



Indowind Energy Ltd

CIN : L40108TN1995PLC032311

E-mail : contact@indowind.com

7th August 2020

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, BandraKurla complex,
Bandra(E) ,
Mumbai- 400 051.

BOMBAY STOCK EXCHANGE LIMITED

Registered Office: Floor25,
P J Tower, Dalal Street,
Mumbai- 400 001.

Dear Sir,

SUB: OUTCOME OF THE BOARD MEETING

We wish to inform you that the Board of Directors of Indowind Energy Limited has approved the Audited Financial Results for the quarter and financial year ended 31st March 2020

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

1. Audited Financial Results for the quarter and financial year ended March 31, 2020
2. Auditors Report on the Audited financial results issued by the Statutory Auditor'sM/s. Sanjiv Shah & Associates, Chennai.
3. Statement on impact of Audit Qualification.

Further board has approved the following:

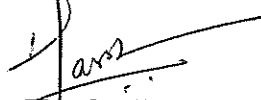
- i. Re-appointment of Mr. Niranjana R Jagtap as Independent Director for the second term of 5 consecutive years and to continue irrespective of his age as per regulation 17(1A) of SEBI (LODR) Regulations, 2015.

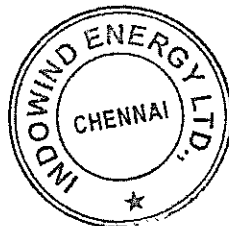
Kindly take the above documents on record.

Thanking you,

Your faithfully,

For **INDOWIND ENERGY LIMITED**


Harsha J
Company Secretary
Encl: As above





INDOWIND ENERGY LIMITED

REGD Office: "KOTHARI BUILDINGS", 4TH FLOOR, 114, M.G.ROAD,
NUNGAMBAKKAM, CHENNAI – 600 034.

Standalone Audited Financial Results for the Quarter and year ended 31.03.2020

(Rs. in Lakhs)

Particulars	Standalone				
	Three Months Ended			Year Ended	
	March 31 2020	December 31 2019	March 31 2019	March 31 2020	March 31 2019
	Audited	Un-Audited	Audited	Audited	
1. Income from operation					
(a) Revenue from operation	132.82	256.29	30.51	1892.38	2055.69
(b) Other Revenue	41.93	14.82	18.75	68.25	57.17
Total Revenue	174.75	271.11	49.26	1960.63	2112.87
2. Expenses					
(a)(1) Operating Expenses	32.27	84.93	126.96	482.57	517.92
(2) selling and Distribution Expenses	18.21	7.64	10.62	61.46	39.74
(b) Purchases of stock-in-trade	-	-	-	-	-
(c) Changes in inventories of finished goods, work -in progress and stock-in-trade	73.17	132.58	12.85	(7.30)	12.85
(d) Employee benefits expense	61.99	67.03	63.09	234.20	227.83
(e) Finance Cost	110.19	145.99	182.10	529.00	699.84
(f) Depreciation and amortization expense	63.20	91.69	40.75	930.76	931.84
(g) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	87.97	62.81	429.12	288.42	643.21
Total expenses	447.00	592.67	865.51	2519.11	3073.22
3. Profit before exceptional and extraordinary items and tax(1-2)	(272.25)	(321.56)	(816.25)	(558.48)	(960.36)
4.Exceptional items	564.47	-	(327.76)	564.47	-
5.Profit before extraordinary items and tax(3-4)	292.22	(321.56)	(444.17)	5.98	(960.36)
6.Extraordinary items	-	-	-	-	-
7. profit before tax(5-6)	292.22	(321.56)	(488.49)	5.98	(960.36)
8. Tax expenses					
Current tax	0.93	-	-	0.93	-
Deferred tax	-	-	265.90	-	265.90
9. Total tax Expenses	0.93	-	265.90	0.93	265.90
10.Profit for the period from continuing operations(7-8)	291.29	(321.56)	(754.39)	5.05	(1226.26)
11. Profit/Loss from discontinuing operations	-	-	-	-	-
12. Tax expenses of discontinuing operations	-	-	-	-	-
13.Profitfrom discontinuing operations(after tax)(11-12)	-	-	-	-	-
14. profit for the period (10+13)	291.29	(321.56)	(754.39)	5.05	(1226.26)
15. Minority interest	-	-	-	-	-
16. profit after minority interest(14-15)	291.29	(321.56)	(754.39)	5.05	(1226.26)

17. Other Comprehensive Income					
Items that will be classified to profit or loss					
18. Total Comprehensive Income for the period (16+17) (Comprising Profit and other Comprehensive income for the period)	291.29	(321.56)	(754.39)	5.05	(1226.26)
19. Paid-up equity share capital (Face Value of Rs.10/- each)	8974.14	8974.14	8974.14	8974.14	8974.14
20. Reserve (excluding Revaluation Reserves)					
21. Earnings per equity shares					
(a) Basic (Rs.)	0.33	(0.36)	(0.84)	0.01	(1.37)
(b) Diluted (Rs.)	0.33	(0.36)	(0.84)	0.01	(1.37)

