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

INDOWIND ENERGY LIMITED

(Incorporated on July 19, 1995 vide certificate of incorporation No. 18- 32311 of 1995 under the Companies Act, 1956 as Indowind Energy Private Limited and renamed as Indowind Energy Limited upon conversion into a public limited company U/s 43(a) on September 30, 1997)
Registered Office: Kakani Towers, II Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.
Tel No: (044) 2833 0867/ 2833 1310 / 52150443; **Fax No:** (044) 2833 0208
E-mail: ipo@indowind.com; **Website:** www.indowind.com; **Contact person: Ms. Gayathri M R, Company Secretary**

PUBLIC ISSUE OF 90,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] ("the Issue") BY INDOWIND ENERGY LIMITED ("IEL", "The Issuer", The Company"). OUT OF WHICH 9,00,000 EQUITY SHARES OF RS. 10/- EACH HAVE BEEN RESERVED FOR SUBSCRIPTION BY EMPLOYEES OF THE COMPANY AGGREGATING TO RS. [●] ("Employee Reservation Portion"), AND 9,00,000 EQUITY SHARES OF RS. 10/- EACH HAVE BEEN RESERVED FOR SUBSCRIPTION BY SHAREHOLDERS OF GROUP COMPANY AGGREGATING TO RS. [●] ("Shareholders of Group Company Portion"), AND NET ISSUE TO PUBLIC OF 72,00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING TO RS. [●] ("Net Issue to Public"). THE ISSUE WOULD CONSTITUTE 26.19% OF THE FULLY DILUTED POST ISSUE 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/Issue 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 Bombay Stock Exchange Limited, Mumbai, 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 up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, including specific allocation of 5% within the category of Qualified Institutional Buyers for Mutual Funds only, and the remaining QIB Portion shall be available for allocation on a proportionate basis to all the Qualified Institutional Buyers including Mutual Funds. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public 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 for the Employees of the Company and Eligible Shareholders of Group Company to the extent of 10% of the Issue for each category. This would be allotted on the proportionate basis.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first Issue of the Company, there has been no formal market for the securities of the Company. The face value of the shares of the Company is Rs.10/- per share and the Issue Price of Rs. [●] is [●] times the face value of the shares of the Company. The Issue Price (as has been determined by the 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 shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the 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 the Issuer and the Issue including the risk involved. The Equity Shares offered in the 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 the statement of Risk Factors beginning on Page No. **[●]** of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company**,** having made all reasonable enquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the 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.

LISTING

The Equity shares through this Issue are proposed to be listed on Bombay Stock Exchange Limited (BSE). The in-principle approvals for the proposed listing have been received from BSE for the Equity Shares vide their letters dated **[●].**

BRLM TO THE ISSUE

UTI Securities Limited
1st Floor, Dheeraj Arma, Anant Kanekar Marg,
Station Road, Bandra (East), Mumbai – 400 051
Tel: 91-22- 5551 5804 / 5551 5809
Fax: 91-22- 5551 5825
Website: www.utisel.com
Email: indowind@utisel.com
Contact Person: Mr. Mayank Jain

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: bigshare@bom7.vsnl.net.in
Contact Person: Mr. N V K Mohan

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON : , 2006

BID / ISSUE CLOSES ON : , 2006

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I. DEFINITIONS AND ABBREVIATIONS

Term	Description
“INDOWIND ENERGY LIMITED” or “the Company” or “our Company” or “INDOWIND” or “IEL” or “we” or “us” and “our”.	INDOWIND ENERGY LIMITED., a public limited company incorporated under the Companies Act, 1956

Conventional/General Terms

Act	The Companies Act, 1956
BOI	Bank of India
BSE	Bombay Stock Exchange Limited, Mumbai
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
DCA	Department of Company Affairs
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
Directors	The directors of the Company, unless the context otherwise requires
Equity Shares	The equity shares of Face Value of Rs. 10/- each of the Company
FIIs	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
IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/ Memorandum of Association	The Memorandum of Association of Indowind Energy Limited
Non Resident	A person who is not an NRI, an 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
PFC	Power Finance Corporation
RBI	Reserve Bank of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
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 uptill September 19, 2005 and thereafter, including instructions and clarifications issued by Securities and Exchange Board of India (SEBI) constituted under the Securities and Exchange Board of India Act, 1992.
Stock Exchanges	BSE

Issue Related Terms

Term	Description
Applicant	Any prospective investor who makes an application for shares in terms of this Draft Red Herring Prospectus.
Application Form	The Form in terms which the investors shall apply for the Equity Shares of the Company.
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue
Banker(s) to this Issue/Escrow Collection Bank	[•]
Bid	An offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company 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 with wide circulation at the Registered Office of the Company
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus
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 and a Hindi national newspaper with wide circulation at the Registered Office of the Company
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft 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 (DIP) Guidelines 2000, 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
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM
CBRLM/ Co BRLM	Refers to the Co Book Running Lead Manager to the Issue.
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 the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall make the Allotment to successful Bidders
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 the Equity Shares are offered and number of Equity shares offered through this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of this Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Eligible Employees	For the purpose of the Employee Reservation Portion, Eligible Employee means Permanent Employees/ Executive Directors of the 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.
Equity Shares	Equity shares of the 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 the Company, the Registrar to this Issue, the Escrow Collection Bank(s), the BRLM and the Syndicate Member 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 for the Issue will be opened.
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
Issue	The fresh issue of [•] Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by the Company in terms of this Draft Red Herring Prospectus
Issue Management Team	The team managing this Issue as set out in the section titled “General Information” in this Draft Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in term of this Draft Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date
Issue Period	The Issue period shall be [•] being the Bid/Issue Opening date, to [•], being the Bid/Issue Closing date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount

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.100,000
Non Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue i.e. [•] 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 money at the time of bidding, as applicable
Pay-in-Period	This term 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 Bidders whose Margin Amount is less than 100% 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 the Company in consultation with the BRLM finalizes the Issue Price
Promoters	Following mentioned below are the Promoters for the Company: • Mr. K V Bala • Subuthi Finance Limited • Loyal Credits & Investments Limited.
Promoters Contribution	The money brought in by the Promoters as part of their contribution towards the 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 number of Equity shares offered through this Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to this Issue 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 Portion	The portion of this Issue being up to 50% of the Net Issue to Public including the specific allocation of 5% for Mutual Funds, i.e., [•] Equity Shares of Rs.10 each available for allocation to QIB's
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. 100,000 in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of the Net Issue to Public i.e. [•] 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 Price 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 the Company and the Syndicate Member, 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 the Company to be entered into on or after the Pricing Date

Company/ Industry-related Terms

Term	**Description**
Auditors	The statutory auditors of the Company namely M/s.V Ramarathnam & Co. Chartered Accountants.
Articles/ Articles of Association	The Articles of Association of Indowind Energy Limited
BOD/ Board/ Board of Directors	The Board of Directors of Indowind Energy Limited.
CC	Cash Credit
Eligible Shareholders/ Eligible Shareholders of Group Companies	For the purpose of the reservation for Shareholders of Group Company portion, Eligible Shareholders/ Eligible Shareholders of Group Companies mean shareholders of Our Group as mentioned under the Group Company (ies) 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.
Financial Year / Fiscal Year	The 12 months ended June 30, of a particular year unless otherwise specified
Group Companies	All or any of the following companies: • Subuthi Finance Limited • Loyal Credit & Investment Limited • Indonet Global Limited • SGM Windfarms Private Limited • Subuthi Investment Private Limited • MSKV Remedies Limited • Commendam Investment Private Limited • Wind Energy Development Company Private Limited • Kanya Windfarm Private Limited • ABC Insurance Services Limited • Subuthi Home Finance Limited • Indonet Com Private Limited • Green Star Energy Private Limited
Project	The proposed Expansion Project of Indowind Energy Limited to set up 9 MW Wind Farm in the Tamil Nadu.
RoC	Registrar of Companies, Tamil Nadu unless otherwise specified.
Registered Office of	Kakani Towers, II Floor, 15, Khader Nawaz Khan Road, Chennai 600

Term	Description
the Company	006
Subsidiary Company	There are no subsidry companies.
TNEB	Tamil Nadu Electricity Board

Abbreviations

AGM	Annual General Meeting of the Company
A. Y.	Assessment Year
CAGR	Compounded Annual Growth Rate
CDM	Clean Development Mechanism
CER	Carbon Emission Reduction
COD	Commercial Operation Date
DP	Depository Participant
DSRA	Debt Service Reserve Account
EGM	Extra-ordinary General Meeting of the Company
EMS	Environmental Management System
F.Y.	Financial Year
FI	Financial Institution
GOI	Government of India
HUF	Hindu Undivided Family
IPO	Initial Public Offer
L/C	Letter of Credit
MF	Mutual Fund
MNES	Ministry of Non-Conventional Energy Sources
MoP	Ministry of Power
NAV	Net Asset Value
NRIs	Non Resident Indians as defined under FEMA
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
TNW	Tangible Net Worth
TRA	Trust Retention Account

TECHNICAL ABBREVIATIONS

CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CMSs	Central Monitoring Stations
CWET	Centre for Wind Energy Technology
EHV	Extra High Voltage
IEA	International Energy Agency
IREDA	The Indian Renewable Energy Development Agency
KVA	Kilo Volt Amperes
KW	Kilo watts
KWH	Kilo Watt Hours
MT	Metric Tonnes

MW	Mega Watts
O&M	Operations and Maintenance
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
Sq mtrs	Square Meters
STU	State Transmission Utility
T&D	Transmission & Distribution
V	Volts
WEG / WTG	Wind Energy Generators / Wind Turbine Generators

II. RISK FACTORS

1. FORWARD-LOOKING STATEMENTS, CERTAIN CONVENTIONS AND MARKET DATA

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

For additional definitions used in this Draft Red Herring Prospectus, see the sections ‘Definitions and Abbreviations’ on Page No. [•] of this Draft Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association of Indowind Energy Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

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.

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 entitled “Risk Factors” beginning on Page No. [●] 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, the Company and the 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, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million”. 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.

2. RISK FACTORS

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

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

A. RISKS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

1. **The Company is promoted by first generation entrepreneur and the investors will be subjected to all consequential risk associated with such ventures.**

   The Promoter and founder Mr. K. V. Bala has been managing the company for over a decade. The company has been profit making since its inception and growing at the CAGR of 22.62%, which speaks of its credibility and commitment towards maximization of the wealth of stakeholders and shareholders of the Company. The Promoters have sufficient experience in all aspects of the business and have wind farms of 19.85 MW located at Trinunelveli and Kanyakumari Districts Tamil Nadu, Gadag district Karnataka and Anantpur district Andhra Pradesh excluding the Project under implementation. Furthermore, over the years we have also brought in relevant professionals to handle the key operational areas of our Company.

2. **The major revenue of the Company is derived from sale of power to SEB (TNEB)**

   The Company sells the power generated from its wind farm in Tamil Nadu to TNEB as per the policy of the State Goverment. TNEB has been making timely payments to the Company for the power sold by the Company. Generally, the State Electricity Boards (SEB) carry a reputation of defaulting in payments, however, Company has not faced any problems for recoveries from TNEB.

3. **The expansion plans of the company are subject to number of contingencies.**

   The expansion plans of the company are subject to number of contingencies involving delays in obtaining approvals, natural calamities and other factors beyond the control of the company. In addition, the projects are dependent on EPC contractors for supply, construction, testing and commissioning of the equipment. The Company cannot assure the performance of EPC contractors. Any deviation of performance parameters could unfavourably impact the expansion plans of the company.

4. **Risk of the exchange rate fluctuations due to import of major components, which form part of the machinery required for setting up of windmill.**

   The Company does not import the components for the equipment directly rather these are done by the EPC Contractor who delivers the equipment and setup the project on turn key basis. The Company’s exposure to the cost of the machinery payable to the EPC contractor is fixed in terms of Indian Rupees and hence the Company is not affected by any fluctuations in exchange rate.

5. **The PLF of the Project will be affected by matters such as grid failure and unplanned breakdown.**

   Efficency of any power generating company can be measured in terms of Plant Load Factor (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 proper and systematic, there are no major concerns for unplanned break downs. In case of grid failure, the PLF of the project may be affected indirectly as the generation of power from wind mills cannot be regulated and thus resulting in loss of generation.

6. **The PLF of wind power generation is the lowest.**

   The PLF of wind power generation is low as compared to all the other sources of power generation. However, the cost of raw material being nil in wind power generation, this would neutralize the impact of low PLF.

7. **The alteration in the tariff policy or other regulatory framework could unfavourably affect the Company.**

   The statutory and regulatory framework for the Indian power sector has significantly changed in the recent years and the impact of these regulations is unclear. The Electricity Act has put in place a framework for reforms in the sector, which may take time to get implemented. Furthermore, there could be changes in tariff policy, open access, licensing requirements and tax incentives applicable to companies in power sector. The nature and extent of review are oblivious and it may have impact on the financials of the Company.

8. **There are tax demands/disputes with various Government authorities as summarized below. There are other commercial litigations, which are given below. Details of individual cases are given on Page No. [●] These would affect the financials of the Company.**

   There are no cases filled by/us against any Government authorities except Income tax authorities for which the aggregate claims work out to Rs. 75,84,477 lacs.

   Hence as and when these cases are decided and if they go against the Company, the Company shall have to pay that amount.

9. **There are litigations filed/ litigations pending against Company's Directors/Promoters/ Promoter group companies/ Associates/subsidiaries as per details given in Page No.[●], the summary of which is given below:**

   There are outstanding litigations against one of the directors Mr. K S Ravindranath, and also some litigations against the promoter company Subuthi Finance Limited. There are some litigations against the group company Wind Energy Development Company Private Limited. The details of all the cases are detailed in the section "Outstandiing Litigations & Material Development" on Page No. [●] of this DRHP. The cases filed/ pending litigations against Directors/ Promoters/ Promoter group companies/Associates/Subsidiaries, would not affect the financials of the Company as the Company will not fund the claims, if any, arising out of the litigations.

10. The financials of the company are not comparable with the players in the industry.

There are no Companies in India who are generating power from Wind Mills as a core business (Developer) which are listed and traded on the exchanges, thus the financials/ pricing comparisons would not be available.

11. Withdrawal of promoters

The promoters have spent funds to the tune of Rs. 29,58,611 on the project in connection with processing fees and incidental expenses. Further the promoters are well established business people with professionally qualified management who have shown their commitments to projects in the past.

12. We share common pursuits with some of our Group Companies.

Three entities namely SGM Windfarms Private Limited, Wind Energy Development Company Private Limited and Kanya Windfarms Private Limited of our promoter group companies are engaged in businesses that are similar to ours and that may compete with us in the future. These are engaged in businesses that are similar to ours which may impact our growth opportunities in the same field and could create competition for us. Furthermore, out of these three companies, two entities have been promoted by Mr. K V Bala, who is one of our Promoters. As a result, in future, there may be conflicts of interest between these ventures of Mr. KV Bala in addressing business opportunities and strategies although at present only one of these ventures is operating wind farms of total capacity of 1.575 MW on operating lease basis.

13. We have not entered into any definitive agreement for setting up the proposed 9 MW Wind Farm Project at Tiruneveli District, Tamil Nadu nor have we placed any orders for plant and machinery/equipments which is to be part financed from the proceeds of the Issue

We intend to use part of the proceeds of the Issue for capital expenditure described in the section “Objects of the Issue” beginning on Page [●] of this Draft Red Herring Prospectus. Accordingly, save and except as stated in the said section “Objects of the Issue” beginning on Page [●] of this Draft Red Herring Prospectus we have not entered into any definitive agreements for setting up the 9 MW Wind Farm Project at Tiruneveli District, Tamil Nadu nor have we placed any orders for plant and machinery/equipments which is to be part financed from the proceeds of the Issue. Although we have identified CWEL, we have not entered into any formal agreement with them as the turnkey contractor for the project. The agreement would be entered based on their offer letter for the terms and conditions of the said turnkey contract.

14. We have not applied for registration in terms of The Contract Labour (Regulation and Abolition) Act, 1970.

We engage the services of approximately 30 contract labourers, during the peak season through local contractors for the purposes of maintaining Green belt and Security. However, although we are required to register ourselves in terms of The Contract Labour (Regulation and Abolition) Act, 1970, we have not complied with the said requirement. Any delay or disallowance of such permission, consentt etc. shall affect our business operations. For a detailed list of Government approvals taken, applied and required but not yet applied, kindly refer to section titled ‘Government Approvals’ at Page [●] of this Draft Red Herring prospectus.

15. **We have not applied for the transfer of service connection for our WEG situated in Andhra Pradesh.**

    We have not applied for the transfer of service connection to run the WEG acquired by us from our Promoter Subuthi Finance Limited situated at Ramgiri, Andhra Pradesh as required by us in the ordinary course of business. Any delay or disallowance of such permission, consent etc. may affect our business operations.

16. **We do not provide our employees with retirement and other employee benefits.**

    We have not provided our employees with retirement benefits and do not contribute towards provident fund or gratuity for our employees. Non-compliance with these statutory requirements will attract penalties as specified for the same under the Payment of Gratuity Act, 1972 and the Provident Funds Act, 1952.

17. **Loss making ventures of the Promoters/ Group Company (ies).**

    Our Group Companies which have reported profit/ loss (s) during the last financial year are listed below:

PAT (Rs in lacs)

Group Company (ies)	**For the financial year Ended**			
	2002	**2003**	**2004**	**2005**
Subuthi Investments Pvt. Ltd.	6.7	-1.49	1.07	-1.33
SGM Windfarms Pvt. Ltd.	0.36	0.04	0.02	-0.58
Commendam Investments Pvt. Ltd.	45.08	-0.22	3.2	-1.34
Wind Energy Development Co. Pvt. Ltd.	17.84	-1.07	3.76	-3.46

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B. WIND POWER GENERATION BUSINESS

1. **The demand for wind power projects is primarily dependant on the demand for electricity.**

   The demand for electricity is closely linked to economic growth, economic activities such as industrial production and domestic consumption which tend to expand with overall growth of the economy thereby, increasing the demand for electricity. Even in case of economic downturn, industrial activity and domestic demand may decline/stagnate but the electricity supply may not exceed its demand where there is overall shortage of 30% at present. (Source: MNES, Power Directory)

2. **We currently enjoy some significant government incentives.**

   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”.

3. **Viability of the wind power projects are dependent on the wind patterns.**

   The viability of wind power projects are 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.

4. **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, micrositting, 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 majure 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.

5. **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.

6. **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 & 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.

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

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

8. **Transmission Risks**

   Wind farms must be connected to SEB grid to supply the electricity generated. If a 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 we 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.

C. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

1. **Certain factors beyond the control of the company could have a negative impact on the company's production. Terrorist attack, drought, floods etc involving India and other countries can adversely affect the financial markets and the company.**

   Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on Dec 13, 2001 and other acts or violence or war may negatively affect the Indian markets where the equity shares of the Company will trade. Also, as a result of such events India or certain other countries may enter into armed conflict with other countries. The consequences of any potential armed conflicts are unpredictable and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition or results of operation.

2. **Changes in the Government of India policies could impact the liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.**

   A significant change in India's economic liberalisation and deregulation policies could affect business and economic conditions in India generally and our business in particular. A significant change in the Indian government's or the state governments' economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

3. **Volatility of share prices on listing**

   After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

   - Volatility in the Indian and global securities market;
   - Our results of operations and performance, in terms of market share;
   - Performance of the Indian economy;
   - Changes in Government policies;
   - Changes in the estimates of our performance or recommendations by financial analysts;
   - Significant developments in India's economic liberalization and deregulation policies;
   - Significant developments in India's fiscal and environmental regulations.

4. **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.

5. **Political instability could adversely affect business and economic conditions in India generally and our business and results of operations in particular.**

We are an Indian company and all of our assets and employees are located in India. Consequently, our financial performance and the market price of our shares will be affected by changes in exchange rates and controls, interest rates, governmental policies, including taxation policies, as well as political, social and economic developments affecting India.

6. **During the past decade, the Government of India has generally pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector.**

Role of the Indian Central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. The general election in 2004 resulted in no party winning an outright majority and a coalition government was formed. We cannot assure you that these liberalization policies will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. A significant change in India’s economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally.

7. **A slowdown in economic growth in India or occurrence of natural calamities could cause our business to suffer.**

Our performance and the quality and growth of our business are necessarily dependent on the health of the overall Indian economy. The Indian economy has grown significantly over the past few years. However, there have been periods of slowdown in economic growth during the 1990’s. The Indian economy is also largely driven by the performance of agriculture, which depends on the quality of the monsoon and is difficult to predict. Any future slowdown in the Indian economy could harm us, our customers and other contractual counter parties. The tsunami that struck the eastern coast of India and other Asian countries on December 26, 2004 did not result in any fatalities or serious injuries to our staff nor any damage to our properties. Though the recent rains in various parts of India did not adversely affect or damage our wind farm operations, the same have affected the overall economy of India. No assurance could be given that such natural calamities would not cause damage to our wind farms or otherwise have an impact on our operations.

NOTES TO RISK FACTORS:

1. Pre-issue Net worth of the Company as on June 30, 2005 is Rs. 4194.01 lacs and as on September 30, 2005 is Rs.4341.68 lacs.

2. Size of the Present issue - Public Issue of 90,00,000 Equity Shares of Rs. 10/- each for cash at a Price of Rs. [●] per Equity Share aggregating to Rs. [●] (“The Issue”), out of which 9,00,000 Equity Shares of Rs. 10/- each have been Reserved for subscription by Permanent Employees of the Company aggregating to Rs. [●] (“Employee Reservation Portion”), and 9,00,000 Equity Shares of Rs. 10/- each have been Reserved for subscription by Existing Shareholders/ Eligible Shareholders Shareholders of Group Company(ies) aggregating to Rs. [●] (“Shareholders of Group Company Portion”), and Net Issue to Public of 72,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. [●] (“Net Issue to Public”).

3. The average cost of acquisition of per Equity Share by the Promoters is depicted below:

Promoter	Average cost of Acquisition (Rs)
Mr. K V Bala	13.80
Subuthi Finance Limited	3.80
Loyal Credit & Investments Limited	1.08

4. Book value of the Equity Shares of the Company as on June 30, 2005 is Rs. 16.53 and as on September 30, 2005 is Rs. 17.12.

5. Investors are advised to refer to the paragraph on "Basis for Issue Price" on Page No. [•] 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 Stock Exchange i.e in this case BSE, (the Designated Stock Exchanges). For details, refer to the Section “Issue Procedure” on the Page No. [●] 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. The Compliance Officer would be available at our Registered Office.

8. The Company has issued 10,000 Equity Shares of Rs. 10/- each for consideration other than cash on June 26, 2000. Details of the same are disclosed in the Notes to Capital Structure.

9. There are no contingent liabilities except as mentioned as under, which are not provided for as on June 30, 2005.

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. 40,88,257/- ; for the A.Y. 2001-02 the demand is Rs. 2,87,410/- and for the A. Y. 2001-02 the demand is Rs. 34,96,220/-. The company has preferred appeals and the said appeals are pending before the Appellate Authorities.

Income Tax:

Name of the Statute	Nature of Dues	Amount of Demand	Period to which Demand relates	Forum where Dispute is Pending
Income Tax Law	**Income Tax**	Rs. 287,410/-	Assessment Year 2001-2002	Appellate Tribunal Chennai
		Rs. 34,96,220	Assessment Year 2001-2002	Appeal being filed before Commissioner (Appeals)
		Rs. 40,88,257/-	Assessment year 1998-99	Appellate Tribunal-Chennai

10. Related party transactions are given below:

For details of the Related Party Transactions refer to the Annexure XV of the Audit Report on the Page No. [●] of this Draft Red Herring Prospectus.

11. All information shall be made available by the BRLM and the Company 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.

12. Since inception, the Company has issued 1,60,60,000 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
Total	**16060000**	

13. Details of Contingent Liabilities not provided for as on December 31, 2005 are given on page [•] of this Draft Red Herring Prospectus.

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.*

Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, Industry Publications and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions; Forward Looking Statements; Market Data" in this Draft Red Herring Prospectus.

1. SUMMARY

INDUSTRY OVERVIEW:

For the summary of Industry, kindly refer to the Section "Industry Overview" on the Page No. [●] in this document.

BUSINESS OVERVIEW:

The Company was incorporated with the name "Indowind Energy Private Limited" on July 19, 1995 *vide* certificate of incorporation No. 18-32311 of 1995 with RoC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 43A of the Act, the company was converted into Public Limited Company on September 30, 1997 and accordingly the word 'Private' was deleted from the name of the Company.

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 Equipments and selling it to State Electricity Boards and Corporate clients. The Company commenced its commercial operation of generating power in September 1995 by setting up 225 KW Wind Electric Generator at A'boly in Tamil Nadu**.** The Company has been increasing its generation capacity every year and the same has since been increased to 19.85 MW. The Company generated 0.56 mn units of power during 1995-96 with a PLF of 4.5%, which has been continuously increasing and it achieved a production of 24mn units with a PLF of 23% during FY 2004-05 and for the Half Year ending December 2005, the company has already generated 18.60 mn units.

The efficency of performance of the power generating companies are measured in terms of the Plant Load Factor (PLF). "PLF" is Plant Load Factor of a particular WEG or a project on the whole. It is measured 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. It is calculated on the basis as given below:

Rated Capacity x 24 hours x 365 days = 100% PLF

The actual generation in units (Kwh) of a particular WEG or project in a particular year is divided by 100% PLF in units (Kwh) to arrive at the PLF achieved in % by particular WEG or project in a particular year.

We have so far developed wind farms in three states viz. Muppandial & Nettor in Tamil Nadu, Gadag in Karnataka and Ramagiri in Andhra Pradesh to have presence in various windy sites and to spread the risks of concentration across various states. We have purchased WEGs from various reputed suppliers like NEPC-MICON, VESTAS- RRB, AMTL-Wind World and AWT to avoid dependence on a single technology and a single manufacturer. We have wind farm projects currently operating at following sites to have presence in different windy sites and to spread state risks:

- Muppandal (14.50 W, 62 windmills) in Tamil Nadu
- Nettoor (1 MW, 4 windmills) in Tamil Nadu and
- Gadag, Karnataka (4.10 MW, 15 windmills)

The true value of our efforts is reflected in the better PLF of plants managed by us. We have developed adequate qualified and experienced manpower to take care of the operations and maintenance. We have been able to achieve an overall average PLF of 23% during 2004-05.

We have been selling the power generated to Tamil Nadu Electricity Board (TNEB) and various Private corporate clients in Karnataka and Andhra Pradesh such as Indal, Hindustan Coco Cola Beverages Pvt. Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, Spicer India Limited, Jindal Aluminum, Kirloskar Electric Company Limited and Alstom India Limited. The electricity charges recovered from the corporate clients are more than the revenue generated from the sale to SEBs although the sale of the power to corporate clients can be made only out of the generations made in Karnataka.

For the companies in the power generation business PLF factor is one of the key success factors to measure the success and efficiency of the operations. Thus on the generation efficiency/ operational performance front, Our Company has been consistently achieving higher PLF rate as detailed below:

Comparative PLF Factor (expressed as %)

Region	**For the Period**									
	1996	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
All India	6.78	9.74	10.21	10.48	12.38	11.77	12.10	13.09	11.31	15.00
Tamil Nadu	7.66	10.38	11.03	12.34	14.99	13.49	14.53	13.18	11.70	13.85
(Source: http://www.windpowerindia.com)										
Indowind	5.27	10.6	14.73	12.09	16.84	15.21	17.45	21.49	22.98	23.00

Due to better cost management and higher PLF, the Company has been able to maintain a sustainable growth. Our PAT has increased to Rs. 414.24 lacs in year ended June 30, 2005 on the Total income of Rs. 1153.00 lacs as compared to the PAT of Rs. 307.70 lacs for the year ended June 30, 2004 on a total income of Rs. 831.50 lacs, an increase of 25.72%

The company's business plan is broadly classified on the following Strategic Business Units or SBUs. We look for opportunities to give value addition to the clients in these following areas.

- Turnkey projects in Wind for clients:
- Green Power sale to clients:
- Operation & Maintenance for client assets:
- Trading in Energy Assets (power, projects & spares):
- Agriculture
- Financing (power receivables discounting, bridge finance for projects):

Turnkey project solutions for clients

Since inception, our company is engaged in providing turnkey solutions to clients for developing wind farm projects. The company has so far, set up about 34.050 MW wind farm projects including the projects which are under various stages of implementation. The company is able to earn about 2-5% of project cost, depending on various contingencies in completing the projects. All the past projects have been completed satisfactorily.

“Green Power” Sale

The company has launched a pioneering concept for sale of Green Power to Corporate Clients. The corporate consumers of power in India were constrained to invest directly in Windmills, as it is a specialised activity which is not related to their core area of business due to the dependence on wind, being seasonal in nature etc. We identified this need and provide the corporate consumers with Green Power without the hassle of huge capital investment and the problems associated with maintaining the Wind mills etc. This has received a welcome response from the corporates. This Green Power sale also incidentally provides inherent savings in power cost to the corporate consumer.

Operation & Maintaince Services

We have competitive edge and expertise over others by way of experienced and qualified manpower, capable of providing Operation & Maintaince service for windmills being operated and owned by several corporates. The Operation & Maintaince contract for all the past projects are being carried out by our dedicated Operations & Maintaince teams at site. We are able to generate earnings of about 2% of project cost, as O & M charges.

Others

In addition to the above, the company is proposing to review its business plan on an annual basis, to decide the right course for future activities, to stay as a dynamic player in the industry. The company is exploring the possibilities of acquiring strategic investments in the company for the Company’s plans to come out with technologically advanced higher capacity turbines, entering into other areas of renewable sector like hydel, solar etc., and acquiring of existing companies with technology, experience and infrastructure facilities for augmenting the long term vision of the company

We have received host country approval from the Government of India for CDM project under CER vide letter no. F.No.4/24/2005-CCC dated December 26, 2005 for the current operations at Tamil Nadu. Out of the total installed plant capacity of 19.85 MW we have received the host country approval for 12.3 MW. The National CDM Authority in their letter has confirmed that:

- The Government of India has ratified the Kyoto Protocol in August 2002.
- Approval for voluntary participation of the Companys’ activities in the proposed CDM project activity.
- The project contributues to Sustainable Development in India.

2. ISSUE DETAILS

BRIEF OFFERING DETAILS

Equity Shares offered: Fresh Issue by the Company	90,00,000 Equity Shares of face value of Rs.10/- each constituting 26.19% of the fully diluted post issue paid up capital
Employee Reservation Portion [(1)] 10% reservation of Issue for Eligible Employees	9,00,000 Equity Shares of face value of Rs.10/- each.
Shareholders of Group Companies Portion [(2)] 10% reservation of Issue for Eligible Shareholders/ Eligible Shareholders of Group Company(ies)	9,00,000 Equity Shares of face value of Rs.10/- each
Net Issue to the Public	72,00,000 Equity Shares of face value of Rs.10/- each
Of which **A) QIB Portion** [(3)] Including the specific allocation of 5% within the category of QIBs to Mutual Funds.	36,00,000 Equity Shares of face value of Rs. 10/- each constituting up to 50% of the Net Issue to the Public (Allotment on a proportionate basis)
B) Non-Institutional Portion [(3)]	10,80,000 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 [(3)]	25,20,000 Equity Shares of face value of Rs 10/- each constituting at least 35% of the Net Issue to the Public (Allotment on a proportionate basis)
8	
Equity Shares outstanding prior to the Issue	2,53,67,778 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	3,43,67,778 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.

Notations:

(1) For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees / Whole-time Director of our Company during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue to Public.

(2) For the purpose of the Shareholders of Group Companies Portion, Eligible Shareholders means shareholders of our Group Company (ies) i.e. Subuthi Finance Ltd, Loyal Credit & Investments. Limited, Indonet Global Limited, SGM Windfarms Private Limited, Subuthi Investment Private Limited, MSKV Remedies Ltd, Commendam Investments Private Limited, Wind Energy Development Company Limited, Kanya Windfarm Private Limited, ABC Ins. Ser. Ltd., Subuthi Home Finance Ltd., Indonet Com P Ltd., Alpha Inv. Pvt. Ltd., Green Star Energy Pvt. Ltd during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form. Under-subscription, if any, in the Shareholders of Group Companies Portion will be added to the Net Issue to Public.

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

3. FINANCIAL SUMMARY

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 & Co, Chartered Accountants dated December 9, 2005 in the section entitled "Financial Information". You should read this financial data in conjunction with the Company's restated financial statements for each of Fiscal 2001, 2002, 2003, 2004 and 2005 and for the Quarter (3 months period) ended September 30, 2005, including the Notes thereto and the Reports thereon, which appears under Para on "Auditors Report" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Summary of Profit and Loss Account, (As Restated)

(Rs. in Lacs)

Particulars	For the Year ended					Quarter Ended September 30, 2005
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	
INCOME						
Power Income	487.90	534.74	568.11	525.59	787.13	328.34
Other Income	130.57	199.46	187.96	305.94	365.88	20.17
Total Income	**618.47**	**734.20**	**756.07**	**831.53**	**1153.01**	**348.51**
EXPENSES						
Operating, Administrative and Other expenses	96.57	135.89	172.23	206.95	239.88	64.42
Financial Expenses	222.27	308.57	245.61	214.27	337.23	104.87
Depreciation	94.88	88.70	91.27	104.80	106.50	27.55
Total Expenses	**413.72**	**533.16**	**509.11**	**526.02**	**683.61**	**196.84**
Profit Before Taxes	**204.75**	**201.04**	**246.96**	**305.51**	**469.40**	**151.67**
Less: Prior Period Adjustments	0.00	0.00	13.07	0.00	0.00	0.00
Profit Before Taxation and after prior period adjustments	**204.75**	**201.04**	**233.89**	**305.51**	**469.40**	**151.67**
Less: -- Taxation – Current	2.97	0.00	6.83	5.23	16.04	4.00
Profit After Taxation	**201.78**	**201.04**	**227.06**	**300.28**	**453.36**	**147.67**
Deferred Tax Liability	0.00	0.00	0.00	-7.42	39.12	0.00
Transitional Cumulative Provision for Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00

Summary of Assets and Liabilities, (As Restated)

(Rs. in Lacs)

Particulars	As on Year ended					Quarter Ended September 30, 2005
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	
A. Fixed assets:						
Gross Block	2096.62	1794.73	1964.82	2496.87	2337.72	2381.45
Less: Depreciation	205.31	286.55	377.82	480.54	518.59	546.14
Net Block	1891.31	1508.18	1587.00	2066.33	1819.13	1835.31
Capital Work in Progress	1541.93	1361.54	316.39	0.00	8.40	9.40
Capital Advances / Guarantee Deposits	0.00	0.00	1238.90	1249.40	1667.99	1690.10
Total Fixed Assets (A)	**3433.24**	**2869.72**	**3142.29**	**3265.73**	**3495.52**	**3534.81**
Investments (B)	**192.66**	**85.02**	**91.17**	**69.06**	**1.25**	**1.25**
C. Current Assets, Loans and Advances						
Sundry Debtors	113.30	218.08	332.59	221.77	253.76	307.20
Cash and Bank Balances	9.82	93.02	77.25	59.94	27.87	117.30
Loans and Advances	155.25	417.18	3389.80	1032.28	672.75	658.12
Other Current Assets	382.68	479.21	170.02	931.93	832.84	1088.55
Deferred Tax Assets	0.00	0.00	0.00	430.17	0.00	0.00
Total (C)	**661.05**	**1207.49**	**3969.66**	**2676.09**	**1787.22**	**2171.17**
D Liabilities & Provisions						
Secured Loans	372.15	266.69	404.55	357.37	632.72	813.89
Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities and provisions	99.49	232.68	2648.78	1071.55	425.56	519.96
Deferred Tax Liability	0.00	0.00	0.00	422.75	31.70	31.70
Total (D)	**471.64**	**499.37**	**3053.33**	**1851.67**	**1089.98**	**1365.55**
Net worth (A+B+C - D)	**3815.31**	**3662.86**	**4149.79**	**4159.21**	**4194.01**	**4341.68**
Represented by:						
Share Capital:						
Equity – (E)	519.00	753.00	753.00	1506.00	2536.78	2536.78
Preference – (P)	1900.00	1200.00	1600.00	1400.00	400.00	400.00
Reserve & Surplus	1396.31	1709.86	2436.79	1899.37	1471.63	1619.30
Less: Revaluation Reserve	0.00	0.00	640.00	640.00	200.00	200.00
Reserves (Net of Revaluation Reserves) - (F)	1396.31	1709.86	1796.79	1259.37	1271.63	1419.30
Miscellaneous Expenditure (G)	0.00	0.00	0.00	6.16	14.40	14.40
Net worth (E+P+F - G)	**3815.31**	**3662.86**	**4149.79**	**4159.21**	**4194.01**	**4341.68**

4. GENERAL INFORMATION

INDOWIND ENERGY LIMITED

Registered Office: Kakani Towers, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.
Tel No: (044) 2833 0867/2833 1310/ 5215 0443; **Fax No:** (044) 2833 0208
E-mail: ipo@indowind.com; **Website:** www.indowind.com

Registration Number: 18-32311 of 1995

Registrar of Companies: The Registrar of Companies, Tamil Nadu
Block No.6, B Wing 2nd Floor, Shastri Bhawan 26,
Haddows Road, Chennai – 600034
Phone 044-8277182, 8272676, Fax 044-8234298
E-Mail: roc-mad@hub.nic.in

BOARD OF DIRECTORS:

The Company is being managed by the Board of Directors comprising of 4 Directors. Our Board of Directors consists of the following persons:

Name of Director	Designation	Status
Mr. K.V. Bala	Director	Executive
Mr. K. S. Ravindranath	Whole Time Director	Executive
Mr. Jayesh M Thakur	Director	Non Executive, Independent
Mr. Niranjan R Jagtap	Director	Non Executive, Independent

Brief Profile of the members of the Board, is given below:

Mr. K.V. Bala, Chairman

Mr. K. V. Bala, 39 years, is a B. Tech, MBA from Bharathidasan University, Thiruchirapally and has done AMP from Stanford University. He initially worked with leading institutions like, ICICI Limited, Tata Finance Limited, Allbank Finance Limited, and gained experience in field of corporate finance, project advisory and merchant banking. Thereafter he promoted Subuthi Finance limited (SFL) in 1992, with the main objective of providing capital assistance, corporate advisory services for projects and corporate lending activities. Through SFL he was associated with various companies and has co-promoted various other ventures such as Indowind Energy Ltd, Indonet Global Limited (IGL), Kanya Windfarm Limited (KWFL) and Wind Energy Development Company Private Limited (WEDCO).

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

Mr. K. S. Ravindranath, 44 years, Whole – time Director, holds a Diploma in Engineering from PAC Ramaswamy Raja College of Polytechnic, Rajapalayam and has over 15 years of experience in the textile industry before joining our company Mr. K. S. Ravindranath's role and responsibilities in the company include overseeing the technical operations of the company and is instrumental in overseeing site selection, erection and installation of wind electric generators (WEG's), spares and maintenance of the WEG's etc. He is also a Co – Promoter of Subuthi Finance Limited.

Mr. Jayesh M. Thakur, Non – Executive and Independent Director

Mr. Jayesh Thakur 43 years, Non – Executive and Independent Director is a fellow Member of the Institute of Chartered Accountants of India since 1986. He has been a practicing Chartered Accountant under the firm name M/s Jayesh Thakur & Co. Chartered Accountants and was the founder Life Member of the Finance Forum, a body promoting Finance Education and Training for Corporate Executives at the highest level. He has also been Managing Committee member of Chamber of Income-tax Consultants from 1996-97 to 2002 – 2003 and an active member of the Bombay Chartered Accountants Society. He has also authored several books which include MAOCARO, 1988, a Commentary and Minimum Alternate Tax, a research publication of the Bombay Chartered Accounts Society. He is the visiting faculty to various institutes like World Trade Institute of the World Trade Center, Bombay Stock Exchange, Welingkar Institute of Management, Indian Institute of Management, Bangalore, Jamnalal Bajaj Institute of Management Studies, Mumbai and Government Law College.

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

Mr. Niranjan R. Jagtap, 59 years, Non – Executive and Independent Director holds a Bachelors Degree in Law from 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 firms Niranjan Jagtap & Co since the year 1983. His areas of expertise include drafting of Technical Collaboration, Joint Ventures & Technical Know-how Agreements, Takeover Agreements & Lease/ Sale Conveyance/ Development Agreements/ Title Investigations Documents. He has experience in litigations pertaining to Company Law matters, Bank litigations, Debt Recovery Tribunal, Income Tax references etc.

ISSUE MANAGEMENT TEAM:

BOOK RUNNING LEAD MANAGER TO THE ISSUE

UTI SECURITIES LIMITED
1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051
Tel: 91-22- 5551 5804 / 5551 5809
Fax: 91-22- 5551 5825
Website: www.utisel.com
Email: indowind@utisel.com
Contact Person: Mr Mayank Jain

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: bigshare@bom7.vsnl.net.in
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
Contact Person: Mr. Sanjay Asher

BANKERS TO THE ISSUE

[•]
[•]
[•]
Bankers to the issue will be finalized before the final Draft Red Herring Prospectus is filed with the Registrar of Companies, Tamil Nadu.

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.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. GAYATHRI M R
INDOWIND ENERGY LIMITED
Kakani Towers, IInd Floor,
15, Khader Nawaz Khan Road,
Chennai 600 006.
Tel No: (044) 2833 1310, 2833 0867, 5215 0443
Fax No: (044) 2833 0208
Email: gayathri@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.

