repayment of Secured Loans	(105.50)	-	(47.18)	51.36	0.00	(48.77)
Increase / (Decrease) in Reserves	-	-	-	-	0.00	-
Dividend & Dividend Tax (paid) / reversed	(83.50)	(140.10)	(91.93)	61.30	0.00	-
(Increase) / Decrease in Misc Expenses	-	-	(6.10)	(8.24)	(11.00)	-
Cash flow from other activities (C)	(459.00)	397.70	(345.21)	(395.58)	1,145.02	(48.77)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	83.19	(15.70)	(17.36)	(32.07)	183.94	(106.77)
Opening Cash & Cash Equivalents	9.81	93.00	77.30	59.94	27.87	211.81
Closing Cash & Cash Equivalents	93.00	77.30	59.94	27.87	211.81	105.04

ACCOUNTING RATIOS

	Annexure 6					
	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Net Profit - as restated after deducting preference dividend	201.04	166.87	307.7	414.24	550.91	215.33
Net Worth	2,462.86	2,549.79	2,759.21	3,794.01	5,308.45	5,523.79
Return On Net worth (%)	8.16%	6.54%	11.15%	10.92%	10.38%	3.90%
Total No. of Equity Shares outstanding at the end of the year	7,530,000	7,530,000	15,060,000	25,367,778	36,456,886	36,456,886
Weighted Average No. of Equity Shares	32,043,848	32,737,108	25,207,108	33,507,276	35,708,448	35,708,448
	320.44	327.37	252.07	335.07	357.08	357.08
Earnings Per Share - EPS	0.63	0.51	1.22	1.24	1.54	0.60
Net asset Value / Book Value Per Share (Rs.)	32.71	33.86	18.32	14.96	14.56	15.15

Return On Net worth = Net Profit / Net Worth

E.P.S. = Net Profit / Weighted Average No of Equity Shares

Net Asset value = Net worth / No of Equity Shares outstanding at the end of the year

UNSECURED LOANS						
Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Corporate Bodies	0.00	131.78	728.10	246.65	170.16	95.46
Total	0.00	131.78	728.10	246.65	170.16	95.46
Above amount includes transactions with the following related parties.						
- Subuthi Finance Ltd	0.00	0.00	14.49	3.14	12.27	0.00
- SGM Wind Farms Pvt Ltd	0.00	0.00	163.88	16.73	0.00	0.00
- Loyal Credits & Inv Ltd	0.00	0.00	0.00	0.00	21.32	0.00
- Bekey Properties P Ltd	0.00	0.00	0.00	0.00	85.00	0.00
- Indonet Global Ltd	0.00	131.78	111.05	0.00	0.00	58.72

Note:

The unsecured loan amounts are repayable on demand. No interest is being charged on the balance outstanding.

Annexure – 8

STATEMENT OF SUNDRY DEBTORS

(Rs. In Lacs)

	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30-06-2006	30.09.2006
Unsecured considered Good (More than Six Months)	16.47	104.25	155.87	54.66	90.34	78.27
(Less than Six Months)	201.61	228.30	65.90	199.10	683.25	753.21
Total	218.08	332.55	221.77	253.76	773.59	831.48

Note: There are no related party transactions with respect to Sundry Debtors.

LOANS & ADVANCES						
	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Loans						
Secured Loans	72.71	888.88	264.99	504.47	367.30	334.01
Unsecured Loans	33.06	37.42	612.59	41.73	58.96	117.85
Advances						
Trade Advances	103.05	134.75	109.98	80.32	443.18	293.53
Staff Advance	10.85	17.60	12.99	12.56	14.74	14.87
Other Advance	197.51	2,311.15	21.73	33.67	52.55	45.96
Total	417.18	3,389.80	1,022.28	672.75	936.73	806.22
Above amount includes transactions with the following related parties						
- Indonet Global Ltd	2.31	-	-	9.20	78.08	-
- Loyal Credits & Inv Ltd	-	-	-	12.35	-	-

Except as stated in the “Related Party Disclosures” beginning on page [●] of this Draft Red Herring Prospectus, none of the beneficiaries of loans & advances are Directors of the Company or Promoters of the Company or related to the directors of the Company or promoters of the Company or to the company in any way.

Annexure 10

STATEMENT OF DIVIDEND PAID						
Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
On Equity Share Capital						
Paid up Share Capital	753.00	753.00	1506.00	2536.78	3645.68	3645.68
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	5%	8%	0%	0%	0%	0%
Amount of Dividend	37.65	60.24	0.00	0.00	0.00	0.00
Tax on Dividend	3.84	6.53	0.00	0.00	0.00	0.00
On Preference Share Capital						
Paid up Share Capital	1200.00	1600.00	1400.00	400.00	400.00	400.00
Face Value (Rs.)	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Amount of Dividend	42.00	66.00	0.00	0.00	0.00	0.00
Tax on Dividend	0.00	7.26	0.00	0.00	0.00	0.00

Annexure – 11

CAPITALISATION STATEMENT

(Rs. In Lacs)		
Particular	Pre-Issue as at 30.09.06	Post-Issue*
Borrowings		
Secured		
Short Term Debts	0.00	
Long Term Debts	797.97	
Unsecured Debts	95.46	
Total Borrowings	893.43	
Shareholder's Fund		
Equity Share Capital	3645.68	
Reserve & Surplus	1963.50	
Less: Revaluation Reserve	60.00	
Less: Miscellaneous Expenditure to the extent not written off	25.39	
Total Shareholder's Fund	5523.79	
Long Term Debt/Equity	0.16	

*Note: Information pertaining to Share Capital and Reserves post-issue can be ascertained only after completion of Book Building process.

Annexure – 12

STATEMENTS OF SECURED LOANS

(Rs. in Lacs)

Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Term Loans						
IREDA	123.82	52.92	30.81	2.02	0.00	0.00
Jain Sahakari Bank Ltd.	0.00	87.82	74.68	0.00	0.00	0.00
ING Vysya Bank Ltd.	0.00	135.92	118.61	0.00	0.00	0.00
Bank of India	0.00	0.00	133.27	205.19	472.39	455.40
Canara Bank	0.00	0.00	0.00	201.66	227.07	229.02
Weizmann Homes Ltd	0.00	0.00	0.00	223.85	140.82	107.67
Hire Purchase Loans						
Centurion Bank Ltd	142.87	127.89	0.00	0.00	0.00	0.00
ICICI Bank Ltd	0.00	0.00	0.00	0.00	6.46	5.88
Total	266.69	404.55	357.37	632.72	846.74	797.97

Principal Terms of Secured Loans & Assets Charged As Security, as on 30.09.06

(Rs. In Lacs)

Sr. No.	Lender & Type of Facility / Sanction letter no. and date	Amount sanctioned/ Rate of Interest	Amt. Availed	Amt. Out-standing as on 30.09.2006	Security	Terms of Repayment
1	Bank of India T.L. 27.10.2005	500.00 9.00%	500.00	455.40	13 WEGs and receivables	Repayable in 69 monthly installments of Rs.9.31 Lacs.
2	Canara Bank – T.L. 17.12.2004	600.00 10.00%	400.00	229.02	<u>Primary:</u> EM of Land valued at Rs.24.60 Lacs. Hypothecation of 5 WEGs. Under Work – in – Progress. <u>Collateral:</u> Corporate Guarantee of Subuthi Finance Limited.	Repayable in 30 quarterly installments of Rs.20.00 Lacs each.
3	Weizmann Homes Limited 26.03.2004	350.00 16.5%	350.00	107.67	HP Contract for 5 Nos. WEGs with Karmjee P Ltd.	12 Quarterly installments of Rs.37.29 Lacs
4	ICICI Bank Ltd – H.P January, 2006	7.00 6.02%	7.00	5.88	HP Contract for purchase of one Vehicle – Model	Repayable in 35 monthly EMI of Rs.21,195/-

Annexure – 13

DETAILS OF CONTINGENT LIABILITIES

		(Rs. in Lacs)					
S.No.	Particular	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
	Income Tax demand for the A Y 1998-99	0.00	0.00	0.00	40.88	40.88	40.88
	Income Tax demand for the A Y 2001-02	0.00	0.00	0.00	2.87	0.00	0.00
	Bank Guarantee – Indonet Global Limited	0.00	0.00	0.00	200.00	200.00	200.00
	Total	0.00	0.00	0.00	243.75	240.88	240.88

Annexure 14

RELATED PARTY TRANSACTIONS						
Particular	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
Group Companies / Firms						
IndonetGlobal Ltd						
Sale of WEGs	-	-	90.00	-	405.00	-
Loans & Advances - Asset	451.25	79.64	268.32	278.12	2,047.30	43.04
Unsecured Loans	467.20	213.73	247.59	157.87	1,978.42	179.84
<u>Balance O/S as at end</u>						
Loans & Advances – Asset	2.31			9.20	78.08	-
Unsecured Loans - Liability		131.78	111.05	-	-	58.72
Subuthi Finance Ltd						
- Lease Exp	21.29	37.42	35.08	15.40	15.40	5.99
- Guarantee charges	-	61.20	-	-	-	-
Loans & Advances – Asset	-			127.34	17.68	18.26
Unsecured Loans	-		14.49	116.00	26.81	5.99
<u>Balance O/S as at end</u>						
Loans & Advances – Asset						-
Unsecured Loans - Liability			14.49	3.14	12.27	-
Loyal Credit & Investments Ltd						
- Sale of Investments	-	-	-	46.67	-	-
Loans & Advances – Asset				119.36	355.93	33.93
Unsecured Loans	-	-	-	107.01	389.60	12.61
<u>Balance O/S as at end</u>						
Loans & Advances – Asset		-	-	12.35	-	-
Unsecured Loans - Liability		-	-	-	21.32	-
SGM Wind Farms Pvt Ltd						
Loans & Advances – Asset				182.78	119.57	4.40
Unsecured Loans			163.88	35.63	102.84	4.40
<u>Balance O/S as at end</u>						
Loans & Advances – Asset			-	0.00	-	-
Unsecured Loans - Liability			163.88	16.73	-	-
Bekey Properties Pvt Ltd						
Loans & Advances – Asset				0.00	120.00	245.00
Unsecured Loans			-	0.00	205.00	160.00
<u>Balance O/S as at end</u>						

Loans & Advances – Asset			-		-	-
Unsecured Loans - Liability			-	-	85.00	-
Subuthi Investments Pvt Ltd						
- Rent Deposits	95.00	95.00	22.50	22.50	53.25	43.25
Key Managerial Personnel						
- K.R.Venkatraman *						
(Father of Bala K.V.)						
- Rent Deposits	16.50	16.41	16.30	12.27	-	-
Loans to Directors						
- K.S. Ravindranath			5.99			
Directors' Remuneration						
- K.S. Ravindranath	2.45	2.40	2.45	2.45	2.48	0.75
Travelling Expenses						
- K.S. Ravindranath	-	-	0.40	3.43	2.57	0.22
- Bala K V	-	-	2.86	5.15	16.25	0.71
Sitting Fees						
-P.N.Vedanarayanan	-	-	0.09	0.05	-	-
- Bala K V				0.05	0.20	0.02
-Amrutlal Shah					0.04	
-Jayesg tahkur					0.12	
- Niranjan Jagtap					0.12	

Annexure – 15

Statement of Tax Shelters

(Rs)in Lacs

Year Ended	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Tax Rate: Basic	35.00%	35.00%	35.00%	35.00%	30.00%
Surcharge / Cess	2.00%	2.00%	0	2.00%	10.00%+2%
Tax rate including surcharge	35.70%	35.70%	35.00%	35.70%	33.66%
Profit as per P & L Account	188.45	75.91	65.24	209.82	168.01
Notional Tax Liability	67.28	27.10	22.83	74.90	56.55
Adjustments A) Add:					
Provision for Income Tax	-	-	5.23	-	2.70
Depreciation as per P& L A/c	91.70	90.84	98.39	116.76	71.67
Loss on sale of assets	-	-	0.05	-	-
Inadmissible Expenses	-	13.07	-	1.87	-
Long Term Capital Loss	-	-	-	17.38	-
Expenses disallowed	-	-	-	8.30	-
Deferred tax asset / liability	-	-	-	-	-
TOTAL 'A'	91.70	103.90	103.68	144.32	74.37
Adjustments B) Less:					
Depreciation as per I.T Act	887.12	5.96	11.09	5.00	166.27
Brought Forward Loss	23.44	754.71	580.85	430.45	220.73
Income from Generation of Power U/Sec 80 IA / IB	113.86	-	-	139.20	90.33
Dividend Income received	5.23	-	-	0.03	-
Investments in Key Man Insurance Policy	5.21	-	-	-	-
Agricultural Income	-	-	-	0.07	0.15
Profit on sale of Asset	-	-	-	0.12	-
Deferred tax asset / liability	-	-	7.42	-	-
TOTAL 'B'	1,034.87	760.67	599.36	574.86	477.48
C) Net Adjustments (A-B)	(943.16)	(656.77)	(495.69)	(430.55)	(403.11)
Taxable Income	(754.71)	(580.85)	(430.45)	(220.73)	(235.11)
Tax payable thereon	N I L	N I L	N I L	N I L	N I L
Tax Savings Thereon					

	67.28	27.10	22.83	74.90	56.55
MAT as per Sec 115 JA / JB	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Book Profits for the year	-	75.91	65.24	209.82	168.01
Adjustments A) Add:					
Inadmissible Expenses	-	13.07	5.23	-	2.70
Adjustments B) Less:					
Non Taxable Income	-	-	-	0.10	0.15
Deferred Tax Asset	-	-	-	-	-
Book Profit U/ S 115 JA / JB	-	88.98	70.47	209.72	170.56
MAT Payable @ 7.5% +2% Cess	-	6.67	5.28	16.04	13.05
MAT 7.5% + Surcharge	-	7.01	5.42	16.44	14.35
Tax Deducted at Source	-	5.36	1.57	-	-
Balance Tax Payable	-	1.65	3.85	16.44	14.35
Tax Paid	-	1.65	3.85	16.44	14.35

DETAILS OF QUALIFICATIONS APPEARING IN THE AUDIT REPORTS**I Qualifications in the audit report for the financial year ended on 30.06.2002**

- 1) **Taxes on Income** – Provision for tax for the accounting year from 1st July 2001 to 30th June 2002 is taken to be on the tax determined for the financial year from 1st April, 2001 to 31st March, 2002.
- 2) **Retirement Benefits** – The Company has not provided for any retirement benefits and no provision has been made for gratuity payable.
- 3) **Expenses under Net other Income** – Net other income includes expenses incurred.
- 4) **Dividend Payments** – Dividend is provided for on only certain category of Preference Shares only.

II Qualifications in the audit report for the financial year ended on 30.06.2003

- 1) Non provision of Preference Dividend – Dividend has not been provided on 1 No 12% Preference Share of Rs.100.00 lacs.
- 2) Accounting for Investments – No provision has been made for diminution in the book value of investments.

III Qualifications in the audit report for the financial year ended on 30.06.2004

- 1) Accounting for Investments - No provision has been made for diminution in the book value of investments.

IV Qualifications in the audit report for the financial year ended on 30.06.2005

There are no qualifications in the Audit Report

V Qualifications in the audit report for the financial year ended on 30.06.2006

There are no qualifications in the Audit Report

Annexure – 17

SIGNIFICANT CHANGES IN THE ACCOUNTING POLICIES

There have been no changes in the significant accounting policies for the past 5 years.

Annexure 18						
Details of Other Income						
Particulars	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Sep-06
Financial income	386.04	862.21	178.75	94.64	79.97	26.38
Income from Trading of WEG	60.00	30.00	147.85	-	168.15	-
Miscellaneous Income	163.22	96.15	13.40	21.66	23.49	87.88
TOTAL	609.26	988.36	340.00	116.30	271.61	114.26

INVESTMENTS

Sl No	Particulars	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
A	<u>Quoted Investments</u>						
	<u>Long Term</u>						
	ICICI Bank Ltd	16.39	16.39	8.28	-	-	-
	Centurion Bank Ltd	0.33	0.33	0.33	-	-	-
	IndusInd Bank Ltd	21.37	21.37	7.43	-	-	-
	Andhra Bank	0.23	0.23	0.18	-	-	-
	<u>Short Term</u>	-	-	-	-	-	-
	Aggregate Value	38.32	38.32	16.22	-	-	-
	Market Value	30.25	30.25	25.73	-	-	-
B	<u>Unquoted Investments</u>						
	<u>Long Term</u>						
	Money Shoppe Network Ltd	24.00	24.00	24.00	-	-	-
	Indonet Global Ltd	20.60	20.60	20.60	-	-	-
	Televista Digitals Ltd	-	6.00	6.00	-	-	-
	Jain Sahakari Bank Ltd	2.10	2.25	2.25	1.25	1.25	1.25
	Total	46.70	52.85	52.85	1.25	1.25	1.25
	<u>Short Term</u>	-	-	-	-	-	-
	Total	-	-	-	-	-	-
1.00	Aggregate Value	46.70	52.85	52.85	1.25	1.25	1.25
	Grand Total	85.02	91.17	69.07	1.25	1.25	1.25

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of the Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Draft Red Herring Prospectus.

FINANCIAL INFORMATION OF GROUP COMPANIES / OTHER VENTURES PROMOTED BY OUR PROMOTERS

1. SUBUTHI INVESTMENTS PRIVATE LIMITED ("Subuthi Investments")

Subuthi Investments was incorporated as 'SUBUTHI INVESTMENTS PRIVATE LIMITED' a private limited company *vide* certificate of incorporation no. 18-25730 dated September 6, 1993 with the ROC, Tamil Nadu at Chennai. The registered office of Subuthi Investments is situated at H-54, Anna Nagar, Chennai – 600 102, Tamil Nadu. The CIN allocated to Subuthi Investments is U65991TN1993PTC025730.

Business Activities

Subuthi Investments is *inter alia* in the business of investment of capital and other monies of the company to acquire and hold, sell or otherwise deal in shares, debentures, debenture – stocks, bonds, units, obligations and securities issued or guaranteed by Indian or foreign governments and firms, corporations, or companies whether incorporated in India or outside India and to finance and manage industrial enterprises and to promote and finance companies engaged in industrial, trading, finance, investment and/or other businesses.

Board of Directors

As on September 30, 2006 the Board of Directors of Subuthi Investments were as under:

Name of the Director	Designation
Mr. K. K. Govindamoorthy	Director
Mr. K. R. Loganathan	Director

Shareholding Pattern as on September 30, 2006.