Consolidated Audited Financial Results for the Quarter and Year ended 31.03.2020

Particulars	Consolidated				
	Three Months Ended			Year Ended	
	March 31 2020 Audited	December 31 2019 Un-Audited	March 31 2019 Audited	March 31 2020 Audited	March 31 2019 Audited
1. Income from operation					
(a) Revenue from operation	336.44	257.66	124.46	2478.18	2565.25
(b) Other Revenue	41.93	14.82	18.75	68.25	57.17
Total Revenue	378.37	272.48	143.21	2546.43	2622.42
2. Expenses					
(a)(1) Operating Expenses	32.27	84.93	126.96	482.57	517.92
(2) selling and Distribution Expenses	117.00	136.27	158.06	588.72	615.67
(b) Purchases of stock-in-trade	-	-	-	-	-
(c) Changes in inventories of finished goods, work -in progress and stock-in-trade	122.47	132.70	(60.23)	42.12	(60.23)
(d) Employee benefits expense	61.99	67.03	63.09	234.20	227.83
(e) Finance Cost	110.19	145.99	182.10	529.00	699.85
(f) Depreciation and amortization expense	63.20	91.69	40.75	930.76	931.84
(g) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	94.43	64.52	432.48	296.79	649.53
Total expenses	601.55	723.13	943.21	3104.16	3214.19
3. Profit before exceptional and extraordinary items and tax(1-2)	(223.18)	(450.65)	(800.00)	(557.73)	(959.98)
4.Exceptional items	564.47	-	(327.76)	564.47	-
5.Profit before extraordinary items and tax(3-4)	341.29	(450.65)	(472.24)	6.74	(959.98)
6.Extraordinary items	-	-	-	-	-
7. profit before tax(5-6)	341.29	(450.65)	(472.24)	6.74	(959.98)
8. Tax expenses					
Current tax	1.13	-	0.10	1.13	0.10
Deferred tax	-	-	265.90	-	265.90

9. Total tax Expenses	1.13	-	266.00	1.13	266.00
10. Profit for the period from continuing operations(7-8)	340.16	(450.65)	(738.24)	5.61	(1225.98)
11. Profit/Loss from discontinuing operations	-	-	-	-	-
12. Tax expenses of discontinuing operations	-	-	-	-	-
13. Profit from discontinuing operations(after tax)(11-12)	-	-	-	-	-
14. profit for the period (10+13)	340.16	(450.65)	(738.24)	5.61	(1225.98)
15. Minority interest	(59.71)	(19.85)	7.90	(0.28)	0.14
16. profit after minority interest(14-15)	280.45	(430.80)	(746.14)	5.33	(1226.12)
17. Other Comprehensive Income	-	-	-	-	-
Items that will be classified to profit or loss					
18. Total Comprehensive Income for the period (16+17) (Comprising Profit and other Comprehensive income for the period)	280.45	(430.80)	(746.14)	5.33	(1226.12)
19. Paid-up equity share capital (Face Value of Rs.10/- each)	8974.14	8974.14	8974.14	8974.14	8974.14
20. Reserve (excluding Revaluation Reserves)					
21. Earnings per equity shares					
(a) Basic (Rs.)	0.32	(0.50)	(0.83)	0.01	(1.37)
(b) Diluted (Rs.)	0.32	(0.50)	(0.83)	0.01	(1.37)

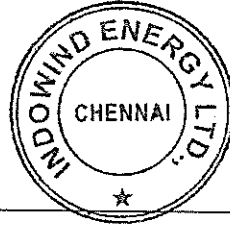
STATEMENT OF ASSETS AND LIABILITIES				
(in Lakhs)				
Particulars	Standalone		Consolidated	
	As at	As at	As at	As at
	31-03-2020	31.03.2019	31-03-2020	31.03.2019
	Audited	Audited	Audited	Audited
Assets				
1. NON-CURRENT ASSET				
Property plant and Equipment	24885.80	25162.24	24885.80	25162.24
Capital work-in-progress	-	495.97	-	40.20
Investment property		-	-	-
Goodwill		-	-	-
Other intangible asset		-	575.39	575.39
Intangible assets under development			-	-
Biological assets other than bearer plants			-	-
Investments accounted for using equity method			-	-
Non -current financial assets			-	-
Non current investments	1104.99	1110.05	1040.69	1045.75
Trade receivables,non current			-	-
Loans, non current	238.34	343.13	238.34	343.13
Other non-current financial assets	2131.85	1755.27	1576.91	1226.46
Total non-current financial asset	3475.18	3208.45	2855.94	2615.33
Deferred tax asset(net)				
Other non current assets				
Total non-current assets	28360.99	28866.65	28317.13	28393.16

2.CURRENT ASSETS				
Inventories	8.62	1.32	32.28	74.40
Current financial asset				
Current investments				
Trade receivable ,current	394.59	502.46	470.03	577.76
Cash and cash equivalents	189.63	37.20	189.88	45.56
Bank balance other than cash and cash equivalents	256.46	642.16	256.46	642.16
Loans,current				
Other current financial assets				
Total current financial assets	849.30	1183.14	948.65	1339.88
Current tax assets(net)				
Other Current assets	85.01	104.98	109.63	499.96
Total current assets	934.30	1288.12	1058.28	1839.84
3.NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	-	-	-	-
4.REGULATORY DEFERRED ACCOUNT DEBIT BALANCE AND RELATED DEFERRED TAX ASSET	-	-	-	-
Total Asset	29295.29	30154.78	29375.40	30233.00
EQUITY AND LIABILITIES				
1.EQUITY				
Equity attributable to owners of parant				
Equity share capital	8974.15	8974.14	8974.15	8974.15
Other equity	10990.51	10985.46	11000.80	10995.48
Total Equity attributable to owners of parant	19964.66	19959.61	19974.95	19969.63
Non controlling interest	-	-	66.79	66.50
Total equity	19964.66	19959.61	20041.74	20036.13
2.Liabilities				
Non-current Liabilities				
Non current financial Liabilities				
Borrowing,non-current	8816.94	9216.90	8816.94	9216.90
Trade payable , non-current				
Other non-current financial Liabilities				
Total non-current	8816.94	9216.90	8816.94	9216.90
Financial Liabilities				
Provisions, non-current				
Deferred tax liabilities(net)				
Deferred government grants, Non-current				
Other non-Current Liabilities				
Current non- Financial Liabilities				
Current liabilities				
Current financial Liabilities				
Borrowings,current				
Trade payables,current	239.34	56.05	241.49	56.97
Other current Financial liabilities	273.40	922.21	274.09	923.00
Total current financial liabilities	512.74	978.26	515.58	979.97
Other current liabilities				
Provisions,current	0.93	-	1.13	
Current tax liabilities(net)				
Deferred government grants,current				
Total current Liabilities	513.68	978.26	516.71	979.97
3.LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS IN DISPOSAL GROUP CLASSIFIED AS				

HELD FOR SALE				
4.REGULATORY DEFERRED ACCOUNT CREDIT BALANCE AND RELATED DEFERRED TAX LIABILITY				
Total liabilities	9330.64	10195.16	9333.65	10196.87
Total Equity and Liabilities	29295.29	30154.77	29375.40	30233.00

Notes:

1. The Audited Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 7th August 2020
2. Previous year's figure have been regrouped & rearranged wherever necessary.
3. Depreciation is provided in line with the generation of power.



