Indowind Energy Ltd

CIN : L40108TN1995PLC032311
E-mail : contact@indowind.com

29th November 2016

Bombay Stock Exchange Limited
Registered office: Floor 25
P J Street, Dalal Street,
Mumbai-400 001.

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

Dear Sir,

Sub: Statement of impact of Audit Qualifications (for audit report with modified opinion)

We have enclosed herewith Statement of impact of Audit Qualifications (for audit report with modified opinion) for the year 2015-16.

This is for your information and records.

Thanking you,

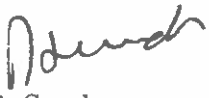
Yours faithfully,

For INDOWIND ENERGY LIMITED

S.DIRAVIAM
Company Secretary

FORM B

Statement of Impact of Audit Qualifications (for audit report with modified opinion)

1	Name of the Company	Indowind Energy Limited
2	Signatories:	
3	• Chairman	 Bala V. Kutti Chairman (Indowind Energy Ltd) (DIN: 00765036)
	• President Finance	 Dinakar K.K. (President Finance (Indowind Energy Ltd)
	• Audit Committee Chairman	 Niranjan R. Jagtap (Independent Director and Chairman – Audit Committee (DIN: 01237606) (Indowind Energy Ltd)
	• Auditor	 R. Sundar Partner – Membership No.012339 For V. Ramaratnam & Co Chartered Accountants Firm Registration No: 002956S

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Financial Results - (*Standalone and Consolidated separately*)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. In Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover /Total Income	2,289.81	2,164.81
	2.	Total Expenditure	2,272.00	5,029.00
	3.	Net Profit/(Loss)	17.96	-2,864.19
	4.	Earnings Per Share (in Rs.)	0.08	-3.19
	5.	Total Assets	31,672.21	31,388.01
	6.	Total Liabilities	14,383.22	16,981.30
	7.	Net Worth	17,289.00	14,406.72
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

Bala V Kutti
Chairman
DIN :
00765036

Dinakar KK
President Finance

Niranjan R Jagtap
Independent Director
& Chairman
Audit Committee
DIN : 01237606

R Sundar
Partner
M No. 012339
For V Ramaratnam
& Co.
FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c. Frequency of Qualification: First time

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views: Not quantified.

e. For Audit Qualification(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

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

(II) If management is unable to estimate the impact, reasons for the same:

Not applicable

(III) Auditors' comment on (i) or (II) above: None

Bala V Kutti Chairman DIN : 00765036	**Dinakar KK** President Finance	**Niranjan R Jagtap** Independent Director & Chairman Audit Committee DIN : 01237606	**R Sundar** Partner M No. 012339 For V Ramaratnam & Co. FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c, Frequency of Qualification: Repetitive

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views: Not quantified.

e. For Audit Qualifications(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

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

(II) If management is unable to estimate the impact, reasons for the same:

The prayer of the Bond Holders in only for liquidation of the company and not any demand.

(III) Auditors' comment on (i) or (II) above: None

Bala V Kutti	**Dinakar KK**	**Niranjan R Jagtap**	**R Sundar**
Chairman	President Finance	Independent Director	Partner
DIN :		& Chairman	M No. 012339
00765036		Audit Committee	For V Ramaratnam
		DIN : 01237606	& Co.
			FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c, Frequency of Qualification: First time

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views:

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

e. For Audit Qualifications(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

Not Applicable

(II) If management is unable to estimate the impact, reasons for the same:

Not applicable

(III) Auditors' comment on (i) or (II) above:

None

Bala V Kutti	**Dinakar KK**	**Niranjan R Jagtap**	**R Sundar**
Chairman	President Finance	Independent Director	Partner
DIN :		& Chairman	M No. 012339
00765036		Audit Committee	For V Ramaratnam
		DIN : 01237606	& Co.
			FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c. Frequency of Qualification: First time

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views:

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

e. For Audit Qualifications(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

Not Applicable

(II) If management is unable to estimate the impact, reasons for the same:

Not applicable

(III) Auditors' comment on (i) or (II) above: None

Bala V Kutti
Chairman
DIN :
00765036

Dinakar KK
President Finance

Niranjan R Jagtap
Independent Director
& Chairman
Audit Committee
DIN : 01237606

R Sundar
Partner
M No. 012339
For V Ramaratnam
& Co.
FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c, Frequency of Qualification: Repetitive

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views:

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

e. For Audit Qualifications(s) where impact is not quantified by the auditors:
Not Applicable

(i) Management's estimation on the impact of audit qualification:
Not Applicable

(II) If management is unable to estimate the impact, reasons for the same:
Not applicable

(III) Auditors' comment on (i) or (II) above: None

Bala V Kutti
Chairman
DIN :
00765036

Dinakar KK
President Finance

Niranjan R Jagtap
Independent Director
& Chairman
Audit Committee
DIN : 01237606

R Sundar
Partner
M No. 012339
For V Ramaratnam
& Co.
FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c, Frequency of Qualification: First time

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views:

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

e. For Audit Qualifications(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

Not Applicable

(II) If management is unable to estimate the impact, reasons for the same:

Not applicable

(III) Auditors' comment on (i) or (II) above:

None

Bala V Kutti Chairman DIN : 00765036	**Dinakar KK** President Finance	**Niranjan R Jagtap** Independent Director & Chairman Audit Committee DIN : 01237606	**R Sundar** Partner M No. 012339 For V Ramaratnam & Co. FRN No. 002956S

II) Audit Qualification:

a. **Detail of Audit Qualification:**

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

b. Type of audit qualification: Qualified opinion (Emphasis of matter)

c, Frequency of Qualification: Repetitive

d. For the Audit Qualification(s) where impact is quantified by the Auditor, management views: Not quantified.

e. For Audit Qualifications(s) where impact is not quantified by the auditors:

(i) Management's estimation on the impact of audit qualification:

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

(II) If management is unable to estimate the impact, reasons for the same:

Not applicable

(III) Auditors' comment on (i) or (II) above: None

Bala V Kutti Chairman DIN : 00765036	**Dinakar KK** President Finance	**Niranjan R Jagtap** Independent Director & Chairman Audit Committee DIN : 01237606	**R Sundar** Partner M No. 012339 For V Ramaratnam & Co. FRN No. 002956S