Sr. No.	Category	Name of Shareholder	No. of shares	% holding
1.	Promoter / Directors	K.V. Bala	9000	90%
		K.K. Govindamoorthy	500	5%
2	Individuals	K.S. Ravindranath	500	5%
	Total		10000	100%

Brief Financial Performance:

(Rs. In Lacs, except per share data)

Particulars	For the Financial Year ended 31 st March			
		2004	2005	2006
Equity Share Capital (excluding calls in arrears)		0.10	0.10	1.00
Reserves (excluding Revaluation Reserves)		5.24	3.92	5.52
Net Worth		5.34	4.02	6.52
Total Income		2.4	-	4.03
PAT		1.07	(1.33)	1.60
EPS (Rs.)		107.00	0.00	16.00
NAV per share (Rs.)		534	402	65.17

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Subuthi Investments, its promoters and directors except as stated in section titled "Outstanding Litigations and Material Developments" beginning on page [●] of this Draft Red Herring Prospectus.

2. INDONET GLOBAL LIMITED ("Indonet Global")

Indonet Global was originally incorporated as "INDONET SERVICES PRIVATE LIMITED" a private limited company *vide* certificate of incorporation dated April 15, 1999 bearing No. 18 42278, with RoC, Tamil Nadu at Chennai. Subsequently, the name of the company was changed to Indonetglobal.Com Limited on April 4, 2000 and a fresh certificate of incorporation was issued to the company in this regard. Thereafter, the name of the company



was further changed to its present name on August 26, 2002 and accordingly a fresh certificate of incorporation was issued to the company. The registered office of Indonet Global is situated at 15, Khader Nawaz Khan road, II floor, Kakani Towers, Chennai 600 006. The CIN allocated to Indonet Global is L72200TN1999PLC042278.

Business Activities

Indonet Global is *inter alia* in the business of providing internet services, internet access, electronic mails, satellite television, video conferencing, voice telephony, data transfer, electronic commerce in India and rest of the world.

Board of Directors

As on September 30, 2006 the Board of Directors of Indonet Global was as under:

Name of the Director	Designation
Mr K. V. Bala	Director
Mr. K. V. Manoharan	Director
Mrs. K. B. Prathadevi	Alternate Director to Mr. K.V. Manoharan
Mr. P.N.Vedamarayanan	Director

Shareholding Pattern as on September 30, 2006:

The equity shares of Indonet Global are not listed on any stock exchange. The shareholding pattern of Indonet Global as on September 30, 2006 was as follows:

Sr No	Category	Name of Shareholder	No of shares	% holding
1	Promoters / Directors	K.V. Bala	29120	0.30%
2	Bodies Corporate	Subuthi Finance Ltd	22,28,880	22.88%
		Wind Energy Development Company Pvt. Ltd.	33,60,000	34.50%
		MSKV Remedies Ltd.	11,20,000	11.50%
		Loyal Credit & Investments Ltd.	16,82,000	17.27%
3	Banks	ICICI Bank Ltd.	13,20,000	13.55%
	Total		97,40,000	100.00%

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31 st March		
	2004	2005	2006
Equity Share Capital (excluding calls in arrears)	487.00	487.00	487.00
Reserves (excluding Revaluation Reserves)	416.30	457.11	593.58
Net Worth	903.30	944.11	1080.58
Total Income	130.18	99.20	160.09
PAT	39.72	15.59	13.53
EPS (Rs.)*	0.41	0.16	0.14
NAV per share (Rs.)	9.27	9.69	11.09

* Face Value: Rs. 5/- per Share

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Indonet Global, its promoters and directors except as stated in section titled "Outstanding Litigation and Material Developments" beginning on page [•] of this Draft Red Herring Prospectus.

3.SGM WINDFARMS PRIVATE LIMITED ("SGM Windfarms")

SGM Windfarms was incorporated as 'SGM WINDFARMS PRIVATE LIMITED' a private limited company vide certificate of incorporation no. 18-43731 dated December 13, 1999, with the ROC, Tamil Nadu at Chennai.



The registered office of SGM Windfarms is situated at “Bhaskara Apartment”, 28 Pycrofts Garden Road, Chennai – 600 006. The CIN allocated to SGM Windfarms is U40105TN1999PTC043731.

Business Activities

SGM Windfarms is *inter alia* in the business of generating energy from wind using wind mills, wind turbines and other equipment and to sell, distribute, supply and share the energy to governments, companies, industries, electricity boards and individuals according to the law for the time being in force and also for self consumption and providing all kinds of services including installation, commission, operation and maintenance of all kinds of power generation equipments, machineries and plants.

Board of Directors:

As on September 29, 2006 the Board of Directors of “SGM Windfarms” was as under:

Name of the Director	Designation
Mr. K. K. Govindamoorthy	Director
Mr. K. R. Loganathan	Director

Shareholding Pattern as on September 29, 2006.

The shareholding pattern of SGM Winfarms as on September 29, 2006 is as follows:

Sr No	Category	Name of Shareholder	No of shares	% holding
1	Promoters / Directors	K.V. Bala	30100	5.68%
		K.K. Govindamoorthy	100	0.02%
2	Bodies Corporate	Subuthi Finance Ltd	250000	47.15%
		Karumuttu Finance Ltd	250000	47.15%
	Total		530200	100.00 %

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31 st March		
	2004	2005	2006
Equity Share Capital (excluding calls in arrears)	53.02	53.02	53.02
Reserves (excluding Revaluation Reserves)	0.43	(0.15)	-
Net Worth	53.40	52.83	50.55
Total Income	6.06	4.89	4.36
PAT	0.02	(0.58)	(2.32)
EPS (Rs.)	0.004	0.00	0.00
NAV per share (Rs.)	10.07	9.98	9.53

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SGM Windfarms, its promoters and directors except as stated in section titled “Outstanding Litigations and Material Developments” beginning on page [•] of this Draft Red Herring Prospectus.

4.. BEWIND POWER PRIVATE LIMITED (“BEWIND POWER”)

Bewind was originally incorporated as ‘GREEN STAR ENERGY PRIVATE LIMITED’ a private limited company vide certificate of incorporation bearing registration no. 11-138129 dated December 5, 2002, and was issued a fresh certificate of incorporation by the RoC, Maharashtra dated January 25, 2006 consequent to change of name to “Bewind Power Private Limited”. The CIN allocated to Bewind is U31100MH2002PTC138129. The registered office of Bewind is situated at 603, Keshava, 6th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Business Activities



Bewind is *inter alia* in the business of generation of energy and the sale distribution, and supply of energy to the agricultural sector, to governments, companies, industries, electricity boards and individuals according to the law for the time being in force and also for self consumption.

Board of Directors:

As on September 30, 2006 the Board of Directors of Bewind was as under:

Name of the Director	Designation
Mr. A. E. Saravanan	Director
Ms. K.B. Prathadevi	Director

Shareholding pattern:

The shareholding pattern of Bewind as on September 30, 2006 is as follows:

Sr No	Category	Name of Shareholder	No. of shares	% holding
1	Corporates	Subuthi Finance Limited	17,000	62.97%
2	Individuals	Ms. K.B. Prathadevi	6,000	22.22%
		Mr. K.V. Bala	4,000	14.81%
		Total	27000	100%

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31 st March		
	2004	2005	2006
Equity Share Capital (excluding calls in arrears)	2.70	2.70	2.70
Reserves (excluding Revaluation Reserves)	15.30	15.30	[•]
Net Worth	17.60	17.56	17.27
Total Income	-	-	-
PAT for the year	-	-	-
EPS (Rs.)	-	-	-
NAV per share (Rs.)	65.18	65.03	63.96

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Bewind, its promoters and directors except as stated in section titled “Outstanding Litigations and Material Developments” beginning on page [•] of this Draft Red Herring Prospectus

5.. BEKEY PROPERTIES PRIVATE LIMITED (“BEKEY PROPERTIES”)

Bekey was incorporated as ‘BEKEY PROPERTIES PRIVATE LIMITED’ a private limited company *vide* certificate of incorporation no. U 45200MH2005PTC157900 dated December 8, 2005, with the RoC, Maharashtra at Mumbai. The registered office of Bekey is situated at 603, Keshava, 6th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Business Activities

Bekey is *inter alia* in the business of property management, property leasing, acquiring properties from banks etc for development.

Board of Directors:

As on December 31, 2006 the Board of Directors of Bekey comprise of the following:

Name of the Director	Designation
Mr. K.V. Bala	Director
Ms. K.B. Prathadevi	Director

Shareholding pattern:

The shareholding pattern of Bekey as on September 30, 2006 is as follows:

Sr No	Category	Name of Shareholder	No. of shares	% holding
2	Individuals	Mr. K.V.Bala	9900	99%
		Ms. K.B. Prathadevi	100	1%
		Total	10,000	100.00%

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended March 31, 2006
Equity Share Capital (excluding calls in arrears)	1
Reserves (excluding Revaluation Reserves)	-
Net Worth	0.46
Total Income	-
PAT for the year	-
EPS (Rs.)	-
NAV per share (Rs.)	4.60

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Bekey, its promoters and directors except as stated in section titled "Outstanding Litigations and Material Developments" beginning on page [•] of this Draft Red Herring Prospectus

6.RAVELLO ADVERTISING PRIVATE LIMITED ("RAVELLO ADVERTISING")

Ravello was incorporated as 'RAVELLO ADVERTISING PRIVATE LIMITED' a private limited company *vide* certificate of incorporation no. U 74300 MH 2005 PTC 155736 dated August 13, 2005, with the ROC, Maharashtra at Mumbai. The registered office of Ravello is situated at 603, Keshava, 6th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Business Activities

Ravello is *inter alia* in the business of manufacturing, assembling, maintaining, installing, preparing, producing, fabricating, altering, painting, converting, finishing, buying, selling, importing and exporting all kinds of signage, advertising, publicity, graphic, audio, visual, material including slides, cassettes, pamphlets, calenders, posters, hoardings, cut outs, discs, software etc and such other ancillary activities.

Board of Directors:

As on September 30, 2006 the Board of Directors of Ravello comprise of the following:

Name of the Director	Designation
Mr. K.K.Govindamoorthy	Director
Mr. Shakila Sarvanan	Director

The shareholding pattern of Ravello as on September 30, 2006 is as follows:

Sr No	Category	Name of Shareholder	No. of shares	% holding
1	Individuals	Mr. K.V.Bala	950	95%
		Mr. K.K. Govindamoorthy	50	5%
		Total	1000	100%

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended March 31, 2006
Equity Share Capital (excluding calls in arrears)	1.00
Reserves (excluding Revaluation Reserves)	-
Net Worth	0.78
Total Income	0.00
PAT for the year	0.00
EPS (Rs.)	0.00
NAV per share (Rs.)	78.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Ravello, its promoters and directors except as stated in section titled “Outstanding Litigations and Material Developments” beginning on page [●] of this Draft Red Herring Prospectus

COMPANIES WITH WHICH PROMOTERS HAVE DISASSOCIATED DURING THE PRECEEDING THREE YEARS:

Disassociated Company of the Promoters in the last three years

Sr. no.	Name of Entity	Date of incorporation	Date of divestment / disassociation	Status of the Entity
1.	MSKV Remedies Limited	January 24, 2002	March 31, 2006	Stake divested
2.	Kanya Windfarms Private Limited	December 24, 1999	September 24, 2004 March 12, 2004	Stake divested Mrs. K.B. Prathadevi, wife of our Promoter, Mr. K V. Bala ceased to be a Director in the company
3	Commendam Investment Private Limited	October 10, 1994	July 22, 2006	Stake divested
4.	Wind Energy Development Company Private Limited	March 21, 1998	July 22, 2006	Stake divested

Companies of the Promoter/Promoter Group referred to BIFR/ under Winding up/ having negative Net Worth

None of the companies promoted by our Promoters or Promoter Group have been referred to BIFR or are under winding up or have negative network.

None of the Promoter Group Companies / other ventures of our Promoters, have become sick companies within the meaning of the Companies Act. Additionally, there is no Group Company that was referred to erstwhile BIFR or under the process of winding up.

RELATED PARTY TRANSACTIONS:

For details of our Related Party Transactions please refer “Annexure 14” in chapter titled “Financial Information of our Company” beginning on page [●] of this Draft Red Herring Prospectus

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

There are no changes in accounting policies during the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page [●], which discusses a number of factors and contingencies that could impact our financial condition and results of operations. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines as described in the auditor's report of M/s. V Ramaratnam & Co., Chartered Accountants dated November 2, 2007, in the section titled Financial Information.

Overview of the Business of our Company

We started developing wind farms in a small way by installing 1 no. of 225 KW Wind Electric Generator, in September 1995. Since then our Company has been expanding our wind farm capacity every year to reach the present owned capacity of 16.825 MW and 17.915 MW for clients & group companies whose O&M is with the Company. The Company is currently in the process of implementing additional capacity of 9MW capacity in Karnataka as mentioned in the section 'Objects of the issue'.

The current scope of operations of our Company include:

- G) Wind Power Generation
- H) Operations & Maintenance of WEGs
- I) Turnkey operations for windmill projects

We offer 'Green Power' to our customers that include SEBs and Corporates. Other than the above we are also into the business of providing O&M services for windmills.

We have been selling the power generated to TNEB and various private corporate clients in Karnataka such as Hindustan Coca Cola Beverages Private Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, H&R Johnson India Limited, Delphi Automotive Systems Private Limited and Spicer India Limited. Under third party sale, the electricity revenues generated from the corporate clients are more than the revenue generated from the sale to SEBs.

The focus of the O&M operations has a major thrust on keeping the machine availability over 90%. This is done to ensure for the machine to generate optimum energy when the wind speed in the given area is adequate.

Under turnkey projects, our Company provides total solution for installation, operation and maintenance of windmills for third parties. Our Company has till date executed turnkey projects to the tune of 12.175 MW.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines

i. **Unusual or infrequent events or transactions:**

There have been no unusual or infrequent events that have taken place during the last 3 years.

ii. **Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Government's policy on renewable energy sources will have major bearing on companies involved in these sectors. Any major changes in policies of government would have a significant impact on the profitability of our company.

Except the above, there are no significant economic changes that may materially affect or are likely to affect income from continuing operations.

iii. **Known trends or uncertainties that have had or are expected to have a material adverse impact on sale, revenue or income from continuing operations:**

Apart from the risks disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

iv. **Future changes in relationship between costs and revenue, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:**

Our Company's future cost and sale prices will be determined by the energy demand/supply situation, government policies and WEG availability. and prices thereof.

v. **Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

Increases in revenues are by and large linked to increase in generation of energy.

vi. **Total turnover of each major Industry segment in which our Company operated**

This data is not available to the best of our knowledge and belief.

vii. **Status of any publicly announced new products or business segments**

Our Company has not publicly announced any new products or business segments.

viii. **Seasonality of business**

Our Company is affected by the weather patterns and the peak energy generation period is between April to October due to the south westerly wind pattern. The same is reflected in higher PLF by the WEGs.

ix. **Over dependence on Single supplier/Customer**

Wind is the only raw material required to generate wind energy. Being located in Tamil Nadu, as per the TNEB policy,. Hence we only sell the power to TNEB and also use for captive consumption. In Karnataka, the power is currently wheeled to third parties and for the proposed project the power shall be sold to KPTCL.

x. **Competitive conditions**

The Electricity Act which came into force in June 2003, removes licensing requirements, provides open access to generation, transmission and distribution networks and removes restrictions on the right to build captive generation plants. These reforms though favorable for us, it would lead to increased competition in power industry. Therefore, in future, increased competitive condition would affect the profitability of the Company. But taking into consideration huge demand and supply gap and uninterrupted power supply being critical for industrial growth there is tremendous potential for all the companies in this sector.

Installed Capacity

With initial capacity of 225 KW and installation of 1 windmill in 1995, our Company has till date installed 71 windmills with total capacity of 16.825 MW.

The existing state wise installed capacities are given below:

Product	Year ended			Quarter ended September 30, 2006
	2004	2005	2006	
	Installed Capacity	Installed Capacity	Installed Capacity	Installed Capacity
Windmills owned by us	17.875 MW	17.625 MW	16.825 MW	16.825 MW

Karnataka	4.10 MW	4.10 MW	3.30	3.30
Tamilnadu	13.525 MW	13.525 MW	13.525	13.525
Andhra Pradesh	0.25 MW	-	-	-
Windmills operated & maintained by us	5.125 MW	6.625 MW	17.915 MW	

Business Performance

Our Company's total income has grown up from Rs. 99 lacs in FY 1996 to Rs. 2603.41 lacs in FY 2006 with a CAGR of 39% approx. Similarly our Net Profit has increased from Rs. 9.2 lacs in FY 1996 to Rs. 550.91 lacs in FY 2006 and has registered a CAGR of 51%. We operate in the industry where Selling Prices for all the players would be same in a particular location, hence our Profits Margins are affected by the Operations & Maintenance of the windmills. The better we are able to maintain the windmills; the better would be the capacity utilisation.

Results of Operations

(Rs. In lacs)

Particulars	30 th June 2004	30th June 2005	30th June 2006	Quarter ended 30th Sep. 2006
INCOME				
Power Income	525.59	787.13	764.30	351.40
% increase	-7.48%	49.76%	-2.90%	-54.02%
Project Income	-	1080	1567.5	-
% increase			45.14%	
Other Income	340	116.3	271.61	114.26
% increase	-65.60%	-65.79%	133.54%	-57.93%
Total Income	865.59	1,983.43	2,603.41	465.66
% increase	-44.39%	129.14%	31.26%	-82.11%
Raw Material Consumed		778.59	1095.86	
As %age to Total Income	0.00%	39.25%	42.09%	0.00%
Operating Expenses	78	108.01	238.64	67.16
As %age to Total Income	9.01%	5.45%	9.17%	14.42%
Personnel Expenses	40.76	48.57	35.65	12.38
As %age to Total Income	4.71%	2.45%	1.37%	2.66%
Administrative & Other Expenses	88.19	88.83	140.1	28.25
As %age to Total Income	10.19%	4.48%	5.38%	6.07%
			57.72%	
Profit before Interest, Depreciation and Tax	658.64	959.43	1093.16	357.87
As %age to Total Income	76.09%	48.37%	41.99%	76.85%
		45.67%	13.94%	
Interest & Financial Charges	248.33	383.53	439.42	106.53
As %age to Total Income	28.69%	19.34%	16.88%	22.88%

Depreciation	104.8	106.5	77.99	26.01
As %age to Total Income	12.11%	5.37%	3.00%	5.59%
Net Profit Before Tax	305.51	469.4	575.75	225.33
As %age to Total Income	35.30%	23.67%	22.12%	48.39%
Net Profit After Tax	307.7	414.24	550.91	215.33
As %age to Total Income	35.55%	20.89%	21.16%	46.24%

Our Total Income is broke down as follows:

Particulars	Year ended June 30, 2004		Year ended June 30, 2005		Year ended June 30, 2006		Quarter ended September 30, 2006	
		As % to Total Income		As % to Total Income		As % to Total Income		As % to Total Income
Power Income	525.59	60.72%	787.13	39.69%	764.30	29.36%	351.4	75.46%
Project Income	-	0.00%	1080	54.45%	1567.5	60.21%	-	0.00%
Other Income								
Financial Income	178.75	20.65%	94.64	4.77%	79.96	3.07%	26.38	5.67%
Income from trading of WEG	147.85	17.08%	-	0.00%	168.15	6.46%	-	0.00%
Misc Income	13.4	1.55%	21.66	1.09%	23.49	0.90%	87.88	18.87%
Total Income	865.59	100.00%	1983.43	100.00%	2603.41	100.00%	465.66	100.00%

Power Income

We are deriving our major revenue from the sale of power generated by the windmills installed and operated by us. Our power income also includes the income for providing O & M services to the other companies. Our major sale of power is to TNEB in Tamilnadu and various private corporate clients in Karnataka. Currently, we are selling the power to TNEB at Rs. 2.70/- per unit. In Karnataka, we are selling the power to the corporate clients at Rs. 3.95/- per unit. However, in this case we will have to pay wheeling charges @ 10% which will be deducted from the production units. Sale of power is recognized at the point of dispatch of electricity generated from Plant and Stock points. The income from sale of power in fiscal 2004, 2005 and 2006 was Rs. 525.59 lacs, 787.13 lacs and 764.30 lacs respectively.