For and on behalf of Board of
INDOWIND ENERGY LIMITED

Place: Chennai 34
Date: 7th August 2020

Bala V Kutti
Bala V Kutti
Chairman

Indowind Energy Limited**Standalone Statement of cash flows for the year ended March 31, 2020**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flow From Operating Activities		
Profit before income tax	5.05	(960.35)
Adjustments for		
Depreciation and amortisation expense	930.76	976.15
(Profit)/ Loss on sale of fixed asset	-	-
Interest received	(27.52)	(39.15)
Finance costs	529.00	699.84
	<u>1,437.29</u>	<u>676.49</u>
Change in operating assets and liabilities		
(Increase)/ decrease in loans	-	-
(Increase)/ decrease in Non Current Investments	5.06	-
(Increase)/ decrease in Other financial assets	343.19	(90.21)
(Increase)/ decrease in inventories	(7.30)	(12.85)
(Increase)/ decrease in trade receivables	107.87	(156.18)
(Increase)/ decrease in Other assets	19.97	68.44
Increase/ (decrease) in provisions and other liabilities	(647.87)	(1.70)
Increase/ (decrease) in trade payables	183.29	47.85
Cash generated from operations	<u>1,441.50</u>	<u>531.84</u>
Less : Income taxes paid (net of refunds)	(0.93)	-
Net cash from operating activities (A)	<u>1,440.57</u>	<u>531.84</u>
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(772.41)	169.48
Sale proceeds of PPE (including changes in CWIP)	-	-
(Purchase)/ disposal proceeds of Investments	-	-
(Investments in)/ Maturity of fixed deposits with banks	385.70	(26.49)
Interest income	27.52	39.15
Net cash used in investing activities (B)	<u>(359.18)</u>	<u>182.14</u>
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	(399.96)	(163.10)
Finance costs	(529.00)	(572.30)
Net cash from/ (used in) financing activities (C)	<u>(928.96)</u>	<u>(735.40)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>152.43</u>	<u>-21.43</u>
Cash and cash equivalents at the beginning of the financial year	37.20	58.63
Cash and cash equivalents at end of the year	<u>189.63</u>	<u>37.20</u>
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	183.61	34.41
- in EEFC Account	-	-
- in Treasury bank savings accounts	-	-
Cash on hand	6.02	2.79
	<u>189.63</u>	<u>37.20</u>

The accompanying notes form an integral part of the financial statements

Indowind Energy Limited
Consolidated Statement of cash flows for the year ended March 31, 2020

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flow From Operating Activities		
Profit before income tax	5.61	(959.98)
Adjustments for		
Depreciation and amortisation expense	930.76	931.84
(Profit)/ Loss on sale of fixed asset	-	-
Interest received	(27.52)	(39.15)
Finance costs	529.00	699.85
	1,437.85	632.56
Change in operating assets and liabilities		
(Increase)/ decrease in loans	-	-
(Increase)/ decrease in Non Current Investments	5.06	-
(Increase)/ decrease in Other financial assets	(457.77)	(90.22)
(Increase)/ decrease in inventories	(42.12)	60.23
(Increase)/ decrease in trade receivables	107.73	(25.63)
(Increase)/ decrease in Other assets	390.33	(121.39)
Increase/ (decrease) in provisions and other liabilities	(647.78)	3.54
Increase/ (decrease) in trade payables	184.52	74.14
	977.83	533.24
Cash generated from operations	977.83	533.24
Less : Income taxes paid (net of refunds)	(1.13)	-
Net cash from operating activities (A)	976.70	533.24
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(316.64)	169.48
Sale proceeds of PPE (including changes in CWIP)	-	-
(Purchase)/ disposal proceeds of Investments	-	-
(Investments in)/ Maturity of fixed deposits with banks	385.70	(27.49)
Interest income	27.52	39.15
	96.58	181.14
Net cash used in investing activities (B)	96.58	181.14
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	(399.96)	(163.10)
Finance costs	(529.00)	(572.31)
	(928.96)	(735.41)
Net cash from/ (used in) financing activities (C)	(928.96)	(735.41)
Net decrease in cash and cash equivalents (A+B+C)	144.33	-21.03
Cash and cash equivalents at the beginning of the financial year	45.56	66.59
Cash and cash equivalents at end of the year	189.89	45.56
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	183.86	42.77
- in EEFC Account	-	-
- in Treasury bank savings accounts	-	-
Cash on hand	6.02	2.79
	189.88	45.56

The accompanying notes form an integral part of the financial statements



Independent Auditor's Report on the quarterly and year to date Standalone financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

TO THE BOARD OF DIRECTORS OF INDOWIND ENERGY LIMITED

Report on the Audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying standalone quarterly financial results of Indowind Energy Limited ("the Company"), for the quarter and year ended March 31, 2020 ("statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the statement:

- (a) is presented in accordance with the requirements of regulation 33 of the Listing Regulations except for the effects / possible effects of the matters described in the *Basis for Qualified Opinion* section of our report; and
- (b) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2020 except for the effects / possible effects of the matters described in the *Basis for Qualified Opinion* section of our report.

Basis for Qualified Opinion

- i) a) We draw attention regarding impact on the Profit for the quarter and year ended March 31, 2020 where there is a legal dispute between the Company and the Exim Bank on non-release of the balance loan of \$12.11 million as per the initial agreed terms and the matter is pending before Honourable High Court of Bombay. The Company has provided for the interest on the EXIM loan @4.4% (quarterly rests) after adjusting the fixed deposit, differential interest on fixed deposit and excess processing fee as against the 16% (monthly rests) rate of interest charged by the bank. The entire interest including the penal and additional interest for the year ended March 31, 2020 amounts to ₹ 1480.03 lakhs which is determined based on the closing balance confirmation of EXIM bank. Accordingly, had the interest including the penal and additional interest been provided in line with the bank in the financial results, the loss before exceptional items and tax for the year ended March 31, 2020 would have been higher by ₹ 1169.02 lakhs. Our opinion dated May 30, 2019 on the standalone financial results for the year ended March 31, 2019 and our review report dated February 14, 2020 on the standalone and consolidated financial results for the quarter ended December 31, 2019 was also qualified in respect of this matter.



