



# Indowind Energy Ltd

CIN : L40108TN1995PLC032311

E-mail : contact@indowind.com

*Transcript – IEL AGM – 29<sup>th</sup> September, 2020*

Good Afternoon Ladies and Gentlemen with immense pleasure and as per Article No.13.7 of the Articles of Association of the Company, the Chairman of the Board Presides to be the Chairman of this Annual General Meeting, now I request Shri Bala V Kutti, Chairman to takeover.

Good afternoon Ladies and Gentlemen

I welcome you all to the 25<sup>th</sup> Annual General Meeting of our Company being held through Video Conference at the Registered of the Company.

My sincere thanks to all of you for the support extended all these years

The necessary quorum for the Meeting is 30. We already have 30 shareholders in the meeting, attending through Video Conference. Quorum being present, we may now commence the proceedings.

Since the meeting is through electronic media, the requirement of appointing Proxies is not applicable.

Electronic voting facility at the AGM is being made available to enable members, who have not cast their votes through remote e-voting to exercise their voting rights. The e-voting window is available throughout the AGM.

The statutory registers as required by law will be made available for inspection on request being made by the shareholders.

I wish to take you through certain points pertaining to the Video Conference.

## Details about the E-Meeting

In view of the ongoing travel restrictions and social distancing norms implemented due to the COVID-19 pandemic, this meeting is being conducted through video conferencing facility in accordance with the framework issued by the Ministry of Corporate Affairs & SEBI through their respective Circulars. I also wish to state that the proceeding of the meeting is being recorded and the recorded video will be posted on the Website of the Company.

Further, as per the said circulars, the companies have also dispensed with the requirement of sending physical copies of Annual Report for the financial year 2019-20 to the shareholders.

The Annual Reports of the Company for FY 2019-20 have therefore been sent through electronic media to all those shareholders whose email ids were registered with the Company and Depositories.

The facility of joining the AGM through Video Conference or Other Audio Visual Means is being made available to the Members on first come first served basis. All Members who have joined this meeting are by default placed on mute to avoid any disturbance arising from background noise.

The Moderator will facilitate the session for the registered speakers once we open the floor for questions. The speakers will thereafter be unmuted by the moderator. To start speaking, the shareholders are requested to click the video-on button. If the shareholders are not able to join through the video for any reason, they can speak through the Audio Mode. While speaking, we request the speakers to preferably use ear-phones so that they are clearly



audible, We would like to request the shareholder to kindly limit their interaction to 3 minutes.

During the AGM if a member faces any technical issue, he may contact the helpline number 1800-225-533 which is also mentioned in the AGM Notice.

Before we start the main proceedings of the meeting, I take pleasure in introducing my fellow Board Members and Senior Executives. I have with me the whole Time Director Mr.K.S.Ravindranath who is also a member of the Audit Committee, and Stakeholders Relationship Committee Mr.Nirajan R Jagtap Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Dr.K.R.Shyamsundar Independent Director, Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Ms.Alice Chhikara Non-Executive Director, Ms.Rajashree Santhanam Additional Director.

I am happy to inform that all the Directors are attending this AGM.

Along with the directors we have with us, Mr.N.K.Haribabu, Chief Financial Officer, Ms.Harsha J, Company Secretary, The Statutory Auditor and Secretarial Auditors of the Company.

#### AGM Business

We may now commence to transact the business contained in the notice dated 7<sup>th</sup> August 2020.

With the permission of the Members present, the AGM Notice, Directors Report along with Annexures thereto for the financial year ended 31<sup>st</sup> March 2020 which have already been circulated to members, may be taken as read.

Now I request Ms.Harsha J, Company Secretary to read qualifications contained in the Independent Auditor's Report for the financial year ended 31<sup>st</sup> March 2020. For which Director have Made Suitable replied in their Report.

Thank You Chairman, Our Auditor would like to draw attention of the shareholders regarding the 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.

We refer to Note 28 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.

We refer to Note 16 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 over dues. 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.

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. 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.

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.

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.

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.

#### CHAIRMAN SPEECH

My dear shareholders, Members of the Board, distinguished guests, ladies, and gentlemen - Good evening to all of you!!

It is a great honor and privilege for me to address all of you on behalf of the Board of directors, and delighted to welcome all to the 25<sup>th</sup> AGM of your company through video conferencing platform which is unknown to all of us so far I thank you all for your esteemed presence through video conference.