LEGAL ADVISOR TO THE COMPANY

Mr. P H ARVINDH PANDIAN
No. 12 (Old 22), First Cross Street,
Ramakrishna Nagar, Mandaveli,
Chennai 600 028.
Tel No: (044) 5529 1959
Fax No:(044) 2499 5064
Email: -bharathypandian@vsnl.net

Mr. S SRIDHAR
New No. 14 (Old 82), Flat No. 5,
First Avenue, Indra Nagar Adyar,
Chennai 600 020.
Tel No: 044 2445 6237
Fax No:(044) 24456214
Email: - sridharlaw@citi.com

BANKERS TO THE COMPANY

UTI BANK LIMITED
No. 82, Dr. Radhakrishnan Salai,
Chennai – 600 004.
Tel: (044) 2811 1085/86
Fax: (044) 2811 1084

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

ICICI BANK LTD
R.H.Road,Mylapore
Chennai – 600 004
Tel: (044) 2499 3833
Fax:(044) 2498 6960

ANDHRA BANK
Mowbray's Road Branch, 265,T.T.K Salai,
Alwarpet, Chennai – 600 018
Tel: (044) 2466 1297
Fax:(044) 2466 1297

STATE BANK OF INDIA
Nungambakkam branch,
110/1, Mahathma Gandhi Salai,
Nungambakkam High Road,
Chennai – 600 034
Tel: (044) 2822 3356
Fax: (044) 2827 3885

STANDARD CHARTERED GRINDLAYS BANK LTD.
"Grindlays Garden",
1, Haddows Road,
Chennai - 600 006
Tel: (044) 2821 9656
Fax: (044)2821 9660

ING VYSYA BANK LTD
185, Mount Road,
Chennai – 600 004
Tel: (044) 2852 2548
Fax: (044) 2852 0773

STATE BANK OF MYSORE
T.Nagar, North Usman Road,
Chennai – 600 017
Tel: (044) 2834 0482
Fax: (044)2834 0482

THE JAIN SAHAKARI BANK LTD.
Hirabaug, Khattaralli Lane,
C.P. Tank, Mumbai – 400 004.
Tel: (022) 2386 4389
Fax: (022) 2386 8550

CREDIT RATING/DEBENTURE TRUSTEE

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

PROJECT APPRAISAL

Appraisal Entity : **Power Finance Corporation Limited**
Address : "Chandralok" 36, Janpath, New Delhi 100001
Tel : 011 2372 2301-08

The Project has been appraised by Power Finance Corporation Limited (PFC), New Delhi in May-June 2005 and was communicated vide letter No.03/IPP/IWEL/158/VOL-I Dated June 10, 2005 and the sanction was approved vide their letter No 03/08/IWEL/I0502001/158/VOL -I Dated June 10, 2005. The above sanction was valid till December 8, 2005, thus we have obtained further extension of the validity of the sanction from Power Finance Corporation vide Letter No: No. 03:08:IPP:IWEL/NE/2005/Vol-I.dated December 13, 2005. The renewed sanction is valid up to February 28, 2006.

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, Co- BRLM;
- 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) 10% of the Issue has been reserved for the Eligible Employees & further (b) 10% of the Issue has been reserved for the Eligible Shareholders/ Eligible Shareholders of the Group Companies and further the allocation within the (c) Net Issue to the Public would be as follows (i) up to 50% of the Net Issue to Public shall be allocated to QIBs on a Proportionate basis with 5% reservations for the Mutual Funds within the category (ii) not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to the Non-Institutional Bidders (iii) not less than 35% of the Net Issue to the Public 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. For further details see the section titled "Terms of the Issue" 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.

The process of 100% Book Building under the SEBI Guidelines is relatively new and the investors are advised to make their own judgement about investment through this process of book building prior to making a Bid in the Issue.

For the detailed Illustration of the Book Building and Price Discovery Process kindly refer to Page No. [•] of this Draft Red Herring Prospectus.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on Page No. [•] 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 No. [•] 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.

Withdrawal of the Issue

We, in consultation with the BRLM and the Co-BRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefor.

BID/ISSUE PROGRAMME

Bid/Issue Opens on [•]

Bid/Issue Closes on [•]

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. **from Monday to Friday and on Saturdays only between 10 a.m. to 1 p.m. (Indian Standard Time)** during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Price Band will be decided by us in consultation with the BRLM and the Co-BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM, the Co-BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. 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 the Price can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE , by issuing a press release, and also by indicating the change on the web sites of the BRLM, the Co- BRLM(s) and at the terminals of the Syndicate.

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 the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM and the CBRLM 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	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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 all 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).

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

Notwithstanding the above table, the BRLM, the CBRLM 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. Allotment to QIBs is discretionary as per the terms of this Red Herring Prospectus and may not be proportionate in any way and the patterns of allotment to the QIBs could be different for the various Underwriters.

5. CAPITAL STRUCTURE

Number of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL		
3,56,00,000 Equity Shares of Rs. 10/- each	35,60,00,000	
4 Preference Shares of Rs. 1,00,00,000/- each	4,00,00,000	
B. ISSUED, SUBCRIBED AND PAID-UP CAPITAL		
2,53,67,778 Equity shares of Rs. 10/- each	25,36,77,780	
4 Preference (Redeemable) Shares of Rs.1,00,00,000 each	4,00,00,000	29,36,77,780
C. PRESENT ISSUE		
90,00,000 Equity Shares of Rs. 10/- each at [●]	9,00,00,000	[●]
D. EMPLOYEE RESERVATION PORTION		
9,00,000 Equity Shares of Rs. 10/- each at [●]	90,00,000	[●]
E. ELIGIBLE SHAREHOLDERS OF THE GROUP COMPANY PORTION		
9,00,000 Equity Shares of Rs. 10/- each at [●]	90,00,000	[●]
F. NET OFFER TO PUBLIC		
72,00,000 Equity shares of Rs. 10/- each at [●]	7,20,00,000	[●]
G. PAID UP CAPITAL AFTER THE PRESENT ISSUE		
3,43,67,778 Equity shares of Rs. 10/- each	34,36,77,780	[●]
H. SHARE PREMIUM ACCOUNT		
Before the Issue	117,163,184	[●]
After the Issue	NIL	

NOTES TO CAPITAL STRUCTURE:

1. Details of Increase / Re classification in Authorized Capital

Sr. No.	Particulars of Increase	Equity Share Capital (Rs. Lacs)	Preference Share Capital (Rs. Lacs)	Total Authorised Capital (Rs. Lacs)	Date of Meeting	AGM / EGM
1.	Rs. 50 lacs	50.00	--	50.00	July 19, 1995	Incorporation
2.	Rs. 50 lacs to Rs. 160 lacs	160.00	--	160.00	March 27, 1996	EGM
3.	Rs. 160 lacs to Rs. 1,210 lacs	210.00	1,000.00	1,210.00	August 06, 1997	EGM
4.	Rs. 1,210 lacs to Rs. 1,410 lacs	410.00	1,000.00	1,410.00	September 04, 1997	EGM
5.	Rs. 1,410 lacs to Rs. 2,010 lacs	410.00	1,600.00	2,010.00	September 27, 1997	EGM
6.	Rs. 2,010 lacs to Rs. 3,010 lacs	410.00	2,600.00	3,010.00	March 18, 1998	EGM
7.	Reclassification of Preference Capital to Equity Capital	610.00	2,400.00	3,010.00	April 09, 1999	EGM
8.	Reclassification of Equity Capital to Preference Capital	510.00	2,500.00	3,010.00	January 18, 2000	EGM
9.	Rs. 3010 lacs to Rs. 3035 lacs	535.00	2,500.00	3,035.00	September 14, 2000	EGM
10.	Reclassification of Preference Capital to Equity Capital	1,035.00	2,000.00	3,035.00	November 05, 2001	EGM
11.	Reclassification of Preference Capital to Equity Capital	1,635.00	1,400.00	3,035.00	March 30, 2004	EGM
12.	Rs. 3,035 lacs to Rs. 3,660 lacs	2,260.00	1,400.00	3,660.00	August 27, 2004	EGM
13.	Reclassification of Prefernce Capital to Equity Capital *	2,560.00	1,100.00	3,660.00	February 25, 2005	EGM
	Rs. 3,660 lacs to Rs. 3,960 lacs *	2,860.00	1,100.00	3,960.00	February 25, 2005	EGM
14.	Reclassification of Preference Capital to Equity Capital	3,560.00	400.00	3,960.00	October 21, 2005	EGM

* Reclassification of Preference Shares of Rs. 300 Lacs to Equity Share Capital and fresh Issue Equity Share Capital of Rs. 300 lacs.

2. Capital Build up the existing equity share capital of the Company has been subscribed and allotted as under

Date of Allotment	Number of Equity Share	Face Value	Issue Price	Reason for Allotment	Consideration/ Nature of Allotment (Bonus, Rights etc.)	Cumulative number of equity shares	Cumulative Share Premium
July 19, 1995	200	10	10	Subscribers to memorandum	Cash	200	
April 12, 1996	1,499,800	10	10	Further Allotment	Cash	1,500,000	
September 10,1997	500,000	10			Bonus 1:3	2,000,000	
September 10,1997	2,000,000	10	10	Further Allotment	Cash	4,000,000	
April 15, 1999	120,000	10	500		Conversion of preference	4,120,000	58,800,000

					shares		
April 15, 1999	500,000	10			Bonus 1:8	4,620,000	
December 24, 1999	180,000	10	11.30	Further Allotment	Cash	4,800,000	234,000
December 24, 1999	180,000	10	10	Further Allotment	Cash	4,980,000	
December 24, 1999	20,000	10	10	Further Allotment	Cash	5,000,000	
June 28, 2000	10,000	10			Consideration other than cash	5,010,000	
March 31, 2001	80,000	10	10	Further Allotment	Cash	5,090,000	
June 23, 2001	100,000	10	500		Conversion of Preference share	5,190,000	107,800,000
October 09, 2001	2,000,000	10	10		Conversion of Preference share	7,190,000	
December 04, 2001	300,000	10	10	Further Allotment	Cash	7,490,000	
December 04, 2001	40,000	10	500		Conversion of Preference share	7,530,000	127,400,000
March 30, 2004	7,530,000	10			Bonus 1:1	15,060,000	
August 27, 2004	7,530,000	10			Bonus 1:2	22,590,000	
January 18, 2005	1,666,667	10	18		Conversion of Preference share	24,256,667	140,733,336
June 24, 2005	1,111,111	10	18		Conversion of Preference share	25,367,778	149,856,224
TOTAL	**25,367,778**						

Note:

i. Shares issued for consideration other than cash

The shares issued for consideration other than cash are detailed as below:

We had issued 10,000 equity shares of Rs.10/- each at a premium of Rs.50/- to M/s. Sree Rayalaseema Hi-strength Hypo Limited on June 28, 2000 as part payment for purchase of land at Tamil Nadu.

M/s Rayalseema -strength Hypo Limited is in no way related to the promoters / directors of our company.

ii. Bonus made on September 10, 1997 was made by utilizing General Reserve to the tune of Rs. 50.00 lacs

iii. Bonus made on April 15, 1999 was made by utilizing General Reserve to the tune of Rs. 50.00 lacs.

iv. Bonus made on March 30, 2004 was made by utilizing Share Premium Account to the tune of Rs. 753.00 lacs.

v. Bonus made on August 27, 2004 was made by utilizing Share Premium Account to the tune of Rs. 528.34 lacs and balance Rs. 224.66 lacs was utilized from General Reserve Account.

3. Promoters' Contribution and lock-in period:

Name of the Promoter	Date of Allotment/ Date when made fully paid up	Nature of payment or consideration	Number of equity shares	Face Value	Issue Price	% of Post issue Paid up capital	Lock - in period in years
Subuthi Finance	12/04/1996	Cash (Allotment)	300,000	10	10	0.87%	*
	10/09/1997	Bonus	100,000	10	0	0.29%	*
	10/09/1997	Cash (Allotment)	2,000,000	10	10	5.82%	*
	15/04/1999	Bonus	300,000	10	0	0.87%	*
	24/12/1999	Cash (Allotment)	20,000	10	10	0.06%	*
			2,720,000			**7.91%**	
	01/07/2000	Sale	300,000	10	10	0.87%	
			2,420,000			**7.04%**	
	30/03/2004	Bonus	2,420,000	10	0	7.04%	* and balance 1315100 shares locked in for 3 years
			4,840,000			**14.08%**	
	21/07/2004	Sale	14,900	10	15	0.04%	
			4,825,100			**14.04%**	
	27/08/2004	Bonus	2,412,550	10	0	7.02%	3
			7,237,650			**21.06%**	
	29/09/2004	Sale	2,000,000	10	10	5.82%	
	29/09/2004	Sale	1,500,000	10	10	4.36%	
	03/12/2004	Sale	10,000	10	10	0.03%	
			3,727,650			**10.85%**	
	24/06/2005	Conversion of Preference Shares	1,111,111	10	18	3.23%	1
	Total		**4,838,761**			**14.08%**	
K.V. Bala	12/04/1996	Cash (Allotment)	100,000	10	10	0.29%	*
	10/09/1997	Bonus	33,333	10	0	0.10%	*
	15/04/1999	Bonus	16,667	10	0	0.05%	*
	24/12/1999	Cash (Allotment)	180,000	10	10	0.52%	*
	31/03/2001	Cash (Allotment)	80,000	10	10	0.23%	*
	09/10/2001	Conversion of Preference Shares	2,000,000	10	10	5.82%	* and balance 410000 shares locked in for 1 years
	31/01/2002	Purchase	27,588	10	10	0.08%	1
	31/01/2002	Purchase	47,411	10	10	0.14%	3
			2,484,999			**7.23%**	
	30/03/2003	Sale	2,000,000	10	2.50	5.82%	

			484,999			**1.41%**	
	30/03/2004	Bonus	484,999	10	0	1.41%	3
	27/08/2004	Bonus	484,999	10	0	1.41%	3
	Total		**1,454,997**			**4.23%**	
Loyal Credit & Investments Limited	30/03/2003	Purchase	2,000,000	10	2.50	5.82%	1
	30/03/2003	Purchase	120,000	10	10	0.35%	1
	30/03/2003	Purchase	100,000	10	10	0.29%	1
	30/03/2004	Bonus	2,220,000	10	0	6.46%	1
	27/08/2004	Bonus	2,220,000	10	0	6.46%	21,28,497 shares for 3 years and balance for 1year
	Total		**6,660,000**			**19.38%**	

* Denotes shares Sold/ Transferred by / amongst the Promoters.

4. **Details of transfer made by the promoters are as follows:**

LOYAL CREDIT & INVESTMENTS LIMITED

Date	**No of Shares**	**Nature of Transaction**	**Transfer Price**	**Transfer Value**	**Name of Transferor / Transferre**
30.03.03	120,000	Transfer (Purchase)	10	1,200,000	M/s NEPC Agro Foods Limited
30.03.03	100,000	Transfer (Purchase)	10	1,000,000	M/s NEPC Textiles Limited
30.03.03	2,000,000	Transfer (Purchase)	2.50	5,000,000	Mr. K V Bala

SUBUTHI FINANCE LIMITED

Date	**No of Shares**	**Nature of Transaction**	**Transfer Price**	**Transfer Value**	**Name of Transferor / Transferre**
01.07.00	(200,000)	Transfer (Sold)	10	(2,000,000)	Mr. K S Ravindranath
01.07.00	(100,000)	Transfer (Sold)	10	(1,000,000)	Mr. N. Laxsmanan
21.07.04	(300)	Transfer (Sold)	15	(3,000)	Sethuraman
21.07.04	(700)	Transfer (Sold)	15	(7,000)	K Latha
21.07.04	(3,000)	Transfer (Sold)	15	(30,000)	Bhavani Chandrasekharan
21.07.04	(2,000)	Transfer (Sold)	15	(20,000)	Viadyanathan
21.07.04	(6,500)	Transfer (Sold)	15	(65,000)	
21.07.04	(500)	Transfer (Sold)	15	(5,000)	K Chitra
21.07.04	(500)	Transfer (Sold)	15	(5,000)	Kannappan V
21.07.04	(100)	Transfer (Sold)	15	(1,000)	Jebaraj Thanaprakash
21.07.04	(100)	Transfer (Sold)	15	(1,000)	Angel Jebaraj
21.07.04	(1,000)	Transfer (Sold)	15	(10,000)	Ganesh Rawat
21.07.04	(100)	Transfer (Sold)	15	(1,000)	KV Sridhar
21.07.04	(100)	Transfer (Sold)	15	(1,000)	K Bhaskaran
29.09.04	(2,000,000)	Transfer (Sold)	10	(20,000,000)	ICICI Bank Ltd
29.09.04	(1,500,000)	Transfer (Sold)	1	(15,000,000)	Karumuthu Finance Limited
03.12.04	(10,000)	Transfer (Sold)	10	(100,000)	K Kumaravel

K. V. BALA

Date	No of Shares	Nature of Transaction	Transfer Price	Transfer Value	Name of Transferor / Transferre
31.01.02	74,999	Transfer (Purchase)	10	749,990	K V Sasikumar
30.03.03	(2,000,000)	Transfer (Sale)	2.50	(5,000,000)	Loyal Credit & Investments Ltd

5. Lock – In of Minimum Promoters Contribution:

Name of the Promoter	Date of Allotment/ Date when made fully paid up		Nature of payment or consideration	Number of equity shares	Face Value	Issue Price	% of Post issue Paid up capital	Lock - in period in years
K V Bala	31/01/2002	-	Purchase	47,411	10	10	0.14%	3
	30/03/2004	-	Bonus	484,999	10	0	1.41%	3
	27/08/2004	-	Bonus	484,999	10	0	1.41%	3
			Sub Total	**1,017,409**			**2.96%**	
Subuthi Finance	30/03/2004	-	Bonus	1,315,100	10	0	3.83%	3
	27/08/2004	-	Bonus	2,412,550	10	0	7.02%	3
			Sub Total	**3,727,650**	**20**	**0**	**10.85%**	
Loyal Credit & Investments Limited	27/08/2004	-	Bonus	2,128,497	10	0	6.19%	3
Total				**6,873,556**			**20.00%**	**3**

6. The Promoters Mr. K V Bala, M/s Subuthi Finance Limited and M/s Loyal Credit & Investments Limited have given their approval for lock in of their shareholding as specified above, for vide their letter dated [●]. Shares issued last shall be locked in first. The entire pre-capital, other than locked in as minimum promoters contribution shall be locked in for a period of atleast one year from the date of allotment of the shares issued under this issue.

The securities held in the physical mode and which are subject to lock in shall carry inscription “not transferable” along with the duration of specified non-transferable period mentioned in the face of the security certificate.

7. Lock in period for the entire pre issue capital shall start form the date of allotment of Equity Shares in the present issue or the date of commencement of Commercial production of the additional capacity proposed to be installed, whichever is later.

8. The shares locked in by the promoters are not pledged to any party. The Promoters shall pledge the Equity Shares with Banks or FIs as additional security for loan whenever availed by him from Banks/ FIs.

9. 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.

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 the 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 form Banks or Financial Institutions.

10. The pre-Issue & post-Issue shareholding pattern of Indowind Energy Limited is as under:

Category	**Pre-Issue**		**Post Issue***	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
PROMOTERS' HOLDING				
Promoters				
K.V. Bala	1,454,997	5.74%	[•]	[•]
Subuthi Finance Limited	4,838,761	19.07%	[•]	[•]
Loyal Credit & Investments Limited	6,660,000	26.25%	[•]	[•]
Promoter Group Holding				
Relatives	**2,264,997**	**8.93%**	[•]	[•]
Group Companies	3,871,506	15.26%	[•]	[•]
Sub Total: (Promoter & Promoter Group)	**19,090,261**	**75.25%**		
NON PROMOTERS' HOLDING				
Banks				
ICICI Bank Ltd.	3,666,667	14.45%	[•]	[•]
Others				
Private Corporate Bodies	1,700,000	6.70%	[•]	[•]
Employees	298,500	1.18%	[•]	[•]
Friends	612,350	2.41%	[•]	[•]
Indian Public	Nil	0.00%	[•]	[•]
Sub Total: (Non Promoter Holding)	**6,277,517**	**24.75%**		
GRAND TOTAL	**25,367,778**	**100%**		

* Post Issue Shareholding Pattern of our company will be determined after the Book – Building Process

11. Individual Shareholding of Promoter Group is as follows:

Category	Pre-Issue		Post Issue*	
	No. of Shares	% holding	No. of Shares	% holding
RELATIVES				
K S Ravindranath	1,274,997	5.03%	[•]	[•]
K V Manoharan	540,000	2.13%	[•]	[•]
K B Prathadevi	450,000	1.77%	[•]	[•]
Sub - Total (Relatives)	**2,264,997**	**8.93%**		
GROUP COMPANIES				
Fullbloom Investments Pvt. Ltd.	1,800,003	7.10%	[•]	[•]
Commendam Investments P Ltd	1,218,003	4.80%	[•]	[•]
Subuthi Investments P Ltd	853,500	3.36%	[•]	[•]
Sub - Total (Group Companies)	**3,871,506**	**15.26%**		
Total: (Promoter Group)	**19,090,261**	**75.25%**		

* Post Issue Shareholding Pattern of our company will be determined after the Book – Building Process

12. The pre-Issue & post-Issue shareholding pattern of Promoter Group is as under:

	Particulars	Pre-Issue		Post-Issue**	
		No. of Shares @ Rs. 10/- each	% Holding	No. of Shares @ Rs. 10/- each	% Holding
a.	Promoters	12,953,758	51.06%	[•]	[•]
b.	Immediate Relatives of the Promoters	2,264,997	8.93%	[•]	[•]
	INDIVIDUAL PROMOTER				
c.	Companies in which 10% or more of the share capital is held by the Promoters / an immediate relative of the Promoters / a firm or HUF in which the Promoters or any one or more of their immediate relatives is a member	3,871,506	15.26%	[•]	[•]
d.	Companies in which Company mentioned in c. above holds 10% or more of the share capital	Nil	Nil	[•]	[•]
e.	HUF or firm in which the aggregate share of the promoters and his immediate relatives is equal to or more than 10% of the total	Nil	Nil	[•]	[•]
f.	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoter's Group".	Nil	Nil	[•]	[•]

	CORPORATE PROMOTERS				
g.	A subsidiary or Holding company of Promoting Company	Nil	Nil	[●]	[●]
h.	Companies in which 10% or more of the share capital is held by the Promoters or company which holds 10% or more of the equity capital of the promoter	Nil	Nil	[●]	[●]
i.	Any company in which group of individuals/ companies or combination thereof holds 20% or more and also holds 20% or more in the issuer company	Nil	Nil	[●]	[●]
	Total	**19,090,261**	**75.25%**		

** Post – Issue Shareholding pattern of our Promoters' Group can go up, in case any member of Promoters' Group bids in the portion reserved for Employees & Shareholders of Group Company Portion. Further any such subscription will be locked – in for one year from the date of allotment.

13. The Aggregate shareholding of Directors of Promoting Company ie. Subuthi Finance Limited and Loyal Credits & Investments Limited in the Issuer is as under:

Directors of Subuthi Finance	**No. of Shares.**
Mr. P K Raghukumar	Nil
Mr. R Sathyendran	Nil
Mr. A Rajasukumar	Nil

Directors of Loyal Credit	**No. of Shares.**
Mr. K. V. Bala	Nil
Ms. K. B. Pratibhadevi	Nil
Mr. K. R. Loganathan	Nil

14. The details of sale/ purchase/ financing of shares by Promoters/Directors/ Promoter Group:

The Promoters including the Promoter Group/ Directors have purchased/ sold / transferred Equity Shares of the Companies during the past 6 months at the time of filling with ROC:

Name of the Promoter/ Promoter Group	**No. of Shares**	**Price per Share**	**Sale/ Buy**	**Date of Transfer**
Commendam Investments P Ltd.	572,000	20	Sale	September 7, 2005
Commendam Investments P Ltd.	10000	20	Sale	November 8, 2005
Subuthi Investments P Ltd.	25000	20	Sale	November 18, 2005
Subuthi Investments P Ltd.	3000	10	Sale	December 6, 2005
Subuthi Investments P Ltd.	12500	15	Sale	December 9, 2005
Subuthi Investments P Ltd.	6000	25	Sale	December 14, 2005

15. Top ten shareholders during Januray 2004* (two years prior to the date of filing of the Draft Red Herring Prospectus with the ROC)

Sr. No.	Name of the Shareholders	No. of shares	% of the paid up capital
1.	Subuthi Finance Ltd	24,20,000	32.14
2.	Loyal Credit & Investments Private Limited	22,20,000	29.48
3.	Commandam Investments Private Limited	6,00,001	7.97
4.	Fullbloom Investments Private Limited	6,00,001	7.97
5.	K.V.Bala	4,84,999	6.44
6.	K.S. Ravindranath	4,24,999	5.64
7.	Subuthi Investments Private Limited	3,00,000	3.98
8.	K.V. Manoharan	1,80,000	2.39
9.	K.B. Prathadevi	1,50,000	1.99
10.	N. Laxsmanan	99,500	1.32
	Total	**74,79,500**	**99.32**

* There has been no change in the shareholding pattern of the Company during January 2004

16. Top ten shareholders as on January 22, 2006 (being 10 days prior to the date of filing of the Draft Red Herring Prospectus with the RoC)

Sr. No.	Share holder	No of shares held	% to the total share capital
1	Loyal Credit & Investments Limited	6,660,000	26.25%
2	Subuthi Finance Limited	4,838,761	19.07%
3	ICICI Bank Ltd	3,666,667	14.45%
4	Fullbloom Investments Pvt. Ltd.	1,800,003	7.10%
5	Karumuthu Finance Limited	1,500,000	5.91%
6	K.V. Bala	1,454,997	5.74%
7	K S Ravindranath	1,274,997	5.03%
8	Commendam Investments P Ltd	1,218,003	4.80%
9	Subuthi Investments P Ltd	853,500	3.36%
10	K V Manoharan	540,000	2.13%

17. Top ten shareholders as on February 2, 2006 (being the date of filing of the Draft Red Herring Prospectus with the RoC)

Sr. No	Share holder	No of shares held	% to the total share capital
1	Loyal Credit & Investments Limited	6,660,000	26.25%
2	Subuthi Finance Limited	4,838,761	19.07%
3	ICICI Bank Ltd	3,666,667	14.45%
4	Fullbloom Investments Pvt. Ltd.	1,800,003	7.10%
5	Karumuthu Finance Limited	1,500,000	5.91%
6	K.V. Bala	1,454,997	5.74%

7	K S Ravindranath	1,274,997	5.03%
8	Commendam Investments P Ltd	1,218,003	4.80%
9	Subuthi Investments P Ltd	853,500	3.36%
10	K V Manoharan	540,000	2.13%

18. The Promoters' contribution has been brought-in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1, 00,000 /- from Companies.

19. Our Company, Promoters, Director, BRLM has not entered in to buyback/standby or similar arrangements for purchase of securities issued by our Company through this Draft Red Herring Prospectus.

20. As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying for Equity Shares of or for a value of not more than Rs. 1,00,000/-. The remaining 50% of the Issue to the public is reserved for individuals applying for Equity Shares of a value more than Rs.1,00,000/- and Corporate Bodies/Institutions etc. Un-subscribed portion in either of these categories shall be added to the other category interchangeably.

21. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Co quently, the actual allotment may go up by a maximum of 10% of the Net Offer to Public, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the shares held by promoter and subject to lock-in shall be suitably increased, so as to ensure that 20% of post-issue capital is locked in.

22. In case of over-subscription in all categories, not more than 50% of the Net Issue, shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. 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.

23. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Employees and Executive Directors other than as mentioned hereinabove in this statement are not eligible to participate under the Employee Reservation Portion. Bid/ Application by Eligible Employees can also be made in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bid

24. Only Eligible Shareholders of Group Company would be eligible to apply in this issue under the Shareholders of Group Company Portion on competitive basis. Shareholders other than as mentioned hereinabove in this statement are not eligible to participate under this reservation. Bid/ Application by Shareholders of our Group Company can also be made in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

25. The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Eligible Employees and Eligible Shareholders of Group Companies will be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in the ratio of 50:50. In case of under-subscription in the Net Issue spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion and from the Shareholders of Group Company Portion, at the discretion of our Company, the BRLM.

26. No single bidder can make a bid for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

27. In case of reserved category, a single bidder in the reserved category can make an application for a number of securities which exceeds the reservation.

28. The Equity Shares offered through this Draft Red Herring Prospectus shall be made fully paid-up on allotment.

29. The Company has not revalued its assets since inception.

30. The Company has not issued any shares out of revaluation reserves.

31. As on the date of filing this DRHP with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our equity shares. Further, our company does not have any Employee Stock Option Plan.

32. There are no “bridge loans” from any Bank taken by the Company against the proceeds of the Issue.

33. 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 the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.

34. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including Issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.

35. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by the issuer Company or the promoters to the persons who receive firm allotments in the public issue.

36. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosures as may be specified by SEBI from time to time.

37. The Company had 50 members as on January 3, 2006.

6. OBJECTS OF THE ISSUE

The proposed IPO proceeds would be utilised by us for the following listed objects although the details of which are elaborated later in this section:

1. Setting up 9 MW Wind Farm Project in Tamil Nadu
2. Repayment of the Debt and Term Loans.
3. Recoupe the Expenses incurred by Promoters.
4. Issue Expe s
5. Listing of Equity Shares offered through this issue on the Stock Exchanges.

COST OF PROJECT AND MEANS OF FINANCE

The part of the objects mentioned above has been appraised by the Power Finance Corporation Limited, New Delhi. Power Finance Corporation Limited (PFC) has appraised the Project for Setting up the 9 MW Wind Farm Project in Tamil Nadu. PFC is extending financial assistance for the Project in the form of Term Loan.

The other object of the issue is Repayment of the Debt. This object is based solely on our decision to repay the Debt and has not been appraised by any institution.

The Cost of the Project and Means of Finance as stated in the appraisal report of PFC dated June 8, 2005 along with the Repayment of Debt and Issue Expe s are as follows:

COST OF PROJECT:

Rs. In lacs

Sr. No.	Particulars	Total
1	Setting up of 9 MW Wind Farm Project in Tirunelveli Tamil Nadu	4140.00
2	Repayment of Debts	886.66
3	Issue Expenses	[●]
	Total	[●]

MEANS OF FINANCE:

Rs. in Lacs

Particulars	Amount
1. Public Issue	[●]
2. Term loan	
Power Finance Corporation Limited	2000.00
Bank of India	898.00
Total	[●]

The Issuer Company undertakes that it has made firm arrangement of finance through verifiable means (i.e. term loan of Rs2898 Lacs from PFC and BOI towards 70% of the stated means of finance, excluding the amount to be raised through the proposed public issue. Pending utilization in the project, the proceeds of the Issue will be invested in Bank Deposits.

DETAILS OF THE SANCTION LETTERS

Sl. No.	Name of Bank	Sanction Letter and Date	Amount (Rs. in Lacs)
1.	Power Finance Corporation	03/08/IWEL/10502001/158/Vol-1 dated June 13, 2005	2000.00
2.	Bank of India	AnCBB/KS/05-06/001208 dated August 2, 2005	898.00

The Main Objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

DETAILS OF THE OBJECTS OF THE ISSUE

9 MW WIND FARM PROJECT

PROJECT PURPOSE & SCOPE

The purpose of the project is to set up a wind farm of 9 MW Capacity in Tirunelveli, Tamil Nadu to harness the wind energy potential on commercial terms. The energy generated from this wind farm would be sold to TNEB through a power purchase agreement.

The scope of the project involves the following:

a) Setting up 12 Nos. of wind electric generators (WEGs) of 750 KW each for a wind farm of 9 MW Capacity by us through an EPC.

b) Connecting all WEGs in a pool by means of 33 KV overhead transmission lines in the wind farm and terminating it at the nearest substation of TNEB located in Radhapuram itself located at a distance of about 6 kms from the project site having a capacity of 45 MVA.

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 manufacturer's 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. Lifetime is a useful economic compromise which is used to guide engineers who develop components for the turbines. Their calculations have to prove that their components have a very small probability of failure before 20 years. The actual lifetime of a wind turbine depends both on the quality of the turbine and the local climatic conditions, e.g. the amount of turbulence at the site.

Wind Requirements

The availability of wind potential is the main criteria for setting up a wind farm at any particular site. A wind power capacity of 4118 MW has already been established in India. The machines have achieved high availability and annual capacity utilization factors. Further, the wind energy is renewable in nature and this energy is generated through non- conventional methods.

Wind energy is considered as a viable option for generation of electricity due to the following criteria:

- i) The technology of electricity generation from wind has been developed fully for smooth and trouble free operation as well as for its economic viability.
- ii) It is pollution free and eco-friendly eliminating all hazards of conventional generation.
- iii) Low gestation period – only three to six months from concept of commissioning, enabling fast bridging of power gap in remote areas.
- iv) Free and never ending supply of fuel, resulting in almost free electricity after recovery of capital cost.
- v) It can be developed in modular form with facilities for extension at a later date.

The establishment of wind farm at any site requires careful analysis of wind resources at that site. Ministry of Non-Conventional Energy Sources (MNES), Govt. of India through Indian Institute of Tropical Meteorology (IITM) has installed 211 wind monitoring stations which have shown wind resources suitable for establishment of a wind farm. 41 of these stations are in Tamil Nadu, Panakudi being one of them.

Cost Estimate

The total turnkey cost of the project as submitted is Rs. 4140 lacs. The Detailed Break up of the cost estimate is as follows:

Break-up of Cost Estimate

Rs. in Lacs

Cost Head	Total
Cost of WEG & Tower	3474
Land Cost	90
Cost of civil works	198
TNEB fees & infrastructure charges	270
Processing fee/Incidental/ Arranger Fee	63
IDC at 9.5% for 4 months	45
Total Cost	**4140**

Basis of Cost Estimate

1. The order for implementing the project on turnkey basis shall be placed on the EPC contractor 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 cost of the project per MW works out to Rs. 4.6 crores.

A comparison of this cost with others such projects sanctioned by PFC are given below:

Sl. No.	Project Name	Project Cost [(1)]	Company	Sanction Date	Sanction Amount [(1)]	Machine Size (kW)	Technology	Per MW Cost [(1)]
1	24MW wind power project – EWFJPL	12000	Enercon	November 7, 2003	9844	600	Gearless	500
2	24MW wind power project – EWFRPL	11400	Enercon	November 7, 2003	9351	800	Gearless	475
3	9MW wind power project in Tamil Nadu	4140	Indowind Energy Limited	--N.A.--	--N.A.--	750	Gearless	460
4	25MW wind power project in Jaisalmer	10334	RREC	December 9, 2003	8890	1250	With gearbox	413

[(1)] Rs. in Lacs

The per MW cost seems reasonable as compared to the WEGs of similar technology installed at other locations as given above.

The Financing Plan for the above project as per the appraisal report is as follows:

Rs. in Lacs

Type of Funding		Total	Financing Mix
Equity		**1242**	**30%**
Debt			
PFC	2000		
Other Bank/FI	898	**2898**	**70%**
Total		**4140**	**100%**

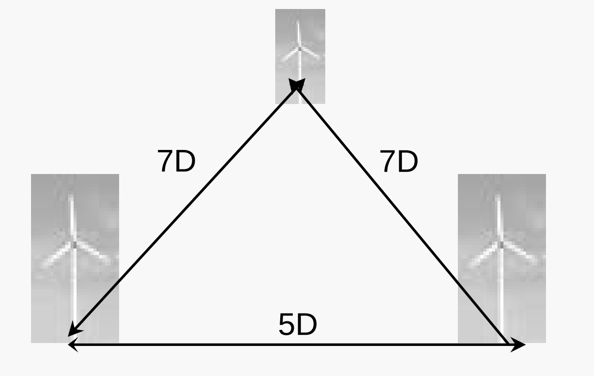
Wind Mill Specifications/ Details

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.

i. 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-sitting 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.

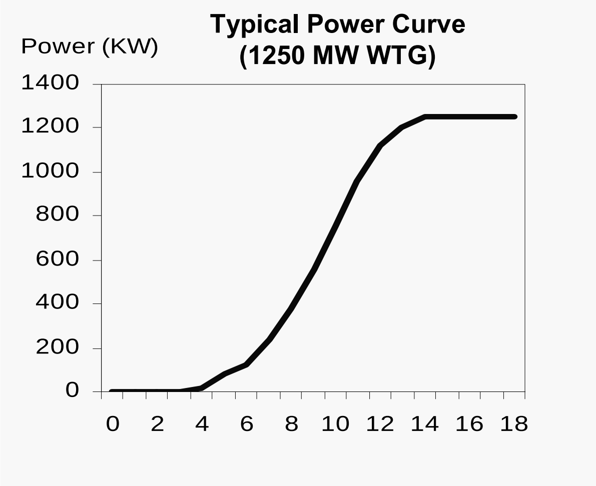
ii. Energy Yield Estimation

Wind Electric Generator (WEG) is a device that abstracts kinetic energy from wind and converts it to electrical energy. The amount of energy available for capture by wind turbines is determined by a number of factors viz. wind speed, power curve, percentage frequency distribution, mean air density etc.

The power output P in watts of WEG is derived from the formula: $P = ½ (rho) A V^3 C_p$

Where (rho) is the air density in kg/cu.m.
A is the swept area of the blades in sq.m.
V is the velocity in m/sec
C_p is the efficiency of the wind turbine

The power output of WEGs varies with wind speed and every WEG has a characteristic power curve for a particular wind speed.



iii. Selection of size of machine

Selection of the right 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 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.

iv. General Specifications

There are two types of WEGs: One is the Gearless machine with Synchronous Generators, variable slow speed, continuous pitch regulation, gearless with Steel Tubular Towers. The other type is the constant speed, Induction Generator, Stall/Pitch Regulated, High Speed Gear Box type machines with Lattice Towers/ Steel Tubular Towers.

Wind Electric Generators (WEGs) chosen for the proposed wind farm project is of the former type with tubular tower and shall be procured from Chiranjjeevi Wind Energy Ltd (CWEL). CWEL is the Indian conglomerate of Emergya Wind Technologies B.V., Netherlands. The model type is Lagerway LW 52 750 KW Direct Drive Technology Wind turbines. 12Nos. WEGs of rating 750KW are proposed to be installed for the 9 MW project.

v. Technical Specifications

Rotor Diameter: 51.5 m
Rotor Speed: Variable, nominal 27 rpm
Nominal Power: 750 kW
Rated Wind Speed: 12 m/s
Cut out Wind Speed: 25 m/s
Survival Wind Speed: 60 m/s

Transmission: Direct Drive Type
Generator: Lagerway multiple pole, synchronous 690 V, dia 5.5 m
Tower: Type: Conical, tubular, steel with internal ascent
Hub Height: 50m

The WEGs shall have adequate protection and control to operate in tandem and be synchronized with the utility grid. The tolerance limits indicated above may however be exceeded in actual conditions and the WEGs shall be protected from damages against such exceeding of limits. The WEGs shall be designed to have a lifetime of not less than 20 years for continuous operation.

This is the first time that the supplier CWEL is installing these WEGs (Lagerway LW 52 750 kW Direct Drive Technology Wind turbines) in India. However, the same WEGs have been installed in various locations in other countries and are running satisfactorily as informed by CWEL. The technology employed by these WEGs (gearless machines with synchronous generators) has already been put into use by M/s Enercon which has already installed such machines at a number of locations in India and which are giving satisfactory performance.

vi. EPC Arrangements

We proposes to implement the 9 MW wind energy project on turnkey basis through Chiranjjeevi Wind Energy Ltd (CWEL), 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 TNEB, construction of internal wind farm roads and any other associated work.

vii. Warranty

CWEL will provide two-year warranty effective from the date of commissioning against all defects in design, material, engineering and construction. A back-to-back warranty will be provided for electrical interfacing equipment supplied from vendors. The Contractor shall undertake all repairs/ trouble shooting/ replacements of the defective WEG parts during the warranty period.

viii. Operation and Maintenance (O&M) Services

CWEL 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. CWEL is fully equipped to undertake O&M of the wind farm, after the warranty period, for which a separate agreement can be entered into, to undertake O&M services. The EPC cum O&M contractor shall also be responsible for O&M of the wind power plant including supply of consumables and spares, wear and tear, overhauling, replacement of damaged capacitor, etc. for the contract period. The contractor has to guarantee minimum generation in the actual wind profile and shall be liable to pay penalty in case of failure of achieving the same.

ix. 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.

x. Machine Performance

The EPC cum O&M contractor has also guaranteed the performance of the machine as per the certified power curve submitted by him. The power curve of the machines supplied by the contractor should be such that given the wind profile data measured by MNES at the wind mast located at Panakudi, Tamil Nadu for the year 1997, the Net Annual Energy output from all the 12 machines taken together should not be less then 24 MU assuming array efficiency of 98% and average machine availability and grid availability as 95% each for the relevant year.

Also, a condition is being stipulated that the contractor shall guarantee a minimum generation from the wind farm irrespective of the wind profile, equivalent to an annualized PLF of 28% in the first two years of operation post COD.

If the contractor 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 TNEB. 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 28% 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 28%. If the contractor successfully demonstrated a PLF of 28% in the third year, as mentioned above, then the performance bank guarantee would not be forfeited.

xi. Status and Preparedness

The execution of the work would be carried out by the EPC cum O&M contractor on a turnkey basis. We have already identified the contractor M/s. Chiranjeevi Wind Energy Ltd which would be carrying on the proposed work.

xii. 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 minimal effect on the environment.

xiii. Operations & Maintenance

We have indicated that as a part of the EPC contract the turnkey contractor would provide free of cost O&M for the warranty period of two years. The turnkey contractor shall be responsible for carrying out all the required activities for successful running, optimum energy generation and maintenance of wind farm including wind farm electrical system. We may extend the O&M contract further on mutually agreement on a chargeable basis. We may also like to carry out the O&M of the wind farm on its own, with approval of PFC, as it has experience in operating such wind farms.

The scope of work for O&M contractor would be to provide all day-to-day operation and maintenance for the wind power project. The Operator shall perform the work and supply all required in a prudent and efficient manner and in accordance with manufacturers' and system designers' specifications, the Annual Operating Plan for the Plant and all operation and maintenance manuals; and all Indian applicable laws including environmental protection, pollution, sanitary, employment and safety laws.

The Operator shall use all reasonable and practical efforts to maximize capacity utilization, reduce plant downtime and optimize useful life of the equipment of the project.

xiv. 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.

xv. Project Linkages

Power Evacuation: The evacuation of power from the proposed wind farm would be through nearest TNEB substation located in Radhapuram itself at a distance of about 6-8 kms from the Project site. The power output from the proposed 12 nos WEGs of 750 KW capacity each would be collected by 12 nos 11/22/33/0.415kv,315 KVA transformers through 11/22/33kv overhead lines with suitable ASCR conductors and finally it shall be fed to grid through the Radhapuram 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 within the same i.e. micrositing to the satisfaction of PFC.

xvi. Procurement Procedures & Competitiveness

We have not adopted any bidding process for the proposed project keeping in view the small size of wind farm. We have indicated that it has selected CWEL as the turnkey contractor solely in view of the latest technology being offered and timely availability of equipments.

REPAYMENT OF THE DEBT

We would utilise the proceeds of the issue for Repayment of the Term Loans (existing). We are currently availing the Term Loans from Bank of India, Canara Bank etc. We intend to repay the loans to balance the Debt Equity mix of the firm. The details of the Term Loans are as follows:

Term Loans as on December 8, 2005:

1.	Term Loan from Bank of India	Rs. 500.00 lacs
2.	Term Loan from Canara Bank	Rs. 386.66 lacs

RECOUP THE EXPENSES INCURRED BY THE PROMOTERS

We would utilise the proceeds of the issue to recoup the Expenses incurred by the Promoters on the Project till the time the money raised by the issue is available for the project. Promoters have incurred expe s on account of Processing fees and Incidental expenses on the Project. The details of the amounts spent are given under the section of Deployment of the Funds on Project on the page no. [●].

APPRAISAL

APPRAISAL ENTITY

The project has been appraised by **Power Finance Corporation Limited, New Delhi**

SCOPE & PURPOSE OF APPRAISAL

The scope of Appraisal is limited to meet the listing norms of Stock Exchanges for IPO and include the following:

- The promoter and the Company track record for implementing the projects
- The analysis of the past financial performance of the Company
- The rationale for undertaking capital expenditure programme
- The markets for the products-existing and new
- The assumptions underlying profitability projections on completion of the capital expenditure programme
- The key financial ratios for the Company as a whole on completion of the capital expenditure programme
- Analysis of risk factors associated with project implementation, market size and competition etc.