Sanjiv Shah & Associates
Chartered Accountants

Adarsh Apartments II Floor, # 80 Vepery High Road Chennai - 600 007.
Telefax : 00-91-44-25610842 / 0892 Email : mail@ssaca.in



- ii) We refer to Note 4 to the accompanying Statement, the Company's Capital advances shown under Property, Plant & Equipment under Non-Current Asset of ₹ 3398.99 lakhs which is related to the compensation claim from Suzlon Energy Ltd for non-performance of the machines purchased by the Company. The Honourable High Court of Madras (Single bench) has passed an order on 26.11.2019 setting aside the Arbitral Award dated 22.07.2017 which was passed in favour of the Company. The Company has filed an appeal with the Honourable High Court of Madras (Division bench) against the order referred above. In view of the uncertainty associated with the outcome of the case, we are unable to comment on the recoverability of the claim made by the Company. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.
- iii) We refer to Note 8 to the accompanying Statement, the Company has other non-current assets with related parties of ₹ 1547.52 lakhs receivable in respect of sale of machines (2.50 MW consisting of 9 Machines) and expenses incurred with respect to make change / repowering of the 1.5 MW capacity. The repowering of the balance 1 MW is still pending and the Company has estimated that an amount of ₹ 250 lakhs is required to complete the repowering of the same. A condition was also stipulated in the agreement that this amount will be paid in 2 to 3 years' time without any interest from the date of the Company completing the repowering of the 2.5 MW project. Hence the provision is required. However, the management is of the view that the repowering of balance 1 MW will be carried out to make them in working condition and also collect part of the amount in the coming financial year. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.
- iv) We refer to Note 10 to the accompanying Statement, the Company has trade receivables to the tune of ₹ 394.59 lakhs out of which ₹ 228.96 lakhs relates to Interest recoverable from TNEB Thirunelveli and BESCOM. The amount is lying as receivable for more than 3 years. As both are the Government entities, the collection of the said amount was expected to be certain. The Company has filed the petition before the Honourable Tamil Nadu Electricity Regulatory Commission claiming the interest recoverable from TNEB, Thirunelveli for which the outcome is unascertainable at this stage. In our opinion the chance of recoverability is low and the provision shall be made for the same. Had the provision been made in the financial results, the loss before exceptional items and tax for the year ended March 31,2020 would have been higher by ₹ 228.96 lakhs and the trade receivables is overstated by ₹ 228.96 lakhs.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Sanjiv Shah & Associates
Chartered Accountants

Adarsh Apartments II Floor, # 80 Vepery High Road Chennai - 600 007.
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b) We refer to Note 28 to the accompanying Statement, the Company has recognised interest income to the tune of ₹ 564.47 lakhs and the same was adjusted in EXIM loan outstanding in the financial results for the year ended March 31,2020. As the outcome of the case as referred above in point number (i)(a) is uncertain at this stage, the recognition of Contingencies in financial results is not in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act 2013. Accordingly, had the interest income not been recognised, the profit before tax for the year ended March 31,2020 would have been lower by ₹ 564.47 lakhs.

c) We refer to Note 16 to the accompanying Statement, the Company's Long-term borrowings includes ₹ 7116.66 lakhs as at March 31,2020 representing the loan outstanding (principal and interest dues) obtained from EXIM bank. However, the closing balance confirmation of EXIM bank reflects ₹ 9505.97 lakhs as the total outstanding (principal and interest dues) as at March 31,2020. The Company has adjusted the fixed deposits charged against the loan from EXIM bank to the tune of ₹ 401.24 lakhs towards the principal outstanding during the year ended March 31,2020 whereas the bank had adjusted for ₹ 365.35 lakhs on February 22,2019 against the interest overdues. The derecognition of financial liability in part is not in accordance with the requirements of Ind AS 109 'Financial Instruments'. The Long term borrowings reflected under the Non-Current liabilities has been understated in the Statement to the tune of ₹ 2389.31 lakhs as at March 31,2020.

d) We refer to Note 7 to the accompanying Statement, the Company has accounted for reduction in the unamortized interest expense reflected under Other non-current financial assets to the extent of ₹ 46.74 lakhs which was adjusted in EXIM loan outstanding in the financial results for the year ended March 31,2020. The Company has taken a stand that the processing fees booked at the time of initial sanction of loan was based on the total amount sanctioned by the EXIM bank and 50% of the same has to be reversed since the entire sanctioned amount has not been released by the EXIM bank. However, there is no such clause mentioned in the terms and conditions stipulated in the sanction letter of the EXIM bank. Hence the stand taken by the Company for reversal of the processing fees by 50% is not correct. The Company has accounted for amortization of processing fee under finance cost which is less by ₹ 12.42 lakhs due to this reversal. Accordingly, had the reversal not been done, the loss before exceptional items and tax would have been more by ₹ 12.42 lakhs and other non-current financial assets is understated by ₹ 46.74 lakhs.

e) The EXIM bank has recalled the loan vide letter reference No: EXIM: ChRO: 408:2018-19 dt: Jan 23,2019 for total of USD 12.12 million towards Principal outstanding, Interest overdue and liquidated damages as on December 31,2018. In the event of the Company not able to repay the loan recalled then the bank can recover from the 8 MW WEGs movable fixed assets on which the bank is having first charge by way of hypothecation against the loan sanctioned. These assets are the one which generate the income to service the loan and accordingly will have impact on the company's ability to continue as a going concern. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.