As we meet, we are in the midst of unprecedented times, as the entire world including India, is grappling with COVID 19 Pandemic and the huge challenges that are being faced are how quick and fast we jumpstart the wheels of normalcy of the individuals and the economy. As one of the contributors to the development of the economy, we are looking at the constructive ways and means dealing with the situation, in these unprecedented times, taking care of the employees, stake holders and continuously focusing on development and help the Governments both at the state and center in the best possible manner

The Directors' report and the Audited financial statements for the year ended 31<sup>st</sup> March, 2020 are already with you and with your permission, I take them as read.

As regards performance of your company for the year under review, the income for the said period has witnessed a dip from Rs. 211.84 Mn of the previous year to Rs.196.06Mn for the period under review which is due to poor wind season and lower grid availability at Karnataka during the period under review -the reduction in finance cost is consequent to certain adjustments and claims made by the company on the Bank.

Your company is pursuing some legal measures to recover the shortfall in generation dues from Suzlon and other recovery dues from Wescare, Wipro and Dena Bank (Bank of Baroda). Winning these cases, will help your company to recover huge amount which could be utilized to close the loan accounts and for project expansion activities. As regards FCCB issue, mutual negotiation process is on, as advised by the High court of Madras

Your company's subsidiary -Indo wind power private ltd has total assets of Rs.723.12 lacs and a total revenue of Rs.173.27 Lacs for the year ended 31-3-2020. It has reported Rs.0.57 lacs of net profit for the period under review.

Repowering policy draft has been released by the Government inviting comments from the stake holders. Various inputs are suggested to address the grey areas to ensure phasing out of old machines and to bring in new and upgraded machines in a large scale to achieve the target of 60GW of wind power by 2022.

The renewable energy is contributing around 20% of India's total installed power capacity which is mainly driven by over 34 GW of wind power and considering the target fixed by the Government of India to achieve an installed capacity of 60 GW of wind energy by 2022, RE will play a critical role in India's energy requirement. Moreover, the long-term energy requirement of the country, there is a promising future for this clean energy and your company is equipped fully well to capitalize this challenge in the years to come.

I deeply appreciate the dedicated efforts of all employees of your company who have played a key role in addressing the current evolving situation under testing times. I also take this opportunity to thank all my colleagues on the Board for their continued support and guidance. I also thank all our shareholders for their continued trust on the entire team of your company.

Thank you all

The forum is so open to question and answer sessions

May I now request the Moderator to unmute the speaker shareholder and help facilitate their participation

Mr. Bharat kindly unmute your Audio & Video and speak.

Since there are no questions, now I shall take up the resolutions as set out in the notice. The following resolutions were recommended by the Board for the Approval of Members. Since the meeting is through electronic mode, no proposing and seconding of resolutions will be there.

Item Nos. 1 to 3 set out as an "ordinary business" in the notice of the meeting are as under:

1. To Consider and to adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2020 and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place Mr. Bala V Kutti (holding DIN -00765036) who retires at the meeting in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for Re-appointment.
3. Appointment of Auditor – M/s Sanjiv Shah & Associates

Item Nos. 4 and 5 set out as a "special business" in the notice of the meeting are as under:

4. Re-appointment of Mr. Niranjan R Jagtap (DIN 01237606) as an Independent Director for the second term of 5 years and to continue the directorship irrespective of his age as per regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirement) Regulations.
5. Appointment of Ms. Rajashree Santhanam, (DIN-07162071) as an Independent Director

### **Voting**

#### **Remote E-voting:**

In the terms of SEBI (Listing Obligation and Disclosure Requirement) and the Companies Act, 2013, the company had provided the E-voting facility to vote on AGM subjects. The remote e-voting commenced at 9.00 AM on 26<sup>th</sup> September 2020 and ended at 5.00 pm on 28<sup>th</sup> September 2020. Several members have exercised their voting through the facility.

#### **Electronic Voting facility at the AGM**

Electronic voting facility at the AGM is being made available to enable members, who have not cast their votes through remote E-Voting to exercise their voting rights. The e-voting will end 15 minutes from the end of this meeting.

Mr. R. Kannan Practising Company Secretary has been appointed as the scrutinizer for conducting the E-Voting process in fair and transparent manner.

Combined results of remote e-voting and E-Voting during AGM on the Resolutions will be considered for approval of the Resolutions.

The results will be declared within 48 hours based on scrutinizer's report and the same would be published on the Company's website & uploaded on NSE & BSE websites.

I now declare the proceedings of this meeting as closed.

Thank you

Thank You. Thank You Shareholders. So for the next fifteen minutes it will be open for our shareholders to access for the resolutions. Since the chairman has closed the meeting we can conclude the meeting. Thank you.

The Meeting concluded at 4.30 PM