Project Income

Our Company, apart from its core business of power generation, is also engaged in development of the windmills for which we have a manufacturing unit located at Pondicherry. The unit was set up in the year 2004. We develop projects for our clients on a turnkey basis. The said activity involves procurement of materials, spares, fabrication and erection of windmills for third parties. Our Company has till date executed turnkey projects to the tune of 12.175 MW. We recognize the project income at the point of sale of windmills that is when the significant risks and rewards in respect of WTG ownership are transferred to our customer in accordance with the terms of its order. The income from projects was Rs. 1080 lacs and Rs. 1567.50 lacs in fiscal 2005 and 2006 respectively.

Classification of Other Income

Our Other Income as a percentage of total income was 39.28%, 5.86% and 10.43% in the fiscal 2004, 2005 and 2006 respectively. We have classified our Other Income in the following main heads:

Financial Income

Our Company deploys the excess funds lying with it by providing loans to others and earns interest income from the same. We are also providing our windmills on hire purchase to the clients and receive hire purchase income. The financing income of our company for the fiscal 2004, 2005 and 2006 was Rs. 178.75 lacs, 94.64 lacs and 79.96 lacs respectively. There is a decreasing trend in interest income as we have started investing our excess funds in project divisions and expanding our capacities of generating power.

Income from trading of WEG

The surplus fund available with the Company is also utilised for buying out second hand and preused windmills. We renovate those assets and operate the same to generate power income. In case we get some better opportunity in the market or if funds are required for our main activities, we sell these assets and earn trading income.

Expenditures

Our total expenditure comprises of:

- Raw Material Consumed
- Operating Expenses
- Personnel Expenses
- Administrative and Other Expenses

Raw Material Consumed

Our Company has set up a manufacturing unit in Pondicherry in 2004. Raw Material consumed represents the raw materials and components utilized in manufacturing of windmills sold during each accounting period. The cost is measured using the value of our stock of raw materials and components at the beginning of the accounting period plus raw materials and components purchased during the such period (or portion thereof) less the value of our stock of raw materials and components at the close of the accounting period. Cost of goods sold also includes the increase or decrease, as the case may be, of inventory, which represents the difference between the value of stock of semi-finished and finished goods and work in progress on the last day of our fiscal year as compared to the first day of our fiscal year.

Operating Expenses

The following table breaks down the Operating Expenses and the percentage of each items to the total income for the last three fiscal years:

Particulars	Year ended June 30, 2004		Year ended June 30, 2005		Year ended June 30, 2006		Quarter ended September 30, 2006	
		As % to Total Income		As % to Total Income		As % to Total Income		As % to Total Income
Repairs & Maintenance	43.26	5.00%	62.39	3.15%	83.51	3.21%	26.02	5.59%
Insurance	23.41	2.70%	26.14	1.32%	32.36	1.24%	18.99	4.08%
Security	11.33	1.31%	13.96	0.70%	13.57	0.52%	2.91	0.62%
Production exp.		0.00%	5.52	0.28%	109.2	4.19%	19.24	4.13%
Total	78.00	9.01 %	108.01	5.45 %	238.64	9.17 %	67.16	14.42 %

Operating Expenses primarily consists of repairs & maintenance expenses, insurance expenses and security expenses incurred for running of the windmills.

Production expenses are incurred for our project division which includes normal operating expenses, factory expenses, interest on fund deployed for that project etc.

Total operating expenses were Rs. 78 lacs, Rs. 108.01 lacs and Rs. 238.64 lacs for the fiscal 2004, 2005 and 2006 respectively corresponding to 9.01%, 5.45% and 9.17% of total income during each such fiscal year

Personnel Expenses

Personnel expenses include salary, bonuses, wages, allowances, incentives contribution to provident and other funds and staff welfare expenses. During fiscal 2004, 2005 and 2006, our personnel expenses were Rs. 40.76 lacs, Rs. 48.57 lacs and 35.65 lacs.

Administrative & Other Expenses

Administrative expenses include legal & professional charges, repairs & maintenance, travelling & conveyance, vehicle maintenance, business promotion expenses etc.

Interest & Financial Charges

The following table breaks down our financial charges and the percentage of each item relative to total income for each of the last three fiscal years.

Particulars	Year ended June 30, 2004		Year ended June 30, 2005		Year ended June 30, 2006		Quarter ended September 30, 2006	
		As % to Total Income		As % to Total Income		As % to Total Income		As % to Total Income
Interest on loans	15.69	1.81%	67.78	3.42%	87.90	4.43%	4.14	0.21%
Lease Rentals	228.14	26.36%	315.75	15.92%	330.55	16.67%	99.36	5.01%
Processing Charges	4.5	0.52%		0.00%	20.86	1.05%	2.97	0.15%
Hire Purchase Expenses		0.00%		0.00%	0.11	0.01%	0.06	0.00%
Total	248.33	28.69%	383.53	19.34%	439.42	22.15%	106.53	5.37%

Interest on loans represents the interest provided for the amount borrowed from various banks for acquisition and manufacturing of windmills. Lease rentals are paid for acquisition of windmills on lease.

Processing charges represent bank charges for various loans and facilities and other charges levied by banks.

Depreciation

Depreciation pertains to depreciation of our tangible assets being building, plant & machinery, office equipments and vehicles. 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 are stated at cost plus revaluation cost, less accumulated depreciation.

Taxation

Income Taxes are accounted for in accordance with AS – 22 issued by the ICAI on “Accounting for Taxes on Income”. Taxes comprise both current and deferred taxes Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. The major benefit we avail of is under Section 80IB of the Income Tax Act, 1961 as one of our manufacturing facilities is

located in industrially backward areas as defined in the statute. We are also getting other benefits under the Income Tax which are available to the Company operating windmills.

Deferred taxes arise from timing differences between recording our book profits and our taxable profits that originate during an accounting period and which can be reversed in subsequent periods. Deferred taxes are measured using the tax rates and laws that have been enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets. Significant sources of deferred tax liabilities and assets include: the timing difference in recording depreciation under Indian GAAP and under the Income Tax Act, 1961; and benefits available under Section 80IB of the Income Tax Act, 1961.

Analysis of Debtors to Total Income

Particulars	Year ended June 30, 2004	Year ended June 30, 2005	Year ended June 30, 2006
Total Income	865.59	1,983.43	2,603.41
Total Debtors	221.77	253.76	773.59
%age to Total Income	25.62%	12.79%	29.71%
Debtors More than 6 Months Old	155.87	54.66	90.34
%age to Total Income	18.01%	2.76%	3.47%
Other Debtors	65.9	199.1	683.25
%age to Total Income	7.61%	10.04%	26.24%

Debtors for Project division are certain corporate clients for whom we develop projects on turnkey basis.

Debtors for Power division mainly consist of TNEB, Spicer India Ltd, Hindustan Cococola Beverages and Karnataka Breweries and Distilleries. As a percentage of total income, total debtors in the fiscal 2004, 2005 and 2006 are 5.04%, 12.67% and 29.71% respectively. The ratio has increased significantly in fiscal 2006 mainly due to the high holding period of debtors in project division.

RESULTS OF OPERATIONS — FISCAL 2006 COMPARED TO FISCAL 2005

An overview of trends and developments and a comparison of significant items of income for fiscal 2006 compared to fiscal 2005 are provided as follows:

- CER (Carbon Emission Reduction) project registered with UNFCCC and became eligible for issuance of CERs

Revenues

Our total income for the Fiscal 2006 was Rs. 2603.41 lacs as compared to Rs. 1983.43 lacs in fiscal 2005, which is an increase of 31.26%. Rise in our Total Income was result of our increased project income from Rs. 1080 lacs to Rs. 1567.50 lacs representing an increase of 45.14%. There was vast increase in the installed capacity for Customer WEG under AMC in Pondicherry in the fiscal 2006 because of which our project income boosted in this fiscal.

There was also an increase of Other Income to Rs. 271.61 lacs in fiscal 2006 from Rs. 116.30 lacs. It was mainly because of trading income of Rs. 168.15 lacs from sale of WEG purchased by us.

Income from sale of power showed a nominal decrease of 2.90% in fiscal 2006 to Rs. 764.30 lacs as compared to Rs. 787.13 lacs in the fiscal 2005. It was primarily due to slight increase in penalty charges and meter reading charges levied by TNEB. Also because of poor infrastructural facilities basically, shortage of grid & non availability of substation facility in proportion to increase in the overall capacity in the state, we were not able to utilize the full potential of our windmills. However, since Govt has promised to increase the substation facilities, we expect better utilization in upcoming years.

Expenditures

Our total expenditure before the cost of financing, amortization and depreciation, in fiscal 2006 was Rs. 1510.25 lacs in fiscal 2006 as compared to Rs. 1024 lacs in fiscal 2005, which is an increase of 47.49%. Our total expenditure before the cost of financing, amortization and depreciation, as a percentage of total revenue was 58.01% in fiscal 2006 as compared to 51.63% in the fiscal 2005. This change can be contributed to increase in administrative expenses and increase in raw material cost in fiscal 2006.

Raw Material Consumed

Raw material cost for the fiscal 2006 was Rs. 1095.86 lacs as compared to Rs. 778.59 lacs in the fiscal 2005. The increase is primarily due to increase in activity in our project division. As a percentage of total income, raw material cost has increase from 39.25% to 42.09%. The increase is because input cost had gone up in the fiscal 2006.

Operating Expenses

Operating Expenses have gone up in fiscal 2006 to Rs. 238.64 lacs as compared to Rs. 108.01 lacs in fiscal 2005, as the increase in project income in fiscal 2006 led to corresponding increase in the project cost. As percentage to total income, operating expenses have increase from 5.45% to 9.17%. This is primarily due to increase in production expenses in our project division in line with the general increase in costs..

Personnel Expenses

Expenses on Employees decreased from Rs. 48.57 lacs in fiscal 2005 to Rs. 35.65 lacs in the fiscal 2006. As % of total income also, personnel expenses have decreased from 2.45% to 1.37%. The decrease is primarily due to our efforts taken for streamlining the personnel expenses and to increase the individuals' efficiency by implementing the variable payment schemes instead of fixed payment schemes etc.

Administrative and Other Expenses

Our Administration expenses have increased from Rs. 88.83 lacs to Rs.140.1 lacs, an increase of 57.72%. The percentage of expenditure to the total income has also increased from 4.48% to 5.38%. The increase is primarily due to increase in the travel and general expenses for travelling abroad in order to get the UNFCC approval for carbon credit, tying up with new suppliers and to achieve benefits from globalization.

Earnings before Interest, Depreciation and Tax (EBIDTA)

EBIDTA increased from Rs. 959.43 lacs in fiscal 2005 to Rs. 1093.16 lacs representing an increase of 13.94%. EBIDTA as a percentage to total income has decreased from 48.37% to 41.99% primarily due to increase in Operating Expenses and Administration expenses in fiscal 2006 because of increased activities in our project division and expenses in developing global relationships and also due to efforts for sale of carbon credit.

Interest & Financial Charges

Interest & Financial Expenses has increased from Rs. 383.53 lacs in fiscal 2005 to Rs. 439.42 lacs in fiscal 2006. The increase is mainly due to interest paid on the term loan taken from Bank of India in the fiscal 2006 and increase in other processing charges.

Depreciation

Depreciation on the Fixed Assets has decreased from Rs. 106.50 lacs in fiscal 2005 to Rs. 77.99 lacs in fiscal 2006. Depreciation as percentage to total income has decreased from 5.37% in fiscal 2005 to 3% in fiscal 2006.

Net Profit after Tax

Our Net profit has increased by 33% in fiscal 2006 to Rs. 550.91 lacs as compared to Rs. 414.24 lacs in fiscal 2005. The increase is primarily due to increase in project income in the fiscal 2006. However, as percentage of total



income, net profit has marginally increased from 20.68% to 21.16% because of high operating expenses and lower margins in our project division.

RESULTS OF OPERATIONS — FISCAL 2005 COMPARED TO FISCAL 2004

An overview of trends and developments and a comparison of significant items of income for fiscal 2005 compared to fiscal 2004 are provided as follows:

- First full-year of operations of our new manufacturing facility in Pondicherry for development of windmills for the third parties
- Company patented the “Green Power” as trade mark during March 2005

Revenues

Our total income for the Fiscal 2005 was Rs. 1983.43 lacs as compared to Rs. 865.59 lacs in fiscal 2004, which is increase of 129.14%. Increase in our Total Income was result of our commencement of new manufacturing unit which started generating revenue from the fiscal 2005.

Income from sale of Power had increased from Rs. 525.59 lacs in fiscal 2004 to Rs. 787.13 lacs in fiscal 2005 primarily due to full utilization of installed capacity installed in the fiscal 2004. PLF had also increased from 21.49% in fiscal 2004 to 22.98% in fiscal 2005 because of better wind and addition of new projects at the location, which contributed better PLF during the fiscal 2005.

Company generated Project Income to the tune of Rs. 1080 lacs in the fiscal 2005 from the manufacturing unit set up in Pondicherry. There are no comparative figures for the same in the fiscal 2005.

Other Income decreased to Rs. 116.3 lacs in fiscal 2005 as compared to Rs. 340 lacs in fiscal 2004. This was primarily due to decrease in our financing income as, our company deployed the excess funds in increasing the windmills capacity, which were earlier lent to others.

Expenditures

Our total expenditure before the cost of financing, amortization and depreciation, in fiscal 2005 was Rs. 1024.00 lacs as compared to Rs. 206.95 lacs in fiscal 2004, which is increase of 394.81%. This is primarily due to expenditure incurred in our project division. Our total expenditure before the cost of financing, amortization and depreciation, as a percentage of total revenue was 51.63% in the fiscal 2005 as compared to 23.91% in the fiscal 2004. This change is primarily due to change in the product mix of our total income.

Raw Material Consumed

The total raw material consumed in the fiscal 2005 was Rs. 778.59 lacs. This cost represents the material acquired in the project division for manufacturing of the windmills. As the unit started its commercial production in fiscal 2005, there are no comparative figures for the same.

Operating Expenses

Operating Expenses have gone up in fiscal 2005 to Rs. 108.01 lacs as compared to Rs. 78 lacs in fiscal 2004 as the set up of the project division led to corresponding increase in the project cost. As percentage to total income, operating expenses have decreased from 9.01% to 5.45%. This is primarily due to a part of expenses being incurred on raw materials, which is not forming part of operating expenses.

Personnel Expenses

Expenses on Employees increased from Rs. 40.76 lacs in fiscal 2004 to Rs. 48.57 lacs in the fiscal 2005. However, as % of total income, personnel expenses had decreased from 4.71% in fiscal 2004 to 2.42% in fiscal 2005.

Administrative and Other Expenses

Our Administration expenses have increased marginally from Rs. 88.19 lacs in fiscal 2004 to Rs.88.83 lacs in fiscal 2005 because of increase in our business activities. However, the percentage of expenditure to the total income had decreased from 10.19% to 4.48%. This decrease is primarily due to change in the product mix in our total income with project income constituting a major proportion of our total income in fiscal 2005.

Earnings before Interest, Depreciation and Tax (EBIDTA)

EBIDTA increased from Rs. 658.64 lacs in fiscal 2004 to Rs. 959.43 lacs representing an increase of 45.67%. EBIDTA as a percentage to total income decreased from 76.09% to 48.37% primarily due to increase in total expenses due to setting up of new division generating lower margins as compared to windmills division.

Interest & Financial Charges

Interest & Financial Expenses has increased from Rs. 248.33 lacs in fiscal 2004 to Rs. 383.53 lacs in fiscal 2005. The increase is primarily due to increase in interest expenses as a result of increase in amount borrowed from banks and increase in lease rentals paid for acquisition of windmills in the fiscal 2005. As a percentage of total income, it decreased from 28.69% in fiscal 2004 to 19.34% in fiscal 2005.

Depreciation

Depreciation on the Fixed Assets has marginally increased from Rs. 104.80 lacs in fiscal 2004 to Rs. 106.50 lacs in fiscal 2005. However, depreciation as percentage to total income had decreased from 12.11% in fiscal 2004 to 5.37% in fiscal 2005 due to increase in our total income in fiscal 2005.

Net Profit after Tax

Our Net profit has increased by 34.62% in fiscal 2005 to Rs. 414.24 lacs as compared to Rs. 307.70 lacs in fiscal 2004. The increase is primarily due to income from the newly setup project division and increase in our income from sale of wind power. However, as percentage of total income, net profit had decreased from 35.55% to 20.89% due to lower profits margins from the project division.