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Material Uncertainty related to Going Concern

We draw attention to the Note 16 of the accompanying Statement which reflects the FCCB Equity portion. The company is the defendant in a legal case filed vide C.P.No.172 of 2011 by the Trustees of the Foreign Currency Bond Holders (FCCB) for winding up of the Company before the Honourable High court of Madras. It is pertinent to note that the Honourable High Court of Madras has passed an order dated 20.05.2020 admitting the winding up petition and also the Company is restrained from transferring, alienating encumbering or dealing with its immovable assets. The Company has filed an appeal with the Division Bench of the Honourable High Court of Madras with the Prayer for order of Interim Stay of all further proceedings in pursuance to the Judgment passed on 20.05.2020.

The above indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based on the appeal filed as referred above, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to:

Note 11 to the accompanying Statement, in the absence of confirmations from the concerned banks, we are unable to comment about the correctness of balances grouped under balance with banks to the extent of ₹ 3.78 lakhs.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the Standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of the statement that gives a true and fair view of the net profit and other Comprehensive income and other financial information in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.





Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).



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As a result of the above, the part of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the Statement has been performed in the aforesaid conditions. Our audit opinion is not modified in respect of the above.

The Statement includes the standalone financial results for the quarter ended March 31,2020, being the balancing figures between the audited figures in respect of full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to limited review by us as required under the Listing Regulations.

For **Sanjiv Shah & Associates**
Chartered Accountants
Firm's Registration Number: 003572S



CA G Ramakrishnan
Partner
Membership Number: 209035
UDIN: 20209035AAAAACL4109

Place: Chennai
Date: 07 August, 2020

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Independent Auditor's Report on the quarterly and year to date Consolidated financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (as amended))

TO THE BOARD OF DIRECTORS OF INDOWIND ENERGY LIMITED

Qualified Opinion

1. We have audited the accompanying Statement of Consolidated Financial Results of Indowind Energy Limited ("the Company"), and its subsidiary (the Company and its subsidiary together referred to as "the group") for the quarter and year ended 31 March 2020, ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations"), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements/financial information of the subsidiary, the Statement:

- (a) includes the annual financial results of the following entity:

Name of the entity	Relationship
Indowind Power Private Limited	Subsidiary

- (b) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects / possible effects of the matters described in paragraph 3 and Emphasis of matters below; and
- (c) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group, for the quarter and year ended March 31, 2020 except for the effects / possible effects of the matters described in paragraph 3 and Emphasis of matters below.

3. Basis for Qualified Opinion

- i) a) We draw attention regarding impact on the Profit for the quarter and year ended March 31, 2020 where there is a legal dispute between the Holding Company and the Exim Bank on non-release of the balance loan of \$12.11 million as per the initial agreed terms and the matter is pending before the Honourable High Court of Bombay. The Holding Company has provided for the interest on the EXIM loan @4.4% (quarterly



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rests) after adjusting the fixed deposit, differential interest on fixed deposit and excess processing fee as against the 16% (monthly rests) rate of interest charged by the bank. The entire interest including the penal and additional interest for the year ended March 31,2020 amounts to ₹ 1480.03 lakhs which is determined based on the closing balance confirmation of EXIM bank. Accordingly, had the interest including the penal and additional interest been provided in line with the bank in the consolidated financial results, the loss before exceptional items and tax for the year ended March 31,2020 would have been higher by ₹ 1169.02 lakhs. Our opinion dated May 30,2019 on the consolidated financial results for the year ended March 31,2019 and our review report dated February 14,2020 on the standalone and consolidated financial results for the quarter ended December 31,2019 was also qualified in respect of this matter.

b) We refer to Note 28 to the accompanying Statement, the Holding Company has recognised interest income to the tune of ₹ 564.47 lakhs and the same was adjusted in EXIM loan outstanding in the consolidated financial results for the year ended March 31,2020. As the outcome of the case as referred above in point number (i)(a) is uncertain at this stage, the recognition of Contingencies in the consolidated financial results is not in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act 2013. Accordingly, had the interest income not been recognised, the profit before tax for the year ended March 31,2020 would have been lower by ₹ 564.47 lakhs.

c) We refer to Note 16 to the accompanying Statement, the Group's Long-term borrowings includes ₹ 7116.66 lakhs as at March 31,2020 representing the loan outstanding (principal and interest dues) obtained from EXIM bank. However, the closing balance confirmation of EXIM bank reflects ₹ 9505.97 lakhs as the total outstanding (principal and interest dues) as at March 31,2020. The Holding Company has adjusted the fixed deposits charged against the loan from EXIM bank to the tune of ₹ 401.24 lakhs towards the principal outstanding during the year ended March 31,2020 whereas the bank had adjusted for ₹ 365.35 lakhs on February 22,2019 against the interest overdues. The derecognition of financial liability in part is not in accordance with the requirements of Ind AS 109 'Financial Instruments'. The Long term borrowings reflected under the Non-Current liabilities has been understated in the consolidated financial results to the tune of ₹ 2389.31 lakhs as at March 31,2020.

d) We refer to Note 7 to the accompanying Statement, the Holding Company has accounted for reduction in the unamortized interest expense reflected under Other non-current financial assets to the extent of ₹ 46.74 lakhs which was adjusted in EXIM loan outstanding in the consolidated financial results for the year ended March 31,2020. The Holding Company has taken a stand that the processing fees booked at the time of initial sanction of loan was based on the total amount sanctioned by the EXIM bank and 50% of the same has to be reversed since the entire sanctioned amount has not been released by the EXIM bank. However, there is no such clause mentioned in the terms and conditions stipulated in the sanction letter of the EXIM bank. Hence the stand taken by the Holding Company for reversal of the processing fees by 50% is not correct. The Holding Company has accounted for amortization of processing fee under finance



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cost which is less by ₹ 12.42 lakhs due to this reversal. Accordingly, had the reversal not been done, the loss before exceptional items and tax would have been more by ₹ 12.42 lakhs and other non-current financial assets is understated by ₹ 46.74 lakhs.