In addition to the abovementioned scope of appraisal, PFC has agreed to grant the Rupee Term Loan Assistance to the Company to the extent of Rs. 2000 lacs interalia on the following Terms & Conditions:

Validity of Sanction Letter	The sanction letter shall not in any case be valid for more than eighteen months from the date of the original sanction letter i.e. June 9, 2005. At present the sanction letter is valid until February 28, 2005.
Default	In case of default in payment of any installment of principal amount of the Rupee Term Loan or interest thereon the company shall pay on such defaulted amounts, liquidated at the rate of 2% per annum (quaterly compounding) over and above the applicable interest rate for the period of default.
Up-front fee	The Company shall pay to PFC a one time non-refundable and non-adjustable up – front fee of 1% of the Loan amount on or before the date of execution/signing of loan documents.
Security	The Rupee term loans shall be secured by a first pari passu charge on all movable assets, both present and future, first pari passu charge on all immovable assets, both present and the future of the project, all cash flows from the project, second charge on all other revenues of IEL, first pari passu charge on Trust and Retention Account, DSRA, Pledge of 26% of the equity shares of the Company, Corporate guarantee to the satisfaction of PFC from Subuthi Finance Limited.
Power Purchase Agreement	Before the last disbursement of loan, the Company shall enter into a Power Purchase Agreement with TNEB to the satisfaction of PFC atleast for a period till PFC's loan stands outstanding.
Compliance by	Give an undertaking that it would bring 100% of the equity up-front and

the Company to the following	would agree to create stipulated securities before first drawdown of the loan Enter into an EPC cum O&M contract with the turnkey contractor for the entire project work. Arrange to obtain a certificate from the EPC contractor that they have complied with all the guidelines of MNES and other statutory bodies in respect of the selected WEGs. The EPC contractor shall provide a 2 year warranty effective from the date of commissioning against defects in design, material, engineering and construction. The Contractor shall also provide O&M of the wind farm for the first 2 years of the operation post COD free of cost. The Contractor shall also guarantee a minimum saleable generation from the wind farm, irrespective of the wind profile, equivalent to an annualized PLF of 28% in the first 2 years of operation post COD. Agree that the conditions stipulated for financial assistance by other Fis/banks shall apply mutates-mutandis for PFC' financial assistance to the project. Agree that the Company shall not undertake any new project or expansion of the existing projects or make any investment or take assets on lease without prior approval of PFC during the currency of the proposed loan. Provide an undertaking that during the currency of the loan, it would obtain PFC's prior clearance for any fresh issue of shares of the Company Obtain a No Objection Certificate from TNEB for setting up the Project. The debt portion shall be used only upon the entire equity portion contribution is exhausted
Dividend	The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to the Corporation upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof
Insurance Policies	Ensure that all requisite insurance policies have been obtained and suitably endorsed in favor of the lenders

NOTE: The Detailed Project Appraisal forms part of the Material Contracts and Documents to be filed with the Stock Exchanges and also mentioned under the Material Contracts and Documents in this Draft Red Herring Prospectus.

IMPLEMENTATION PLAN

The project is expected to be commissioned & start operation within 4 months from the date of financial closure. The financial closure is expected by the end of April 2006. Accordingly, the zero date of the project would be reckoned as May 2006. The project would thus be completed by July 2006.

DEPLOYMENT OF FUNDS IN THE PROJECTS:

We has already deployed Rs. 29.59 lacs upto January 10, 2006 towards the proposed project as envisaged in the present issue. The same has been certified by M/S S. Vasudevan & Associates, Charetered Accountants; vide their certificate-dated January 10, 2006. The details of funds already deployed are as under:

Details	Amount (Rs. In Lacs)
Processing Fees Paid to Financial Institutions	12.80
Incidental Expenses	16.79
Total	**29.59**

The Issue proceeds would be used to recoup the expense s incurred by the company on the processing fees and Incidental expenses which have been funded curently from the internal accruals.

The proposed deployment of fund is mentioned hereunder:

There is no year wise deployment schedule for the project as the total funds for the project would be utilised for the installation and commissioning of the WEGs which would take 90-120 days to install and operate.

Rs. in Lacs

Capital Expenditure	Already Spent	90-120 days period Ending July'06
Cost of WEG & Tower	Nil	3474
Land Cost	Nil	90
Cost of civil works	Nil	198
TNEB fees & infrastructure charges	Nil	270
Processing fee/Incidental/ Arranger Fee	29.59	33.41
IDC at 9.5% for 4 months	Nil	45
Total Cost	**29.59**	**4110.41**

The Issue proceeds would be used to meet all or any of the uses of the funds mentioned above. The part of the Project is proposed to be financed from the proposed Public Issue. We undertake to meet the shortfall, if any, in the funds raised through the Issue from the internal accruals. If there is any surplus amount, the same will be used to repay the existing loans availed from the Banks/ Financial Institutions.

Interim Use of Funds

Pending the deployment of funds towards the objects of the Issue, the funds would be deployed in liquid debt instruments, inter-alia, comprising fixed deposits, mutual fund schemes and government securities. Such investments would be authorised by the Board or a Committee thereof, duly empowered in this regard.

Monitoring of Utilisation of Funds

The project would be monitored by the agencies appointed by Power Finance Corporation Limited, New Delhi. This is as per the Clause 17 of the Appraisal Report prepared by Power Finance Corporation Limited. The charges for the monitoring and the other incidental expenses shall be borne by us.

7. BASIC TERMS OF THE PRESENT ISSUE

RANKING OF EQUITY SHARES

The Equity Shares to be issued shall, subject to the Memorandum and Articles and shall rank *pari passu* with the existing equity shares of the Company in all respects, except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in the "Notes to Capital structure".

MODE OF PAYMENT OF DIVIDEND

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

FACE VALUE AND ISSUE PRICE

The Equity shares of the company are of face value of Rs.10/- per share and the present issue is being made at [•] 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, 1956.

MARKET LOT

The Company shall allot the Equity Shares in dematerialized form only. The trading in the Equity Shares of the 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 Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole applicant or in case of joint applicants, death of all the applicants, 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 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 the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the 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 the Company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Act.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The 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 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 shares except stated otherwise in Articles of Association of the company. Provision of Article for the same is stated on page no [•] 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 Application Form and MoA of the 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 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 the Government of India and / or other authorities and other documents that may be executed in respect of the Equity Shares.

TERMS OF PAYMENT

The Applications 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 on application**.**

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

8. BASIS FOR ISSUE PRICE

The issue price has been determined by us in Consultation with BRLM on the basis of assessment of the market demand for the Equity Shares, by way of the Book Building Process.

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. The Present capacity of the Company as on December 2005 is 19.85 MW and the current expansion shall make it to 28.85 MW after the commissioning of the project.

iv. The Company's PLF is 23% as on 2005 which is higher in comparison to the average all India PLF which is at 15% of wind industry.

v. Our current business activities and the project proposed to be implemented qualify under the projects for Clean Development Mechnaism (CDM) under Kyoto Protocol.

vi. We have received the host country approval for the cuurent operations as CDM project under the Carbon Emmission Reduction (CER) by Ministry of Enviorment & Forests, Government of India.

Quantitative Factors:

i. Adjusted Earnings Per Share

	EPS (Rs.)	Weight
a) 2002-03	2.27	1
b) 2003-04	2.04	2
c) 2004-05	1.77	3
d) Three Month Annualised	2.33	4
Weighted Average EPS	2.10	10

The Company's Financial Year ends on June 30 of each year

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

a) Based on 2004-05 EPS of Rs. 1.77 per share	**[●]**
b) Based on weighted average EPS of Rs. 2.10 per share	**[●]**

c) Industry P/E **	
Highest – Suzlon Energy	46.4
Lowest – Neyveli Lignite	9.7
Average	16.5

The ratios of some of the Companies in the same industry group are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
N.T.P.C	6.70	15.00	14.90	51.10
Reliance Energy Limited	22.60	21.90	10.00	291.80
Suzlon energy Limited	11.50	46.40	60.10	81.80
Tata Power Corporation Limited	18.30	16.50	7.50	259.30
Torrent Power SEC Limited	42.10	10.10	18.80	249.90

(Source : Capital Markets Vol. XX/24, Jan 30- Feb 12, 2006)

iii. Return on Net Worth

	RONW %	Weight
a) 2002-03	6.16	1
b) 2003-04	7.59	2
c) 2004-05	10.81	3
d) Three Month Return	3.4	4
Weighted Average EPS	6.74	10

The Company's Financial Year ends on June 30 of each year

iv. Minimum return on total Net worth after Issue needed to maintain pre Issue EPS:

	%
EPS of Rs. 1.77 per share (FY05)	**[•]**
Weighted Average EPS of Rs. 2.10 per share	**[•]**

v. Net Asset Value (NAV) per share (Rs.)

a)	As at June 30, 2005	**16.53**
b)	After Issue	**[•]**
c)	Issue Price	**[•]**

vi. The face value of the shares of the Company is Rs.10/- per share and the Issue Price is [•] times the face value of the shares of the Company.

vii. The BRLM 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 the financials of the Company as set out in the Auditors Report in this Draft Red Herring Prospectus to have a more informed view about the investment proposition.

9. STATEMENT OF TAX BENEFIT

Statement of Possible Tax Benefits

We hereby confirm that the information provided below states the possible tax benefits available to Indowind Energy Limited ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/ would be met.

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

R. Sundar
Partner
Place: Chennai
Membership No: 12339
Date: 09/12/2005

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS

SHAREHOLDERS

(A) Benefits to the Company under Income-Tax Act, 1961 ('the Act'):

1. Under section 10(23G) of the Act, the Company will be eligible to claim exemption on any income by way of dividends (other than dividends exempt under section 10(34) of the Act), interest or long-term capital gains from investments made by way of shares in specified power companies referred to in sub-section (4) of section 80IA of the Act and which satisfies the prescribed conditions.

2. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003 by domestic companies) received on the shares of any company is exempt from tax.

3. Under section 10(35) of the Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Act, is exempt from tax.

4. Under section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the shareholder, if the following conditions are satisfied:

    a) The transaction of sale of such equity share or unit is entered into on or after 1st October, 2004;

    b) The transaction is chargeable to securities transaction tax.

5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition / improvement adjusts the cost of acquisition/ improvement by the cost inflation index, as prescribed from time to time.

6. Under section 54EC of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).

7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units 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 six months after the date of such transfer and

held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –

a) the issue is made by a public company formed and registered in India;

b) the shares forming part of the issue are offered for subscription to the public.

8. Under section 111A of the Act, short-term capital gains (i.e., if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge and cess) in cases where securities transaction tax has been levied.

9. Under section 112 of the Act, long-term capital gains, are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the Company in cases where securities transactions tax is not levied.

10. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 5 years succeeding the year in which the MAT credit is allowed.

(B) Benefits to the Shareholders of the Company under the Income-Tax Act, 1961:

Resident Shareholders

11. Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the Company is exempt from tax.

12. Under section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

    a) The transaction of sale of such equity share is entered into on or after 1st October 2004;

    b) The transaction is chargeable to such securities transaction tax.

13. Under section 88E of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

14. Under section 48 of the Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(36) and section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost

of acquisition / improvement adjusts the cost of acquisition / improvement by the cost inflation index, as prescribed from time to time.

15. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Limited (RECL) and Small Industries Development Bank of India (SIDBI).

16. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units 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 six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public.

17. Under section 54F of the Act, long-term capital gains (in cases not covered under section 10(36) and 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 tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years 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.

18. Under section 111A of the Act, short-term capital gains (i.e. if shares are held for a period not exceeding twelve months), arising on transfer of an equity share, are taxed at the rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied.

19. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation as provided in the second proviso to section 48. However, in case of listed securities or units the amount of such tax could be limited to 10% (plus applicable surcharge and cess) without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

Non-Resident Indians / Non Residents Shareholders (Other than FIIs and Foreign venture capital investors)

20. Under section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after April 1st, 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or Person of Indian origin who is not a ‘resident’) on the shares of the company is exempt from tax.

21. Under section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

    a) the transaction of sale of such equity share is entered into on or after 1st October 2004;

    b) the transaction is chargeable to securities transaction tax.

22. Under section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

23. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the NABARD, NHAI, NHB, RECL and SIDBI.

24. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains on the transfer of listed securities or units 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 six months after the date of such transfer and held for a period of at least twelve months. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public.

25. Under section 54F of the Act, long-term capital gains arising to an individual or HUF on transfer of shares of the Company will be exempt from tax, if the net consideration from such shares is used for purchase of residential house property within a period of one year before and 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.

26. Under section 111A of the Act, short-term capital gains (i.e. if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied.

27. Under section 112 of the Act, long-term capital gains (i.e. if shares are held for a period exceeding twelve months), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and cess). However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess),

without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

28. Under section 115I of the Act, non-resident Indian shareholder (as defined therein) 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” which are as follows: -

    a) Under section 115E of the Act, where shares in the company are acquired or subscribed to in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding twelve months, shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess).

    b) Under provisions of section 115F of the Act, long-term capital gains 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 into money within three years from the date of their acquisition.

    c) Under provisions of Section 115G of the Act, Non-Resident Indians are not required to file a return of income under Section 139(1) of the Act, if their only income is income from foreign exchange asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

    d) Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

29. Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement (‘tax treaty’) entered between India and the country of fiscal domicle of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

Foreign Institutional Investors (FIIs)

30. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the Company is exempt from tax.

31. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:

    a) The transaction of sale of such equity share is entered into on or after 1st October, 2004;

b) The transaction is chargeable to securities transaction tax as explained below.

32. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from such taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains,

33. The income by way of short-term capital gains / long-term capital gains realized by FIIs on sale of shares in the company would be taxed at 30% / 10% respectively, as per section 115AD of the Act. (However, in respect of short term capital gains referred to in section 111A the tax rate applicable will be 10%). The benefit of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable to a FII.

34. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gain (in cases not covered under section 10(36) and section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of six months after the date of such transfer for a period of at least three years. However, if the assessee transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, RECL and SIDBI.

35. Under section 54ED 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(36) and section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian Company within a period of 6 months after the date of such transfer and such are held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public;

36. There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders. It may be relevant to note that the CBDT has clarified vide its Circular no. 7/2003 dated September 5, 2003, that the term ‘public issue’ in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

37. Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

Venture Capital Companies/Funds

38. Under section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

Mutual funds

39. Under section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

(C) Benefits to shareholders of the Company under the Wealth Tax Act, 1957

40. 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, 1957. Hence, shares are not liable to wealth tax.

(D) Benefits to shareholders of the Company under the Gift Tax Act, 1958.

41. Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

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

IV. ABOUT ISSUER COMPANY

Unless otherwise indicated, the information in this section has been derived from various Indian government publications, as well as private publications and industry reports prepared by TATA Energy and Research Institute ("TERI")[1] *and various trade associations and has not been prepared or verified by us, the Manager, the Bookrunner, or any of our or their respective affiliates or associates.*

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 80% 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 52,102 MW *(Source: www.windpower.com)*.

Today, the capital cost of wind power projects range between Rs. 4.5 to 5.5 crores per MW. This gives a low levelised cost of energy generation taking into consideration the fiscal benefits extended by the Government.

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, soft loans, customs & excise duty relief and liberalized foreign direct investment procedures.

Various financial incentives & benefits:
- 80% Depreciation in the first year.
- Operation and maintenance costs are low.
- Zero input fuel cost.
- Pay back in shorter duration.
- Cost of generation very low after pay back period.
- Zero import duty on certain parts.
- Tax holidays for newer power projects for 10years.
- Wheeling to SEB grid is easy and so no marketing problems.

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 electricity, 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 electricity are increasing. Besides grid supply augmentation, renewable electric technologies offer possibilities of distributed

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[1]

generation at or near points of use, which can reduce peaking loads and save on costly upgradation 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 Non-Conventional Energy Sources, 2,40,000 MW has been the estimated total installed capacity of power projects by the year end 2012 A.D. Out of the total, 10% of the 2,40,000 MW (i.e 24,000MW) installed capacity requirement will come from renewable sources of the energy. Further, it is envisaged that 50% of this capacity or 12,000MW may come from wind power. India has now gained sufficient 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 context of the recently announced policies and drive towards private sector generation.

THE ELECTRICITY INDUSTRY

The Indian Electricity Market

In the period between March 31, 1993 and March 31, 2004 the demand for power in India increased at *a* compounded annual growth rate of approximately 6.0 per cent. However, the demand for electricity in India is still substantially in excess of the available supply. In the year ended March 31, 2004, the 559 billion KWh of output fell short of total demand by 7.15 per cent. As at January 1, 2004, India’s power system had an installed generating capacity of around 112,058 MW and in that year, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 70.0 per cent of total power generation capacity, hydroelectric stations for approximately 26.0 per cent while others (including nuclear stations and wind power) accounted for approximately 4.0 per cent. In the same year, central government controlled entities (the “Central Sector”) accounted for approximately 32.0 percent of total power generation capacity, the various State Electricity Boards (“SEBs”) accounted for approximately 58.0 percent while private sector utilities (the “Private Sector”) accounted for approximately 10.0 percent.

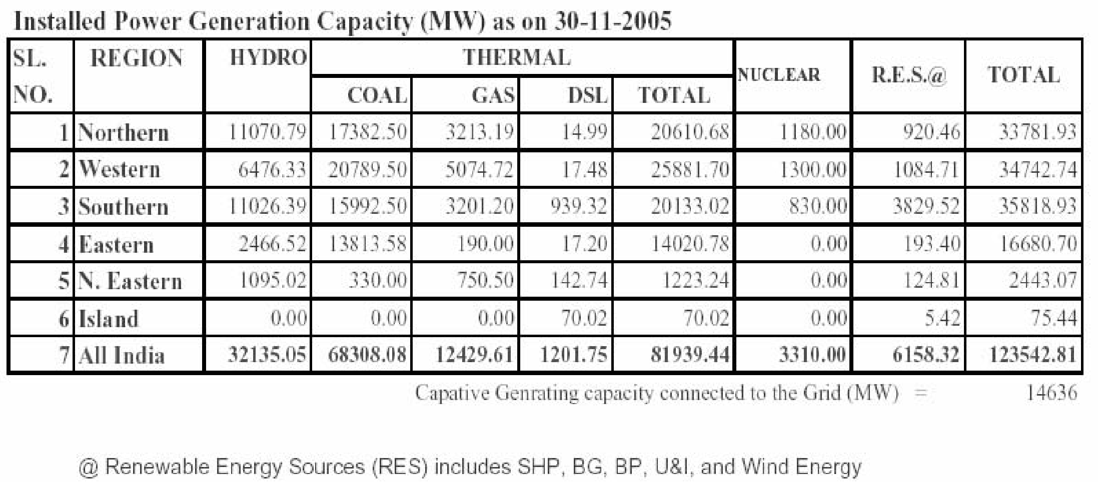
The break up of the Total Installed Capacity for generation of power from all the available sources for the country as a whole as on November 30, 2005 is given as under:

Sector	**MW**	**Proportion**
State Sector	70,447	57.1%
Central Sector	39,908	32.3%
Private Sector	13,187	10.6%
Total	**1,23,542**	**100%**

Fuel	**MW**	**Proportion**
Thermal	81,939	66.3%
Coal	68,308	55.4%
Gas	12,430	10.0%
Oil	1,201	0.9%

Hydro	32,135	26.0%
Nuclear	3,310	2.7%
Renewable	6,158	5.0%
Total	**123,542**	**100%**

(Source: Ministry of Power, Government of India
http://powermin.nic.in/JSP_SERVLETS/internal.jsp)

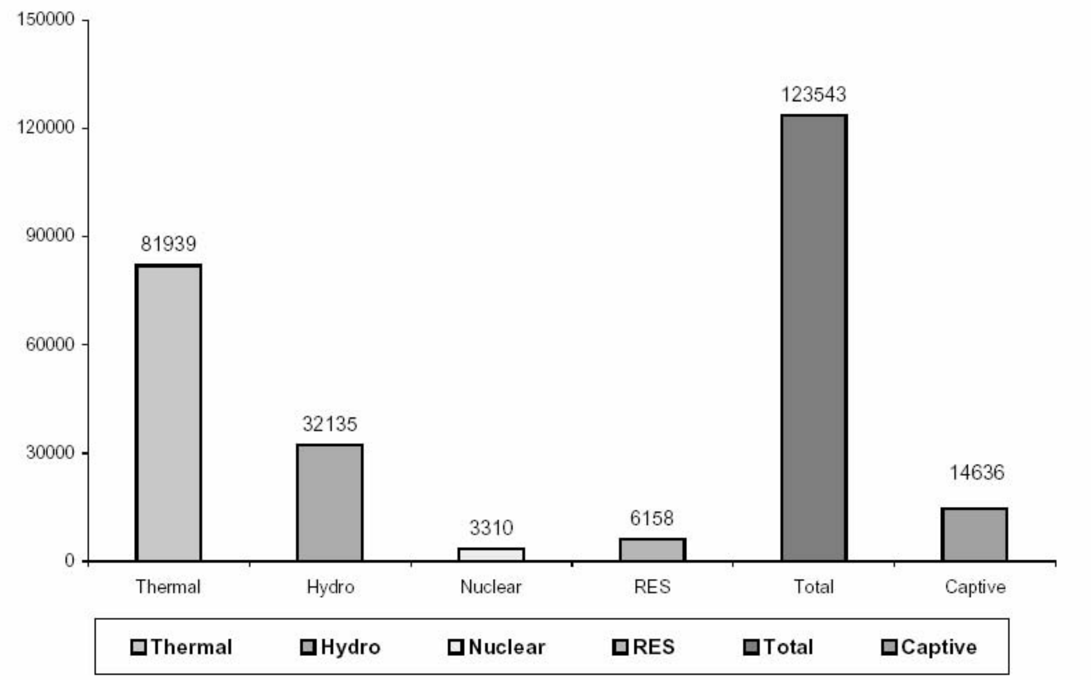


Installed Power Generation Capacity (MW) as on 30-11-2005

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**

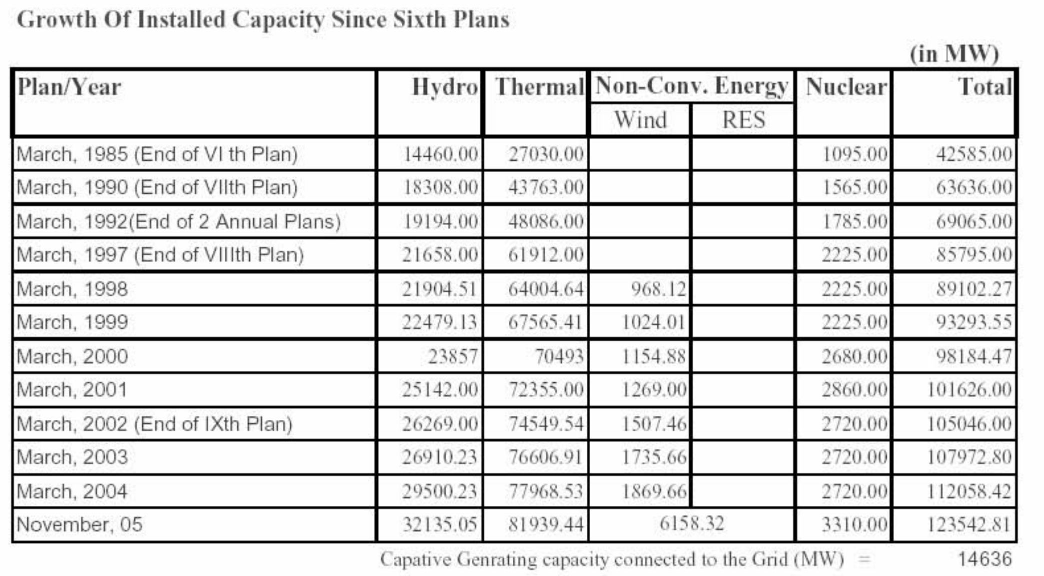
Capative Genrating capacity connected to the Grid (MW) = 14636

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



(Source: http://cea.nic.in/power_sec_reports/Executive_Summary/2005_11/6.pdf)

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).

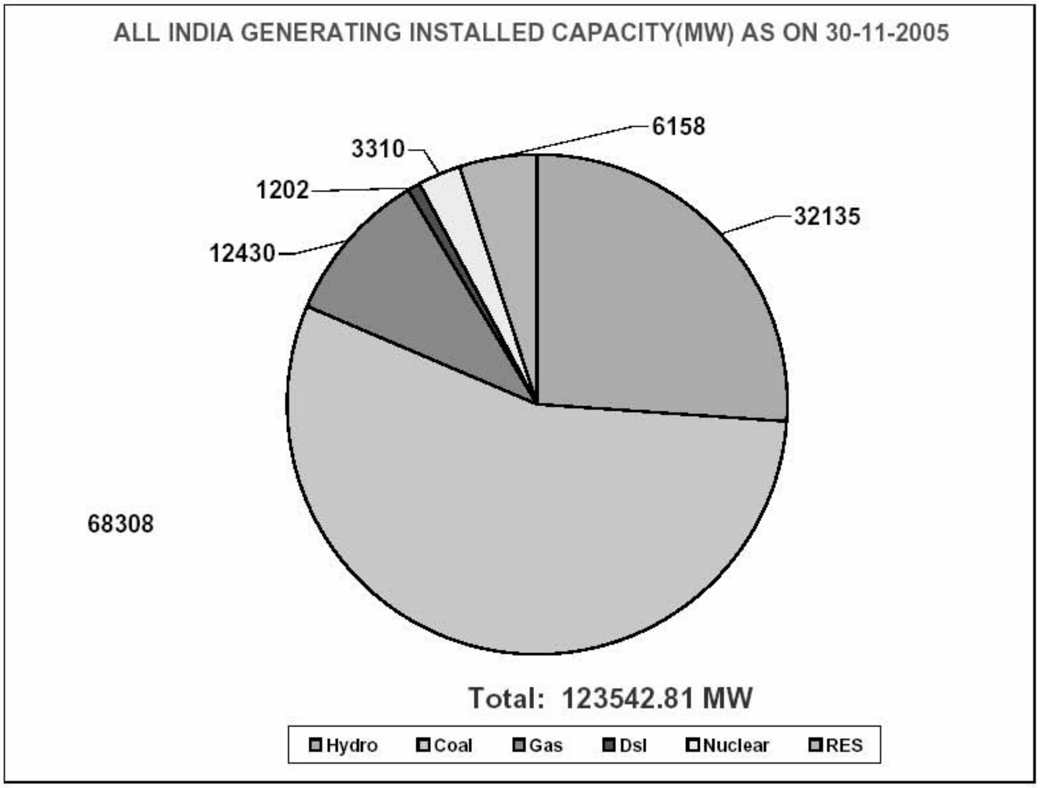


Growth Of Installed Capacity Since Sixth Plans

(in MW)

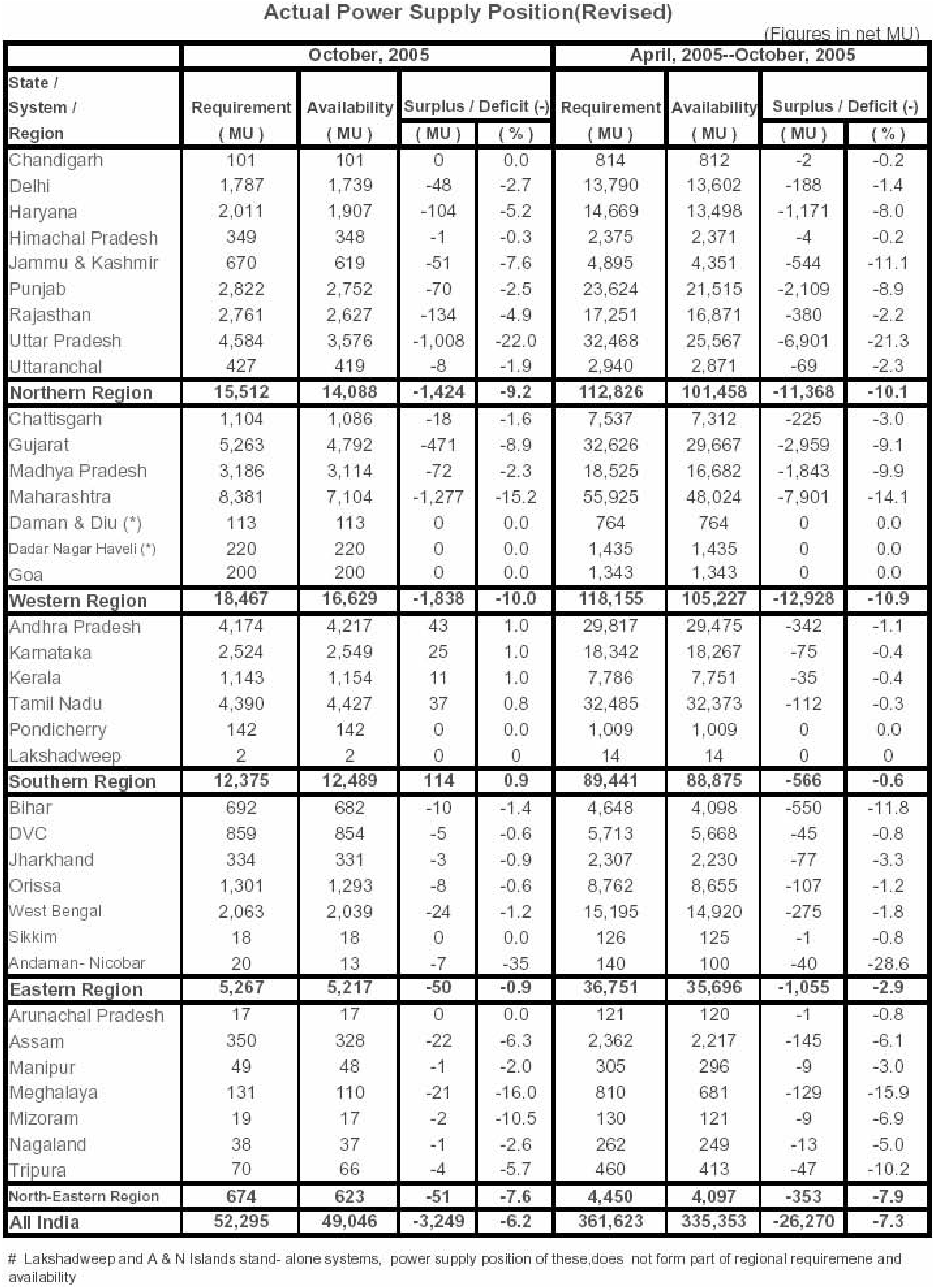
Plan/Year	Hydro	Thermal	Non-Conv. Energy		Nuclear	Total
			Wind	RES		
March, 1985 (End of VI th Plan)	14460.00	27030.00			1095.00	42585.00
March, 1990 (End of VIIth Plan)	18308.00	43763.00			1565.00	63636.00
March, 1992(End of 2 Annual Plans)	19194.00	48086.00			1785.00	69065.00
March, 1997 (End of VIIIth Plan)	21658.00	61912.00			2225.00	85795.00
March, 1998	21904.51	64004.64	968.12		2225.00	89102.27
March, 1999	22479.13	67565.41	1024.01		2225.00	93293.55
March, 2000	23857	70493	1154.88		2680.00	98184.47
March, 2001	25142.00	72355.00	1269.00		2860.00	101626.00
March, 2002 (End of IXth Plan)	26269.00	74549.54	1507.46		2720.00	105046.00
March, 2003	26910.23	76606.91	1735.66		2720.00	107972.80
March, 2004	29500.23	77968.53	1869.66		2720.00	112058.42
November, 05	32135.05	81939.44	6158.32		3310.00	123542.81

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



ALL INDIA GENERATING INSTALLED CAPACITY(MW) AS ON 30-11-2005

(Source: http://cea.nic.in/power_sec_reports/Executive_Summary/2005_11/8.pdf)



Actual Power Supply Position(Revised)

(Figures in net MU)

	October, 2005				April, 2005--October, 2005			
State / System / Region	Requirement	Availability	Surplus / Deficit (-)		Requirement	Availability	Surplus / Deficit (-)	
	(MU)	(MU)	(MU)	(%)	(MU)	(MU)	(MU)	(%)
Chandigarh	101	101	0	0.0	814	812	-2	-0.2
Delhi	1,787	1,739	-48	-2.7	13,790	13,602	-188	-1.4
Haryana	2,011	1,907	-104	-5.2	14,669	13,498	-1,171	-8.0
Himachal Pradesh	349	348	-1	-0.3	2,375	2,371	-4	-0.2
Jammu & Kashmir	670	619	-51	-7.6	4,895	4,351	-544	-11.1
Punjab	2,822	2,752	-70	-2.5	23,624	21,515	-2,109	-8.9
Rajasthan	2,761	2,627	-134	-4.9	17,251	16,871	-380	-2.2
Uttar Pradesh	4,584	3,576	-1,008	-22.0	32,468	25,567	-6,901	-21.3
Uttaranchal	427	419	-8	-1.9	2,940	2,871	-69	-2.3
Northern Region	**15,512**	**14,088**	**-1,424**	**-9.2**	**112,826**	**101,458**	**-11,368**	**-10.1**
Chattisgarh	1,104	1,086	-18	-1.6	7,537	7,312	-225	-3.0
Gujarat	5,263	4,792	-471	-8.9	32,626	29,667	-2,959	-9.1
Madhya Pradesh	3,186	3,114	-72	-2.3	18,525	16,682	-1,843	-9.9
Maharashtra	8,381	7,104	-1,277	-15.2	55,925	48,024	-7,901	-14.1
Daman & Diu (*)	113	113	0	0.0	764	764	0	0.0
Dadar Nagar Haveli (*)	220	220	0	0.0	1,435	1,435	0	0.0
Goa	200	200	0	0.0	1,343	1,343	0	0.0
Western Region	**18,467**	**16,629**	**-1,838**	**-10.0**	**118,155**	**105,227**	**-12,928**	**-10.9**
Andhra Pradesh	4,174	4,217	43	1.0	29,817	29,475	-342	-1.1
Karnataka	2,524	2,549	25	1.0	18,342	18,267	-75	-0.4
Kerala	1,143	1,154	11	1.0	7,786	7,751	-35	-0.4
Tamil Nadu	4,390	4,427	37	0.8	32,485	32,373	-112	-0.3
Pondicherry	142	142	0	0.0	1,009	1,009	0	0.0
Lakshadweep	2	2	0	0	14	14	0	0
Southern Region	**12,375**	**12,489**	**114**	**0.9**	**89,441**	**88,875**	**-566**	**-0.6**
Bihar	692	682	-10	-1.4	4,648	4,098	-550	-11.8
DVC	859	854	-5	-0.6	5,713	5,668	-45	-0.8
Jharkhand	334	331	-3	-0.9	2,307	2,230	-77	-3.3
Orissa	1,301	1,293	-8	-0.6	8,762	8,655	-107	-1.2
West Bengal	2,063	2,039	-24	-1.2	15,195	14,920	-275	-1.8
Sikkim	18	18	0	0.0	126	125	-1	-0.8
Andaman- Nicobar	20	13	-7	-35	140	100	-40	-28.6
Eastern Region	**5,267**	**5,217**	**-50**	**-0.9**	**36,751**	**35,696**	**-1,055**	**-2.9**
Arunachal Pradesh	17	17	0	0.0	121	120	-1	-0.8
Assam	350	328	-22	-6.3	2,362	2,217	-145	-6.1
Manipur	49	48	-1	-2.0	305	296	-9	-3.0
Meghalaya	131	110	-21	-16.0	810	681	-129	-15.9
Mizoram	19	17	-2	-10.5	130	121	-9	-6.9
Nagaland	38	37	-1	-2.6	262	249	-13	-5.0
Tripura	70	66	-4	-5.7	460	413	-47	-10.2
North-Eastern Region	**674**	**623**	**-51**	**-7.6**	**4,450**	**4,097**	**-353**	**-7.9**
All India	**52,295**	**49,046**	**-3,249**	**-6.2**	**361,623**	**335,353**	**-26,270**	**-7.3**

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

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, inadequate maintenance, unsatisfactory transmission infrastructure and irregular fuel supply.

In the year ending December 31, 2003 India relied on coal to fulfill approximately 58.0 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, as compared with 6,500 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 SEBs have a monopoly over power distribution in their respective states, except in a few metropolitan and city areas (such as Mumbai, Kolkata, Ahrnedabad, 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 29 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 28.0 per cent. of India's GDP and 30.0 percent of its capacity, while north & south of the country each account for 27.0 percent of GDP and 26.0 percent of its capacity respectively.

The end users of power can be broadly classified into residential (consuming approximately 20.0 per cent. of power generated), industrial (consuming approximately 30.0 per cent. of power generated), commercial (consuming approximately 5.0 per cent. of power generated) and agricultural consumers (consuming approximately 30.0 per cent. 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, 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 federal 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 licences.

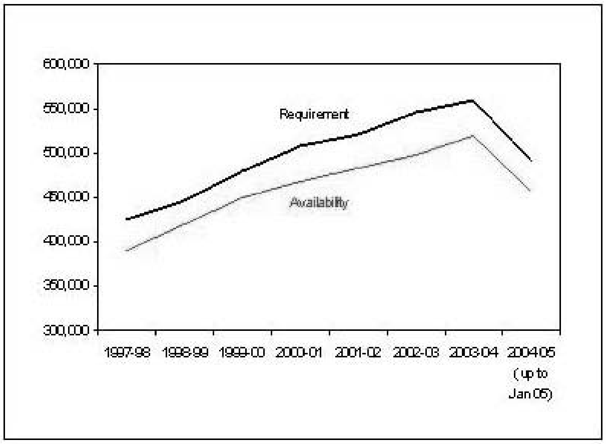
The Electricity Regulatory Commission Act 1998 also provides for the formation of State Electricity Regulatory Commissions ("SERCs") in the respective states for the rationalisation of the electricity tariff and the formulation of policy within each state. Some states have set up SERC under their own 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, 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 the 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 2005, demand for electricity exceeded supply by an estimated 7.3% (7.1% in fiscal 2004) in terms of total requirements and 11.7% (11.2% in fiscal 2004) 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.

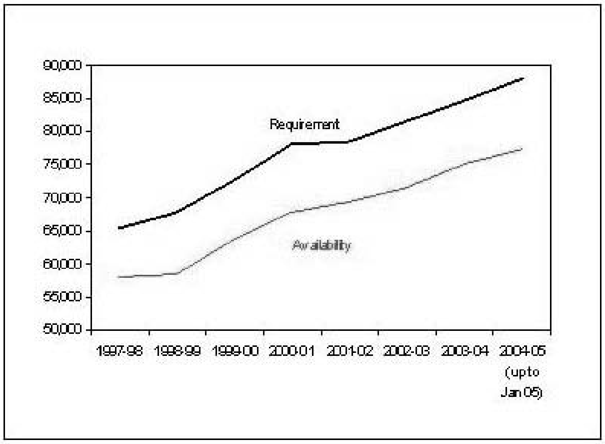
Power Supply Position (in MU)



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

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)
11.3	13.9	12.4	13.0	11.8	12.2	11.2	12.1

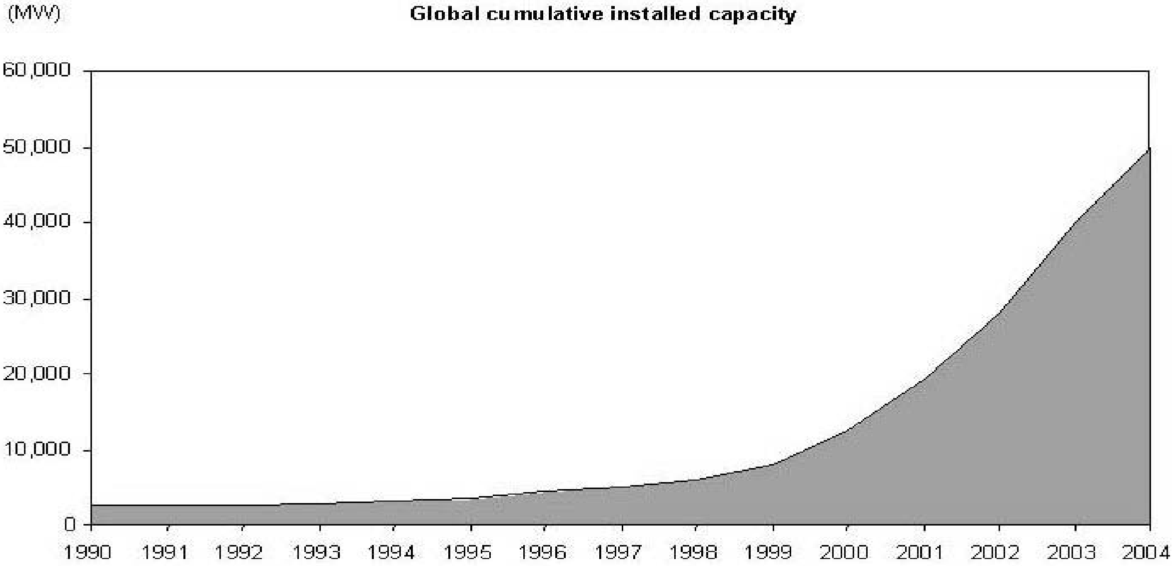
The figures listed below indicate a huge demand and supply gap of Power:

Energy (MU)		
	2001- 2002	**2002- 2003 (10m)**
Requirement	522537	458777
Availability	483350	417090
Shortage	7.50%	9.10%
Source : Annual Report 2002-03, Ministry of Power		

Peak demand & shortage		
	2001- 2002	**2002- 2003 (10m)**
Requirement	78441	81492
Availability	69189	71520
Shortage	11.8%	12.2%
Source : Annual Report 2002-03, Ministry of Power		

MU = Million Unit
1 unit = 1kwh

Global Wind Energy Demand



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 at the end of Sept, 2005 is 52,102 MW. Major industrialized countries are leaders in wind farm development.