DETAILS OF MATERIAL DEVELOPMENT AFTER THE DATE OF LAST BALANCE SHEET

Our company has received sanction for Working Capital facility from Bank of India vide their letter dated January 6, 2007 Ref. No. AnCBB: LBB: KS for Rs 1000 lacs with following terms:

Nature of facility	Amount Sanctioned	Margin	Effective ROI / Commission
Fund Base Limit			
CC-Hyp. Of Stocks	900	40% Stocks	1% over BPLR, presently 13% p.a
Non- Fund Based Limits			
One time BG	100	15% (payable on receipt of money from beneficiary)	Normal Rates

SECTION VI - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

There are no outstanding litigations, suits or civil or criminal prosecution against our Company, our Directors, our Promoters and our Group Companies or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, bonds and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors and our Promoters, except as described below. Further, our Directors, Promoters or companies promoted by our Promoters have not been declared as willful defaulter by the Reserve Bank of India and also have not been debarred from dealing in securities and/ or accessing the capital markets by SEBI and no disciplinary action has been taken against them by SEBI except as described below:

A. Outstanding litigation and contingent liabilities of our Company

Contingent liabilities as on September 30, 2006

S.No.	Particular	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30.06.2006	30.09.2006
	Income Tax demand for the A Y 1998-99	0.00	0.00	0.00	40.88	40.88	40.88
	Income Tax demand for the A Y 2001-02	0.00	0.00	0.00	2.87	0.00	0.00
	Bank Guarantee – Indonet Global Limited	0.00	0.00	0.00	200.00	200.00	200.00
	Total	0.00	0.00	0.00	243.75	240.88	240.88

B. Outstanding litigation against our Directors

Cases filed against our Director

- (a) **Thomas Muthoot and Thomas John Muthoot v/s. Mr. K.S Ravindranath, Director O.S. No. 437 of 2005 before the Court of the Principal District Munsiff, Nagercoil.**

The above suit has been filed by Thomas Muthoot and Thomas John Muthoot (the “Plaintiffs”) against our Company and our whole time director, Mr. K.S Ravindranath in respect of properties purchased by the Plaintiffs *vide* a Sale Deed dated April 12, 2000 bearing number 272 of 2000, Sale Deed dated April 12, 2000 bearing number 271 of 2000 and a Sale Deed dated March 23, 2000 bearing number 217 of 2000 respectively (the “said Agreements”), By the said Agreements our Company has acquired the following properties on an ownership basis namely (a) an area admeasuring 3 acres 38 cents in Re.Sy.No.774/2; (b) an area admeasuring 2 acres 76 cents in Re.Sy.No.776; (c) an area admeasuring 1 acre 40 cents in Re.Sy.No.779/4 and (d) an area admeasuring 3 acres 62 cents in Re.Sy.No.778/1 situated at Aralvoimozhy Village respectively. However *vide* consent letter dated September 10, 2003 our Company conveyanced 2 acres 42 cents in Re.Sy.No.774/2 and 58 cents in Re.Sy.No.778/1 aggregating to 3 acres of land out of the entire property, free of cost to the Tamil Nadu Electricity Board for the establishment of a new 110/11 KV sub station. Pursuant to the said transfer, the Plaintiffs have filed the abovementioned suit against our Company alleging their title over the 53 cents in Re.Sy.No.774/2 situated in Aralvoimozhy Village. However, our Company has in its written statement denied the allegation and has claimed that the Plaintiffs property lies to the east and south of the property and the Plaintiffs consequently have no claim. Order has been passed by the District Munsiff, Nagercoil in favour of our Company and our Director. Copy of the said order is awaited.

C. Outstanding litigation against and by Our Company

Cases filed by our Company:

(a) Indowind Wind Energy Limited v/s. Milton Plastics Limited AND Soprano Holdings Company Private Limited (ANR) Suit No. 1104 of 2004 before the High Court, Bombay

Our Company has entered into an operation and maintenance contract (“O&M Contract”) dated April 2, 1998 with Milton Plastics Limited (the “1st Defendant”) for operating and maintaining the windmills erected at Villages Belladhadi and Mallasamudra, Taluka & District Gadag, Karnataka State and generating electricity for a period of 9 years and 10 months. Pursuant to the execution of the O&M Contract, the 1st Defendant requested our Company to grant Soprano Holdings Company Private Limited (the “2nd Defendant”) financial assistance of Rs. 5,65,00,000/- repayable over a period of 9 years and 9 months together with interest @ 20% p.a. on quarterly rests *vide* a loan agreement dated April 23, 1998 which was granted by our Company. Subsequently, a joint agreement dated April 24, 1998 was executed between our Company, 1st Defendant and the 2nd Defendant. Pursuant to the agreement dated April 24, 1998, our Company alleges that the 1st Defendant failed and neglected to pay rent payable under the said Agreement and also claims that the 2nd Defendant has become jointly and severally liable to pay our Company the entire outstanding loan due amounting to Rs. 5,65,00,000/- in accordance with the repayment schedule. The suit is pending before the High Court, Bombay and the amount of claim involved is Rs. 7,14,54,590.82/-. The matter is still pending.

(b) Indowind Wind Energy Limited & Others v/s. State of Karnataka, Union Of India & Others Writ Petition No. 30629/2000 before the High Court of Karnataka

Our Company has filed a Writ petition in the High Court of Karnataka, Bangalore against the State of Karnataka, Karnataka Power Transmission Corporation Limited (the “Respondent Corporation”) and the Karnataka Electricity Regulatory Commission for the revision of wheeling charges from 2% to 10%. Subsequently, the High Court passed an interim order dated November 6, 2000 stating that the Respondent-Corporation shall collect wheeling charges at the rate of 10% of the energy wheeled subject to our Company’s filing an undertaking before the Court to the effect that in case the writ petitions are dismissed and enhancement in the wheeling charges in terms of the impugned order is upheld and the petitioner shall either supply the deficit (Balance 10%) or deposit with the Respondent-Corporation the price thereof at the rate of the H.T. Industrial Tariff. The case is still pending in the Hon’ble High Court of Karnataka and amount of claim is not quantifiable.

(c) Indowind Energy Limited v. Vestas RRB, and TNEB IA / 1590/ 2005 OS/ 2005 before the Thenkasi District Munsif Court

Vide a sale deed dated October 21, 2003 executed by and between our Company and one Mr. Subramaniam, our Company acquired a property admeasuring 1.23 acres in the southern corner of the total property of 1.65.5 hectares bearing survey number 90/1 situated at Kassikuvaythan village, Alangulam Taluq, Tirunelveli District. However the property was erroneously described in the schedule to the said sale deed as undivided portion *vide* a deed of rectification dated August 3, 2005 from Mr. Subramaniam on the property was clearly demarcated as 1.23 acres in the southern corner of the total property of 1.65.5 hectares bearing survey number 90/1. Subsequently Vestas RRB (“Defendant No. 1”) entered into a lease agreement dated March 11, 2005 with Mr. Subramaniam for 2 acres in the eastern corner of the property bearing survey no. 90/1 and certain other properties and thereafter is claiming right over our property admeasuring 1.23 acres (“disputed property”) and is trying to construct a structure on the disputed property without our Company’s permission or consent. Accordingly, our Company has filed this suit and has sought directions of the Thenkasi District Munsif Court (the “Court”) to grant a permanent stay against the Defendant No.1 prohibiting it from constructing any building or civil foundation on the disputed property and also a permanent stay restricting TNEB from granting any NOC and grid tie up to Defendant No. 1 to set up a wind mill in our property. Our Company has further pleaded that pending the final disposal of the case, an interim stay may be granted restricting TNEB from granting any NOC and grid tie-up to defendant number 1 to set up a windmill on our property. The matter is still pending.

(d) Indowind Energy Limited v/s. Cicon Environment Technologies Limited and Others Case No. 2614/SS/ of 2004 pending before the Metropolitan Magistrate’s Court, Bandra

Our Company has filed this complaint against Cicon Environment Technologies Limited, and its Directors Mr. Suhas Bhand, Mrs. Smita Bhand, Mr. L.M. Bhand and Mr. NNitin Bhand (the “Accused”) under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 for dishonour of cheque for an amount of Rs.10, 000,000/- for discharge of its liability under agreement dated May 21, 2003 for conducting feasibility study for our Company. The same is pending before the Metropolitan Magistrate’s Court, Bandra.

D. Cases filed against Our Company

(a) Thomas Muthoot and Thomas John Muthoot v/s. Indowind Energy Limited O.S. No. 437 of 2005 before the Court of the Principal District Munsiff, Nagercoil.

The above suit has been filed by Thomas Muthoot and Thomas John Muthoot (the “Plaintiffs”) against our Company and our whole time director, Mr. K.S Ravindranath in respect of properties purchased by the Plaintiffs *vide* a Sale Deed dated April 12, 2000 bearing number 272 of 2000, Sale Deed dated April 12, 2000 bearing number 271 of 2000 and a Sale Deed dated March 23, 2000 bearing number 217 of 2000 respectively (the “said Agreements”), By the said Agreements our Company has acquired the following properties on an ownership basis namely (a) an area admeasuring 3 acres 38 cents in Re.Sy.No.774/2; (b) an area admeasuring 2 acres 76 cents in Re.Sy.No.776; (c) an area admeasuring 1 acre 40 cents in Re.Sy.No.779/4 and (d) an area admeasuring 3 acres 62 cents in Re.Sy.No.778/1 situated at Aralvoimozhy Village respectively. However *vide* consent letter dated September 10, 2003 our Company conveyed 2 acres 42 cents in Re.Sy.No.774/2 and 58 cents in Re.Sy.No.778/1 aggregating to 3 acres of land out of the entire property, free of cost to the Tamil Nadu Electricity Board for the establishment of a new 110/11 KV sub station. Pursuant to the said transfer, the Plaintiffs have filed the abovementioned suit against our Company alleging their title over the 53 cents in Re.Sy.No.774/2 situated in Aralvoimozhy Village. However, our Company has in its written statement denied the allegation and has claimed that the Plaintiffs property lies to the east and south of the property and the Plaintiffs consequently have no claim. Order has been passed by the District Munsiff, Nagercoil in favour of our Company and our Director. Copy of the said order is awaited.

(b) Dena Bank, Bhopal v/s Indowind Energy Ltd. Review Application dated February 12, 2005 before the Deputy Governor, Reserve Bank of India

Dena Bank, Bhopal (the “Applicant”) has filed this Review Application dated February 12, 2005 against the Award dated January 14, 2005 (the “Award”) passed by the Honorable Banking Ombudsman, Bhopal (the “Forum”) in relation to the Complaint No. 406/2004-2005 made by our Company in respect of a bank guarantee for Rs. 10,000,000 issued by the Applicant in favour of our Company as the Beneficiary on behalf of their client Cicon Environment Technology Limited (the “Cicon”). Our Company invoked the guarantee but the Applicant claimed that the original bank guarantee has expired and further was cancelled by our Company. Our Company asked the Applicant to furnish a copy of the cancelled guarantee, which was thereafter found not genuine. The Applicant claimed that Cicon has committed fraud in connivance with our Company. The Forum in the Award directed the Applicant to pay our Company a sum of Rs. 10,000,000/- along with interest as well as a sum of Rs. 50,000/- towards cost incurred. The Applicant has filed the Review Application praying *inter alia* that the Award passed should be set aside and the review petition of the Applicant should be allowed. Our Company has filed its reply to the Review Application therein. The order is yet awaited from the Deputy Governor, Reserve Bank of India.

(c) Milton Plastics Limited v/s Indowind Energy Ltd- Complaint No. 32311/IPC/SL-I/ROC/2003 dated January 9, 2003 before the Registrar of Companies, Tamil Nadu, Chennai.

Milton Plastics Limited (“MPL”) has filed the above complaint against our Company and its Directors before the RoC, Chennai, Tamil Nadu alleging *inter alia* that MPL had not received any dividend warrants in respect of 12% non-convertible cumulative preference shares of Rs. 100 lacs issued by our Company to MPL on January 23, 1998. Our Company and MPL had entered into an Operations and Maintenance Agreement dated April 2, 1998 and further entered into a joint agreement (the “Joint Agreement”) dated April 24, 1998 with MPL and Soprano Holdings Co. Ltd which has stood as guarantors for Minimum Guaranteed returns by our Company to MPL. In its reply dated July 29, 2003 to the Registrar of Companies, Chennai our Company has submitted that the above complaint was to be preferred to an

Arbitrator under the Joint Agreement and not to the RoC, and the complaint should therefore be closed and referred to an Arbitrator. We are still awaiting further orders from the RoC.

Note: Our Company has filed Suit No. 1104 of 2004 in the Bombay High Court, against MPL and Soprano Holdings Co. Ltd for recovery of Rs. 7,14,54,590.82. For details regarding the same, please refer to paragraph (a) of Cases filed by our Company.

Income Tax Demands

1. Our Company has filed an Appeal being Income Tax Appeal No. 528/04-05/A.III against the order dated February 21, 2005 passed by the Assistant Commissioner of Income Tax, Company Circle - II(3), Chennai under section 143(3) and 147 of the Income Tax Act before the Appellate Tribunal, Chennai challenging, *inter alia*, the disallowance of depreciation of Rs. 47,30,000/- made in assessment under section 143(3). This pertains to Assessment Year 1998-1999 and the amount that would be refunded to our Company, if our Company succeeds in its challenge, is Rs. 26,54,944/-
2. The Company has preferred an appeal before Income Tax appellate tribunal Chennai (appeal No 533/2005) against the order of The Assistant Commissioner of Income Tax Company Circle II (3) challenging additions amounting to Rs. 88,40,000/-, Similarly, Income Tax department has also gone on appeal against the relief granted by the Commissioner (Appeals) amounting to Rs 52,45,425/- (Appeal No 580/2005) If succeeds, the company would get a refund of Rs 12,06,924/-
3. Our Company has filed an Appeal for the Assessment Year 2004-05 pending before the Commissioner of Income Tax (Appeals), appealing against the Assessment Order dated December 8, 2006 demanding payment of Rs. 1,14,99,453/- by making certain additions. The Department of Income Tax has initiated penalty proceedings and our Company has requested them to defer the action till disposal of the said Appeal lying before the Commissioner (Appeals).

E. Outstanding litigation by/ against Our Promoters

Mr. K. V. Bala- Nil

There is no outstanding litigation pending by or against our Promoter, Mr. K. V. Bala.

Loyal Credit and Investments Limited

There are no outstanding litigations pending by or against our Promoter, Loyal Credit and Investments Limited.

Subuthi Finance Limited (“Subuthi Finance”)

Outstanding Litigation of Subuthi Finance

Cases filed against Subuthi Finance

(a) Income Tax Demands

1. Subuthi Finance has filed an Appeal being Income Tax Appeal No.536/2005 before the Hon'ble High Court of Chennai against the order passed by the Income Tax Assessing Authority for disallowing the depreciation claimed by Subuthi Finance. This pertains to the Assessment Year 1993-94 to 1996-97 and the Assessing Officer has demanded tax for an amount of Rs. 1,02,43,906/-. The Appeal under section 154 of the Income Tax Act has been admitted by the Hon'ble High Court of Chennai for correction of certain mistakes apparent on the said order.
2. Subuthi Finance has preferred a revision petition under section 264 of the Income Tax Act, 1961 on February 10, 2005 before the Commissioner of Income Tax, Chennai III to reopen the assessment of Assessment Year 1995-96 for revision of certain facts. Subuthi Finance has alleged that a net income of Rs. 1,78,00,000/- (The Company has booked a sub-lease income of Rs. 1,98,00,000 and also booked a lease expenditure of Rs. 20,00,000/-) this would substantially reduce the demand raised for the subsequent

assessment years 1996-97, 1997-98 and 1998-99. The Company is awaiting the hearing from the Commissioner.

3. The Assessing Officer had dis-allowed certain lease transactions on the ground that the same are purely financial arrangements and not payment of lease rentals as alleged and also disallowed a depreciation claim by Subuthi Finance. The aggregate amount demanded for the assessment years 1996-97, 1997-98, 1998-99 is Rs. 1,57,52,820/-..

Note: For the Assessment Year's 1996-97, 1997-98, and 1998-99 separate demand and penalty proceedings under section 271(1)(c) of the Income Tax Act have also been initiated by the Assessing Officer and total demand of Rs 65,17,644/- has been raised as penalty. For more details regarding the same please refer to paragraph 4, 5 and 6 below.

4. For the assessment year 1996-97 *vide* order dated March 21, 2006 the Assistant Commissioner of Income Tax Company Circle VI (4) had raised a demand of Rs. 51,15,370/- under section 148 and Rs. 24,15,248/- as penalty under section 271(1) (c) of the Income Tax Act. The said order was passed by disallowance of lease expenses and deletion of lease income. The Company has preferred an appeal before commissioner - Appeals against the penalty order.
5. For the assessment year 1997-98, *vide* order dated March 21, 2006 of the Assistant Commissioner of Income Tax Company Circle VI (4) had raised a demand of Rs. 26,14,737/- under section 148 and Rs. 22,61,478/- as penalty under section 271(1) (c) of the Income Tax Act. The said order was passed by disallowance of lease expenses and deletion of lease income. The Company has preferred an appeal before commissioner - Appeals against the penalty order.
6. For the assessment year 1998-99 *vide* order dated March 21, 2006 of the Assistant Commissioner of Income Tax Company Circle VI (4) had raised a demand of Rs 38,77,684 under section 148 and Rs. 18,40,738/- as penalty under section 271(1) (c) of the Income Tax Act. The said order was passed by disallowance of lease expenses and deletion of lease income. The Company has preferred an appeal before commissioner - Appeals against the penalty order. Also for the said Assessment year the department had raised a demand of Rs 41,45,029/- *vide* order U/s 143 (3) by disallowance of a depreciation claim. The company's appeal (appeal no 430/2002) is pending before the appellate tribunal chennai .
7. Subuthi Finance has one income tax appeal for the Assessment Year 1999-2000 pending before the Commissioner of Income Tax (Appeals), appealing against the Assessment Order dated November 29, 2006 demanding payment of Rs. 8,022,228/- by disallowing depreciation and certain additions. The Appeal is still pending
8. Subuthi Finance has one income tax case for the assessment year 2002-2003 pending before the CIT (Appeals -V) appealing against the Assessment Order dated March 29, 2005 disallowing claim of depreciation on lease rental expenditure of Rs. 1,80,00,000/-, and thereby assessing net loss of the company as Rs. 1,09,83,928 as against net loss of Rs. 3,12,63,928/- as filed by the company in its return for AY 2002-2003. The Appeal is still pending
9. Subuthi Finance has one income tax appeal for the Assessment Year 2004-2005 pending before the Commissioner of Income Tax Appeals against the order of the Assistant commissioner of Income tax, Company Circle IV (4), appealing against the assessment order dated December 26, 2006 demanding payment of Rs. 1,91,71,540/- for failing to pay income tax return by the Company on the ground of loss incurred by them which on scrutiny by the Assessment Officer was found incorrect. The Appeal is still pending.

(b) SECURITIES RELATED CASES

Show Cause Notices issued to Subuthi Finance Limited by the Stock Exchanges on which its shares are listed:

Bombay Stock Exchange Limited:

Our Promoter, Subuthi Finance Limited has been served several show-cause notices in the years 1998 to 2006 as regards *inter alia* alleged non-filing of various returns / documents required to be filed / alleged non-compliance of various provisions of the Listing Agreement / SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 / SEBI (Prohibition of Insider Trading) Regulations, 1992. Our Promoter has replied to all of these notices and has filed all necessary documents and returns required to be filed. As on date of filing this Draft Red Herring Prospectus with SEBI, our Promoter has not received any other show-cause notice that have not been replied to or complied with.

Coimbatore Stock Exchange Limited

Our Promoter, Subuthi Finance Limited has been served several show-cause notices in the years 2000 to 2003 as regards *inter alia* alleged non-filing of various returns / documents required to be filed / alleged non-compliance of various provisions of the Listing Agreement / SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 / SEBI (Prohibition of Insider Trading) Regulations, 1992. Our Promoter has replied to all of these notices and has filed all necessary documents and returns required to be filed. As on date of filing this Draft Red Herring Prospectus with SEBI, our Promoter has not received any other show-cause notice that have not been replied to or complied with.