- e) The EXIM bank has recalled the loan vide letter reference No: EXIM: ChRO: 408:2018-19 dt: Jan 23,2019 for total of USD 12.12 million towards Principal outstanding, Interest overdue and liquidated damages as on December 31,2018. In the event of the Holding Company not able to repay the loan recalled then the bank can recover from the 8 MW WEGs movable fixed assets on which the bank is having first charge by way of hypothecation against the loan sanctioned. These assets are the one which generate the income to service the loan and accordingly will have impact on the Holding company's ability to continue as a going concern. Our opinion dated May 30,2019 on the consolidated financial results for the year ended March 31,2019 was also qualified in respect of this matter.
- ii) We refer to Note 4 to the accompanying Statement, the Group's Capital advances shown under Property, Plant & Equipment under Non-Current Asset of ₹ 3398.99 lakhs which is related to the compensation claim from Suzlon Energy Ltd for non-performance of the machines purchased by the Holding Company. The Honourable High Court of Madras (Single bench) has passed an order on 26.11.2019 setting aside the Arbitral Award dated 22.07.2017 which was passed in favour of the Holding Company. The Holding Company has filed an appeal with the Honourable High Court of Madras (Division bench) against the order referred above. In view of the uncertainty associated with the outcome of the case, we are unable to comment on the recoverability of the claim made by the Holding Company. Our opinion dated May 30,2019 on the consolidated financial results for the year ended March 31,2019 was also qualified in respect of this matter.
- iii) We refer to Note 8 to the accompanying Statement, the Group's other non-current assets with related parties of ₹ 1547.52 lakhs receivable in respect of sale of machines (2.50 MW consisting of 9 Machines) and expenses incurred with respect to make change / repowering of the 1.5 MW capacity. The repowering of the balance 1 MW is still pending and the Holding company has estimated that an amount of ₹ 250 lakhs is required to complete the repowering of the same. A condition was also stipulated in the agreement that this amount will be paid in 2 to 3 years' time without any interest from the date of the Holding company completing the repowering of the 2.5 MW project. Hence the provision is required. However, the management is of the view that the repowering of balance 1 MW will be carried out to make them in working condition and also collect part of the amount in the coming financial year. Our opinion dated May 30,2019 on the consolidated financial results for the year ended March 31,2019 was also qualified in respect of this matter.
- iv) We refer to Note 10 to the accompanying Statement, the Group's trade receivables to the tune of ₹ 470.03 lakhs out of which ₹ 228.96 lakhs relates to Interest recoverable from TNEB Thirunelveli and BESCOM. The amount is lying as receivable for more than 3 years. As both are the Government entities, the collection of the said amount was expected to be certain. The Holding Company has filed the petition before the



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Honourable Tamil Nadu Electricity Regulatory Commission claiming the interest recoverable from TNEB, Thirunelveli for which the outcome is unascertainable at this stage. In our opinion the chance of recoverability is low and the provision shall be made for the same. Had the provision been made in the consolidated financial results, the loss before exceptional items and tax for the year ended March 31,2020 would have been higher by ₹ 228.96 lakhs and the trade receivables is overstated by ₹ 228.96 lakhs.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their report referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

5. We draw attention to the Note 16 of the accompanying Statement which reflects the FCCB Equity portion. The Holding Company is the defendant in a legal case filed vide C.P.No.172 of 2011 by the Trustees of the Foreign Currency Bond Holders (FCCB) for winding up of the Holding Company before the Honourable High court of Madras. It is pertinent to note that the Honourable High Court of Madras has passed an order dated 20.05.2020 admitting the winding up petition and also the Holding Company is restrained from transferring, alienating encumbering or dealing with its immovable assets. The Holding Company has filed an appeal with the Division Bench of the Honourable High Court of Madras with the Prayer for order of Interim Stay of all further proceedings in pursuance to the Judgment dated 20.05.2020.

The above indicates that a material uncertainty exists that may cast significant doubt on the Holding Company's ability to continue as a going concern. However, based on the appeal filed as referred above, Holding Company's management is of the view that going concern basis of accounting is appropriate.

Our opinion is not modified in respect of this matter.

Emphasis of Matters

6. **We draw attention to:**

Note 11 to the accompanying Statement, in absence of confirmations from the concerned banks, we are unable to comment about the correctness of balances grouped under balance with banks to the extent of ₹ 3.78 lakhs.



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Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

7. These quarterly and year to date consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit and other Comprehensive income and other financial information of the Group in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial results, the respective Board of directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.



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11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results/ financial information of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

Other Matters:

15. We did not audit the annual financial statements / financial information of one subsidiary, whose financial information reflect total assets of ₹ 723.12 lakhs as at March 31,2020, total revenue of ₹ 173.27 Lakhs and total Gain of ₹ 0.57 lakhs for the year ended on that date, as considered in the consolidated financial results, whose annual financial statements / financial information have not been audited by us. These annual financial statements / financial information have been audited by other auditors, whose audit reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary is based solely on the audit reports of such other auditors, and the procedures performed by us are stated in paragraph above.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

16. The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subjected to limited review by us as required under the Listing Regulations.

For **Sanjiv Shah & Associates**
Chartered Accountants
Firm's Registration Number: 003572S



CA G Ramakrishnan
Partner

Membership Number: 209035
UDIN: 20209035AAAACM6594

Place: Chennai
Date: 07 August, 2020

ANNEXURE I**Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with Annual Financial Results – (Standalone and Consolidated separately)**

<u>Statement on Impact of Audit Qualifications for the Financial year ended</u>			
<u>March 31, 2020</u>			
<u>(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)</u>			
(Rs. In Lakhs)			
Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total Income	1,960.63	1,960.63
2.	Total Expenditure	2,519.11	3,917.09
3.	Net Profit / (Loss)	5.05	(1,957.39)
4.	Earnings Per Share (in Rs.)	0.01	(2.18)
5.	Total Assets	29,295.29	29,066.33
6.	Total Liabilities	9,330.64	11,719.95
7.	Net Worth	19,964.66	17,346.38
8.	Any other financial item(s) (as felt appropriate by the management) - Exceptional Items	564.47	-