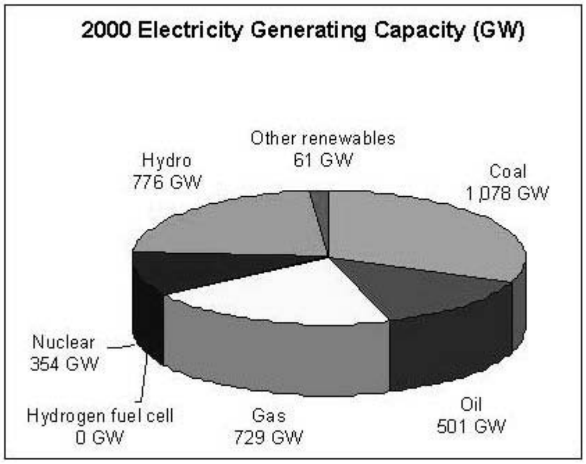
Following is the Total Installed Capacity in MW for the various countries for past few years:

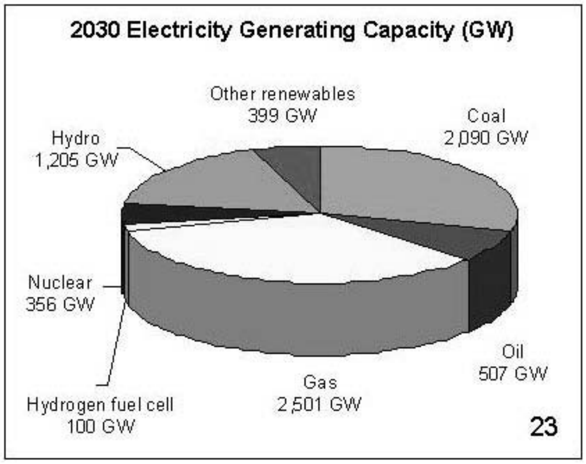
Country Region	Cumulative installed MW at end of 2001	2002	2003	2004	2005 (Sept)	2002-05 (Sept'05)	Cumulative Installed MW at the End of 2005 (Sept)	% of Global Market Share at the End of Sept'05
Germany	8674	3247	2674	2033	872	8868	17500	38.58%
Spain	3329	1493	1377	2064	946	5880	9209	17.67%
USA	4245	429	1687	391	448	2955	7200	13.82%
India	1482	220	423	858	612	2113	3595	6.90%
Denmark	2328	530	218	42	11	801	3129	6.00%
Italy	682	106	116	361	305	888	1570	3.01%
Netherlands	430	219	233	196	108	756	1186	2.28%
UK	386	55	195	261	200	711	1097	2.11%
Japan	357	129	275	179	2	585	942	1.81%
China	406	67	98	193	1	359	765	1.47%

(Source: Wind Power Monthly – October, 2005)

The International Energy Agency, or 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.

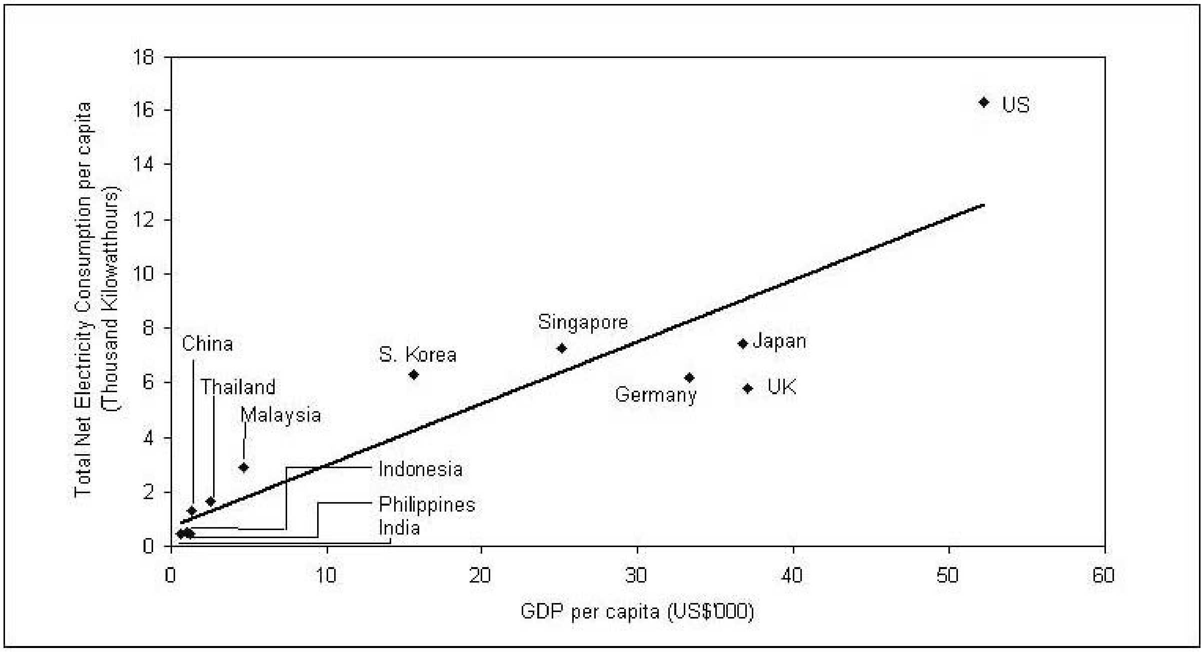
The IEA expects the following to be the global generating mix from renewable:



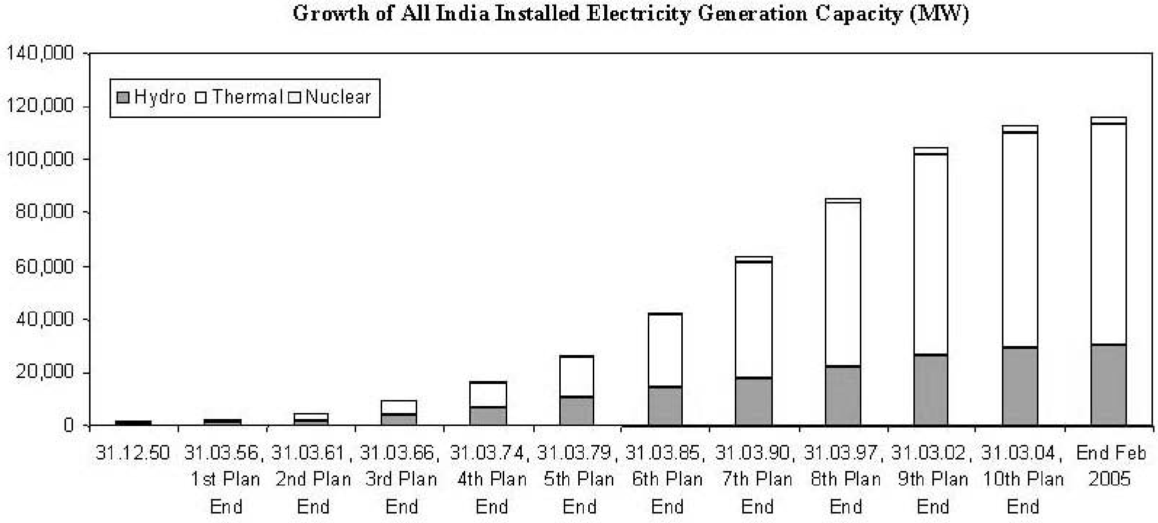


The IEA also expects that the predominant use of fossil fuels, such as coal, oil and natural gas, for energy production will continue in the future. Nuclear power's contribution is expected to decline and the use of renewable energy sources, such as hydro power, wind power, biomass and solar, is expected to increase. The IEA also estimates that wind power share in total electricity generation will grow from 0.2% in 2002 to 3,0% 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.



As of March 31, 2005, India's power system had an installed generation capacity of approximately 1,16,652 MW. Of the installed capacity, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 69.4% of total power generation capacity, hydroelectric stations accounted for approximately 26.1% and others (including nuclear stations and wind power) accounted for just over 4.5%.



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 116652 MW as of March 31,2005. This is in addition of demand for power which is growing @ 6.5% per annum both for quantity and quality of power.

The Gol 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 Nineth 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 Nineth 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 Gol 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: MNES, New Delhi, India)

		Gross Potential MW
1	Andhra Pradesh	8275
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

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 recognised 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.

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.

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 prototypes of 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 in 2005 it was the fourth largest country in the world with installations of 4201 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%. The cumulative installed capacity is expected to grow from 2983 MW in 2004 to 6000 MW in 2008.

A breakdown of the total installed power generation capacity in India, which was 116,652 MW as at 31 March 2005, is set out in the table below based on region and industry:

	THERMAL				**MW**			
Regions	**Coal**	**Gas**	**Diesel**	**Total**	**Hydro**	**Wind**	**others**	**Total**
1 Northern	16915	3213	15	20143	10597	283	1180	32205
2 Western	20792	5036	17	25845	5502	739	760	32846
3 Southern	13893	2650	939	17482	10438	2570	780	31270
4 Eastern	15237	190	17	15444	2460	1	0	17905
5 North eastern	330	750	143	1223	1134	0	0	2357
6 Other (Islands)	0	0	64	6	5	0	0	69
	67167	11839	1195	80201	30136	3595	2720	116652
	58%	10%	1%	69%	26%	3%	2%	

State-wise Wind Power Installed Capacity in MW (As on March 31, 2005)

State Projects	Demonstration	Private Sector Projects	Total Capacity
Andhra Pradesh	5.4	115.2	120.6
Gujarat	17.3	236.2	253.5
Karnataka	7.1	403.6	410.7
Kerala	2.0	0.0	2.0
Madhya Pradesh	0.6	28.3	28.9
Maharashtra	12.2	444.1	456.3
Rajasthan	6.4	278.4	284.8
Tamil Nadu	19.4	2017.5	2036.9
West Bengal	1.1	0.0	1.1
Others		0.0	
Total,	**71.50**	**3523.3**	**3594.8**

(Source: www.windpowerindia.com)

Total Generation from Wind Power Projects (kWh) (As on December 31, 2004)

State	**Generation (MU)**
Andhra Pradesh	622
Gujarat	1304
Karnataka	1186
Kerala	16

Madhya Pradesh	171
Maharashtra	2395
Orissa	1
Tamil Nadu	10399
Rajasthan	7303
Total	**23397**

(Source: www.windpowerindia.com)

Wind Potential and State Government Approval

Wind power installations world-wide have crossed 24.7 GW, producing over 14 TWH of energy annually. The World Energy Council has estimated that, by 2010 A.D., the world wind power capacity can increase to 53 GW under the current policy scenario, and even 89 GW under a ecologically driven scenario.

Sr. No.	State	Gross Potential (MW) (a)	Technical Potential (MW) (b)	Installed Capacity (MW) (c)
1.	Andhra Pradesh	8275	1290	120.60
2.	Gujarat	9675	1450	261.98
3.	Karnataka	6620	900	462.55
4.	Kerala	875	500	2.00
5.	Madhya Pradesh	5500	75	28.85
6.	Maharashtra	3650	2500	610.80
8.	Rajasthan	5400	500	311.26
9.	Tamilnadu	3050	1220	2404.80
10.	West Bengal	450	450	1.1
	TOTAL	**45195 MW**	**10085**	**4201.72**

a. Assuming 0.5% of land availability for Wind Power generation in potential areas.
b. As on 31.03.98, assuming 20% grid penetration as on 31.03.2003

(Source: http://www.indiawindpower.com)

Ministry for Non-Conventional Energy Sources

The Ministry for Non-Conventional Energy Sources (“**MNES**”) 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 MNES has revised its estimate for gross wind power potential in India from 20,000 MW to 45,000 MW. The MNES 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 MNES continues to encourage State Governments to implement national policy guidelines set for wind power projects. The MNES 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 MNES 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.
- In 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 W/m2 at 50 m above GL. 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/m2 or higher are now preferred for large scale wind plants in the United States. The places marked in red shows wind power density in the range of 200-250 w/m2, The places marked in "yellow" show wind power density in the range of 250-300 w/m2, the places marked in light blue show wind power density in the range of 300-352 w/m^2 while the places marked in dark blue show the wind power density 350-400 w/m2.

(Source: wind power India.com 2003 / MNES, 2002).

2. 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: CEIC) 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 2004, the energy shortage was approximately 7.1% and the peak deficit was much higher at 11.2%. 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.

Why 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 4118 MW as of November 2005, 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. Realising 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 15m. Current turbines are now capable of delivering up to 5,000 KW in generating capacity with rotor diameters of up to 124m 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 seprate governing for non conventional energy "Ministry for Non-conventional Energy Sources (MNES)". Harnessing wind energy has come a long way in India over the last 2 decade, on par with international development due to attractive legislative incentives. The private sector has actively participated in the road map laid down by MNES for wind power development. The policies formulated for the development of wind power by MNES supported by respective State Policies, including the evacuation of power through the State Electricity Board grids, has placed India firmly on the world wind energy map.

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 recognises the significant importance of renewable energy and has placed much 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 organisations and provides for better financial management of the State Electricity Boards.

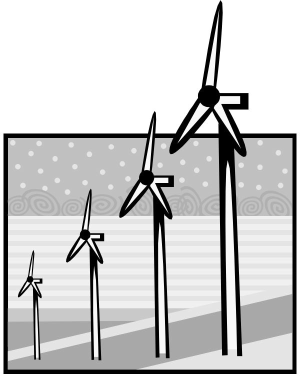
The Finance Ministry, the MNES and the respective State Governments have also provided various fiscal incentives to wind farm developers / investors, which include, accelerated depreciation benefits for wind farm projects, income tax holidays for power income and soft loans from IREDA / PFC.

- ***Other incentives – the Kyoto Protocol***

India is a signatory to the Kyoto Protocol, an international treaty that was ratified on 16 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. According to Mr. R.K. Jain, CEA member (Thermal) global carbon market is to the tune of 450 million tons per annum, of which India can capture about 100 million tons per annum (approx. 22% market share) during 2008-12, the first time line under the Kyoto Protocol to reduce carbon emissions *(source : Hindustan Times dated 10.10.2005)*

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 the Company has been expanding wind farm capacity every year to reach the present capacity of 19.85 MW and 3.50 MW for clients & group companies whose O&M is with the Company. The Company is currently implementing additional capacity of 9MW.



Our Company has been promoted by Mr. K. V. Bala with the main object of developing wind farms on a large scale for commercial exploitation, generating energy from Wind Mills, Wind Turbines and selling it to State Electric Boards and Corporate clients. The Company commenced its commercial operation of generating power in September, 1995 by setting up 225 KW Wind Electric Generator in Tamil Nadu. The Company has been raising its generation capacity every year and the same has since been increased to 19.85 MW. The Company generated 0.56 mn units of power during 1995-96 with a PLF of 4.5%, which has been continuously increasing and it achieved a production of 24mn units with a PLF of 23% during FY 2004-05 and for the Half Year Ended December 2005, the company has already generated 18.60 mn units.

We have so far developed wind farms in three sites viz. Muppandial & Nettor in Tamil Nadu, Gadag in Karnataka and Ramagiri in Andhra Pradesh to have presence in various windy sites and to spread the State risks. We have purchased WEGs from various reputed suppliers like NEPC-MICON, VESTAS- RRB, AMTL-Wind World and AWT to avoid dependence on single technology and single manufacturer. We have farm projects currently operating at following sites to have presence in different windy sites and to spread state risks:

- Muppandal (14.50 W, 62 windmills)
- Nettoor (1 MW, 4 windmills) in Tamil Nadu and
- Gadag, Karnataka (4.10 MW, 15 windmills)
- Ramagiri, Andhra Pradesh (0.25 MW, 1 wind mill)

The true value of our efforts is reflected in the better PLF of plants managed by us. We have developed adequate qualified and experienced manpower to take care of the operations and maintenance. We have been able to achieve an overall average PLF of 23% during 2005.

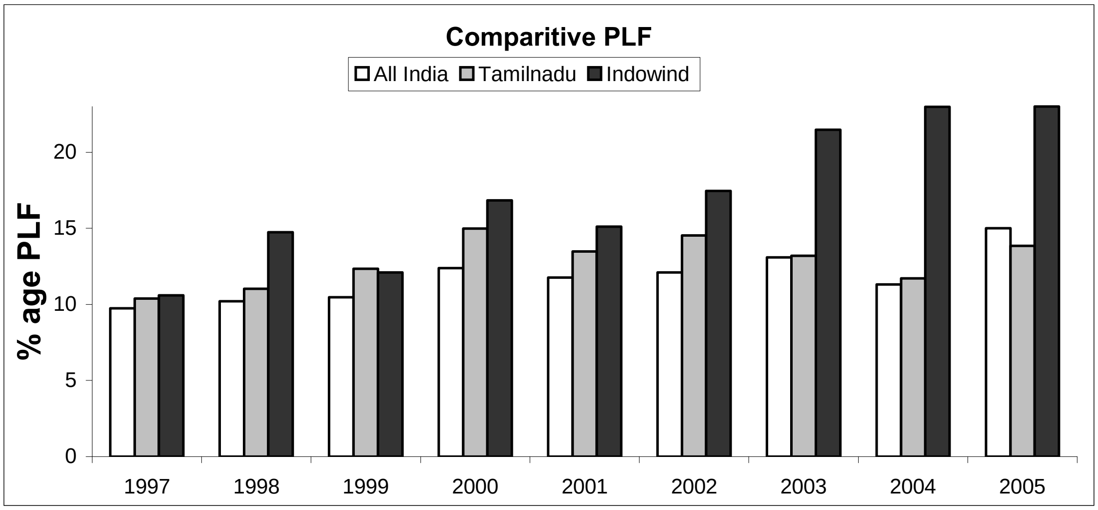
We have been selling the power generated to Tamil Nadu Electricity Board (TNEB) and various Private corporate clients in Karnataka and Andhra Pradesh such as Indal, Hindustan Coco Cola Beverages Pvt. Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, Spicer India Limited, Jindal Aluminum, Kirloskar Electric Company Limited and Alstom India Projects Limited. The electricity charges recovered for the corporate clients are more than the revenue generated from the sale to SEBs although the sale of the power to corporate clients can be made only of the generations made in Karnataka etc.

For the Companies in the Power Generation business PLF factor is one of the key success factors to measure the success and efficiency of the operations. Thus on the generation efficiency/ operational performance front, Our Company has been consistently achieving higher PLF rate as detailed below:

Comparative PLF Factor (expressed as %)

Region	**For the Period**									
	1996	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
All India	6.78	9.74	10.21	10.48	12.38	11.77	12.10	13.09	11.31	15.00
Tamil Nadu	7.66	10.38	11.03	12.34	14.99	13.49	14.53	13.18	11.70	13.85
	(Source: http;//www.windpowerindia.com)									
Indowind	5.27	10.6	14.73	12.09	16.84	15.21	17.45	21.49	22.98	23.00

Due to better cost management and higher PLF, the Company has been able to maintain a sustainable growth. Our PAT has increased to Rs. 414.24 lacs in year ended June 30, 2005 on the Total income of Rs. 1153.00 lacs as compared to the PAT of Rs. 307.70 lacs for the year ended June 30, 2004 on a total income of Rs. 831.50 lacs registering annualised growth of 25.72%



Since our inception, we have organized the best talents in wind energy industry, under one umbrella, with a long term vision of providing total solution to clients in wind, from identification of land to commissioning of turbines and running the wind farms at optimum efficiency levels.

We have received host country approval from the Government of India for CDM project under CER vide letter no. F.No.4/24/2005-CCC dated December 26, 2005 for the current operations at Tamil Nadu. Out of the total installed plant capacity of 19.85 MW we have received the host country approval for 12.3 MW. The National CDM Authority in their letter has confirmed that:

- The Government of India has ratified the Kyoto Protocol in August 2002.
- Approval for voluntary participation of the Companys' activities in the proposed CDM project activity.
- The project contributues to Sustainable Development in India.

Under the rules of the National CDM Authority only the projects commissioned after the year 2000 are eligible for the host country approval. As a result out of the total installed capacity, our operations at Karnataka and some machines at Tamil Nadu do not qualify for the approval.

LOCATION OF PROJECT:

As the purchase order shall be placed by us on “turnkey contract basis” with the Supplier (EPC contractor), the identified site of about 200 Acres of privately held land in Udiyathur Village, Radhapuram Taluk, Tirunelveli Dist., Tamil Nadu for the proposed project would be acquired by the Supplier in our name on behalf of the Company. However, we will place the purchase order only after the completion of IPO.

The details of the proposed site are as follows:

Place	Udiyathur Village, Radhapuram Taluk
District, State	Tirunelveli District, Tamil nadu

Various means of transport to reach the locations are:

Nearest Railway Station	Nagerkoil
Nearest National Highway	NH-7 Chennai-Tirunelveli, 600km distance
Nearest Airport	Trivandrum, 110km from site

Due to time lag, even if the specified site is not available for purchase, the supplier shall provide equally suitable site in the nearby area wherein the minimum estimated PLF of 28% for the project will be achievable

The Supplier (Turnkey EPC contractor) shall be responsible for site clearance, soil testing, site purchase, micrositing, complete design, engineering, procurement, erection, testing, security during and after erection, construction of suitable power evacuation facility, connection of wind farm project with State grid at inter connection point as agreed by TNEB, construction of internal wind farm roads, any other associated work, commissioning of the wind power plant, all repairs / trouble shooting / replacements of the defective WEG parts during the warranty period and also free operation and maintenance including supply of consumables and spares during the warranty period of 2 years.

The land identified is for non agricultural uses. Thus there are no restrictions as to use these private lands for the agricultural uses or for commercial use.

PLANT & MACHINERY

Details of Plant & Machinery	Cost	Name of Supplier	Date of Placement of Order	Expected Date of Supply
Wind Electric Generators	Rs.3474 lacs	CWEL Emergia	After the completion of IPO	Between 90-120 Days from the date of purchase order
Grid Connectivity	Rs. 270 lacs	TNEB	After the completion of IPO	Between 90-120 Days from the date of NOC Application.
OR				
Any other Supplier and Location approved by Consortium Lenders. For any reasons, if the proposed Supplier is unable to Supply the specified make of WEGs, wewould acquire other makes of WEGs of same or higher capacity with prior written approval of the consortium Lenders.				

The alternate supplier details: The supplier or EPC contractor for the project is appointed on the turn key basis thus any approvals required from any of the regulatory body have to be obtained by the contractor and the Company has no role to play in process of obtaining them.

Wind Electric Generator (WEGs)

The WEG manufacturer's have their own design of Wind Turbine. The wind machine consists of various components: Tower (Lattice or Tubular), Nacelle, Rotor Blades, Gear Box & Transmission System, Generator / Converter, Yawing System, Microprocessor based Control Panel, Power & Grid System, Breaking / Control System etc.

The wind turbines are available in a wide range from 225 KW capacity to large machines of 2 Mega Watt (MW). 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 electrical energy. The mechanical energy developed by the rotor is transferred to the generator coupled to the high-speed shaft. The components of wind turbines are designed to last for 20 years. The 20 years design lifetime is a useful economic compromise which is used to guide engineers who develop components for the turbines. Their calculations have to prove that their components have a very small probability of failure before 20 years have elapsed. The actual lifetime of a wind turbine depends both on the quality of the turbine and the local climatic conditions, e.g. the amount of turbulence at the site.

The company does not propose to install or use any second hand machinery for the purpose of operations proposed.

TECHNOLOGY & PROCESS

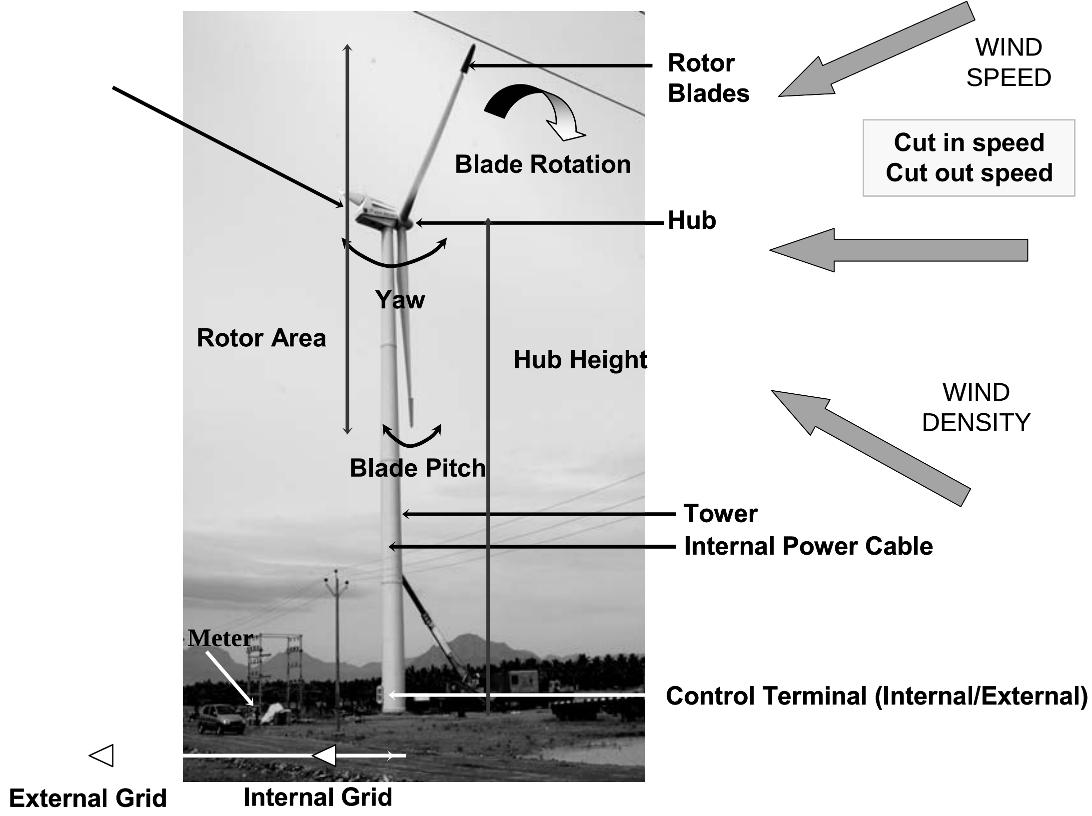
Wind Power Generation Process - Movement of air is called wind

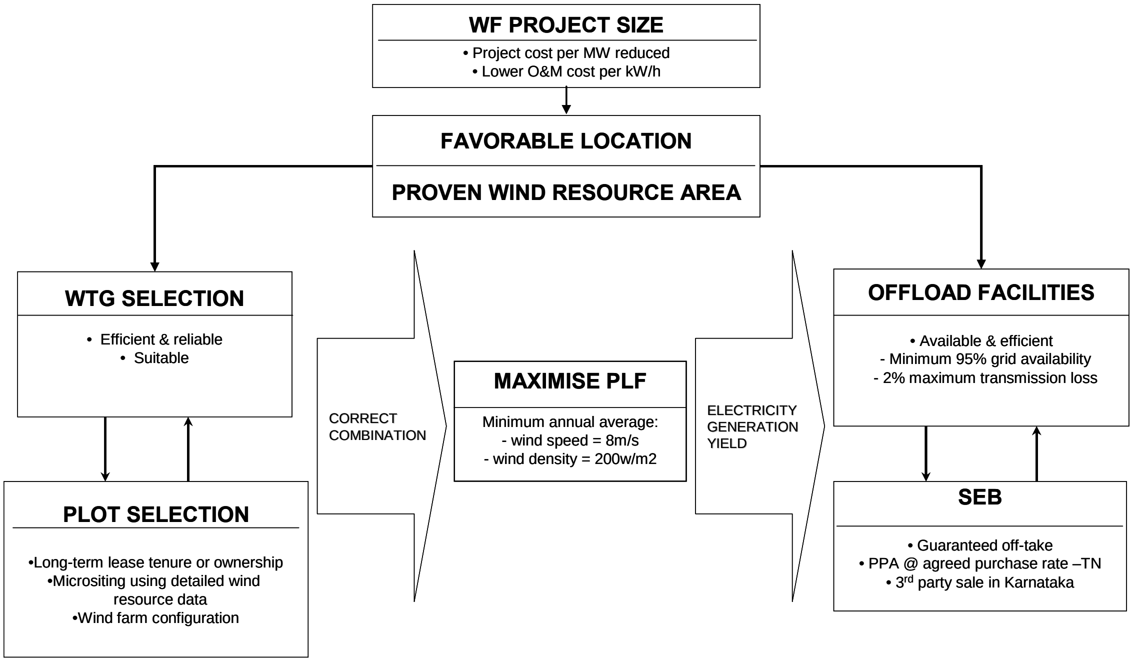
The wind moves everything what-so-ever comes in to its way. The conceptual idea of wind generator is derived from the artistic thought of “The wind firki”, which is just a children game.

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 depending 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 though 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 Site Requisites

- Area required for per MW installation is 20 acres (approx)
- Grid availability.
- Accessibility for commissioning.
- Strong terrain / soil for proper foundation / civil work
- Favourable environmental condition to prevent corrosion & not prone to cyclone.

Wind Energy

India can provide consultancy services in the field of wind resource assessment, establishment of wind farms, their design & development and preparation of wind energy policy. Specific consultancy areas are given below:

- Planning, investigation and Wind resource survey: Wind mapping and monitoring.
- Preparation of design, drawing and layout for establishment of Wind farms.
- Techno- economic analysis of Wind power projects.
- Preparation of Pre-feasibility Reports, Feasibility Reports and Detailed Project Reports for Wind power projects.
- Preparation of tender documents for Wind power projects.
- Development of electronic equipment/instruments required for Wind power industry.
- Development of software packages for computer based design and simulation of Wind power projects.

COLLABORATIONS:

We do not have collaborations with any external agencies for performance guarantees; however the performance guarantees for the Equipment required for the project would be given by the Equipment supplier who is the EPC contractor for the project.

OUR INFRASTRUCTURE FACILITIES

UTILITIES

The power generated from this project shall be sold to TNEB under a power purchase agreement, which shall be entered into after commissioning of the project.

PROJECT INFRASTRUCTURE FACILITIES

The entire infrastructure development for the proposed project would be done by CWEL as part of the turnkey contract. We have been advised to make sure that all the activities related to the project infrastructure development including site clearance, approach roads to site, soil testing, internal roads, buildings etc. to be included in the EPC.

PROJECT INPUTS

Following are the details of the inputs that are required for setting up the 9 MW Wind Farm Project:

i. **Land acquisition & soil investigation**

The proposed site is situated at Udiyathur Village, Radhapuram Taluk, Tirunelveli District Tamil Nadu. However this might go undergo change in the event of supplier being changed, which is after the prior approval of the consortium lenders.
The identified land for this project is about 200 acre private land at Radhapuram, District Tirunelveli. No further land is required to be acquired for the project. Soil testing for this land will also be carried out by the EPC contractor. We have indicated that the land would be acquired by the EPC contractor itself on behalf of the Company once the financial closure is achieved.

ii. **Water**

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

iii. **Wind Profile**

For evaluation of the present proposal of a wind power project the wind profile can be assessed by a wind mast installed nearby, A wind mast installed by MNES located about 15-20 kms from the project site recorded the wind data for a one year period from Jan’97 to Dec’97. As per the data, the main wind parameters are as follows:

Mean wind speed at 20m height: 22.9 kmph
Power law index: 0.11
Mean annual air density: 1.147 kg/m^3
Mean annual wind power density at 20m: 365.9W/m^2

The same data when superimposed on the power curve of the WEGs proposed to be installed for the said project gives a PLF of 33.2%. However, to be on the conservative side, a PLF of 28% has been assumed for all calculation. An NEG Micon WEG of similar capacity (750kW) and the same hub height of 50m but with smaller rotor diameter (48.2m) installed nearby has given a generation of 10.62 MU for five years of operation post commissioning, which is equivalent to a PLF of about 32%. The cut in speed if the proposed WEG in 3 m/s as against the 4 m/s cut-in speed of the NEG Micon make WEG. The rated wind speed of NEG Micon WEG (16m/s) is also higher than the proposed WEGs of CWEL-Emergya. In view of the lower cut-in speed of the selected WEGs because of the larger rotor diameter and a lower rated wind speed, the PLF of the proposed wind farm is expected to be much more than that achieved by the NEG Micon WEG. However, a 28% PLF has been considered for the proposed project as a conservative estimate. Additionally, a condition is being stipulated that the contractor shall achieve a minimum PLF of 28% from the Wind Farm irrespective of the wind profile.

PRODUCTS

Products from the Proposed Projects:

The product from the proposed project is the electricity produced by wind electric generator. This electricity generated by us would be sold to the Tamil Nadu Electricity Board of Tamil Nadu (TNEB). This sale would be done under a power purchase agreement on the rate specified by the TNEB, which is currently @ Rs. 2.70 per unit.

Our Current Products:

The Company's present income generating sources are broadly divided into three categories details of which are given below:

i. **Power Sale Income:** The company is selling the power (electricity) generated through its Wind Mills in Tamil Nadu to Tamil Nadu Electricity Board (TNEB) through various power purchase agreements entered into with them. Likewise, the power (electricity) generated through its Wind Mills in Karnataka are sold to industrial consumers through wheeling and banking agreement entered into with KPTCL (Karnataka Power Transmission Corporation Ltd.)

ii. **Project Income:** We also set up projects for sale to Investors / Corporates on a turnkey basis. Normally, the setting up of wind mill projects takes about 3-6 months. Those corporates, who could not plan their investments in advance based on their taxable profits, may buy the projects on a ready basis. Hence, the company sets up projects based on their cash flow accruals.

iii. **Net Other Income:**
   a. Interest Income: At times, the company provides loans to corporates for renewable energy projects based on their cash flow accruals.
   b. Hire Purchase Income: At times, the company provides Hire Purchase finance to corporates against wind mill assets whose Operation & Maintenance agreements are with the company.
   c. Other Income: It is mainly the income earned through operation and maintenance charges for the wind mills maintained by the Company of various corporates who do not have the expertise to maintain their wind mills.

MARKETING AND PROPOSED MARKETING SET-UP:

The energy generated from the proposed project would be sold to TNEB. We are yet to enter into a PPA with TNEB in this regard. We have to as per the procedure, would have to first submit an application for obtaining NOC to TNEB with the requisite fee clearly identifying the land acquired for the proposed wind farm. TNEB would then, after due diligence from its side and confirming the viability of the wind farm at the specified location, issue NOC to us for the same, identifying the time frame within which the wind farm has to be commissioned. Once the plant has been commissioned and tied up with TNEB grid, we would obtain a commissioning certificate and would also enter into a PPA with TNEB for sale of power from the proposed wind farm.

The sale rate of energy generated from the project would be as notified by TNEB from time to time. At present the sale rate for such wind power projects stands at Rs. 2.70 per unit without escalation. Also, as per the policy of the Government of Tamil Nadu, the sale of power from such wind farms is exempted from Merit Order Dispatch.

BUSINESS STRATEGY:

The company's business plan is broadly classified on the following Strategic Business Units or SBUs. IWEL looks for opportunities to give value addition to the clients in these following areas.

- Turnkey projects in Wind for clients:
- Green Power sale to clients:
- O&M operations for client assets:
- Trading in Energy Assets (power, projects & spares):
- Agriculture
- Financing (power receivables discounting, bridge finance for projects):

Turnkey project solutions for clients:

Since inception, our company is engaged in providing turnkey solutions to its clients for developing wind farm projects. The company has so far, set up about 34.050 MW wind farm projects including the projects under implementation. The company is able to earn about 2-5% of project cost, depending on various contingencies in completing the projects. All the past projects have been completed satisfactorily.

"Green Power" Sale:

The company has launched a pioneering concept for sale of Green Power to Corporate Clients. The corporate power consumers in India were constrained to directly invest in Windmills, as it is a specialised activity which is not related to their core area of operations due to the dependence on wind, being seasonal in nature etc. We identified this need and provide the corporate consumers with Green Power without the hassle of huge capital investment and the problems associated with maintaining the Windmills etc., which has received a welcome response from the corporates. This Green Power sale also incidentally provides inherent savings in power cost to the corporate consumer.

O & M Services:

We have competitive edge and expertise over others by way of experienced and qualified manpower, capable of providing O&M service for windmills. The O & M contract for all the past projects are being carried out by the dedicated O & M teams at site. We are able to generate earnings of about 2% of project cost, as O & M charges.

Growth Strategy:

To capitalise on the potentials of the Wind Energy Industry in the country, the Company has drawn up growth plans as outlined below:

CURRENT CAPACITY UTILISATIONS

Our Present Business Operations:

Our Company is presently engaged in the business of generation of power from wind millls. We have generation facility in Pazhavoor village (Muppandal) area and surrounding areas in Tamil Nadu and Gadag in Karnataka. Both the wind mill sites are located in Southern India.

The capacity wise break up of power plants is:
- 15.75 MW capacity at Muppandal, Tamil Nadu
- 4.1 MW capacity at Gadag, Karnataka

The locations are pre-identified places by MNES having necessary wind velocity for commercial exploitation. The present capacity of the plant is 19.85 MW.

COMPETITION

There is no competition as such in power sector today in India basically, because the demand for electricity outstrips its supply. Currently, in majority of the States the peak supply-demand gap is short of over 15 % on average (in some states it is over 25 %) and there is increase of over 13 % demand every year. Considering this, it is evident that our country still faces short of at least over 30 % on average in power generation.

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 at least for the next two decades. 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 precession industries, software industries etc.

SWOT ANALYSIS

a) Strengths

- Existing, profit making company with good track record.
- Qualified and experienced professionals as Directors.
- Strong track record of Promoters.
- Leader in the industry as developers.
- Successful core wind farm developers in the country.
- Exposure to multi state operation.
- A novel concept to sell “Green Power “.

b) Weakness

- Capital intensive industry.
- Uniformity in frequency of power output and quality cannot be guaranteed in view of vagaries of nature.

c) Opportunities

- Growth possibilities due to huge potential for wind power generation.
- Early mover advantage for growth when power sector reforms are implemented by the Government.
- Scope to expand power generation through other forms of renewable & conventional.
- Professionals and skilled man power with practical on line experience of various machines, micro sitting, Government Policies and all other nuances of the industry.

d) Threats

- Competition from the existing and new players (domestic & international) from both conventional and renewable power industry.
- Dependence on the distribution net work of State Electric Boards who are also competitors for sale of power.
- Unpredictable Government policies.
- Dependence on Government incentives and subsidies.

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 New India Assurance Company Limited and ICICI Lombard General Insurance Company Limited for each of our windmills situated in Tamil Nadu. Furthermore we also have burglary and machinery insurance and public liability insurance policy which cover the risk against any claims arising in connection with injury, accident, physical damage to tangible property. 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.

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 O&M phase, IEL 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 holdings of the Company in India

Sr. No.	Description of Property/ Area	Purpose
1.	Mallasamudra-survey no. 12/4	freehold land holding
2.	Mallasamudra- survey no. 12/1A	freehold land holding
3.	Mallasamudra- survey no. 12/2	freehold land holding
4.	Mallasamudra- survey no. 12/5A	freehold land holding
5.	Mallasamudra- survey no. 12/6B	freehold land holding
6.	Mallasamudra- 43% of 6.36, survey no. 9/3A+3B	freehold land holding

7.	Kalasapur- survey no. 214/A/2	freehold	land holding
8.	Kalasapur- survey no. 214/A/3	freehold	land holding
9.	Gadag- survey no. 254/2A	freehold	land holding
10.	Gadag- survey no. 255/2A	freehold	land holding
11.	Gadag- survey no. 256/2B2	freehold	land holding
12.	Kalasapur- survey no. 215/A	freehold	land holding
13.	Kalasapur- survey no. 214/B/2	freehold	land holding
14.	Aralvoimozhi Village, K. K. District, Tamil Nadu	freehold	land holding

The following table sets forth the location and other details of our leasehold properties of the 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 1st July, 2005 executed between Hanumathappa F. Doddamani (the "Lessor") and the 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 Pazhavoor village, Tirunelveli District.	Lease Agreement dated 20th October, 2003 executed between UTI Bank Ltd. (the "Lessor") and the Company (the "Lessee").	Installation of wind turbine generators for generation of electricity	10 years i.e from 20th October,2003 to 20th October,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 1st July 2001 between Weizmann Homes Ltd. (the "Lessor") and the Company (the "Lessee")	Business Activities	7 years i.e from 1st July, 2001 to 31st August, 2008	Rs. 3,30,00,000/- over a period of seven years
4	Equipment/Machinery (Specification required)	Lease Agreement dated 31st March 1998 between L & T Finance Ltd. (the "Lessor") and the Company (the "Lessee")	Business activities	One hundred and twenty months from 31st March 1998.	Rs. 1,12,500/- payable in 40 installments over 120 months
5	Thirty Wind Electricity Generators of 225KW capacity each at Pazhavoor village.	Lease Agreement dated 4th March 2004 between UTI Bank Limited (the "Operating Lessor") and the Company (the "Operating Lessee").	Business activities	Seven years from 4th March 2004	Rs. 1,39,70,000/- payable in the form of monthly rentals for the term of 7 years.