Madras Stock Exchange Limited

Our Promoter, Subuthi Finance Limited has been served with one show-cause notice in the years 2005 as regards *inter alia* alleged non-filing of various returns / documents required to be filed / alleged non-compliance of various provisions of the Listing Agreement. Our Promoter has replied to all of these notices and has filed all necessary documents and returns required to be filed. As on date of filing this Draft Red Herring Prospectus with SEBI, our Promoter has not received any other show-cause notice that have not been replied to or complied with.

Cases filed by Subuthi Finance

Complaints filed under section 138 of the Negotiable Instruments Act, 1881

- (a) **Subuthi Finance Limited v/s. Solar Farmachem Limited and Others, Case No. 1191/SS/05 pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli**

Subuthi Finance has filed this complaint against Solar Farmachem Limited and 4 of its directors ("Accused") under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 for a total amount of Rs. 3,74, vide cheque No 369069 and for an amount of Rs. 24,000 vide cheque No. 369070 respectively both dated December 30, 1996 and drawn on National Co-operative Bank, Mumbai. The said cheques were returned dishonoured and unpaid on June 3, 1997 with the remarks "Refer to Drawer". Accordingly, a legal notice was served upon the accused and subsequently this complaint was filed on August 6, 1997. The same is still pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli.

- (b) **Subuthi Finance Limited v/s. Duckfin International Limited and Others, Case No. 577/SS/05 pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli**

Subuthi Finance has filed this complaint against Duckfin International Limited and 8 of its directors ("Accused") under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 for an amount of Rs.2,44,462/- vide cheque number 582599 dated July 11, 1997 drawn on Federal Bank Limited. The said cheque was returned dishonoured and unpaid on July 15, 1997 with the remarks "Funds Insufficient". Accordingly, a legal notice was served upon accused and subsequently this complaint was filed on September 24, 1997. The same is pending before the Additional Chief Metropolitan Magistrate's Court, 50th Court, Vikroli.

- (c) **Subuthi Finance Limited v/s. Avichem Resins Limited and Others, Case No. 576/SS/05 pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli**

Subuthi Finance has filed this complaint against the Accused under Section 138 read with section 141 of the Negotiable Instruments Act, 1881 for an amount of Rs. 6,13,242/- *vide* cheque number 611012 dated June 1, 1997 drawn on Bank of India. The said cheque was returned dishonoured and unpaid on September 3, 1997 with the remarks "Account Closed". Accordingly, a legal notice was served upon the accused and subsequently this complaint was filed on November 3, 1997. The same is pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli.

(d) Subuthi Finance Limited v/s Agritech Hatcheries and Foods Limited and Others, Case No.578/SS/05 pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli

Subuthi Finance filed this complaint against Agritech Hatcheries and Foods Limited and Others ("Accused") under section 138 read with section 141 of the Negotiable Instruments Act for an amount of Rs. 28,70,400/- *vide* cheque no. 044615 dated January 18, 1997 drawn on State Bank of India issued by the Accused in favour of Subuthi Finance. The said cheque was returned dishonoured and unpaid on July 14, 1997 due to insufficient funds. Accordingly a legal notice was served to the accused and subsequently the complaint was filed on September 25, 1997. The same is pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli.

Civil Cases:

(a) Subuthi Finance Limited v/s Classic Oil Limited & Others, Suit No. 2199 of 1999 before the High Court, Mumbai

Vide a lease agreement dated July 29, 1993 Classic Oil Limited ("Defendant Company") took on lease 2 boilers from Subuthi Finance for a period of 36 months for a lease management fee of Rs. 22000/- payable on the 20th of every month and monthly lease rentals of Rs. 56,640/- aggregating to a total sum of Rs. 20,39,040/- for the entire term of the lease agreement. Further, a sum of Rs. 9,00,000/- was paid to Subuthi Finance as security deposit, which was to be adjusted towards outstanding rentals, due and payable under the agreement. Mr. R.K Govil and Mr. Paresch P.Somaiya, the directors of Defendant Company ("Defendant Nos 2 and 3 respectively") stood guarantors in respect of the above transactions *vide* Deed of Guarantee dated July 29, 1993. However, on account of failure on the part of the Defendant Company to pay the lease rentals for the period beginning April 20, 1996 upto September 20, 1996, Subuthi Finance filed this suit against the Defendant Company and Defendant Nos 2 and 3 as guarantors of Defendant Company for recovery of Rs. 9,01,825/- along with interest at the rate of 36% per annum compounded with monthly rests from April 15, 1999 till the actual payment or the realization thereof and to return the equipment set out in the lease agreement. The said suit is pending before the High Court at Mumbai.

(b) Subuthi Finance Limited v/s Shri Parvez Damania, Suit No. 1333 of 2000 before the High Court, Mumbai

Subuthi Finance has filed the above suit for recovery of Rs. 7966957.62 together with service charges on Rs. 30,01,000 at the rate of 36% p.a on compounding basis with monthly rests from the date of the suit till date of realization. The said suit has been filed, *inter alia*, on the ground that Mr. Parvez Damania (the Defendant), who is the promoter and director of Agritech Hatcheries ("the company") has failed to make payments as Guarantor on account of default by the company to make lease rental payment in respect of lease of 18,750 jumbo plastic crates of a total value of Rs. 75,00,000/- for a period of six month under a master lease agreement entered into between Subuthi Finance and the company dated February 9, 1993 and for an additional lease of 33,000 jumbo plastic crates for a period of 60 months effective from March 12, 1993. The total value of the jumbo plastic crates was Rs. 1,56,75,000/-. The said suit is pending before the High Court at Mumbai.

Note: Subuthi Finance has also filed a Company Application bearing No 383 of 1997 in Company Petition No. 703 of 1996 filed by one Orissa Concrete and Allied Industries Limited in the High Court of Bombay for winding up of Agritech Hatcheries & Foods Limited. For details regarding the same please refer to paragraph (g) below.

(c) Subuthi Finance Limited v/s Solar Farmachem Limited and Others, Suit No. 2984 of 1999 before the High Court, Mumbai

Vide a lease agreement dated September 2, 1993 Solar Pharmachem the (“Defendant Company”) took on lease equipments known as “Agitated Thin Film Evaporator” and Boiler from Subuthi Finance Limited for a period of 60 months for a lease management fee of Rs. 24,000/- and lease rentals. Further to secure the due performance and observance of the terms and conditions of the said lease agreement, Mr.Harshad .L Vyas and Mr. Yogesh L.Vyas, directors of the Defendant Company (“Defendant No. 2 and 3 respectively”) stood guarantors in respect of the above transaction *vide* two separate Deeds of Guarantee dated September 2, 1993. However, the Defendant Company failed to make payment of lease rentals under the agreement. Accordingly Subuthi Finance filed this suit against the Defendant Company and Defendant No. 2 and 3 as guarantors of Defendant Company for payment of a sum of Rs. 36,57,700/- along with service charges calculated at 48% p.a compounded with monthly rests from April1, 1999 till actual payment or the realization thereof and to return the equipment set out in the lease agreement. The said suit is pending before the High Court at Mumbai.

(d) Subuthi Finance Limited v/s Solar Farmachem Limited and Others, Suit No.2976 of 1999 pending before the High Court, Mumbai

Vide a lease agreement dated January 25, 1995 Subuthi Finance leased out equipments to Solar Pharmachem the (“Defendant Company”) for payment of lease rentals in installments. Further to secure the due payment of the principal, interest and all other amounts by the Defendant Company, Mr.Harshad .L Vyas and Mr. Yogesh L.Vyas, Directors of the Defendant Company (“Defendant No2. and 3 respectively”) stood guarantors in respect of the above transaction *vide* two separate Deeds of Guarantee dated January 25, 1995. The Defendants did not pay the lease rentals in the manner set out in the lease agreement. Accordingly, Subuthi Finance filed this suit on April 28, 1999 for recovery of Rs. 68,95,498/- along with service charges at 48% per annum on compounding basis with monthly rests upto March 31, 1999 till actual payment or realisation thereof, from the Defendant Company Defendant Nos 2 and 3 respectively as Guarantors. The same is pending before the High Court, Mumbai.

(e) Subuthi Finance Limited v/s Duckfin International Limited and Another, Suit No.2286 of 1999 pending before the High Court, Mumbai

Vide a lease agreement dated September 23, 1994 Subuthi Finance leased out equipments to the Duckfin International Limited (“Defendant Company”) for payment of lease rentals in instalments, and for which Mr. Deepak Kumar Bhargava (“Defendant No.2”) stood guarantor under Deed of Guarantee dated February 25, 1995 executed in favour of Subuthi Finance. However on account of failure of the Defendants to perform their obligations under their respective agreements Subuthi Finance filed this suit on April 9, 1999 claiming specific performance of the said obligations including payment of Rs. 1,00,48,180/- with further interest at 36% per annum compounded with monthly rests from March 31, 1999 till payment or realisation thereof by the Defendants. The same is pending before the High Court, Mumbai.

(f) Subuthi Finance Limited v/s Salstar Foods and Beverages Limited, Company Petition No.835 of 1997 pending before High Court, Mumbai

Subuthi Finance Limited filed a company petition against Salstar Foods and Beverages Limited (“Respondent Company”) initiating winding –up proceedings under section 433 and 434 of the Companies Act, 1956, *inter alia* praying that the Respondent Company being commercially insolvent, be duly wound up so that the petitioners can recover the hire charges including delayed payment charges liable to be paid by the Respondent Company under a hire purchase agreement (“the Agreement”) dated December 15, 1994. *Vide* the agreement the Respondent Company had hired equipment from Subuthi Finance Limited for a lease rental which had to be paid to Subuthi Finance in twelve quarterly installments of Rs. 5,54,972.25 each, out of which, only five cheques were cleared and all the remainder cheques issued by the Respondent Company in favour of Subuthi Finance were returned dishonoured due to non-availability of funds in Respondent Company’s account. Subsequently Subuthi Finance filed this petition on October 3, 1997. The same is pending before the High Court, Mumbai.

(g) Orissa Concrete and Allied Industries Limited v/s Agritech Hatcheries and Foods Limited wherein Subuthi Finance Limited has joined as an Applicant, company petition number 703 of 1996, pending before Official Liquidator, High Court, Mumbai

Orissa Concrete and Allied Industries Limited a creditor of Agritech Hatcheries and Foods Limited has filed a company petition number 703 of 1996 against the Respondent for winding up of Agritech Hatcheries and Foods Limited and for repossession of the leased assets. Mr. A.I. Munshi, the Official Liquidator appointed by the Mumbai High Court has called for applications from various creditors for repossessions of respective assets. Accordingly, Subuthi Finance Limited has filed its affidavit of proof of debt on May 19, 1999 as Creditor of Agritech Hatcheries & Food Limited with the Official Liquidator for repossession of assets leased to Agritech to Subuthi. The matter is still pending before the Official Liquidator, High Court, Mumbai.

Note: Subuthi Finance has filed Suit No. 1333 of 2000 in the High Court of Bombay for recovery of lease rentals amounting to Rs. 7966957.62 from the Guarantor Director of Agritech, Mr. Parvez Damania. For further details regarding the same please refer to paragraph (b) above.

F. Litigation by and against our Promoters and Promoter Group

Other than what has been disclosed above there are no pending litigations in which the promoters are involved. Except as disclosed no defaults have been made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the promoters were associated in the past but are no longer associated.

Further, there are no litigations against the promoters involving violation of statutory regulations or alleging criminal offence. There are no Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters

There are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters

Outstanding Litigation against Group Companies / Associate Concerns: NIL

There are no outstanding litigation pending by or against our Group Companies, namely, Subuthi Investments Private Limited, Indonet Global Limited, SGM Windfarms Private Limited, Bewind Power Private Limited, Bekey Properties Private Limited and Ravello Advertising Private Limited.

No disciplinary action / investigation has been taken by SEBI / Stock Exchanges against our Company, our Directors, Promoters, and other ventures promoted by our Promoters (irrespective of the fact whether or not they fall under the purview of Section 370 (1B) of the Companies Act, 1956. Our Company, Promoters, Directors or any of the Company's Associates or Group Companies or other ventures of our Promoters and companies with which the Directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

G. Past Penalties Levied- Nil

No Penalty has been imposed on our Company, our Promoters, our Directors or our Group Companies.

H. RBI DEFAULT:

The names of the following Directors/ Promoters of our Company / Group Company appear in the website of Credit Information and Bureau of India (CIBIL), details are as under:

S. No.	Reported by	Reported against	Comments
1.	ICICI	Subuthi Finance Limited	The claim has been cleared by one time settlement on July 6, 2001 as confirmed by ICICI Bank <i>vide</i> their



			letter dated January 4, 2004
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Upon receiving intimation *vide* letter dated January 4, 2004 from ICICI Bank Limited, the name of Subuthi Finance does not appear on the CIBIL website.

I. MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE:

Our company has received sanction for Working Capital facility from Bank of India vide their letter dated January 6, 2007 Ref. No. AnCBB: LBB: KS for Rs 1000 lacs with following terms:

Nature of facility	Amount Sanctioned	Margin	Effective ROI / Commission
Fund Base Limit			
CC-Hyp. Of Stocks	900	40% Stocks	1% over BPLR, presently 13% p.a
Non- Fund Based Limits			
One time BG	100	15% (payable on receipt of money from beneficiary)	Normal Rates

J. AMOUNT OWED TO SMALL SCALE UNDERTAKING AND OTHER CREDITORS:

Our Company does not owe any sum exceeding Rs. 1 lac which is outstanding for more than 30 days, as on March 31, 2006 to any small scale undertaking and other creditors.

GOVERNMENT APPROVALS/ LICENSING AGREEMENTS

Our Company has received the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business except as mentioned below.

The Company has received the following Government approvals/licenses/permissions:

1. Certificate of Incorporation bearing No. 18-32311 dated July 19, 1995 issued by the Registrar of Companies, Tamil Nadu and a Fresh Certificate of Incorporation dated September 30, 1997 issued by the Registrar of Companies, Tamil Nadu for change of name of our Company on conversion to Public limited Company.
2. Permanent Account Number AAACI1806M issued by the Commissioner of Income Tax (Computer Operations), Chennai, Tamil Nadu dated March 22, 1997.
3. IN No. 227 G01018 with NSDL

Industrial/Labour/ Tax

4. State Sales Tax Registration No. 0460570/95-96 dated August 16, 1995, granted to our office situated at 2nd Floor, Kakani Towers No.15, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 by the Commercial Tax Officer, Madras under Section 20 of the Tamilnadu General Sales Tax Act, 1959 certifying that Indowind Energy Limited is a registered dealer under the said Act.
5. Central Sales Tax Registration No. 637066/95-96 dated August 16, 1995, granted to our office situated at 2nd Floor, Kakani Towers No.15, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006 by the Commercial Tax Officer, Madras under the Central Sales Tax (Registration and Turnover) Rules, 1957 certifying that Indowind Energy Limited as a registered dealer in Tamil Nadu under the said Act.
6. Certificate of Registration No. D1/703962/2003-2004 dated January 9, 2004 valid for 2005-2006, granted to our office situated at the CTO-IAC, Pondicherry by the Deputy Commercial Tax Officer, Pondicherry under Section 22 of the Pondicherry General Sales Tax Act, 1967 certifying that Indowind Energy Limited is a registered dealer under the said Act.
7. Certificate of Registration No.14318/PRC dated January 8, 2004, granted to our office situated at RSNo. 1/15, Karasur Village, Sedarapet, Pondicherry by the Deputy Commercial Tax Officer, Pondicherry under Section 7(1)/7(2) of the Central Sales Tax Act, 1956 certifying that Indowind Energy Limited is a registered dealer under the said Act.
8. Provisional No Objection Certificate No. 1-13/1493/IND&COM/A6/2006 dated March 11, 2003 for setting up Medium Scale Unit at 1/15, Karasur Revenue Village, Pondicherry by the Dy. Director of Industries & Commerce, Pondicherry.
9. Registration and License to work a factory granted to our unit at RS No. 1/15, Sedarapet, Pondicherry bearing No. PVC – 327 valid to December 31, 2006 issued under the Factories Act, 1948 by the Chief Inspector of Factories.
10. No Objection Certificate No. 359/TCP/SC/2004/541 dated March 12, 2004, granted to our unit at 1/15, Karasur Revenue Village, Sedarapet, Villianur Commune, Pondicherry for setting up an industry with an installed capacity of 60HP by the Chief Town Planner, Government of Pondicherry, Town & Planning Department.
11. Approval No. 10-5549/A3/CIF&B/2004 dated March 24, 2004 granted by the Chief Inspector of Factories under the Factories Act, 1948 for the use of Boilers at our unit situated at 1/15, Karasur Revenue Village, Sedarapet, Villianur Commune, Pondicherry.