II) Audit Qualification:**Basis for Qualified Opinion**

- i) a) We draw attention regarding impact on the Profit for the quarter and year ended March 31, 2020 where there is a legal dispute between the Company and the Exim Bank on non-release of the balance loan of \$12.11 million as per the initial agreed terms and the matter is pending before Honourable High Court of Bombay. The Company has provided for the interest on the EXIM loan @4.4% (quarterly rests) after adjusting the fixed deposit, differential interest on fixed deposit and excess processing fee as against the 16% (monthly rests) rate of interest charged by the bank. The entire interest including the penal and additional interest for the year ended March 31,2020 amounts to Rs. 1480.03 lakhs which is determined based on the closing balance confirmation of EXIM bank. Accordingly, had the interest including the penal and additional interest been provided in line with the bank in the financial results, the loss before exceptional items and tax for the year ended March 31,2020 would have been higher by Rs. 1169.02 lakhs. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 and our review report dated February 14,2020 on the standalone and consolidated financial results for the quarter ended December 31,2019 was also qualified in respect of this matter.
- b) We refer to Note 31 to the accompanying Statement, the Company has recognised interest income to the tune of Rs. 564.47 lakhs and the same was adjusted in EXIM loan outstanding in the financial results for the year ended March 31,2020. As the outcome of the case as referred above in point number (i)(a) is uncertain at this stage, the recognition of Contingencies in financial results is not in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act 2013. Accordingly, had the interest income not been recognised, the profit before tax for the year ended March 31,2020 would have been lower by Rs. 564.47 lakhs.
- c) We refer to Note 17 to the accompanying Statement, the Company's Long-term borrowings includes Rs. 7116.66 lakhs as at March 31,2020 representing the loan outstanding (principal and interest dues) obtained from EXIM bank. However, the closing balance confirmation of EXIM bank reflects Rs. 9505.97 lakhs as the total outstanding (principal and interest dues) as at March 31,2020. The Company has adjusted the fixed deposits charged against the loan from EXIM bank to the tune of Rs. 401.24 lakhs towards the principal outstanding during the year ended March 31,2020 whereas the bank had adjusted for Rs. 365.35 lakhs on February 22,2019 against the interest overdues. The derecognition of financial liability in part is not in accordance with the requirements of Ind AS 109 'Financial Instruments'. The Long term borrowings reflected under the Non-Current liabilities has been understated in the Statement to the tune of Rs. 2389.31 lakhs as at March 31,2020.
- d) We refer to Note 7 to the accompanying Statement, the Company has accounted for reduction in the unamortized interest expense reflected under Other non-current financial assets to the extent of Rs. 46.74 lakhs which was adjusted in EXIM loan outstanding in the financial results for the year ended March 31,2020. The Company has taken a stand that the processing fees booked at the time of initial sanction of loan was based on the total amount sanctioned by the EXIM bank and 50% of the same has to be reversed since the entire sanctioned amount has not been released by the EXIM bank. However, there is no such clause mentioned in the terms and conditions stipulated in the sanction letter of the EXIM bank. Hence the stand taken by the Company for reversal of the

processing fees by 50% is not correct. The Company has accounted for amortization of processing fee under finance cost which is less by Rs. 12.42 lakhs due to this reversal. Accordingly, had the reversal not been done, the loss before exceptional items and tax would have been more by Rs. 12.42 lakhs and other non-current financial assets is understated by Rs. 46.74 lakhs.

e) The EXIM bank has recalled the loan vide letter reference No: EXIM: ChRO: 408:2018-19 dt: Jan 23,2019 for total of USD 12.12 million towards Principal outstanding, Interest overdue and liquidated damages as on December 31,2018. In the event of the Company not able to repay the loan recalled then the bank can recover from the 8 MW WEGs movable fixed assets on which the bank is having first charge by way of hypothecation against the loan sanctioned. These assets are the one which generate the income to service the loan and accordingly will have impact on the company's ability to continue as a going concern. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.

a. Type of audit qualification:

Qualified opinion

c. Frequency of Qualification: Repeat

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

i. Quantified at Rs. 1,733.49 Lakhs

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

i. Management's estimation on the impact of audit qualification: a to e

Exim Bank had sanctioned a Term Loan of Euro 18 Mn / USD 25 m (INR of about 113 crores) during June 2010 for setting up a 20 MW project. The exchange rate as per the projected cost and means of finance was Rs.45.20 / USD. The company had also executed a Trust and Retention Account (TRA) with Exim Bank defining the priority order for apportionment of project collections as: Trust bank charges, Asset management expenses, Charges to lenders, Principal to lenders, Topping up of DSRM and Surplus to borrower.

The bank had released Rs. 44 crores in May 2011 and started delaying further payments. This resulted in completion of the 6 MW project with huge interest costs and other charges debited by the bank. The company offered to repay the loan without interest if the bank is not serious in completing the full

project. Subsequently, the bank agreed to release further payments by taking additional security deposit and lien on 40 lakh shares of the company. However, the bank released only 10 crore for completing additional 2 MW project and had unilaterally debited about INR 1 crore towards penalty and withheld a deposit of INR 3.3 crore meant for the balance 12 mw project. The company had objected to non-release of funds and also demanded to release lien on shares, release of FD to avoid financial burden on the project and damage to equity returns as the bank was not paying interest on the FD in line with the cost of funds. The company objected, as the additional costs imposed due to fees, penalty, FD etc. and not allowing the company to complete the balance project in time could affect long term IRR and financial returns from the project to the bank & shareholders.

The completed 8 MW project was to earn an IRR of about 9.2% only based on the supplier's long term performance guarantee and the tariff revision from Rs. 3.40 to Rs. 4.40 from the year 2019 as per the PPA with BESCO. The balance 12 MW project in Tamil Nadu with private sale arrangement was to earn higher IRR of 16% and the combined project target IRR of 12% was to offset the expected rupee depreciation costs of about 5% pa and loan interest rate of 4.4%. In spite of repeated representations by the company to bank to release balance funds and adhere to the TRA for apportioning the project collections, at a sustainable interest rate and repayments, pending completion of the balance project, the bank started threatening with penal interest rate of 16%. Hence, the company was forced to freeze the project account with a principal loan balance at Rs. 18 crore disputed interest account balance at Rs. 22 crore, disputed exchange loss provision at Rs. 28 crores, without agreeing to unsustainable penal charges etc., against equity returns claims on FD, fees paid, project preliminary expenses incurred on 12 mw costs and revenue loss claim along with accrued interests, in line with the claims demanded by the bank.