6	Kakani Towers, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.	Lease Agreement dated 1st April, 2000 between Subuthi Investments Private Limited (“ Lessor”) and the Company (“Lessee”).	Registered Office	A period of 10 years fron 1st April, 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 deposit of Rs. 50 lakhs
7	85, Kamarajar Salai, Madurai, 300 Sq. Ft.	Lease Agreement dated 1st April, 2001 between Mr. K.R. Venkataraman (“ Lessor”) and The Company (“Lessee”).	Operations and Maintenance	A period 10 years from 1st April 2001	There are no rentals provided save and except, Rs. 23,50,000/- interest free refundable deposit
8	603, Keshava, 6th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, 350 Sq. Ft.	The Company has entered into a reciprocal arrangement with IndonetGlobal Limited (“ING”) vide an agreement dated 1st September, 2001 whereby the Company shall use the premises of ING in Mumbai and ING shall use the registered office premises of the Company in Chennai.	Operations and Maintenance	No specific period specified	NIL

The following table sets forth the location and other details of windmills owned by the Company

Tamil Nadu:

Sr. No.	WEG No.	Make	S.F. No.	Sc. No.	Capacity (KW)	Location
1	T1	NEPC	340 / 4	133	225	A’boly
2	T2	AMTL	98 / 2	160	250	S’Pudur
3	T3	AMTL	720 / 2	207	250	Muppandal
4	T4	Vestas	1378 / 2A	229	225	Pazhavoor
5	T5	Vestas	1392 Part	230	225	Pazhavoor
6	T6	Vestas	1401 / 2A	230	225	Pazhavoor
7	T7	NEPC	544 / 5	195	225	Muppandal
8	T8	NEPC	349 / 1	198	250	A’boly
9	T9	NEPC	770 /1	199	250	A’boly

10	T10	Vestas	412 / 3	128	225	A’boly
11	T11	Vestas	406 / 1	128	225	A’boly
12	T12	Vestas	410 / 4	128	225	A’boly
13	T13	Vestas	412 / 2	128	225	A’boly
14	T17	Vestas	318 Part	174	225	Pazhavoor
15	T18	AMTL	26 / 5	155	250	A’boly
16	T19	AMTL	32 / 5	155	250	A’boly
17	T20	Vestas	320 Part	185	225	Pazhavoor
18	T21	Vestas	330 Part	185	225	Pazhavoor
19	T22	NEPC	1525	26	250	Perungudi
20	T23	NEPC	1527 / 1	26	250	Perungudi
21	T24	NEPC	1292 / 2	28	250	Pazhavoor
22	T29	AMTL	1481 / 3A	362	250	Pazhavoor
23	T30	AMTL	1478	362	250	Pazhavoor
24	T31	AMTL	1517	362	250	Pazhavoor
25	T32	AMTL	1519 / 2	362	250	Pazhavoor
26	T33	AMTL	1520	362	250	Pazhavoor
27	T34	AMTL	1479 / 2	362	250	Pazhavoor
28	T35	AMTL	1479 / 3	362	250	Pazhavoor
29	T36	AMTL	1515	362	250	Pazhavoor
30	T39	NEPC	2 / 4	125	250	A’boly
31	T40	AMTL	1142 / 1B	305	250	Perungudi
32	T41	AMTL	1142 / 1B	305	250	Perungudi
33	T45	NEPC	1188 / 1A	682	225	Pazhavoor
34	T46	NEPC	1083 / 1D	681	225	Pazhavoor
35	T47	NEPC	1184 / 4		225	Pazhavoor
36	T48	NEPC	1088 / 2	681	225	Pazhavoor
37	T49	NEPC	1089 / 1	681	225	Pazhavoor
38	T50	NEPC	1089 / 3B	681	225	Pazhavoor
39	T51	NEPC	1090 / 2	681	225	Pazhavoor
40	T52	NEPC	1091	681	225	Pazhavoor
41	T53	NEPC	1183	681	225	Pazhavoor
42	T54	NEPC	1095	681	225	Pazhavoor
43	T55	NEPC	1095	681	225	Pazhavoor
44	T56	NEPC	1098 / 1	681	225	Pazhavoor
45	T57	NEPC	1099	681	225	Pazhavoor
46	T58	NEPC	1092	680	225	Pazhavoor
47	T59	NEPC	1160 / 2	680	225	Pazhavoor
48	T60	NEPC	1149	680	225	Pazhavoor
49	T61	NEPC	1149	680	225	Pazhavoor
50	T62	NEPC	1146	680	225	Pazhavoor
51	T63	NEPC	1096 / 3	680	225	Pazhavoor
52	T64	NEPC	1097 / 1	680	225	Pazhavoor
53	T65	NEPC	1106 / 2	680	225	Pazhavoor
54	T66	NEPC	1104	680	225	Pazhavoor
55	T67	NEPC	1102	680	225	Pazhavoor
56	T68	NEPC	1152	680	225	Pazhavoor
57	T69	NEPC	1145 / 1	680	225	Pazhavoor
58	T70	NEPC	1110 / 1	680	225	Pazhavoor
59	T71	NEPC	1110 / 3		225	Pazhavoor

60	T72	NEPC	1426 / 1A	679	225	Pazhavoor
61	T73	NEPC	1434 / 1A	679	225	Pazhavoor
62	T74	NEPC	1428	679	225	Pazhavoor
63	T75	AWT	85 / 1	838	250	K'Kuvaithan
64	T76	AWT	89 / 2	838	250	K'Kuvaithan
				Total	14.950	MW

Karnataka

S.No.	WEG. No.	Make	S.F. No.	Capacity (KW)	Location
1)	K1	Nepc	254/2	225	M'Samudra
2)	K2	Nepc	12/4	225	M'Samudra
3)	K3	Nepc	215/a	225	M'Samudra
4)	K4	Nepc	12/2	225	M'Samudra
5)	K5	Nepc	254/2a	225	M'Samudra
6)	K6	Nepc	12/1a	225	M'Samudra
7)	K7	Nepc	12/12	225	M'Samudra
8)	K8	Nepc	256/2b2	225	M'Samudra
9)	K9	Nepc	12/6b	250	M'Samudra
10)	K10	Nepc	45/4	400	Belladadi
11)	K11	Nepc	Do	400	Belladadi
12)	K12	Nepc	Do	400	Belladadi
13)	K13	Nepc	Do	400	Belladadi
14)	K14	Nepc	Do	225	Belladadi
15)	K15	Nepc	Do	225	Belladadi
16)	K16/N	Nepc	31/1 1G	225	Nagavi
17)	K17/N	Nepc	31/1 1I	225	Nagavi
18)	K18/N	Nepc	31/1 D	225	Nagavi
19)	K19/N	Nepc	31/1 F	225	Nagavi
			Total	**5.000**	**MW**

Andhra Pradesh

The Company has acquired 1 wind electric generator of a capacity of 225/250 Kws from SFL for a consideration amount of Rs. 84,51,000/- on July 30, 1999.

KEY INDUSTRY REGULATION

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 (MNES)

The mandate of MNES 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 MNES introduced the "Guidelines for wind power projects" ("MNES 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 MNES Guidelines are periodically updated and issued. The MNES Guidelines, *inter-alia*, make provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNES Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects.

In the 1987, MNES established the "Indian Renewable Energy Development Agency Limited" (IREDA), a financial institution to complement the role of MNES 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 MNES. It falls under the administrative control of the MNES 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 co rvation projects and schemes.

The programs of the MNES 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.

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

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, Rajatsthan Renewable Energy Corporation Limited (RRECL). The evaluation of the application for allotment of land is done by an empowered committee constituted by the state government. This application is evaluated on grounds such as amount of land already allotted to the particular developer, micrositing 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 (Co rvation) 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 lice 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:

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 1st to 20th 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 unitl 10th year and then Rs.3.36/kWh from 11th to 20th 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 Incen-	Industry Status	E.D. Exempted,	No electricity		No electricity Duty	# Power evacuation	Exemption from electricity		

tives		Demand cut 30% of windfarm installed capacity	Duty for 5 yrs		for 5 yrs	arrangement, Approach Road, Electricity Duty, Loan to cooperative societies	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 Development Charges	Rs. 10 Lacs/MW					Nil	Rs. 17 Lacs / MW	Rs. 28.75 Lacs / 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 lice es after commissioning and transferring the ownership of evacuation arrangement to MSEB / transmission lice es 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 seting 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 assesses, 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.

3. HISTORY & CORPORATE STRUCTURE

Our Company was incorporated with the name “Indowind Energy Private Limited” on July 19, 1995 *vide* certificate of incorporation No. 18-32311 of 1995 with RoC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 43A of the Act, the company was converted into Public Limited Company on September 30, 1997 and accordingly the word ‘Private’ was deleted from the name of the Company . The registered Office of the Company is situated at “Kakani Towers”, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006

The 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 Equipments and selling it to State Electric Boards and Corporate clients. The Company commenced its commercial operation of generating power on September, 1995 by setting up 225 KW Wind Electric Generator in Tamil Nadu. The Company has been raising its generation capacity every year and the same has since been increased to 19.85 MW. The Company generated 0.56 mn units of power during 1995-96 with a PLF of 4.5%, which has been continuously increasing and it achieved a production of 24mn units with a PLF of 23% during FY 2004-05 and for the half year ending December 2005, the company has already generated 18.60 mn units.

We have so far developed wind farms in three sites viz. Muppandial & Nettor in Tamil Nadu, Gadag in Karnataka and Ramagiri in Andhra Pradesh to have presence in various windy sites and to spread the state risks. We have purchased WEGs from various reputed suppliers like NEPC-MICON, VESTAS-RRB, AMTL-Wind World and AWT to avoid dependence on single technology and single manufacturer.

We have been selling the power generated to Tamil Nadu Electricity Board (TNEB) and various Private corporate clients in Karnataka such as Indal, Hindustan Coco Cola Beverages Pvt. Limited, Karnataka Distilleries Limited, Managalore Distilleries Limited, Spicer India Limited, Jindal Aluminum, Kirloskar Electric Company Limited and Alstom India Projects Limited. The electricity charges recovered for the corporate clients are more than the revenue generated from the sale to SEBs although the sale of the power to corporate clients can be made only of the generations made in Karnataka etc.

Due to better cost management and higher PLF, the Company has been able to maintain a sustainable growth. Our PAT has increased to Rs. 414.24 lacs in year ended June 30, 2005 on the Total income of Rs. 1153.00 lacs as compared to the PAT of Rs. 307.70 lacs for the year ended June 30, 2004 on a total income of Rs. 831.50 lacs an increase of 25.72%.

The Company’s total income has grown from Rs.99 lacs in FY 1996 to Rs. 1153.0 lacs in FY 2004-05 and its Net profit grew from Rs. 9.2 lacs in FY 1996 to Rs. 414.2 lacs in FY 2004-05. The total income of the Company for 3 months (audited) period ended September 30, 2005 is Rs. 348.5 lacs and net profit is Rs. 151.6 lacs. As at September 30, 2005, the networth of the Company was Rs. 455.6 lacs.

For the current fiscal, the Company has already implemented 2.50 MW in Netoor village, Tirunenvli District, Tamil Nadu and has procured all the materials for the implementation another 2.5 MW apart from the current project will shall be implemented during the current fiscal.

We have observed the CAGR of 184% in the Installed Capacity vis a vis the industry CAGR of 43% for the period from 1998 to 2005.

In the past the Company had filed a DRHP with the SEBI 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. Further the Company had also received an in-principle approval for listing these equity shares on the NSE vide the letter dated April 16, 2004. However, subsequently the Company withdrew the same vide its letter dated July 5, 2004 addressed to SEBI (with a Cc copy marked to the NSE), due to changes in its capital structure and other material developments within the Company.

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

Year	Event
1995	- Commenced Business as Private Limited Company
1995	- Our first Wind Mill commissioned during September 1995 in Tamil Nadu.
1998	- Expanded the operations to the State of Karnataka, 3rd company to install the wind mill in the State.
2002	- 100th Wind Mill (inclusive of the Group Companies) was installed in Tamil Nadu
2003	- 1st Wind Farm Development Company in Asia outside USA
2004	- Setup Wind Mill assembly plant in the State of Pondicherry
2005	- Company patented the “ Green Power” as trade mark during March 2005
2005	- Company is in Final Stages of negotiating to import higher capacity Wind Mill equipments directly from Europe to achieve cost advantage.
2005	- Obtained Host Country approval for CER (Carbon Emission Reduction)

OUR MAIN OBJECTS

The main objects of the 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

Date of Shareholders' Approval	Changes in the Memorandum of Association
July 19, 2005	The Company was incorporated with an authorised share capital of Rs. 5,000,000 (Rupees five million only) divided into 500,000 equity shares of Rs. 10/- each.
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 fourty – 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.
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	Alteration of the main objects clause of the Memorandum of Association by addition of the following clause I: “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.

SUBSIDIARIES

We do not have any Subsidiary companies.

SHAREHOLDERS AGREEMENTS

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

OTHER AGREEMENTS

The Company has executed a Memorandum of Understanding dated December 8, 2005 (“MOU”) with EU Energy Wind Limited (“EU”) to set up a joint venture company in India for the manufacture and assembly of type D6 and D8 wind turbines (“products”). Pursuant to this Agreement the joint venture company shall have the exclusive right to manufacture the Products in India and EU shall license its intellectual property rights to the JVC as may be reasonably required by the JVC to enable the JVC to manufacture and assemble the products.

STRATEGIC PARTNERS

There are no strategic partners for the Company.

Vendor for the Project

CWEL was incorporated on December 24, 1997 and obtained certificate to commencement of business on January 20, 1998. During the past 4 years, CWEL has installed 31 Nos. of 250kW and 1 No. of 600 kW WEG in the states of Maharashtra, Karnataka and Tamil Nadu. Towards its move into higher capacity segment, CWEL has signed an MOU with Emergya Wind Technologies B.V. The Netherlands, to manufacture and install their latest technology Gearless Direct Drive WEG, LW 750kW wind turbines, in India. It is considered to be one of the latest technology available in wind industry.

FINANCIAL PARTNERS

Our Company does not have any financial partners

4. OUR MANAGEMENT

Board of Directors:

The following table set forth certain details regarding the members of the Boards as on the date of filling of the Draft Red Herring Prospectus with SEBI:

Name, Designation, Occupation and Term	Age	Address	Other Directorships Details
Mr. K V Bala Chairman & Director Occupation: Business	39 years	A-6, “Kalpana”, 5th Road, Chembur, Mumbai – 400071	i. Subuthi Finance Ltd. ii. Indonet Global Ltd. iii. Loyal Credit & Investments Ltd. iv. S G M Wind Farms Pvt. Ltd.
Mr. K. S. Ravindranath Whole-time Director, He was appointed vide a resolution dated January 18, 2005 with effect from November 1, 2004 for a period of three years until November 1, 2007 Occupation: Business	45 years	14, Lakshmipuram, 5th Street, Madurai – 625001	i. Fullboom Investments Pvt. Ltd. ii. Kanya Windfarms Pvt. Ltd.
Mr. Jayesh M Thakur Director Occupation: Practising Chartered Accountant	43 years	E-203, Crystal Plaza, Lokhandwala Link Road, Andheri(West), Mumbai – 400058	NIL
Mr. Niranjan R. Jagtap Director Occupation: Practising Advocate	59 years	3/4, Asger Manzil, 2nd Floor,49, Janmabhoomi Marg, Fort, Mumbai – 400023.	NIL

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

Mr. K. S. Ravindranath, Whole-time Director and Chief Executive Officer

Mr. K. S. Ravindranath, 44 years, Whole-time Director and Chief Executive Officer, holds a Diploma in Engineering from PAC Ramaswamy Raja College of Polytechnic, Rajapalayam and has over 15 years experience in textile industry before joining our company. At present he is the whole time Director and chief executive officer of our Company. He is in charge of the technical operations of the company and is instrumental in overseeing site selection, erection and installation of wind electric generators (WEG’s), spares and maintenance of the WEG’s. He is also a Co- promoter of Subuthi Finance Ltd

Mr. Jayesh M. Thakur, Non-Executive and Independent Director

Mr. Jayesh Thakur, 43 years, Non-Executive and Independent Director, has been a fellow Member of the Institute of Chartered Accountants of India since 1986. He has been a practicing Chartered Accountant under the firm name M/s Jayesh Thakur & Co. Chartered Accountants and was the founder Life Member of the Finance Forum, a body promoting Finance Education and Training for Corporate Executives at the highest level. He has also been a member of the Managing Committee Chamber of Income-tax Consultants from 1996-97 to 2002 – 2003 and had been an active member of the Bombay Chartered Accountants Society. He has authored various books, which include MAOCARO, 1988, a Commentary and Minimum Alternate Tax and a research publication of the Bombay Chartered Accounts Society.

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

Mr. Niranjan R. Jagtap, 59 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 Niranjan Jagtap & Co since the year 1983.

DETAILS OF THE BORROWING POWERS

The Borrowing powers of our directors are regulated by Article 51 of the Articles of Association of our company. For further details, kindly refer to section titled “Main provisions of Articles of Association” beginning on Page No. [●] of this Draft Red Herring Prospectus.

Pursuant to an ordinary resolution passed at the EGM held on August 11, 2003 of our Company, our Directors were authorised to borrow money(s) in excess of the aggregate amount of paid up share capital and free reserves of our Company from time to time subject to an amount not exceeding Rs. 5,000 lacs pursuant to section 293(1)(d) of the Companies Act.

COMPENSATION TO WHOLE-TIME DIRECTOR

We have appointed **Mr. K S Ravindranath** as a Whole-time Director of our company, designated as and his compensation details are as follows:

Director Salary: Rs. 20,000/- (Rupees twenty thousand only) per month.

Perquisites:

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.

Sitting Fees:

Our Directors (other than Executive directors and whole-time directors of our company) are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently the sitting fees for payable by our Company to our Directors are Rs. 2000/- for every meeting of the Board attended by them and Rs. 2000/- for every meeting of the committee of the Board attended by them.

The sititng fees as paid to our directors in financial year 2004-2005 and for the six months ended September. 30 2005 are as follows:

Serial No.	Name of Director	Sitting fees paid in 2004 and 2005	Sitting fees paid in 2004 six months ended sep, 30 2005
1.	P.N. Vedanarayanan	Rs. 3000	-
2.	K.V.Bala	Rs. 3000	Rs. 2000
3.	Amrutlal H Shah	Rs. 2000	Rs. 2000
4.	Jayesh Thakur	-	Rs. 2000
5.	Niranjan Jagtap	-	Rs. 2000

Shareholding pattern of Directors:

Name of Director	No. of shares held	Qualification shares held
Mr. K. V. Bala	1454997	NIL
Mr. K. S. Ravindranath	1274997	NIL
Mr. Jayesh M. Thakur	NIL	NIL
Mr. Niranjan R. Jagtap	NIL	NIL

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

CORPORATE GOVERNANCE

The Company has complied with SEBI guidelines in respect of corporate governance, especially with respect to the appointment of independent directors on the Board and constitution of its Board committees, the shareholder/investor grievance committee and the audit committee. The Company has complied with all the requirements of the listing agreements with the Stock Exchanges and regulations and SEBI guidelines. Further, there is no penalty/stricture levied by any statutory authority against the Company in relation to corporate governance.

AUDIT COMMITTEE

This Committee was formed in March 27, 2002 and reconstituted with effect from December 30, 2005. The terms of reference of the Audit Committee are as follows:

a) Making recommendations to the Board on the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
b) Review of half-yearly and annual financial statements before submission to the BoardD
c) Discussion with the external auditors about the internal control system, nature and scope of audit, any problems or reservations arising from the audit and any matter which the external auditor wishes to discuss.
d) Review of external auditor's management letter.
e) Review of Company's statement on internal control system prior to endorsement by the Board and ensure compliance of internal control system.
f) Review of any significant findings of internal investigation
g) Review of reports of the Internal Auditors
h) Review of any matter in relation to the items specified in Sec. 292 A of the Companies Act, 1956 or referred to it by the Board.

The members of the Audit Committee as on date is as following:

Name	Designation	Status
Mr. Jayesh Thakur	Chairman	Non-Executive, Independent
Mr. K.V.Bala	Member	Non-Executive
Mr. Niranjan Jagtap	Member	Non-Executive, Independent

Share Transfer and Investors' Grievance Committee

The Share Transfer and Investors' Grievance Committee was constituted on December 30, 2005. The members of the Share Transfer and Investors' Grievance Committee as on date is as follows:

Name	Designation	Status
Mr. Niranjan Jagtap	Chairman	Non-Executive, Independent
Mr. K.S. Ravindranath	Member	Non-Executive
Mr. Jayesh Thakur	Member	Non-Executive, Independent

This committee will be responsible to look into redressal of the shareholders, investors complaints such as transfer of shares, non – receipt of balance sheet and non – receipt of dividend.

REMUNERATION COMMITTEE

The Board of Directors in its meeting held on December 30, 2005 constituted the Remuneration Committee consisting of the following Directors of the Board:

Name	Designation	Status
Mr. K.V.Bala	Chairman	Non-Executive
Mr. Jayesh Thakur	Member	Non-Executive, Independent
Mr. Niranjan Jagtap	Member	Non-Executive, Independent

The committee has been given all the 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 such 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 its 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.

INTEREST OF DIRECTORS

Except as stated in the "Related Party Disclosures" beginning on Page No. [●] 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 or committees thereof 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 the Articles. The Directors may also be regarded as interested in the shares, if any, held by them 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. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

CHANGE OF DIRECTORS IN THE LAST THREE YEARS

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

Name of Director	Date of Appointment	Date of Resignation	Reason
Mr. K.V.R. Kousigan	19-04-1999	28-08-2003	Resigned due to pre-occupation
Mr. K.V. Rajenthiran	30-05-2000	28-08-2003	Resigned due to pre-occupation
Mrs. Amutha Rajenthiran	30-05-2000	28-08-2003	Resigned due to pre-occupation
Mr. P N Vedanarayanan	18-09-2000	28-03-2005	Resigned due to personal reason
Mr. Amritlal H Shah	28-03-2005	07-11-2005	Resigned due to personal reason
Mr. Jayesh M Thakur	28-03-2005	-	-
Mr. Niranjan R Jagtap	28-03-2005	-	-

DIRECTORS REMUNERATION FOR THE YEAR ENDED JUNE 30, 2005

Sr. No	Name of Director	Sitting Fees	Salaries / Perquisites	Commission	Total
---	----	NIL	NIL	NIL	NIL

There are no payments made in respect of the remunerations to the directors except the Remuneration to the Whole-time Director as mentioned earlier in this DRHP.

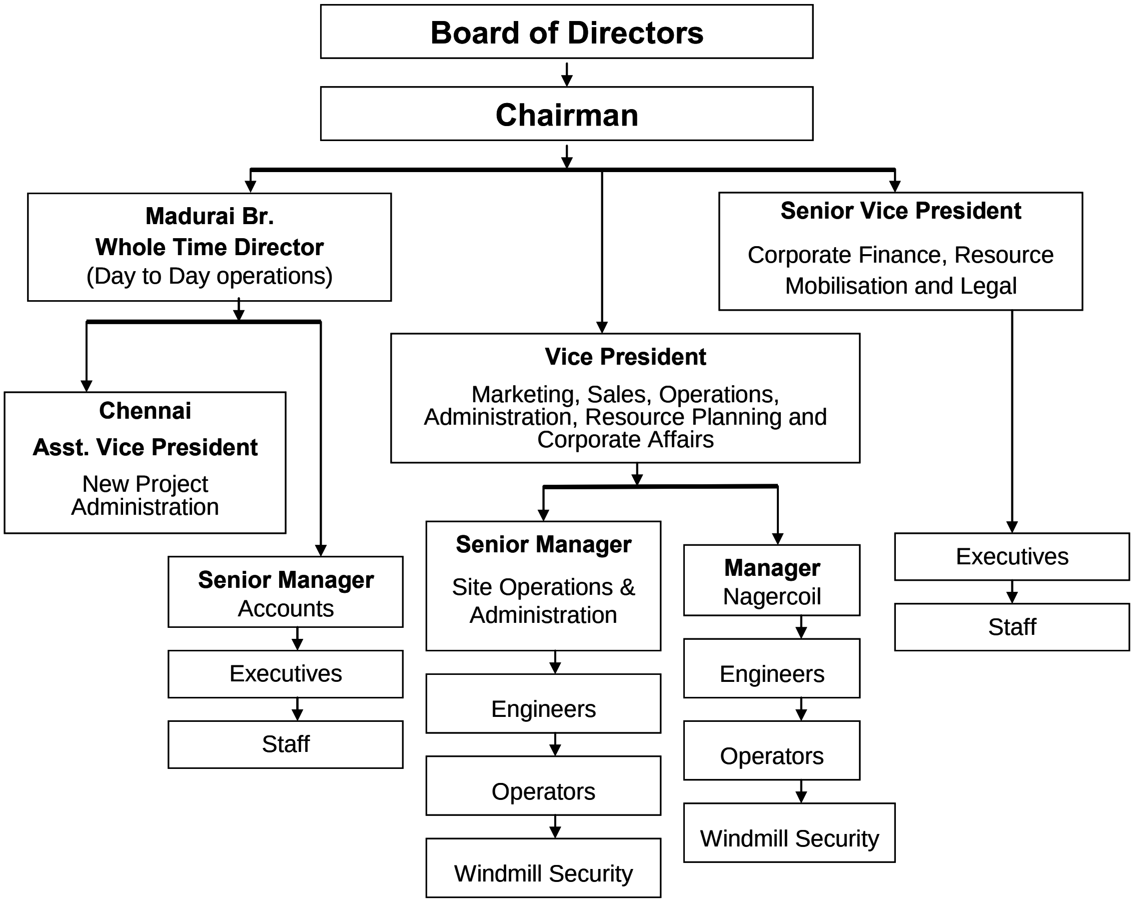
DETAILS OF LOANS AND ADVANCES TO ANY PERSON/ COMPANY IN WHICH OUR DIRECTORS ARE INTERESTED AS OF DATE HEREOF ARE AS FOLLOWS

As of date, we have not extended any loans or advances to any person/company in which our Directors are interested.

CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS

There have been no changes of the auditors of our Company in the last three years.

ORGANIZATION CHART



KEY MANAGERIAL PERSONNEL

Sr. No	Name	Designation	Age	Qualification	Date of joining	Exp. (In yrs.)	Functional Responsibility	Previously employed with	Present Annual Compensation (Rs.)
	N. Laxsmanan	Sr. Vice President	54	B.Sc., CAIIB	July 1995	32	Credit, Finance, Legal and Resource Mobilisatoin	Bank of Madura Ltd.	3,00,000
1.	R. Balajee	Vice President	44	B.Com, PGDBM	September 1996	21	Marketing, Sales, Administration, Operations & Corporate Affairs	Brisk Group	3,22,000
2.	A. Rajasukumar	Asst. Vice President	41	MBA	February 2003	15	New Project Administration	UTI Ltd.	2,52,000
3.	K.K. Dinakar	Sr. Manager – Accounts & Finance	42	B.Com, (ACA) & (ACS)	September 1998	15	Accounts, Finance and Secretarial	Viari Exports	2,32,000
4.	K.S. Mandanna	Sr. Manager	56	B. A.	January 2001	32	Projects & Admn.	Nepc Tea Garden Ltd.	2,46,000

Brief profile of Key Managerial Personnel

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

Mr. N. Laxsmanan - Senior Vice President

Date of joining the Company :	July 1995
Functional Responsibility :	Mr. N. Laxsmanan is responsible for Credit Finance management, Legal matters and administration of the Company

Mr. N. Laxsmanan, 54 years, joined our Company in July 1995.He holds a Bachelors degree in Science from Madurai University and is also a Certificated Associate of Indian Institute of Bankers. Prior to joining our Company, he was working for Bank of Madura Limited and has 30 years of experience in Corporate Credit &, Finance, Legal and Administration.

Mr. R. Balajee - Vice President

Date of joining the Company :	Sepetmber 1996
Functional Responsibility :	Mr. R. Balajee is responsible for Sales Operations Administration, Resource Planning and Corporate Affairs of the company.

Mr. R. Balajee, 44 years, joined our Company in September 1996.He holds a Bachelors degree in Commerce from Osmania University, Hyderabad and also holds a Post Graduate Diploma in Business Management from Bharati Vidya Bhavans Rajendra Prasad Institute of Communications and Management, Bombay. Prior to joining our Company, he was working for Brisk Group. He has 21 years of experience in Marketing, Sales, Operations, Administration, Resource Planning and Corporate Affairs.

Mr. A. Raja Sukumar - Assistant Vice President

Date of joining the Company :	Febuary 2003
Functional Responsibility :	Mr. A. Raja Sukumar is responsible for Administration and Site Operations.

Mr. A. Raja Sukumar, 40 years, joined our Company in February 2003. He holds a Management degree in Business Administration from Bharathidasan Institute of Management, Tiruchirapalli, Tamilnadu. Prior to joining our Company, he was working for UTI Mutual Fund. He has 14 years of experience in Administration.

Mr. K. K. Dinakar - Senior Manager – Accounts & Finance

Date of joining the Company :	September 1998
Functional Responsibility :	Mr. K. K. Dinakar is responsible for Accounts & Finance aspects of the Company.

Mr. K. K. Dinakar, 42 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 an. He has 14 years of experience in Finance & Accounts.

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

Date of joining the Company :	January 2001
Functional Responsibility :	Mr. K. S. Mandanna is responsible for Regional Sales, Operations & Maintenance in Karnataka and Site Administration.

Mr. K. S. Mandanna, 55 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 Ltd. He has 30 years of experience in Regional Sales, Site Operations & Maintainence and site Administration.

1) All the above-mentioned personnel are permanent employees of the Company.
2) There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3) There has been no ESOS/ESPS scheme to the employees.

Share-holding of Key Managerial Personnel of the Company

Names of our Key Managerial Personnel	No of equity shares
Mr. N. Laxsmanan	298500
Mr. A. Raja Sukumar	9750

There is no profit sharing or bonus sharing plan for the Key Managerial Personnel

Changes in Key Managerial Personnel during the last three years

Name & Designation	Date of Appointment	Date of Leaving	Reason
Mr. G. Shantikumar	November,98	Feburary 4, 2004	Resigned on Personal Grounds
Mr. L Damodaran	December, 2002	October,2003	Resigned on Personal Grounds
Ms. V Maheshwari	September 2003	April 2005	Resigned on Personal Grounds

Employees

Our total employee strength is 19 out of which 11 are employed at the Plant site of the Company situated at Nagerkoil in Tamil Nadu and Gadag in Karnataka. The breakup of employees is given as under

Description	Site	Head Office & Other Locations	Total
Management	2	5	7
Site Staff	9	3	12
Total	11	8	19

All the above-mentioned personnel are permanent employees of the Company.

In addition, during the peak season the Company employs around 30-contract labour through local contractors for the purposes of maintaining Green belt and Security.

INTEREST OF KEY MANAGERIAL PERSONNEL

Except as stated otherwise in this Draft Red Herring Prospectus, 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.

DISCLOSURE REGARDING ESOP/ PURCHASE SCHEME

There are no ESOP currently available to the Employees neither the company intends to place the shares under the trust for ESOP schemes at the later stage from the current issue.

However the company has reserved shares to be applied by the Eligible Employees in this Draft Red Herring Prospectus. The current Reservation are upto maximum of 10% of the Issue i.e 9,00,000 Equity Shares of Rs. 10/- each issued at the Premium of Rs. [●] per Equity share.

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

Also we are not offering any benefit or discounts to the Employees for applying in the current offerings except the reservations made for the Employees in the current offering. For details of the reservations kindly refer to the Issue Offering Details on Page No. [●] of this DRHP.

5. PROMOTERS & THEIR BACKGROUND

Individual Promoters

Mr. K. V. Bala

PAN No.	AAHPK5261A
Passport No.	F2773108
Bank A/C No.	006010100158671 with UTI Bank Limited

Mr. K V Bala, 40 years, holds a B. Tech degree from Annamalai University and a Master of Business Administration degree from Bhartidasan Institute of Management and has done an Advanced Manangement 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 SFL promoting various successful companies and ventures which interalia include Indowind Energy Limited ("the Issue") and Indonetglobal Limited (ING). He has a team of highly qualified and experienced professionals to assist in his ventures. In 1995 he had identified the Wind industry as a potential growth industry and accordingly incorporated IEL ("the Issuer) as an Independent Power Producer (IPP) for sale of "GreenPower" to corporates and SEBs as per the state policies respectively, to take advantage of the growing renewable energy market. During the years, he has hired key personnel with professional experience and motivated them to achieve success in a nascent industry. 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. The successful and satisfactory track record of SFL (one of the promoter) and the companies promoted by SFL**,** under his leadership justifies his credentials as a successful professional entrepreneur. He is currently the Chairman of our company and is director in several of its associated venture companies with a portfolio of growth-oriented companies within the group.

Corporate Promoters

1. SUBUTHI FINANCE LIMITED (SFL)

Permanent Account Number : 1442-S
Company Registration Number : 18-22317
Nature of Business : Non – Banking Finance Company

Subuthi was incorporated as a private limited company under the name 'Subuthi Finance Private Limited' vide Certificate of Incorporation No. 18-22317 dated March 11, 1992, with the RoC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 44 of the Act, SFL ceased to be a private limited company and accordingly a fresh certificate of incorporation was issued to SFL on March 29, 1994 wherein the word 'Private' was deleted from the name of the company. The main Promoters of Subuthi are Mr. K.V. Bala and Mr. R. Satyendran. The registered office of Subuthi is situated at Kakani Towers, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.

Business Activities:

Subuthi is interalia in the business of corporate financing, leasing, hire purchase and corporate advisory services. It is a Non-Banking Finance Company registered with RBI vide certificate no 07.00068 dated March 4, 1998. Further the equity shares of Subuthi are listed on BSE, Coimbatore Stock Exchange and Madras Stock Exchange.

Board of Directors:

Its present Board of Directors constitutes

Name of the Director	Designation
Mr. P K Raghukumar	Director
Mr. R Sathyendran	Director
Mr. A Rajasukumar	Director

Shareholding Pattern as on November 15, 2005.

The equity shares of Subuthi are currently listed on BSE, Coimbatore Stock Exchange and Madras Stock Exchange. The shareholding pattern of Subuthi as on November 15, 2005 is as follows:

Category	No of Shares Held	% of Shareholding
Promoters Holding		
Promoters		
Indian Promoters	1,123,900	22.48%
Foreign Promoters	NIL	NIL
Persons acting in concert	NIL	NIL
Sub-Total	1,123,900	22.48%
Non-Promoters Holding		
Institutional Investors		
a. Mutual Funds & UTI	NIL	NIL
b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions)	96,100	1.92%
c. FIIs	NIL	NIL
Sub-Total	96,100	1.92%
Others		
a. Private Corporate Bodies	1,902,300	38.05%
b. Indian Public	1,877,700	37.55%
c. NRIs / OCBs	NIL	NIL
d. Any Other (HUF)	NIL	NIL
Sub-Total	3,780,000	75.60%
Grand Total	**5,000,000**	**100.00%**

Brief Financial Performance

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

Particulars	For the Financial Year ended 31st March		
	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	481.46	481.46	481.46
Reserves (excluding Revaluation Reserves)	1,170.07	1,179.88	1191.12
Net Worth	1,474.23	1,493.81	1548.05
Total Income	737.52	515.19	123.41
Pat For The Year	44.46	9.81	11.24
EPS (Rs.)	0.89	0.20	0.22
NAV per share (Rs.)	29.49	29.88	30.96

Stock Market Data

Month	High (Rs.)	Low (Rs.)
June 2005	10.00	9.00
July 2005	---	---
August 2005	19.95	10.00
September 2005	15.69	14.27
October 2005	14.95	14.90
November 2005	17.90	14.90
December 2005	18.00	15.70

(Source: www.bseindia.com)

Market Value of its shares as on the date of filing of Draft Red Herring Prospectus is Rs. 17.05

Facilities from Banks/ Financial Institutions

As per the audit report of M/s S. Vasudevan & Associates Chartered Accountants dated December 29, 2005, Subuthi Finance Limited has obtained the following facilities from banks and financial institutions as on December 1, 2005.

Name of Bank	Nature of Facility	Amount Sanctioned (Rs. in Lacs)	Amount Outstanding (Rs. in Lacs)
Bank of India, Andheri Corporate Branch, Mumbai	Loan against Keyman Insurance Policy	151.00	151.00
GMAC-TCFC Finance Ltd.	Hire Purchase Loan for 7 Cars	14.00	0.70
Total		**165.00**	**151.70**

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

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 under “Outstanding Litigations” on Page No [•] of this Draft Red Herring Prospectus.

2. LOYAL CREDIT AND INVESTMENTS LIMITED (LCIL)

Permanent Account Number	:	AAA-CL-8687 P
Company Registration Number	:	18-7999 Dated November 7, 1979.
Nature of Business	:	Financing of Hire Purchase of all kinds of property

LCIL was incorporated as a private limited company under the name 'Loyal Credit and Investments Private Limited' vide certificate of incorporation no. 7999 dated November 7, 1979, with the ROC, Tamil Nadu at Chennai, subsequently pursuant to the provisions of Section 44 of the Act, the company was converted into Public Limited Company and accordingly the word 'Private' was deleted from the name of the company. The major shareholder of the company is Mr. K.V. Bala. The registered office of LCIL is situated at "Bhaskara Appartment", 28 Pycrofts Garden Road, Chennai – 600 006.

.

Business Activities:

LCIL is interalia in the business of financing 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 all kinds of property both movable and immovable.

Board of Directors:

As on November 15, 2005 , the Board of Directors of LCIL comprise of the following:

Its present Board of Directors constitutes

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

Shareholding Pattern as on November 15, 2005.

The equity shares of LCIL are not listed on any stock exchange. The Shareholding pattern of LCIL as on November 15, 2005 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	0.34%
		Tara Chintamani	355	0.09%
		Maya Marie	355	0.09%
		Rena Visalakshi	355	0.09%
3	Bodies Corporate	Dowel Business Credits Pvt. Ltd.	5,320	1.41%
		Saura Trade Credits Pvt. Ltd.	5,320	1.41%
		Saunaka Finance Pvt. Ltd.	5,320	1.41%
		Kewal Trade Credits Pvt. Ltd.	5,320	1.41%
	Total		**98,657**	**100%**

Brief Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March		
	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	9.87	9.87	9.87
Reserves (excluding Revaluation Reserves)	292.78	295.01	309.99
Net Worth	302.65	304.88	319.86
Total Income	20.95	22.74	40.38
PAT FOR THE YEAR	0.08	2.23	14.98
EPS (Rs.)	0.08	2.26	15.18
NAV per share (Rs.)	306.64	308.90	324.07

Facilities from Banks/ Financial Institutions:

Loyal Credit & Investments Pvt. Ltd. has not availed any facilities from banks and financial Institutions.

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against LCIL, its Promoters and Directors except as stated under “Outstanding Litigations” on Page No [•] 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 Draft Red Herring Prospectus with them. In respect of corporate promoters, i.e. **Subuthi Finance Limited, Loyal Credit & Investments Limited**, their respective PAN, Bank Account details, Company Registration Number and the addresses of the Registrars of Companies where these companies are registered; are being submitted to the Stock Exchanges, on which Equity Shares are proposed to be listed.

Interest of Promoter

Except as stated in the “Related Party Disclosures” beginning on page No. [•] of this Draft Red Herring Prospectus, all our individual Promoters/ 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 expe s payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the Articles.

Further, the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our individual Promoters hold shares or other stake in our corporate Promoters 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 promoters or group companies or such other entities, and if dividend, if any, is payable to our corporate promoters or group companies or other entities by virtue of their shareholding in our Company.

Payment or benefit to the Promoter:

Other than the Salary & Remuneration of the promoters Directors, referred to in the section titled “Our Management” under the head of Compensation of the Whole time Director on the Page No. [•] in this Draft Red Herring Prospectus, there are no payments or benefits to Promoters of the Company.

Related Party Transactions:
For the details of the Related Party Transactions please refer to the Schedule XV of the Audit Report in this No amount or benefit has been paid to the promoter within the preceding two years or intended to be paid or given to the promoter other than:

6. CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million”. 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.

7. DIVIDEND POLICY:

There is no policy as such for declaration of dividend. However depending upon the financial performance of the company, the board of directors decides for dividend declaration.

V. FINANCIAL STATEMENTS

1. FINANCIAL INFORMATION OF OUR COMPANY

Auditors Report

The Board of Directors
Indowind Energy Limited
15, Khader Nawaz Khan Road
II Floor, Kakani Towers
Chennai – 600 006

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 2001, 2002, 2003, 2004, 2005 and the period ended September 30, 2005 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 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

a. The restated profits of the Company for the financial years ended 30th June 2001, 2002, 2003, 2004, 2005 and for the Three Months period ended 30th September, 2005 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.

b. The restated assets and liabilities of the Company as at 31st March 2001, 2002, 2003, 2004, 2005 and as at 30th September, 2005 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes on Accounts appearing in Annexure IV to this report.

c. We have examined the cash flow statement relating to the Company for the year ended 30th June 2005 and for the Three Months period ended 30th September, 2005 appearing in Annexure V to this report.

d. The rates of dividends paid by the Company in respect of the financial years ended 30th June 2001, 2002, 2003, 2004, 2005 and for the Three Months period ended 30th September, 2005 are as shown in Annexure VI to this report.

e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the DRHP:

   1. Performance Ratios as appearing in Annexure VII to this report.
   2. Capitalization Statement as at 30th June 2005 as appearing in Annexure VIII to this report
   3. Statement of tax shelters as appearing in Annexure IX to this report
   4. Details of other income as appearing in Annexure X to this report
   5. Details of sundry debtors as appearing in Annexure XI to this report
   6. Details of loans and advances made to persons or companies in whom/in which directors are interested as appearing in Annexure XII to this report.
   7. Details of unsecured loans as appearing in Annexure XIII to this report
   8. Details of secured loans as appearing in Annexure XIV to this report.

9. Details of transactions with related parties as appearing in Annexure XV to this report.
10. Details of aggregate value and market value of quoted investments as appearing in Annexure XVI to this report.
11. Details of expenditure incurred on the project as appearing in Annexure XVII to this report.
12. Details of qualifications appearing in the financial statements as given in Annexure XVIII to this report.
13. Details of changes in Significant Accounting Policies as given in Annexure XIX to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Account attached in Annexure III & IV respectively to this report, after making adjustments and re-grouping as considered appropriate 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 DRHP in connection with the specific Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For V.Ramaratnam & Co
Chartered Accountants

R.Sundar
Partner
Date: December 9, 2005
Membership No.12339
Place: Chennai

Annexure - I

Statement of Profit & Loss Account

(Rs. in Lacs)

Particulars	**For the Year ended**					**Quarter Ended September 30, 2005**
	June 30, 2001	**June 30, 2002**	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**	
Income						
Power Income	487.90	534.74	568.11	525.59	787.13	328.34
Other Income	130.57	199.46	187.96	305.94	365.88	20.17
Total Income	**618.47**	**734.20**	**756.07**	**831.53**	**1153.01**	**348.51**
Expenses						
Operating, Administrative and Other expenses	96.57	135.89	172.23	206.95	239.88	64.42
Financial Expenses	222.27	308.57	245.61	214.27	337.23	104.87
Depreciation	94.88	88.70	91.27	104.80	106.50	27.55
Total Expenses	**413.72**	**533.16**	**509.11**	**526.02**	**683.61**	**196.84**
Profit before taxes	**204.75**	**201.04**	**246.96**	**305.51**	**469.40**	**151.67**
Less: Prior Period Adjustments	0.00	0.00	13.07	0.00	0.00	0.00
Profit before Taxation and after prior period adjustments	**204.75**	**201.04**	**233.89**	**305.51**	**469.40**	**151.67**
Less: -- Taxation – Current	2.97	0.00	6.83	5.23	16.04	4.00
Profit after Taxation	**201.78**	**201.04**	**227.06**	**300.28**	**453.36**	**147.67**
Deferred Tax Liability	0.00	0.00	0.00	-7.42	39.12	0.00
Transitional Cumulative Provision for Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00

Annexure – II

Statement of Assets and Liabilities

(Rs. in Lacs)

Particulars	**Year ended**					**Quarter Ended September 30, 2005**
	June 30, 2001	**June 30, 2002**	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**	
A. Fixed assets:						
Gross Block	2096.62	1794.73	1964.82	2496.87	2337.72	2381.45
Less: Depreciation	205.31	286.55	377.82	480.54	518.59	546.14
Net Block	1891.31	1508.18	1587.00	2066.33	1819.13	1835.31
Capital Work in Progress	1541.93	1361.54	316.39	0.00	8.40	9.40
Capital Advances / Guarantee Deposits	0.00	0.00	1238.90	1249.40	1667.99	1690.10
Total Fixed Assets (A)	**3433.24**	**2869.72**	**3142.29**	**3265.73**	**3495.52**	**3534.81**
Investments (B)	**192.66**	**85.02**	**91.17**	**69.06**	**1.25**	**1.25**
C. Current Assets, Loans and Advances						
Sundry Debtors	113.30	218.08	332.59	221.77	253.76	307.20
Cash and Bank Balances	9.82	93.02	77.25	59.94	27.87	117.30
Loans and Advances	155.25	417.18	3389.80	1032.28	672.75	658.12
Other Current Assets	382.68	479.21	170.02	931.93	832.84	1088.55
Deferred Tax Assets	0.00	0.00	0.00	430.17	0.00	0.00
Total (C)	**661.05**	**1207.49**	**3969.66**	**2676.09**	**1787.22**	**2171.17**
D Liabilities & Provisions						
Secured Loans	372.15	266.69	404.55	357.37	632.72	813.89
Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities and provisions	99.49	232.68	2648.78	1071.55	425.56	519.96
Deferred Tax Liability	0.00	0.00	0.00	422.75	31.70	31.70
Total (D)	**471.64**	**499.37**	**3053.33**	**1851.67**	**1089.98**	**1365.55**
Net worth (A+B+C - D)	**3815.31**	**3662.86**	**4149.79**	**4159.21**	**4194.01**	**4341.68**
Represented by:						
Share Capital:						
Equity - (E)	519.00	753.00	753.00	1506.00	2536.78	2536.78
Preference – (P)	1900.00	1200.00	1600.00	1400.00	400.00	400.00
Reserve & Surplus	1396.31	1709.86	2436.79	1899.37	1471.63	1619.30
Less: Revaluation Reserve	0.00	0.00	640.00	640.00	200.00	200.00
Reserves (Net of Revaluation Reserves) - (F)	1396.31	1709.86	1796.79	1259.37	1271.63	1419.30
Miscellaneous Expenditure (G)	0.00	0.00	0.00	6.16	14.40	14.40
Net worth (E+P+F -G)	**3815.31**	**3662.86**	**4149.79**	**4159.21**	**4194.01**	**4341.68**

Annexure - III

1. SIGNIFICANT ACCOUNTING POLICY

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

A. FIXED ASSETS

Fixed assets are stated at cost less depreciation. 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 are valued at cost and net realizable value in the case of unsold power and in case of Project work in progress, at cost.