12. Importer Exporter Code No. 0403003539 granted by the Foreign Trade Development Officer, Government of India, Ministry of Commerce vide its certificate dated May 20, 2003 to our Registered Office and branches at 85 Kamarajar Salai, Madurai; Subhash Nagar, Kanniyakumari and RS No.224/A, Plot No.5, Karnataka.
13. Registration No. 372/SIA/IMO/2003 granted by the Secretariat of Industrial Assistance for manufacture of wind energy generator to our unit at Tirubhuvanam, Manadi Pet Commune, Pondicherry vide its certificate dated February 7, 2003.
14. Registration Certificate of Establishment bearing No. HE-II/004113 dated July 8, 2004 issued under Rule 6 of Bombay Shops and Establishments Act, 1948 by the Senior Inspector registering Indowind Energy Limited as a commercial establishment in Mumbai. The said registration was renewed for the year 2007 on December 29, 2006 and the same is valid till December 29, 2009.
15. Certificate for payment of registration fees bearing No. 4211874-8 dated April 23, 2005 valid for the year 2005-2006 issued by Assistant Commissioner of Commercial Taxes, Gadag, Karnataka under the VAT Tax Act.
16. Renewed Certificate of Registration bearing No. PPCC/CON/AIR/VCP/EE/2006/2091 under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 issued on August 17, 2006 for manufacturing of Wind Electric Generator at their plant in the Air Pollution Control area situated at R.S. No. 1/15, Karasur Revenue Village, Sedarpet, Pondicherry by Pondicherry Pollution Control Committee. The consent is valid till August 31, 2007.
17. Provisional VAT Registration bearing Tax Identification Number 29640126827 issued by the Commercial Tax Department dated April 2, 2003 and effective from April 1, 2003.
18. Central Sales Tax Registration No. 4216874-0 dated April 24, 2002 granted by Assistant Commissioner of Commercial Taxes, Karnataka.
19. Karnataka Sales Tax Registration No. 4211874-8 dated November 20, 2002 granted by the Assistant Commissioner of Commercial Taxes, Karnataka.
20. Professional Tax Registration No. 4211874-8 dated April 24, 2002 granted by the Professional Tax Commissioner, Karnataka.
21. Certificate for payment of registration fees bearing No. 4211874-8 dated April 23, 2005 valid for the year 2005-2006 issued by Assistant Commissioner of Commercial Taxes, Gadag, Karnataka under the VAT Tax Act.
22. Certificate of Enrolment bearing no. PT/E/1/1/28/18/3429 dated April 17, 2003 issued by Profession Tax Officer under Sub-Section (2) or Sub-Section (2A) of Section 5 of the Maharashtra State Tax on Professions, Trades, Calling and Employments Act, 1975 enrolling Indowind Energy Limited under the said Act.
23. Tax Pass Book bearing No.07-109-PE-178 issued by Assistant Revenue Officer (Profession Tax) under Rule 9 of the Tamil Nadu Municipal Laws (Second Amendment) Act 59/98, valid from II/2003-2004 to I/2008-2009.
24. Host Country Approval dated December 26, 2005 issued by the Ministry of Environment and Forests for the "12.3 MW wind energy projects" at Tirunelveli, Tamil Nadu in relation to the Clean Development Mechanism.
25. Recommendation Letter from Rajasthan Energy Development Agency to the Revenue Department for allotment of Land for the proposed 10 MW Wind Farm dated bearing number REDA/SE/WF/Indowind/12/9858.61 dated December 21, 2001.
26. Letter bearing number AEE/G/GI/F.W.M/D 1458/95 dated October 20, 1995 issued by the Assistant Executive Engineer, Kanyakumari Electricity Distribution Circle, to our Company in relation to the commission of W.M. SC. No. 133 with capacity of 225 KW effective September 28, 1995.
27. Letter bearing number GDGR/RSD/WM/T.47/2137-39 dated June 26, 1998 issued by Assistant Executive Engineer, Karnataka Electricity Board, Gadag to the Chief Engineer, Karnataka Electricity Board, Bangalore



submitting details regarding commissioning and evacuation of power from 9 WTGs aggregating to 2.05 M.W. capacity at Malasamudra, Gadag, Karnataka.

28. Letter bearing number GDG/EE/I-A1/T.NEPC/6798.80 dated September 19, 1998 issued by Executive Engineer, Karnataka Electricity Board, Gadag to the Additional Secretary, Karnataka Electricity Board, Bangalore for commissioning and evacuation of power from three WTGs aggregating to 850 KW at Beladadi, Gadag, Karnataka.
29. Letter bearing number GDG/EE/TA-1/TNEPC/10545.49 dated December 3, 1998 issued by Executive Engineer, Karnataka Electricity Board, Gadag to the Chief Engineer, Karnataka Electricity Board, Bangalore submitting details regarding commissioning and evacuation of power from 1 WTG 400 KW capacity at Beladadi, Gadag, Karnataka.
30. Letter bearing number GDG/EE/TAT/TNEPC/10913-20 dated December 11, 1998 issued by Executive Engineer, Karnataka Electricity Board, Gadag to the Chief Engineer, Karnataka Electricity Board, Bangalore submitting details regarding commissioning and evacuation of power from 1 WTG 400 KW capacity at Beladadi, Gadag, Karnataka.
31. Letter bearing number GDG/FE/AEE (O)/TA 2/Indowind/2034.37 dated May 28, 1999 issued by Assistant Executive Engineer, Karnataka Electricity Board, Gadag to the Additional Secretary, Karnataka Electricity Board, Bangalore commissioning 1 WTG of 400 KW capacity situated at Beladhadi, Gadag and synchronizing the unit with Karnataka Electricity Board grid.
32. Letter bearing number GDG/EE/AEEO/TA-1/T20694 dated March 30, 2002 issued by Executive Engineer, Karnataka Power Transmission Corporation Limited, Gadag to our Company for commissioning and evacuation of power for 4 WTGs aggregating to 900 KW capacity at Nagavi Hill site, Gadag, Karnataka.
33. Certificate for Registration of Trade Mark dated March 10, 2005 for the mark “Green Power” bearing No.328521 issued under Section 23(2), Rule 62(I) of the Trade Marks Act, 1999 by the Registrar of Trade Marks, Trade Marks Registry, Government of India.

Applications made for renewal of licenses:

Application dated October 18, 2006 for Registration and License to work a factory granted at a unit in RS No. 1/15, Sedarapet, Pondicherry bearing No. PVC – 327 valid till December 31, 2006 issued under the Factories Act, 1948 by the Chief Inspector of Factories.

Pending Trademark Application

34. Trademark Mark Application No. 1376284 issued on August 12, 2005 for the mark “Green Power for you forever” in Part A of the Register of Trademarks in Class 7 in respect of generation of power from wind mills.

CLEARANCES

The status of various clearance /approvals/ contracts/ agreements/ facilities is as follows:

Sl. No.	Item	Agency	Status	Remarks
Statutory Clearances				
1.	Techno-economic clearance	CEA	Not required	
2.	Notification to be issued in official gazette U/S 29 of Indian Electricity (supply) Act, 1948.	State Govt.	Not required.	
3.	SEB Clearance	TNEB	To be obtained	NoC shall be obtained from 15 -30 days from Financial Closure
4.	Pollution Clearance (Water & Air)		Not Required	
5.	Environment Clearance	Ministry of Environment & Forests	Not Required	
6.	Forest Clearance		Not Required	
7.	Civil Aviation for Chimney Height	Airport authority of India	Not Required	
Non- Statutory Clearances				
1.	Land Availability / Acquisition status		Available, to be acquired	About 200 acre privately owned land in Rahdhapuram has been identified by IEL. The Land is to be acquired on receipt of final sanction of financial assistance from lenders
Status of major contracts/agreement/ suppliers/facilities				
1.	Power Purchase Agreement	TNEB	To be signed	The power so produced is proposed to be sold to TNEB. PPA will be executed after commissioning of windmills as per TNEB procedure
2.	EPC contract	Bewind	To be finalized	IEL has selected Bewind Power Private Limited, Mumbai to carry out the proposed works. The prices, commercial terms & conditions, including performance Guarantees O&M etc. shall be finalized after approval of financial assistance from Lenders
3.	O&M Contract	Bewind	To be finalized	The EPC Contractor Bewind would provide free operation during the warranty period of two years. From 3 rd year onwards it would be on chargeable basis
Appointment of consultants				
No consultants are proposed to be appointed. The in- house team will do the entire Job				

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE:

Our Board has, pursuant to a resolution passed at its meeting held on November 27, 2006 authorised this Issue, subject to the approval of the shareholders of our Company under section 81 (1A) of the Companies Act.

Our shareholders have, pursuant to a special resolution adopted under section 81(1A) of the Companies Act, passed at the extra-ordinary meeting held on November 27, 2006 approved this Issue

We have also obtained all necessary contractual approvals required for this Issue. For further details please refer section titled "Government Approvals/Licensing Agreements" beginning on page [●] of this Draft Red Herring Prospectus.

PROHIBITION BY SEBI:

Our Company, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors or promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters or their relatives and Promoter Group have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THE ISSUE:

Our Company is eligible for this Issue in accordance with Clause 2.2.1 of SEBI Guidelines explained hereinbelow with the eligibility criteria calculated in accordance with recasted financial statements under Indian GAAP.

- i. Our Company has net tangible assets of at least Rs. 300 lacs in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets:
- ii. Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years and is compliant with Clause 2.2.1 (a) of the SEBI Guidelines.
- iii. Our Company has a pre-Issue net worth of at least Rs. 100 lacs in each of the preceding 3 full years (of 12 months each).
- iv. Our Company has not changed its name within the last one year.
- v. The Issue does not exceed five (5) times its pre-Issue net worth as per last available audited accounts, either at the time of filing this Draft Red Herring Prospectus with SEBI or at the time of opening of the Issue.

(Rs. in Lacs)

Particulars	Year ending June 31, 2002	Year ending June 31, 2003	Year ending June 31, 2004	Year ending June 31, 2005	Year ending June 31, 2006
Net Tangible Assets	3,929.55	4,554.34	4516.58	5105.08	6767.75
Monetary Assets	93.02	77.25	59.94	27.87	211.81
Percentage of Monetary Assets	2.37	1.70	1.33	0.55	3.13

Particulars	Year ending June 31, 2002	Year ending June 31, 2003	Year ending June 31, 2004	Year ending June 31, 2005	Year ending June 31, 2006
Distributable Profits	201.04	240.13	307.70	414.24	550.91
Net worth	2462.86	2549.79	2759.21	3794.01	5308.45

- (1) *Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).*
- (2) *Monetary assets include cash on hand and bank and quoted investments.*
- (3) *As per Section 205 of the Act [as adjusted for SEBI.] as per restated financial statement of our Company.*

Our Company undertakes that the number of allottees in this Issue shall be at least 1,000. Otherwise, the entire Bid Amount/ QIB Margin Amount shall be refunded forthwith. In case of delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER UTI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER UTI SECURITIES LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 19, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- (1) "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, AND DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

- (B) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- (D) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- (E) **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD /TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

DISCLAIMER CLAUSE OF THE COMPANY AND THE BRLM

Investors may note that Bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the BRLM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Our Company and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.indowind.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the BRLM and the Company and the Memorandum of Understanding between the BRLM and the Company.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares (permitted insurance companies and pension funds), non-residents including NRIs and FIIs and other eligible foreign investors (*viz.* Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Financial Institutions). This Draft Red Herring Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person who is in possession of this Draft Red Herring Prospectus is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government / RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE (The Designated Stock Exchange). BSE has *vide* its letter dated [●], given permission to this Company to use BSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
- b) warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. NSE has *vide* its letter dated [●], given permission to this Company to use NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this



Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Act, will be delivered for registration to the Registrar of Companies, Tamil Nadu, Chennai and a copy of the Prospectus to be filed under section 60 read with section 60B of the Act would be delivered for registration to the RoC, Tamil Nadu. A copy of this Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

LISTING

Initial listing Applications have been made to BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for QIB, Non-Institutional Portion and Retail Portion.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company shall forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (*i.e.* from the date of refusal or within seventy (70) days from the date of Issue Closing Date, whichever is earlier), then our Company and every Director of who is an officer in default shall, on and from the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on Bid Amount/QIB Margin Amount, as prescribed under Section 73 of the Companies Act.

Our Company with the BRLM shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for the Issue.

IMPERSONATION

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of: our Directors, our Promoters, our Company Secretary and Compliance Officer, the Auditors, Bankers to our Company, Bankers to this Issue; Book Running Lead Manager to this Issue, Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to this Issue and Underwriter, to act in their respective capacities, have been obtained at the time of filing of this Draft Red Herring Prospectus and shall

not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus. Further, the aforesaid consents will be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu at Chennai as required under Sections 60 and 60B of the Act.

M/s. V Ramarathnam & Co., Chartered Accountants, our Auditors have given their written consent for the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

M/s. V Ramarathnam & Co., Chartered Accountants, have given their written consent for inclusion of the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Draft Red Herring Prospectus.

EXPERT OPINION

We have obtained any expert opinion for this Issue.

ISSUE EXPENSES

<i>(Rs. In lacs)</i>	
Activity	Expenses
Lead management fee underwriting & selling commission*	[•]
Advertising & marketing costs*	[•]
Printing & stationery, including transportation of the same*	[•]
Others (Registrar's fees, legal fees and fees for auditors stamp duty, initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)*	[•]
Total Estimated Issue Expenses	[•]

**Will be incorporated at the time of filing Red Herring Prospectus with the RoC.*

FEES PAYABLE TO THE BRLM

The total fees payable to the Book Running Lead Manager including brokerage and selling commission for this Issue will be as stated in the engagement letter executed between our Company and the BRLM dated October 14, 2006 and the Memorandum of Understanding executed between our Company and the BRLM dated February 09, 2007, copies of which are available for inspection at our Registered Office.

FEES PAYABLE TO REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between our Company and the Registrar to the Issue dated February 10, 2007 a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting. Refund orders upto Rs. 1500/- would be sent under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The selling commission for this Issue would be paid as set out in the Syndicate Agreement amongst us, the BRLM and the Syndicate Members. The Underwriting Commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and amount underwritten in the manner appearing in chapter titled "Capital Structure" beginning on page [•] of this Draft Red Herring Prospectus.

PREVIOUS PUBLIC OR RIGHTS ISSUES



We have not made any previous rights and public issues during the last five years in India for this class of Equity Shares, and are an “Unlisted Company” in terms of the SEBI Guidelines. Further, this Issue is an “Initial Public Offering” in terms of the SEBI Guidelines.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the section titled “Capital Structure” beginning on page no. [●] of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

This being the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There is one listed company under the same management within the meaning Section 370 (1)(B) of the Companies Act i.e. Subuthi Finance Limited, our Promoter. Subuthi Finance Limited made a public offering of their equity shares in the year 1996.

PROMISE VIS-A-VIS PERFORMANCE

Our Corporate Promoter, Subuthi Finance Limited is listed on the Bombay Stock Exchange Limited, Madras Stock Exchange Limited and the Coimbatore Stock Exchange Limited.

Following is the table with the comparisons of the actual performance *vis-a-vis* the projections as described in the prospectus issued during in 1996.

(Rs. in lacs)

Particulars	For the Year Ended								
	1995-96			1996-97			1997-98		
	Projections	Actuals	Variation	Projections	Actuals	Variation	Projections	Actuals	Variation
Fund Based Income	1,156.75	1,028.15	(128.60)	1,446.25	627.96	(818.29)	2,018.75	666.10	(1,352.65)
Non Fund Based Income	1,261.50	158.29	(1,103.21)	1,571.50	189.99	(1,381.51)	2,178.50	20.63	(2,157.87)
PBT	412.00	208.76	(203.24)	424.00	140.42	(283.58)	557.00	43.52	(513.48)
PAT	412.00	208.76	(203.24)	424.00	140.42	(283.58)	557.00	43.52	(513.48)
EPS (per share)	8.24	6.76	(1.48)	8.48	2.92	(5.56)	11.14	0.90	(10.24)
Dividend	80.00	1.35	(78.65)	100.00	0.44	(99.56)	100.00		(100.00)
Dividend %	0.20	20%	0%	20%	15%	-5%	20%	0%	-20%
B.V (per share)	28.70			35.20			44.40		

Particulars	For the Year Ended					
	1998-99			1999-2000		
	Projections	Actuals	Variation	Projections	Actuals	Variation
Fund Based Income	2,537.00	254.62	(2,282.38)	3,255.25	372.95	(2,882.30)
Non Fund Based Income	2,715.50	328.67	(2,386.83)	3,422.50	258.29	(3,164.21)
PBT	595.00	44.73	(550.27)	1,000.00	49.52	(950.48)
PAT	595.00	44.73	(550.27)	1,000.00	49.52	(950.48)
EPS (per share)	11.90	0.89	(11.01)	20.00	0.99	(19.01)



Dividend	125.00		(125.00)	125.00		(125.00)
Dividend %	25%	0%	-25%	25%	0%	-25%
B.V (per share)	53.80			71.30		

Reasons for variation in performance:

Subuthi Finance Limited could not achieve the projections due to the following reasons.

- There was a downturn in the hire purchase and leasing industry since 1996.
- Changes in the RBI policy for NBFC's to choose either fund based or fee based activities.
- There were huge claims from the Income Tax Department on account of dis-allowance of depreciation subsequently Subuthi Finance Limited had to pay sizeable taxes and fight various cases in various forums including the Income Tax Appellate Tribunal. Also the Income Tax Department has attached the accounts of Subuthi Finance Limited. The situation was further aggravated by the non-payment of various borrowers. However, in spite of all these difficulties, Subuthi Finance Limited could repay the entire debts through prudent management policies and become debt free. Subuthi Finance Limited is confident of achieving better results in the future.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

There are no outstanding debentures or bonds of our Company.

Our Company has issued preference shares in the past. For details of Preference shares issued, please refer "Preference share Capital Build up" in chapter titled "Capital Structure" beginning on page [•] of this Draft Red Herring Prospectus.

The total outstanding Preference share capital as on September 30, 2006 is Rs. 4,00,00,000/-.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being as initial public offering of our Company, the Equity Shares of our Company are not listed on any Stock Exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The MoU between the Registrar to this Issue and our Company provides for retention of records with the Registrar to this Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Our Company has formed a Share Transfer and Investors' Grievance Committee on December 30, 2005 chaired by Mr. Niranjan Jagtap with Mr. K. S. Ravindranath and Mr. Jayesh Thakur as members. The Share Transfer and Investors' Grievance Committee was redesignated to "Shareholders / Investors' Grievance Committee and reconstituted on February 3, 2007 chaired by Mr. Niranjan Jagtap with Mr. K. S. Ravindranath and Mr. T.R. Jayaraman as members.

DISPOSAL OF INVESTOR GRIEVANCES

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We shall keep the shareholders informed about the progress of the project through quarterly results which will be published in news papers.



We have appointed Mr. S. Diraviam, our Company Secretary pursuant to section 383A of the Act, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. The Compliance Officer could be contacted at the following address:

Compliance Officer: Mr. S. Diraviam, Company Secretary
Registered Office: 4th Floor, Kothari Buildings, 114 Nungambakkam High Road, Chennai 600 034; Tel. No.: +91 44 2833 0867 / +91 44 2833 1310 / +91 44 5215 0443; Fax No.: +91 44 2833 0208; Email: ipo@indowind.com; Website: www.indowind.com

SUBUTHI FINANCE LIMITED

The Company has constituted a Shareholders Grievance Committee to redress the complaints of shareholders/ investor in respect of the matters pertaining to transfer/transmission of shares, non-receipt of annual report, duplicate/split/consolidated share certificates, non receipt of dividends etc. All the complaints received are disposed off within 7 days on the receipt of complaint with all relevant details. As on February 17, 2007 there are no pending shareholders/investors complaints.

CHANGE OF AUDITORS DURING THE LAST THREE YEARS

There has been no change in the auditors of our Company during the last three (3) years.

CAPITALISATION OF RESERVES

Except as stated in the section titled “Capital Structure”, our Company has not capitalized its reserves or profits at any time since inception. For details on Capitalization of reserves or profits please refer to the section titled “Capital Structure” on page no. [●] of this Draft Red Herring Prospectus.

REVALUATION OF ASSETS

Our Company has revalued its fixed assets in the last five years, details of which are as follows:

Asset / Machine ID 2002-2003	Value before revaluation	Revaluation reserve	Value after revaluation
Work – in – progress	3,16,39,216	6,40,00,000*	9,56,39,216
WEG – T1	5,000	20,00,000	20,05,000
WEG – T2	5,000	20,00,000	20,05,000
WEG – T3	5,000	20,00,000	20,05,000

* Our Company created revaluation amount of Rs. 6,40,00,000/- in the year 2002-2003. However, out of the said amount, our Company reversed Rs. 60,00,000 in 2003-2004, Rs. 4,40,00,000 in 2004-2005 and balance of Rs. 1,40,00,000 in the year 2005-2006.

SECTION VII – ISSUE INFORMATION

TERMS OF ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the provisions of our Memorandum and Articles of Association rank *pari passu* with the existing Equity Shares of our Company in all respects except for the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in “Notes to Capital structure” in chapter titled “Capital Structure” beginning on page [●] of this Draft Red Herring Prospectus.

Mode of payment of dividend

Our Company has been paying dividend in cash and intends to continue the same policy.

Face Value and Issue Price

Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Draft Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

Rights of Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either personally or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability;
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Articles of Association.

For further details on the main provisions of our Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled “Main Provisions of the Articles of Association of the Company” beginning on page [●] of this Draft Red Herring Prospectus.

Market lot

In terms of section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful bidders subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, see “Basis of Allotment” on page [●] of this Draft Red Herring Prospectus.

Nomination Facility to Investors

In accordance with section 109A of the Companies Act, the Sole or First Bidder, along with the other joint bidder, may nominate any one person in whom, in the event of the death of Sole Bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating.

In accordance with section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything hereinabove, since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the investors require to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the Underwriter, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to refund the amount, our Company shall pay interest as per section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will be not less than 1,000.

Restriction On Transfer and transmission of Equity Shares

Nothing contained in the Articles of Association of our Company shall prejudice any power of our Company to refuse to register the transfer of any Equity Shares.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading. For more details of our Articles of Association, please refer to section titled “Main Provisions of Articles of Association” beginning on page [•] of this Draft Red Herring Prospectus.

Subscription by Eligible Non Residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and such NRIs, FIIs, foreign venture capital investors registered with SEBI will be treated on the same basis with other categories for the purpose of allocation.



As per the policy of RBI, Overseas Corporate Bodies cannot participate in this Issue

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, “U.S. Persons” (as defined in the Regulations of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of odd lots

Our Company’s shares will be traded in dematerialized form only and therefore the marketable lot is 1 (one) share. Therefore, there is no possibility of odd lots.

Restriction, if any on transfer and transmission of shares/debentures and on their consolidation/ splitting

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. See “Main Provisions of the Articles of Association of our Company” on page [●] of this Draft Red Herring Prospectus.

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

ISSUE STRUCTURE

The present Issue of 1,25,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] for cash aggregating Rs. [●] is being made through the 100% Book Building Process.

The reservations from Issue are as under mentioned:

	Eligible Employees	Existing Shareholders of our Group Companies	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	60,000 Equity Shares.	2,00,000 Equity Shares.	Upto 61,20,000 Equity Shares	At least 18,36,000 Equity Shares	At least 4284000 Equity Shares.
% of Issue Size available for* allocation	Upto 10% of the Issue	Upto 10% of the Issue	Upto 50% of Net Issue or the Net Issue less allocation to Non- Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB Portion Shall be available for allocation Proportionately to Mutual Funds only.	Upto 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Upto 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is over-subscribed	Proportionate	Proportionate	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 1,00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed 60,000 shares	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed 2,00,000 shares	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 1,00,000/-
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialised form



	Eligible Employees	Existing Shareholders of our Group Companies	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	[●] Equity Shares	[●] Equity Shares	[●] Equity Shares	[●] Equity Shares	[●] Equity Shares
Who can Apply **	Eligible Employees (as defined herein)	Existing Shareholders of our Group Companies (as defined herein)	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 lacs and pension funds with minimum corpus of Rs. 2,500 lacs in accordance with applicable law.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Syndicate	Margin Amount applicable to Existing Shareholders of our Group Companies at the time of submission of Bid-cum-Application Form to the Syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Syndicate	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid-cum-Application Form to the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Syndicate
Margin Amount	100% of the Bid Amount on bidding	100% of the Bid Amount on bidding	At least 10% of the Bid Amount on Bidding	100% of the Bid Amount on bidding	100% of the Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any of the categories, would be allowed to be met with spillover inter-se from any other categories, at our sole discretion in consultation with the BRLM subject to applicable provisions of SEBI Guidelines. However, if the aggregate demand by Mutual Funds is less than 3,06,000 Equity Shares (assuming QIB Portion is 50% of the Net Issue, i.e. 61,20,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate



demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

** In case the Bid-Cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-Cum-Application Form.

In case of under-subscription in the Reservation Portions, it would be allowed to be met with spillover *inter-se* from any other category, at the sole discretion of our Company, in consultation with the BRLM. In case of under-subscription in the Net Issue, spillover to the extent of under subscription shall be permitted from the Reservation Portion at the discretion of our Company in consultation with the BRLM. Such *inter-se* spillover if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the 100% Book Building method where in up to 50% of the Net Issue shall be allocated on a proportionate basis to QIBs including specific allocation of 5% within the category of QIBs for Mutual Funds. Further, atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. However, the Bids by QIBs shall be submitted only to the BRLM. In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a Member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a Member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIB, Non Institutional Bidders or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs or FIIs applying on a repatriation basis	Blue
Eligible Employees and Existing Shareholders	Green

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;

- Provident funds with minimum corpus of Rs. 2500 lacs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lacs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or non- repatriation basis subject to applicable local laws; and
- Scientific and/or Industrial Research Organizations authorized under their constitution to invest in Equity Shares.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bid by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from our Registered Office, Members of the Syndicate or the Registrar.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application Form meant for resident Indians (white in color). All instruments accompanying Bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of post-issue paid-up capital of any company (*i.e.*, 10% of 48,956,886 Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us, foreign equity participation up to 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own inquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 100,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000/-. In case the Bid Amount is over Rs. 100,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders:

The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-off’.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid in this portion cannot exceed 60,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may Bid at Cut-off price. The allotment in the Employee Reservation Portion will be on proportionate basis.

For Bidders in the Shareholders of our Group Companies Reservation Portion

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid in this portion cannot exceed 2,00,000 Equity Shares. Bidders in the Shareholders of our Group Companies i.e. Subuthi Investments, Indonet Global, SGM Windfarms, Bewind Power, Bekey Properties and Ravello Advertising. Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1,00,000 may Bid at Cut-off price. The allotment in the Shareholders of Group Companies Reservation Portion will be on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders

- a. We will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b. The Members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from our Registered Office or from the BRLM, or from a Member of the Syndicate.
- d. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- e. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of Bidding

- a. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Tamil Nadu and also publish the same in one English national newspaper, one Hindi national newspaper and one regional language newspaper. This advertisement shall contain the disclosures as prescribed in Schedule XX-A of the SEBI Guidelines, as amended from time to time. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b. Investors who are interested in subscribing for our Equity Shares should approach any of the Members of the Syndicate or their authorized agent (s) to register their Bid.
- c. The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional language newspaper by indicating on the websites of the BRLM and at the terminals of the Members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- d. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” beginning on page [●] of this Draft Red Herring Prospectus) and specify the demand (*i.e.* the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- e. The Bidder cannot Bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any Member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another Member of the Syndicate will be treated as Multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the

Revision Form, the procedure for which is detailed in “Build up of the Book and Revision of Bids” in chapter titled [●] beginning on page [●] of this Draft Red Herring Prospectus.

- f. During the Bidding Period, Bidders may approach the Members of the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- g. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described in “Terms of Payment” in chapter titled “ISSUE PROCEDURE” beginning on page [●] of this Draft Red Herring Prospectus.
- h. The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the Members of the Syndicate.
- i. It may be noted that the Bids received in the Employee and Shareholders of our Group Companies Reservation Portions shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Bids at Different Price Levels:

- a. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the floor of the Price-Band and Rs. [●] being the cap of the Price Band. The Bidders can Bid at any price within the Price Band, in multiples of Re. 1/-. In accordance with SEBI Guidelines, our Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the Members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. Our Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- b. The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. **Retail Individual and Employee Bidders may Bid at “Cut-off” where the value of the Bid is less than Rs. 1,00,000/-. However, Bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- c. Retail Individual Bidders, who Bid at the Cut-Off, agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders Bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- d. We, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
- e. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), one regional newspaper and also indicating the change on the relevant websites of the BRLM and the terminals of the Members of the Syndicate.
- f. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees, who had Bid at a Cut-off price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the Bidder wants to continue to bid at Cut-off Price), with the Member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount

plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

- g. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Refund Account.
- h. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size will be suitably revised such that the minimum application falls within the range of Rs. 5,000/- to Rs. 7,000/-.
- i. Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders, Bidders in the Employee Reservation and Shareholders of our Group Companies Portions applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at “Cut-off Price”. However, bidding at “Cut-off Price” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
- j. Retail Individual Bidders, Eligible Employees and Existing Shareholders bidding under Employee and Shareholders of our Group Companies Reservation Portions who Bid at the Cut-off price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, Eligible Employees and Existing Shareholders bidding at Cut-off price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in this Issue multiplied by the Issue Price), Retail Individual Bidders, Eligible Employees or Existing Shareholders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.(s)
- k. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

Escrow Mechanism:

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for this Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with one of the Escrow Collection Banks as per the terms of the Escrow Agreement with our Company. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, Escrow Collection Bank(s) and the Registrars to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account:

Each Bidder, who is required to pay Margin Amount greater than 10%, shall, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum Bid

Amount has to be paid at the time of submission of the Bid-cum-Application Form based on the highest Bidding option of the Bidder.

The Members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with one of the Escrow Collection Banks. The balance amount after transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be transferred into the Refund Account maintained by the Refund Banker. On the Designated Date, and not later than 15 days from the Bid / Issue Closing Date, the Refund Banker shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. Eligible Employees, Existing Shareholders, QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidder is mentioned under the heading “Issue Structure” beginning on page [●] this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the Members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the Members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- a. The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b. BSE and NSE will offer a screen-based facility for registering Bids for this Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- c. The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be downloaded on a regular basis, consolidated and displayed on-line at all Bidding centers. A graphical representation of consolidated demand and price would be made available at the Bidding centers during the Bidding Period. The information can be assessed on BSE’s website at www.bseindia.com or on NSE’s website at www.nseindia.com
- d. At the time of registering each Bid, the Members of the Syndicate shall enter the following details of the investor in the on-line system:
 - i. Name of the Investor. (Investors should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form);
 - ii. Investor Category – Employee, Individual, Corporate, NRI, FII, Mutual Fund, etc.,
 - iii. Numbers of Equity Shares Bid for;

- iv. Bid Price;
 - v. Bid Amount
 - vi. Bid-cum-Application Form Number;
 - vii. Whether payment is made upon submission of Bid-cum-Application Form.
 - viii. Margin Amount
 - ix. Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.
- e. A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to obtain the TRS from the Members of the Syndicate.** The registration of the Bid by the Members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the Members of the Syndicate or our Company.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. Consequently, the BRLM/ Member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds as listed on page [●] of this Draft Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our Management or any scheme or project of our Company.
- i. It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE and NSE.

Build Up of the Book and Revision of Bids:

- a. Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to BSE or NSE mainframe on regular basis.
- b. The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d. Revisions can be made in both the desired numbers of Equity Shares and the Bid Price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the Members of the Syndicate.
- e. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of Draft Red Herring Prospectus. In case of QIBs, the Members of the Syndicate

may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

- f. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- h. In case of discrepancy of data between BSE and NSE and Members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application forms shall be final and binding to all concerned. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation/Allotment.

Price Discovery and Allocation:

- a. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our Company.
- b. Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted. The allocation to successful QIB Bidders shall be on proportionate basis.
- c. The allocation for QIBs would be upto 50% of the Issue, done on a proportionate basis of which 5% shall be reserved for Mutual Funds. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Issue, respectively, would be on proportionate basis in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d. Undersubscription, if any, in any category would be to be met with spill over from any of the other categories at our discretion, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 3,06,000 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e. Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission, if applicable, for Allotment of Equity Shares to them.
- f. The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever.
- h. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.
- i. The allotment detail shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing:

- a. Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

- b. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, Underwriting arrangements and would be complete in all material respects.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper with wide circulation at Tamil Nadu.

Advertisement regarding Issue Price and Prospectus:

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- a. The BRLM or Registrars shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in this Issue.
- b. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in this Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of Bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of Bidding shall directly receive the CAN from the Registrars subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.

Designated Date, Allotment of Equity Shares and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their Depository Account. **Equity shares will be allotted only in the dematerialized form to the allottees.** Successful Bidders will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure that credit is given to the successful Bidders' Depository Accounts within two working days from the date of Allotment.

GENERAL INSTRUCTIONS:

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Eligible Employees Bid – cum – Application Form (green in colour) or resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour) as the case may be;

- Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only;
- Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- Ensure that you have been given a TRS for all your Bid options;
- Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid-cum-Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application; and
- Ensure that the Demographic Details are updated, true and correct in all respects.

Don'ts:

- Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- Do not Bid for lower than minimum Bid size;
- **Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;**
- Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the Members of the Syndicate;
- Do not pay Bid amount in cash;
- Do not Bid at Cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000);
- Do not fill up the Bid-cum-Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- Do not send Bid-cum-Application Form by post; instead submit the same to a Member of the Syndicate only.
- Do not submit Bid accompanied with Stockinvest.

Instructions for Obtaining the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the Syndicate Members.

Bids and Revisions of Bids:

Bids and revisions of Bids must be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs.1,00,000. The Bids from the Eligible Employees and Existing Shareholders under the Employee and Shareholders of our Group Companies Reservation Portions must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of 60,000 Equity Shares and 2,00,000 Equity Shares, respectively.
- For Non-Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the

investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.

- In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- **By NRI's-** For a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For more details please refer to section titled "Maximum and Minimum Bid Size" beginning on page [●] of this Draft Red Herring Prospectus.
- **By FII's-** For a minimum of [●] Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 1,00,000/-. For more details please refer to section titled "Issue Procedure" beginning on page [●] of this Draft Red Herring Prospectus.
- In the names of individuals or in the names of FII's or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRI's) or their nominees of OCB's.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. green colour form).
- Eligible Employees should mention the Employee Number at the relevant place in the Bid-cum-Application Form:
- The sole/ first Bidder should be an Eligible Employee.
- Only Eligible Employees would be eligible to apply in this Issue under this Reservation Portion.
- Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or Bid for securities for a value less than Rs. 1,00,000/- in any of the Bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 1,00,000/-.
- The maximum Bid in this category by any Eligible Employee cannot exceed 60,000 Equity Shares.
- Eligible Employee may also Bid in the Retail Portion and such Bids shall not be treated as Multiple Bids.
- If the aggregate demand in this category is less than or equal to 60,000 Equity Shares at or above the Issue Price, full Allocation shall be made to the Eligible Employees to the extent of their demand.
- In case of under-subscription in the Reservation Portion, it would be allowed to be met with spillover *inter-se* from any other categories, at the sole discretion of our Company, in consultation with the BRLM. In case of under-subscription in the Net Issue, spillover to the extent of under subscription shall be permitted from the Reservation Portion at the discretion of our Company in consultation with the BRLM. Such *inter-se* spillover if any, would be effected in accordance with applicable laws, rules, regulations and guidelines..

- If the aggregate demand in this category is greater than 60,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to section “Basis of Allocation” in chapter titled “Issue Procedure” beginning on page [●] of this Draft Red Herring Prospectus.

Bids by Existing Shareholders

Bids under the Shareholders of our Group Companies Reservation Portion by Existing Shareholders of Subuthi Investments, Indonet Global, SGM Windfarms, Bewind Power, Bekey Properties and Ravello Advertising shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. green colour form).
- The sole/ first Bidder should be an Existing Shareholder.
- Only Existing Shareholders of our Group Companies would be eligible to apply in this Issue under this Reservation Portion.
- Existing Shareholders will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Existing Shareholders who apply or Bid for securities for a value less than Rs. 1,00,000/- in any of the Bidding options can apply at Cut-Off. This facility is not available to other Existing Shareholders whose minimum Bid Amount exceeds Rs. 1,00,000/-.
- The maximum Bid in this category by any Existing Shareholder cannot exceed 2,00,000 Equity Shares.
- Existing Shareholders may also Bid in the Retail Portion and such Bids shall not be treated as Multiple Bids.
- If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Existing Shareholders to the extent of their demand.

In case of under-subscription in the Reservation Portion, it would be allowed to be met with spillover *inter-se* from any other categories, at the sole discretion of our Company, in consultation with the BRLM. In case of under-subscription in the Net Issue, spillover to the extent of under subscription shall be permitted from the Reservation Portion at the discretion of our Company in consultation with the BRLM. Such *inter-se* spillover if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

- If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to section “Basis of Allocation” in chapter titled “Issue Procedure” beginning on page [●] of this Draft Red Herring Prospectus.

Bidders’ Bank Details:

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar will obtain from the Depository, the Bidders’ bank account including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf. **These bank account details would be printed on the Refund Order, if any, to be sent to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder’s sole risk and neither our Company, the Registrar, the Escrow Collection Bank(s), Refund Banker nor the BRLM shall be liable to compensate the Bidders’ for any interest for such delay.

Bidders’ Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on Refund Orders and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the Refund Orders/ CANs/Allocation advice and printing of bank particulars on the refund order and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ Allocation advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Investors should note that the refund cheques would be overprinted with details of bank account as per the details received from the Depository.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lacs and pension fund with the minimum corpus of Rs. 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the Refund Order and mailing of the Refund Order/ CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI Bidders will have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from our Registered Office or from Members of the Syndicate or the Registrar.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application form meant for Resident Indians (white in colour).

Bids by Non-Residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the prescribed Bid-cum-Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders Portion for the purposes of Allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of Allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details please refer "Maximum and Minimum Bid Size" in chapter titled "Issue Procedure" beginning on page [●] of this Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of Allocation.

Payment Instructions

We shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form. The BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Bank(s) for the collection of the Margin Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to Allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on Allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the Member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the Allocation list to the Members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - In case of Resident Bidders: "**Escrow Account- Indowind Energy Limited Public Issue**"
 - In case of Non Resident Bidders: "**Escrow Account- Indowind Energy Limited Public Issue- NR**"
 - In case of Eligible Employees: "**Escrow Account – Indowind Energy Limited Public Issue – Eligible Employees**"
 - In case of Resident QIB Bidder: "**Escrow Account – Indowind Energy Limited Public Issue – QIB-R**"
 - In case of Non Resident QIB Bidder: "**Escrow Account – Indowind Energy Limited Public Issue – QIB-NR**"

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of Non-Resident Bidder Bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.
5. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.

6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with one of the Escrow Collection Banks. Any surplus amount shall be transferred into the Refund Account maintained with the Refund Bank for the purpose of making refunds, if any, to the Bidders
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid-cum-Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the BRLM/Syndicate Member at the time of submitting the Bid-cum-Application Form. The BRLM/Syndicate Member may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLM/Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids in single or joint names will be deemed to be multiple bids if the sole and/ or first Bidder is one and the same.