Since the bank was not addressing the grievances to set-right its own project issues and complicating it further with its own unilateral decisions, the company had to approach the Hon'ble High Court of Mumbai for speedy remedy.

However, the company continues to discuss with the bank for early resolution to close the dispute and hopes it can be resolved if the bank agrees to adhere to the TRA and charge interest and repayments in line with the project earnings over the life of the assets of about 30 years and release balance funds to the project. Since the bank has already been repaid Rs. 40 crores on its partial disbursement of Rs. 58 crores in the last 8 years, the company has also offered to settle the loan account without interest & forex

currency loss to offset costs & damages to equity investment by the company in the project due to bank's failure in releasing full amount in time, to complete the full project.

- ii) We refer to Note 4 to the accompanying Statement, the Company's Capital advances shown under Property, Plant & Equipment under Non-Current Asset of Rs. 3398.99 lakhs which is related to the compensation claim from Suzlon Energy Ltd for non-performance of the machines purchased by the Company. The Honourable High Court of Madras (Single bench) has passed an order on 26.11.2019 setting aside the Arbitral Award dated 22.07.2017 which was passed in favour of the Company. The Company has filed an appeal with the Honourable High Court of Madras (Division bench) against the order referred above. In view of the uncertainty associated with the outcome of the case, we are unable to comment on the recoverability of the claim made by the Company. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.

Type of audit qualification:

Qualified opinion

c. Frequency of Qualification: First Time

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

i. 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:

The company has entered into a long term supply cum O&M agreement with Suzlon Energy Limited for an 18 MW project at Chitradurga, Karnataka with IREDA and Exim Bank term loan. Suzlon had provided a generation guarantee and commitment letter to IREDA for generation of 42 lakh units p.a. per machine. @ 95% machine availability.

Suzlon was to deposit this shortfall amount into the project TRA a/c to enable the company to meet the bank loan dues. However, Suzlon was not paying the dues in time and hence the legal proceedings are going on. The

company has also initiated arbitration proceedings (for the second time) against the supplier for claiming shortfall in generation.

- iii) We refer to Note 8 to the accompanying Statement, the Company has other non-current assets with related parties of Rs. 1547.52 lakhs receivable in respect of sale of machines (2.50 MW consisting of 9 Machines) and expenses incurred with respect to make change / repowering of the 1.5 MW capacity. The repowering of the balance 1 MW is still pending and the Company has estimated that an amount of Rs. 250 lakhs is required to complete the repowering of the same. A condition was also stipulated in the agreement that this amount will be paid in 2 to 3 years' time without any interest from the date of the Company completing the repowering of the 2.5 MW project. Hence the provision is required. However, the management is of the view that the repowering of balance 1 MW will be carried out to make them in working condition and also collect part of the amount in the coming financial year. Our opinion dated May 30,2019 on the standalone financial results for the year ended March 31,2019 was also qualified in respect of this matter.

b. Type of audit qualification:

Qualified opinion

c. Frequency of Qualification: Repeat

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

i. Not quantified

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

- ii. Management's estimation on the impact of audit qualification:

The company was to complete the repowering of 2.5 Mw machines by obtaining necessary approval from TANGECO which was getting delayed due the pending policy guidelines at TANGECO. However, during the year repowering of machines having capacity of 1.5 Mw has been completed repowering of balance 1 Mw wind form is likely to be completed during the course of the current year.

- iv) We refer to Note 10 to the accompanying Statement, the Company has trade receivables to the tune of Rs. 394.59 lakhs out of which Rs. 228.96 lakhs relates to Interest recoverable from TNEB Thirunelveli and BESCO. The amount is lying as receivable for more than 3 years. As both are the Government entities, the collection of the said amount was expected to be certain. The Company has filed the petition before the Honourable Tamil Nadu Electricity Regulatory Commission claiming the interest recoverable from TNEB, Thirunelveli for which the outcome is unascertainable at this stage. In our opinion the chance of recoverability is low and the provision shall be made for the same. Had

the provision been made in the financial results, the loss before exceptional items and tax for the year ended March 31,2020 would have been higher by Rs. 228.96 lakhs and the trade receivables is overstated by Rs. 228.96 lakhs.

c. Type of audit qualification:

Qualified opinion

c. Frequency of Qualification: First Time

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

i. Quantified at Rs. 228.96 Lakhs

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

iii. Management's estimation on the impact of audit qualification:

The company had provided compounded interest income on delayed payments @ 12% from TANGEDCO at Rs. 244 Lakhs- as per the Power Purchase Agreement. However, TANGEDCO did not pay the dues in time. Even after the Hon'ble Supreme Court's order to pay interest dues @ 12%, TANGEDCO got an APTEL order to pay 10% which was also not implemented. Consequently, TANGEDCO offered a proposal wherein the interest dues would be paid if the company is willing to take 6% simple interest rate. Since the company is doing business with TANGEDCO for more than 25 years and since it has to continue to work with the TANGEDCO in future and considering their final decision, the company accepted to take the settlement @ 6% amounting to Rs. 64 lakhs as against the amount due, on the condition that in case TANGEDCO pays interest to any claimant at rate higher than 6% consequent to any direction of any Court, Indowind shall be entitled to the same.

III) Signatories



Chairman
Bala V. Kutti



CFO
N.K. Haribabu

For Sanjiv Shah & Associates
Chartered Accountants
Firm Reg. No. 003572S



CA. Ramakrishnan. G
Partner, M.No. 209035

Statutory Auditor
Sanjiv Shah & Associates



Place: Chennai
Date: 7th August 2020