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 not provided for any retirement benefits to the employees. No provision has been made for any liability for gratuity, provident fund and super annuation scheme. However, the company made contribution of ESI for workers.

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 2004 to March 2005.

H. CONTINGENT LIABILITIES

All ascertained liabilities have been provided for in the account except income tax demands, wherever appeals are pending.

Income Tax demand for the A Y 1998-99 is Rs. 4,088,257/- and for the A Y 2001-02 the demand is Rs. 287,410/-.

The company has been legally advised that the demands are 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.

Annexure – IV

Notes to Accounts:

1. Managerial Remuneration:

A. Managerial Remuneration paid to Mr. K. S. Ravindranath, Whole Time Director:

(Rs. in Lacs)

Particulars	Year ended	
	30.06.2005	30.06.2004
(a) Salaries	2.45	2.40
(b) Commission	0.00	0.00
(c) Other Perquisites	0.00	0.00
Total	**2.45**	**2.40**

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	30.06.2004
Profit	414.20	307.69
Add: Whole Time Director's Remuneration	2.45	2.40
Total	**416.65**	**310.09**
Commission on Net Profit to Managing Director	0.00	0.00

2. Auditors Remuneration:

(Rs. In Lacs.)

Particulars	Year ended	
	30.06.2005	30.06.2004
Audit Fees	0.40	0.40
Tax Audit Fees	0.10	0.10
Other Services	0.05	0.05
Total	**0.55**	**0.55**

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 deferred tax provision for the year ended on 30th June, 2005 amounts to Rs. 39,11,699/- towards deferred tax liability (previous year Rs. 4,22,75,000/-) and Rs. NIL/- towards deferred tax assets (previous year Rs. 4,30,17,000/-).

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. Gratuity :

   The Company has not provided for any retirement benefits to the employees. No provision has been made for any liability for gratuity, provident fund and Superannuation scheme. However, the company has made contribution of ESI for workers.

8. Contingent Liabilities not provided for:Nil

9. Preliminary Expenses : Nil

10. Balances appearing under different accounts of Debtors, Creditors, Loans and Advances are subject to confirmation from the parties.

11. Previous year figures have been regrouped/ reclassified wherever necessary for better comparison with current year figures.

12. Earnings per share

(Rs.)

Particulars	**30.09.2005**	**30.06.2005**	**30.06.2004**
Profit after tax (Profit attributable to Equity Share holders)	1,47,66,943	3,90,24,467	3,07,69,399
Number of equity share out standing during the period	2,53,67,778	22,082,000*	1,50,60,000
Nominal value of equity shares (Rs.)	10.00	10.00	10.00
Earning per share (Rs.)	**2.33****	**1.77**	**2.04**

* Weighted No of Shares, ** Annualised

13. Previous years figures have been regrouped wherever necessary.

14. The figures have been rounded off to the nearest rupee.

Annexure – V

Cash Flow Statement:

(Rs. In Lacs)

	As on		**As on**	
	30.6.05		**30.6.04**	
A. CASH FLOW FROM OPERATIONS				
Net Income from Power Generations	469.40		305.49	
Add: Depreciation	106.50		104.80	
Operating profit before working capital changes		**575.90**		**410.29**
Working Capital Changes				
Sundry Debtors - Decrease/(Increase)	(32.00)		110.82	
Loans & Advances - Decrease / (Increase)	349.43		2357.50	
Current liabilities - Increase /(Decrease)	(319.20)	**(1.77)**	(1577.30)	**891.02**
Cash flow from Operations (A)		**574.13**		**1301.31**
B. Cash flow from Other Activities				
Net Income from Other Activities				
(Increase) / Decrease in Fixed Assets	159.10		(532.00)	
(Increase) / Decrease in Guarantee Deposits	(418.60)		(10.49)	
(Increase) / Decrease in Investments	67.90		22.10	
Increase / (Decrease) in Share Capital	(722.20)		(200.00)	
Increase / (Decrease) in Secured Borrowings	51.40		(47.10)	
(Increase) / Decrease in Other Current Assets	557.50		(445.46)	
Increase / (Decrease) in Reserves	(393.60)		0.00	
(Increase) / Decrease in Deferred Tax Asset	39.10		(7.42)	
(Increase) / Decrease in Misc Expe s	(8.20)		(6.20)	
Dividend & Dividend Tax paid	61.40		(92.00)	
Cash flow from other activities (B)		**(606.20)**		**(1318.57)**
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B)		**(32.07)**		**(17.26)**
Cash & Cash Equivalents as at 30.06.04 (30.06.03)		59.94		77.20
Cash & Cash Equivalents as at 30.06.05 (30.06.04)		27.87		59.94

Annexure – VI

Statement of dividend paid:

Sr. No.	Year	Equity %
1	2000-2001	4.00
2	2001-2002	5.00
3	2002-2003	0.00
4	2003-2004	0.00
5	2004-2005	1.00*

* Proposed

Annexure – VII

Performance Ratios:

Particulars	*Year ended*					
	30.06.2001	**30.06.2002**	**30.06.2003**	**30.06.2004**	**30.06.2005**	**30.09.2005**
1. Earning Per Share (Rs.)	1.35	1.5	2.27	2.04	1.77	2.33*
2. Return On Net worth (%)	5.60%	5.73%	6.16%	7.59%	10.81%	3.40%
3. Net asset Value / Book Value - Per Share (Rs.)	41.48	30.68	31.97	17.48	16.53	17.12

* Annualised

1. Earnings per share (Rs.) = Profit available to equity shareholders/No. of equity shares.
2. Return on Net worth (%) = Profit after taxation/Net worth * 100.
3. Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares.

Annexure - VIII

Capitalization Statement:

(Rs. in Lacs)

	Pre Issue		**Post Issue**
Particulars	As at	As at	
	30.06.2005	30.09.2005	
Debt			
Short Tem Debt*	0.00	0.00	0.00
Long Term Debt**	632.72	813.89	0.00
Total Debt	**632.72**	**813.89**	**0.00**
Share Holders Funds:			
Share Capital	2536.78	2536.78	3536.78
Reserves	1271.63	1419.30	2571.63
Total shareholders Funds	**3808.41**	**3956.08**	**6108.41**
Long Term debt / share holders fund	**0.17**	**0.21**	**N I L**

* Unsecured loans were considered as Short Term Debt

** Secured Loans were taken as Long Term Debt

Annexure – IX

Statement of Tax Shelters

(Rs. in Lacs)

Year Ended	**31.03.01**	**31.03.02**	**31.03.03**	**31.03.04**	**31.03.05**
Tax Rate: Basic	**35.00%**	**35.00%**	**35.00%**	**35.00%**	**35.00%**
Surcharge / Cess	13.00%	2.00%	2.00%	0.00%	2.00%
Tax rate including surcharge	39.55%	35.70%	35.70%	35.00%	35.70%
Profit as per Profit & Loss Account	**1,61,45,878**	**1,88,45,289**	**75,91,191**	**65,23,658**	**1,54,65,539**
Notional Tax Liability	63,85,695	67,27,768	27,10,055	22,83,280	55,21,197
Adjustments A) Add:					
Provision for Income Tax	2,97,796	-	-	5,22,938	16,04,363
Depreciation as per P & L A/c	1,07,06,031	91,70,109	90,83,536	98,39,316	1,16,76,065
Loss on sale of assets	-	-	-	5,275	-
Inadmissible Expenses	-	-	-	-	19,25,454
TOTAL 'A'	**1,10,03,827**	**91,70,109**	**90,83,536**	**1,03,67,529**	**1,52,05,882**
B) Less: Depreciation as per I.T Act	2,94,93,652	8,87,11,857	5,96,012	11,09,004	4,99,698
Brought Forward Loss of Previous Year	-	23,43,947	7,54,71,148	5,80,85,492	4,22,14,967
Income from Generation of Power U/Sec 80 IA / IB	-	1,13,86,362	-	-	1,39,19,879
Dividend Income received	-	5,23,050	-	-	2,520
Investments in Key Man Insurance Policy	-	5,21,330	-	-	-
Non taxable Income	-	-	-	-	19,013
Deferred tax asset / liability	-	-	-	7,42,000	(39,11,699)
TOTAL 'B'	**2,94,93,652**	**10,34,86,546**	**7,60,67,160**	**5,99,36,496**	**5,27,44,378**
C) Net Adjustments (A-B)	(1,84,89,825)	(9,43,16,437)	(6,69,83,624)	(4,95,68,967)	3,75,38,496
Taxable Income	(23,43,947)	(7,54,71,148)	(5,80,85,492)	(4,30,45,309)	(2,20,72,957)
Tax payable thereon	N I L	N I L	NIL	NIL	NIL
Tax Savings Thereon	63,85,695	67,27,768	31,76,633	22,83,280	55,21,197
MAT as per Sec 115 JA / JB	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05
Book Profits for the year	1,64,43,674	-	75,91,191	65,23,658	2,09,81,601

Profit From Generation of Power	-	-	-	-	-
Book Profit Under Sec 115 JA / JB	1,64,43,674	-	75,91,191	63,04,596	2,09,72,071
30% of Profits for Min Alternate Tax	-	-	-	-	-
Tax Payable on the above	-	-	-	-	-
Min Alternate Tax 7.5% + Surcharge	12,33,275	-	7,00,728	4,84,666	16,44,473
Tax Deducted at Source	11,72,260	-	5,35,657	1,56,692	-
Balance Tax Payable	**61,015**	**-**	**1,65,071**	**3,27,974**	**16,44,473**
Tax Paid	**61,015**	**-**	**1,65,071**	**3,27,974**	**16,44,473**

Annexure - X

Details of Other income

Particulars	**Year ended**					**30-09-2005 (3 months)**
	30.06.2001	**30.06.2002**	**30.06.2003**	**30.06.2004**	**30.06.2005**	
Project income	64.15	40.00	30.00	147.85	295.89	0.00
Financial income	317.78	386.12	862.21	111.61	94.64	29.12
Investment income	0.00	16.89	0.75	7.06	0.00	0.00
Other income	90.41	146.33	95.36	73.48	41.80	0.00
Less: Expenses for the above	(341.76)	(389.87)	(800.37)	(34.06)	(66.45)	(8.95)
Total	**130.58**	**199.46**	**187.95**	**305.94**	**365.88**	**20.17**

(Rs. in Lacs)

Annexure - XI

Sundry Debtors: (Rs. in Lacs)

Particulars	**As at**					**30-09-2005 (3 months)**
	30.06.2001	**30.06.2002**	**30.06.2003**	**30.06.2004**	**30.06.2005**	
Unsecured considered Good (Over Six Months)	27.85	16.48	104.25	221.77	253.76	307.20
Others Debts:						
Companies under the same management	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil
Total	**27.85**	**16.48**	**104.25**	**221.77**	**253.76**	**307.20**

Annexure – XII

Loans & Advances:

Particulars	As at					30-09-2005 (3 months)
	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	
Companies in which directors are interested						
-Indonetglobal Limited	18.26	Nil	Nil	Nil	9.20	Nil
- Subuthi Finance Limited	Nil	Nil	2.09	Nil	Nil	Nil
Loyal Credit & Investments Ltd.	Nil	Nil	Nil	Nil	12.35	Nil
Persons with whom directors are interested / related	Nil	Nil	Nil	Nil	Nil	0.49
Total	**18.36**		**2.09**		**21.55**	**0.49**

Annexure - XIII

Unsecured Loans:

(Rs. in Lacs)

Particulars	As at					30-09-2005 (3 months)
	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	
Total	0.00	0.00	0.00	0.00	0.00	0.00

Annexure – XIV

Secured Loans:

(Rs. in Lacs)

Particulars	30.06.2001	30.06.2002	30.06.2003	30.06.2004	30.06.2005	30-09-2005 (3 months)
Term Loans						
IREDA	130.87	123.82	52.92	30.81	2.02	0.00
Jain Sahakari Bank Ltd.	0.00	0.00	87.82	74.68	0.00	0.00
ING Vysya Bank Ltd.	0.00	0.00	135.92	118.61	0.00	0.00
Bank of India	0.00	0.00	0.00	133.27	205.19	177.79
Canara Bank	0.00	0.00	0.00	0.00	201.66	403.29
Weizmann Homes Ltd	0.00	0.00	0.00	0.00	223.85	232.81
Hire Purchase Loans						
Apple Credit Corpn Ltd	86.26	0.00	0.00	0.00	0.00	0.00
Centurion Bank Ltd	155.03	142.87	127.89	0.00	0.00	0.00
Cash Credit Loans						
Andhra Bank	(0.03)	(0.19)	0.00	0.00	0.00	0.00
Total	**372.13**	**266.50**	**404.55**	**357.37**	**632.72**	**813.89**

Principal Terms of Sanctioned Loans and Assets Charged as Security

(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 30.09.2005	Security
1	Bank of India 07.09.2004	250.00 10.75%	250.00	177.79	10 WEGs and receivables
2	Canara Bank 17.12.2004	600.00 10.00%	400.00	403.29	Primary: EM of Land valued at Rs.24.60 Lacs. Hypothecation of 12 WEGs.Under Work – in – Progress. Collateral: Corporate Guarantee of Subuthi Finance Limited.
3	Weizmann Homes Limited 26.03.2004	350.00 16.5%	350.00	232.81	HP Contract for 5 Nos. WEGs with Karmjee P Ltd.

Annexure – XV

Related Party Transactions:

Related party transactions are given below:

(Rs. In Lacs)

Name of the Party	Nature of relationship	Nature of transaction	FY 03	FY 04	FY 05	September 30, 2005
IndonetGlobal Ltd	Group Co	Software Services (Expense)	0.00	0.00	0.00	0.00
		Wind mill sale (Income)	0.00	105.00	0.00	0.00
Subuthi Finance Limited	Group Co	Lease Exp.	37.42	35.08	15.40	2.13
		H P	0.00	0.00	0.00	0.00
		Guarantee charges	61.20	0.00	0.00	0.00
Loyal Credit & Investments Limited	Group Co	Sale of Investments	0.00	0.00	46.67	0.00

* It includes Salary and perquisites only.

Annexure – XVI

Investments:

(Rs. In Lacs)

Sl No	**Quoted Investments**	**FY 03**	**FY 04**	**FY 05**	**September 30, 2005**
1	Aggregate Value	38.32	16.22	0.00	0.00
2	Market Value	30.25	25.73	0.00	0.00

Annexure – XVII

Expenses incurred towards project mentioned in the Draft Red Herring Prospectus - NIL

Annexure – XVIII

Details of Qualifications in the Auditors report during the last 5 years:

	30.06.2001	**30.06.2002**	**30.06.2003**	**30.06.2004**	**30.06.2005**	**30-09-2005 (3 months)**
PARTICULARS OF QUALIFICATIONS	1) Inclusion of Guarantee deposits in Fixed Assets	1) Taxes on Income 2) Retirement Benefits 3) Expenses under Net other Income 4) Dividend Payments	1. Disclosure of Value of Investments. 2. Non provision of Preference Dividend	1. Disclosure of Value of Investments.	No Qualifications in the Auditors' Report	No Qualifications in the Auditors' Report

Annexure - XIX

Changes in the Significant Accounting Policies

There are no changes in accounting policies during last Five Years.

Except as stated as herein above, there are no other material notes to the Auditors Report, which have bearing on the financial status of the company. Further, all notes to the accounts and significant accounting polices as well as the auditors qualifications if any, have been incorporated in the Draft Red Herring Prospectus.

2. FINANCIALS OF GROUP COMPANIES/ VENTURES OF PROMOTERS:

A. SUBUTHI INVESTMENTS PRIVATE LIMITED (SIPL)

SIPL was incorporated as a private limited company under the name ‘Subuthi Investments Private Limited’ vide certificate of incorporation no. 18-25730 dated September 6, 1993 with the ROC, Tamil Nadu at Chennai. The registered office of SIPL is situated at 2nd Floor “Kakani Towers” 15 Khader Nawaz Khan Road, Chennai – 600 006.

Business Activities

SIPL is interalia in the business of an investment company and to invest the 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 November 15, 2005 the Board of Directors of SIPL comprises of the following:

Name of the Director	Designation
Mr. K. K. Govindamoorthy	Director
Mr. K. R. Loganathan	Director

Shareholding Pattern as on November 15, 2005.

The equity shares of SIPL are not listed on any stock exchange. The shareholding pattern of SIPL as on November 15, 2005 is as follows:

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 31st March			
	2002	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	0.10	0.10	0.10	0.10
Reserves (excluding Revaluation Reserves)	5.66	4.17	5.24	3.92
Net Worth	5.76	4.27	5.34	4.02
Total Income	8.03	-	2.4	-
PAT	6.70	-1.49	1.07	-1.33
EPS (Rs.)	670	0.00	107.00	0.00
NAV per share (Rs.)	576	427	534	402

Facilities from Banks/ Financial Institutions:

Subuthi Investments Pvt. Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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.	YES

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SIPL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

B. INDONET GLOBAL LIMITED (IGL)

IGL was orginally incorporated as a private limited company under the name "Indonet Services Limited" on April 15, 1999 *vide* certificate of incorporation 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 IGL is situated at 2nd Floor "Kakani Towers" 15 Khader Nawaz Khan Road, Chennai – 600 006.

Business Activities

IGL is interalia 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 November 15, 2005 the Board of Directors of IGL comprises of the following:

Name of the Director	Designation
Mr K. V. Bala	Director
Mr. K. V. Manoharan	Director
Ms. K. B. Prathadevi	Director
Mr. P. N. Vedanarayanan	Director

Shareholding Pattern as on November 15, 2005.

The equity shares of IGL are not listed on any stock exchange. The shareholding pattern of IGL as on November 15, 2005 is 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	2228880	22.88%
		Wind Energy Development Company Pvt. Ltd.	3360000	34.50%
		MSKV Remedies Ltd.	1120000	11.50%
		Loyal Credit & Investments Ltd.	1682000	17.27%
3	Banks	ICICI Bank Ltd.	1320000	13.55%
	Total		**9740000**	**100.00%**

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March		
	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	487.00	487.00	487.00
Reserves (excluding Revaluation Reserves)	429.71	495.58	511.17
Net Worth	812.22	903.30	944.11
Total Income	125.83	130.18	99.20
PAT	56.35	39.72	15.59
EPS (Rs.)*	0.58	0.41	0.16
NAV per share (Rs.)	8.34	9.27	9.69

*** Face Value: Rs. 5/- per Share**

Facilities from Banks/ Financial Institutions:

As per the audit report of M/s S. Vasudevan & Associates Chartered Accountants dated December 29, 2005, Indonet Global Limited has obtained the following facilities from banks and financial institutions as on December 1, 2005.

Name of Bank	Nature of Facility	Amount Sanctioned (Rs. in Lacs)	Amount Outstanding (Rs. in Lacs)
Bank of India, Andheri Corporate Banking Branch, Mumbai	Loan against Keyman Insurance Policy	214.00	214.00
Bank of India, Andheri Corporate Banking Branch, Mumbai	Term Loan Secured against Power receivables of 3 Nos Wind Mills and Hypothecation of the said 3 wind mills of the Company.	200.00	200.00
	Total	**414.00**	**414.00**

Public or rights issue in the preceding three years.	NO
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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against IGL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

C. SGM WINDFARMS PRIVATE LIMITED ("SGMWPL")

SGMWPL was incorporated as a private limited company under the name '**SGM WINDFARMS PRIVATE LIMITED**' vide certificate of incorporation no. 18-43731 dated December 13, 1999, with the ROC, Tamil Nadu at Chennai. The registered office of SGMWPL is situated at "Bhaskara Apartment", 28 Pycrofts Garden Road, Chennai – 600 006.

Business Activities

SGMWPL is interalia in 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 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 30, 2005 the Board of Directors of "SGMPWL" comprises of the following:

Name of the Director	Designation
Mr. K. K. Govindamoorthy	Director
Mr. K. R. Loganathan	Director

Shareholding Pattern as on September 30, 2005.

The equity shares of SGMPWL are not listed on any stock exchange. The shareholding pattern of SGMPWL as on September, 30 2005 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 31st March			
	2002	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	53.02	53.02	53.02	53.02
Reserves (excluding Revaluation Reserves)	0.37	0.41	0.43	-0.15
Net Worth	53.32	53.37	53.40	52.83
Total Income	9.36	5.35	6.06	4.89
PAT	0.36	0.04	0.02	-0.58
EPS (Rs.)	0.07	0.008	0.004	0.00
NAV per share (Rs.)	10.06	10.07	10.07	9.98

Facilities from Banks/ Financial Institutions:

SGM Wind farms Pvt. Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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.	YES

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SGMWPL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

D. MSKV REMEDIES LTD (“MRL”)

MRL was incorporated as a private limited company under the name SIGA PHARMA PRIVATE LIMITED vide certificate of incorporation no. 18-09345 dated April 23, 1982 with the ROC, Tamil Nadu at Chennai. Subsequently the name of the company was changed to ‘**LOYAL SUPER REMEDIES LIMITED**’ 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 January 24, 2002 and accordingly a fresh certificate of incorporation was issued to the company consequent to the change in name. The registered office of MRL is situated at No. 2, Murrays Gate Road, Venus Colony, Alwarpet, Chennai – 600 018.

Business Activities

MRL is interalia in the business of druggist and chemists, both wholesale and retail and that of manufacturers, importers, exporters and dealers, both as principals and as agents, in pharmaceuticals, Allopathic, Ayurvedic, Homeopathic, Unani and all other kinds of medicines and other preparations and articles, compounds, oils, paints, pigments and varnishes, drugs, chemical, surgical and scientific apparatus.

Board of Directors

As on September, 30 2005 the Board of Directors of MRL comprises of the following:

Name of the Director	Designation
Mr. K. Nagasubramanian	Director
Mr. K. R. Loganathan	Director
Mr. L.R. Venkatesh	Director

Shareholding Pattern as on September 30, 2005.

The equity shares of MRL are not listed on any stock exchange. The shareholding pattern of MRL as on September, 30 2005 is as follows:

Sr. No.	Category	Name of Shareholder	No. of shares	% holding
1	Individuals	K.V. Bala	45000	11.95%
		K.M. Thiagarajan	180	0.05%
		Deborah Thiagarajan	9805	2.60%
		Tara Chintamani	2725	0.72%
		Maya Marie	2725	0.72%
		Rena Visalakshi	2725	0.72%
2	Bodies Corporate	Loyal Credit & Investments Ltd	150000	39.83%
		Dowel Business Credits Pvt. Ltd.	40860	10.85%
		Saura Trade Credits Pvt. Ltd.	40860	10.85%
		Saunaka Finance Pvt. Ltd.	40860	10.85%
		Kewal Trade Credits Pvt. Ltd.	40860	10.85%
	Total		**376600**	**100.00%**

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	**For the Financial Year ended 31st March**		
	2003	**2004**	**2005**
Equity Share Capital (excluding calls in arrears)	22.66	22.66	37.66
Reserves (excluding Revaluation Reserves)	227.51	231.00	231.70
Net Worth	250.17	253.66	269.36
Total Income	0.78	4.31	32.43
PAT	0.10	3.45	2.43
EPS (Rs.)	0.04	1.52	0.65
NAV per share (Rs.)	110.40	111.94	71.30

Facilities from Banks/ Financial Institutions:

MSKV Remedies Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MRL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

E. COMMENDAM INVESTMENT PRIVATE LTD ("CIPL")

CIPL was incorporated as a private limited company under the name '**COMMENDAM INVESTMENT PRIVATE LIMITED**' vide certificate of incorporation no. 18-28872 dated October 10, 1994 with the ROC, Tamil Nadu at Chennai. The registered office of CIPL is situated at "Swadi", Block H, No 54, Anna Nagar East, Chennai – 600 102.

Vide an order dated February 3, 2003, Mr. Justice A. Ramamurthi of the High Court at Madras approved the scheme of amalgamation of Rubicon Finvestrade Private Limited and AMT Investment Private Limited (erstwhile "Alpha Investments Private Limited") with Commendam Investment Private Limited pursuant to a petition bearing Company Petition No. 62 of 2002 in Company Application No. 1449 of 2001 being filed under section 391 to 394 of the Companies Act, 1956 with said Hon'ble High Court.

Business Activities:

CIPL is interalia in the business of an investment Company and to invest the capital and other monies of the Company.

Board of Directors

As on December, 21, 2005 the Board of Directors of CIPL comprises of the following:

Name of the Director	Designation
Mr. K. K. Govindamoorthy	Director
Mr. N.V. Saravanan	Director

Shareholding Pattern as on December 21, 2005.

The equity shares of CIPL are not listed on any stock exchange. The shareholding pattern of CIPL as on December 21, 2005 is as follows:

Sr No	Category	Name of Shareholder	No of shares	% holding
1	Promoters / Directors	K.V. Bala	972	9.72%
		K.K. Govindamoorthy	552	5.52%
		N. Laxsmanan	2	0.02%
		K.B. Prathadevi	978	9.78%
2	Bodies Corporate	SMS Tools Pvt. Ltd.	3796	37.96%
		Karumuttu Finance Ltd	3700	37.00%
	Total		**10000**	**100.00%**

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March			
	2002	**2003**	**2004**	**2005**
Equity Share Capital (excluding calls in arrears)	0.25	0.25	0.25	0.25
Reserves (excluding Revaluation & Reserves)	35.10	34.88	38.08	36.74
Net Worth	35.35	34.94	38.11	36.77
Total Income	62.58	1.07	5.87	1.17
PAT	45.08	-0.22	3.20	-1.34
EPS (Rs.)	1803.20	0.00	128.00	0.00
NAV per share (Rs.)	1414.00	1397.60	1524.40	1470.80

Facilities from Banks/ Financial Institutions:

Commendam Investment Pvt. Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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.	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against CIPL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

F. WIND ENERGY DEVELOPMENT COMPANY PRIVATE LTD (“WEDCO”)

WEDCO was incorporated as a private limited company under the name ‘**WIND ENERGY DEVELOPMENT COMPANY PRIVATE LTD**’ vide certificate of incorporation no. 18-40229 dated 21st March 1998 with the ROC, Tamil Nadu at Chennai. The registered office of WEDCO is situated at ”Kakani Towers”, 2nd Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.

Business Activities

WEDCO is interalia in 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.

Board of Directors

As on December 21, 2005 the Board of Directors of WEDCO comprises of the following:

Name of the Director	Designation
Mr. K. R. Loganathan	Director
Mr. L.R. Venkatesh	Director

Shareholding Pattern as on December 21, 2005.

The equity shares of WEDCO are not listed on any stock exchange. The shareholding pattern of WEDCO as on December 21, 2005 is as follows:

Sr. No.	Category	Name of Shareholder	No. of shares	% holding
1	Promoters / Directors	K.V. Bala	2000	9.76%
		K.R. Manikandan	500	2.44%
		K.B. Prathadevi	1500	4.88%
2	Bodies Corporate	SMS Tools Pvt. Ltd.	8500	41.46%
		Karumuttu Finance Ltd	8500	41.46%
	Total		20500	100.00%

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March			
	2002	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	0.40	0.40	0.40	0.40
Reserves (excluding Revaluation Reserves)	17.84	16.78	20.54	17.07
Net Worth	16.46	15.84	20.05	17.02
Total Income	19.66	0.00	4.41	0.00
PAT	17.84	-1.07	3.76	-3.46
EPS (Rs.)	446.00	0.00	94.00	0.00
NAV per share (Rs.)	411.50	396.00	501.25	425.50

Facilities from Banks/ Financial Institutions:

Wind Energy Development Company Pvt. Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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.	YES

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against WEDCO, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Draft Red Herring Prospectus.

G. KANYA WINDFARMS PRIVATE LTD (KWPL)

KWPL was incorporated as a private limited company under the name '**KANYA WINDFARMS PRIVATE LTD**' vide certificate of incorporation no. 18-43831 dated December 24, 1999 with the ROC, Tamil Nadu at Chennai. The registered office of KWPL is situated at No. 85, Kamarjar Salai, Madurai – 625 009.

Business Activities

KWPL is interalia in the business of generating energy from wind using windmills, 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. .Along with the above mentioned activities the main objects of the company also authorizes the company to undertake 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 December **21, 2005** the Board of Directors of KWPL comprises of the following:

Name of the Director	Designation
Mr. B. Subbaiah	Director
Mr. N.R. Ekambaramoorthy	Director

Shareholding Pattern as on December 21, 2005.

The equity shares of KWPL are not listed on any stock exchange. The shareholding pattern of KWPL as on December 21, 2005 is as follows:

Sr No	Category	Name of Shareholder	No. of shares	% holding
1.	Directors	Mr. B. Subbaiah	100	50%
		Mr. N.R. Ekambaramoorthy	100	50%
		TOTAL	**200**	**100%**

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March		
	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	0.02	0.02	0.02
Reserves (excluding Revaluation Reserves)	1.08	-0.10	0.00
Net Worth	1.10	-0.08	0.02
Total Income	18.02	8.50	10.97
PAT	0.25	-1.19	0.11
EPS (Rs.)	125	0.00	55
NAV per share (Rs.)	550	0.00	10

Facilities from Banks/ Financial Institutions:

Kanya Windfarms Private Ltd. has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KWPL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus.

H. GREEN STAR ENERGY PRIVATE LIMITED ("GSEPL")

GSEPL was incorporated as a private limited company under the name of '**GREEN STAR ENERGY PRIVATE LIMITED**' vide certificate of incorporation no. U 31100 MH 2002 PTC 138129 dated December 5, 2002, with the ROC, Maharashtra at Mumbai. The registered office of GSEPL is situated at 603, Keshava, 6th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Business Activities

GSEPL is interalia in the business of generation of energy and to sell distribute, supply of energy to agriculture 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 December 31, 2005 the **Board of Directors of GSEPL comprise of the following :**

Name of the Director	Designation
Mr. N. Laxsmanan	Director
Ms. K.B. Prathadevi	Director

The equity shares of GSEPL are not listed on any stock exchange. The shareholding pattern of GSEPL as on December 31, 2005 is as follows:

Sr No	Category	Name of Shareholder	No. of shares	% holding
1	Corporates	Subuthi Finance Ltd.	17,000	62.97%
2	Individuals	Ms. K.B. Prathadevi	6,000	22.22%
		Mr. N. Laxsmanan	4,000	14.81%
		Total	**27000**	**100.00%**

Brief Financial Performance:

(Rs in Lacs, except per share data)

Particulars	For the Financial Year ended 31st March		
	2003	2004	2005
Equity Share Capital (excluding calls in arrears)	2.70	2.70	2.70
Share Application Money	0.00	51.00	51.00
Reserves (excluding Revaluation Reserves)	15.30	15.30	15.30
Net Worth	17.66	68.61	68.56
Total Income	0.00	0.00	0.00
PAT for the year	0.00	0.00	0.00
EPS (Rs.)	0.00	0.00	0.00
NAV per share (Rs.)	65.41	254.11	253.93

Facilities from Banks/ Financial Institutions:

Green Star Energy Private Limtied has not availed any facilities from banks and financial Institutions.

Public or rights issue in the preceding three years.	NO
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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GSEPL, its Promoters and Directors except as stated under “Outstanding Litigations” on page no [•] of this Draft Red Herring Prospectus

COMPANIES WITH WHICH PROMOTER HAS DISASSOCIATED DURING THE PRECEEDING THREE YEARS:

During the last three years our promoters have not disassociated themselves from any company/partnership firm.

COMPANIES FOR WHICH AN APPLICATION HAS BEEN MADE FOR STRIKING OFF NAME:

Subuthi Home Finance Private Ltd ("SHFPL")

SHFPL was incorporated as a private limited company under the name '**SUBUTHI HOME FINANCE PRIVATE LTD**' vide certificate of incorporation no. 18-45706 dated September 12, 2000 with the ROC, Tamil Nadu at Chennai. The registered office of SHFPL is situated No 15, Khader Nawaz Khan Road, II Floor, Kakani Towers, Chennai 600 006. SHFPL was incorporated with the objective interalia to carry on the business as Housing Financiers to finance operations such as purchasing, selling hiring, letting on hire and dealing in all kinds of house properties, land, buildings, and construction on such securities or otherwise and on such terms as the Company may deem expedient. However the company has been inoperative since its inception due to diverse reasons and accordingly the company has made an application to the Registrar of Companies to strike off the name of company under section 560 of the Act. The conclusive financial statements have been prepared for the period ending September 30, 2003 declaring the non-existence of any assets and liabilities. The resolution for the same was passed on November 17, .2003 and the application to the Registrar of Companies was made on December 18,.2003.

Indonet.Com Private Ltd ("ICPL")

ICPL was incorporated as a private limited company under the name '**INDONET.COM PRIVATE LTD**' vide certificate of incorporation no. 18-43947 dated January 13, 2000 with the ROC, Tamil Nadu at Chennai. The registered office of ICPL is situated at No 15, Khader Nawaz Khan Road, II Floor, Kakani Towers, Chennai 600 006. ICPL was incorporated with the objective interalia to carry on 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. However, the company has been inoperative since its inception due to diverse reasons and accordingly has made an application to the Registrar of Companies to strike off the name of company under section 560 of the Act. The conclusive financial statements have been prepared for the period ending September 30, 2003 declaring the non-existence of any assets and liabilities. The resolution for the same was passed on November 17, 2003 and the application to the Registrar of Companies was made on December 26, 2003.

ABC Insurance Services Ltd ('AISL')

AISL was incorporated as a private limited company under the name '**ABC INSURANCE SERVICES PRIVATE LIMITED**' vide certificate of incorporation no. 18-43818 dated December 23, 1999 with the ROC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 43A of the Act, the company was converted into Public Limited Company on March 24, 2000 and accordingly the word 'Private' was deleted from the name of the Company. The registered office of AISL is situated at Flat no. 7, "Swathi Apartments", 41A, Subramaniam Street, Abhiramapuram, Chennai – 600 018. AISL was incorporated with the objective interalia to carry on the business of providing services in the field of Insurance of Machinery, Buildings, Accident, Life, Vehicle and all other kinds of insurance schemes available for the time being in the country for individuals, Firms, Compaines and Governments. However, the company had commenced its business activities after its incorporation but has been inoperative for the past 2 years and accordingly the company has made an application to the Registrar of Companies to strike off the name of company under section 560 of the Act. The conclusive financial statements have been prepared for the period ending September 30, 2003 declaring the non-existence of any assets and liabilities. The resolution for the same was passed on June 30, 2005 and the application to the Registrar of Companies was made on July 29, 2005.

COMPANIES OF THE PROMOTER/PROMOTER GROUP REFERRED TO BIFR/UNDER WINDING UP/HAVING NEGATIVE NETWORTH

None of the Companies promoted by our promoters or promoter group have been referred to BIFR or are under winding up or have negative networth

COMMON PURSUITS

The main objects clause of four of our Promoter Group Companies namely SGM Windfarms Private Limited, Wind Energy Development Company Private Limited, Kanya Windfarms Private Limited and Greenstar Energy Private Limited authorize them to undertake activities of a similar nature to those undertaken by us. In view of the fact that these four Promoter Group Companies are engaged in similar businesses as our Company there may be a conflict of interest between them and our Company. However, only one of these companies is operating windfarms of a total capacity of 1.575 MW on operating lease basis.

RELATED BUSINESS TRANSACTIONS:

There are no conflicts of Interest or related business transaction of the Issuer Company with the Group Companies except those mentioned in the “Related Party Transaction” on Page No. [●] of the Draft Red Herring Prospectus and under the head Common Pursuits.

3. CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

There are no changes in accounting policies during the last three years as disclosed as part of the auditors report.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations should be read together with the audited financial statements for the financial years ended 30th June 2002, 2003, 2004, 2005 and Quarter ended September 30, 2005 including the Schedules, Annexures and Notes thereto and the Reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. The said Financial Statements have been prepared in accordance with the Companies Act, and as described in the Auditor's report of M/s V. Ramaratnam & Co. dated 07/12/02, 18/02/03, 21/07/04, 10/01/05 and 07/11/05 in the section with the title 'Financial Information'.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements, which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview:

The Company was incorporated with the name "Indowind Energy Private Limited" on July 19, 1995 *vide* certificate of incorporation No. 18-32311 of 1995 with RoC, Tamil Nadu at Chennai. Thereafter, pursuant to the provisions of Section 43A of the Act, the company was converted into Public Limited Company on September 30, 1997 and accordingly the word 'Private' was deleted from the name of the Company. The registered office of the Company is situated at Chennai.

The Company has been promoted by Mr. K. V. Bala and Subuthi Finance Ltd. with the main objects 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 and to provide all kind of services including installation, commission, operation and maintenance of all power generation equipments, machineries and plants and to carry on the business of manufacturers, sellers, exports, imports, dealers, agents, suppliers and assemblers of all kinds of power generation equipments including wnd mills, wind turbines, solar panels, solar modules, wave energy generators, biomass and biogas plants and all other conventional power generation equipment and spares of power generation equipments. The Company commenced its commercial operation of generating power during September, 1995 by setting up 1 no. of 225 KW Wind Electric Generator at Aramboly (Aralvoimozhi) village in Kanyakumari Disctrict, Tamil Nadu. The Company has been increasing its generation capacity every year and the same has since been increased to 19.85 MW. The Company generated 0.34 mn units of power during 1995-96 with a PLF of 4.5%, which has been continuously increasing and it achieved a production of 27.06 mn units with a PLF of 23% during FY 2004-05 and till December, 2005 it is 18.60 mn Units.

The Company has 19.85 MW power plants and the power generated is supplied to state Electricity Board in Tamil Nadu and industrial consumers in Karnataka.

The turnover has grown from Rs. 618.47 lacs in FY 2000-2001 to Rs. 1153.01 lacs in FY 2004-2005 and its turnover for the Quarter ended September 2005 stood at Rs. 348.51 lacs. Net profit grew from Rs. 201.78 lacs in FY 2000-2001 to Rs. 453.36 lacs in FY 2004-2005. The Net Profit earned by the company for the first Quarter ended September 2005 is 147.67 lacs.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR:

THE DIRECTORS OF OUR COMPANY HEREBY STATE THAT IN THEIR OPINION THERE IS NO MATERIAL DEVELOPMENT AFTER THE DATE OF THE LAST FINANCIAL STATEMENTS DISCLOSED IN THE OFFER DOCUMENT WHICH IS LIKELY TO MATERIALLY AND ADVERSELY AFFECT OR IS LIKELY TO AFFECT THE TRADING OR PROFITABILITY OF OUR COMPANY OR THE VALUE OF ITS ASSETS, OR ITS ABILITY TO PAY ITS LIABILITIES WITHIN THE NEXT TWELVE MONTHS.

SIGNIFICANT ACCOUNTING POLICIES

For preparation of financial statements as per Indian GAAP, the applicable Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) and relevant provisions of Companies Act, 1956 are followed. Certain of our Accounting Policies are particularly important for the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our Management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results some of the significant accounting policies followed by the Company are as stated below:

a) **System of Accounting:** The Company follows the mercantile system of accounting, recognizing income and expenditure on accrual basis. The accounts are prepared on Historical Cost Basis (except Revaluation of certain Fixed Assets) and as a going concern. Accounting Policies not referred to specifically otherwise, are consistent with Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 1956.

b) **Revenue Recognition:** Revenue consists of sale of power, project sale and other income.

   i. Sale of power is recognized at the point of dispatch of electricity generated from Plant and Stock points.
   ii. Project sale: The income is recognized at the point of sale of windmill less manufacturing expe s and other project loss.
   iii. Income: The income is recognized on accrual basis (except on suit filed cases) minus connected expenditure.

c) **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 paid for Wind Electric Generators as Guarantee deposits.

d) **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.

e) **Inventories:** Inventories are valued at cost, net realizable value in the case of unsold power and in case of Project work in progress, at cost.

f) **Retirement Benefits:** The Company has not provided for any retirement benefits to the employees. No provision has been made for any liability for gratuity, provident fund and super annuation scheme. However, the company made contribution of ESI for workers.

Business Performance

Income

We derive our income from various categories of operations. Total Income of the company comprises of Power Income and Other Income. Other Income of the company comprises of the Project Income, Investment Income, Financial Income and Other Income. The details of the Other income from the various streams for the company are demonstrated as under:

The following tables sets forth our Revenues and Other Income constituting towards Total Income during each of financial years 2001, 2002, 2003, 2004, 2005 and Quarter ended on September 30, 2005 as under:

(Rs in Lacs)

Particulars	For the Year Ended					Quarter Ended
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	September 30, 2005
Power Income	487.90	534.74	568.11	525.59	787.13	328.34
Proportion %	79%	73%	75%	63%	68%	94%
Other Income	130.58	199.46	187.95	305.94	365.88	20.17
Proportion %	21%	27%	25%	37%	32%	6%
Total Income	**618.47**	**734.20**	**756.07**	**831.53**	**1153.01**	**348.51**

Particulars	For the Year Ended					Quarter Ended
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	September 30, 2005
Project income	64.15	40.00	30.00	147.85	295.89	0.00
Financial income	317.78	386.12	862.21	111.61	94.64	29.12
Investment income	0.00	16.89	0.75	7.06	0.00	0.00
Other income	90.41	146.33	95.36	73.48	41.80	0.00
Less: Expenses for the above	(341.76)	(389.87)	(800.37)	(34.06)	(66.45)	(8.95)
Total	**130.58**	**199.46**	**187.95**	**305.94**	**365.88**	**20.17**

There has been a significant increase in Power Income in recent years. The Total Income from the sale of Power has registered a CAGR of 12.70% over a period of FY 2001 to 2005. The total income has increased from Rs. 618.47 lacs in FY 2001 to Rs. 1153.01 lacs in FY 2005 with a CAGR of 16.85%.