Eligible Employees and Existing Shareholders under the Employee and Shareholders of our Group Companies Reservation Portion can also bid in the "Net Issue" Portion and such Bids shall not be treated as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as Multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We reserve the right to reject, in their absolute discretion, all or any Multiple Bids in any or all categories.

PAN Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Bids without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number – MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less

than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. Therefore, MAPIN is not required to be quoted with the Bids.

Our Right to Reject Bids

In case of QIB Bidders, the Company, in consultation with the BRLM may reject a Bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under Employee and Shareholders of our Group Companies Reservation Portion, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.. Bids made under the Employee and Shareholders of our Group Companies Reservation Portion by any person who is not an Eligible Employee on [●] are also liable to be rejected.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

- Bid Amount paid doesn't tally with the amount payable for the highest value of Equity Shares Bid for;
- Bank account details for refund are not given;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872, including minor, insane persons;
- PAN photocopy / PAN communication/ Form 60/ Form 61 declaration along with documentary evidence in support of address given in the declaration not given if Bid is for Rs. 50,000 or more;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares, which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under Power of Attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/ postal order/ cash;
- Bids not duly signed by the sole/joint Bidders;
- Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
- Bids by OCBs;
- Bids by NRIs not disclosing their residential status.
- Bids by specified investors being body corporates who do not provide their UIN or UIN application status, in cases, which have applied for such UIN before December 31, 2004.
- Bids by US Persons other than "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act.
- Any other reason which the BRLM or our Company deem necessary

**Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated [●] among NSDL, our Company and Bigshare Services Private Limited;
2. An Agreement dated [●] among CDSL, our Company and Bigshare Services Private Limited.

All Bidders can seek allocation only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment advice or Refund Orders will be directly sent to the Bidders by the Registrar.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date of Bid Form, name and address of the Member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Attention: Investors can contact the Compliance officer in case of any pre-Issue or post-Issue related problems such as credit of allotted shares in the respective beneficiary account, refund orders, etc.

Compliance Officer and Company Secretary

Mr. S. Diraviam
Indowind Energy Ltd.



Address: 4th Floor, Kothari Buildings,
114 Nungambakkam High Road,
Chennai 600 0034
Telephone: +91 44 2833 0867/ 2833 1310/ 5215 0443
Fax: +91 44 2833 0208
Email: ipo@indowind.com
Website: www.indowind.com

Impersonation

As a matter of abundant caution attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or;**
- (b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name; shall be punishable with imprisonment for a term which may extend to five years."**

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if Refund Orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT OR ALLOCATION

I) For Eligible Employees:

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 60,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 60,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Share. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date are eligible to apply.

II) For Existing Shareholders:

- Bids received from the Existing Shareholders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Existing Shareholders will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Existing Shareholders to the extent of their demand.

- If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Share. For the method of proportionate basis of allocation, refer below.
- Only Existing Shareholders during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date are eligible to apply.

Vide an undertaking dated [●] our Promoters have confirmed that the Promoter Director and relatives of the Promoter and / or our Promoter Group Companies shall not participate in the Issue.

III) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have Bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 42,84,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 42,84,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

IV) For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have Bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 18,36,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 18,36,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

V) For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Bids from Mutual Funds exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis upto 5% of the QIB portion.

- ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - iii. Equity share remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIB's shall be determined as follows:
- i. In the event that the oversubscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis
- (c) The aggregate allocation to QIB Bidders shall be upto 61,20,000 Equity Shares.

Procedure and Time Schedule for Allotment of Equity Shares

The Issue will be conducted through a "100% Book Building Process" pursuant to which the Underwriters will accept Bids for the Equity Shares during the Bidding period. The Bidding period will commence on [•] and expire on [•]. Following the expiration of the Bidding period, our Company, in consultation with the BRLM, reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non- Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. Our Company will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and our Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, Refund Orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allocation in the Retail and Non-Institutional Portions

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by our Company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to [•] Equity Shares:

- a) The subscription in the Retail and the Non-Institutional portion will be computed separately.
- b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such Bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
- c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- d) The balance of the Bids will be those, which will not be directly entitled for allotment of minimum shares. Such Bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful Bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.

- e) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Disposal of Bids and Bid Amount

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the Bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The mode of dispatch of refunds shall be as under:

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, Refund Orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to Bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar for refunds to unsuccessful Bids or allotment advice. Refunds if, not made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a Refund Banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the Bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence Bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of the public issue. Our Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if in a case where the refund and portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of closure of the Issue.

Despatch of Refund Orders

Refer to the explanation made under the heading “**Disposal of Applications and Application Money**” in the same section on page [●].

UNDERTAKING BY THE COMPANY

We undertake as follows:

- A that the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- B that all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- C that the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar by our Company;
 - i. that where the funds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days of the closure of the Issue giving details of bank where the funds shall be credited along with amount and expected date of electronic credit of refund;
- D that the certificates of Equity Shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;



- E that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

- all monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
- details of all monies utilized out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;
- details of all unutilized monies out of this Issue of Equity Shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;
- the utilization of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
- The details of all unutilized monies, out of the funds received under promoters contribution and reservations, shall be disclosed under a separate head in the Balance Sheet of our Company indicating the manner in which such unutilized monies have been invested
- Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought have been received. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/dividend bearing liquid instruments including money market, mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by our Board from time to time.

Rectification of Register of Members

Our Company, under Section 111A of the Act will have the right to rectify the register of members to comply with the Act.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in shares and convertible debentures of an Indian company is regulated through the foreign direct investment policy of the GoI ("FDI Policy") and by the Reserve Bank of India ("RBI") as per the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and rules, regulations and guidelines there under. While the FDI Policy lays down the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA, along with rules, regulations and guidelines there under, regulates the precise manner in which such investment may be made. Under the FDI Policy, unless specifically restricted, foreign direct investment is freely permitted in all sectors of Indian economy and without any prior approvals, but person's resident outside India are required to follow prescribed procedures for making such investment. In the event an approval of the GoI is required, the same may be obtained through the Foreign Investment Promotion Board ("FIPB").

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

In the ceramic sector, FDI upto 100% is allowed on the automatic route with no entry-level condition.



The above information is given for the benefit of the bidders and neither our Company nor the BRLM are liable for any modifications that may happen after the date of this Draft Red Herring Prospectus.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Share Capital

3. The authorized share capital of the Company is Rs. 56,00,00,000/- (Rupees Fifty six Crores) divided into 4,90,00,000 Equity Shares of Rs.10/- (Rupees ten) each and 7 Preference Shares of Rs. 1,00,00,000 each. The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.

Increase of capital by the Company how carried into effect

4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Non Voting Shares

5. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Redeemable Preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares

7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.

(a) No such Shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.

(b) No such Shares shall be redeemed unless they are fully paid.

(c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed.

(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

(e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of capital

8. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Purchase of own Shares

8A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

Sub-division consolidation and cancellation of Shares

9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Modification of rights

10. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking pari passu therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Further issue of shares

12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:

- (a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date
- (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement

of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into Shares in the Company; or

(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.

Shares under control of Directors

13. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Power to offer Shares/options to acquire Shares

13A

(i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the

Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

Power also to Company in General Meeting to issue Shares

15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

Power of General Meeting to authorize Board to offer Shares/Options to employees

15A. (i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose

(ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.

Shares at a discount

16. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:

(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board; (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and (c) The Share to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

The Board may issue Shares as fully paid-up

18. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.

Deposit and call etc., to be debt payable

20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

21. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.

Dematerialisation of securities

21. (B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Options to receive security certificates or hold securities with depository

21. (C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

Securities in depositories to be in fungible form

21. (D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Rights of depositories and beneficial owners

21. (E) (1) Notwithstanding anything to the contrary contained in the Articles, Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;
(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;
(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

Depository To Furnish Information

21. (F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Option to Opt out in respect of any security

21.(G) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Sections 83 and 108 of the Act not to apply

21. (H) Notwithstanding anything to the contrary contained in the Articles,
(1) Section 83 of the Act shall not apply to the Shares held with a Depository;
(2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

Share certificate

22. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.
(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.

The first name joint holder deemed sole holder

25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.

Company not bound to recognize any interest in Shares other than of registered holder

26. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Declaration by person not holding beneficial interest in any Shares

28. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act; (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act; (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act; (4) Notwithstanding anything contained in the Act and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

INTEREST OUT OF CAPITAL

Interest out of capital

33. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and

subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Debentures with voting rights not to be issued

34. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business; (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act; (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act; (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act; (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance; (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred; (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof; (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Directors may make calls

35. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or installment payable

40. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Evidence in action by Company against share holder

41. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

42. The Board of Directors may, if it thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amount due upon the Shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its Shares on account of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, fifteen per cent per annum as the Member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such Member three months' notice in writing. Money so paid in advance of the amount of calls shall not confer a right to dividend or to participate in profits.

No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment presently payable.

The provisions of this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Partial payment not to preclude forfeiture

43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Company to have lien on Shares/ Debentures

44. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures;

PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and
(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

If money payable on Shares not paid notice to be given

47. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum payable on allotment to be deemed a call

48. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

Form of notice

49. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment Shares to be forfeited

50. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice of forfeiture to a Member

51. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited Shares to be the property of the Company and may be sold etc.

52. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still liable for money owing at the time of forfeiture and interest

53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Effects of forfeiture

54. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.

Power to annul forfeiture

55. The Board of Directors may at any time before any Share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Cancellation of shares certificates in respect of forfeited Shares

58. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect



and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

Evidence of forfeiture

59. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Validity of sale

60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

No transfers to minors etc.

62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Form of transfer

63. The instrument of transfer of any Share shall be in the prescribed form under the Companies (Central Governments) General Rules and Forms, 1956 and in accordance with the requirements of Section 108 of the Act.

Application for transfer

64. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

(b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (c) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Execution of transfer

65. The instrument of transfer of any Share shall be duly witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

Transfer by legal representatives

66. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Register of Members etc when closed

67. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the

Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Directors may refuse to register transfer

68. Subject to the provisions of Section 111 of the Act, Section 22A of the Securities Contract (Regulation) Act, 1956 and all other laws, rules, regulations and statutory agreements, if any, applicable to the Company or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of any Share and in particular may so decline in any case in which the Company has a lien upon the Shares desired to be transferred or any call or installment regarding any of them remain unpaid or if the transferee is not approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a Member; in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer. The registration of transfer shall be conclusive an evidence of the approval of the Directors of the transferee. Registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except in lien on Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.

Death of one or more joint holders of Shares

69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.

Registration of persons entitled to Shares otherwise than by transfer (Transmission clause)

72. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

Refusal to register nominee

73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration

Company not liable for disregard of a notice prohibiting registration of transfer

77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Power to issue share warrants

78. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

79. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant; (b) Not more than one person shall be recognized as depositor of the Share warrant; (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant

80. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Share may be converted into stock

82. The Company may, by Ordinary Resolution: Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.

Transfer of stock

83. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

Right of stock holders

84. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

Regulation applicable to stock and share warrant

85. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Power to borrow

86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

The payment or repayment of moneys borrowed

87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Debentures

88. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

MEETINGS OF MEMBERS

Contents and manner of service of notice

98. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

(2) Subject to the provisions of the Act notice of every General Meeting shall be given;

(a) to every Member of the Company, in any manner authorized by sub-sections (1) to (4) Section 53 of the Act; (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (c) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of Members of the Company

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Chairman's casting vote

112. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Special notice

115. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

Number of votes to which Member entitled

118. Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Votes of Members of unsound mind

119. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

Votes of joint Members

120. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Representation of body corporate

121. (a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of

its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.

(b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.

Votes in respects of deceased or insolvent Members

122. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Voting in person or by proxy

123. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act.

Rights of Members to use votes differently

124. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses

Proxy either for specified meeting or for a period

126. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

No proxy to vote on a show of hands

127. No proxy shall be entitled to vote by a show of hands.

Instrument of proxy when to be deposited

128. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.

Form of Proxy

129. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.

Validity of votes given by proxy notwithstanding revocation of authority

130. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

Time for objection to vote

131. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.

Chairman of any Meeting to be the judge of Validity of any value

132. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

DIRECTORS**Number of Directors**

134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

Nominee Director or Corporation Director

137. (a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Ltd. (ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.

(c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off.

(d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation.

(f) Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.

Alternate Director

139. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called “the Original Director”) to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.

Additional Directors

141. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

Qualification shares

142. A Director need not hold any qualification shares.

Directors’ sitting fees

143. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Extra remuneration to Directors for special work

144. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided. Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government;
- or
- ii) by way of commission if the Company by a Special Resolution authorized such payment.

Traveling expenses incurred by Directors on Company's business

145. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.

Director may act notwithstanding vacancy

146. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Whole-time Director

148. When the Company:-

- (a) enters into a contract for the appointment of a Managing Director or Whole-time Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

Directors and Managing Director may contract with Company

150. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.

Disqualification of the Director and Vacation of Director

151. (1) A person shall not be capable of being appointed Director of the Company if:-

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudged an insolvent and his application is pending;
- (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

(2) The office of Director shall become vacant if:-

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudged an insolvent; or

- (c) he is adjudged an insolvent; or
- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or
- (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or
- (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
- (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or
- (k) if by notice in writing to the Company, he resigns his office, or
- (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

(3) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect:

- (a) for thirty days from the date of the adjudication, sentence or order;
- (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

Removal of Directors

152. (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

(b) Special Notice as provided by these Articles or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.

(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.

(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:

(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and

(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.

(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 143 or

Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 143 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly

(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(h) Nothing contained in this Article shall be taken:-

(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or

(ii) as derogating from any power to remove a Director which may exist apart from this Article.

Interested Directors not to participate or vote in Board's proceedings

153. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-

(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;

(i) in his being: (a) a director of such company; and (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or

(ii) in his being a member holding not more than two percent of its paid-up share capital.

MANAGING DIRECTOR

Remuneration of Managing Director

167. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receives such remuneration as may from time to time be approved by the company.

POWERS OF THE BOARD

General powers of management vested in the Board of Directors

184. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director,

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;

(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)

(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

Certain powers to be exercised by the Board only at Meetings

185. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

- (a) the power to make calls, on shareholders in respect of money unpaid on their Shares,
- (b) the power to issue Debentures,
- (c) the power to borrow moneys otherwise than on Debentures,
- (d) the power to invest the funds of the Company, and
- (e) the power to make loans

Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

Certain powers of the Board

186. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to



the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

(1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.

(3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.

(9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.

(10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(11) Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.

(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

(17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.

(17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.

(18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.

(19) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

(21) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

(23) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.

(24) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

(27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

(28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

(29) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

(30) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

(31) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

(32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/ authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

MINUTES

Minutes to be made

187. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed: (a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting. (b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

DIVIDENDS AND CAPITALISATION OF RESERVES

The Company at General Meeting may declare dividend

193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Dividends out of profits only

194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

Interim dividend

195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Capital paid-up in advance as interest not to earn dividend

197. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Dividends in proportion to amounts paid-up

198. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is



issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.

No Member to receive dividend while indebted to the Company and the Company's right in respect thereof

199. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.

Dividend to joint holders

201. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Notice of dividend

203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.

Reserves

204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Unclaimed dividend

206. No unclaimed dividend shall be forfeited by the Board and the Directors shall comply with the provisions of the Act and the Rules there under as regards unclaimed dividends.

DOCUMENTS AND NOTICES

To whom documents must be served or given

219. Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

REGISTERS AND DOCUMENTS

Registers and documents to be maintained by the Company

223. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:

- (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act;
- (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act;
- (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act;
- (d) Foreign register, if so thought fit, as required by Section 157 of the Act;



- (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act;
- (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act;
- (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act;
- (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act;
- (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act;
- (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.

SECTION IX – OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are / or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this Draft Red Herring Prospectus and which have been delivered to the Registrar of Companies, Chennai at Tamil Nadu for Registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Draft Red Herring Prospectus until the date of closing of subscription list.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated February 9, 2007 between the Company and the BRLM to the Issue.
2. Memorandum of Understanding dated February 10, 2007 between the Company and the Registrar to the Issue Bigshare Services Private Limited.
3. Copy of tri-partite agreement entered among NSDL, the Company and the Registrar & Transfer Agents to the Company dated November 23, 2006.
4. Copy of tri-partite agreement entered among CDSL, the Company and the Registrar & Transfer Agents to the Company dated [●].

MATERIAL DOCUMENTS

1. Memorandum of Association and Articles of Association of the Company.
2. Certificate of Incorporation dated July 19, 1995.
3. Copy of special resolution passed at EGM dated November 27, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
4. Resolution passed by the Board of Directors at their meeting held on November 27, 2006 for the proposed Public Issue
5. Copy of listing application made to BSE and NSE.
6. In-principal approvals from BSE and NSE dated [●] and [●].
7. Copies of Auditors Report issued by Statutory Auditors of the Company M/s V.Ramaratnam & Co. Chartered Accountants, dated November 2, 2006
8. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s V.Ramaratnam & Co. Chartered Accountants, dated November 2, 2006.
9. Certificate from the Statutory Auditors of the Company M/s. S Vasudevan & Associates, Chartered Accountants, dated February 2, 2007 regarding the sources and deployment of funds.
10. Consent from Auditors of the Company M/s V. Ramaratnam & Co. Chartered Accountants, dated February 2, 2007.
11. Consent letters from Directors, BRLMs, Escrow Collection Banks, Underwriters, Bankers to the Company, Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Draft Red Herring Prospectus
12. Copies of Annual Reports for the last 5 accounting periods i.e. FY 2002, FY 2003 and FY 2004, FY 2005, FY 2006 and Audited Report for Quarter ending September 30, 2006.
13. A copy of the SEBI observation letter no. [●] dated [●].
14. Copy of the Resolution dated February 25, 2005 appointing Mr. K.S. Ravindranath as Wholetime Director

XI. DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

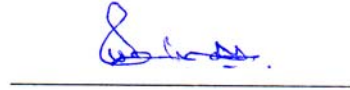
We, the directors of Indowind Energy Limited, hereby declare and confirm that no information/material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of the Draft Red Herring Prospectus has been suppressed/ withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Mr. K. V. Bala



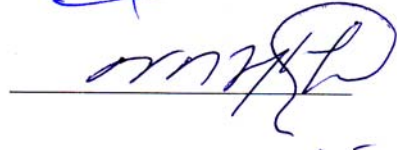
Mr. K. S. Ravindranath



Mr. T. R. Jayaraman



Mr. Niranjana R Jagtap



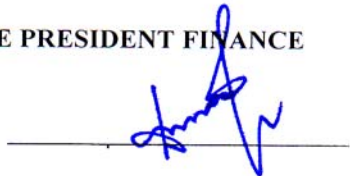
SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. S. Diraviam



SIGNED BY THE CHIEF FINANCE OFFICER (CFO)/ ASSISTANT VICE PRESIDENT FINANCE

Mr. K.K. Dinakar



Place: CHENNAI

Date: February 19, 2007