There has been a fall in the proportion of the Power income to the Total income for two years during the period of last 5 years. The fall has been to the tune of about 11% in FY 2005 as compared to FY 2001. However, during the current financial year the majority of the income has come via the sale of Power for the company.

Expenditure:

The expenses incurred by the company are classified under three categories broadly which are as follows: Operating, Administrative & Other Expenses, Financial Expenses & Depreciation. The Operating, Administrative & Other expenses are the expenses incurred on account of the regular operations in generating power through the wind mills and administrative expenses incurred at the sites, head office and branches of the company.. Financial Expenses are the interest payments on the Term Loans availed from the Banks. Depreciation expenses are on the fixed assets of the company which are the wind mills installed at the present locations.

The following table shows the various Expenses as the % of the Total Income for Financial Year 2001 to 2005 and for the Quarter ended on September 30, 2005:

Expenses as % of Total Income:

(Rs in Lacs)

Particulars	Year ended					Quarter Ended
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	September 30, 2005
Operating, Administrative & Other Expenses	96.57	135.89	172.23	206.95	239.88	64.42
Proportion %	16%	19%	23%	25%	21%	18%
Financial Expenses	222.27	308.57	245.61	214.27	337.23	104.87
Proportion %	36%	42%	32%	26%	29%	30%
Depreciation	94.88	88.7	91.27	104.8	106.5	27.55
Proportion %	15%	12%	12%	13%	9%	8%
Total Expenses	**413.72**	**533.16**	**509.11**	**526.02**	**683.61**	**196.84**

From the above table we can analyse that the expenses on the account of Operating, Administrative & other expenses have increased in proportion whereas the Financial and Depreciation expenses have observed a fall in the last 5 years. The Operating, Administrative & other Expenses have increased with the CAGR of 25.54% over the period FY2001 to 2005.

- Operating, Administrative and Other Expenses as a % of total income have increased from 16% during the year 2001 to 21% in 2005. During the current period (Quarter ended on Sept, 2005), the expe s are in line with the past trends which are at the level of 18% of the total income.
- Financial Expenses account for the maximum proportion of the total expenses averaging 33% of the total income. This category of the expense has observed a fall over the years from the level of 36% in FY2001 to 29% in the FY2005. The current period is in line with the past annual trends. The current period interest expenses are expected to be much lower than the past years.
- Depreciation Expenses have also observed a continuous fall over the period. The proportion of the Depreciation expenses have decreased by 6% over the period of last 5 years..

Earnings before Interest, Depreciation, Tax and Amortization ("EBIDTA")

EBIDTA of the company increased with a CAGR of 16.22% i.e. Rs. 952.25 lacs in FY05 from Rs.521.9 lacs in FY 2001. The EBITDA for the three months ended September 30, 2005 was Rs 284.09 lacs.

A comparison of EBIDTA and as percentage to Total Income after adjustment of excise duty paid for the past periods is as under:

(Rs in Lacs)

Particulars	Year ended					Quarter Ended
	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	September 30, 2005
Total Income	**618.47**	**734.2**	**756.07**	**831.53**	**1153.01**	**348.51**
Profit after tax	**201.78**	**201.04**	**227.06**	**300.28**	**453.36**	**147.67**
Add: Finance Expenses	222.27	308.57	245.61	214.27	337.23	104.87
Depreciation	94.88	88.7	91.27	104.8	106.5	27.55
Tax	2.97	0	6.83	5.23	16.04	4
Earlier year Tax paid	0	0	13.10			0
Less: Deferred Tax Asset	0	0	0	-7.42	39.12	0
EBIDTA	**521.9**	**598.31**	**570.77**	**617.16**	**952.25**	**284.09**
% of Total Income	84%	81%	75%	74%	83%	82%

EBIDTA as a % of Total Income has shown a decline from 84% in the year 2001 to about 74% in the year ended 2004 although there has been an increase of 9% in fiscal 2005 as compared to the 2004 which resulted in the EBIDTA margin of 83% in FY2005.

Profit after Tax

The Profit after Tax is Rs.147.67 lacs for the Quarter Ended September 30, 2005. The Company has achieved the Profit after Tax growth growing at the CAGR of 22.43% over the period of 5 years from FY2001 to FY2005.

The Profit after Tax margins to Total Income have been 33%, 27%, 30%, 36% and 39%for the fiscal years 2001, 2002, 2003, 2004 and 2005. The margins for the Quarter Ended September 30, 2005 have been the highest at 42%.

Sundry Debtors

The following table presents the details of our debtors:

For the Year Ended (Rs in Lacs)

Particulars	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**	**Quarter Ended Sept. 30, 2005**
Sales	568.11	525.59	787.13	328.34
Outstanding debtors at period end	332.59	221.78	253.76	307.20
Debtors < 180 days	228.34	65.90	199.10	252.40
Debtors > 180 days	104.25	155.87	54.66	54.79
Debtors < 180 days as % to total debtors	69%	30%	78%	82%
Debtors > 180 days as % to total debtors	31%	70%	22%	18%
Bad debts including provisions				

Since the Company primarily supplies power only to reputed companies in Karnataka and TNEB in Tamil Nadu, the level of debtors are significantly less. Consequently, the proportion of debtors in comparison to sales is very negligible.

SUMMARY OF FINANCIAL RESULTS FOR THE PAST 5 YEARS CONTAINING SIGNIFICANT ITEMS OF INCOME & EXPENDITURE:

(Rs in Lacs)

Particulars	**For the Year Ended**					**Quarter Ended**
	June 30, 2001	**June 30, 2002**	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**	**September 30, 2005**
INCOME						
Power Income	487.9	534.74	568.11	525.59	787.13	328.34
% to Total Income	79%	73%	75%	63%	68%	94%
Other Income	130.57	199.46	187.96	305.94	365.88	20.17
% to Total Income	21%	27%	25%	37%	32%	9%
Total Income	**618.47**	**734.2**	**756.07**	**831.53**	**1153.01**	**348.51**
EXPENSES						
Operating, Admin. Expenses	96.57	135.89	172.23	206.95	239.88	64.42
% to Total Income	16%	19%	23%	25%	21%	18%
Financial Expenses	222.27	308.57	245.61	214.27	337.23	104.87
% to Total Income	36%	42%	32%	26%	29%	30%
Depreciation	94.88	88.7	91.27	104.8	106.5	27.55
% to Total Income	15%	12%	12%	13%	9%	8%
Total Expenses	**413.72**	**533.16**	**509.11**	**526.02**	**683.61**	**196.84**
EBDITA	**521.9**	**598.31**	**583.84**	**624.58**	**913.13**	**284.09**
% to Total Income	84%	81%	77%	75%	79%	82%
Profit Before Tax	**204.75**	**201.04**	**246.96**	**305.51**	**469.4**	**151.67**
% to Total Income	33%	27%	33%	37%	41%	44%
Less: Prior Period Adjustments	0	0	13.07	0	0	0
Profit Before Tax and after prior period adjustments	**204.75**	**201.04**	**233.89**	**305.51**	**469.4**	**151.67**
% to Total Income	33%	27%	31%	37%	41%	44%
Less: Taxation – Current	2.97	0	6.83	5.23	16.04	4
% to Total Income	0%	0%	1%	1%	1%	1%
Profit after Taxation	**201.78**	**201.04**	**227.06**	**300.28**	**453.36**	**147.67**
% to Total Income	33%	27%	30%	36%	39%	42%
Deferred Tax Liability	0	0	0	-7.42	39.12	0
Transitional Cumulative Provision for Deferred Tax Liability	0	0	0	0	0	0

Comparative Performance:

The Quarter Ended September 30, 2005

The revenues and expenditure for the Quarter Ended September 30, 2005 may not be considered representative of the entire year.

- **Total Sales**

The total sales of the company for the three months ended September 30, 2005 was Rs 348.51 lacs. The Power Income for the Quarter was Rs. 328.34 lacs whereas the Other Income was at Rs. 20.17 lacs.

- **Financial Expenses**

These expenses have been to the tune of Rs. 104.87 lacs for the Quarter and accounted for 53.28% of the Total Expenses.

- **Operating & Administrative Expenses**

The Operating & Administrative Expenses for the quarter were Rs. 64.42 lacs which account for 32.72% of the Total Expenses.

- **Depreciation**

The depreciation for the Quarter Ended September 30, 2005 was Rs. 27.55 lacs as against Rs. 106.50 lacs for the whole of the previous year.

- **Profit/(Loss) before tax**

Profit before Tax for the Quarter ended September 30, 2005 amounted to Rs 151.67 lacs resulting in the margin of 43.52% to Total Income.

- **Profit/(Loss) after tax**

Profit after Tax was Rs 147.67 lacs for Quarter ended September 30, 2005 as compared to Rs 453.36 lacs for the whole of the previous year displaying substantial growth in the PAT.

COMPARISON OF PERFORMANCE YEAR ON YEAR

COMPARITIVE PERFORMANCE OF Financial Year 2005 to Financial Year 2004

REVENUE

Sales

During the year ended June 30, 2005, sales registered a net growth of 49.76% compared to the last fiscal year.

Other Income

Other Income increased from Rs305.94 Lakhs to 365.88 Lakhs registering a growth of 19.5%

EXPENDITURE

Total Expenditure for the year-ended June 30, 2005 was Rs. 683.61 Lakhs as compared to Rs.526.02 Lakhs for the year-ended June 30, 2004 thereby registering an increase of 29.96%.

Earnings before Interest depreciation tax and Amortization (“EBIDTA)

EBIDTA Increased by 46.20% from Rs.624.58 Lakhsin the year 2004 to Rs.913.13 lakhs in the year 2005. EBIDTA as a percentage of Total Income has increased from 74% to 79% in the year 2005.

Finance charges

Financial charges Increased by 57.39% from Rs.214.27 Lakhs in the year 2004 to Rs.337.23 Lakhs in the year 2005. This is basically due to availment of new facility from Banks.

Depreciation

Depreciation increased by 1.6% from Rs.104.80 Lakhs in the year 2004 to Rs.106.50 Lakhs in the year 2005. Gross block of fixed assets (excluding capital work in progress) decreased by Rs.159.15Lakhs in the year 2005

Profit after tax

Profit after tax increased by 50.98% from Rs.300.28 Lakhs to Rs.453.36 Lakhs in the year 2005.

COMPARITIVE PERFORMANCE OF Financial Year 2004 to Financial Year 2003

REVENUE

Turnover

During the year 2004, the turnover registered growth of 9.98% compared to the last fiscal year**.**

Other Income

Other Income increased from Rs187.96 Lakhs to 305.94 Lakhs registering a growth of 62.77%

EXPENDITURE

Total Expenditure for the year-ended June 30, 2004 was Rs.526.02 Lakhs as compared to Rs. 509.11 lacs for the year-ended June 30, 2003 which was an increase of about 3.32%.

Earnings before Interest depreciation tax and Amortization (“EBIDTA)

EBIDTA increased by about 7% from Rs.583.84 Lakhs to Rs.624.58 Lakhs in the year 2004. However EBIDTA as percentage of Total Income has decreased by 2%.

Finance charges

Finance charges have reduced by 13% from Rs. 245.61 Lakhs to Rs.214.27 Lakhs in the fiscal 2004 due to decrease in interest component by 36% and Lease rentals by 6% and Zero Hire Purchase expe s as it had been paid off last year. However, finance charges as percentage of sales has declined marginally from 43% to 41% in the fiscal 2004.

Depreciation

Depreciation increased by about 15% in fiscal 2004 vis-à-vis fiscal 2003. Gross block of fixed assets (excluding capital work in progress) increased by Rs.532.10 lakhs in the fiscal 2004.

Profit after tax

Profit after tax increased by 32.25% from Rs.227.06 lakhs to Rs.300.28 lakhs in the fiscal 2004.The profit after tax as percentage of sales is 57.13% in the fiscal 2004.

Information required as per clause 6.8 of the SEBI Guidelines:

a. Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place.

b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Any alteration in tax structure, tariff policy and any other regulatory framework in the power sector may affect the operations and the financials of the Company.

Except the above, there are no significant economic changes that materially affected or likely to affect income from continuing operations.

c. Known trends or uncertainties

Apart from the risks as disclosed on Page No. [●] of the Draft Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income form continuing operations.

d. Future relationship between costs and revenue

1. **Raw Material**: The only raw material used by the company is wind which is priceless and freely available. Therefore company does not have to incur any expenditure on raw material.
2. **Others Costs**: Other costs excluding Depreciation & Interest, constitutes 25% of the total revenue. Interest cost is expected to be reduced in future due to repayment of loans and lower dependence on borrowings due to higher internal accruals on complete implementation of all the projects.

e. Seasonality of business

The wind power generation is not cyclical in nature.

f. Over dependence on Single supplier/Customer

The company sells majority of the power generated to the SEBs.

g. Total turn over of the Industry

Please refer to the Para on “Industry Data” on Page No. [●] of this Draft Red Herring Prospectus.

h. 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 the company 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.

i. New Products

Apart from the business segments mentioned in the para “Business Overview” on page no. [●] of the Draft Red Herring Prospectus, Company does not produce or market any other product or services

REVIEW OF FINANCIAL POSITION

Fixed Assets

Fixed assets are comprised mainly of land and buildings, plant and machinery, furniture and fixtures, office equipment, and computers.

Rs. in Lacs

	For the Year Ended					Quarter Ended
	June 30, 2001	**June 30, 2002**	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**	**September 30, 2005**
Gross Block	2096.60	1794.73	1964.82	2496.87	2337.72	2381.45
Less : Depreciation	205.30	286.55	377.81	480.54	518.59	546.14
Net Block	1891.30	1508.18	1587.01	2016.33	1819.13	1835.31
Capital Work in Progress	0	0	956.39	1426.21	820.13	1025.62
Less: Revaluation Reserve	0	0	640.00	640.00	200.00	200
Total	**1891.30**	**1508.18**	**1903.40**	**2802.54**	**2439.26**	**2660.93**

Installed Capacity and Capacity Utilization

The existing year wise installed and utilized capacities by us are given below:

Product	**Year**					
	2003		**2004**		**2005**	
	Installed Capacity	% Utilization	Installed Capacity	% Utilization	Installed Capacity	% Utilization
Power	13.05MW	21.49	13.05 MW	22.98	18.85 MW	23

	June 30, 2003	**June 30, 2004**	**June 30, 2005**
Investments	91.16	69.06	1.25
Current Assets	4926.04	2885.91	1987.23
Current Liabilities and Provisions	1071.55	2648.78	425.56
Non-Current Liabilities	357.37	648.05	632.72
Net Worth	4789.79	4799.21	4394.01

Related Party Transactions

For details of related party transactions, please refer to the section entitled “Related Party Transactions” on page [•] of this Draft Red Herring Prospectus.

Risks Envisaged by the Management which may affect the financial performance:

Financial Market Risks

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks from changes in interest rates, inflation & exchange fluctuation

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to the loans as on September 30, 2005 as the interest rate could vary in the near future. Though loans are currently linked to respective institutions, any rise in interest rates may have adverse impact on the rate of interest on loans (as applicable to our company).

Effect of Inflation

We are affected by inflation as it may have an impact on the increment in employee costs.

VI. LEGAL & STATUTORY INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, [its Subsidiaries], its Directors or its Promoter or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ Bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters or Directors.

A. Outstanding litigation and contingent liabilities of the Company

Contingent liabilities as on September 30, 2005

Name of the Statute	**Nature of Dues**	***Amount of* Demand**	**Period to which Demand relates**	**Forum where Dispute is Pending**
Income Tax Law	Income Tax	Rs. 287,410/-	Assessment Year 2001-2002	Appellate Tribunal-Chennai
		Rs. 34,96,220	Assessment Year 2001-2002	Appeal being filed before Commissioner (Appeals)
		Rs. 4,088,257/-	Assessment year 1998-99	Appellate Tribunal-Chennai

Outstanding litigation against our Directors

Cases filed against our Director

(a) Thomas Muthoot and Thomas John Muthoot v. Mr. K.S Ravindranath, Director O.S. No. 437 of 2005 before the Court of the Principal District Munsiff, Nagercoil.

Vide a Sale Deed dated April 12, 2000 bearing number 272 of 2000, a 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 Defendant 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, on 10th September, 2003 vide a consent letter of even date the defendant out of the entire property had 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, 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 a suit against Mr. K.S Ravindranath, the whole time Director of the Company alleging his title over the property as described in the schedule to the Plaint i.e. 53 cents in Re.Sy.No.774/2 situated in Aralvoimozhy Village. However, the defendant has denied the allegation and has claimed that the Plaintiffs property lies to the east and south of the plaint schedule property and therefore the Plaintiffs have no cause of action to file the suit against the defendant challenging his title to the Scheduled property. The Suit is pending before the Court of the Principal District Munsiff, Nagercoil.

Outstanding litigation against and by Our Company

Cases filed by the 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

The Company has entered into an operation and maintenance contract (“O&M Contract”) dated 2nd April, 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 the Plaintiff to grant and the Plaintiff agreed to grant to Soprano Holdings Company Private Limited (the” 2nd Defendant”) financial assistance of Rs. 56,500,000/- repayable over a period of 9 years and 9 months together with interest @20% p.a. on quarterly rests vide a loan agreement dated 23rd April, 1998. Subsequently, a joint agreement dated 24th April, 1998 was executed between the Plaintiff, 1st Defendant and the 2nd Defendant. Pursuant to the agreement dated 24th April, 1998, the 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 joint and severally liable to pay the Company the entire outstanding loan due amounting to Rs. 5,65,00,000.00 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 plus the cost of this suit and any other relief as the nature and circumstances of the case may require.

(b) Indowind Wind Energy Limited & Others v/s. State of Karnataka, Union Of India & Others Writ Petition No. 30649/2000 C/w 30627/2000, 30628/2000 and 30629/2000 before the Hon’ble Mr. Justice T.S. Thakur, High Court of Karnataka

The petitioner has filed a Writ petition in the High Court of Karnataka, Bangalore for the revision of wheeling charges from 2% to 10%. Subsequently, the High Court passed an interim order dated 6th November, 2000 stating that the Respondent-Corporation shall collect wheeling charges at the rate of 10% of the energy wheeled subject to the petitioners 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 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 final order copy is not served as yet. 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 / 2005 OS/ 2005 before the Court Thenkasi District Munsif Court

Vide a sale deed dated October 21, 2003 executed by and between the Company and one Mr. Subramaniam, the 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 instead of southern corner, a deed of rectification was taken from Mr. Subramaniam on August 3, 2005 clearly demarcating the property of 1.23 acres in the southern corner of the total property of 1.65.5 hectares bearing survey number 90/1. The Defendant No.1 in this case subsequently entered into a registered lease agreement dated March 11, 2005 with Mr. Subramanium for 2 acres in the eastern corner of the property bearing survey no. 90/1 and certain other properties. Further the said Defendant No.1 is claiming right over our property admeasuring 1.23 acres and is trying to construct a structure on the said property without our permission or consent. Accordingly, the Company has filed this suit and has sought directions of the Hon’ble Court to grant a permanent stay against the Defendant No.1 prohibiting it to construct any building or civil foundation on our 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. The 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 in our property.

(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

Indowind 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.10, 000,000/- vide cheque number 503851 dated May 21, 2004 drawn on Standard Chartered Bank, Bhopal. The said cheque was returned dishonoured and unpaid on June 17, 2004 with the remarks "Account Closed". Accordingly, a legal notice was served upon accused and subsequently this compalaint was filed on July 28, 2004. The same is pending before the Metropolitan Magistrate's Court, Bandra.

Cases filed against Our Company

(a) Thomas Muthoot and Thomas John Muthoot v. Indowind Energy Limited O.S. No. 437 of 2005 before the Court of the Principal District Munsiff, Nagercoil.

Vide a Sale Deed dated April 12, 2000 bearing number 272 of 2000, a 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 Defendant 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, on 10th September, 2003 vide a consent letter of even date the defendant out of the entire property had 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, 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 a suit against the Company alleging his title over the property as described in the schedule to the Plaint i.e. 53 cents in Re.Sy.No.774/2 situated in Aralvoimozhy Village. However, the defendant has denied the allegation and has claimed that the Plaintiffs property lies to the east and south of the plaint schedule property and therefore the Plaintiffs have no cause of action to file the suit against the defendant challenging the title to the Scheduled property. The Suit is pending before the Court of the Principal District Munsiff, Nagercoil.

(b) Dena Bank, Bhopal v/s Indowind Energy Ltd. Review Application dated February 12, 2005 before the Deputy Governor, Reserve Bank of India

The Applicant has filed a review application against the award passed by the Honorable Banking Ombudsman, Bhopal on 14th January, 2005 in relation to the Complaint made by the Company bearing Complaint No. 406/2004-2005 regarding a bank guarantee for Rs. 10,000,000 issued by Dena Bank in favour of the Company ("Beneficiary") on behalf of their client M/s. Cicon Environment Technology Ltd. The beneficiary invoked the guarantee but the Bank claimed that the Original Bank guarantee was cancelled by the Company and has also expired. The Company asked the Bank to furnish a copy of the cancelled guarantee, which on receiving was found to be not genuine. The Bank claimed that the borrower company has committed fraud in connivance with the complainant. The forum passed an award stating that the Bank must pay to the complainant a sum of Rs. 10,000,000/- along with interest as well as a sum of Rs. 50,000/- towards cost incurred. The Applicant therefore, prays that the award passed should be set aside and the review petition of the Bank should be allowed with costs in the interest of justice and shall be held that the applicant is not liable to the opposite party. The Company in turn prays that the Review Application is devoid of any merits and is a motive to delay the payment of the legitimate claim of the opposite party and therefore the Review Application shall be dismissed. The order is yet awaited from the Deputy Governor, Reserve Bank of India.

(c) Income Tax Demands

The Company has filed an Appeal being Income Tax Appeal No. 528/04-05/A.III against the order dated 21st February, 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, interalia, 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 the Company, if the Company succeeds in its challenge, is Rs. 4,088,257/-.

The Company has filed an Appeal being Income Tax Appeal No. 175/04-05 against the order dated 30th March, 2004 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 disallowing expenditure u/s 40A(2) amounting to Rs. 1,10,80,000/- and u/s 37(1)) amounting to Rs. 2,49,480, and an interest amount of Rs. 29,30,425/-. This pertains to Assessment Year 2001-2002 and the amount that would be refunded to the Company, if the Company succeeds in its challenge, is Rs. 34,96,220/-.

Outstanding litigation by/ against Our Promoters

I. Mr. K. V. Bala

Outstanding Litigation by or against Mr. K. V. Bala

NIL

II.Subuthi Finance Limited

Outstanding litigation and Contingent Liabilities of SFL

Contingent liabilities of SFL as on 31st March, 2005

Income Tax Demand Rs. 1,90,59,301

For the Block Assessment period 1993-94 to 1996-97, the Assessing Officer has passed orders disallowing the Depreciation claimed by the Company and has demanded tax of Rs. 10,243,906/-. The Company has appealed before the Hon'ble High Court of Chennai. For the assessment year 1996-97, 1997-98 and 1998-99, the Income tax authorities have raised a tax demand of Rs. 88,15,395 disallowing certain lease expenses and claim of depreciation for the years. The Company has appealed to the Commissioner and the Appellate tribunal against the orders.

Corporate Guarantee

The Company has extended corporate guarantee in respect of the credit facilities of Rs. 35,000,000/- provided to M/s. Money Shoppe Network Limited by Ing-Vysya Bank Limited.

Two windmills owned by the Company with SC No: 195 &199, have been given as security to ING Vysya Bank Limited in in respect of the credit facilities availed by M/s. Money Shoppe Network Limited from the said bank.

Outstanding Litigation of SFL

Cases filed against SFL

(a) Income Tax Demands

SFL has filed an Appeal being Income Tax Appeal No.536/2005before the Hon'ble High Court of Chennai against the order passed by the Commissioner of Income Tax for disallowing the depreciation claimed by SFL. This pertains to the Assessment Year 1993-94 to 1996-97 and the Assessing Officer has demanded tax of Rs.1,02,43,906/-.

SFL has filed an Appeal being Income Tax Appeal No. 236, 237 and 238/2004-05 for the Assessment Year 1996-97, 1997-98 and 1998-99 respectively before the Commissioner of Income Tax (Appeals)-V and Appellate tribunal against the order passed by the Assistant Commissioner of Income Tax, Company Circle –VI (4) for dis-allowing certain lease expenses and claim of depreciation claimed by SFL. This pertains to the Assessment Year 1996-97, 1997-98 and 1998-99 and the Income tax authorities have demanded tax of Rs. 88,15,395/-.

SFL has preferred a petition U/s 264 of the Income Tax Act, 1961 before the Commissioner of Income Tax, Chennai III to reopen the assessment of Assessment Year 1995-96. The Application to effect was filed on 7th April, 2005. The reason for moving the said application is to remove 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.

Cases filed by SFL

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

SFL has filed this complaint against Accused under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 for a total amount of Rs.3,98,400/- vide cheque number 369069 for an amount of Rs. 3,74,400 and vide cheque number 369070 for an amount of Rs.24,000 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 accused and subsequently this compalaint 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

SFL 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.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 compalaint was filed on September 24, 1997. The same is pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli.

(c) Subuthi Finance Limited v/s. M/s Avichem Resins Limited and Others, Case No. 576/SS/05 pending before the Additional Chief Metropolitan Magistrate's Court, Vikroli

SFL 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 accused and subsequently this compalaint 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 M/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 Limited filed this complaint against M/s.Agritech Hatcheries and Foods Limited and Others u/s 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 the complainant. The said cheque was returned dishonoured and unpaid on July 14, 1997 with the reason for dishonour being insufficient funds. Accordingly 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, Vikhroli.

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 Defendant number 1 took on lease 2 boilers from Subuthi Finance Limited 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 the Plaintiff as security deposit, which was to be adjusted towards outstanding rentals, due and payable under the agreement. Further to secure the due performance and observance of the terms and conditions of the said lease agreement, Defendant numbers 2 and 3 executed a Deed of Guarantee dated July 29, 1993 in favor of the Plaintiffs. However, Defendant number 1 failed to pay the lease rentals for the period beginning April 20,1996 upto September 20, 1996. Accordingly the Plaintiffs brought this suit against Defendant 1 and Defendant number 2 and 3 as guarantors of Defendant number 1 to pay to the Plaintiff a sum 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

Vide a master lease agreement dated 9th February, 1993 Agritech Hatcheries and Foods Limited (the "Company") took on lease from the Plaintiff 18,750 jumbo plastic crates of a total value of Rs. 75,00,000/- for a period of six months with the lease rentals being equivalent to Rs.1883.29/- per Rs.1000/- of the asset value per month. Subsequently, the Company approached the Plaintiff for an additional 33,000 jumbo plastic crates for a period of 60 months effective March 12, 1993.The total value of the jumbo plastic crates was Rs. 1,56,75,000/-. Further to secure the due performance and observance of the obligations of the Company under the Master Lease Agreement the Defendant being the Promoter of the Company executed a Deed of Guarantee dated March 12, 1993 in favour of the Plaintiff.However, the Company defaulted in making timely payments to the Plaintiff and accordingly the Plaintiff has filed this suit against the Defendant as the guarantor of the Company to pay the plaintiff a sum of Rs. 79,66,957,62/-. The said suit is pending before the High Court at Mumbai.

(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 the Defendant number 1 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, Defendant numbers 2 and 3 executed a Deed of Guarantee dated September 2, 1993 in favor of the Plaintiffs. However, Defendant number 1 failed to pay the Plaintiffs lease rentals from time to time in the manner as payable to the Plaintiff under the lease agreement. Accordingly the Plaintiff brought this suit against the Defendant 1 and Defendant No. 2 and 3 as guarantors of Defendant number 1 to pay to the Plaintiff a sum of Rs. 36,57,700/- along with service charges calculated at 48% per annum 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 the Plaintiff leased out equipments to the Defendant for which the lease rental was agreed to be paid to the Plaintiff in instalments. Further to secure the due payment of the principal, interest and all other amounts by the Defendant, Defendant No. 2 and 3 executed a Deed of Guarantee dated January 25, 1995 in favour of the Plaintiff. The Defendants did not pay the lease rentals in the manner set out in the lease agreement. Accordingly, the Plaintiff based on this breach of contract in respect of unpaid lease rentals filed this suit on April 28, 1999 claiming 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 realisationthereof, from the Defendant and the 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 the Plaintiff leased out equipments to the Defendant for which the lease rental was agreed to be paid in instalments. Further to secure the due and actual payment of all sums under the agreement and to ensure the performance of all conditions and stipulations contained in the agreement, Defendant No. 2 executed a Deed of Guarantee dated February 25, 1995 in favour of the Plaintiff. Subsequently as a result of failure on the part of the Defendants to perform their obligations under the agreement the Plaintiff filed this suit on April 9,1999 claiming the performance of the said obligations including 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 tothe Plaintiff by the Defendants.The same is pending before the High Court, Mumbai.

(f) M/s Subuthi Finance Limited v/s Salstar Foods and Beverages Limited, Company Petition No.835 of 1997 pending before High Court, Mumbai

M/s Subuthi Finance Limited filed a company petition against Salstar Foods and Beverages Limited initiating proceedings u/s 433 and 434 of the Companies Act, 1956 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 Defendant *vide* a hire purchase agreement dated December 15, 1994. *Vide* the agreement the Defendant had hired equipments from the Petitioners for a lease rental which had to be paid to the Petitioners in twelve quarterly intalments of Rs.5, 54,972.25/- each. Except five all the cheques issued by the Defendant in favour of the Petitioners were returned dishonoured due to non-availability of funds in the Defendant's account. Subsequent to which a petition was filed on October 3, 1997. The same is pending before the High Court, Mumbai.

(g) Orissa Concrete and Allied Industries Limited v/s M/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 M/s Agritech Hatcheries and Foods Limited has filed a company petition number 703 of 1996 against the Respondent for winding up of M/s 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 filed an affidavit on May 19,1999 with the Official Liquidator for repossession of the leased assets. The matter is still pending before the Official Liquidator, High Court, Mumbai.

III. Loyal Credit & Investments Limited ("LCIL")

Contingent liabilities of LCIL as on 31st March, 2005

NIL

Outstanding Litigation of LCIL

NIL

Outstanding litigation against and by Our Promoters Group

IV. SUBUTHI INVESTMENTS PRIVATE LIMITED (“SIPL”)

Contingent liabilities of SIPL as on 31st March, 2005

NIL

Outstanding Litigation of SIPL

NIL

V. INDONET GLOBAL LIMITED (“IGL”)

Contingent liabilities of IGL as on 31st March, 2005

NIL

Outstanding Litigation of IGL

NIL

VI. SGM WINDFARMS PRIVATE LIMITED (“SGMWPL”)

Contingent liabilities of SGMWPL as on 31st March, 2005

NIL

Outstanding Litigation of SGMWPL

NIL

VII. MSKV REMEDIES LTD (“MRL”)

Contingent liabilities of MRL as on 31st March, 2005

NIL

Outstanding Litigation MRL

NIL

*VIII.*COMMENDAM INVESTMENT PRIVATE LTD (“CIPL”)

Contingent liabilities of CIPL as on 31st March, 2005

NIL

Outstanding Litigation of CIPL

NIL

IX. WIND ENERGY DEVELOPMENT COMPANY PRIVATE LTD (“WEDCO”)

Contingent liabilities of WEDCO as on 31st March, 2005

The Assessing Officer has passed an order for the assessment year 1999–2000 raising a demand of Rs. 1,34,13,750/- to which the Company has appealed before the First Income Tax Appellate authority, which resulted in reducing the demand to Rs. 5,46,186 which the Company has paid. However, the income tax department has preferred an appeal against the order of the First Income Tax Appellate Authority.

Outstanding Litigation of WEDCO

Mr. R. Suryanaryanan, Income Tax Officer, Company Ward III(1) has filed an Appeal against WEDCO being Income Tax Appeal No. 734 of Mds/2005 against the order dated 6th December, 2004 passed by the Commissioner of Income Tax (Appeals) – III, Chennai under section 143(3) and 147 of the Income Tax Act before the Income Tax Appellate Tribunal, Bench, Chennai. This pertains to Assessment Year 1999-2000 and the total income computed by the Assessment Officer is Rs. 1,75,00,000/-.

X. KANYA WINDFARMS PRIVATE LTD (“KWPL”)

Contingent liabilities of KWPL as on 31st March, 2005

NIL

Outstanding Litigation of KWPL

NIL

XI. GREEN STAR ENERGY PRIVATE LIMITED (“GSEPL”)

Contingent liabilities of GSEPL as on 31st March, 2005

NIL

Outstanding Litigation of GSEPL

NIL

RBI DEFAULT:

The names of the following Directors/ Promoters of the 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 6th July 2001 as confirmed by ICICI Bank *vide* their letter dated 4th January 2004

MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE:

UTI Bank Limtied *vide* their sanction letter dated June 7, 2002 had granted lease assistance for a total amount of Rs. 61,20,00,000/- to the Company, for setting up 60 WEGs of 225KW each aggregating to 13.5MW. However, out of the total amount of Rs. 61,20,00,000/- UTI Bank Limited has disbursed an amount of Rs. 30,60,00,000 for setting up 30 WEGs as the first phase of the total project. Subsequently, the Company and UTI Bank Limited entered into an agreement to lease for the said 30 WEGs vide an agreement dated March 4, 2004, which WEGs were commissioned on March 11, 2004. Pursuant to the said agreement, the Company had to pay UTI Bank Limited an amount equivalent to Rs.1, 39,70,000/- towards lease rentals and an equal amount as interest free non-refundable security deposit annually for a period of seven years commencing from March 11, 2004 which would be adjusted towards the Residual value of the assets at the end of the Agreement. In addition to the above, the Company is also required to pay a one-time upfront refundable interest free security deposit of Rs.8, 40,00,000/- which would also be adjusted towards the Residual value of the assets at the end of the Agreement.

As on date, the Company has not paid the interest free non-refundable security deposit for the financial years 2004-2005 and 2005-2006 (proportionately) since the Company has already incurred a sizeable amount towards the implementation of the 2nd phase of the total project from its internal accruals. Further the Company is in discussion with UTI Bank Limited for the disbursement of the balance amount sanctioned towards 2nd phase of the total project and adjustment of the interest free non-refundable security deposit.

2. GOVERNMENT APPROVALS/ LICENSING AGREEMENTS

The 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. Certification 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 30th September, 1997 issued by the Registrar of Companies, Tamil Nadu for change of name of the 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 16th August 1985, granted to its office situated at 2nd Floor, Kakani Towers No.15, Khader Nawaz Khan Road, Nungambakkam, Madras – 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 16th August 1985, granted to its office situated at 2nd Floor, Kakani Towers No.15, Khader Nawaz Khan Road, Nungambakkam, Madras – 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 9th January 2004 valid for 2005-2006, granted to its office situated at the CTO-IAC, Pondicherry by the Dy. 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 8th January 2004, granted to its office situated at RSNo. 1/15, Karasur Village, Sedarapet, Pondicherry by the Dy. 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 11th March 2003 and amendment dated 23rd December 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 at a unit in RS No. 1/15, Sedarapet, Pondicherry bearing No. PVC – 327 valid from to 31st December, 2005 issued under the Factories Act, 1948 by the Chief Inspector of Factories.

10. License No. 127/2004-2005 granted to unit at RS No. 1/15, Sedarapet, Pondicherry by the Commissioner, Villianur Commune Panchayat valid until 31st March 2006; for carrying on manufacturing of wind electric generator.

11. No Objection Certificate No. 359/TCP/SC/2004/541 dated 12th March 2004, granted to its unit at 1/15, Karasur Revenue Village, Sedarapet, Villianur Commune, Pondicherry for setting up an industry with

a installed capacity of 60HP by the Chief Town Planner, Government of Pondicherry, Town & Planning Department.

12. Approval No. 10-5549/A3/CIF&B/2004 dated 24th March 2004 granted by the Assistant Inspector of Factories under the Factories Act, 1948 for the use of Boilers at its unit situated at 1/15, Karasur Revenue Village, Sedarapet, Villianur Commune, Pondicherry.

13. Importer Exporter Code No. 0403003539 granted by the Foreign Trade Development Officer, Government of India, Ministry of Commerce vide its certificate dated 20th May 2005 to its Registered Office and Branches at 85 Kamarajar Salai, Madurai; Subhash Nagar, Kanniyakumari & RS No.224/A, Plot No.5, Karnataka.

14. Registration No. 372/SIA/IMO/2003 granted by the Secretariat of Industrial Assistance for manufacture of wind energy generator at its unit at Tirubhuvanam, Manadi Pet Commune, Pondicherry vide its certificate dated 7th February 2003.

15. 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.

16. Certificate for payment of registration fees bearing No. 4211874-8 dated 23rd April, 2005 valid for the year 2005-2006 issued by Assistant Commissioner of Commercial Taxes, Gadag, Karnataka under the VAT Tax Act.

17. Provisional VAT Registration bearing Tax Identification Number 29640126827 issued by the Commercial Tax Department dated 2nd April, 2003 and effective from 1st April, 2003.

18. Central Sales Tax Registration No. 4216874-0 dated 24th April, 2002 granted by Assistant Commissioner of Commercial Taxes, Karnataka.

19. Karnataka Sales Tax Registration No. 4211874-8 dated 20th November, 2002 granted by the Assistant Commissioner of Commercial Taxes, Karnataka.

20. Professtional Tax Registration No. 4211874-8 dated 24th April, 2002 granted by the Professional Tax Commissioner, Karnataka.

21. Certificate for payment of registration fees bearing No. 4211874-8 dated 23rd April, 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 the 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 the 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.

Pending Trademark Application

34. Trademark Mark Application No. 1376284 issued on 12th August, 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	CWEL	To be finalized	IEL has Selected Chiranjeevi Wind Energy Ltd, Pollachi 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	CWEL	To be finalized	The EPC Contractor CWEL would provide free operation during the warranty period of two years. From 3rd 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				

VII. OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE:

Pursuant to Section 81(1A) of the Companies Act, 1956, the present Issue of Equity Shares has been authorized vide Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on January 13, 2006.

PROHIBITION BY SEBI:

The Company, its directors, any of the Company's Associates or Group Companies, and Companies with which the directors of the Issuer are associated, as directors or Promoters, have not been prohibited from accessing the capital market under any Order or directions passed by SEBI. The listing of any securities of the Issuer has never been refused at anytime by any of the stock exchanges in India.

ELIGIBILITY FOR THE ISSUE:

The Company is fulfilling the criteria of eligibility norms for public Issue by unlisted company as specified in the Clause 2.2.1 of SEBI Guidelines in the following manner:

i. The Company has a net tangible asset of at least Rs.300 lacs in each of the preceding 3 full years (of 12 months each) and the monetary assets of the Company in the last 3 years are less than 50% of the net tangible assets:

(Rs. in Lacs)

Financial Year	**June 30, 2005**	**June 30, 2004**	**June 30, 2003**	**June 30, 2002**	**June 30, 2001**
Fixed Assets (Net)	1,819.13	2,066.33	1,587.00	1,508.18	1,891.31
Capital WIP	1,667.99	-	316.39	1,361.54	1,541.93
Capital Advances / Guarantee deposits	8.40	1,249.40	1,238.90	-	-
Current Assets, Loans & Advances	1,787.22	2,245.92	3,969.66	1,207.49	661.05
Trade Investments	1.25	69.06	91.17	85.02	192.66
Less: Current Liabilities & Provisions	425.56	1,071.55	2,648.78	232.68	99.49
Net Tangible Assets	**4,858.43**	**4,559.16**	**4,554.34**	**3,929.55**	**4,187.46**
Monetary Assets	**27.87**	**59.94**	**77.25**	**93.02**	**9.82**

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 secured as well as u cured long term liabilities).

ii. The Company has a track record of distributable profits in terms of section 205 of the Act, for at least three (3) out of immediately preceding five (5) years.

(Rs. in Lacs)

Financial year	**June 30, 2001**	**June 30, 2002**	**June 30, 2003**	**June 30, 2004**	**June 30, 2005**
Profit after tax	201.78	201.04	227.06	307.70	414.24

iii. 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).

(Rs. in Lacs)

Financial Year	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005
Share Capital	519.00	753.00	753.00	1506.00	2536.78
Preference Share Capital	1900.00	1200.00	1600.00	1400.00	400.00
Reserves & Surplus	1396.31	1709.86	1796.79	1259.37	1271.63
Misc	0.00	0.00	0.00	6.16	14.40
Net worth	3815.31	3662.86	4149.79	4159.21	4194.01

iv. The Issue size (i.e. offer through this Draft Red Herring Prospectus) does not exceed five (5) times its pre-Issue net worth as per last available audited accounts, either at the time of filing Draft Red Herring Prospectus with SEBI or at the time of opening of the Issue.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRHPS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRHP. THE BRLM, M/S UTI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRHP 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 ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRHP, THE BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM, UTI SECURITIES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 2, 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

i. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS/LETTER OF OFFER PERTAINING TO THE SAID ISSUE;

ii. 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 DRHP 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 AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

a. THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE

b. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;

c. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

iii. 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.

THE FILING OF DRHP DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN DRHP."

DISCLAIMER FROM OUR COMPANY, THE BRLM AND THE CO-BRLM

OUR COMPANY, OUR DIRECTORS, THE BRLM AND THE CO-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.

CAUTION

THE ISSUER COMPANY AND THE BRLM ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE DRAFT RED HERRING PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE ISSUER AND THAT ANYONE CAN PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION 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 AMONGST THE UNDERWRITERS AND THE COMPANY AND THE MEMORANDUM OF UNDERSTANDING AMONGST THE BRLM AND THE COMPANY DATED [●]

ALL INFORMATION SHALL BE MADE AVAILABLE BY INDOWIND ENERGY LIMITED AND THE BRLM TO THE PUBLIC AND INVESTORS AT LARGE AND NO SELECTIVE OR ADDITIONAL INFORMATION WILL BE AVAILABLE FOR A SECTION OF THE INVESTORS IN ANY MANNER WHATSOEVER, INCLUDING AT ROAD SHOW PRESENTATIONS, IN RESEARCH OR SALES REPORTS OR OTHERWISE

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED, MUMBAI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (THE DESIGNATED STOCK EXCHANGE). BSE HAS GIVEN VIDE ITS LETTER DATED **[•]** PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS DRFAT RED HERRING PROSPECTUS AS ONE OF THE STOCK

EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. BSE HAS SCRUTINIZED THIS DRHP FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. BSE DOES NOT IN ANY MANNER-

i. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS, DRHP; OR
ii. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
iii. 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 THAT THIS DRHP HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. 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 EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CO QUENT 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.

JURISDICTION

THIS ISSUE IS MADE IN INDIA TO PERSONS RESIDENT IN INDIA (INCLUDING INDIAN NATIONALS RESIDENT IN INDIA WHO ARE MAJORS, HINDU UNDIVIDED FAMILIES, COMPANIES, CORPORATE BODIES AND SOCIETIES REGISTERED UNDER THE APPLICABLE LAWS IN INDIA AND AUTHORISED 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), TRUST REGISTERED UNDER THE SOCIETIES' REGISTRATION ACT, 1860, OR ANY OTHER TRUST LAW AND WHO ARE AUTHORISED BY THEIR CONSTITUTION TO HOLD AND INVEST IN SHARES) AND TO NRIS AND FIIS AS DEFINED UNDER INDIAN LAWS. THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE TO SHARES ISSUED HEREBY IN ANY OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION TO SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT RED HERRING PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. ANY DISPUTES ARISING OUT OF THIS ISSUE WILL BE SUBJECT TO THE JURISDICTION OF APPROPRIATE COURTS. NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE, EXCEPT THAT THIS DRAFT RED HERRING PROSPECTUS HAS BEEN FILED WITH SEBI FOR ITS OBSERVATIONS AND SEBI HAS GIVEN ITS OBSERVATIONS AND THE FINAL DRAFT RED HERRING PROSPECTUS HAS BEEN FILED WITH ROC AS PER THE PROVISIONS OF ACT. ACCORDINGLY, THE EQUITY SHARES REPRESENTED THEREBY MAY NOT BE OFFERED 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 INDOWIND ENERGY LIMITED SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THIS DATE.

FILING

1. A copy of this Draft Red Herring Prospectus has been filed with Corporation Finance Department of SEBI at Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai - 400 021.

2. A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC, Tamil Nadu.

LISTING

Initial listing Applications will be made to BSE for permission to deal in and for an official quotation of the Equity Shares.
If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Offer Closing Date, whichever is earlier), then the Company and every director of the Company 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 application money, as prescribed under Section 73 of the Companies Act.

The Company together with the assistance of 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 offer.

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.”

CONSENTS

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the Auditors, Legal Advisors, Bankers to our Company; and (b) Book Running Lead Manager, Co-Book Running Lead Manager, Syndicate Members, Escrow Collection Bankers and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of this Draft Red Herring Prospectus with the RoC, Tamil Nadu at Chennai as required under Sections 60 and 60B of the Companies Act and such co nts have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the RoC, Tamil Nadu at Chennai.

EXPERT OPINION

The Company has not obtained any expert opinions related to the present issue, except that of M/s Crawford Bayley & Co, as legal advisors to the issue and V Ramaratnam & Co., Chartered Accountants who have given the tax benefits certificate.

ISSUE EXPENSES

Rs. in Lacs

Sr. No.	Particulars	Amount
1	Fees of BRLM, Co-BRLM, Advisor, Registrar, Legal Advisor, Auditors, etc.	**[•]**
2	Printing & Stationery Distribution, Postage, etc.	**[•]**
3	Advertisement and Marketing expenses	**[•]**
4	Underwriting Commission, Brokerage and selling expenses	**[•]**
5	Other expenses	**[•]**
	Total	**[•]**

FEES PAYABLE TO THE BRLM AND CO-BRLM

The total fees payable to the BRLM and Co-BRLM, including underwriting commission for the Issue will be as per the engagement letters from our Company to the BRLM and the Co-BRLM and the Memorandum of Understanding executed between our Company, the BRLM and the Co-BRLM, 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 between Registrar to the Issue and our Company dated ------------ a copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post or speed post.

FEES PAYABLE TO THE ESCROW BANKERS

No fees are payable to the Escrow Bankers.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The Underwriting Commission will be paid not more than 1.5% of the Public Issue Size (excluding Promoters’ Contribution in the Issue).

Brokerage for the Issue will be paid not more than @ 1.5% of the Issue Price of the Equity Shares by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the ‘Broker’ column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers’/ Agents’ codes on the application form, our decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Our Company, at our sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by our Company.

PREVIOUS PUBLIC OR RIGHTS ISSUES

Our Company has not made any public or rights issue of Equity Shares/Debentures since incorporation.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

Our Company has not issued any Equity Shares for consideration except as mentioned under the section “Capital Structure” on Page No. [●] in this Draft Red Herring Prospectus other than cash since incorporation.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

COMPANIES UNDER THE SAME MANAGEMENT

PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There is one listed Companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956.

Subuthi Finance Limited is the listed company which also is Promoter Company. This company came out with their Public issue in the year 1996. The brief details of the public issue are given as under.

Year	1996
Type of the Issue	Public Issue of 18,00,000 Equity Shares of Rs. 10 each for cash at the premium of Rs. 20.
Amounts of the Issue	Rs 540 Lacs
Date of the Closure of the Issue	March 30, 1996
Date of Completion of the Delivery of the Share Certificates	May 28, 1996
Date of Completion of the Projects	The public issue was mainly for augmenting working Capital requirments and acquiring of premises, furniture and fixtyres and other office equipments. Immediately after IPO, the industry (leasing and HP) faced major downturn due to various policy chnages by RBI and the government. In addition to this there were large scale disallownce of depriciation cliams by NBFCs and the business was at its lowest ebb. Hence the company could not expand the business activities as envisaged in the IPO and as a result new premises and other office equipments were not acquired. However the company could repay all its debts in its entirity over a period and became debt free company as on today.

There are no other listed Companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956, which made any capital Issue during the last three years.

LISTED VENTURES OF PROMOTERS – SUBUTHI FINANCE LTD.

There is only one listed venture of Our Promoters by the name SUBUTHI FINANCE LIMITED. For Details refer to the Page No. [●] under the section “Promoters Background and Details”.

PROMISE VIS-A-VIS PERFORMANCE

SUBUTHI FINANCE LIMITED

Following is the table with the comparisons of the actual performance vis a vis the Projections as described in the DRHP issued during the Public Issue in 1996.

Particulars	**For the Year Ended**								
(In Rs lacs)	**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**					
(In Rs lacs)	**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:

The company could not achieve the projections (promises) due to the following reasons.

a. There was a downturn in the HP and Leasing industry since 1996.

b. Changes in the RBI policy for NBFC's to choose either fund based or fee based activities.

c. There were huge claims from IT department on account of dis-allowance of depreciation co quently the company has to pay sizeable taxes and fight various cases in various forums like IT appellate tribunal and courts. Also IT department has attached the accounts of the company. Co quently, the company could not carry out the business activities. The situation further aggravated by the non-payment of various borrowers. However, in spite of all these difficulties , the company could repay the entire debts through prudent management policies and become debt free. The company is confident of achieving better results in the future.

INVESTORS GRIEVANCE REDRESSAL MECHANISM

The Memorandum of Understanding between the Registrar to the Issue and us provides for retention of records with the Registrar to the Issue for a period of at least one year from the date of closing of this issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection center where the application was submitted.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

We have appointed the Registrar to the Issue to handle the Investor Grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. We would monitor the work of the Registrar to ensure that the Investor Grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely Big Share Services Private Limited, Mumbai will handle investors' grievances pertaining to the offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to us. The company would also be co-ordinating with the registrar to the offer in attending to the grievances to the investor.

The company assures that the Board of Directors in respect of the complaints, if any to be received shall adhere to the following schedules:

	Nature of Complaint	*Time Table*
1.	Non-receipt of refund	Within 10 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 10 days of receipt of information
3.	Any other complaint in relation to Offer of Sale	Within 10 days of receipt of complaint with all relevant details

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 15 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.

The company shall keep the shareholders informed about the progress of the project through quarterly results which will be published in News papers.

We have appointed Ms Gayathri M R, as the Company Secretary of the Company pursuant to Section 383A of the Act, as the Compliance Officer and she 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: **Ms. Gayathri M R, Company Secretary**
Registered Office: Kakani Towers, II Floor, 15, Khader Nawaz Khan Road, Chennai – 600 006.
Tel No: (044) 2833 0867/ 2833 1310 / 5215 0443; **Fax No:** (044) 2833 0208
E-mail: ipo@indowind.com; **Website:** www.indowind.com

The company has appointed Ms. M. R. Gayathri as Compliance Officer who would directly deal with SEBI officer with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any offer related problems. The Compliance Officer would be available at the Registered Office of the Company.

CHANGE OF AUDITORS DURING THE LAST THREE YEARS

There has been no change in auditors of the company during the last 3 years.

Name of Auditor	Date of appointment	Date of ceasing	Reason
M/s. Vasudevan & Associates	29-12-2000	31-12-2002	
M/s. V. Ramaratnam & Co.	31-12-2002	-----	

CAPITALISATION OF RESERVES

There has not been any capitalisation of reserves or profits during the last five years, except as stated in the notes to capital structure on page no. [•] of this Draft Red Herring Prospectus

REVALUATION OF ASSETS

There has not been any revaluation of Assets during the last five years, except as stated in the Audit Report .

VIII. ISSUE INFORMATION

1. TERMS OF ISSUE

Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the Memorandum and Articles and shall rank *pari passu* with the existing equity shares of the Company in all respects, except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in the "Notes to Capital structure".

Mode of payment of dividend

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

Face Value and Issue Price

The Equity shares of the company are of face value of Rs.10/- per share and the present issue is being made at [•] 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, 1956.

Market lot

The Company shall allot the Equity Shares in dematerialized form only. The trading in the Equity Shares of the 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 Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 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 the Company or at the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the 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 the Company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Act.

Arrangement for disposal of odd lots

The 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 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 shares except stated otherwise in Articles of Association of the company. Provision of Article for the same is stated on page no [•] of this Draft Red Herring Prospectus.

2. ISSUE STRUCTURE

The present Issue of 90,00,000 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	**Eligible Shareholders**	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	9,00,000 Equity Shares.	9,00,000 Equity Shares.	Not More than 45,00,000 Equity Shares	Not Less than 13,50,000 Equity Shares	Not Less than 31,50,000 Equity Shares.
% of Issue Size available for* allocation	Upto 10% of the Issue	Upto 10% of the Issue	Not more than 50% of Net Issue to the Public 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.	Not less than 15% of Net Issue to the Public or Net Issue to the Public less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of Net Issue to the Public or Net Issue to the Public 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.

	Eligible Employees	Eligible Shareholders	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 1,00,000	Not exceeding the portion.	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
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)	Eligible Shareholders of Group Company (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 Eligible Shareholders 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 118,750 Equity Shares (assuming QIB Portion is 50% of the Net Issue, i.e. 4,750,000 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.

Under subscription, if any, out of the Equity Shares reserved for allotment to Eligible Employees and / or Eligible Shareholders will be added back to the categories of Non – Institutional Bidders and Retail Individual Bidders in the ratio of 50:50. In case of under subscription in the Net Issue spill over to the extent of under – subscription shall be permitted from Employee Reservation Portion and / or Shareholders of Grouo Company Portion.

3. ISSUE PROCEDURE

Note: The SEBI Guidelines have been recently amended on September 19, 2005. Pursuant to those amendments, certain significant changes have been made, including with regard to the allocation procedure for QIBs. Certain changes may be made to the terms of the Issue and the description of the Issue procedure based on the discussions the BRLMs may have and clarifications that they may obtain from SEBI and the Stock Exchanges.

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to QIBs including specific allocation of 5% within the category of QIBs for Mutual Funds. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public 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. We, in consultation with the BRLM, reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons thereof in case of QIBs. 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. The 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 allotment 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 this Draft 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	Blue
Non-residents including NRIs or FIIs applying on a repatriation basis	White
Eligible Employees	Green
Eligible Group Company Shareholders	Pink

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. 25 crore and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 25 crore 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 on a 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 members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is proportionate and will not be eligible as a QIB in this Issue. Further, the BRLM and the 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 applicable law.

In accordance with 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 the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by 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 capital carrying voting rights.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid- up capital of the Company. In respect of an FII investing in the Equity Shares 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 the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

As per the current regulations, the following restrictions are applicable for investments 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 fund. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The 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 this Draft 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:

For Eligible Employees: The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid in the Employee Reservation Portion cannot exceed 900,000 Equity Shares

For Eligible Shareholders/ Eligible Shareholders of Group Companies: The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid in the Shareholders of Group Company Portion cannot exceed 900,000 Equity Shares

For Retail Bidders:

The Bid must be for minimum [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000 In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision 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 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 size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under 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'.

Information for the Bidders

a. We will file the Red Herring Prospectus with the RoC/Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
b. The Price Band shall be advertised at least one day prior to the Bid opening date/Issue opening date. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.
c. The members of the Syndicate will circulate copies of this Draft Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
d. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Draft 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.
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. We, with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the members of the Syndicate. The members of the Syndicate 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 3 (three) days and not exceed 7 (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.

d. During the Bidding Period, the Bidders may approach 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.

e. 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” on page [•] of this Draft Red Herring Prospectus) within the Price Band 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 for 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.

f. The Bidder cannot bid on another Bid cum Application Form after 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 bidding 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 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 the paragraph “Build up of the Book and Revision of Bids” on page [•] of this Draft Red Herring Prospectus.

g. The members of the Syndicate will enter each 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.

h. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page [•] of the Red Herring Prospectus.

i. It may be noted that the bids received in the Employee Reservation Portion and the Shareholders of Group Company Portion shall not be considered for the purpose of determining the Issue price through book building portion.

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/-.

b. 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.

c. 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), and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.

d. We, in consultation with the BRLM, can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.

e. 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 Portion and Shareholders of Group Company Portion 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.**

f. Retail Individual Bidders, Employees bidding under Employee Reservation Portion and Shareholders bidding under Shareholders of Group Company Portion 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 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 the Issue multiplied by the Issue Price), Retail Individual Bidders or Employees, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.(s)

g. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 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.

h. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders 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 Escrow Account.

i. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain **[•]** Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. **[•]** to Rs. **[•]**.

Escrow Mechanism:

The Company and members of the Syndicate 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 the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the 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 the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Accounts/ refund Accounts as per the terms of the Escrow Agreement and this Draft 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 the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue 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 0%, 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 price 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 the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and not later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) 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, Eligible 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 Money payable by each category of Bidders is mentioned under the heading “Issue Structure” in 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 the 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 NSE and BSE. There will be at least one NSE / BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.

b. NSE and BSE will offer a screen-based facility for registering Bids for the 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 an half hourly 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 NSE and BSE will be downloaded on a half hourly 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.

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 – Individual, Corporate, NRI, FII, Mutual Fund, etc.,
    iii. Numbers of Equity Shares bid for;
    iv. Bid price;
    v. Bid-cum-Application Form Number;
    vi. Whether payment is made upon submission of Bid-cum-Application Form.
    vii. 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 the 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 listed on page [•] in this Draft Red Herring Prospectus.

h. It is to be distinctly understood that the permission given by NSE and BSE 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 the Company or BRLM are cleared or approved by NSE and BSE; 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 the Company, its promoters, its management or any scheme or project of the Company.

i. It is also to be distinctly understood that the approval given by NSE and BSE 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 NSE and BSE; 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 the NSE and BSE.

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 the NSE or BSE mainframe on half-hourly basis.

b. The book gets build up at various price levels. This information will be available with the BRLM on a half-hourly 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 the 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 NSE or BSE 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.

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 the Company.

b. The 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 Size, done on a proportionate basis. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Issue to Public, 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.

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 the 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.

Signing of Underwriting Agreement and RoC Filing:

a. The 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.

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 Draft 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 to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.

b. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the 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 to the Issue 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 allotted**. 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 Eligible Shareholders of Group Company bid – cum – application form (Pink in colour) or resident Bid-cum-Application Form (blue in colour) or Non-Resident Bid-cum-Application Form (white 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. 1,00,000 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 Stockinvests.

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 (blue colour for Resident Indians and white 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 under the Employee Reservation Portion must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of 900,000 Equity Shares. The Bids from the Eligible Shareholders under the Shareholders of Group Company Reservation Portion must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of 900,000 Equity Shares.

- 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).

- 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 following at the relevant place in the Bid-cum-Application Form:

- Employee Number

- The sole/ first Bidder should be 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 of or for a value of not more than Rs. 100,000 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. 100,000.

- The maximum bid in this category by any Eligible Employee cannot exceed 900,000 Equity Shares.

- Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

- If the aggregate demand in this category is less than or equal to 900,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- Under subscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

- If the aggregate demand in this category is greater than 900,000 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 para “Basis of Allocation” on page [●] of this Draft Red Herring Prospectus.

Bids by Eligible Shareholders

Bids under Shareholders of Group Company Portion shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour form).

- Eligible Shareholders should mention the following at the relevant place in the Bid-cum-Application Form:

- The sole/ first Bidder should be Eligible Shareholder.

- Bids by Eligible 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.

- Eligible Shareholders who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Shareholder whose minimum Bid amount exceeds Rs. 100,000.

- The maximum bid in this category by any Eligible shareholder cannot exceed 900,000 Equity Shares.

- Bid/ Application by Eligible Shareholder can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.

- If the aggregate demand in this category is less than or equal to 900,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible shareholders to the extent of their demand.

- Under subscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Shareholders of Group Company Portion.

- If the aggregate demand in this category is greater than 900,000 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 para “Basis of Allocation” on page [●] of this Draft Red Herring Prospectus.

Bidder's 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 to the Issue will obtain from the Depository, the Bidder’s bank account details. **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 the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidder’s 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 to the Issue 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 to the Issue, 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, the Issuer 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. 25 crore and pension fund with the minimum corpus of Rs. 25 crore, 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 Registrars to the Issue.

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 (Blue in colour).

Bids by Non-Residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (white 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 see “Maximum and Minimum Bid Size” at 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 of the Company 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 Banks 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 the 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 the 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 the Company should be drawn in favour of:

   - In case of Resident Bidders: "**Escrow Account- Indowind Energy Ltd. Public Issue**"
   - In case of Non Resident Bidders: "**Escrow Account- Indowind Energy Ltd. Public Issue- NR**"
   - In case of Eligible Employees: “Escrow Account – Indowind Energy Ltd. Public Issue – Employees”
   - In case of Eligible Shareholders of Group Company: “Escrow Account – Indowind Energy Ltd. Public Issue – Eligible Shareholders”

   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 a 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 Escrow Account of the Company.

5. The monies deposited in the Escrow Account of the 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 the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection 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 under the Employee Reservation Portion and Eligible Shareholders under the Shareholders of Group Company Portion can also bid in the "Net Issue to the Public" Portion and such bids shall not be treated as multiple bids.

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 or GIR Number

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 application form. Applications 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 01st July 2005, SEBI has 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.

Our Right to Reject Bids

The Company and the BRLM reserve the right to reject any Bid without assigning any reason therefore in case of QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, we would 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.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

- 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 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 applying for greater than 100,000 Equity Shares;
- 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, Ttrust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvests/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 BRLMs or the 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 the Company, the Depositories and the Registrar:

1. An Agreement dated [•] among NSDL, the Company and Bigshare Services Private Limited;
2. An Agreement dated [•] among CDSL, the 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 to the Issue 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

Ms. Gayathri M S
Indowind Energy Ltd.

Address: IInd Floor, Kakani Towers,
15 Khader Nawaz Khan Road,
Chennai 600 006
Telephone: 91- 044 2833 0867/ 2833 1310/ 5215 0443
Fax: 91- 044 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 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 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 900,000 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 900,000 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 Eligible Shareholders of Group Company for purposes of this paragraph.

- Bids received from the Eligible Shareholders of Group Company 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 Shareholders of Group Company will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to 900,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Shareholders of Group Company to the extent of their demand.

- If the aggregate demand in this category is greater than 900,000 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 Shareholders of Group Company 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.

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 [•] 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 [•] 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 [•] 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 [•] 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 [•] 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, the 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. The Company will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the 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 the 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 to the Issue 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 Applications and Application Money

The Company shall ensure dispatch of allocation advice or refund orders and give benefit to the Beneficiary Account with Depository Participants and submit the documents pertaining to the allocation to the Stock Exchanges within two working days of date of finalisation of allocation of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for allocation and 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 Act, the requirements of the Stock Exchange and the SEBI Guidelines, we further undertake that:

1. Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue closing date

2. Dispatch of refund orders will be done within 15 days from the Bid/Issue closing date

3. Our Company shall pay interest at 15 % per annum (for delay beyond 15 days time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credit are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company 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.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The 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. The 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 within 15 days from the date of closure of the Issue.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and refund orders of value up to Rs. 1,500 by under Certificate of Posting and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received 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 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI (DIP) Guidelines.

UNDERTAKING BY THE COMPANY

We undertake as follows:

A that the complaints received in respect of the Issue shall be attended to by the 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 dispatch of refund orders by registered post shall be made available to the Registrar to the Issue by the Company;

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;

F that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

- all monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;

- details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;

- details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the 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 the 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 the 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 the Board from time to time.

IX. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Authorised capital of Indowind Energy Limited is Rs. 39,60,00,000/- divided into 3,56,00,000 Equity Shares of Rs. 10/- each and 4 Prefernce Shares of Rs. 1,00,00,000/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company are detailed below:

Share Capital 5. a. * The Authorised Share Capital of the Company is Rs.39,60,00,000/- (Rupees Thirty Nine Crores Sixty Lakhs only) divided into 3,56,00,000 (Three Crores Fifty Six Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 4 (Four) Preference Shares of Rs.1,00,00,000 each (Rupees one Crore only) with power to the company to reduce or increase or consolidate the capital of the Company.

Preference Shares b. The Company shall have power to issue at any time Preference Shares including Redeemable Preference Shares

*Amended at the Extraordinary meeting of the Company held on the 9th April 1999 as 61,00,000 Equity Share of Rs.10/= each and 24 Preference Shares of Rs.1,00,00,000/= each, amended as 51,00,000 Equity Shares of Rs.10/= each and 25 Preference Shares of Rs.1,00,00,000/= at the EGM held on the 18th January 2000, amended as 53,50,000 equity shares of Rs.10/= each and 25 Preference Shares of Rs.1,00,00,000/= at the EGM held on 14th day of September 2000, amended as 1,03,50,000 Equity Shares of Rs.10/- each and 20 Preference Shares of Rs1,00,00,000/- each at the EGM held on 5th November 2001, amended as 1,63,50,000 Equity Shares of Rs.10/= each and 14 Preference Shares of Rs.1,00,00,000/= each at the EGM held on 30th March 2004, amended as 2,26,00,000 Equity Shares of Rs. 10/- each and 14 Preference Shares of Rs. 1,00,00,000 each at the EGM held on 27th August 2004, amended as 2,86,00,000 Equity Shares of Rs. 10/- each and 11 Preference Shares of Rs. 1,00,00,000 each at the EGM held on 25th February 2005 and amended as above at the EGM held on 21st October 2005.

SHARES

Shares Under the Control of the Board 6. The shares shall be under the control of the Directors who may allot them to such person on such terms and conditions as they may think fit provided, however, the Directors shall comply with the provisions of Section 75 of the Act or any statutory modifications thereof.

Shares not deemed to be varied 7. The rights conferred upon the holders of the shares of any class with preferred or other rights, shall not, unless otherwise expressly provided by the terms of issue of the shares of the class be deemed to be varied by the creation or issue of further shares ranking paripassu therewith.

Power to increase Share Capital 8. The company shall have the power to increase the authorised capital subject to the provisions of the Companies Act.

Power to issue Preference Shares 9. The company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be so redeemed at the option of the Company any the Directors may subject to the provisions of the act exercise such power in any manner prescribed by the resolution authorising the issue of such shares.

Power to reduce Share 10. The Company shall have the power to reduce the share capital in

Capital

the manner provided for in section 100 to 104 of the Act or any statutory modification thereof.

Procedure for Issue of new Shares

11. The new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction shall be given, as the Directors shall determine, and in particular such shares may (subject to any special rights for the time being attached to any existing class of shares) be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a special right or without any right of voting.

Joint Holders of Shares

12. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

Issue of Shares for consideration other than Cash

13. a. The board may issue and allot shares in the Company as payment for any property sold or goods otherwise transferred or machinery or appliances supplied or for services rendered or to be rendered to the Company or in the formation or promotion of the Company or the acquisitions and/or conduct of its business and shares may be so allotted as fully paid up shares and if so issued, shall be deemed to be fully paid up shares.

b. As regards all allotments, from time to time made, the Board shall duly comply with Section 75 of the Act.

Power to pay interest Out of capital

14. The Company may, subject the conditions and restrictions contained in Section 208 of the Act of the purposes of raising money to defray the expenses of the construction of any works or building or the provision of any plan which cannot be profitable for the lengthened period, pay interest on so much of the share capital for the time being paid up and may charge the same to capital as part of the cost of construction of work to building or the provision of the plant.

Trusts not recognised

15. Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction as by Statue require, be bound to recognise, any equitable or other claim to or interest in such share on the part of any other person.

SHARE CERTIFICATES

16. a. Every person whose name is entered as a member in the Register of Members shall be entitled to receive within three months after the allotment or 2 months after the Registration of transfer.

i. One certificate for all his shares without payment.

ii. Several certificates each for one or more of his shares upon payment of one rupee for every certificate after the first.

b. Every certificate shall be issued under the seal of the Company and shall specify the shares to which it relates and the amount paid up thereon.

c. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for share to one or several joint holder shall be sufficient delivery to all such joint holders.

d. If a share certificate is defaced, lost or destroyed it may be renewed on payment of such fee not exceeding fifty paise and on such terms if any as to evidence and indemnity and the payment of out-of-pocket expe s incurred by the Company in investigating the evidence as the directors think fit, in accordance with the companies (issue of share certificate) Rules 1960.

CALLS ON SHARES

Calls

17. The Board may, from time to time subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalment and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

Revocation of calls

18. A call may be revoked or postponed at the discretion of the Board.

TRANSFER AND TRANSMISSION OF SHARES

19. Every instrument of transfer shall be in Form No.7B of the Companies Central Government's General Rules and Forms or any such other Form as may from time to time be prescribed by the Central Government.

20. Every instrument of transfer shall, before it is signed by or on behalf of the transferor or before any other entries made thereon, be presented to the Registrar or such other authority as the Central Government may, from time to time, appoint in that behalf for being stamped or otherwise endorsed thereon the date on which it is so presented.

21. Every instrument of transfer in the prescribed form with the date of such presentation stamped or otherwise endorsed thereon shall, after it is executed by or on behalf of the transferor and the transferee and complete in all respects,be delivered to the Company within two months from the date of such presentation or within such extended period as may be granted by the Central Government under sub-section 1 (d) of Section 108 of the Act. Provided that there it is proved to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application in writing made by the transferee and bearing

the stamp required for an instrument of transfer register the transfer on such terms as to indemnity as the Board may think fit.

22. An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where registration shall in the case of Partly Paid-up shares to be effected unless the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the Register the name of the transferee on the same manner and subject to the same conditions as if the application for registration was made by the transferee. Nothing in this Article shall prejudice any power of the Board to refuse to register the transfer of any shares to a transferee, whether a member or not.

23. The transferor, shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

REGISTRATION OF TRANSFER

24. a. The Board may, subject to the right of appeal conferred by Section III decline to register;

    i. The transfer of a share, not being a fully paid share, to a person of whom they do not approve, or

    ii. Any transfer of shares on which the Company has a lien.

    b. The Board may also decline to recognise any instrument of transfer unless.

    i. The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidences as the Board may reasonably require to show the right of the transferor to make the transfer, and

    ii. The instrument of transfer is in respect of only one class of shares.

25*. a. No fee shall be charged for registration of transfer or for effecting transmission or for registering any letters of probate, letters of administration or similar other documents.

    b Power of the company to rematerialize /dematerialize

    The Company shall be entitled to dematerialize its existing shares, debentured and other securities, rematerialize, its shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 cOption for Investors

Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Securities.

If a person opts to hold its security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

d Securities in Depositories to be in fungible form.

All Securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

e Rights of Depositories and Beneficial Owner

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities, which are to be held by a depository.

f Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

g The Company shall keep a book to be called Register of Transfers and therein shall be entered the particulars of every transfer or transmission of any shares held in dematerialized form.

h. Provided that the registration of transfer shall not be refused only on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever.

* Clauses (b) to (g) are added vide Special Resolution passed at the EGM held on 11th August, 2003.

26. The Executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member. In case of death of any one or more of the joint holders of any shares, the survivors shall be the only persons recognised as registered holders of such shares.

27. Any person becoming entitled to shares in consequence of the death or bankruptcy of any member, upon producing such evidence that he sustains the character of which he proposes to act under this Article of his title as the Board thinks sufficient may with the consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares.

Transfer Fees

28. A fee of one rupee may charged for each transfer approved by the Directors and shall be paid before registration thereof.

Certificate of shares to accompany transfer deed

29. The instrument of transfer shall be accompanied by the certificate of shares.

MEETINGS OF MEMBERS

General Meetings

30. The Company shall in addition to any other meetings, hold a general meeting which shall be styled the Annual General Meeting at such intervals, and in accordance with the provisions of Section 166 of the Act.

31. a. All business shall be deemed special that is transacted at an Annual General Meeting with the exception of

    i. the consideration of accounts, balance sheet and the reports of the Board of Directors and Auditors.;

    ii. the declaration of a dividend;

    iii. the appointment of Directors in the place of those retiring; and

    iv. the appointing of and fixing the remuneration of Auditors.

    In the case of any other meeting all business shall be deemed special.

    b. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, the provisions of Section 173 of the Act shall be complied with.

Time of notice of

32. The General Meeting of the Company may be called by giving not

General Meeting less than 21 days clear notice in writing to all members entitled to receive the same specifying the place, day and hour of the Meeting.

As to omission to give notice

33. The accidental omission to give any such notice to or the non-receipt of any of the members to whom it should be given, shall not invalidate any resolution passed or proceedings held at any such meeting.

Extra-ordinary General Meetings

34. a. All General Meetings other than the Annual meetings of the Company shall be called Extraordinary General Meetings.

b. i. The board may whenever it thinks fit call an Extraordinary General Meeting.

ii. Extraordinary General Meetings may be called on requisition in accordance with the Provisions of Section 169 of the Act.

QUORUM

Quorum

35. a. No business shall be transacted at any General meeting unless a quorum of members is present at the time when the meeting proceeds to business. Five members personally present shall be quorum for the General Meeting of the Company.

b. If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present, a meeting if called on the requisition of any of the members shall stand dissolved. In other cases the meeting shall stand adjourned to the same day in the next week at the same time and place or as the Board may otherwise determine. If at the adjourned meeting if a quorum is not present, the members present shall be a quorum.

CHAIRMAN

Chairman

36. a. The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.

b. If there is no such Chairman or he is not present within fifteen minutes after the time appointed for holding the meeting, or unwilling to act as Chairman of the meeting, the Directors present shall elect one of themselves to be Chairman of the meeting.

c. If at any meeting no director is willing to act as Chairman or if no director is present within fifteen minutes from the time appointed for holding the meeting the members present shall choose one of themselves to be chairman of the meeting in accordance with the provisions of Section 175 or any statutory modification thereof.

Poll

37. On a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for each share held by him.

DIRECTORS

Number of Directors

38. a. Until otherwise determined by a Special Resolution the number of Directors of the Company shall not be less than Three and not more than Twelve.

First Directors

b. The first Directors of the Company are:

1.K.S.Ravindranath
2.K.V.Sasi Kumar

c. The first directors named under clause (b) above shall hold office till such time they desire or vacate their office under the provisions of the Companies Act, 1956 and all other Directors appointed at the General Meetings shall retire once in three year in the Annual General meetings held after their appointment and are eligible for reappointment.

Ex-officio Director

39. If at any time the Company obtain any loans from the State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Industrial Investment Corporation Limited, Industrial Finance corporation of India or the Industrial Credit and Investment Corporation of India or any other like Financial Institution (referred to in this article as "The corporation") and it is a term of such loan that the corporation shall have the right to appointment a Director to the Board of the Company then so long as any moneys shall remain due to the corporation it shall be entitled to appoint a Director to the Board of the Company and to remove from office any Director so appointed and to appoint another in his place or in the place of a director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall not be required to hold any shares in the capital of the Company as his/their qualification and shall not be liable to retire by rotation in accordance with the provisions of these Articles. Such Director or Directors shall be referred to as "Ex-officio Directors" for the purposes of these Articles.

Qualification share of Directors

40. No share qualification is required for any person for being appointed as a Director the Company.

Power of Board to add to its number

41. The Board shall have power, at any time and from time to time to appoint any person as a Director as an addition to the Board provided that the total number of Directors shall not at anytime exceed the Maximum number fixed by the Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

MANAGING DIRECTORS & WHOLE TIME DIRECTORS

Power to appoint Managing Director

42. The Directors at any time may appoint one, two or more of their body as Managing Directors, Joint Managing Directors, whole time Directors or Technical Directors of the Company for term not exceeding five years at a time, and may, subject to any contract between them and the Company, from time to time remove or dismiss them from office and appoint another in their place. On entering into any contract with Managing, Joint Managing, Whole

time or Technical Directors or on the variation of any such contract, the Company shall give the notice and otherwise observe requirements of Section 302 of the Act.

Provision as to the Managing Director

43. A managing Director shall not, while he continues to hold that office, be subject to retire by rotation as herein after provided but (subject to the provisions of any contract or agreement between him and the Company and to the foregoing provision) he shall be subject to the same provisions (as to resignation and removal) as the other Directors of the Company, and if he ceases to hold the office of Director for any cause, shall also factor and immediately cease to be a Managing Director.

Remuneration of Managing Director

44. The remuneration of a Managing Director or Whole time Director, subject to Sections 198 & 309 of the Act, shall from time to time be fixed by the Directors, and may be by the way of salary or percentages in the profits or by both these modes.

Powers and Duties of Managing Director

45. The Board of Directors may from time to time entrust to and confer upon a Managing Director or whole Time Director such powers exercisable under these presents as they may think fit, and may confer such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

Board may appoint Executive or Functional Directors

46. a. The Board of Directors shall have power, from time to time and at any time, to appoint any person who is in the employment of the Company as "Special" or "Executive" or "Technical" or any Functional Director on such terms and conditions as to remuneration or otherwise as the Board may deem fit and at their discretion to remove or suspend such person from the said office. Any person so appointed shall not be a Director of the Company for any of the purposes of the Act, nor shall he have any of the powers, or be subject to any of the duties of a Director.

b. The use of the word "Director" in the said designation shall not be construed as constituting such person a Director of the Company for any of the purpose of the Act.

c. Subject as aforesaid, every person appointed as special or Executive or Technical or any Functional Director shall exercise such power and discharge such duties as the Board of Director may from time to time determine.

PROCEEDINGS OF DIRECTORS

General Power of the Board

47. a. The Board of Director shall be entitled to exercise such powers and to do all such acts and things as the Company is authorised to exercise or do; provided that the Board shall not exercise any power or do any thing which is directed or required by the Act or any other provisions of law, Memorandum of Association or by these articles to be exercised and done by the Company in General Meeting.

b. No regulation made by the Company in General Meetings shall invalidate any prior act of the Board which would have been valid if that regulation had been made.

Board Meetings

48. a. The Board of Director may meet for the despatch of business, adjourn or otherwise regulate its meetings as it thinks fir provided however, the Board shall meet atleast once in every three months in accordance with section 285 of the Act or any statutory modification thereof.

b. A director may, and the principal officer of the Company on the requisition of a director, shall at any time, Summon a meeting of the Board.

c. The quorum for meeting of the Board shall be two directors or one-third of the total strength of the Board whichever is higher subject to section 287 of the Act.

Remuneration to Directors

49. The affairs of the Company shall be managed by the Board of Directors and subject to the provisions of section 314 of the Act, the working directors are entitled to remuneration for the services rendered by them either as whole time or part time which shall be decided by the Board of Directors from time to time.

POWERS AND DUTIES OF BOARD OF DIRECTORS

50. a. Subject to the provisions of the act and the articles herein contained, the affairs and the business of the Company shall be managed by the Board of Directors and the Directors may severally or jointly as the Board decides, exercise all such power and do all such acts and things as the Company is authorised to exercise and do PROVIDED that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other act or by the Memorandum and Articles of Association of the Company or otherwise to be exercised or done by the Company in general meting, in furtherance of the objects mentioned in Clause III of the Memorandum of Association, including the powers expressly included therein, PROVIDED FURTHER that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act, or any other Act, or in the Memorandum and Articles of Association or in any regulations, not inconsistent therewith and duly made thereunder including the Regulations made by the Company in General Meeting.

b. No regulation made by the Company in General Meeting shall invalidate any prior act of the board which would have been valid if that Regulations had not been made.

51. The Board may exercise the following powers on behalf of the Company, but it shall do so only by means of resolutions passed at meetings 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;

e. the power to make loans.

PROVIDED the Board may be a resolution passed at a meeting, delegate to any committee of Directors or Director or any Principal Officer of the Company the power specified in (c), (d) and (e) to the extent specified in sub-section (2) of Sec.292 of the Act, subject to such restrictions and directive in these respects.

Powers of the Board

52. The general control and supervision, conduct and Management of the business and financial and other affairs of the Company shall be vested in and the same be carried on, managed and exercised by the Board of Directors of the Company and accordingly (but without prejudice to the rights and authorities, position and privileges, powers and descretions vested with individual Directors, in whatsoever manner they are called upon subject to the provisions of the Act) the Board shall, in addition to the powers and authorities by the Act or by these presents otherwise expressly conferred on it, exercise in particular the following powers and authorities that is to say.

To do all such acts, deeds, matters and things, exercise all such powers and authorities give all such consents, make all such arrangement, for or in relation to any of the matters aforesaid or otherwise for the purposes or as are necessary incidental or conducive to the attainment of all or any of the subjects of the Company and to enter into all such negotiations and contracts and execute, perform and do or rescind and vary such negotiations, and contracts and sanction and authorise all such other acts, deeds, matters and things in the name and for and on behalf and on account of the Company as it may consider expedient or deem necessary for the purpose of the Company.

Indemnity

53. Subject to Section 201 of the Act, if the Directors or any of them or any other persons shall become personally liable for the payment of any liability due from the Company the Board may execute or cause to be executed subject to the approval by a special Resolution of the Company in General Meeting any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

To keep proper books of accounts

54. The Directors shall cause proper books of accounts to be kept showing receipts and expenses, sales and purchases and the assets and liabilities of the Company and otherwise comply with the provisions of Section 209 of the Companies Act.

Director's fees, remuneration and expenses

55. Each Director shall be paid out of the funds of the Company as remuneration for his services such sums as may be determined by the Directors for every meeting of the Directors at which he

shall be present in person besides travelling, hotel and other expenses.

Directors may contract with the Company

56. Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with the Company either as vendor, the supplier, purchaser otherwise for goods, materials, plant and machinery or services nor shall not any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director of a firm in which such Director or relatives is a partner or with any other partner is such firm or with a private Ltd. Company of which such Director is member of director, be avoided nor shall any Director so contracting or being such member so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established, but the nature of his interest may be disclosed by him at the meeting of the Directors at which the contract is determined or of his interest than existing then existing or in any other case at the first meeting of the Directors after requisition of his interest.

POWERS AND DUTIES OF DIRECTORS

57. Subject to the provisions of the Act, or any other acts in force and these Articles, the Board may delegate any of its powers to one or more Directors and or officers of the Company, to be exercised jointly or severally, subject to such supervision, restriction and direction of the Board as deemed necessary.

THE SEAL

Common Seal

58. The Board shall provide for the safe custody of the seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and except in the presence of atleast one Director and the one Director shall sign every instrument to which the seal of the Company is so affixed in his/her presence.

Seal for use outside India

59. The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act for use in any territory, district of place outside India.

AUDITORS

Accounts to be audited annually

60. Once at least in every year the books of accounts of the Company shall be examined by one or more auditors.

Appointment, remuneration, rights and duties of auditors

61. The appointment, powers, rights, remuneration and duties of the Auditors shall be regulated by Section 224 to 231 of the Act.

BOOKS OF ACCOUNTS

Books of Account to be kept

62. The Board shall cause proper books of accounts to be kept in accordance with section 209 of the Act.

Where to be kept

63. The books of accounts shall be kept at the Registered office of the Company. The Board may decide to keep the books of accounts

at a place other than the Registered office and when the Board so decides, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place, subject to the provisions of the Companies Act 1956.

Inspection of books

64. The Board shall, from time to time, determine whether and to what extent and at what time and places, and under what conditions or regulations the books of accounts and books and documents of the Company shall be open to the inspection of the members not being directors and no member (not being a director) shall have any right of inspecting any books of accounts or book or document of the Company unless conferred by law or authorised by the Board or by the Company in general meeting.

SECRECY

Secrecy Clause

65. a. Every Director, Manager, Auditor, Trustee of the Company, its members, member of a committee, officer, servant, agent, accountant, or other person employed in or about to be employed in the business of the Company shall, if so required by the board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these articles contained.

b. No member shall be entitled to visit, to inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors would be inexpedient in the interest of the Company to disclose.

WINDING UP

Distribution of assets

66. If the Company shall be wound up and assets available for distribution among the members as such be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up which ought to have been paid up at the commencement of the winding-up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up, paid up or which ought to have been paid up on the shares held up by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Distribution of assets in specie

67. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, in specie divide among the contributories, any part of the assets of the company and may, with the like sanction, vest any part of the assets of the company in Trust for the benefit of the contributories, or appoint any of them as the liquidators, with the like sanction, if he shall think fit.

INDEMNITY

Indemnity

68. Every, Director, Officer of the Company or any person (whether an officer of the company or not) employed by the company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such director, officer, employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under section 633 of the Act, in which relief is granted to him by the Court.

Arbitration

69. All question of differences between the Company and its share holders or between the share holders interest as touching the affairs of the Company shall be decided by arbitration as provided by the Indian Arbitration Act and not by Court.

X. 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 1, 2006 between the Company and the BRLM to the Issue.
2. Memorandum of Understanding dated September 08, 2004 between the Company and the Registrar to the Issue Bigshare Services Pvt. Ltd.
3. Copy of tri-partite agreement entered among NSDL, the Company and the Registrar & Transfer Agents to the Company dated September 12, 2000.
4 Copy of tri-partite agreement entered among CDSL, the Company and the Registrar & Transfer Agents to the Company dated December 15, 2000.

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 January 13, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
4. Copy of listing application made to BSE.
5. In-principal approvals from BSE dated [•].
6. Copies of Auditors Report issued by Statutory Auditors of the Company M/s V.Ramaratnam & Co. Chartered Accountants, dated December 9, 2005
7. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s V.Ramaratnam & Co. Chartered Accountants, dated December 9, 2005.
8. Certificate from the Statutory Auditors of the Company M/s. S Vasudevan & Associates, Chartered Accountants, dated January 10, 2006 regarding the sources and deployment of funds.
9. Consent letters from Directors, BRLMs, Bankers to the Issue, 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
10. Copies of Annual Reports for the last 5 accounting periods i.e. FY 2001, FY 2002, FY 2003 and FY 2004, FY 2005 and Balance sheet for Quarter ending September 30, 2005.
11. A copy of the SEBI observation letter no. [•] dated [•].
12. Contracts of appointment & fixing of remuneration of Director, MD and Manager.

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. Jayesh M Thakur __________________________

Mr. Niranjan R Jagtap __________________________

SIGNED BY THE COMPANY SECTRATARY & COMPLIANCE OFFICER

Ms. Gayathri M R __________________________

SIGNED BY THE CHIEF FINANCE OFFICER (CFO)/ VICE PRESIDENT FINANCE

Mr. K.K Dinakar __________________________

Place: CHENNAI

Date: