Sustainable solutions for a healthier planet

THEREFORE
SUZLON

Annual Report 2007-2008

Suzlon wind farm in Tianjin, China.

COMPANY INFORMATION

BOARD OF DIRECTORS	Tulsi R. Tanti Girish R. Tanti Ajay Relan Ashish Dhawan Pradip Kumar Khaitan V. Raghuraman	Chairman & Managing Director Executive Director Indepedent Director Indepedent Director Indepedent Director Indepedent Director
COMPANY SECRETARY	Hemal A. Kanuga	
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FACTORY LOCATIONS	Survey No. 588 Paddar Bhuj - 370 105 Plot No. H-24 & H-25 M. G. Udyognagar Indl. Estate Dabhel Daman - 396 210 Plot No. 306/1 & 3 Bhimpore, Nani Daman Daman - 396 210 Survey No. 42/ 2 & 3, 54, 1 to 8 Bhenslore Road, Dunetha Daman - 396 210 Plot No. 57/3, (2&3) Dunetha, Daman (U.T.) - 396 210	Survey No. 282, Chhadvel (Korde), Sakri Dhule - 424 305 Survey No. 574, 59 Thiruvandarkoil Thribhuvani Road Pondichery - 605 107 Block No. 93 National Highway No. 8 Varnama-Vadsala, Dist. Vadodara - 391 240 Survey No. 86/3-4, 87/1-3-4, 88/1-2-3 89/1-2, Kadaiya, Daman - 396 210 Plot No. 77, 13, Opp. GDDIC Vanakbara Road, Village Malala Diu - 362 520
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Suzlon wind farm in Texas, USA.

VISION

To be the technology leader in the wind energy industry

To be among the top three wind energy companies in the world

To be the most respected brand and preferred company for all stakeholders

To be the best team and best workplace

To be the fastest growing and most profitable Company in the sector

Mr. Tulsi R. Tanti
Chairman & Managing Director

LETTER FROM THE CHAIRMAN

Dear Shareholders,

These are uncertain times for the global economy. With the global credit crunch and major economies in recession, the business landscape is changing dramatically worldwide.

Nevertheless, fast developing nations like India and China witnessed heightened economic activity with rapid urbanisation, increasing disposable income and higher standard of living. All this has put tremendous pressure on the environment and the natural resources available therein. Concerns for a sustainable economy and a clean environment have increased and given rise to policies and strong political will towards the development of sustainable energy sources.

A study by London-based New Energy Finance, an independent research firm, projects that the investment in renewable energy, bio-fuels and low carbon technologies will triple in the next five years, if climate change abatement targets are to be met. New investment in clean energy has grown from USD 83 billion in 2006 to USD 117 billion for 2007 translating into a 41% growth. This investment now represents about 10% of current energy sector investment, with the wind energy sector alone securing $29 billion in 2006 more than any other non-fossil fuel technology including nuclear and large hydro.

The United Nations Environment Programmes (UNEP) has undertaken several initiatives like - The Solar and Wind Energy Resource Assessment (SWERA), an international collaboration of more than 25 institutions, to provide high quality information to support energy planning and policy developers on wind and solar energy across 13 developing countries. It is expanding the programme to other countries as well. UNEP also works with several funding agencies to extend financial support to the clean energy sector.

Given the thrust by various governments across the globe for wind energy development in the form of favourable regulatory policies, tax concessions, Renewable Portfolio Standards and development of Green Certificate Markets - the prospects for renewable energy in general, and wind energy in particular, continue to be very promising.

Delivering performance

Suzlon represents the new breed of Multinational Companies based out of India which have emerged as formidable players in a market, traditionally dominated by Western counterparts. The year gone by was a landmark year in more ways than one as the Company continued its journey from the nascent stage to the growth stage. Not only did we register a high growth in terms of value and volumes, our global presence was also enhanced significantly. The year also saw the strengthening of the business with the backward integration initiatives which will go a long way in not only sustaining but also catapulting Suzlon onto a higher growth curve.

I am glad to report that the Suzlon family has once again posted record growth - over 80% over the previous year in terms of sales. We have expanded our global market share to 10.5% in 2007, up from 7.7% in the previous year. We have kept our leadership in the Indian market, maintaining over 50% market share.

Success drivers

Although a number of factors have contributed to our success we believe that the support and commitment of all our stakeholders - including our customers, shareholders, employees, vendors and partners is what empowers us the most.

More importantly, the competitiveness of wind energy (cost per KWH) vis-à-vis other forms of conventional and non-conventional energy has augmented the prospects of this segment and the quantum of investments has been on an uptrend.

Strategic alignment

Suzlon has aligned its business strategy in line with increasing global consciousness and the will to develop sustainable energy resources across the world.

We are today a global corporation, with operations across 21 countries and five continents. And in the years to come we will further expand our global presence and make wind energy accessible to the majority of the world's population.

This scorching growth pace brings with it certain challenges reflected in the rising commodity prices putting pressure on the input costs. Further, global inflationary pressures and consequently rising interest cost is another factor which is a cause of concern. Strengthening of the Rupee in a scenario of increased export turnover will also have its share of Forex risks. The Company is proactive and adequate measures have been undertaken to mitigate these external risks.

In the technology domain we remain focused on securing leadership in wind energy. Our research and development team works with a twin focus on lowering the cost-per-unit of electricity from our wind turbines, while at the same time optimising the consumption of energy and materials in the manufacture of our turbines. This will result in a product that will capture the power of the wind with the greatest efficiency, while having a low ecological footprint from concept to end-product.

Suzlon had envisaged the need for vertical integration early on. This is because, on a global scale, demand continues to outstrip supply and component bottlenecks still plague a large part of the industry. After the successful acquisition of Hansen last year, this year we successfully took a stake in REpower. With this, the Company will evolve as a complete end-to-end service provider in the wind energy space, having design and manufacturing control over all critical components.

We have also embarked on an aggressive expansion plan which will see our global manufacturing base reach 5,700 MW from the existing level of 2,700 MW by Q4 FY09. The backward integration will get accentuated by the Company's in-house capacity to manufacture casting and forging components.

Suzlon, we believe, has now attained the critical mass to compete with other established players in this segment and emerge as a fast growing industry leader.

The India story

Suzlon's 13 year history reflects the great strides it has made. India ranks fourth among the leading wind power nations in the world with approximately 8,000 MW in cumulative capacity installed. We are proud to have played a major part in making this a reality with a 58% market share. Today, India is possibly the only one among developing nations to become a hub for renewable energy, and an exporter to the renewable world.

The Indian market is sensitive to interest rate changes and price hikes. It is also a unique market as 70% of the demand emanates from manufacturing companies to meet their captive power consumption requirements. Utilities and Independent Power Producers represent only 20% of the market. Suzlon is well placed to cater to the demand of all customer segments in India with the end-to-end solutions model, and our in depth expertise in developing utility scale projects across the country.

Thus, we believe that our efforts are aligned with the goals of the Indian nation to create and sustain a period of rapid and inclusive economic growth, while at the same time creating a sustainable environment. Our business takes us to the most rural parts of the nation, developing wind power projects that create local employment, generate opportunities, and provide electrical energy to jump start economic development.

Global outlook

Despite a growing degree of globalisation, development remains imbalanced and thus unsustainable in terms of demand for resources. The world today faces a combined threat from fast depleting supply of natural resources, including energy and secondly, from the environmental impact of the world's ever increasing consumption of energy and resources.

For over three decades, the world has seen a constant increase in energy demands, of which an overwhelming portion is met by polluting fossil fuels. The need to balance environmental preservation and growing energy demand is now greater than ever.

Although measures have been initiated to bridle the unfavorable climate change and enhance sustainable energy sources like wind energy, it still remains only a small part of the global energy matrix. Global electricity generation contribution from wind is expected to increase from 0.82% in 2006 to 3.4% in 2030, highlighting the potential this segment offers.

The favourable macro-economic trends in terms of increasing awareness on global warming, urgency in the need to increase the share of renewable energy sources in the total energy pie and the mounting pressure on the existing conventional energy sources only strengthens the case for Suzlon's business opportunities.

The average growth rate for annual incremental installations has been projected at 21% up to 2011 with the levels reaching 50,000 MW from 20,000 MW today. USA is expected to overtake Europe while India and China are expected to grow at a rapid pace. (Source: BTM Consult ApS - March 2008).

As we work towards yet another year of achieving high growth as a global business, we are also committed to the greater global cause we serve. We believe sustainable development is a concern of all people and all nations. And at Suzlon we are proud of making a contribution to a sustainable world in the course of doing our business.

With annual installation of wind power estimated to increase at over 25% (CAGR) over the next five years, Suzlon is positioned to meet exploding demand, and increase its global spread and market share.

Responsible corporate citizenship

In keeping with our objective of being a committed corporate citizen, we have undertaken significant efforts in the area of Corporate Social Responsibility (CSR). We have taken our CSR focus from charitable and philanthropic acts to an integrated approach of how we run our business. We believe that inclusive and ethical business practices are an essential part of any CSR effort. Keeping this in mind our vision is to leverage opportunities towards powering a greener tomorrow with inclusive growth.

To us, Corporate Social Responsibility includes living our corporate values with the goal of having minimal impact on the natural environment, enabling local communities to develop their potential, empowering employees to be responsible civil society members, and committing ourselves to business practices that are fair to all stakeholders, so that we can collectively contribute towards creating a better world for all.

Regards,

Tulsi R. Tanti
Chairman & Managing Director


Suzlon wind farm in Kutch, India.

Suzlon wind farm in Jaisalmer, India.

Suzlon wind farm in Dhule, India.

SUZLON ENERGY LIMITED

FINANCIAL HIGHLIGHTS

Suzlon Energy Limited and its subsidiaries

Financial highlights

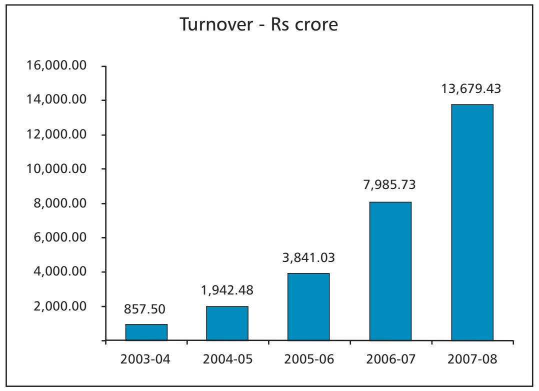
All amounts in Rs crore

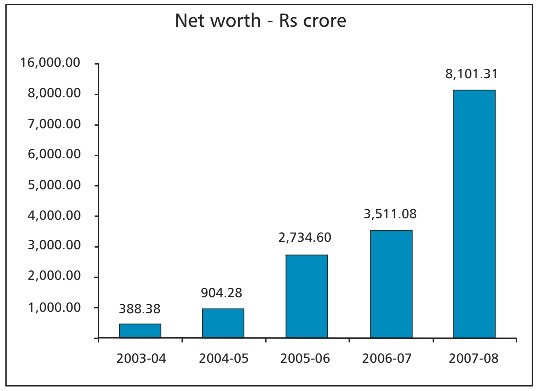
Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
MW	2,311.40	1,456.25	963.70	506.70	234.65
Sales	13,679.43	7,985.73	3,841.03	1,942.48	857.50
Total income	13,943.98	8,082.23	3,915.49	1,965.92	874.86
Earning before interest, depreciation, Tax and amortisation (EBIDTA)	1,924.45	1,295.82	865.22	458.49	139.02
Interest	532.03	252.26	50.76	35.25	21.55
Depreciation	289.36	171.80	71.59	49.33	13.61
Profit after tax (PAT)	1,030.10	864.03	759.50	365.34	144.92
Equity dividend %	50	50	50	60	100
Dividend payout	149.69	144.54	143.91	34.78	24.35
Equity share capital	299.39	287.76	287.53	86.92	24.35
Net worth	8,101.31	3,422.08	2,734.60	904.28	388.38
Gross fixed assets	6,719.51	4,774.75	794.01	388.63	203.65
Net fixed assets	5,687.67	4,073.17	640.86	307.86	172.15
Total assets	26,390.07	12,541.29	4,901.45	2,087.79	1,009.08

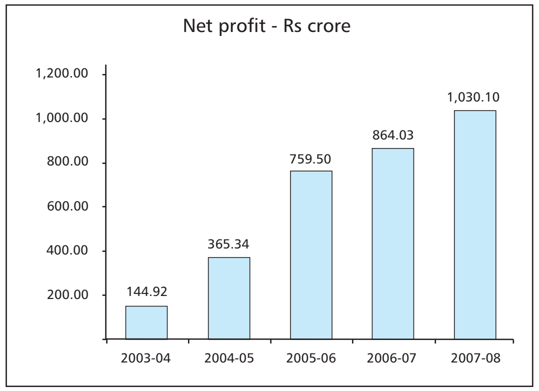
Key indicators

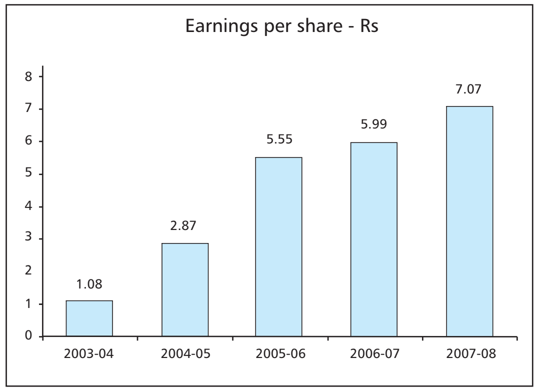
Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Earning per share (Rs)*	7.07	5.99	5.55	2.87	1.08
Turnover per share (Rs)*	91.38	55.50	26.72	15.42	7.83
Book value per share (Rs)*	54.12	23.78	19.02	7.18	3.54
Total debt to net worth	1.23	1.51	0.16	0.44	0.64
Interest cover (EBIDTA / Interest)	3.62	5.14	17.05	13.01	6.45
EBIDTA / Gross turnover (%)	14.07	16.23	22.53	23.60	16.21
Net profit margin (%)	7.53	10.82	19.77	18.81	13.79
RONW (%)	17.88	28.07	41.74	56.52	44.78
ROCE (%)	11.77	18.89	35.25	42.70	25.71

* Figures have been adjusted for the issue of bonus shares alloted in June 2005 and stock split in January 2008 wherever applicable.









HUMAN CAPITAL

At Suzlon, we recognise that our human capital is our prime asset; and over the last decade we have built successful teams on the wind energy stage by attracting and nurturing some of the best talent in the industry.

As an organisation, we have always set and achieved high targets for our growth, our profitability, customer satisfaction, our health, safety and environmental performance. This means that we set high standards for our people as they are the ones who will deliver on the targets. Our current and future staff can expect the best from us in return - a true and equal partnership.

Global talent

The organisation has always believed in going to places from where it can get the best resources. We have leveraged our approach of harnessing the 'best of all worlds' in the people aspect to secure the best of local expertise and global experience to help us fuel a sustainable growth.

It is our ambition to become the employer of choice in our industry. We want to have the best team, and hence we continuously develop programs to help us achieve our objectives. Their world class performance is being recognised and awarded by the Company.

Recruitment practices to hire global talent, performance orientated programs, competency development, leadership development programs, technical training, job rotation dynamic organisation structure, and IT enabled HR processes are being set up and scaled up to support our growth around the world. Bearing in mind that our global footprint is relatively recent we are also keen to identify opportunities to turn our cultural diversity into a competitive advantage.

Over the past year, we have grown from strength to strength not only in terms of revenue but also in the strength of our talent pool. Today we are a team of almost 14,000 employees, spread over 5 continents and drawn from over 15 nationalities, a truly multi-cultural and multi-ethnic team sharing a high performance culture.

A culture of meritocracy

Suzlon has worked hard to establish a culture that promotes meritocracy. As a part of this culture, we have created a comprehensive Compensation and Benefits framework for employees. This in effect encourages a uniform, high performance environment that inspires our employees to grow every day. The Compensation and Benefit policy has ensured that our packages are benchmarked with our industry peers and has a variable component part to ensure that performance is linked back to results. This has not only motivated employees to have bolder aspirations but has also offered them roles that sufficiently challenge their thinking and performance.

The Company also felicitates and recognises employees for their performance at all levels through its annual company-wide celebration 'Sumilan' and acknowledges superlative performers by duly awarding them. Sumilan is built on three pillars - Sammaan, Samwaad, Sugati. Sammaan is built around recognising the role, value and contribution of the people. Samwaad drives open transparent and productive dialogue across all functions, geographies and people and Sugati outlines our roadmap on the path of true progress and achievement.

People development and talent retention is a way of life at Suzlon. This is systematically followed through various learning and development initiatives and by awarding challenging assignments. The Company is building alliances with key universities to strengthen the curriculum as well as establish sustainable partnerships to source the best and the brightest talent. The focus on Management Development programmes and succession planning will increase significantly over the years to come.

Simultaneously, the organisation is undertaking an assessment of key profiles that it needs to recruit to take care of the business complexities and its rising global aspirations. Suzlon is also taking several steps to establish its image in the minds of its prospective employees.

We listen carefully to our stakeholders, i.e. our customers, investors, vendors and partners but above all our own people. Through surveys we invite them to share their views and thoughts as to how we can improve our performance even more. We realise that a happy team makes happy clients. Therefore, pride is a key theme in our culture - proud to work on sustainable energy solutions for the world of tomorrow, proud to satisfy our customers, proud to be a member of the Suzlon family and proud to be valued by our loved ones coupled with self fulfillment should lead to sustainable success for all.

The journey to develop and unlock the full capacity of our human capital will continue at a rapid pace as we face the window of opportunity in the new world arena. Group Human Resources will support and facilitate the business units to reach their ambitious and challenging targets while working together as a team.

Suzlon campus

One of our key people initiatives is the new Suzlon Campus. Located in Pune, India, the facility has been designed as a workplace that is one with nature. Designed with the principle of sustainability at its core, the campus will feature courtyards, plazas, and open-to-sky spaces to create a workspace that encourages creativity and fosters innovation in all aspects of work.

The facility is planned as an environment-friendly project, with a minimal footprint on the surrounding environment. The approach is aimed at minimising the destruction of natural areas, habitats, bio-diversity and reducing soil loss in and around the campus, while at the same time being more energy-efficient and pollution-free.

Suzlon values

AGILITY

I will encourage and facilitate rapid and decisive action on all matters important for Suzlon's progress.

INTEGRITY

I will endeavour to abide by truth, transparency, honesty and sincerity in everything that I do, and encourage my co-workers to do so. I will strive to uphold the highest standards of ethics, and uphold all laws that apply to our business.

ADDING VALUE

I will do my utmost to add value to all matters related with my work and contribute to that of my team, and other stakeholders in Suzlon.

COMMITTED

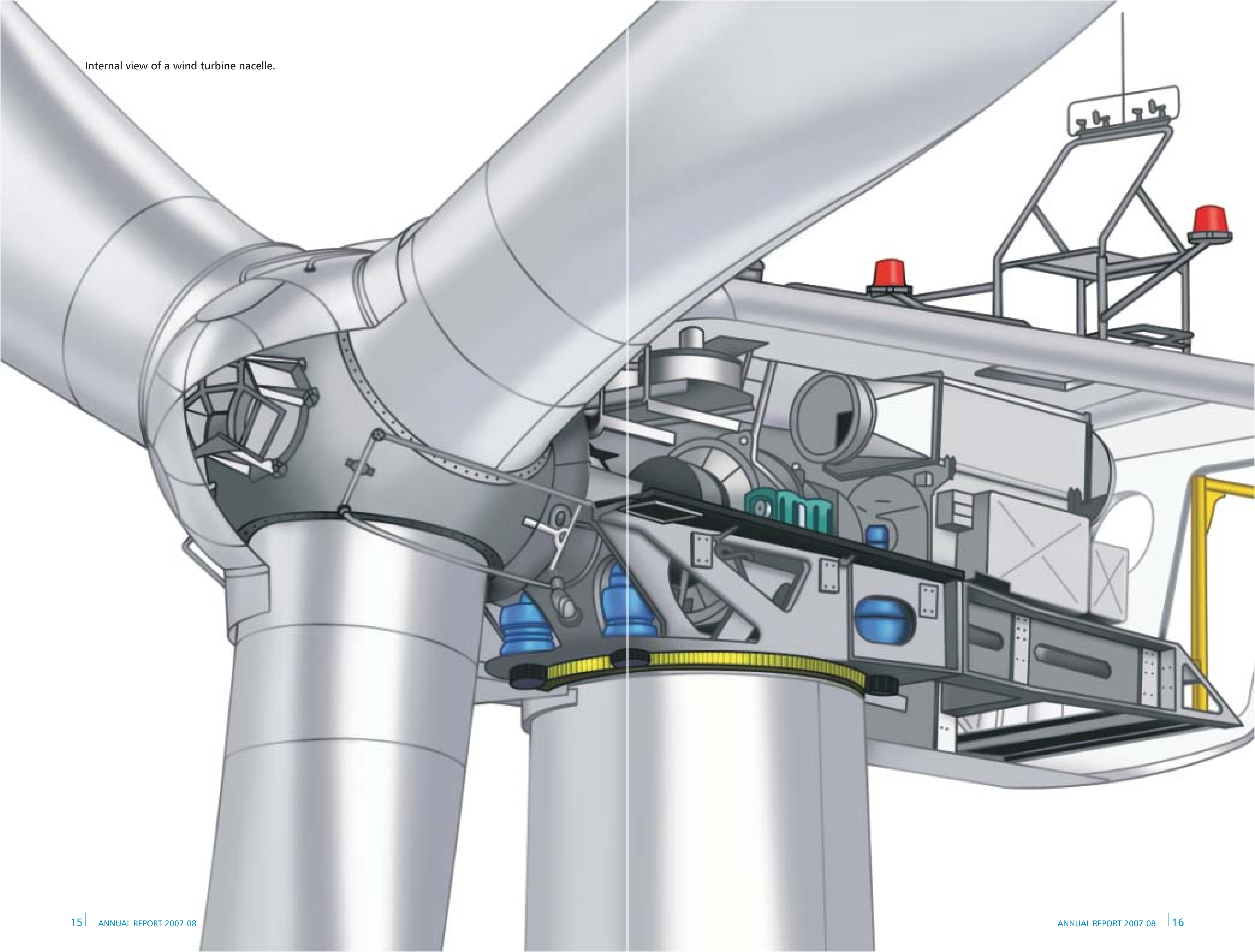
I will commit my energies to partnering with all stakeholders, internal and external, towards achieving the Suzlon corporate objectives.

CREATIVITY

I will apply creativity and innovation to my work, towards building a more efficient, more competitive and more responsive organisation.

Suzlon wind farm in Minnesota, USA.

Internal view of a wind turbine nacelle.



TECHNOLOGY

Wind energy though based on age old principles, has progressed in technological sophistication to provide cutting edge technology to harness the power of the wind with the maximum efficiency. At Suzlon, we have consciously set ourselves the target of leadership in the wind energy technology domain.

And we have undertaken several initiatives to move towards this vision. In broad terms, our approach aims to create market defining products, enable entry into new markets and new applications, implement robust back-end processes and leverage on people competencies.

Creating a competitive advantage

Our approach drives innovation to create a competitive advantage. The result is product differentiation using approaches such as load control strategies for turbine performance optimisation research into application of nano technologies and hybrid materials for major components such as towers and blades for life enhancement and for performance engineering.

We have focused on aerodynamics to increase efficiency and achieve higher energy yield through aerodynamic profiles, application of latest aerodynamic tools for maximising lift effects, surface finish technologies et al. We have installed robust processes providing a platform to sustain competitive advantage using state-of-the-art Product Lifecycle Management tools to implement the stage gate process.

Driving cost efficiency

We have adopted a multi-pronged approach to value engineering and cost reduction to provide better margins and competitive advantage, using synergistic developments with component suppliers, especially leveraging on the Company's backward integration strengths. In addition, we have a continuous review cost element for progressive reduction, and look to develop alternate vendors in low cost countries and optimising the production processes. Our focused vendor development is geared to expand the supplier base, leading to proactive easing of any supply constraints, securitising the supply of critical components and engineering cost optimisation initiatives.

Intellectual property

We have initiated protection of intellectual property and improvements in technology through filing for patents for 'overt' innovations and closely guarding core developments that are proprietary in nature. Suzlon has filed applications for six patents during the past year, reflecting our tempo of innovation.

New markets, new products

In a very short span of time, Suzlon has grown from a single product, single market Company to a corporation spanning five continents. New markets come with new challenges - requiring locally compliant variants of our global product portfolio to match electrical systems, grid requirements, temperature suitability et al.

We have met these challenges through many specifically designed solutions sub-systems such as site specific towers, features such as power in tower, elevators, special grid connection solutions, condition monitoring systems, advanced SCADA systems, etc.

We have continuously enhanced product reliability delivering assured machine availability through increasing automated operations, systemic analysis of areas of improvement, building intrinsic safety in potentially vulnerable components et al.

People competencies

We firmly believe that any competitive advantage can only be gained and sustained by harnessing the right talent world over. We have drawn on the technology strengths of the various parts of the world with technology centres in Germany, Netherlands, Denmark and India. We have built and expanded strategic technological alliances with universities, research organisations and industry bodies. And through all this our focus remains on attracting the best technology talent around the world by offering a stimulating environment to foster innovation as a way of life.

As we look to the future, we believe our strategic initiatives and investments are in the right areas at the right time, and will help us harness technology not only to create a competitive advantage in the market, but also expand the global acceptance and application of wind energy to help power sustainable development the world over.

Renewable energy technology centre

The Renewable Energy Technology Centre (RETC GmbH) is an equal stake Joint Venture between Suzlon Energy Limited, (through its subsidiary SE Drive Technik GmbH), and REpower Systems AG. The new entity, headquartered in Hamburg, aims to combine forces and co-operate strategically in the field of research and technical training in wind energy for the future. There are plans to establish international subsidiaries of RETC in the future, in order to leverage the knowledge and expertise available in particular areas.

This global operating centre comes alongside the two technical core activities, product development and technical services carried out by Suzlon and REpower independently of one another. The RETC will act as a third pillar, where the fields of research, innovation, training, validation and technical processes will become focus points.

As part of RETC, an academy offering high-quality technical training and qualification schemes is also planned, initially on the basis of collaborations with universities. In the medium term this is to be supplemented with training courses designed by the centre.

The ultimate vision of the RETC is to implement innovative projects - such as new materials and manufacturing processes, increasing efficiency or new drive concepts. In short, everything that will significantly influence the development of the next generation wind power solutions.

Suzlon wind farm in Hallett, Australia.

Suzlon wind farm in Penamacor, Portugal.

Suzlon manufacturing unit in Tianjin, China.

MANUFACTURING AND SUPPLY CHAIN

The global wind energy industry is currently characterized by growing demand, but limited by a growth-constricting supply restricted environment. The steady growth of the industry over the past years has lead to a significant increase in demand for critical components and raw materials, while supply has not kept pace. However, Suzlon has consistently grown at a rate faster than the industry, growing by more than twice the industry average, every year for the past four consecutive years.

Vertical integration - our success driver

Suzlon foresaw the challenge early on and adopted a visionary strategy, setting forth to become the most vertically integrated wind turbine maker in the world. We embarked on a journey to develop leading edge technology and build manufacturing capability for all key components.

Wind Industry facing supply chain bottlenecks -

- Long lead time of production in key components such as Bearings, Gearboxes, Forging materials.

Critical competitive advantage with -

- Better control over time, cost & quality
- Long-term service support to customers
- Turbine technology integration
- Faster product rollout

Wind Turbine Generator ("WTG") Supply Chain

	Foundry & Machining	Forgings & Machining	Gearbox	Blades	Panels	Generator	Tower
Presence (current/ planned)	✓	✓	✓	✓	✓	✓	✓
Existing facility	---	---	Partial demand met through Hansen facilities in Belgium in Europe	Complete demand met by in-house production located in India, China & the US	Partial demand met through in-house facilities in India, China	Partial demand met through in-house facilities in India	Partial demand met through in-house facilities in India
Proposed facility expansion	120,000 MT foundry & machining facility by Q3FY09	70,000 MT forging & machining facility by Q3FY09	Significant expansion by FY09 in Belgium, China and India	India Rotor Blade unit to be completed by Q2FY09	Panel unit at Coimbatore, India to be completed by Q2FY09	Capacity expansion by Q2 FY09 in India	Planned expansion in India to be completed by 4Q FY09

Growing to take advantage of the vast opportunity, the Company has invested in major expansion plans - establishing new manufacturing facilities in India to act as a hub for global markets. Work to establish 3,000 MW in new capacity is in an advanced state of progress, with production scheduled to begin in July FY09 and to reach full utilisation levels by Q4 FY09 - more than doubling Suzlon's manufacturing capacity from 2,700 MW to 5,700 MW.

The Company's project to establish Forging facilities of 70,000 MT capacity and Foundry facilities of 120,000 MT capacity, are also scheduled to commence production in Q3 FY09.

Supply chain management - raising the bar

With expansion activities underway and our increasing global presence, Supply Chain Management (SCM) has assumed tremendous importance to ensure a timely and cost-effective delivery of quality raw materials and components to all production units. This aspect was bolstered by initiating a Supply Chain Transformation program that entails the implementation of LEAN Manufacturing practices in manufacturing and procurement.

Some of the major steps taken include -

- Setting up of Central Planning Cell with cross functional teams and streamlining the entire Sales and Operations Planning (S&OP) process with the help of world renowned consultants.
- Country organisations being beefed up to execute projects and services effectively.
- Systematic efforts to build a vendor base and strike strategic alliances with suppliers of critical components.

Project SOAR - Synchronous production through Lean manufacturing. With the objective of transforming the current manufacturing practices and taking it to the next level, the initiative SOAR - Strategising and Operationalising Actions for Results was launched early this year focusing on Lean manufacturing practices at Daman and Pondicherry manufacturing facilities.

This was further extended to the supply chain areas covering planning to procurement to final delivery to customer. The improvements in productivity and throughout time have been quite encouraging, helping to march towards synchronous production systems.

SUZLON ENERGY LIMITED

Production

Manufacturing plants in India and China operated at optimal capacities. Production clocked a growth of over 36% compared to the last year, increasing from 1,680 MW in FY0607 to 2,331 MW in FY07-08. In addition to scaling up output, serial production of the new S82 - 1.5 MW turbine and upgradation of existing models were completed on priority in response to market and field feedback.

Continuous improvement

Focus on Continuous Improvement has led to cycle times in all facilities across the globe being significantly reduced. The major focus of our Continuous Improvement efforts has been on Product and Process Quality. This has resulted in a reduction of in-process defects of 75%. This in turn has enabled faster cycle times. We have implemented Six Sigma training in our India facilities, to be followed by a global roll-out in FY 2008-09.

Improving international logistics processes

The strategy of focusing on the use of dedicated ships for movement of WTGs to International markets has had an added advantage of delivering WTGs at ports closest to the sites thereby reducing overall costs and lead times.

Suzlon has plans to expand its international logistics to provide custom made turnkey solutions to its customers in delivering WTG components right up the site of installation from various production sites.

Customer driven processes

The year saw over 70% growth in the export market necessitating the focus on streamlining execution and delivery processes aimed at improving the delivery lead time and WTG delivery in full. A Systemic response and resolution processes developed by international business groups are being implemented to address the field /subsidiary needs.

Central integrated planning cell

The cell encompassing an end-to-end planning cycle to optimise supply chain planning process focusing on full delivery has been created and set in operation in collaboration with key stakeholders. The entire planning process would be ERP enabled and it would bring in complete visibility and improve accuracy of the information and supplement the decision-making process.

Focusing on working capital management

The Company has embarked upon a path of synergistic efforts in purchase. Mechanisms have been put in place for efficient management of supplier accounts thus leveraging the strength of purchase residing in various purchase entities. This will help suppliers benefit from enhanced business scope, which will in turn gives impetus to our growth from a reassured supply base. Special emphasis is placed on just-in-time deliveries, which shall release resources for handling increasing business needs. An integrated purchase process has helped manage supplier accounts for supporting diverse geographical locations like China, USA and Europe more efficiently.

Optimisation of cost, despite acute currency fluctuation adversely affecting purchase prices for vital imports, the soaring prices of steel, castings, etc. which form 50% of raw materials in a wind turbine, spiraling prices of oil impacting heavily logistics cost which again has sizeable impact on the wind industry, the constant focus on cost optimisation through hedging, large capacity contracts and efficiently controlling the expenditure, the Company managed to keep costs under tight control, despite a growth in activity level of more than 30% over the past year.

Procurement

Our efforts in the direction of capacity enhancement of critical components yielded positive results. We stepped up our vendor development program to keep pace with our overall capacity expansion efforts, adding over 100% capacity for various components, compared to the previous year.

Our speed of response and concern resolution has helped facilitate better connect with supplier partners. Clarity of business needs and a positive relationship with all our major suppliers has helped mitigate the risk of un-warranted capacity drain in a volatile market.

Strategic direction has been set for speedy deliveries for newer models. Ability to implement changes faster will help us deliver products for newer markets earlier than anticipated. Programs are being managed based on a collaborative approach between various value streams.

Actions were taken to meet the business plan and achieve the objectives set accordingly. These included complete Vendor Development for the new WTG types of 0.6W and 1.5MW. It also required achieving series production from the vendors and thereby moving up from the level of prototype production. This was followed up by capacity enhancement of existing vendors and development of alternate sources for critical components such as castings, forgings, gear rims and shafts, and also for our 600 MW integrated manufacturing facility SETL in Tianjin, China.

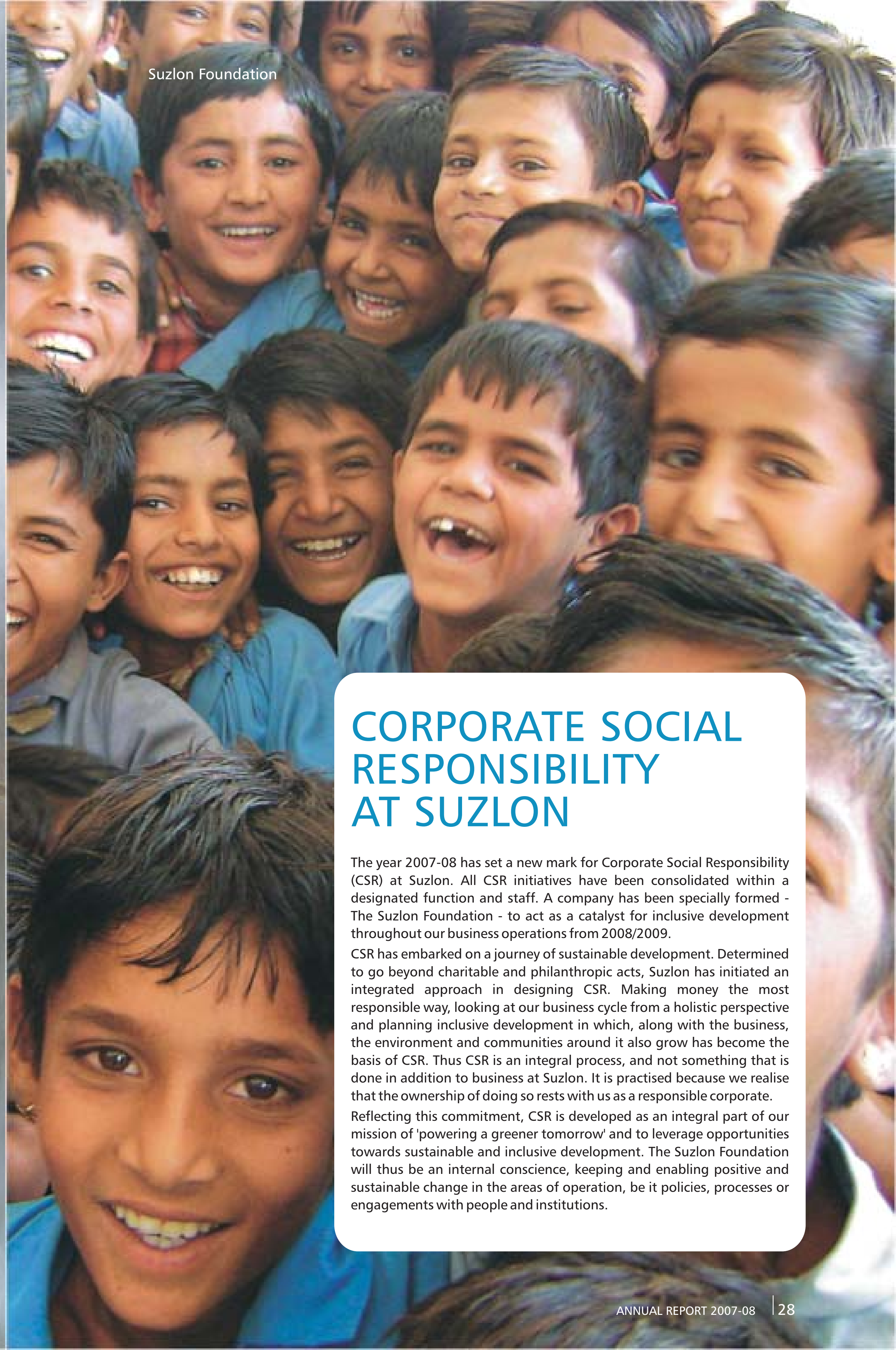
All of this ensures that the Company sufficiently de-risks itself as well as improves the quality of suppliers. The overall advantage of the initiatives has been to integrate the process into one smooth and streamlined supply of all components and raw materials that are so vital to production. This in turn has given our production the adequate support to scale up and fit itself into the shoes of a bigger and rapidly growing organisation.

Suzlon manufacturing unit in Minnesotta, USA.

Suzlon manufacturing unit in Dhule, India.

Suzlon manufacturing unit in Daman, India.

Suzlon manufacturing unit in Pondichery, India.



CORPORATE SOCIAL RESPONSIBILITY AT SUZLON

The year 2007-08 has set a new mark for Corporate Social Responsibility (CSR) at Suzlon. All CSR initiatives have been consolidated within a designated function and staff. A company has been specially formed - The Suzlon Foundation - to act as a catalyst for inclusive development throughout our business operations from 2008/2009.

CSR has embarked on a journey of sustainable development. Determined to go beyond charitable and philanthropic acts, Suzlon has initiated an integrated approach in designing CSR. Making money the most responsible way, looking at our business cycle from a holistic perspective and planning inclusive development in which, along with the business, the environment and communities around it also grow has become the basis of CSR. Thus CSR is an integral process, and not something that is done in addition to business at Suzlon. It is practised because we realise that the ownership of doing so rests with us as a responsible corporate.

Reflecting this commitment, CSR is developed as an integral part of our mission of 'powering a greener tomorrow' and to leverage opportunities towards sustainable and inclusive development. The Suzlon Foundation will thus be an internal conscience, keeping and enabling positive and sustainable change in the areas of operation, be it policies, processes or engagements with people and institutions.

To drive this forward, a mission statement for the CSR programme has been co-created by employees across various levels and verticals within the Suzlon Group -

"Corporate Social Responsibility for Suzlon means living our corporate values with the goal of:

- Having minimal impact on the natural environment;
- Enabling local communities to develop their potential;
- Empowering employees to be responsible civil society members; and
- Committing ourselves to ethical business practices that are fair to all stakeholders

so that we can collectively contribute towards creating a better world for all"

This statement acts as a guiding principle and gives focus and direction to our work both internal and in our neighboring communities.

Milestones during 2007-2008

The main focus during the year has been on evolving CSR policy and philosophy that the Suzlon management can own, and building a team and structures to enable implementation of this policy. The CSR programs were designed as responses to the issues arising out of current engagement patterns with key stakeholders. The focus of CSR programs and strategic intervention has been designed for working internally, externally and globally on key issues in development and working towards the Millennium Development Goals.

Millennium development goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The CSR team uses a Balanced Scorecard to act as a planning, management and reporting tool in order to make sure that operations are carried out uniformly and independent of who is running the project. Thus Suzlon is geared to address multiple issues from a business life cycle perspective, in addition to traditional community development that is usually considered the only role of CSR.

CSR councils have been formed in four states in India, with other states soon to follow. These councils are tasked to ensure that initiatives are uniform according to the strategic direction and at the same time specific enough to address ground level issues. Each council follows a transparent selection process for projects for easy and trustworthy communication with all stakeholders.

All this has given a momentum to CSR programs on the ground level by gradually building ownership of a socially responsive perspective. The program framework includes two categories:

I. Common Minimum Program: To ensure that CSR starts from within, significant efforts have gone into integrating ethical and transparent business practices throughout all verticals of Suzlon. More than 20 workshops have been conducted with various levels of management in order to develop practices that work on the base

Hygiene and sanitary awareness program in Ratlam, India.

SUZLON ENERGY LIMITED

level and in total more than 40% of all India employees are targeted to go through the same workshops during the business year 2008/2009.

To further demonstrate the internal commitment, a CSR contribution program has been launched wherein each employee will have the opportunity to give two full working days per year to any of the CSR focus areas. This programme has already been pioneered in tree plantation activities in Pune.

II. Responsive CSR Program: In order to respond to potential and real impacts of wind energy business on people and the environment, a comprehensive neighbourhood development program is planned.

(a) Soil and Water Conservation: Being in the renewable energy sector, care for other renewable resources, like soil and water is matter of great interest, particularly as Suzlon has significant land bank in its custody, the interventions will focus on rain water harvesting, improving land use plan, arresting run-offs and improving vegetative coverage.

(b) Literacy and primary education of disadvantaged communities, so that their chances of a brighter future improve. The interventions will aim at improving literacy, quality of education and life skill development,

(c) Community Health: To track health as an indicator of development, activities will be initiated to increase health awareness, improve health behaviour and availability of and access to health care.

(d) Civic amenities and services are often the souring gaps between the developed and under developed areas and need to be addressed on priority. The interventions will focus on increasing availability of amenities such as sanitation, electricity, housing and services such as transportation, insurance and Public Distribution Systems.

(e) Strengthening livelihoods of local communities which may be impacted due to resource sharing by the Company's business, will be achieved by enabling the communities to enhance their potentials and encouraging self-help and self- reliance.

The coverage and combination of the above interventions will vary from location to location and will be influenced by the strategic importance of neighbourhoods. Several projects will be implemented in partnership with NGOs, government departments and community-based organisations.

Projects around these themes have been launched in four states in India, (Rajasthan, Gujarat, Maharashtra and Madhya Pradesh) in partnership with both non-governmental and governmental organisations and initial results are expected to show in the coming year. No less than 33 partnering organisations have been involved in launching different projects during the year which further strengthen Suzlon's approach to impact development through a "strategic partnership mode".

Basic technology program (IBT) at a school in Dhule, India.

Snapshot of coverage for completed and ongoing community development projects, 2007/08

Livelihood	Health	Education	Civic amenities
More than 12,000 women covered in self-help group projects spanning over three years in villages around Suzlon wind farms in Rajasthan, MP and Maharashtra.	1,000+ students in MP educated in preventive health practices	Vocational training for 500+ students and 1,000+ women in Maharashtra around basic technology.	400 families gaining access to solar lanterns for rural electrification as a pilot project in MP and Rajasthan.
Advanced livelihood training for 40 students in MP for employability	18 ambulances for health care of employees and villagers at wind farm all over India.	Support for 1,000+ girls in Rajasthan to complete 5th standard schooling.	Improving roads and drainage in the neighbourhood of two manufacturing units in Gujarat.
Developing products and improving income of over 100 traditional artisans in Gujarat.	Improving Health and Safety of workers of Trichy through joint Industry co-operation Program.		35 villages in Gujarat covered by decentralised drinking water revival and medical Referral services.

Suzlon tree plantation program.

Suzlon wind farm in Sogi, India.

Suzlon wind farm in Minnesota, USA.

QUALITY, ENVIRONMENT AND SAFETY (QES)

At Suzlon, we believe having QES management systems to meet environment, occupational health and safety compliance is the very baseline for doing business and the rigorous pursuit of quality is one of the key vehicles.

Apart from benchmarking, our product, process, system and services are driving the organisation to achieve the goals in a sustainable manner. The year saw further integration of QES matched with stable implementation directed towards continuous improvement. Our emphasis on auditing expertise and continuous improvement has helped reduce management review time in our "One Product, One System" model.

At the heart of the Integrated Management Systems is Risk Management. Risk in management systems is traditionally measured independently, i.e. in Quality Management Systems (QMS) it is Failure Mode and Effect Analysis while in Environment Management Systems (EMS) and Occupational Health and Safety (OHS) it is Aspect Impact Risk Assessment and Hazard Risk Assessment. Our drive for coupling risk with an integrated management system into a hybrid measurement system combines risk priorities into a single scoreboard. This has enhanced our vision of sustainability over time.

In a step forward from single QMS certification, we have achieved an across-the-company single Integrated Management System (ISO: 9001, ISO: 14001 & OHSAS: 18001) certification as an umbrella concept. This has replaced the independent company certifications of the different segments leading to a successful synergizing of the supply chain, and bringing all manufacturing business units under a single certification program.

Manufacturing units, the project and operation and maintenance divisions, the business units, and our suppliers have demonstrated fulfilment of customer requirements and commitment to achieve customer satisfaction.

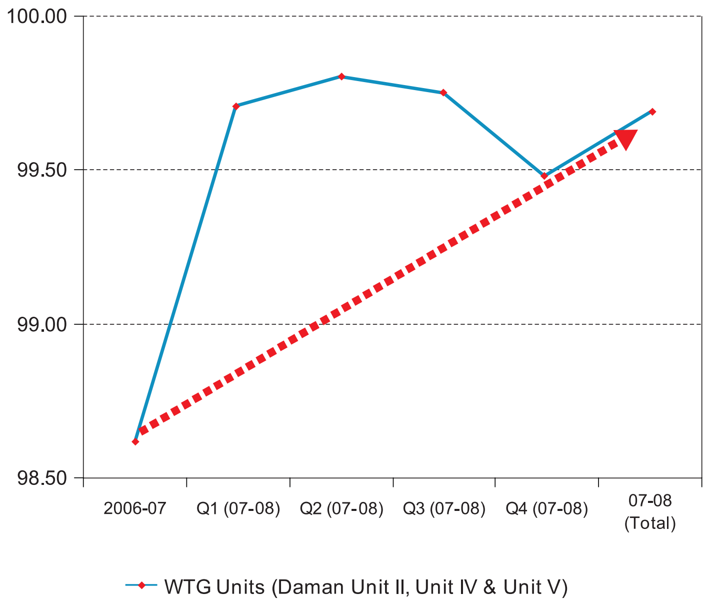
Suzlon has a dedicated, qualified, experienced internal auditor team for assessing and evaluating the QES management system performance.

- Qualified internal auditors: Suzlon has teams of qualified auditors for conducting internal audits of various management systems like Quality Management System (ISO 9001), Environment Management System (ISO14001), Occupational Health & Safety Management System (ISO 18001) & Information Technology Management System (ISO27001). To further strengthen this, major reinforcement has been successfully made through lead auditor programs in addition to the integrated internal auditors programs. This new concept developed in 2007, has created a force of qualified lead auditors spread across Suzlon in the past year. This is an important milestone towards improving the total Quality, Environment and Occupational Health & Safety objective in the year ahead.

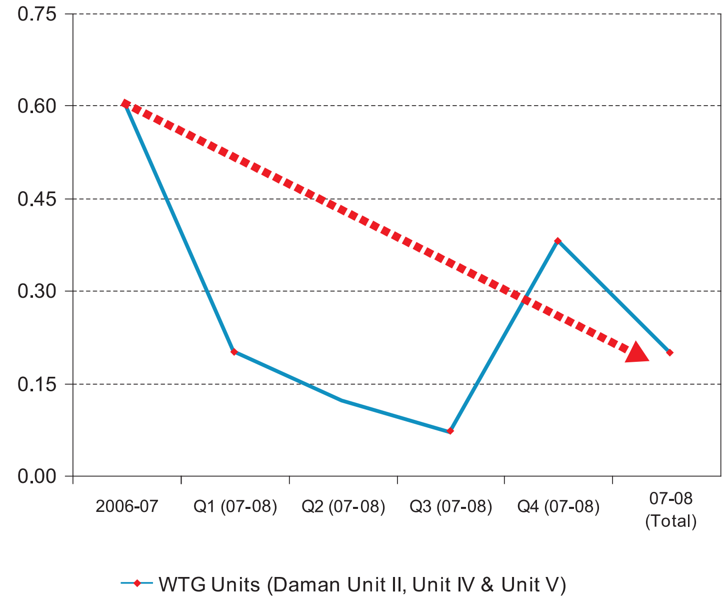
Description	No. of auditors qualified
Internal auditors for integrated management system	139
Lead auditor for quality management system (ISO 9001)	18
Lead auditor for environment management system (ISO14001)	17
Lead auditor for occupational health & safety management system (ISO 18001)	37
Lead auditor for information technology management system (ISO27001)	20

- In 2007-2008, two internal QES audits were conducted, along with two external audits by certification bodies covering the majority of functional areas.
- Management Review Meetings (MRM) every six months to review the performance of various management systems.

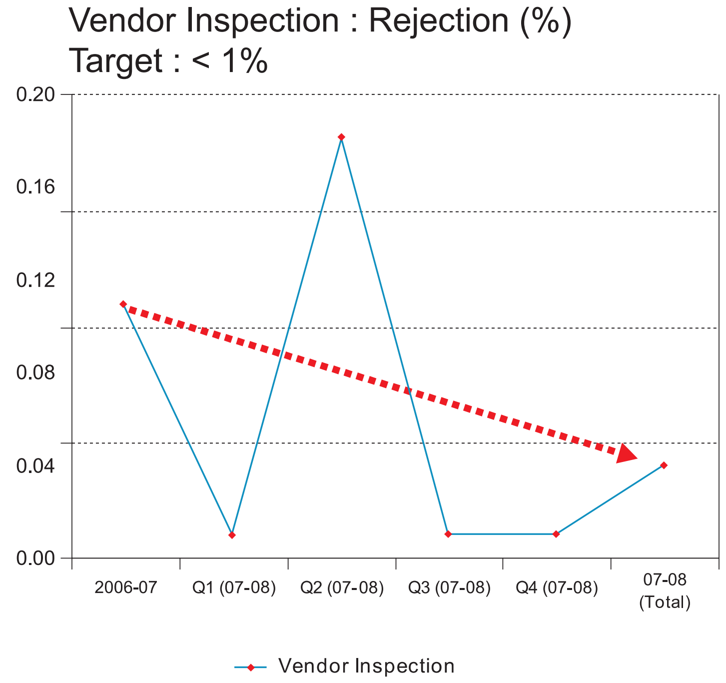
Inspection at WTG Plant : Acceptance (%)
Target : > 95%



Inspection at WTG Plant : Rejection (%)
Target : < 1%

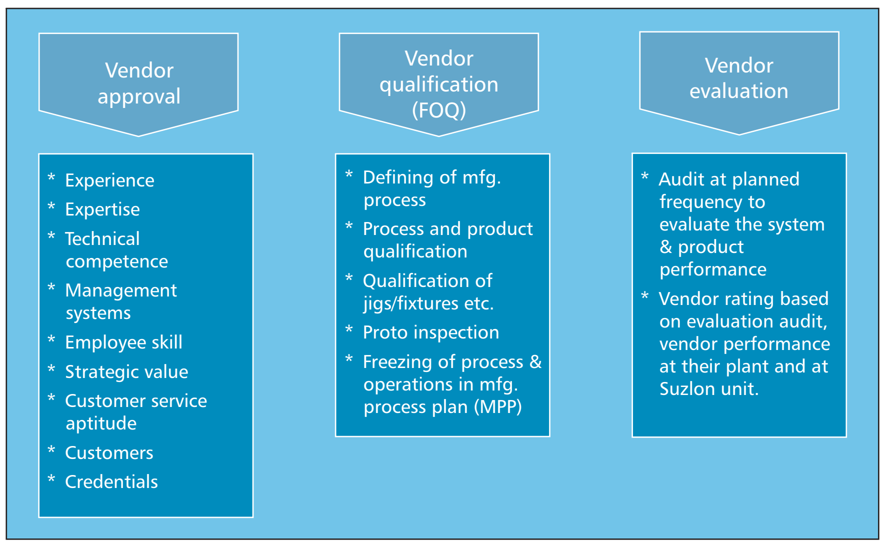


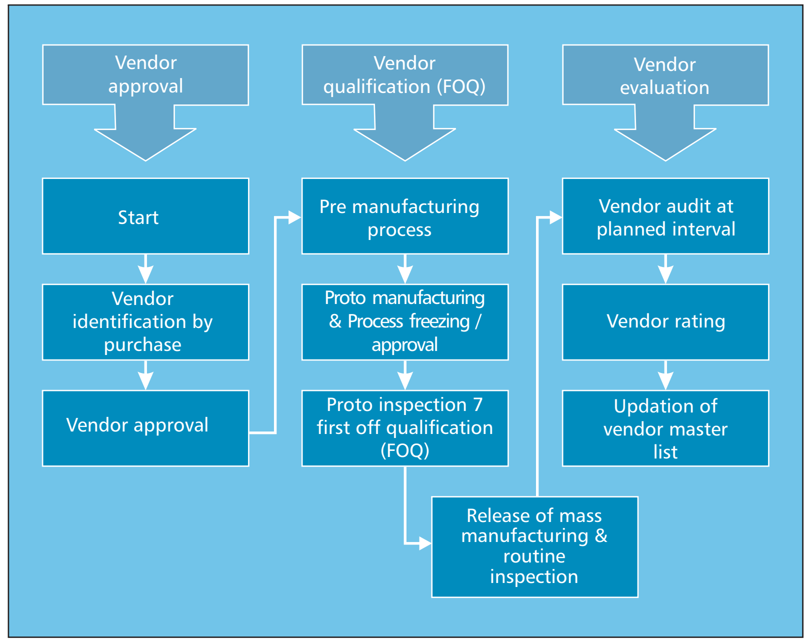
Vendor Inspection : Acceptance (%)
Target : > 97%



Looking forward

Horizons are now wide open. The value of introspective analysis has played a critical role in our success. World class supplier approval, qualification and evaluation guidelines, streamlined process control structures, leveraging information systems and industry specific qualification programmes have improved our sustainability and customer focus, some of which are detailed below:





Approval :

Vendors are approved based on their quality system, technical capabilities, employment practices, customer service aptitude etc.

Qualification :

Once vendors are approved, they are qualified for specific process / parts / commodity families. Through the qualification process, vendors demonstrate their ability to provide high quality parts in accordance with requirements and expectations from Suzlon.

First off qualification (FOQ) is performed for all major components manufactured at vendors end.

Evaluation :

Vendors are evaluated at a frequency of 3 months for compliance of quality system. Evaluation is carried out based on 24 different criteria starting from Contract review to Emergency Preparidness.

Master-list of vendor approval, qualification & evaluation :

This master-list is getting updated from time to time so that details of approval, qualification & evaluation can be found in a single document.

Vendor rating :

Following criteria are defined for Vendor Rating (Quality).

(1) Vendor evaluation audit (Weightage – 40%)

(2) Product performance at vendor's level (Weightage – 20%)

(3) Product performance at plant level (Weightage – 30%)

(4) Subjective parameters (Weightage – 10%)

Suzlon manufacturing unit in Pondicherry, India.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Wind Energy Demand

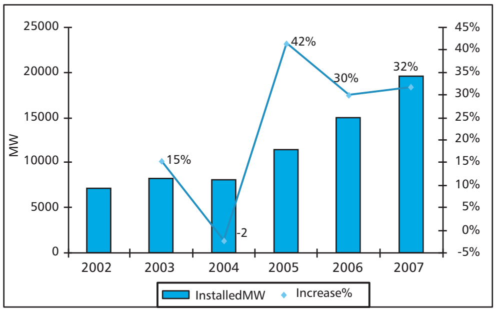
Growing energy demand, heightened environmental awareness and concerns over energy security have resulted in increased demand for "green" power in developing as well as developed countries.

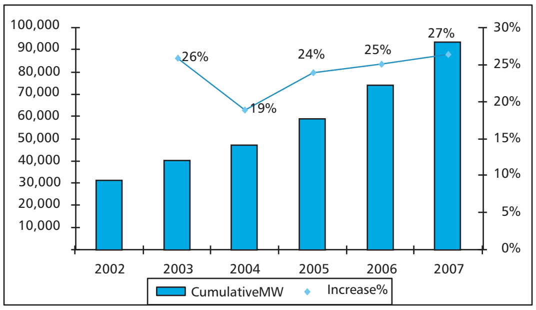
Incremental wind turbine capacity installed stood at a record 19,791 MW globally and resultantly the cumulative installed capacity was 94,005 MW at the end of CY 2007. (source: BTM Consult ApS- World Market Update 2007)

Demand was led by the American markets on account of the Production Tax Credit (PTC) as well as China which saw doubling of its capacities. Europe leads the pack representing 41.9% of the world market in terms of new installations.

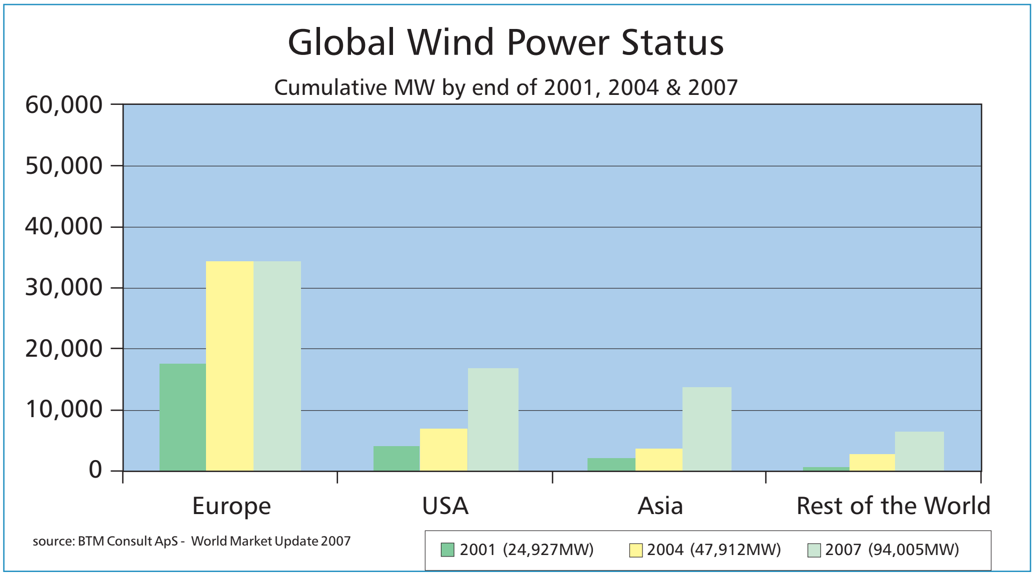
Offshore sector appears to be going through a period of readjustment with installations during CY 2007 reported at 200 MW, taking the cumulative installed offshore capacity to 1077 MW by the end of CY 2007. (source: BTM Consult ApS - World Market Update 2007)

The following graphs illustrate the growth in the global wind power industry: (source: BTM Consult ApS - World





Wind power installations are heavily concentrated in Europe, the United States, India and China, which accounted for about 95.9 % of cumulative installed capacity as of 2007, of which Europe alone accounted for over 60.40 %. The following chart illustrates the continued leadership of Europe in wind industry with cumulative installations reaching 51,339 MW by end of CY 2007. American cumulative installations reached 26,921 MW. The real growth was visible in the Asian market. Its installation of 5,231 MW in CY 2007 surpassed that of Europe and America which registered installation of 4,871 MW and 4,256 MW respectively.



As per BTM Consult ApS - World Market Update 2007, the ten largest national markets in global wind power installations accounted for 89.2%. of new installations in 2007. China has emerged as the most promising wind energy market with 146.4% increase in installation in CY 2007 compared to CY 2006. Other prominent markets are USA and Spain.

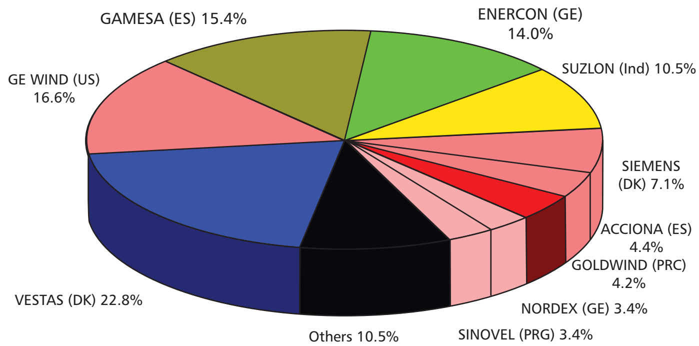
Country	2005	2006	2007	Share%	Cum. Share%
USA	2,431	2,454	5,244	26.5%	26%
P. R. China	498	1,334	3,287	16.6%	43%
Spain	1,764	1,587	3,100	15.7%	59%
Germany	1,808	2,233	1,667	8.4%	67%
India	1,388	1,840	1,617	8.2%	75%
France	389	810	888	4.5%	80%
Italy	452	417	603	3.0%	83%
Portugal	502	629	434	2.2%	85%
UK	447	631	427	2.2%	87%
Canada	239	776	386	2.0%	89%
Total	9,918	12,711	17,653		
Percent of World	85.9	84.7	89.2		

source: BTM Consult ApS - World Market Update 2007

The increased demand for wind energy has resulted in capacity expansion by existing players and entry of new players in the market. The share of top ten wind turbine suppliers at the end of CY 2007 stood at:

Top 10 Suppliers in 2007

% of the incremental capacity 19,791 MW



source: BTM Consult ApS - World Market Update 2007

2. POLICY SUPPORT IN KEY MARKETS AND SUZLON STANDING

United States of America

One of the support mechanisms to the wind energy industry in the U.S.A. is the PTC. It provides relief from income tax otherwise payable for the production of electricity from qualified wind energy facilities. The credit is currently valued at 2 cents / kilowatt-hour of electricity produced from utility - scale wind turbines. The expansion of the industry over the past three years can be directly credited to the renewable energy PTC, according to American Wind Energy Association, Executive Director - Randall Swisher. However, the current PTC is set to expire on December 31, 2008. The Senate has granted a one-year extension to the PTC, and wind industry experts are confident of full-fledged governmental support for the same. Historically, the presence and absence of the PTC has led to boom and bust cycles respectively in the American wind industry.

Renewable Portfolio Standard (RPS) is also facilitating development of wind industry. This system uses market tools to ensure that a certain percentage of electricity generated in a state comes from renewable energy sources. Currently, there is no RPS at the federal level, but 25 states and the district of Columbia have adopted RPS. The RPS has gained widespread public support and has proved itself to be an economically viable and profitable tool to aid in the promotion of renewable energy generation. With 25 states already adopting clear

RPS goals and targets, it is widely expected that more states will join in. Thus, wind projects will become more attractive and expand its base to other parts of the country.

Suzlon enjoys a strong position in the US market with orders from new customers, and major repeat business from existing customers. Some of the major orders signed in the past year include a contract for a 400 MW of wind turbine capacity with Horizon Wind of Houston, Texas, one of the largest wind power developers in the United States and also owned by Portuguese utility EDP (Energias de Portugal, S.A.), one of the world's leading renewable energy developer; a contract for a total of 400 MW of wind turbine capacity with PPM Energy of Portland, Oregon and a contract to supply 630 MW of wind turbine capacity, with Edison Mission Group (EMG) of Irvine, California.

Australia

The 3rd of December was a historic day for the movement against global warming. At the United Nations Framework for Climate Change Convention summit in Bali, the Australian Prime Minister Mr. Kevin Rudd announced Australia's ratification of the Kyoto Protocol, thus heralding the enforcement of binding emission reduction targets on his country. With a national renewable energy target of 20%, Australian states and territories have stepped up to the plate and have announced their own renewable energy policies. The Australian Government has begun to put in governmental support programmes to aggressively promote and spread renewable energy and emission exchanges across the country.

Suzlon ranks as Australia's leading wind turbine supplier. Suzlon in the past year won a contract for 57 MW of capacity with Australia's Pacific Hydro Limited - one of Australia's leading renewable energy developer.

Europe

The European Union (EU) has set itself an ambitious target of collectively generating 20% of its electricity from renewable sources. Further, the EU hopes that wind energy will contribute 12% of its electricity mix by 2020, of which 4% is expected to come from offshore wind. (source - European Wind Energy Association)

The third phase of the European Emissions Trading Scheme (ETS) as well as the second phase of National Allocation Plan (NAP) of emissions permits, have both been far more stringent than the last time around. This indicates the seriousness with which the EU is approaching its renewable energy targets. With heavy investments being made in transmission and distribution networks (T&D) as well as allying grid infrastructure, the EU aswell as the rest of Europe continues to be a very attractive and financially viable market for the wind industry.

Suzlon, though a relative new entrant in the European market has enjoyed successes in key markets such as Spain. Major orders from the past year include a breakthrough into the Turkish wind energy market with an order for 31.5 MW of wind turbine capacity and two new orders in Spain for 42.5 MW and 102.9 MW.

China

China is looking to expand wind power generating capacity to 100,000 MW by 2020, or fivefold the previous target, according to the National Development and Reform Commission. China aims to get 15 per cent of its power consumption from renewable sources by 2020. To this extent, the wind industry has grown rapidly in China. Wind farms are planned on huge scales and wind conditions in several parts of the country are very conducive to generating wind power. It is also well on its way to establishing an offshore wind industry.

Suzlon has secured several major orders over the past year, the most recent for 100 MW of capacity with the Jingneng Group, China's leading power project developers and a contract for 200 MW of capacity from Huaneng New Energy Industrial Co., one of the major players in China's energy sector in the beginning of FY09.

India

India's annual budget for the new fiscal has a mixed bag for the wind industry. While the Government has once again reiterated its support of renewable energy through the 11th Five year plan, services such as hiring cranes etc. will now be taxable. The non-withdrawal of customs duty for power generation projects and T&D projects might affect upcoming grid infrastructure. However, the continuation of accelerated depreciation on windmills, exemption from central excise and cenvat and adoption of renewable portfolio standards by some states will go a long way in encouraging the industry. A concessional rate on customs duty on wind turbine parts as well as the reworking of the dividend distribution tax is welcomed. The removal of customs duty on the import of aluminum and steel goes in tandem with Suzlon's backward integration strategy. The weighted deduction (@125%) on scientific research and development bodes well for Suzlon as it continues to focus on delivering top-class technology to its clients.

The Indian government has set specific targets for new and renewable energy through its Eleventh Five Year Plan. It expects renewable energy to contribute 10% of total power generation capacity by 2012 and have a 4-5% share in the electricity mix. This implies that renewable energy will make up 20% of the 70,000 MW of total additional energy planned from 2008-2012. By that period the renewable energy market is estimated to reach USD 19 billion with about 15GW of renewable energy capacity being added to the present installed capacity. (source -American Wind Energy Association)

Suzlon has maintained its market leadership in the home market with over 50% market share for yet another year. Over the past year, Suzlon has expanded existing relationships and brought on board major new customers. Suzlon received a key new order from ONGC, India's leading oil and gas Exploration & Production (E&P) player and a Fortune 500 Company, for 51 MW of wind turbine capacity; and also signed a major new order with DLF Limited, one of India's leading infrastructure development company, for 150 MW of wind turbine capacity.

Rest of the world

With the increasing acceptance of wind energy worldwide, Suzlon has looked to expand its business into new and emerging markets. Suzlon has secured breakthrough orders in several markets such as Brazil, Korea, Nicaragua. With this increasing international spread, Suzlon is well on its way to become a supplier of wind power solutions to the world at large.

3. SECTOR OUTLOOK

As per the BTM Consult ApS-World Market Update 2007 Report, the cumulative installed capacity for wind power is expected to grow from 94,005 MW in 2007 to 287,940 MW by 2012. It estimates that South and East Asia would be the most promising wind energy markets with expected share in cumulative installations to increase from 14.8% in 2007 to 23.4% by end of 2012. Share of Europe is expected to decline from 60.4% to 44.9% during the same period, while share of America would be marginally increase to around 26.4% from current share of 20.6%. The growth in South Asia and East Asia is expected particularly due to countries such as India and China.

The following table sets forth the forecast for wind power development (including offshore installations) from 2008 to 2012 for certain key markets:

Particulars	Cumulative installed Capacity (MW) by end of 2007	Installed Capacity (MW) in 2007	Forecast 2008-2012 (Incl. Offshore)					Installed Capacity between 2008- 20012	Cumulative installed Capacity (MW) by end of 2012
	2007	2007	2008	2009	2010	2011	2012	Sum	Accu.
Total Americas	19,391	5,815	7,900	9,300	11,500	13,200	14,600	56,500	75,891
Total Europe	56,824	8,285	9,880	12,105	15,130	16,725	18,825	72,665	129,489
Total South & East Asia	13,973	5,010	7,700	9,275	10,800	12,000	13,800	53,575	67,548
Total OECD-Pacific	3,209	597	850	1,050	1,200	1,550	1,800	6,450	9,659
Total other areas	607	86	235	565	825	1,360	1,760	4,745	5,352
Total MW new capacity every year		19,791	26,565	32,295	39,455	44,835	50,785	193,935	287,940
Accu. Capacity (MW)	94,005		120,570	152,865	192,320	237,155	287,940		

source: BTM Consult ApS - World Market Update 2007

Suzlon believes that the market for wind power has become significant due to the following factors:

- Emergence of utilities and developers
  Utilities are emerging as a force to be reckoned within the field of renewable energy generation. This is particularly true of the utilities in Europe who are consolidating at a fast pace. They are getting their supply pipelines in place, with long term agreements or equity investments with components suppliers, opening up a huge opportunity for players like Suzlon.

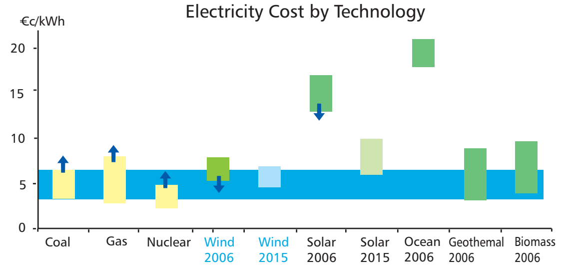
  Further, investing in renewable energy is an increasingly viable option, especially for those utilities faced with large emission reduction targets and renewable energy regulatory objectives in the U.S. and more so in the EU. Some of these utilities might have to set aside close to 38% of their earnings to buy carbon credits and meet their emissions targets. We can also expect to see increased wind project pipeline growth, especially in a transnational / transcontinental form, with European utilities further foraying into other parts of the world. Once the U.S.A. is clear on its emission norms and carbon policies on a federal level, we can expect to see more North American power generation companies beefing up to enter the fray. Equity investments from global players in wind energy projects and wind turbine component manufacturing are indications of the market's confidence in this sector.

- Financial viability of wind energy on an uptrend
  Besides easing energy concerns and reducing emissions, renewable energy projects are proving increasingly competitive in comparison to conventional sources. Chief among these is wind power generation. As compared to escalating price of other resources, wind offers major advantages through zero-fuel costs and low maintenance costs.

Energy return on energy invested	
Coal fired power plant	2.5
Nuclear power	4.5
Hydroelectric power	10.0
Wind power	35.0
Natural gas	10.3

Source: Lehman Brothers, Industry Analysis

Electricity Cost by Technology



Cost evolution trend
Note: Cost of electricity includes: Co2 tax in C/ton low 10-high 30; coal in C/MMBTU:1.3-2.6; gas in C/MMBTU:3-10).
Sources: PRTM analysis, Windpower Monthly 2007, DLR 2006, Carbon Trust 2006

- Environmental awareness and government initiatives
  In recent years, governments in many countries have enacted legislation or have established policies that support the expansion of renewable energy sources, such as wind power. The policy instruments adopted by identified countries are briefly summarised in the table below:

Particulars	Feed-in tariffs	RPS and Green RECs	Production/ certificates tax credits	Subsidies/ investment	Fiscal rebates	measures
Germany & Spain	✓	-	-	-	✓	✓
United Kingdom	-	✓	✓	-	-	✓
United States & Canada	-	✓	✓	✓	-	✓
China & India	-	-	-	-	✓	✓
Australia & Japan	-	✓	✓	-	-	-

- Repowering
  Repowering involves the replacement of old WTGs with new and more cost-efficient WTGs. It is expected to become one of the growth drivers in relation to the future market for wind power, particularly for countries in Europe that have a large number of ageing WTG installations with relatively low capacity and outmoded technology.

- Offshore Market
  The offshore WTG market presents a new opportunity for wind power, especially in Europe. The cumulative offshore installed capacity stood at 1,077 MW at the end of 2007 (BTM Consult ApS - World Market Update 2007). With the introduction of larger WTGs targeted at the offshore market, significant developments are expected in the offshore market in the future. New offshore installations are expected to increase significantly over the coming years with cumulative installed offshore capacity expected to reach 8,155 MW by 2012.

4. RISKS RELATING TO THE WIND POWER INDUSTRY

- The demand for wind power projects is primarily dependent on the demand for electricity
  As the economy grows, economic activities, such as industrial production and personal consumption also tend to expand, which increases the demand for electricity. Conversely in economic downturns, activities such as industrial production and consumer demand decline or stagnates, causing demand for electricity to decrease. If either the Indian economy or the economies of major international markets, such as the United States, China, Australia and Europe do not continue to grow at their current rates, or if there is an economic downturn, the general demand for electricity and demand for renewable energy sources such as wind power are likely to decrease.

- The viability of wind power projects is dependent on the price at which they can sell electricity
  The viability of wind power projects is dependent on the price at which they can sell electricity as well as the cost of wind-generated electricity compared to electricity generated from other sources of energy. Governments in certain jurisdictions have introduced pricing incentives to encourage generation of electricity from renewable sources. The cost of oil, coal and other fossil fuels are key factors in determining the effectiveness of wind power from an economic perspective, as cheaper and large supplies of fossil fuels favour non-wind power generation, while more expensive and limited supplies of fossil fuels favour wind power generation. Though continued investment in product techniques and technical advances in WTG design have led to an overall reduction in the cost per kWh of power from wind energy over a period of time,an increase in cost competitiveness or significant developments in technology for other sources of power generation, the discovery of new and significant oil, gas and coal deposits or a decline in the global prices of oil, gas and coal and other petroleum products could result in lower demand for wind power projects.

- The viability of wind power and wind power projects is dependent on wind patterns
  The viability and level of generation of wind power is dependent on wind patterns, although Suzlon conducts wind resource assessments based on long-term wind patterns at identified sites, there can be no assurance that wind patterns at a particular site will remain constant. Any changes in wind patterns at particular sites, which have previously been identified as suitable for wind power projects could affect the Company's ability to sell WTGs to potential customers.

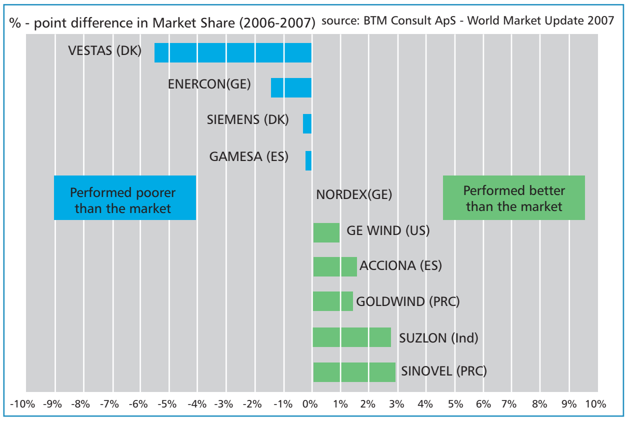
- Wind Power cannot be considered as base load source of electricity
  While wind energy demand is expected to increase, it appears unlikely that it can substitute for fossil fuel generated power or other renewable energy on a very large scale. Although the demand is expected to rise steadily, in a very long term the growth prospects may be adversely affected.

- The decrease in or elimination of government initiatives and incentives
  Government incentives have been the major growth driver for the industry, globally. Support for investments in wind power is provided through fiscal incentive schemes or public grants to the owners of wind power systems, for example through preferential tariffs on power generated by WTGs or tax incentives promoting investments in wind power. In addition, the government of some countries also prescribe specified levels of electricity that utilities are required to obtain from renewable energy sources. With increased emphasis on environmental energy sources, various duties have been applied on energy generated through conventional energy sources which cause pollution which provided an impetus to the wind energy sector.

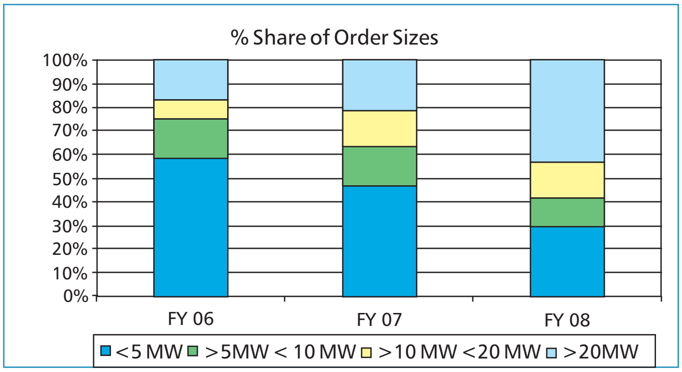
  In the past, the decrease in or elimination of direct or indirect government support schemes for renewable energy including wind power in a country has had a negative impact on the market for wind power in that country. There can be no assurance that government support will continue at the same level or at all exist.

5. SUZLON POSITIONING

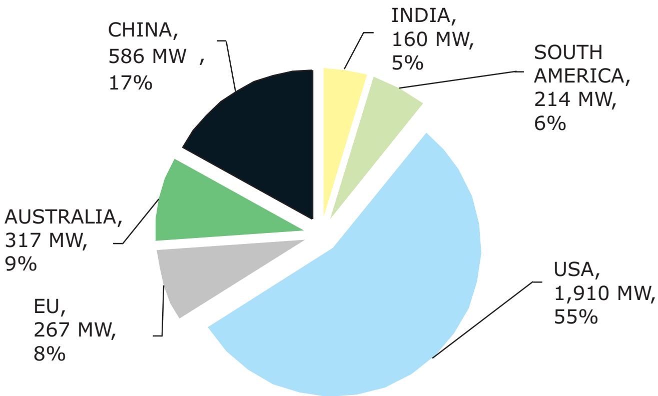
Suzlon is growing at a rapid pace and grows faster than the benchmark as shown below:



Suzlon is Asia's leading manufacturer of WTGs and was ranked fifth in the world in terms of annual installations with market share of 10.5% for the CY 07 (source: BTM Consult ApS - World Market Update 2007). In India, it continues to retain its position as market leader with a dominant share of 58% of the market and is geared to continue its market leadership in the Indian wind power market and adapting to a change in the customer profile. As more corporate houses and industries are moving towards green energy, Suzlon is at the forefront of supplying complete end to end wind power solutions. Keeping in mind the interest in wind power, its offering is designed to be flexible to suit the different needs of clients. The expansion of customer profiles holds testimony to Suzlon's continued commitment to generate clean and sustainable energy.



As part of our strategy to be a leading provider of complete wind energy solutions in the world, our clients are now spread across various parts of the world thereby mitigating the chance of a slow-down in any particular part of the world. The geographical break-up of order book excluding Hansen and REpower as on May 19, 2008 is as shown below:



6. COMPETITIVE STRENGTHS

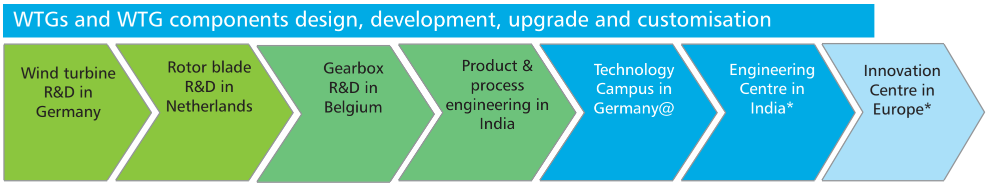
Suzlon believes that the following are its principal competitive strengths:

- Strong management team
  Suzlon senior management has extensive experience in the wind energy industry. It is predominantly moving towards an organisation consisting of empowered functions and business units. All functions are seamlessly connected with each other; harmonized by a Group Executive Council (GEC) headed by the Company's CEO.

- Global production platform and access to an integrated manufacturing base
  With production facilities in India, China, Belgium (Hansen) and the United States, Suzlon has created a global production platform to enhance supply to key growth markets. Also, Suzlon has an integrated manufacturing base with most of the key components such as rotor blades, generators, gearboxes, control panel and towers manufactured in-house. It also manufactures other components such as nose cones and nacelle covers and is establishing facilities to manufacture forging and foundry components used in WTGs and their components. It offers a unique combination of low cost manufacturing and access to high end technology with its business model.

- Track record of executing large-scale wind power projects
  A modest beginning has metamorphosised into the fifth largest player globally in the wind power sector. Suzlon's track record and the experience it has gathered across various geographical locations will stand it in good stead internationally. These complex projects have allowed Suzlon to develop the capabilities and expertise needed for wind farm projects. It has also enhanced Suzlon's standing and stature in the wind power marketplace.

- In-house technology and design capabilities
  Through its in-house design capabilities, Suzlon has been able to develop its MW and multi-MW WTG models. Suzlon has also been able to constantly develop its technology enabling it to manufacture in-house certain key components, such as nacelle covers, nose cones, control panels, blades, generators and gearboxes. It also has in-house capability to construct tools and moulds used in the manufacture of rotor blades.

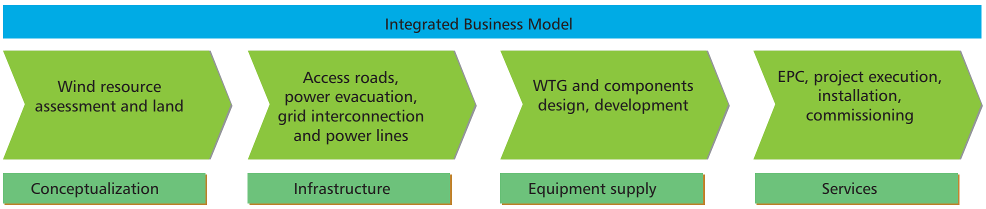


*Planned
@50:50 Joint venture with REpower Systems AG

- Cost-efficient manufacturing and supply-chain
  Suzlon's manufacturing facilities located in India and China give it a cost advantage in terms of capital, manufacturing and labour costs over some of the Company's larger competitors whose manufacturing facilities are in higher cost regions, such as Western Europe. Further, it is able to source efficiently many key components, such as castings, generators and towers, from lower-cost suppliers based in India and China.

- Operations and maintenance expertise
  Suzlon believes that its ability to provide WTG O&M services to its customers has helped it in assessing and enhancing the performance of WTGs under operational conditions. Suzlon's introduction of the Customer Management System (CMS) concept as part of its O&M services provides its personnel and customers with real-time data relating to the WTGs. This allows its technical personnel to control and monitor WTG performance on-line, even from remote locations and during adverse weather conditions. Suzlon believes this helps in reducing WTG downtime and maintenance costs. Further, its research and development teams are able to use the operational data gathered by its operations and maintenance teams in order to upgrade its current WTG models and to design, develop and roll-out newer and more cost-efficient WTG models.

- Focus on providing "integrated solutions" wind energy packages to customers in India
  Suzlon's business model for the Indian market involves providing "integrated solutions" packages for wind energy projects. This business model allows its Indian customers to benefit from the cost-efficiencies and the economies of scale that wind farms can offer. At the same time, the Company's customers can avoid the need to undertake the cumbersome processes associated with developing wind farms, which requires expertise in various areas such as wind study, land acquisition and project execution/management skills.



7. COMPANY'S BUSINESS STRATEGY

With its global management centre in Amsterdam, R&D and engineering offices in Germany, the Netherlands and India, and business units in major wind markets of the world, Suzlon has its finger on the pulse of the industry. At the same time, it remains in close proximity to all its stakeholders. Suzlon intends to accomplish its objectives through:

- Expanding its presence in international growth markets
  In order to increase its world wind energy market share, Suzlon plans to continue to grow its overseas operations. Suzlon considers its key international markets to be: North America, in particular the United States, which has many sites that offer wind conditions that are optimal for WTGs and also currently offer tax incentives for power generated by WTGs; China, where the level of demand for energy is high and where the government is encouraging the development of renewable energy sources; Australia, which also has sites with optimal wind conditions and where the government has declared that it intends to encourage a sustainable and internationally competitive renewable energy industry; key growth markets in Europe, including Germany, France, Portugal, Italy, Spain and the United Kingdom, which have the potential for further development and investment in renewable energy, and wind power in particular. Suzlon is also active in, Brazil.

- Maintaining its strategic focus on the Indian market
  Suzlon has been the number one WTG supplier for the last nine years and it believes that India is and will continue to be an important growth market for wind power. It intends to continue to focus on growing its Indian business by leveraging its status as the leading "integrated solution provider in wind" and continuing to develop large-scale wind farm projects. Suzlon will also continue to utilise the experience and expertise gained through its Indian operations to seek to win and execute orders from international customers.

- Integrated and expanding manufacturing capacity in domestic and key international markets
  Suzlon continues to implement a backward integration strategy with in-house manufacturing of rotor blades, tubular towers, generators, control panels etc. In May 2006, Suzlon completed the acquisition of Hansen, which is the second largest gearbox manufacturer for WTGs worldwide. Suzlon is also establishing forging and foundry capacity in India. It believes that increasing its component manufacturing capabilities will allow it to lower WTG manufacturing costs, give it greater control over the supply chain for key WTG components and enable quicker and more efficient assembly and delivery of WTG components to its customers. It is also expanding its vendor base across countries to further improve supply chain efficiencies and to build a natural hedge against foreign currency risks.

- Expanding its WTG product line and improving existing models
  Suzlon intends to leverage the WTG design and development capabilities (implement new technology) that it has developed through its R&D subsidiaries to enhance its existing WTG models and develop new models, particularly in the MW and multi-MW class. Further, Suzlon aims to take advantage of its vertically integrated structure to combine WTG research with its R&D platform at the component level in order to design and develop more advanced and cost-efficient WTGs. Suzlon plans to strengthen its research and development capabilities further by setting up an "innovation centre" in Europe. The newly established Renewable Technology Energy Centre GmbH (RETC - 50:50 joint venture between Suzlon and REpower) aims to develop innovative technology that will significantly influence the next generation of wind turbines. The centre aims to combine forces and to co-operate strategically in the field of research and technical training in the future.

- Growing its business through strategic acquisitions and alliances
  Suzlon will evaluate on a case-by-case basis potential acquisition targets and alliance partners that offer an opportunity to grow its business and/or expand its capabilities or geographical reach. Suzlon intends only to pursue those transactions that complement its key strengths, are synergistic and, in its assessment, have manageable integration risks. In line with this strategy, it acquired a stake in REpower in May 2007.

  About Repower

  (a) Recognised technology leader with strong presence in Europe. Controls approximately 10% of German market share.
  (b) Current capacity of 1,250 MW with planned expansion of additional 450 MW
  (c) Manufactures medium to high capacity WTG (1.5 to 5 MW)
  (d) Employee strength stands at around 1,150 nos.

  Rationale for the deal

  (a) Complementary geographical presence
  (b) Complementary product portfolio
  (c) Complementary supply chain strategies
  (d) Off-shore leadership of REpower

Transaction overview

(a) Suzlon through its subsidiaries purchased 33.85% stake for a consideration of approximately Euro 453 million on June 6, 2007.

(b) Agreement with Martifer for its approximate 23.08% stake with acquisition cost payable only after May, 2009.

(c) Agreement with Areva for its approximate 30.17% stake with acquisition cost payable only after May, 2008.

(d) Deal partially financed in tranches with loan repayment upto 7 years, which got partly refinanced through convertible bonds issue and follow-on equity offering proceeds.

(e) Suzlon was awarded the Euromoney-Ernst & Young global renewable energy award for 'M&A of the Year' for the successful acquisition of a stake in REpower.

8. RISK MANAGEMENT AND INTERNAL CONTROL ADEQUACY

Suzlon's internal control systems are adequate ensuring safeguard of assets against loss from unauthorised use or disposition. The internal controls are supplemented by extensive management audits conducted periodically thereby ensuring that objectives of internal controls are met effectively. The head of management audit reports to the audit committee. The audit committee of the Board reviews and will continue to review the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them.

Suzlon has a comprehensive Enterprise Risk Management (ERM) framework that addresses risks in a proactive and structured manner. To transform Suzlon's vision into reality, each business unit attends risk with an institutionalised approach which is aligned to the Company's long term objective. As part of its ERM exercise, Suzlon has initiated a retrofit programme in order to resolve blade cracks discovered during the operations of some of its S88 V2 turbines in United States and Europe. Suzlon is closely working with customers to minimise the impact of this issue.

Key factors which might affect Suzlon's results of operations and steps taken to mitigate the adverse impact of the same are enumerated below:

- Supply chain risk

  WTGs require certain components which are specifically designed for application in wind energy generation. The type and configuration of particular WTGs also require specifically designed components. While Suzlon manufactures key components needed for the manufacturing of WTGs in-house, it also sources from outside suppliers raw materials, such as steel, glass fibre and epoxy resin for rotor blades, as well as several key WTG components, such as gearboxes, yaw and pitch drives, from suppliers in India and overseas. The failure of suppliers to deliver these raw materials or components in the necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could affect the Company production processes and its ability to deliver orders on time and at the desired level of quality giving rise to contractual penalties or liability, and a loss of its reputation.

  Suzlon, through its continuous backward integration process, is not only ensuring control over critical components but also gaining competitive edge over its competitors. Suzlon believes that it would further mitigate the supply chain risk in future operations.

- Technology risk

  Suzlon needs to keep pace with rapidly evolving technology in the design and production of WTGs and WTG components. To maintain a successful business in the WTG sector, it will have to design and develop new and improved WTGs and WTG components that keep pace with technological developments, changing customer standards and meet the constantly growing demands of its customers in terms of WTG performance. Suzlon's ability to design, develop, manufacture and market financially viable and cost-efficient WTGs on an ongoing basis is particularly important.

  Suzlon has been successful in attracting and retaining the best talent in the industry. Also, an innovation centre is planned in Denmark and a new joint venture company with REpower AG will further drive the Company's R&D programme.

  Government policies including taxes and duties affects wind energy sector. Changes in government policies such as the US PTC will affect Suzlon's growth and the investment plans of its customers. The construction and operation of wind power projects has faced opposition from the local communities in some countries where these projects are located. Suzlon has faced protests at a few of its wind farms in India. A significant increase in the extent of such legislation or other restrictions could cause significant constraints on the growth of the wind power industry as a whole. This would have an adverse effect on

Suzlon is also looking at projects that are viable on a standalone basis, and value-added propositions are being developed to further expand the market. As Suzlon spreads its presence across the globe, the country specific regulatory risks are mitigated to a fair extent. Suzlon through its CSR initiatives is generating social awareness about the wind power projects and working jointly with local communities to address local issues in a proactive manner.

- Foreign exchange risk
  As Suzlon's import purchases and export sales are invoiced in foreign currencies, the rate of exchange between such currencies and the Indian Rupee will affect its operating results to the extent that it is not passed on to customers by corresponding escalations in Company's product prices.

  Suzlon enjoys a natural hedge because of its Indian and international operations. As international manufacturing operations expand and its exports and foreign sales increase, Suzlon will have revenues and expenses denominated in US dollar and Euros which will provide a natural hedge to a certain extent. Further, Suzlon has a designated treasury team which monitors foreign exchange markets and operates with an objective of minimising the impact of adverse currency moves and optimising savings. Exposures are monitored from the business plan stage and exposure is crystallised and hedging undertaken at the contractual stage.

- Competitive risk
  The market for WTGs is highly competitive, which could limit Suzlon's ability to grow. Important factors affecting competition in the WTG industry include performance of WTGs, reliability, product quality, technology, price, and the scope and quality of services, including O&M services and training offered to customers. Although Suzlon has expended considerable resources on design, development and manufacture of WTGs, some of its competitors have longer industry experience and greater financial, technical, personnel, marketing and other resources. Suzlon's competitors may be willing and able to spend more resources to develop products and increase sales and may be able to provide comparable products and services faster or at a lower price than others can. Growing competition may result in a decline in the Suzlon market share or may force it to reduce the prices of its products and services, which may reduce revenues and margins, any of which could have a material adverse effect on the business, financial condition and results of operations of the Company.

  Suzlon is in a continuous process of gaining competitive advantage through initiatives like backward integration, acquisitions, technology upgradation, and human resource retention through employee stock option plans.

- Operational risk
  Suzlon's multinational operations and its continued expansion into markets outside India subjects it to operational risk. It currently has a direct presence in several countries including China, Denmark, Belgium, Germany, the United States and Australia and intends to further expand its operations in international markets. As a part of its growth strategy, it is currently undertaking substantial investments in its new production capacity in Belgium, India and China. Suzlon's international expansion will require it to establish new offices, expand its workforce and manage offices in widely disparate locations and will require significant management attention and financial resources.

  Suzlon may not be able to secure suitable locations for wind power projects in India. The ability of Suzlon to acquire sites in India, that it has identified as suitable for wind power projects either through lease agreements or purchase agreements depends on many factors, amongst which some significant factors are whether the land is private or state-owned, whether the land is classified in a manner that allows its use for a wind power project site and the willingness of the owner or owners to sell or lease their land. In many cases the area that has been identified as a suitable site is owned by numerous small landowners. During the financial year, Suzlon and its customers have been facing certain issues with residents of Dhule and Sangli, in Maharashtra, India resulting in disruption of the smooth operations of the WTGs in these regions. However, Suzlon has taken required initiatives and machines have been restored to working condition.

  Suzlon believes that its global headquarters at Amsterdam can adequately take care of its international operations. To take care of customer order cancellation etc. its WTG supply contracts usually include penalties for contract terms failures or delays on behalf of the customer. Also, to take care of depletion quality sites, Suzlon is focusing at designing WTGs in a manner which makes projects viable in comparatively low wind regimes. It is also further strengthening the wind research team and conducting extensive research to identity potential sites and explore new markets.

- Acquisition risk
  Suzlon's acquisition of Hansen and of a stake in REpower may negatively impact its financial condition and results of operations. The acquisitions resulted in Suzlon recognising a significant amount of debt and goodwill in its books. Suzlon has increased its outstanding long-term debt in order to finance the offer for the outstanding equity share capital of REpower. In addition, Suzlon has potential future commitments to purchase REpower shares from Martifer and Areva pursuant to option arrangements.

  Suzlon believes that it has proven management resources and sound corporate governance framework to address risks associated with acquisiion of Hansen and REpower. The successful Hansen listing has shown that the acquisition has been a wealth creator for the shareholders.

9. DISCUSSION ON FINANCIAL PERFORMANCE

   Significant financial developments in FY 2007-08

- The Company raised US$500 mn through zero-coupon convertible bonds route in two tranches of US$ 300 mn in June 07 and US$ 200 mn in October 07 at conversion price of Rs 359.68 and Rs 371.55 per share of Rs 2 each respectively. The said conversion price was adjusted on account of allotment to selected Qualified Institutional Buyers (QIBs) and sub-division of the face value of equity shares from Rs 10 to Rs 2 per share.
- The Company raised US$ 552 mn through a follow-on offer of equity to selected QIBs at an issue price of Rs 1,917 per equity share of Rs 10 each (since adjusted to Rs 383.40 per equity shares of Rs 2 each).
- The Company has sub-divided its equity shares with a face value of Rs 10 each into equity shares with a face value of Rs 2 each effective from January 28, 2008.
- The Company's subsidiary, Hansen Transmission International N.V. (Hansen) had successfully completed its initial public offering raising approximately Euro 440 million and listing of its ordinary shares on the London Stock Exchange. Post IPO, holding of the Company in Hansen stands at 71.28%.

(I) Highlights of unconsolidated results

A Sources of funds

1. Share capital

   At present, we have only one class of shares - equity shares of face value of Rs 2 each.

   During the year, employees exercised 236,100 equity shares of face value of Rs 10 each (since adjusted to 1,180,500 equity shares of Rs 2 each) issued under stock option plan-2005 (Scheme I). Also, during the financial year the Company issued 11,386,000 equity shares of face value of Rs 10 each (since adjusted to 56,930,000 equity shares of Rs 2 each) to QIBs. Consequently, the issued, subscribed and outstanding shares increased by 58,110,500 equity shares of face value of Rs 2 each and share capital increased by Rs 11.63 crore.

   The equity shares of the Company are currently listed in India on the NSE and BSE. The market capitalisation (NSE) as of March 31, 2008 was Rs 39,489.13 crore (previous year Rs 28,819.64 crore).

   The movement of equity share capital is provided in the table below:

	2008		2007	
	Equity shares (Nos.)	Rs crore	Equity shares (Nos.)	Rs crore
Equity share capital - beginning of year	1,438,823,900	287.76	1,437,656,900	287.76
Add : Shares issued upon ESOP exercise	1,180,500	0.24	1,167,000	0.23
Add : Shares issued upon QIP	56,930,000	11.39	-	-
Share capital - end of year	1,496,934,400	299.39	1,438,823,900	287.76

2. Reserves and surplus

A summary of reserves and surplus is provided in the table below :

in Rs crore

Particulars	2008	2007
Capital redemption reserve	15.00	15.00
Securities premium account	3,456.62	1,322.69
General reserve	897.99	598.27
Profit and loss account	2,268.44	1,477.86
Total	6,638.05	3,413.82

(a) Capital redemption reserve

There is no movement in capital redemption reserve as compared to previous year.

(b) Securities premium account

A statement of movement in the securities premium account is given below:

in Rs crore

Particulars	2008	2007
Balance - beginning of year	1,322.69	1,311.02
Add : Premium on Qualified Institutional Placement (QIP) issue	2,171.31	-
Add : Premium on ESOP exercise	11.81	11.67
Less : Expenses incurred	49.19	-
Balance - end of year	3,456.62	1,322.69

The addition to the share premium account of Rs 2,183.12 crore during the year constitutes Rs 2,171.31 crore on account of premium received on issue of 56,930,000 equity shares under QIP and Rs 11.81 crore towards premium received on issue of 1,180,500 equity shares on exercise of options under stock option plan-2005. An amount of Rs 49.19 crore incurred towards issuance of QIP and zero-coupon convertible bonds was utilised from security premium.

(c) General reserve

A statement of movement in the general reserve account is given below :

in Rs crore

Particulars	2008	2007
Balance - beginning of year	598.27	315.85
Add : Transfer from P&L account	300.00	300.00
Less : Adjustment for employee benefits	0.28	2.58
Less : Transferred to capital redemption reserve	-	15.00
Balance - end of year	897.99	598.27

An amount of Rs 300.00 crore representing 23.70 % of the net profit for the year ended March 31, 2008 (previous year Rs 300.00 crore) was transferred to general reserve account from profit and loss account.

(d) Profit and loss account

The profit and loss account balance as of March 31, 2008 stands at Rs 2,268.44 crore, after transferring Rs 300.00 crore to general reserve and providing for the final proposed dividend of Rs 149.69 and dividend distribution tax of Rs 25.44 crore.

3. Loan funds

in Rs crore

Particulars	2008	2007
Secured loan	672.26	771.78
Unsecured loan	2,412.48	364.86
Total	3,084.74	1,136.64

The increase in unsecured loan was primarily on account of issue of US$ 500 mn zero-coupon convertible bonds during the financial year.

B Application of funds

1. Fixed Assets

(a) Capital expenditure

The Company incurred an amount of Rs 259.68 crore (Rs 193.54 crore) towards capital expenditure during the year which comprised additions towards gross block of Rs 217.76 crore and Rs 41.92 crore towards increase in capital work in progress.

(b) Movement in gross block and capital work in progress

Addition to gross block amounted to Rs 217.76 crore which comprised Rs 78.75 crore towards purchase of 11 acres of freehold land at Pune for "Suzlon campus", Rs 32.80 crore in factory and office buildings, Rs 75.15 crore for investment in plant and machinery, Rs 12.37 crore in intangible assets and balance Rs 18.69 crore in other fixed assets.

Capital work in progress as of March 31, 2008 stands at Rs 134.63 crore, which includes Rs 62.02 crore towards office building of "Suzlon campus" and Rs 31.94 towards blade testing facility at Baroda.

(c) Capital commitments

The Company has capital commitments of Rs 50.96 crore, as of March 31, 2008 as compared to Rs 178.49 crore as of March 31, 2007.

2. Investments

Investments increased to Rs 4,919.48 crore as of March 31, 2008 as against Rs 805.26 crore as of March 31, 2007, mainly due to equity infusion in subsidiary companies to facilitate investment in REpower Systems AG. Investments were also made in subsidiary companies, which are setting manufacturing units in special economic zones and overseas manufacturing subsidiaries.

3. Deferred tax assets

The Company has recognised deferred tax assets amounting to Rs 93.64 crore as of March 31, 2008 as against Rs 70.88 crore as of March 31, 2007, on the likelihood of its recoverability from future taxable income.

4. Current assets, loans and advances

(a) Inventories

Inventories stands at Rs 1,483.23 crore as of March 31, 2008 as compared to Rs 1,375.25 crore as of March 31, 2007. In terms of revenue percentage, it constitutes 21.42% of revenues for the year ended March 31, 2008 as compared to 25.56% for the previous year.

(b) Sundry debtors

Sundry debtors stands at Rs 3,306.59 crore (net of provision for doubtful debts amounting to Rs 18.49 crore) as of March 31, 2008 as compared to Rs 1,970.78 crore (net of provision for doubtful debts amounting to Rs 6.62 crore) as of March 31, 2007. Debtors are at 47.74% of revenues for the year ended

March 31, 2008 as compared to 36.63% for the previous year. The increase in percentage is due to increased last quarter sales in current year. Provision for bad and doubtful debts as a percentage of revenue is 0.27 % in fiscal 2008 as compared to 0.12% in fiscal 2007.

(c) Cash and bank balances

The bank balances in India include both rupee accounts and foreign currency accounts. As of March 31, 2008, the cash and bank balances stands at Rs 875.50 crore as compared to Rs 351.39 crore in previous year. The increase was mainly in term deposits with banks, placed out of QIP proceeds.

(d) Loans and advances

Overall, loans and advances decreased by Rs 8.04 crore. Repayment of inter corporate deposits by associate companies amounting to Rs 443.34 crore was off set by an increase in loans granted to subsidiaries by Rs 113.48 crore, MAT credit of Rs 89.00 crore and other loans and advances of Rs 232.82 crore.

5. Current liabilities and provisions

in Rs crore

Particulars	2008	2007
Sundry creditors		
- Others	1,089.51	809.08
- Micro, small and medium enterprises	21.78	24.51
Acceptances	2.74	34.20
Subsidiaries	380.22	10.48
Other current liabilities	303.88	98.85
Advances from customers	148.26	131.35
Provisions	635.66	393.51
Total	2,582.05	1,501.98

The increase in current liabilities was due to increase in volume of operations. Increase in provision was mainly due to increase in provisions for performance guarantee and proposed dividend on equity shares.

Net current assets as of March 31, 2008 were Rs 4,372.42 crore, as compared to Rs 3,492.63 crore in the previous year. The current ratio stands at 2.69 as of March 31, 2008, as compared to 3.33 in the previous year.

C Results of operations

in Rs crore

Particulars	2008	%	2007	%	Growth %
Sales	6,926.01	100.00	5,380.37	100.00	28.73
EBIDTA	1,592.90	23.00	1,194.30	22.20	33.38
Depreciation	86.21	1.24	73.49	1.37	17.30
EBIT	1,506.69	21.76	1,120.81	20.83	34.43
Interest	125.34	1.81	89.33	1.66	40.31
Other Income	125.61	1.81	88.10	1.64	42.57
Profit before tax and exceptional items (PBT)	1,506.96	21.76	1,119.58	20.81	34.60
Tax	90.08	1.30	58.44	1.09	54.14
Profit after tax and before exceptional items (PAT)	1,416.88	20.46	1,061.14	19.72	33.52
Exceptional items, net of tax	151.17	2.18	-	-	-
Net Profit	1,265.71	18.28	1,061.14	19.72	19.28

The Company's healthy top-line growth, coupled with continuous improvements in operational efficiencies, has contributed to its strong financial performance for 2007-08.

Principal components of results of operations

1. Sales

Sales have increased by 28.73 % to Rs 6,926.01 crore in 2007-08 as compared to Rs 5,380.37 crore in 2006-07. The increase in sales is primarily on account of volume growth in 1.5 MW and 2.1 MW categories, resulting in total MW sale of 1,988 in 2007-08 as against 1,575 in 2006-07.

2. Other income

Interest receipts on loans granted to subsidiaries and fixed deposits placed with banks led to increase in other income to Rs 125.61 crore in 2007-08 from Rs 88.10 crore in 2006-07.

Sales and other income, together have contributed to a 28.95% increase in total income to Rs 7,051.62 crore in 2007-08 from Rs 5,468.47 crore in 2006-07.

3. Cost of goods sold

The cost of goods sold as a percentage of sales has increased to 61.03 % in 2007-08 from 60.08% in 2006-07. On an overall basis, the cost of goods sold has increased by 0.95% due to change in composition of sales (export v/s domestic) and change in the category (MW) of turbines sold.

4. Operating cost and other expenses

Operating and other expenses amount to 13.75% of the sales in 2007-08 as compared to 15.43% during the previous year.

Freight outward and packing expense increased to Rs 294.93 crore in 2007- 08 from Rs 221.97 crore in 2006-07 on account of increased volume of exports sales. The Company has provided Rs 236.79 crore as provision for performance guarantee and Rs 52.91 crore towards operation, maintenance and warranty in 2007-08 as compared to Rs 104.24 crore and Rs 91.55 crore respectively in 2006-07.The Company has recognised foreign exchange gain of Rs 25.75 crore in the current year as compared to exchange loss amounting to Rs 33.33 crore last year. The balance operating and other expenses stand at Rs 393.63 crore in 2007-08 as compared to Rs 378.91 crore in the previous year.

5. Employees' remuneration and benefits

Employees' remuneration and benefits cost increased to Rs 139.34 crore as compared to Rs 111.46 crore from last year. The increase was primarily attributable to increased operations of the Company requiring additional technical and managerial personnel. Employee remuneration cost includes charge of Rs 4.53 crore on account of ESOPs as compared to Rs 7.30 crore in the previous year.

6. Financial charges

Financial charges comprises of interest and bank charges. Interest cost increased to Rs 125.34 crore as compared to Rs 89.33 crore from the previous year representing an increase of 40.31%. Bank charges increased to Rs 14.27 crore against Rs 12.14 crore in the previous year. The increase in interest cost is mainly due to increased working capital requirements for increased operations.

7. Depreciation

The Company provided a sum of Rs 86.21 crore and Rs 73.49 crore towards depreciation for the years ended March 31, 2008 and March 31, 2007 respectively. Depreciation as a percentage of sales was 1.24% in 2007-08 as compared to 1.37% in 2006-07.

8. Exceptional items

During the year, the Company has provided for Rs 121.71 crore towards a retrofit programme announced to resolve blade crack issue noticed in some of its S88 turbines in the United States and Portugal. The Company has faced certain issues with residents of Dhule and Sangli districts in Maharashtra, India resulting into disruption of smooth operations of the WTGs in these regions. The Company, for the year ended March 31, 2008 incurred Rs 65.46 crore towards restoration costs of these WTGs.

9. Profit

The EBIDTA amounted to Rs 1,592.90 crore and Rs 1,194.30 crore for the years ended March 31, 2008 and March 31, 2007 representing 23.00% and 22.20% of total sales respectively.

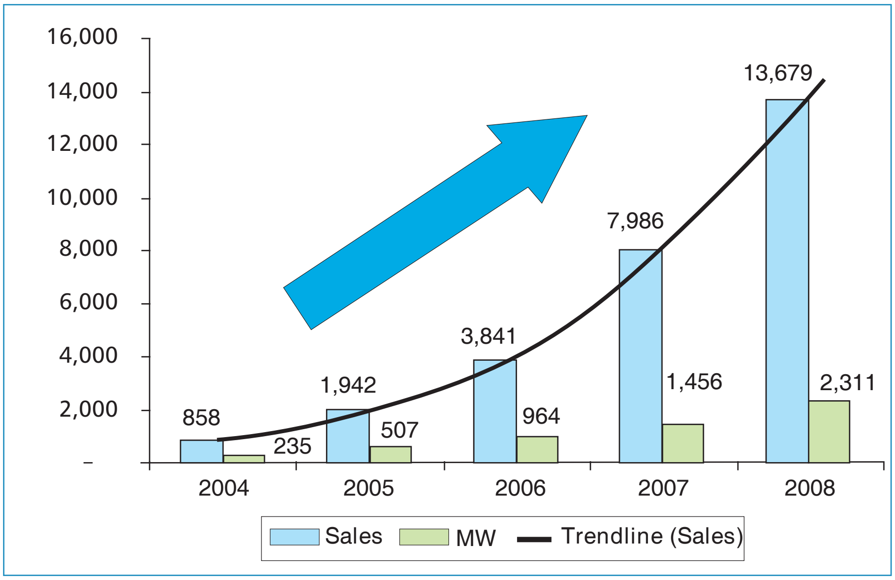
Profit before tax and exceptional items (PBT) amounted to Rs 1,506.96 crore and Rs 1,119.58 crore for the years ended March 31, 2008 and March 31, 2007 representing 21.76% and 20.81% of total sales respectively.

Profit after tax and before exceptional items (PAT) amounted to Rs 1,416.88 crore and Rs 1,061.14 crore for the years ended March 31, 2008 and March 31, 2007 representing 20.46% and 19.72% of total sales respectively.

Net profit amounted to Rs 1,265.71 crore and Rs 1,061.14 crore for the years ended March 31, 2008 and March 31, 2007 representing 18.28% and 19.72% of total sales respectively.

(II) Highlights of consolidated results

Suzlon recorded consolidated sales of 2,311 MW in 2007-08 as against 1,456 MW in 2006-07, registering a growth of 58.72%. In rupee terms sales increased to Rs 13,679.43 crore in 2007-08 as compared to Rs 7,985.73 crore in 2006-07, registering a growth of 71.30% with a compounded annual growth rate (CAGR) of 100% over the past 5 years.



A Sources of funds

1. Share capital

The equity share capital increased by Rs 11.63 crore, from Rs 299.39 crore in 2007-08 as compared to Rs 287.76 crore in 2006-07.

2. Reserves and surplus

A summary of reserves and surplus is provided in the table below:

In Rs crore

Particulars	2008	2007
Capital redemption reserve	15.00	15.00
Unrealised gain on dilution	1,200.25	-
Securities premium account	3,456.62	1,322.69
General reserve	952.82	626.35
Capital reserve on consolidation	0.03	0.03
Foreign currency translation reserve	476.86	(4.52)
Profit and loss account	1,690.12	1,163.04
Total	7,791.70	3,122.59

As a result of dilution of effective stake of Suzlon in Hansen, there is a gain on dilution, of Rs 1,200.25 crore which has been credited to reserves.

The securities premium account increased by Rs 2,133.93 crore to Rs 3,456.62 crore in 2007-08 from Rs 1,322.69 crore in 2006-07 due to premium received on QIP issue.

General reserve stands at Rs 952.82 crore as of March 31, 2008 due to transfer of Rs 326.75 crore from profit and loss account.

Balance in profit & loss account as of March 31, 2008 stands at Rs 1,690.12 crore after providing for the final dividend and dividend distribution tax. There is no movement in capital redemption reserve and capital reserve as compared to the previous year.

The total shareholders' funds increased to Rs 8,101.31 crore as of March 31, 2008 compared to Rs 3,422.08 crore as of March 31, 2007.

3. Loan funds

in Rs crore

Particular	2008	2007
Secured loans	7,066.43	1,984.43
Unsecured loans	2,868.16	3,177.61
Total	9,934.59	5,162.04

The increase in secured loan was primarily on account of loan taken in connection with acquisition of Hansen and REpower. There was an overall decrease in unsecured loan. Increase on account of issue of zero coupon convertible bonds was offset by a decrease on account of refinancing of loan taken for Hansen acquisition.

4. Deferred tax liability

Suzlon recorded net deferred tax liability of Rs 21.80 crore as of March 31, 2008 as compared to Rs 17.68 crore as of March 31, 2007.

B Application of funds

1. Fixed assets

(a) Capital expenditure

Suzlon incurred an amount of Rs 2,134.12 crore towards capital expenditure during the year which comprised additions towards gross block of Rs 1,468.13 crore and Rs 665.99 crore towards increase in capital work in progress.

(b) Movement in gross block and capital work in progress

During the year, Suzlon added Rs 1,468.13 crore to the gross block comprising Rs 80.70 crore in freehold land, Rs 295.36 crore in factory and office buildings, Rs 981.71 crore for investment in plant and machinery and balance Rs 110.36 crore in other fixed assets. As a result of dilution of effective stake in Hansen, there is reduction of Rs 506.42 crore in goodwill.

Capital work in progress as of March 31, 2008 stands at Rs 1,119.67 crore, on account of new plants being established in India and China.

(c) Capital commitments

Suzlon has capital commitments of Rs 1,899.92 crore, as of March 31, 2008 as compared to Rs 1,193.09 crore as of March 31, 2007.

2. Investments

Investments increased to Rs 3,141.78 crore as of March 31, 2008 as against Rs 15.57 crore as of March 31, 2007 due to investment in REpower Systems AG.

3. Current assets, loans and advances

(a) Inventories

Inventories amount to Rs 4,084.83 crore as of March 31, 2008 as compared to Rs 3,136.30 crore as of March 31, 2007. In terms of revenues, they are at 29.86% of revenues for the year ended March 31, 2008 as compared to 39.27% for the previous year.

(b) Sundry debtors

Sundry debtors amount to Rs 3,201.25 crore as of March 31, 2008 as compared to Rs 2,235.24 crore as of March 31, 2007. In terms of revenues, debtors are at 23.40% of revenues for the year ended March 31, 2008 as compared to 27.99% for the previous year.

(c) Cash and bank balances

As of March 31, 2008, the cash and bank balances stands at Rs 6,960.20 crore as compared to Rs 1,538.30 crore in previous year. The increase was mainly due to increase in term deposits with banks, placed from QIP and Hansen IPO proceeds and loans taken for investment in REpower shares.

(d) Other current assets

Other current assets of Rs 1,489.35 crore represents revenue recognised in relation to fixed price contracts not billed as of year ended March 31, 2008 as compared to Rs 335.16 crore as of year ended March 31, 2007.

(e) Loans and advances

As of March 31, 2008, loans and advances increased by Rs 617.44 crore to Rs 1,824.99 crore from Rs 1,207.55 crore due to increased business activities. Advances are primarily towards amount paid for value and services to be received in future.

5. Current liabilities and provisions

in Rs crore

Particulars	2008	2007
Sundry creditors	3,043.52	1,602.90
Other current liabilities	1,187.22	609.78
Interest accrued but not due	29.00	2.73
Due to customers	793.71	-
Advances from customers	1,429.56	1,118.59
Provisions	822.48	499.88
Total	7,305.49	3,833.88

The increase in current liabilities was primarily due to increase in sundry creditors due to increased operations and increase in advances from customers on account of healthy order book. Increase in provision was mainly due to increase in provisions for performance guarantee and proposed dividend on equity shares.

Net current assets as of March 31, 2008 were Rs 10,255.13 crore, as compared to Rs 4,618.67 crore in the previous year. The current ratio was 2.40 as of March 31, 2008, as compared to 2.20 in the previous year.

C Results of operations

in Rs crore

Particulars	2008	%	2007	%	Growth %
Sales	13,679.43	100.00	7,985.73	100	71.30
EBIDTA	1,924.45	14.07	1,295.82	16.23	48.51
Depreciation	289.36	2.12	171.80	2.15	68.43
EBIT	1,635.09	11.95	1,124.02	14.08	45.47
Interest	532.03	3.89	252.26	3.16	110.91
Other income	264.55	1.93	96.50	1.21	174.15
Profit before tax and exceptional items (PBT)	1,367.61	10.00	968.26	12.12	41.24
Tax	199.29	1.46	103.46	1.29	92.63
Profit after tax and before exceptional items (PAT)	1,168.32	8.54	864.80	10.83	35.10
Exceptional items, net of tax	151.17	1.10	-	-	-
Net Profit	1,017.15	7.44	864.80	10.83	17.62

Principal components of results of operations

1. Sales

Sales increased by 71.30% to Rs 13,679.43 crore in 2007-08 from Rs 7,985.73 crore in 2006-07. The increase in sales value was primarily due to increase in volumes which have increased to 2,311.40 MW in 2007-08 from 1,456.25 MW in 2006-07. The share of overseas business has gone to 58% in 2007-08 from 34% in 2006-07. The sales realisation from wind business increased to Rs 4.96 crore per MW in 2007-08 as compared to Rs 4.21 crore per MW in 2006-07. Hansen Transmissions reported consolidated sales of Rs 2,213 crore as compared to Rs 1,856 crore in previous year.

WTGs revenue by geography

in Rs crore

Geography	FY 2007-08		FY 2006-07	
	Amount	MW	Amount	MW
India	5,571	975.70	4,121	954.60
USA	2,289	592.95	1,591	374.35
China	455	133.75	300	100.00
Europe & rest of the world	3,151	609.00	118	27.30
Total	11,466	2,311.40	6,130	1,456.25

2. Other income

The increase in other income to Rs 264.55 crore from Rs 96.50 crore is primarily due to interest on fixed deposits placed with banks.

Sales and other income, together have contributed to a 72.53% increase in total income to Rs 13,943.98 crore in 2007-08 from Rs 8,082.23 crore in 2006-07.

3. Cost of goods sold

The cost of goods sold increased by 85.25% to Rs 8,870.18 crore in 2007-08 from Rs 4,788.16 crore in 2006-07. The increase was primarily due to increase in sales volume. However, cost of goods sold increased at a higher rate than sales due to change in the composition of the markets in which Suzlon operates (including diversification into markets of Australia, Brazil and Europe in addition to Suzlon's continuing Indian and other international markets), undertaking of WTG erection, installation and commissioning of project activities and changes in product mix.

4. Operating cost

Operating and other expenses amount to 12.98 % of the sales as compared to 15.12% during the previous year.

Freight outward and packing expense increased to Rs 466.32 crore in 2007- 08 from Rs 228.64 crore in 2006-07 on account of increased exports sales. Suzlon has provided Rs 235.70 crore towards performance guarantee and Rs 68.90 crore towards operation, maintenance and warranty in 2007-08 as compared to Rs 102.70 crore and Rs 85.91 crore respectively in 2006-07. The Company has recognised exchange gain of Rs 35.78 crore in 2007-08 as compared to exchange loss of Rs 49.20 crore in 2006-07. The balance operating and other expenses stands at Rs 1,040.20 crore in 2007-08 as compared to Rs 741.27 crore in 2006-07 due to increased volume.

5. Employees' remuneration and benefits

Employees' remuneration and benefits cost increased to Rs 1,043.01 crore as compared to Rs 668.24 crore from last year. The increase was primarily attributable to increased operations of Suzlon requiring additional technical and managerial personnel. Employee remuneration cost includes charge of Rs 4.53 crore on account of ESOPs as compared to Rs 7.30 crore in the previous year.

6. Financial charges

Financial charges represent interest and bank charges. Interest cost increased to Rs 532.03 crore as compared to Rs 252.26 crore from the previous year. The increase in interest cost was primarily due to interest of Rs 275 crore in 2007-08 paid in connection with loan taken for acquisition of Hansen and purchase of stake in REpower as compared to Rs 101 crore in 2006-07 and increased working capital requirements.

7. Depreciation / Amortisation

Suzlon provided a sum of Rs 289.36 crore and Rs 171.80 crore towards depreciation for the years ended March 31, 2008 and March 31, 2007 respectively. The increase was primarily due to capacity expansion at the Company's manufacturing facilities. The depreciation as a percentage of sales reduced to 2.12% in 2007-08 from 2.15% in 2006-07.

8. Profit

The consolidated EBIDTA amounted to Rs 1,924.45 crore and Rs 1,295.82 crore for the years ended March 31, 2008 and March 31, 2007 representing 14.07% and 16.23% of total sales respectively.

Profit before tax and exceptional items (PBT) amounted to Rs 1,367.61 crore and Rs 968.26 crore for the years ended March 31, 2008 and March 31, 2007 representing 10.00% and 12.12% of total sales respectively.

Profit after tax and before exceptional items (PAT) amounted to Rs 1,168.32 crore and Rs 864.80 crore for the years ended March 31, 2008 and March 31, 2007 representing 8.54% and 10.83% of total sales respectively.

Net profit amounted to Rs 1,017.15 crore and Rs 864.80 crore for the years ended March 31, 2008 and March 31, 2007 representing 7.44% and 10.83% of total sales respectively.

Cautionary statement

Suzlon has included statements in this discussion, which contain words or phrases such as 'will', 'aim', 'likely result', 'believe', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'project', 'should', 'will pursue' and similar expressions or variations of such expressions that are 'forward-looking statements'.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from Suzlon expectations include, among others:

- Variation in the demand for electricity
- Changes in the cost of generating electricity from wind energy and changes in wind patterns
- Changes in or termination of policies of state governments in India that encourage investment in power projects
- General economic and business conditions in India and other countries
- Company's ability to successfully implement Company's strategy, growth and expansion plans and technological initiatives
- Changes in the value of the Indian Rupee and other currencies
- Potential mergers, acquisitions or restructurings and increased competition
- Changes in laws and regulations
- Changes in political conditions
- Changes in the foreign exchange control regulations and
- Changes in the laws and regulations that apply to the wind energy industry, including tax laws.

DIRECTORS' REPORT

Dear Shareholders,

The directors of your Company are delighted to present the 13th Annual Report of the Company together with the audited accounts for the financial year ended March 31, 2008.

FINANCIAL PERFORMANCE

The standalone and consolidated audited financial results for the year ended March 31, 2008 are as follows:

Particulars	Standalone				Consolidated			
	Rs in crore		US$ in million*		Rs in crore		US$ in million*	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Sales	6,926.01	5,380.37	1,726.75	1,237.72	13,679.43	7,985.73	3,410.48	1,837.07
Earning/profit before interest, depreciation and tax (EBIDTA)	1,592.90	1,194.30	397.13	274.74	1,924.45	1,295.82	479.79	298.10
Add: Other income	125.61	88.10	31.32	20.27	264.55	96.50	65.96	22.20
Less: Interest	125.34	89.33	31.25	20.55	532.03	252.26	132.64	58.03
Less: Depreciation	86.21	73.49	21.49	16.91	289.36	171.80	72.15	39.52
Profit before tax and exceptional items	1,506.96	1,119.58	375.71	257.55	1,367.61	968.26	340.96	222.75
Less: Current tax (Net of earlier years' tax and MAT credit entitlement)	102.13	69.04	25.46	15.88	187.17	112.37	46.66	25.85
Less: Deferred tax	(23.49)	(13.02)	(5.85)	(3.00)	(2.28)	(12.57)	(0.57)	(2.89)
Less: Fringe benefit tax	11.44	2.42	2.85	0.56	14.40	3.66	3.59	0.84
Profit after tax and before exceptional items	1,416.88	1,061.14	353.25	244.11	1,168.32	864.80	291.28	198.95
Less: Exceptional items, net of tax	151.17	-	37.69	-	151.17	-	37.69	-
Net profit	1,265.71	1,061.14	315.56	244.11	1,017.15	864.80	253.59	198.95
Add: Share in associate's profit after tax	n.a.	n.a.	n.a.	n.a.	55.75	-	13.90	-
Less: Share of minority interest	n.a.	n.a.	n.a.	n.a.	42.80	0.77	10.67	0.18
Net profit after share in associate's profit and minority interest	1,265.71	1,061.14	315.56	244.11	1,030.10	864.03	256.82	198.77
Add: Balance brought forward	1,477.86	882.49	368.45	203.01	1,163.04	794.81	289.96	182.84
Profit available for appropriations	2,743.57	1,943.63	684.01	447.12	2,193.14	1,658.84	546.78	381.61
Less: Interim dividend on equity shares	-	143.88	-	33.10	-	144.22	-	33.18
Less: Proposed dividend on equity shares	149.69	-	37.32	-	149.69	0.32	37.32	0.07
Less: Dividend on preference shares	-	1.50	-	0.35	0.20	1.70	0.05	0.39
Less: Tax on dividends	25.44	20.39	6.34	4.69	26.38	21.14	6.58	4.86
Less: Transfer to general reserve	300.00	300.00	74.79	69.01	326.75	328.42	81.46	75.55
Surplus carried to balance sheet	2,268.44	1,477.86	565.56	339.97	1,690.12	1,163.04	421.37	267.56

*1 US$ = Rs 40.11 as on March 31, 2008 (1 US$ = Rs 43.47 as on March 31, 2007)

OPERATIONS REVIEW

During the year under review, the Company has posted an impressive performance.

On a standalone basis, the Company achieved a turnover of Rs 6,926.01 crore as against Rs 5,380.37 crore in the previous year registering a growth of 28.73% .The net profit after tax stood at Rs 1,265.71 crore compared to Rs 1,061.14 crore in the previous year registering a growth of 19.28%.

On a consolidated basis, the turnover is Rs 13,679.43 crore as against Rs 7,985.73 crore in the previous year registering a growth of 71.30%. The profit after tax, share in associate's profit and minority interest is Rs 1,030.10 crore compared to Rs 864.03 crore in the previous year, registering a growth of 19.22%.

In keeping with its vision of becoming a truly global player, the Company through its subsidiaries purchased approximately 33.85% stake in REpower Systems AG (REpower), third largest manufacturer of wind turbine generators (WTGs), for a consideration of approximately Euro 453 million and simultaneously also has voting pooling agreements with Areva and Martifer (subject to certain minority protection and other rights) who, in aggregate, hold approximately 53.25% stake in REpower as on June 6, 2007.

The Company maintained its position as the fifth largest wind turbine manufacturer with world market share increasing to 10.5% in CY 2007 from 7.7% in CY 2006. Along with REpower, the Company achieved a market share of 13.9% in CY 2007. The Company also maintained its market leadership in India for the tenth consecutive year with around 58% of the market share. (Source: BTM Consult ApS-World market Update 2007).

APPROPRIATIONS

Dividend

The board of directors are pleased to recommend a final dividend of Re 1 per equity share (50 % of par value of Rs 2 per share) for the financial year 2007-08, subject to the approval of the members at the ensuing annual general meeting of the Company. The dividend will entail an outflow of Rs 149.69 crore. The dividend would be tax-free in the hands of shareholders.

Transfer to reserves

The board of directors propose to transfer Rs 300 crore to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975.

CAPITAL AND FINANCE

Sub-division of face value of equity shares

In terms of the recommendation of the board of directors and pursuant to the approval received from the members, each equity share of the Company of the face value of Rs 10 has been sub-divided into 5 equity shares of the face value of Rs 2 each (share split) with effect from January 28, 2008.

Further, consequent to the said share split, new International Securities Identification Number (ISIN) INE040H01021 has been created for the Company's shares in dematerialised form.

Movement in authorised capital

During the year under review, the authorised share capital of the Company was restructured by sub-division of 430,000,000 equity shares bearing a face value of Rs 10 each into 2,150,000,000 equity shares of Rs 2 each and reclassification of 1,500,000 unissued preference shares of Rs 100 each in the authorised share capital of the Company to 75,000,000 equity shares of Rs 2 each. Pursuant to the sub-division and reclassification, the authorised share capital of the Company is Rs 4,450,000,000 divided into 2,225,000,000 equity shares of Rs 2 each.

Movement in paid-up capital

During the year under review, the Company allotted 235,700 equity shares of Rs 10 each (prior to share split) and 2,000 equity shares of Rs 2 each (after share split) upon exercise of stock options by the eligible employees under the Employee Stock Option Plan-2005.

On December 20, 2007, the Company allotted 11,386,000 equity shares of Rs 10 each (since adjusted to 56,930,000 equity shares of Rs 2 each) for cash at an issue price of Rs 1,917 per equity share of Rs 10 each (since adjusted to Rs 383.40 per equity share of Rs 2 each) aggregating to Rs 2,182.70 crore to selected Qualified Institutional Buyers pursuant to the guidelines for Qualified Institutional Placements under Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Zero coupon convertible bonds

On June 11, 2007, the Company made an issue of zero coupon convertible bonds to the tune of USD 300 million and on October 10, 2007, the Company has made an issue of zero coupon convertible bonds to the tune of USD 200 million thus aggregating to a zero coupon bond issue of USD 500 million comprising of 500,000 bonds due 2012 of USD 1,000 each in two separate phases of 300,000 (Phase I bonds) and 200,000 (Phase II bonds).

Each Phase I bond is convertible, at any time on or after July 22, 2007 but prior to close of business on June 5, 2012, into equity shares to be issued at a pre-determined price of Rs 359.68 per share of Rs 2 each at a pre-determined rate of US$1 = Rs 40.83. The shares allotted on such conversion will aggregate to 2.22% of the post-conversion equity base of the Company based on the equity base as of March 31, 2008.

Each Phase II bond is convertible, at any time on or after November 20, 2007 but prior to close of business on October 4, 2012, into equity shares to be issued at a pre-determined price of Rs 371.55 per share of Rs 2 each at a pre-determined rate of US$1 = Rs 39.87. The shares allotted on such conversion will aggregate to 1.38% of the post-conversion equity base of the Company based on the equity base as of March 31, 2008.

SUBSIDIARIES

The Company has 44 subsidiaries, a list of which is given in the note to accounts. The existing domestic and international subsidiaries continued to perform satisfactorily during the year under review.

The name of Suzlon Towers International Limited has been changed to SE Composites Limited which is now engaged in manufacturing of rotor blades, whereas name of Suzlon Rotor International Limited has been changed to Suzlon Electricals International Limited which is now engaged in manufacturing of generators.

Hansen Transmissions International N.V. which was acquired in May 2006, listed its equity shares on London Stock Exchange on December 11, 2007. The net proceeds received through the offer were approximately Euro 440 million (gross). Post IPO, holding of the Company in Hansen stands at 71.28%.

Domestic subsidiaries incorporated during the year

Hansen Drives Limited was incorporated on December 20, 2006 in the state of Tamil Nadu, India. It became a wholly-owned subsidiary of Hansen Transmissions International N.V. with effect from April 12, 2007. It is engaged in the business of manufacturing gear boxes for WTGs.

Overseas subsidiaries incorporated / acquired during the year

Suzlon Wind Energy Espana, S.L. was incorporated on June 5, 2007 as a wholly-owned subsidiary of Suzlon Wind Energy A/S, Denmark. It has been formed for undertaking varied activities in the gamut of renewable energies, specifically participation in the development of wind farms.

On October 9, 2007, Hansen Transmissions International N.V. acquired Lommelpark N.V., Belgium. It is engaged in the business of hotel and catering.

Consolidated financial statements

In terms of the approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its letter No.47/169/2007-CL-III dated March 20, 2008, the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956.

However, as directed by the Ministry of the Corporate affairs, some key information has been disclosed in a brief abstract forming part of this annual report. Accordingly, the annual report of the Company contains the consolidated audited financial statements prepared pursuant to clause 41 of the listing agreement entered into with the stock exchanges and prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India (ICAI).

Further, the annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company / its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Company's registered office and corporate office and that of the respective subsidiary companies.

GROUP

Persons forming part of the Group coming within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of inter-se transfer of shares of the Company under regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 are disclosed in a separate section of the annual report.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. Pradip Kumar Khaitan and Mr. Ashish Dhawan, the directors of the Company retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. As stipulated in terms of Clause 49 of the listing agreement with the stock exchanges, the brief resume of Mr. Pradip Kumar Khaitan and Mr. Ashish Dhawan, is provided in the report on corporate governance, which forms an integral part of this annual report.

The term of office of Mr. Tulsi R. Tanti, Managing Director and Mr. Girish R. Tanti, Wholetime Director of the Company expired on March 31, 2008. The Board of Directors of the Company, in its meeting held on January 29, 2008 has re-appointed Mr. Tulsi R. Tanti as a Managing Director and Mr. Girish R. Tanti as a Wholetime Director of the Company for a further period of three years with effect from April 1, 2008. The shareholders of the Company have, by postal ballot process, approved re-appointment of Mr. Tulsi R. Tanti and Mr. Girish R. Tanti as Managing Director and Wholetime Director respectively on May 22, 2008.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s SNK & Co., Chartered Accountants, Pune, and M/s S.R. Batliboi & Co., Chartered Accountants, Pune, the joint statutory auditors of the Company hold office until the conclusion of the ensuing annual general meeting of the Company. Both the statutory auditors have confirmed their eligibility and willingness to accept office, if re-appointed.

The Auditors' Report to the shareholders does not contain any qualifications.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the annexure to the directors' report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the annual report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

CORPORATE GOVERNANCE

As required by Clause 49 (VI) of the listing agreement entered into by the Company with the stock exchanges, a detailed report on corporate governance forms part of the annual report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. The auditors' certificate on compliance with corporate governance requirements by the Company forms part of the said report.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis on the operations and financial position of the Company is provided in a separate section forming part of the annual report.

EMPLOYEE STOCK OPTION PLANS (ESOPs)

The exponential growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company has introduced Employee Stock Option Plan-2005 (ESOP-2005) and Employee Stock Option Plan-2006 (ESOP-2006) for its employees and employees of its subsidiary companies. The Company has also introduced Employee Stock Option Plan-2007 (ESOP-2007) and Special Employee Stock Option Plan-2007 (Special ESOP-2007) for its employees and employees of its subsidiary companies.

The details of options granted under the ESOP-2005 and ESOP-2006 is given in the table below, however since the options in regard to ESOP-2007 and Special ESOP-2007 have not yet been granted by the Remuneration Committee, the details required to be provided in terms of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have not been provided.

Particulars	**ESOP-2005***	**ESOP-2006***
Total grants authorised by the plan (Nos.) Pricing formula on the date of grant	4,605,000 50% of final issue price determined in the IPO of the Company.	519,500 The average of daily weighted average price of Company's shares listed on BSE for the period from October 19, 2005 to March 31, 2006.
Variation in terms of options	Nil	Nil
Options granted during the year (Nos.)	Nil	519,500
Weighted average price per option granted (Rs.) Total number of options outstanding	51	192.20
as at April 1, 2007 (Nos.)	3,153,000	Nil
Options vested during the year (Nos.)	1,266,000	Nil
Options vested as of March 31, 2008, yet to be exercised (Nos.)	246,000	Nil
Options exercised during the year (Nos.)	1,180,500	Nil
Total number of equity shares arising as a result of exercise of options (Nos.)	1,180,500	Nil
Options forfeited / lapsed / cancelled during the year (Nos.)	114,500	Nil
Money realised by exercise of option (Rs.)	60,205,500	Nil
Total number of options in force at the end of the year (Nos.)	1,858,000	519,500
Options granted to senior managerial personnel	As per Note 1	As per Note 1
Employees receiving 5% or more of the total number of options granted during the year	None	As per Note 2
Employees granted options equal to or exceeding 1% of the issued capital	None	None

Particulars	ESOP-2005*	ESOP-2006*
Diluted EPS (before exceptional items) on issue of shares on exercise, calculated in accordance with AS 20 (Rs)	9.48	
Diluted EPS (after exceptional items) on issue of shares on exercise, calculated in accordance with AS 20 (Rs)	8.47	
Difference between the employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company	The Company has charged a sum of Rs 2.14 crore (ESOP-2005) and Rs 2.39 crore (ESOP-2006) for the year ended March 31, 2008 [Rs 7.30 crore (ESOP-2005) for year ended March 31, 2007], being intrinsic value of options. Had the Company followed the fair value method based on "Black-Scholes" model, additional charge to profit & loss account would have been Rs 3.35 crore for the year ended March 31, 2008 (Rs 2.49 crore for the year ended March 31, 2007). The impact on basic and diluted EPS would have been Re 0.02 per share (before exceptional items) and Re 0.03 per share (after exceptional items) respectively for year ended March 31, 2008 (Re 0.02 and Re 0.01 per share for basic and diluted EPS respectively for year ended March 31, 2007).	
Weighted average exercise price and weighted average fair value of options, exercise price of which is less than the market price on the date of grant: i) Weighted average exercise price (Rs)	51.00	192.20
ii) Weighted average fair value (Rs)	68.39	284.10

Notes:

1. The details of options granted under ESOP-2005 and ESOP-2006 to senior managerial personnel are as under :

Names of senior managerial personnel	Designation	Stock options granted*	
		Under ESOP-2005	Under ESOP-2006
I.C. Mangal	Head-Business Development (West)	2,00,000	43,000
Kirti Vagadia	Head-Finance	2,00,000	43,000
Praful Mehta	Head-Purchase	2,00,000	41,500
R. Sridhar	Head-Supply Chain Management	2,00,000	41,500
Thorsten Spehr	Head-WTG Design	1,50,000	Nil
Nilesh Vaishnav	Head-CSR	1,30,000	22,000
William Verheij	Head-Rotor Blade R&D	75,000	Nil
Dr. V.B. Rao	Vice President - Marketing	70,000	16,500
A.W.P. Van Megen	Vice President-International Corporate Development	50,000	Nil
T. Pradeep Kumar	Head-Technology	50,000	30,000
Dr. V. V. Rao	Group Head - Information Technology	Nil	23,500
Saibaba V.	Business Head - South	Nil	20,500

2. Employees receiving 5% or more of the total number of options granted during the year:

Name of the employee	Designation	Stock options granted*
I.C. Mangal	Head-Business Development (West)	43,000
Kirti Vagadia	Head-Finance	43,000
Praful Mehta	Head-Purchase	41,500
R. Sridhar	Head-Supply Chain Management	41,500
Fatehali Alchiya	General Manager-Engineering	30,000
T. Pradeep Kumar	Head-Technology	30,000

* The figures for number of options granted under ESOP-2005 and ESOP-2006 have been adjusted for the impact of share split and have accordingly been restated as per par value of Rs 2 per share.

Significant assumptions used to estimate fair values of options granted during the year

Particulars	ESOP-2005	ESOP-2006
Risk-free interest rate	8%	8%
Expected life (years)	4	5
Expected volatility	0.500	0.668
Dividend yield	1.18%	-
Market price on grant date	Not applicable	374.80

The Securities and Exchange Board of India (SEBI) has issued Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. This is effective for all stock option schemes established after June 19, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as of the date of grant over the exercise price of the option, including upfront payments, if any, is to be recognised and amortised on a straightline basis over the vesting period.

The equity shares issued / to be issued under the ESOP-2005, ESOP-2006, ESOP-2007 and Special ESOP-2007 of the Company shall rank pari passu in all respects including dividend with the existing equity shares of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988 are set out hereunder:

A. Conservation of energy

The operations of the Company are not energy-intensive. However, energy conservation is a priority area for the Company. The Company's continued efforts to reduce and optimise the use of energy consumption have shown positive results. Better controls are planned to achieve further reduction in energy consumption. All the new manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimise wastage and increase overall efficiency at every stage of power consumption.

Particulars	2007-08	2006-07
A. Power and Fuel Consumption Electricity (a) Purchased units	13,676,043	10,359,697
Total Amount (Rs)	49,539,996	37,944,375
Rate / Unit (Rs)	3.62	3.66
(b) Own generation Through diesel generator Units generated	1,282,996	1,458,382
Units per litre of diesel oil	3.05	4.03
Cost/per Unit	10.97	8.76
B. Consumption per unit of production (Units / MW)	7,524.67	7,503.54

B. Research and development

The Company places great emphasis on continued research and development and undertakes the same primarily through its wholly-owned subsidiaries. It has taken initiatives towards upgrading and increasing the cost-efficiency of its existing WTG models and designing, developing and stabilising new models to optimally extract energy from the wind.

Specific areas in which research & development is carried out

1. Aerodynamic performance enhancements
   - New aerodynamic profiles
   - Application of aerodynamic tools
   - Computational fluid dynamics (CFD) simulation of aerodynamic behavior
   - Surface finish technologies
2. Development of turbine variants for local markets
   - Specific electrical designs to suit local electrical regulations
   - Tower designs for optimising logistics costs
   - Cold climate versions for various platforms
   - Advanced grid compliance features
   - Advanced Supervisory Control and Data Acquisition (SCADA) systems
3. Increasing reliability and automated operations
   - Systematic analysis of areas of improvement
   - Precautionary strengthening of components
   - Driving processes for automated operations
4. Continued initiatives on innovation projects
   - Load control strategies
   - Concrete - steel hybrid towers
   - Application of nano-technology

Benefits derived

1. Increase of energy yield and reduced cost of energy
2. Enabling business growth in various markets across the globe
3. Facilitating deeper penetration of wind in the energy matrix
4. Providing the basis for next generation wind turbine systems

Future plan of action

1. Continued efforts on aerodynamic performance enhancements to make next generation blades.
2. New product and variant developments as per the requirements of the market.

Expenditure on R&D

Particulars	2008	2007
Capital (including technical know-how)	7.65	5.13
Recurring	7.16	10.44
Total	14.81	15.57
Total R&D as % of sales	0.21	0.29

C. Technology absorption, adoption and innovation:

Efforts in brief made towards technology absorption, adoption and innovation:

1. Certification from reputed institutions like Det Norske Veritas (DNV) for design, manufacture and supply of WTGs and rotor blades
2. Setting up inhouse technology campus to to facilitate upgradation of technology and design
3. Indigenous developments of WTGs components
4. Training of personnel at inhouse facilities towards latest products and designs, manufacturing technologies and processes
5. Participation in national / international conferences, seminars and exhibitions.
6. Use of state-of-the-art equipments, instrument and software.
7. Analysing feedback from customers to improve quality of products and services

Benefits derived

1. Improvement in existing processes
2. Enhancement of product performance, new business opportunities and exports
3. Improved accuracy, speed, safety standards
4. Reduction in cost
5. Expansion of product range

D. Foreign exchange earnings and outgo

During the financial year,the Company was a net foreign exchange earner.

Total foreign exchange earned by the Company during the year under review was Rs 2,837.75 crore, compared to Rs 1,777.54 crore during the previous year.

Total foreign exchange outgo during the year under review was Rs 2,775.35 crore, compared to Rs 1,964.14 crore during the previous year.

ACKNOWLEDGEMENT

The directors wish to place on record their appreciation for the co-operation and support received from the government and semi-government agencies, especially from the Ministry of Non-Conventional Energy Sources (MNES), all state level nodal agencies and all state electricity boards.

The directors are thankful to all the bankers and financial institutions for their support to the Company. The Board places on record its appreciation for continued support provided by the esteemed customers, suppliers, consultants and shareholders.

The directors also acknowledge the hard work, dedication and commitment of the employees. The enthusiasm and unstinting efforts of the employees have enabled the Company to continue to be a leading player in the wind industry.

For and on behalf of the Board of Directors of
Suzlon Energy Limited

Place : Mumbai
Date : May 22, 2008

Tulsi R. Tanti
Chairman & Managing Director

Persons forming part of the Group coming within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of inter-se transfer of shares of the Company under regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

Sr. No.	Name
1	Tulsi R.Tanti
2	Gita T.Tanti
3	Tulsi Ranchhodbhai HUF
4	Ranchhodbhai Ramjibhai HUF
5	Tulsi R. Tanti J/W Vinod R. Tanti J/W Jitendra R. Tanti
6	Tanti Holdings Limited
7	Rambhaben Ukabhai
8	Pranav T.Tanti
9	Nidhi T.Tanti
10	Vinod R.Tanti
11	Sangita V.Tanti
12	Rajan V.Tanti
13	Jitendra R.Tanti
14	Lina J.Tanti
15	Brij J.Tanti
16	Trisha J.Tanti
17	Girish R.Tanti
18	Vinod Ranchhodhbhai HUF
19	Jitendra Ranchhodhbhai HUF
20	Girish Ranchhodbhai HUF
21	Suruchi Holdings Private Limited
22	Sugati Holdings Private Limited
23	Sanman Holdings Private Limited
24	Samanvaya Holdings Private Limited
25	Sarjan Infrastructure Finance Limited
26	Colossus Holdings Pte. Limited
27	Avalon Ventures Limited
28	Angel Ventures Limited
29	Edith Capital Cooperatief U.A.
30	PN Capital Holding B.V.
31	Evelyne Investment Pte. Limited
32	Any company / entity promoted by any of the above

FINANCIAL STATEMENTS

Auditors' Report

To
The Members of Suzlon Energy Limited

1. We have audited the attached balance sheet of Suzlon Energy Limited ('Suzlon' or 'the Company') as at March 31, 2008 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;

      (b) in the case of the profit and loss account, of the profit for the year ended on that date; and

      (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Annexure referred to in paragraph 3 of our report of even date

Re: Suzlon Energy Limited

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

   (c) There was no substantial disposal of fixed assets during the year.

2. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

   (b) The procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. (a) The Company has granted unsecured loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 298.50 crore and the year end balance of such loans was Rs Nil.

   (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

   (c) In respect of loans granted, repayment of principal and interest, where stipulated have been regular. In cases where the loans granted are repayable on demand, the repayment is within the date demanded.

   (d) Based on the information and explanations provided by the management and our comments in clause 3(c) above, there is no overdue amount more than rupees one lakh of loans, granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

   (e) As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii) (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

5. (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements for sale of wind turbine generators exceeding value of rupees five lakhs entered into during the financial year are made at prices which are reasonable having regard to the prevailing market prices at the relevant time. However, in respect of other transactions made in pursuance of such contracts or arrangements, exceeding value of rupees five lakhs, entered into during the financial year, due to the specialised and unique nature of the transactions and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of generation of electricity from wind power. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

9. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities .

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year. Accordingly, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

11. Based on our audit procedures, and as per the information and explanations given by the management and relevant confirmations from applicable banks and financial institutions, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or a bank. The Company did not have any debentures outstanding during the year.

12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14. In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interests of the Company.

16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

19. The Company has unsecured 'Zero Coupon Convertible Bonds' outstanding during the year on which no security or charge is required to be created.

20. We have verified that the end use of money raised by public issue, qualified institutional placements made in compliance with Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and issue of 'Zero Coupon Convertible Bonds' is as disclosed in the notes to the financial statements.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Balance sheet as at March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	299.39	287.76
Employee stock options	B	10.22	11.71
Share application money pending allotment		-	0.02
Reserves and surplus	C	6,638.05	3,413.82
		6,947.66	3,713.31
Loan funds			
Secured loans	D	672.26	771.78
Unsecured loans	E	2,412.48	364.86
		3,084.74	1,136.64
		10,032.40	4,849.95
APPLICATION OF FUNDS			
Fixed assets	F		
Gross block		779.20	567.04
Less: Depreciation / amortisation		266.98	178.57
Net block		512.22	388.47
Capital work-in-progress		134.63	92.71
		646.85	481.18
Investments	G	4,919.48	805.26
Deferred tax assets, net (See Schedule O, Note 7)		93.64	70.88
Current assets, loans and advances	H		
Inventories		1,483.23	1,375.25
Sundry debtors		3,306.59	1,970.78
Cash and bank balances		875.50	351.39
Loans and advances		1,289.15	1,297.19
		6,954.47	4,994.61
Less : Current liabilities and provisions	I		
Current liabilities		1,946.39	1,108.47
Provisions		635.66	393.51
		2,582.05	1,501.98
Net current assets		4,372.42	3,492.63
		10,032.40	4,849.95
Significant accounting policies and notes to accounts	O		

The schedules referred to above and the notes to accounts form an integral part of the balance sheet.

As per our report of even date

For and on behalf of the Board of Directors of
Suzlon Energy Limited

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : May 20, 2008

Profit and loss account for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME			
Sales [See Schedule O, Note 4]		6,926.01	5,380.37
Other income	J	125.61	88.10
		7,051.62	5,468.47
EXPENDITURE			
Cost of goods sold	K	4,226.99	3,232.47
Operating and other expenses	L	952.51	830.00
Employees' remuneration and benefits	M	139.34	111.46
Financial charges	N	139.61	101.47
Depreciation / amortisation	F	86.21	73.49
		5,544.66	4,348.89
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,506.96	1,119.58
Current tax		176.00	130.00
MAT credit entitlement		(74.00)	(50.00)
Earlier year - current tax		0.13	(10.96)
Deferred tax		(23.49)	(13.02)
Fringe benefit tax		11.44	2.42
PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEMS		1,416.88	1,061.14
Exceptional items, net of tax [See Schedule O, Note 3]		151.17	-
NET PROFIT		1,265.71	1,061.14
Balance brought forward		1,477.86	882.49
PROFIT AVAILABLE FOR APPROPRIATIONS		2,743.57	1,943.63
APPROPRIATIONS			
Interim dividend on equity shares		-	143.88
Proposed dividend on equity shares		149.69	-
Dividend on preference shares		-	1.50
Tax on dividends		25.44	20.39
Transfer to general reserve		300.00	300.00
Surplus carried to balance sheet		2,268.44	1,477.86
Earnings per share (in Rs) [See Schedule O, Note 8]			
Before exceptional items			
- Basic [Nominal value of share Rs 2]		9.73	7.37
- Diluted [Nominal value of share Rs 2]		9.48	7.35
After exceptional items			
- Basic [Nominal value of share Rs 2]		8.70	7.37
- Diluted [Nominal value of share Rs 2]		8.47	7.35
Significant accounting policies and notes to accounts	O		

The schedules referred to above and the notes to accounts form an integral part of the profit and loss account.

As per our report of even date

For and on behalf of the Board of Directors of Suzlon Energy Limited

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Hemal A. Kanuga
Company Secretary

Place : Mumbai
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

Cash flow statement for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and exceptional items	1,506.96	1,119.58
Adjustments for:		
Depreciation / amortisation	86.21	73.49
(Profit) / loss on assets sold / discarded, net	2.93	(1.85)
(Profit) / loss on sale of investments, net	-	3.21
Interest income	(96.89)	(59.17)
Interest expenses	125.35	89.33
Dividend income	(6.32)	(3.77)
Provision for operation, maintenance and warranty	52.91	91.54
Provision for performance guarantee	236.79	104.24
Bad debts	7.39	0.29
(Reversal) / provision for doubtful debts and advances	11.80	1.38
Employee stock option scheme	4.53	7.30
Exchange differences	(23.48)	11.03
Wealth-tax	0.04	0.03
Operating profit before working capital changes	1,908.22	1,436.63
Movements in working capital		
(Increase) / decrease in sundry debtors	(1,355.08)	(388.53)
(Increase) / decrease in inventories	(107.97)	(270.76)
(Increase) / decrease in loans and advances	(226.94)	(4.05)
Increase / (decrease) in current liabilities	615.12	126.24
Cash (used in) / generated from operations	833.35	899.53
Direct taxes paid (net of refunds)	(197.38)	(141.16)
Net cash (used in) / generated from operating activities before exceptional items	635.97	758.38
Less : Exceptional items, net of tax [See Schedule O, Note 3]	(151.17)	-
Net cash (used in) / generated from operating activities	484.80	758.38
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(255.25)	(190.44)
Proceeds from sale of fixed assets	0.44	9.54
Investments in subsidiaries	(4,114.22)	(527.02)
Investments in others*	0.00	-
Sale / redemption of investments in subsidiaries	-	11.30
Inter-corporate deposits repaid / (granted)	443.34	(258.36)
Loans granted to subsidiaries	(1,746.31)	(617.96)
Repayments received from subsidiaries	1,632.82	337.23
Interest received	91.13	64.55
Dividend received	1.50	5.62
Net cash flow from investing activities	(3,946.55)	(1,165.54)

Cash flow statement for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of preference share capital	-	(15.00)
Share application money	(0.02)	0.02
Proceeds from issuance of share capital including premium, under stock option scheme	6.02	5.95
Proceeds from issuance of share capital including premium to qualified institutional buyers	2,182.70	-
Share issue expenses	(49.19)	-
Proceeds from issuance of zero coupon convertible bonds	2,009.90	-
Repayment of long term borrowings	(109.42)	(49.32)
Proceeds from short term borrowings, net	71.10	839.56
Interest paid	(125.23)	(89.44)
Dividend paid	-	(218.77)
Tax on dividend paid	-	(30.68)
Net cash flow from financing activities	3,985.86	442.32
NET INCREASE IN CASH AND CASH EQUIVALENTS	524.11	35.15
Cash and cash equivalents at the beginning of the year	351.39	316.24
Cash and cash equivalents at the end of the year	875.50	351.39

Components of cash and cash equivalents	As at March 31, 2008	As at March 31, 2007
Cash and cheques on hand	77.99	70.13
With scheduled banks		
in current account	124.46	49.38
in margin money	96.27	92.69
in term deposit accounts (See Schedule O, Note 19)	575.26	138.12
With non-scheduled banks		
in current account	1.52	1.07
In term deposit accounts	-	-
	875.50	351.39

*amount below Rs 0.01 crore

Notes :

1. The figures in brackets represent outflows.
2. Previous period's figures have been regrouped / reclassified, wherever necessary.

The schedules referred to above and the notes to accounts form an integral part of cash flow statement.

As per our report of even date

For and on behalf of the Board of Directors of Suzlon Energy Limited

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Hemal A. Kanuga
Company Secretary

Place : Mumbai
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

Schedules to the balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE- A : SHARE CAPITAL		
Authorised		
2,225,000,000 equity shares of Rs 2 each (430,000,000 equity shares of Rs 10 each)	445.00	430.00
Nil (1,500,000) preference shares of Rs 100 each	-	15.00
	445.00	445.00
Issued, subscribed		
Equity		
1,496,934,400 equity shares of Rs 2 each fully paid (287,764,780 equity shares of Rs 10 each fully paid)	299.39	287.76
[Of the above equity shares, 1,259,276,500 of Rs 2 each (251,855,300 of Rs 10 each) shares were allotted as fully paid bonus shares by utilisation of Rs 174.04 crore (Rs 174.04 crore) from general reserve, Rs 1.03 crore (Rs 1.03 crore) from capital redemption reserve and Rs 76.80 crore (Rs 76.80 crore) from securities premium account]		
[Outstanding Employee Stock Options exercisable into 246,000 equity shares of Rs 2 each fully paid (49,200 equity shares of Rs 10 each fully paid) [See schedule O, Note 11 (a)]		
	299.39	287.76
SCHEDULE- B : EMPLOYEE STOCK OPTIONS		
Employee stock options	17.83	15.69
Less: Deferred employee compensation expense outstanding	7.61	3.98
	10.22	11.71
SCHEDULE- C : RESERVES AND SURPLUS		
Capital redemption reserve		
As per last balance sheet	15.00	-
Add : Transferred from general reserve	-	15.00
	15.00	15.00
Securities premium account		
As per last balance sheet	1,322.69	1,311.02
Add : Additions during the year	2,183.12	11.67
	3,505.81	1,322.69
Less : Expenses on issuance of equity shares to qualified institutional buyers (See Schedule O, Note 19)	26.27	-
Expenses on issuance of zero coupon convertible bonds (See Schedule O, Note 9)	22.92	-
	3,456.62	1,322.69
General reserve		
As per last balance sheet	598.27	315.85
Add : Transferred from profit and loss account	300.00	300.00
	898.27	615.85
Less: Adjustment for employee benefits provision [net of tax benefit of Rs Nil (Rs0.31 crore)	0.28	2.58
Transferred to capital redemption reserve	-	15.00
	897.99	598.27
Profit and loss account	2,268.44	1,477.86
	6,638.05	3,413.82

Schedules to the balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - D : SECURED LOANS		
Term loans		
From banks (Various Loans secured by a first charge on certain immovable and/or movable fixed assets and second charge on current assets)	7.00	16.10
From other than banks (Secured by a first charge on certain immovable and movable fixed assets, specific security deposits, book-debts and second charge on current assets)	15.06	106.18
	22.06	122.28
Working capital facilities from banks and financial institutions		
Rupee loans	98.35	401.58
Foreign currency loans (Secured by hypothecation of inventories, book-debts and other current assets of the Company, both present and future, first and second charge on certain immovable fixed assets)	551.85	247.92
	650.20	649.50
	672.26	771.78
SCHEDULE- E : UNSECURED LOANS		
Long-term		
Zero coupon convertible bonds [See Schedule O, Note 9] [Due within one year Rs Nil (Rs Nil)]	2,005.50	-
From other than banks [Due within one year Rs 5.64 crore (Rs 8.26 crore)]	11.12	20.32
	2,016.62	20.32
Short-term		
From banks	395.86	344.54
From other than banks	-	-
	395.86	344.54
	2,412.48	364.86

Schedules to the balance sheet as at March 31, 2008

SCHEDULE - F : FIXED ASSETS

Assets	Gross Block				Depreciation / amortisation				Net Block	
	As at April 1,2007	Additions	Deductions/ Adjustments	As at March 31,2008	As at April 1,2007	For the period	Deductions/ Adjustments	As at March 31,2008	As at March 31,2008	As at March 31,2007
Freehold land	20.14	79.44	-	99.58	-	-	-	-	99.58	20.14
Leasehold land	0.96	-	-	0.96	0.08	0.01	-	0.09	0.87	0.88
Buildings	181.46	32.80	0.93	213.33	30.42	16.69	0.34	46.77	166.56	151.04
Plant and machinery	227.04	75.15	2.87	299.32	87.99	45.58	0.41	133.16	166.16	139.05
Wind research & measuring equipments	17.43	3.62	1.18	19.87	10.76	4.29	1.00	14.05	5.82	6.67
Computers and office equipments	44.26	11.26	0.37	55.15	17.20	8.55	0.31	25.44	29.71	27.06
Furniture & fixtures	20.87	2.25	0.03	23.09	7.73	2.70	0.01	10.42	12.67	13.14
Vehicles	7.19	0.87	0.22	7.84	3.42	1.08	0.17	4.33	3.51	3.77
Intangible assets										
Designs and drawings	37.94	7.65	-	45.59	16.18	8.86	-	25.04	20.55	21.76
SAP software	9.75	4.72	-	14.47	4.79	2.89	-	7.68	6.79	4.96
	567.04	217.76	5.60	779.20	178.57	90.65	2.24	266.98	512.22	388.47
Capital work-in-progress									134.63	92.71
	567.04	217.76	5.60	779.20	178.57	90.65	2.24	266.98	646.85	481.18
Previous year	400.41	177.08	10.45	567.04	104.73	76.59	2.75	178.57	388.47	

Notes:

1. Depreciation charge for the current period amounting to Rs 90.65 crore (Rs 76.59 crore), is including Rs 4.44 crore (Rs 3.10 crore) which has been capitalised as part of self manufactured assets. The depreciation charged in the profit and loss account amounting to Rs 86.21 crore (Rs 73.49 crore) is net of the amount capitalised.

2. Capital work-in-progress includes advances for capital goods Rs 7.15 crore (Rs 32.05 crore).

Schedules to the balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - G : INVESTMENTS		
LONG-TERM INVESTMENTS (At cost, fully paid)		
OTHER THAN TRADE - UNQUOTED		
(i) Government and other securities		
Security deposited with government departments	0.01	0.01
	0.01	0.01
(ii) Other investments		
(a) Subsidiaries		
Indian		
40,000,000 (40,000,000) equity shares of Rs 10 each of Suzlon Towers and Structures Limited	77.80	77.80
23,000,000 (18,000,000) equity shares of Rs 10 each of Suzlon Infrastructure Services Limited	118.26	68.26
14,524,600 (11,249,500) equity shares of Rs 10 each of Suzlon Structures Private Limited	17.80	11.25
26,226,800 (26,226,800) equity shares of Rs 10 each of Suzlon Generators Private Limited	26.23	26.23
900,000 (900,000) 10% cumulative redeemable preference shares of Rs 100 each of Suzlon Infrastructure Services Limited	9.00	9.00
750,000 (750,000) 8% cumulative redeemable preference shares of Rs 100 each of Suzlon Structures Private Limited	7.50	7.50
70,000,000 (35,300,000) equity shares of Rs10 each of SE Forge Limited	70.00	35.30
500,000 (500,000) 13% cumulative redeemable preference shares of Rs 100 each of Suzlon Towers and Structures Limited	5.01	5.01
2,000,000 (2,000,000) equity shares of Rs 10 each of Suzlon Gujarat Windpark Limited	2.00	2.00
3,010,000 (3,010,000) equity shares of Rs 10 each of Suzlon Power Infrastructure Private Limited	3.01	3.01
10,000,000 (150,000) equity shares of Rs 10 each of Suzlon Electricals International Limited [formerly Suzlon Rotor International Limited]	10.00	0.15
10,000,000 (150,000) equity shares of Rs 10 each of Suzlon Wind International Limited	10.00	0.15
10,400,000(150,000) equity shares of Rs 10 each of SE Composites Limited [formerly Suzlon Tower International Limited]	10.40	0.15
1,500,000 (1,500,000) equity shares of Rs 10 each of Suzlon Engitech Private Limited	1.50	1.50
5,000,000 (Nil) 1% cumulative redeemable preference shares of Rs 100 each of Suzlon Infrastructure Services Limited	50.00	-

Schedules to the balance sheet as at March 31, 2008

Particulars		As at March 31, 2008	As at March 31, 2007
	4,000,000 (Nil) 1% cumulative redeemable preference shares of Rs 100 each of Suzlon Wind International Limited	40.00	-
	1,000,000 (Nil) 1% cumulative redeemable preference shares of Rs 100 each of Suzlon Electricals International Limited [formerly Suzlon Rotor International Limited]	10.00	-
	16,000,000 (Nil) 1% cumulative redeemable preference shares of Rs 100 each of SE Forge Limited	160.00	-
	Overseas		
	244,000 (244,000) equity shares of 10 Euro each fully paid up of AE Rotor Holding B.V., The Netherlands	13.15	13.15
	1,422,137 (1,422,137) equity shares of 100 DKK each fully paid up of Suzlon Energy A/S, Denmark (DKK 36,400,350 (DKK 36,400,350) invested as additional paid in capital)	133.06	133.06
	1,000 (1,000) equity shares of 1 USD each fully paid up of Suzlon Rotor Corporation, USA (USD 27,999,000 (USD 7,499,000) invested as additional paid in capital)	116.47	33.58
	Suzlon Energy (Tianjin) Limited, China	233.30	96.58
	1(1) equity share of 25,000 Euro each fully paid up of Suzlon Windpark Management GmbH, Germany (Euro 5,000 (Euro 5000) paid as capital reserve)	0.16	0.16
	2,704,100,083 (162,245,542) equity shares of 10 MUR each of Suzlon Energy Limited, Mauritius	3,704.42	234.04
	2(2) equity shares of 12,500 Euro each fully paid up of Suzlon Energy GmbH, Germany (Euro 15,134,000 (Euro 8,289,000) paid as Capital Reserve)	90.40	47.37
		4,919.47	805.25
(b)	Other than subsidiaries		
	2,550 (2,550) equity shares of Rs 10 each of Saraswat Co-operative Bank Ltd.*	0.00	0.00
	30 (Nil) equity shares of Rs 10 of Godrej Millenium Condominium *	0.00	-
		0.00	0.00
	Total-unquoted	4,919.48	805.26
	Total-Investments	4,919.48	805.26
	Aggregate cost of unquoted investments	4,919.48	805.26

*amount below Rs 0.01 crore

Schedules to the balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE-H : CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Raw materials (Including goods-in-transit Rs 232.09 crore (Rs213.42crore)	1,070.58	1,116.74
Semi-finished goods, work-in-progress and contracts in progress	404.99	242.13
Land and land lease rights	7.66	16.38
	1,483.23	1,375.25
Sundry debtors		
(Unsecured)		
Outstanding for a period exceeding six months		
Considered good	594.74	160.36
Considered doubtful	18.49	6.62
	613.23	166.98
Others, considered good	2,711.85	1,810.42
	3,325.08	1,977.40
Less: Provision for doubtful debts	18.49	6.62
	3,306.59	1,970.78
Cash and bank balances		
Cash on hand	0.41	0.42
Cheques on hand	77.57	69.71
Balances with scheduled banks		
in current accounts	124.46	49.38
in margin accounts	96.27	92.69
in term deposit accounts [See Schedule O, Note 19]	575.26	138.12
	795.99	280.19
Balances with non scheduled banks in current accounts		
Bank of China RMB account - Beijing	0.02	0.57
[Maximum balance during the year Rs 1.78crore (Rs 0.57 crore)]		
Bank of China USD account - Beijing	0.05	0.38
[Maximum balance during the year Rs 2.48 crore (Rs 2.79 crore)]		
Bank of China RMB account - Shanghai	0.11	0.12
[Maximum balance during the year Rs 1.79 crore (Rs 0.12 crore)]		
Bank of China USD account - Shanghai*	1.34	0.00
[Maximum balance during the year Rs 4.31 crore (Rs 0.11 crore)]		
Millenium Bank - Portugal	0.01	-
[Maximum balance during the year Rs 22.77 crore (Rs Nil)]		
	875.50	351.39
Loans and advances		
(Unsecured and considered good, except otherwise stated)		
Loans to subsidiaries		
in Indian rupees	205.10	141.47
in foreign currency	351.25	301.40
	556.35	442.87
Deposits		
with customers as security deposit	30.83	35.69
with others	27.78	40.66
	58.61	76.35
Advance against taxes [Net of provisions for Income tax and fringe benefit tax Rs 300.35 crore (278.32 crore)]	22.26	27.02
MAT credit entitlement	139.00	50.00
Advances recoverable in cash or in kind or for value to be received**		
Considered good	512.93	700.95
Considered doubtful	2.63	2.70
	515.56	703.65
Less: Provision for doubtful loans and advances	2.63	2.70
	512.93	700.95
	1,289.15	1,297.19
	6,954.47	4,994.61

* amount below Rs 0.01 crore
** Includes
(a) Rs Nil (Rs 6.88 crore) towards share application money pending allotment
(b) Inter corporate deposits of Rs 0.47 crore (Rs 443.81 crore).

Schedules to the balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE- I : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors		
Others	1,089.51	809.08
Micro, Small & Medium Enterprises [See Schedule O, Note 17(j)]	21.78	24.51
Acceptances	2.74	34.20
Subsidiaries	380.22	10.48
Other current liabilities	302.51	97.60
Interest accrued but not due	1.37	1.25
Advances from customers	148.26	131.35
	1,946.39	1,108.47
Provisions		
Wealth tax	0.04	0.03
Gratuity, superannuation and leave encashment	8.92	7.14
Performance guarantee, operation, maintenance and warranty, and liquidated damages	451.57	386.34
Dividend	149.69	-
Tax on dividend	25.44	-
	635.66	393.51
	2,582.05	1,501.98

Schedules to the profit and loss account for the year ended March 31, 2008

Particulars		Year ended March 31, 2008	2007
SCHEDULE - J : OTHER INCOME			
Interest income			
From banks [TDS Rs3.78 crore (Rs 2.49 crore)]		23.38	7.96
From others [TDS Rs 16.76 crore (Rs 10.71 crore)]		73.51	51.21
Dividend Income			
From investment in subsidiary campanies		6.32	3.14
From other investments *		0.00	0.63
Royalty Income		16.23	11.06
Income from infrastructure development		-	8.58
Profit on assets sold / discarded		-	1.85
Miscellaneous income		6.17	3.67
		125.61	88.10

*amount below Rs 0.01 crore

Particulars		2008	2007
SCHEDULE - K : COST OF GOODS SOLD			
Consumption of raw materials			
Opening stock		1,116.74	914.58
Add : Purchases		4,334.97	3,503.23
		5,451.71	4,417.81
Less : Closing stock		1,070.58	1,116.74
	(A)	4,381.13	3,301.07
(Increase) / decrease in stock			
Opening balance :			
Semi finished goods, work-in-progress and contracts in progress		242.13	150.51
Land and land lease rights		16.38	39.40
	(B)	258.51	189.91
Closing balance :			
Semi finished goods, work-in-progress and contracts in progress		404.99	242.13
Land and land lease rights		7.66	16.38
	(C)	412.65	258.51
(Increase) / decrease in stock	(D) = (B) - (C)	(154.14)	(68.60)
	(A) + (D)	4,226.99	3,232.47

Schedules to the profit and loss account for the year ended March 31, 2008

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE - L : OPERATING AND OTHER EXPENSES		
Stores and spares consumed	47.97	32.67
Power and fuel	4.48	3.47
Factory expenses	17.28	15.38
Repairs and maintenance		
Plant and machinery	0.97	0.81
Building	1.95	2.46
Others	7.61	5.41
Operation and maintenance charges	20.15	14.37
Design change and technological upgradation charges	54.10	58.48
Operating lease charges	2.53	2.56
Rent	20.49	11.00
Rates and taxes	3.98	5.79
Provision for operation, maintenance and warranty	52.91	91.55
Provision for performance guarantee	236.79	104.24
Quality assurance expenses	12.82	19.23
R & D, certification and product development	7.16	10.44
Insurance	5.36	5.15
Advertisement and sales promotion	40.12	26.22
Infrastructure development expenses	2.20	-
Freight outward and packing expenses	294.93	221.97
Sales commission	4.63	18.05
Travelling, conveyance and vehicle expenses	34.49	29.13
Communication expenses	7.43	5.04
Auditors' remuneration and expenses	2.60	2.25
Consultancy charges	21.92	30.97
Charity and donations	6.55	13.97
Other selling and administrative expenses	44.72	61.18
Exchange differences, net	(25.75)	33.33
Bad debts written off	7.39	0.29
Provision for doubtful debts and advances	11.80	1.38
(Profit) / loss on sale of investments, net	-	3.21
(Profit) / loss on assets sold / discarded, net	2.93	-
	952.51	830.00
SCHEDULE - M : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, allowances and bonus	124.29	97.73
Contribution to provident and other funds	7.53	5.23
Staff welfare expenses	7.52	8.50
	139.34	111.46
SCHEDULE - N : FINANCIAL CHARGES		
Interest		
Fixed loans	3.21	12.49
Others	122.13	76.84
Bank charges	14.27	12.14
	139.61	101.47

SCHEDULE O: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(All amounts in rupees crore unless otherwise stated)

Nature of operations

Suzlon Energy Limited ('SEL' or 'Suzlon' or 'the Company') is engaged in the manufacture of wind turbine generators (WTGs) of various capacities and its components. It has manufacturing plants at Daman, Pondicherry, Bhuj, Chhadwel (Dhule) and Vadodara.

1. Significant accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 ('the Rules') and in conformity with accounting principles generally accepted in India ('Indian GAAP') as applicable, and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

(b) Use of estimates

The presentation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions to be made that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

(c) Revenue recognition

Revenue comprises sale of WTGs and wind power systems, interest, dividend and royalty. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is disclosed, net of discounts, excise duty, sales tax, service tax, VAT or other taxes, as applicable.

Sales

Sale of individual WTGs and wind power systems (supply-only projects) are recognised in the profit and loss account provided that the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and provided that the income can be measured reliably and is expected to be received.

Fixed price contracts to deliver wind power systems (turnkey and supply-and-installation projects) are recognised in revenue based on the stage of completion of the individual contract using the percentage of completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered.

Contracts in progress, if any, are measured at the selling price of the work performed based on the stage of completion less interim billing and expected losses. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. The value of self-constructed components is recognised in 'Contracts in progress' when all major components within the scope of the Company's supply have been dispatched from the factory to the site. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the profit and loss account.

Where the selling price of a contract cannot be estimated reliably, the selling price is measured only on the expenses incurred to the extent that it is probable that these expenses will be recovered. Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price is recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established. Dividend from subsidiary companies declared after the year end till the adoption of accounts by Board of Directors, is accounted during the year as required by schedule VI to the Act.

Royalty income

Royalty income is recognised on accrual basis in accordance with the terms of the relevant agreements.

(d) Fixed assets and intangible assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalised inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertaking, preoperative expenses are capitalised upon the commencement of commercial production. Assets held for disposal are stated at the lower of net book value and the estimated net realizable value.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

The carrying amounts of the assets belonging to each cash generating unit (CGU) are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying amounts exceed the recoverable amount of the assets with CGU, assets are written down to their recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. The impairment loss recognised in prior accounting period is reversed if there has been a change in estimates of recoverable amount.

(e) Depreciation / amortisation

Depreciation is provided on the written down value method (WDV) unless otherwise stated, pro-rata to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or intangible assets or at rates specified in schedule XIV to the Act, whichever is higher:

Depreciation

Type of asset	Rate
Office building	5%
Factory building	10%
Plant and machinery	13.91%
Moulds	13.91% or useful life based on usage
Patterns	30% or useful life based on usage
Plugs for moulds	50% or useful life based on usage
Wind research and measuring equipments	50%
Computers	40%
Office equipments	13.91%
Furniture and fixtures	18.10%
Motor car and others	25.89%
Trailers	30%

Amortisation

Type of asset	Basis
Leasehold land	Period of lease
Design and drawings	Straight line basis over a period of five years
SAP Software	Straight line basis over a period of five years

(f) Inventories

Inventories of raw materials including stores, spares, and consumables; packing materials; work-in-progress; contracts in progress; semi-finished goods and finished goods are valued at the lower of cost and estimated net realizable value. Cost is determined on weighted average basis.

The cost of work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and manufacturing overheads.

Stock of land and land lease rights is valued at lower of cost and estimated net realizable value. Cost is determined on weighted average basis. Net realizable value is determined by management using technical estimates.

(g) Investments

Long-term investments are carried at cost. However, provision is made to recognise a decline, other than temporary, in the value of long-term investments.

Current investments are carried at lower of cost and fair value, determined on an individual basis.

(h) Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the period during which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account.

Derivatives

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counterparty is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income / expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

Foreign currency transactions entered into by branches, which are integral foreign operations, are translated in the same manner as foreign currency transactions described above. Branch monetary assets and liabilities are restated at the year end rates. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

(i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account.

(j) Retirement and other employee benefits

Defined contributions to provident fund and employee state insurance are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective statutory authorities.

Retirement benefits in the form of gratuity are considered as defined benefit obligations, and are provided for on the basis of an actuarial valuation, using projected unit credit method, as at the balance sheet date.

Defined contributions to superannuation fund are charged to the profit and loss account on accrual basis.

Short-term compensated absences are provided based on estimates. Long term compensated absences are provided for on the basis of an actuarial valuation, using projected unit credit method, as at the balance sheet date.

Actuarial gains/losses are taken to profit and loss account and are not deferred.

(k) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

(l) Taxes on income

Tax expense for a year comprises of current tax, deferred tax and fringe benefit tax.

Current tax and fringe benefit tax are measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Minimum alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

(m) Operating leases

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the profit and loss account as incurred.

Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

(n) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(o) Employee stock options

Stock options granted to employees under the employees' stock option scheme are accounted as per the intrinsic value method permitted by the 'Guidance Note on Share Based Payments' issued by the ICAI. Accordingly, the excess of market price of the shares as on the date of grant of options over the exercise price is recognised as deferred employee compensation and is charged to profit and loss account on straight-line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

2. Impact of ICAI announcement on derivatives

Pursuant to ICAI announcement dated March 29, 2008 on "Accounting for Derivatives", the Company has, based on the principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", recognised mark to market ('MTM') losses on derivative contracts outstanding as at March 31, 2008 to the extent the losses are not offset by the fair value gain on the underlying hedge items. In determining the 'MTM' losses, any compensating gains on underlying transactions (including firm commitments and highly probable forecast transactions) have been netted off and accordingly, the Company has recognized 'MTM' losses of approximately Rs 23 crore during the year ended March 31, 2008.

3. Exceptional items

Details of exceptional items aggregating to Rs 151.17 crore (net of taxes of Rs 36.00 crore) are as below:

(a) The Company has faced certain issues with residents of Dhule and Sangli, in Maharashtra, India resulting into disruption of the smooth operations of the WTGs in these regions, which have resulted into generation shortfall from that guaranteed. The Company has incurred Rs 65.46 crore towards restoration costs of these WTGs. The Company is of the opinion that this event is "force majeure". The generation guarantee liability for the WTGs installed in the regions of Dhule and Sangli has been computed taking into account the events of force majeure and are based on the best estimate of the management.

(b) The Company has announced a retrofit program to resolve blade crack issues noticed in some of its S88 turbines in the United States and Portugal. The retrofit program involves the structural strengthening of blades on S 88 (2.1 MW) turbines. The retrofit program will be carried out by maintaining a rolling stock of temporary replacement blades, to minimise the downtime for operational turbines. The Company has provided for an amount of approximately Rs 121.71 crore towards the same.

Particulars	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
Sale of wind turbines	6,726.85	5,189.90
Others	199.16	190.47
Total	6,926.01	5,380.37
Sale of wind turbines are specified as follows:		
Revenue using percentage of completion method (See Schedule O, Note 5)	448.10	147.75
Revenue using dispatch method	6,278.75	5,042.15
Total	6,726.85	5,189.90

5. Disclosures pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

Particulars	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
Contract revenue recognised during the period	448.10	147.75
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	373.92	100.05
Particulars	As at March 31, 2008	As at March 31, 2007
Amount of customer advances outstanding for contracts in progress up to the reporting date	-	-
Retention amount due from customers for contract in progress up to the reporting date	-	-
Due from customers	-	-
Due to customers	-	-

6. Provisions

In pursuance of Accounting Standard-29 (AS-29) 'Provisions, contingent liabilities and contingent assets' issued by the ICAI, the provisions required have been incorporated in the books of account in the following manner:-

Particulars	Performance guarantee	Operation, maintenance and warranty	Provision for liquidated damages
Opening balance	182.03	178.37	25.93
	(142.06)	(172.90)	(2.73)
Additions	236.79	52.91	23.69
	(104.24)	(91.55)	(36.31)
Utilization	108.53	109.03	11.84
	(64.27)	(86.08)	(13.10)
Reversal	-	-	18.75
	(-)	(-)	(-)
Closing balance	310.29	122.25	19.03
	(182.03)	(178.37)	(25.94)

The provision for performance guarantee (PG) represents the expected outflow of resources against claims for performance shortfall expected in future over the life of the guarantee assured. The period of performance guarantee varies for each customer according to the terms of contract. The key assumptions in arriving at the performance guarantee provisions are wind velocity, plant load factor, grid availability, load shedding, historical data, wind variation factor etc.

The provision for operation, maintenance and warranty (O&M) represents the expected liability on account of field failure of parts of WTG and expected expenditure of servicing the WTGs over the period of free operation, maintenance and warranty, which varies according to the terms of each sales order.

Provision for liquidated damages (LD) represents the expected claims which the Company may need to pay for non fulfilment of certain commitments as per the terms of the sales order. These are determined on a case to case basis considering the dynamics of each sales order and the factors relevant to that sale.

7. Accumulated deferred tax asset/(liability), net

Particulars		As at March 31, 2007	During the year 2007-08	As at March 31, 2008
a. Deferred tax asset:				
Provision for PG, LD, O&M		70.44	15.85	86.29
Provision for doubtful debts		1.04	3.99	5.03
Provision for bonus		0.27	0.81	1.08
	(A)	71.75	20.65	92.40
b. Deferred tax liability:				
Depreciation on fixed assets		3.12	(2.84)	0.28
	(B)	3.12	(2.84)	0.28
c. Deferred tax asset recognised in profit and loss account	(A-B)		23.49	
Tax effect on long term retention bonus credited to general reserve		0.28	(0.28)	-
Tax effect of share issue expenses eligible for income tax deduction, under section 35D, credited to securities premium account		1.97	(0.45)	1.52
Total deferred tax asset		70.88	22.76	93.64

8. Earnings per share (EPS)

All amounts in Rs crore except per share data

Particulars		As at March 31,	
		2008	2007
Basic			
Net Profit after tax and exceptional items		1,265.71	1,061.14
Less: Preference dividend and tax thereon		-	1.72
Net profit attributable to equity shareholders	A	1,265.71	1,059.42
Add: Exceptional items, net of taxes		151.17	-
Profit before exceptional items	B	1,416.88	1,059.42
Weighted average number of equity shares	C	1,455,672,492	1,438,363,468
Basic EPS (Rs) of face value of Rs 2 each			
- before exceptional items	B/C	9.73	7.37
- after exceptional items	A/C	8.70	7.37
Diluted			
Weighted average number of equity shares	C	1,455,672,492	1,438,363,468
Add: Equity shares for no consideration arising on grant of share options	D	1,609,325	2,307,690
Add: Potential equity shares that could arise on conversion of zero coupon convertible bonds	E	37,593,265	-
Weighted average number of equity shares for diluted EPS	F = (C+D+E)	1,494,875,082	1,440,671,158
Diluted EPS (Rs) of face value of Rs 2 each			
- before exceptional items	B/F	9.48	7.35
- after exceptional items	A/F	8.47	7.35

9. Zero Coupon Convertible Bonds

On June 11, 2007 the Company has made an issue of zero coupon convertible bonds aggregating to USD 300 Million (approximately Rs 1,223.70 crore) comprising of 300,000 Zero Coupon Convertible Bonds due 2012 of USD 1,000 each ('Phase I Bonds') which are:

(a) convertible by the holders at any time on or after July 22, 2007 but prior to close of business on June 5, 2012. Each bond will be converted into 22.70 fully paid up equity shares with face value of Rs 10 per share (since adjusted to 113.50 fully paid up equity shares with face value of Rs 2 per share [See note 13(d)]) at an initial conversion price of Rs 1,798.40 per equity share of Rs 10 each (since adjusted to Rs 359.68 per equity share of Rs 2 each [See note 13(d)]) at a fixed exchange rate conversion of Rs 40.83 = USD 1.

(b) convertible in whole but not in part at the option of the Company at any time on or after June 11, 2009 subject to satisfaction of certain conditions.

(c) redeemable in whole but not in part at the option of the Company at any time if less than 10 percent of the aggregate principal amount of the bonds originally issued are outstanding, subject to satisfaction of certain conditions mentioned in the offering circular.

(d) redeemable on maturity date at 145.23% of its principal amount if not redeemed or converted earlier.

Further, on October 10, 2007 the Company has made an additional issue of zero coupon convertible bonds aggregating USD 200 Million (Rs 786.20 crore) comprising of 200,000 Zero Coupon Convertible Bonds due 2012 of USD 1,000 each ('Phase II Bonds') which are:

(a) convertible by the holders at any time on or after November 20, 2007 but prior to close of business on October 4, 2012. Each bond will be converted into 21.46 fully paid up equity shares with face value of Rs 10 per share (since adjusted to 107.30 fully paid up equity shares with face value of Rs 2 per share [See note 13(d)]) at an initial conversion price of Rs 1,857.75 per equity share of Rs 10 each (since adjusted to Rs 371.55 per equity share of Rs 2 each [See note 13(d)]) at a fixed exchange rate conversion of Rs 39.87 = USD 1.

(b) convertible in whole but not in part at the option of the Company at any time on or after October 10, 2009 subject to satisfaction of certain conditions.

(c) redeemable in whole but not in part at the option of the Company if less than 10 percent of the aggregate principal amount of the Bonds originally issued is outstanding, subject to satisfaction of certain conditions mentioned in the offering circular.

(d) redeemable on maturity date at 144.88 % of its principal amount if not redeemed or converted earlier.

The Phase I and Phase II bonds are redeemable subject to satisfaction of certain conditions mentioned in their respective offering circulars, and hence have been currently designated as a monetary liability. Further, the Company has not provided for the proportionate premium on redemption of the Phase I and Phase II Bonds for the period up to March 31, 2008 amounting to Rs 72.59 crore (approximately USD 18,096,735) and Rs 28.49 crore (approximately USD 7,103,641) respectively. In the opinion of the management, the likelihood of redemption cannot presently be ascertained. Accordingly, no provision for any liability has been made in the financial statements and hence, the proportionate premium on redemption has been disclosed as a contingent liability.

Following are the details of utilisation of zero coupon convertible bonds:

Sr. No.	Description	As at March 31, 2008
(i)	Sources of funds	
	Proceeds	2,009.90
	Issue expenses	(22.92)
	Net Proceeds	1,986.98
(ii)	Application of funds	
	Repayment of acquisition facility loans	1,986.98
	Total	1,986.98
(iii)	Unutilised funds	-

10. Operating leases

Premises

The Company has taken certain premises under cancellable operating leases. The total rental expense under cancellable operating leases during the period was Rs 5.36 crore (Rs 4.63 crore).

The Company has also taken furnished/unfurnished offices and certain other premises under non-cancellable operating lease agreement ranging for a period of one to five years. The lease rental charge during the year is Rs 15.13 crore (Rs 6.36 crore) and maximum obligations on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement are as follows:

Obligation on non-cancellable operating leases	Year ended March 31,	
	2008	2007
Not later than one year	11.97	5.93
Later than one year and not later than five years	17.04	4.63
Later than five years	-	-

WTGs

The Company has taken WTGs on non-cancellable operating lease, chargeable on per unit basis of net electricity generated and delivered. The lease amount would be determined in the future on the number of units generated. Lease rental expense for the period is Rs 2.53 crore (Rs 2.56 crore).

Sublease rental income recognised in the statement of profit and loss account for the period is Rs 2.53 crore (Rs 2.56 crore).

11. Employee stock option scheme

(a) Suzlon Energy employee stock option plan 2005 (Scheme I)

The Company instituted the 2005 Plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on June 16, 2005 (grant date). Scheme I covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to Scheme I, the Company has granted 921,000 options of Rs 10 each (since adjusted to 4,605,000 options of Rs 2 each [See Note 13(d)]) to eligible employees at an exercise price of Rs 255 per equity share of Rs 10 each (since adjusted to Rs 51 per equity share of Rs 2 each [See Note 13(d)]) , which is 50% of the issue price determined in the initial public offering (IPO) of the Company in accordance with SEBI guidelines i.e., Rs 510 per equity share of Rs 10 each (since adjusted to Rs 102 per equity share of Rs 2 each [See Note 13(d)]). Under the terms of Scheme I, 30% of the options will vest in the employees at the end of the first year, 30% at the end of the second year and the balance of 40% at the end of third year from the grant date in the following manner:

Date of vesting	Proportion of vesting
June 16, 2006	30%
June 16, 2007	30%
June 16, 2008	40%

The employee stock options granted shall be capable of being exercised within a period of five years from the date of first vesting i.e. June 16, 2006. Once the options vest as per the schedule above, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled.

During the year ended March 31, 2008, vesting rights were exercised by employees for 236,100 shares of Rs 10 each (since adjusted to 1,180,500 shares of Rs 2 each [See Note 13(d)]). Further, 75,500 employee stock options of Rs 10 each (since adjusted to 377,500 options of Rs 2 each [See Note 13(d)]) were cancelled as certain employees resigned from the services of the Company. The movement in the stock options during the year was as per the table below

Particulars	Year ended as at March 31,	
	2008	2007
Options outstanding as at April 1, 2007	3,153,000	4,445,000
Granted during the year	Nil	Nil
Forfeited / cancelled during the year	114,500	125,000
Exercised during the year	1,180,500	1,167,000
Expired during the year	Nil	Nil
Options outstanding as at March 31, 2008	1,858,000	3,153,000
Exercisable at the end of the year (included in options outstanding as at March 31, 2008)	246,000	160,500

(b) Suzlon Energy employee stock option plan 2006 (Scheme II)

The Company instituted the 2006 Plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on November 23, 2007 (grant date). Scheme II covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to Scheme II, the Company has granted 103,900 options of Rs 10 each (since adjusted to 519,500 options of Rs 2 each [See Note 13(d)]) to eligible employees at an exercise price of Rs 961 per equity share of Rs 10 each (since adjusted to Rs 192.20 per equity share of Rs 2 each [See Note 13(d)]), which is 51.28% of the weighted average price over a period of six months prior to date of grant, i.e., Rs 1,874 per equity share of Rs 10 each (since adjusted to Rs 374.80 per equity share of Rs 2 each [See Note 13(d)]). Under the terms of Scheme II, 50% of the options will vest in the employees at the end of the first year, 25% at the end of the second year and the balance of 25% at the end of third year from the grant date in the following manner:

Date of vesting	Proportion of vesting
November 23, 2008	50%
November 23, 2009	25%
November 23, 2010	25%

The employee stock options granted shall be capable of being exercised within a period of five years from the date of first vesting i.e. November 23, 2008. Once the options vest as per the schedule above, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particulars	Year ended as at March 31, 2008
Options outstanding as at April 1, 2007	Nil
Granted during the year	519,500
Forfeited / cancelled during the year	Nil
Exercised during the year	Nil
Expired during the year	Nil
Options outstanding as at March 31, 2008	519,500
Exercisable at the end of the year (included in options outstanding as at March 31, 2008)	Nil

Fair value of the option

The Company applies the intrinsic value based method of accounting for determining compensation cost for Scheme I and Scheme II.

The Company has charged Rs 2.14 crore (Rs 7.30 crore) and Rs 2.39 crore (Rs Nil) at the rate of Rs 51 per option and Rs 182.60 per option respectively, being the intrinsic value of options under the Scheme I and Scheme II for the year ended March 31, 2008. Had the Company adopted the fair value method based on 'Black-Scholes' model for pricing and accounting the options, the cost would have been Rs 68.39 per option (Rs 66.32 per option) and Rs 284.10 per option (Rs Nil) for Scheme I and Scheme II respectively, and accordingly, the profit after tax would have been lower by Rs 3.35 crore (Rs 2.49 crore).

Consequently the basic and diluted earnings per share after factoring the above impact would be as follows:

Particulars	As at March 31, 2008	As at March 31, 2007
Earnings per share (before exceptional items)		
- Basic	9.71	7.35
- Diluted	9.46	7.34
Earnings per share (after exceptional items)		
- Basic	8.67	7.35
- Diluted	8.44	7.34

12. Post employment benefits

The Company has a defined benefit gratuity plan (Defined Benefit). Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Year ended March 31,	
	2008	2007
Opening defined benefit obligation	2.66	1.76
Interest cost	0.23	0.14
Current service cost	1.24	0.99
Benefits paid	(0.12)	(0.05)
Actuarial (gains) / losses on obligation	0.48	(0.18)
Closed defined benefit obligation	4.49	2.66

Changes in the fair value of plan assets are as follows:

Particulars	Year ended March 31,	
	2008	2007
Opening fair value of plan assets	1.92	1.81
Expected return	0.21	0.15
Contributions by employer*	2.84	0.00
Benefits paid	(0.12)	(0.05)
Actuarial gains / (losses)	(0.04)	0.01
Closing fair value of plan assets	4.81	1.92

* The contribution made by the employer during the year was Rs 2.91 crore (Rs 0.14 crore) of which Rs 2.84 crore (Rs 0.00 crore**) was paid towards approved fund and Rs 0.07 crore (Rs 0.14 crore) was towards OYRGTA premium.

The Company expects to contribute Rs 3.51 crore to its defined benefit gratuity plan in 2008-09. The actual return on plan assets during the year was Rs 0.17 crore (Rs 0.16 crore).

** amount below Rs 0.01 crore

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31,	
	2008	2007
Investments in approved fund	100%	100%

Details of defined benefit obligation

Particulars	Year ended March 31,	
	2008	2007
Defined benefit obligation	4.49	2.66
Fair value of plan assets (A)	4.81	1.92
Present value of unfunded obligations (B)	(0.32)	0.74
Less: Unrecognised past service cost (C)	Nil	Nil
Plan Liability / (asset) (B-C)	(0.32)	0.74

Net employees benefit expense recognised in the profit and loss account

Particulars	Year ended March 31,	
	2008	2007
Current service cost	1.24	0.99
Interest cost on benefit obligation	0.23	0.14
Expected return on plan assets	(0.21)	(0.15)
Net actuarial (gain) / loss recognised in the year	0.52	(0.19)
Past service cost	Nil	Nil
Net benefit expense	1.78	0.79

Amounts for the current and previous periods are as follows:

Particulars	Year ended March 31,			
	2008	2007	2006	2005
Defined benefit obligation	4.49	2.66	1.76	0.93
Plan assets	4.81	1.92	1.81	1.05
Surplus / (deficit)	0.32	(0.74)	0.05	0.12
Experience adjustments on plan liabilities	Nil	Nil	Nil	Nil
Experience adjustments on plan assets	Nil	Nil	Nil	Nil

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	Year ended March 31,	
	2008	2007
Discount rate	8.50%	8.00%
Expected rate of return on plan assets	9.00%	8.50%
Salary escalation rate	7.50%	6.00%
Attrition rate	10% at younger ages and reducing to 1% at older age according to graduated scale	3% at younger age and 1% at older age

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

13. Other notes

(a) Expenditure amounting to Rs 4.86 crore (Rs 3.88 crore) and Rs 6.94 crore (Rs 6.15 crore) pertaining to employee remuneration and benefits; and operating and other expenditure respectively, being expenditure incurred in connection with the construction of certain self manufactured assets have been deducted from the respective expenditure heads and have been capitalised under appropriate asset heads.

(b) The Company incurs expenditure on development of infrastructure facilities for power evacuation arrangements as per authorization of the state electricity boards (SEB) / nodal agencies. In certain cases the expenditure is reimbursed, on agreed terms, by the SEB / nodal agencies and in certain cases the Company recovers it from the customers. Where the expenditure is reimbursed by the SEB / nodal agency, the cost incurred is reduced by the reimbursements received and the net amount is charged to the profit and loss account. Where an arrangement is entered into with customers for power evacuation charges, the proportionate direct cost computed on per mega watt basis is netted off from the amount charged to customers and the net deficit/(surplus) is charged / credited to profit and loss account. The deficit/surplus from infrastructure development across all SEBs / nodal agencies is shown under "infrastructure development expenses" or "other income" as the case may be. Indirect expenses not directly relatable to power evacuation are charged to the respective account heads in the profit and loss account.

(c) The Company has made a provision for dividend in the books of account considering the number of equity shares outstanding as at the balance sheet date. However, the Company is obliged to pay dividend to those share holders and bond holders, if any who convert their stock options into equity shares and bonds into Equity Shares respectively after the balance sheet date and upto the book closure date for dividend purposes. Incremental dividend and dividend distribution tax thereon if any will be paid out of the balance available in the Profit and Loss Account.

(d) Effective January 28, 2008, the Company has subdivided the face value of equity shares from Rs 10 each to Rs 2 each (share split), after obtaining shareholders approval vide resolution passed through postal ballot dated December 6, 2007. Accordingly, the figures for number of equity shares and price of shares disclosed elsewhere in the financial statements have been adjusted for the impact of share split except in case of disclosures under 'Schedule A- Share Capital'. Further, the basic and diluted earnings per share disclosed have been computed for the current year and recomputed for the previous year based on the revised face value of Rs 2 each.

14. Managerial remuneration to directors

Particulars	Year ended March 31,	
	2008	2007
(i) Salaries	1.30	1.30
(ii) Contribution to superannuation fund	0.27	0.27
(iii) Sitting fees	0.02	0.04
Total	1.59	1.61

The directors are covered under the Company's scheme for gratuity along with the other employees of the Company. The proportionate amount of gratuity is not included in the aforementioned disclosure, as the amount attributable to directors is not ascertainable.

15. a. Contingent liabilities

Particulars	Year ended March 31,	
	2008	2007
Guarantees given on behalf of subsidiaries in respect of loans / guarantee granted to them/ granted on behalf of them by banks / financial institutions	7,451.10	3,422.18
Guarantees given on behalf of other companies in respect of loans granted to them by banks.	-	0.30
Premium on redemption of zero coupon convertible bonds	101.08	-
Claims against the Company not acknowledged as debts	0.25	0.25

The disputed income tax demand outstanding as on date is Rs 19.23 crore. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company is of the opinion that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

b. Capital commitments

Particulars	Year ended March 31,	
	2008	2007
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	50.96	178.49
Commitments for investments in Subsidiary	82.34	6.50

16. Derivative instruments and unhedged foreign currency exposure

Particulars of derivatives	Purpose
Forward contract outstanding as at balance sheet date:	
Buy Euro 148,522,981.72 (Euro 33,619,539.40)	Hedge of forex Euro liabilities
Buy GBP Nil (GBP 51,965.70)	Hedge of forex GBP liabilities
Buy USD 83,395,361.33 (USD 100,339,763.72)	Hedge of forex USD liabilities
Sell DKK Nil (DKK 10,928,005.57)	Hedge of forex DKK receivable
Sell USD 286,961,890 (USD 33,369,600)	Hedge of forex USD receivable
Sell Euro 118,198,046 (Euro 21,500,000)	Hedge of forex Euro receivable
Sell AUD 32,500,000 (AUD Nil)	Hedge of forex AUD receivable

Option contract outstanding as at balance sheet date:
USD 13.50 crore (1.00 crore) zero cost 1:2 forward put options outstanding
USD Nil (1.65 crore) call spread options outstanding
Euro 17.75 crore (1.20 crore) zero cost barrier call options outstanding
Euro 11.50 crore (Nil) zero cost put spread options outstanding

Particulars of unhedged foreign currency exposure as at the Balance Sheet date:

Particulars	Year ended March 31,	
	2008	2007
Creditors	217.45	205.59
Debtors	1,519.10	164.80
Loans given	344.15	276.05
Loans received	454.46	40.25
Bank balance in current accounts and term deposit accounts	1.52	1.87
Investments in overseas subsidiaries	4,290.96	557.94
Zero coupon convertible bonds	2,005.50	Nil

17. Additional information pursuant to the provisions of paragraphs 3, 4B, 4C, 4D of part II of the schedule VI of the Companies act, 1956.

(a) Auditors' remuneration and expenses

Particulars	Year ended March 31,	
	2008	2007
(i) Statutory audit fees	2.30	1.88
(ii) Tax audit fees	0.06	0.03
(iii) Taxation matters	-	0.11
(iv) Other services*	0.91	0.15
(v) Reimbursement of out of pocket expenses	0.03	0.08
Total	3.31	2.25

* Includes Rs 0.71 crore (Rs Nil) paid for agreed upon procedures with regard to zero coupon convertible bond issue and issue of equity shares of the company through qualified institutional placements, and adjusted from securities premium account.

(b) Licensed and installed capacities and production

Licensed capacity - The products manufactured and sold by the Company i.e., WTG's and components have not been included in the list of mandatory items, which require a license under the New Industrial Policy in terms of Notification no. S.O.477 (E) dated 25th July, 1991; and hence, licensing requirements are not applicable to the products manufactured by the Company.

Installed capacity - The installed capacities are not precisely ascertainable, given the nature of operations, changes in product mix and utilisation of manufacturing facilities; and hence, have not been disclosed.

Production

Particulars	Units produced (in Nos.)	Units produced (in MW's)
Wind Turbine Generators up to 1 MW	197 (272)	114.45 (142.95)
Above 1 MW and upto 2 MW	631 (674)	901.50 (886.50)
Above 2 MW	463 (260)	972.30 (546.00)
Total	1,291 (1,206)	1,988.25 (1,575.45)

(c) Details of opening stock, turnover and closing stock

Particulars	Year ended March 31, 2008			Year ended March 31, 2007		
	Nos.	MW	Amount	Nos.	MW	Amount
Opening stock						
Wind Turbine Generators						
Upto 1 MW	-	-	-	-	-	-
Above 1 MW and upto 2 MW	-	-	-	-	-	-
Above 2 MW	-	-	-	-	-	-
Land/Lease rights	-	-	16.38	-	-	39.40
	-	-	16.38	-	-	39.40
Turnover						
Wind Turbine Generators						
Upto 1 MW	197	114.45	518.39	272	142.95	590.93
Above 1 MW and upto 2 MW	631	901.50	3,483.27	674	886.50	2,987.51
Above 2 MW	463	972.30	2,725.19	260	546.00	1,611.46
Land/lease rights	-	-	29.29	-	-	43.34
Wind Turbine Generator Parts and others	-	-	169.87	-	-	147.13
	1,291	1,988.25	6,926.01	1,206	1,575.45	5,380.37
Closing stock						
Wind Turbine Generators						
Upto 1 MW	-	-	-	-	-	-
Above 1 MW and upto 2 MW	-	-	-	-	-	-
Above 2 MW	-	-	-	-	-	-
Land/Lease rights	-	-	7.66	-	-	16.38
	-	-	7.66	-	-	16.38

(d) Raw materials consumed

	Particulars (units)	Year ended March 31,			
		2008		2007	
		Qty.	Amount	Qty.	Amount
(i)	Gear Box (Nos)	1,328	876.94	1,210	678.64
(ii)	Others (see note below)	Various	3,504.19	Various	2,622.43
			4,381.13		3,301.07

Note:

It is not practicable to furnish quantitative information in view of large number of items which differ in size and nature, each being less than 10% in value of the total raw materials consumed.

(e) Imported and indigenous consumption

(i) Raw materials

Particulars	Year ended March 31,			
	2008		2007	
	Amount	%	Amount	%
Imported	2,516.08	57.43	1,941.50	58.81
Indigenous	1,865.05	42.57	1,359.57	41.19
	4,381.13	100.00	3,301.07	100.00

(ii) Stores and spares

Particulars	Year ended March 31,			
	2008		2007	
	Amount	%	Amount	%
Imported	3.13	6.52	5.73	17.54
Indigenous	44.84	93.48	26.94	82.46
	47.97	100.00	32.67	100.00

(f) Value of imports on CIF basis

Particulars	Year ended March 31,	
	2008	2007
(i) Raw materials	2,427.55	1,871.94
(ii) Stores and spares	5.19	4.34
(iii) Capital goods	23.72	17.84
	2,456.45	1,894.12

(g) Expenditure in foreign currency (on accrual basis)

Particulars	Year ended March 31,	
	2008	2007
(i) Consultancy	3.13	10.79
(ii) Research and development and quality assurance	10.77	18.59
(iii) Interest	27.82	19.02
(iv) WTG Modification and Improvement Expenses	35.14	0.01
(v) Generation Guarantee Expenses	89.92	-
(vi) Blade Retrofit Expenses	121.71	-
(vii) Others	30.42	21.61
	318.90	70.02

(h) Earnings in foreign currency (on accrual basis)

Particulars	Year ended March 31,	
	2008	2007
(i) Export sales (F.O.B. value)	2,796.83	1,758.91
(ii) Interest on loans	23.72	7.57
(iii) Royalty	16.23	11.06
(iv) Profit on export of Mould	0.97	-
	2,837.75	1,777.54

(i) Dividend remitted in foreign currency during the year

Rs Nil (Rs Nil) has been remitted in foreign currency on account of dividends.

(j) Disclosure of Micro, Small and Medium Enterprises

Sr.No	Description	Year ended March 31,	
		2008	2007
(i)	Principal amount remaining unpaid to any supplier as at the end of the year Interest due on the above amount	21.78 0.00*	24.51 Nil
(ii)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 Amounts of payment made to the suppliers beyond the appointed day during the year	Nil 21.61	Nil Nil
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	0.12	Nil
(iv)	Amount of interest accrued and remaining unpaid at the end of the year	0.12	Nil
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

* amount below Rs 0.01 crore

18. Statement showing the use of proceeds from Initial Public Offer up to March 31, 2008

Sr.No	Description	As at March 31, 2008
I	Source of funds	
	IPO proceeds	1,364.90
	Issue expenses	(40.67)
	Net proceeds	1,324.23
II.	Application of funds	
(i)	Setting up and expansion of manufacturing facilities in India	117.74
(ii)	Capitalization of subsidiaries	319.34
(iii)	Setting up of new corporate house and corporate learning centre	42.73
(iv)	Redemption of preference shares allotted to the private equity investors	100.00
(v)	Growth opportunities in domestic and international markets and general corporate purposes	573.58
(vi)	Reallocation of funds vide special resolution at AGM dated July 25, 2007 for capitalisation of subsidiaries and / or for growth opportunities in domestic and international markets	170.84
	Total	1,324.23
III.	Unutilised funds	-

19. Statement showing the use of proceeds from Qualified Institutional Placements up to March 31, 2008

On December 20, 2007, the Company has raised Rs 2,182.70 crore through allotment of 11,386,000 Equity Shares of Rs 10 each (since adjusted to 56,930,000 equity shares of Rs 2 each [See Note 13(d)]) at a price of Rs 1,917 per equity share of Rs 10 each (since adjusted to Rs 383.40 per equity share of Rs 2 each[See Note 13(d)]) to selected Qualified Institutional Buyers pursuant to the Guidelines for Qualified Institutional Placements (QIP) under Chapter XIII-A of the SEBI (DIP) Guidelines, 2000. The details of utilization of QIP proceeds are given below:

Sr. No	Description	As at March 31, 2008
I	Source of Funds	
	Proceeds from issue	2,182.70
	Issue expenses	(26.27)
	Net Proceeds	2,156.43
II.	Utilisation of funds	
	Repayment of acquisition facility loans Working capital requirement and general corporate purposes Investments in subsidiaries for capital expenditure and Working capital requirement	1,129.23 341.12 135.37
	Total	1,605.72
III.	Unutilised funds	550.71

Of the unutilised funds, Rs 550.00 crore is lying as fixed deposits with Industrial Development Bank of India, India and the balance Rs 0.71 crore is lying in the escrow account with Housing Development Finance Corporation Bank, India.

20. Related party disclosures

As per Accounting Standard - 18 (AS 18) - 'Related Party Disclosures', as notified by the Rules, the disclosures of transactions with the related parties as defined in the accounting standard are given below:

A. List of the related parties and nature of relationships where control exists

Name of Party	Nature of relationship
AE-Rotor Holding B.V.	Subsidiary company
AE-Rotor Techniek B.V.	Subsidiary company
Cannon Ball Wind Energy Park- 1, LLC	Subsidiary company
Eve Holding NV	Subsidiary company
Hansen Drives Limited	Subsidiary company
Hansen Transmissions Inc.	Subsidiary company
Hansen Transmissions International NV	Subsidiary company
Hansen Transmissions Limited , U.K.	Subsidiary company
Hansen Transmissions Pty. Limited	Subsidiary company
Hansen Transmissions South Africa Pty. Limited	Subsidiary company
Hansen Transmissions Tianjin Industrial Gearbox Co Limited	Subsidiary company
Hansen Transmissoes Mechanicas Ltd.	Subsidiary company
Lommelpark NV	Subsidiary company
SE Composites Limited (Formerly Suzlon Tower International Limited)	Subsidiary company
SE Drive Techniek GmbH	Subsidiary company
SE Forge Limited	Subsidiary company
Suzlon Electricals International Limited (Formerly Suzlon Rotor International Limited)	Subsidiary company
Suzlon Energia Eólica do Brasil Ltda.	Subsidiary company
Suzlon Energy (Tianjin) Limited	Subsidiary company
Suzlon Energy A/S , Denmark	Subsidiary company
Suzlon Energy Australia Pty. Limited	Subsidiary company
Suzlon Energy B.V.	Subsidiary company
Suzlon Energy GmbH	Subsidiary company
Suzlon Energy Italy Srl	Subsidiary company
Suzlon Energy Korea Co. Limited	Subsidiary company
Suzlon Energy Limited, Mauritius	Subsidiary company
Suzlon Energy Portugal - Energia Eolica Unipressol Lda.	Subsidiary company
Suzlon Engitech Private Limited	Subsidiary company
Suzlon Generators Private Limited	Subsidiary company
Suzlon Gujarat Wind Park Limited	Subsidiary company

Suzlon Infrastructure Services Limited	Subsidiary company
Suzlon Power Infrastructure Private Limited	Subsidiary company
Suzlon Rotor Corporation	Subsidiary company
Suzlon Structures Private Limited	Subsidiary company
Suzlon Towers and Structures Limited	Subsidiary company
Suzlon Wind Energy A/S	Subsidiary company
Suzlon Wind Energy Corporation	Subsidiary company
Suzlon Wind Energy Espana, S.L.	Subsidiary company
Suzlon Wind Energy Limited , U.K.	Subsidiary company
Suzlon Wind International Limited	Subsidiary company
Suzlon Windenergie GmbH	Subsidiary company
Suzlon Windkraft GmbH	Subsidiary company
Suzlon Windpark Management GmbH	Subsidiary company
Windpark Olsdorf WATT GmbH & Co. KG.	Subsidiary company

B. Other related parties with whom transactions have taken place during the year

(a) Entities where key management personnel (KMP)/relatives of key management personnel (RKMP) have significant influence -

Sarjan Realities Limited, Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited), Senergy Global Private Limited, SE Shipping Lines Pte Ltd, Shubh Realty (South) Private Limited, Sugati Holdings Private Limited, Samanvaya Holdings Private Limited, Sanman Holdings Private Limited, Suruchi Holdings Private Limited, Tanti Holdings Limited, Vinod R. Tanti (HUF), Girish R. Tanti (HUF), Jitendra R. Tanti (HUF)

Note - Sarjan Realities Limited and Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited) were associates in FY 2006-07.

(b) Key management personnel

Tulsi R. Tanti, Girish R. Tanti

(c) Relatives of key management personnel

Gita T. Tanti, Jitendra R. Tanti, Lina J. Tanti, Nidhi T. Tanti, Pranav T. Tanti, Rambhaben Ukabhai, Sangita V. Tanti, Trisha J. Tanti, Vinod R. Tanti

(d) Employee funds

Suzlon Energy Limited - Superannuation Fund.

Suzlon Energy Limited - Employees Group Gratuity Scheme.

C. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2008:

Particulars	Subsidiary	Associate	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Transactions						
Purchase of fixed assets	11.21	-	-	-	-	-
(including intangibles)	(6.87)	(-)	(-)	(-)	(-)	(-)
Sale of fixed assets	3.23	-	-	-	-	-
	(3.42)	(0.03)	(-)	(-)	(-)	(-)
Subscription to / purchase	260.00	-	-	-	-	-
of preference share	(0.49)	(-)	(-)	(-)	(-)	(-)
Subscription to / purchase	3,854.22	-	-	-	-	-
of equity share	(526.48)	(-)	(-)	(0.02)	(0.04)	(-)
Redemption of preference shares	-	-	-	-	-	-

Particulars	Subsidiary	Associate	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
	(-)	(-)	(4.36)	(1.31)	(8.25)	(-)
Sale of investments	-	-	-	-	-	-
	(4.23)	(-)	(2.20)	(-)	(4.87)	(-)
Sale of goods	2,974.01	-	-	-	-	-
(net of returns)	(2,069.02)	(92.62)	(2.79)	(11.54)	(11.54)	(-)
Purchase of goods and	1,003.40	-	30.70	-	-	-
services	(240.18)	(13.96)	(41.34)	(-)	(-)	(-)
Freight outwards	-	-	41.50	-	-	-
	(-)	(118.31)	(-)	(-)	(-)	(-)
Loans / deposit given	1,724.42	-	314.88	-	-	-
	(635.39)	(482.05)	(17.23)	(-)	(-)	(-)
Interest received /	49.95	-	19.30	-	-	-
receivable	(24.01)	(17.38)	(6.90)	(-)	(-)	(-)
Dividend received /	6.32	-	-	-	-	-
receivable	(3.14)	(0.63)	(-)	(-)	(-)	(-)
Dividend paid	-	-	-	-	-	-
	(-)	(-)	(59.99)	(19.19)	(72.69)	(-)
Lease rent received /	4.82	-	-	-	-	--
receivable	(2.97)	(-)	(0.01)	(-)	(-)	(-)
Royalty received /	16.23	-	-	-	-	-
receivable	(11.06)	(-)	(-)	(-)	(-)	(-)
Lease rent / hotel charges	0.03	-	0.00*	-	-	-
paid / payable	(0.03)	(-)	(0.04)	(-)	(-)	(-)
Bank commissions	2.52	-	-	-	-	-
reimbursed	(3.40)	(-)	(-)	(-)	(-)	(-)
Gurantees given	7,734.20	-	-	-	-	-
	(3,322.04)	(-)	(-)	(-)	(-)	(-)
Managerial remuneration	-	-	-	1.62	-	-
	(-)	(-)	(-)	(1.62)	(-)	(-)
Contribution to various funds	-	-	-	-	-	6.46
	(-)	(-)	(-)	(-)	(-)	(3.02)

Outstanding balances						
Investments	281.51	-	-	-	-	-
	(21.51)	(-)	(-)	(-)	(-)	(-)
Advance from customers	28.82	-	-	0.75	0.75	-
	(9.72)	(-)	(-)	(0.75)	(0.75)	(-)
Sundry debtors	2,049.34	-	3.37	-	-	-
	(754.77)	(-)	(4.37)	(-)	(-)	(-)
Loans / deposits	562.35	-	-	-	-	-
outstanding	(455.75)	(367.62)	(75.72)	(-)	(-)	(-)
Advances / deposits to	44.38	-	2.49	-	-	-
suppliers	(37.63)	(1.71)	(-)	(-)	(-)	(-)
Sundry creditors	380.22	-	3.50	-	-	-
	(8.50)	(1.31)	(1.42)	(-)	(-)	(-)
Corporate guarantees	7,451.10	-	-	-	-	-
	(3,422.18)	(0.30)	(-)	(-)	(-)	(-)
Dividend receivable	5.36	-	-	-	-	-
	(0.54)	(-)	(-)	(-)	(-)	(-)

*amount below Rs 0.01 crore

Note: Certain subsidiaries and group companies have been allowed to make free of charge use of SAP software owned by the Company.

D. Disclosure of significant transactions with related parties

Type of transaction	Type of relationship	Name of the entity / person	Year ended March 31,	
			2008	2007
Purchase of fixed assets (including intangibles)	Subsidiary	AE-Rotor Techniek B.V.	0.51	1.34
	Subsidiary	AE-Rotor Holding B.V.	-	4.76
	Subsidiary	Suzlon Engitech Private Limited	0.14	0.76
	Subsidiary	Suzlon Energy A/S	3.31	-
	Subsidiary	Suzlon Energy GmbH	7.25	-
Sale of fixed assets	Subsidiary	Suzlon Rotor Corporation	-	1.63
	Subsidiary	Suzlon Energy (Tianjin) Limited	3.23	1.79
Subscription to / purchase of preference shares	Subsidiary	Suzlon Towers and Structures Limited	-	0.49
	Subsidiary	Suzlon Infrastructure Services Limited	50.00	-
	Subsidiary	Suzlon Wind International Limited	40.00	-
	Subsidiary	SE Forge Limited	160.00	-
Subscription to / purchase of equity shares	Subsidiary	Suzlon Energy (Tianjin) Limited	136.72	72.20
	Subsidiary	Suzlon Towers and Structures Limited	-	72.51
	Subsidiary	Suzlon Energy Limited, Mauritius	3,470.37	234.04
Redemption of preference shares	Entities where KMP / RKMP has significant influence	Tanti Holdings Limited	-	2.56
Sale of investments	Subsidiary	AE-Rotor Holding B.V.	-	4.23
	RKMP	Rambhaben Ukabhai	-	1.67
Loan / deposits given	Subsidiary	Suzlon Infrastructure Services Limited	484.99	21.50
	Subsidiary	Suzlon Energy (Tianjin) Limited	15.96	134.99
	Subsidiary	Suzlon Towers and Structures Limited	217.27	137.44
	Subsidiary	Suzlon Energy Limited, Mauritius	366.26	-
	Subsidiary	AE-Rotor Holding B.V.	239.63	-
	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited)	259.12	352.55
	Entities where KMP / RKMP has significant influence	Sarjan Realities Limited	42.01	129.50
Sale of goods (net of returns)	Subsidiary	Suzlon Wind Energy Corporation	1,107.02	1,605.89
	Subsidiary	Suzlon Energia E—lica do Brasil Ltda.	334.66	-
	Subsidiary	Suzlon Energy Australia Pty. Limited	429.21	-
	Subsidiary	Suzlon Wind Energy Espana, S.L.	597.69	-
Purchase of goods and services	Subsidiary	Suzlon Infrastructure Services Limited	225.09	100.04
	Subsidiary	Suzlon Generators Private Limited	207.47	102.59
	Subsidiary	Suzlon Wind Energy Corporation	178.09	-
	Subsidiary	Hansen Transmissions International NV	206.73	-
Freight outward	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited)	41.50	118.31
Interest received / receivable	Subsidiary	AE-Rotor Holding B.V.	10.08	1.77
	Subsidiary	Suzlon Infrastructure Services Limited	4.78	4.62
	Subsidiary	Suzlon Towers and Structures Limited	10.72	6.88
	Subsidiary	Suzlon Energy (Tianjin) Limited	7.10	-
	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited)	7.99	6.14

Type of transaction	Type of relationship	Name of the entity / person	Year ended March 31, 2008	2007
	Entities where KMP / RKMP has significant influence	Sarjan Realities Limited	7.58	11.24
	Entities where KMP / RKMP has significant influence	Shubh Realty (South) Private Limited	3.74	6.76
Dividends received / receivable	Subsidiary	Suzlon Infrastructure Services Limited	-	0.90
	Subsidiary	Suzlon Towers and Structures Limited	0.65	0.62
	Subsidiary	Suzlon Generators Private Limited	2.47	-
	Subsidiary	Suzlon Structures Private Limited	3.20	1.61
	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	-	0.50
Dividends paid / proposed	KMP	Girish R. Tanti	-	17.41
	Entities where KMP / RKMP has significant influence	Tanti Holdings Limited	-	19.55
Royalty received / receivable	Subsidiary	Suzlon Energy (Tianjin) Limited	16.23	11.06
Lease rent received / receivable	Subsidiary	Suzlon Towers and Structures Limited	4.82	2.96
Lease rent paid / payable	Entities where KMP / RKMP has significant influence	Girish R. Tanti (HUF)	0.01	0.01
	Subsidiary	Suzlon Infrastructure Services Limited	0.03	0.03
Bank commissions reimbursement	Subsidiary	Suzlon Energy A / S	0.10	0.76
	Subsidiary	Suzlon Energy Australia Pty Limited	1.10	0.26
	Subsidiary	Suzlon Energy (Tianjin) Limited)	-	2.38
	Subsidiary	Suzlon Infrastructure Services Limited	0.88	-
	Subsidiary	Suzlon Gujarat Windpark Limited	0.39	-
Managerial remuneration	KMP	Tulsi R. Tanti	1.16	1.16
	KMP	Girish R. Tanti	0.41	0.41
Contribution to various funds	Employee Funds	Suzlon Energy Limited - Superannuation Fund	3.53	2.88
	Employee Funds	Suzlon Energy Limited Employees Group Gratuity Scheme	2.91	0.14
Guarantees given on behalf of	Subsidiary	Suzlon Energy Limited Mauritius; AE-Rotor Holding B.V.; SE Drive Techniek GmbH	6,656.53	574.50
	Subsidiary	Suzlon Energy A / S	1,000.32	408.77
	Subsidiary	Suzlon Energy Limited Mauritius; AE-Rotor Holding B.V.	77.35	2,154.38

21. Disclosure as required by clause 32 of listing agreement with stock exchanges

Type of relationship	Name	Amount outstanding as at March 31, 2008	Mamimum amount outstanding during the year
Subsidiaries	Suzlon Towers and Structures Limited	16.71	240.89
	Suzlon Power Infrastructure Private Limited	40.10	47.10
	Suzlon Infrastructure Services Limited	20.00	145.00
	Suzlon Gujarat Wind Park Limited	-	49.35
	Suzlon Structures Private Limited	120.00	120.00
	SE Forge Limited	-	3.25
	Hansen Drives Limited	-	100.00
	AE-Rotor Holding B.V.	319.78	319.78
	Suzlon Energy GmbH	-	52.72
	Suzlon Rotor Corporation	-	87.42
	Suzlon Energy (Tianjin) Limited	2.20	153.34
	Suzlon Energy Limited, Mauritius	22.17	134.36
	Suzlon Energy A/S	-	29.21
Companies in which directors are interested	Sarjan Realities Limited	-	171.23
	Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited)	-	298.50
	Shubh Realty (South) Private Limited	-	89.47

Note:

(a) All the above balances of loans are excluding accrued interest aggregating Rs 17.82 crore (Rs 8.93 crore) and are payable on demand.

(b) No loans have been granted by the Company to any person for the purpose of investing in the shares of Suzlon Energy Limited or any of its subsidiaries.

(c) There are no balances outstanding from companies under the same management, as per the provisions of Section 370 (1B) of the Companies Act, 1956.

22. Segment reporting

As permitted by paragraph 4 of Accounting Standard-17 (AS - 17), 'Segment Reporting', issued by the ICAI, if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS 17 are given in consolidated financial statements.

23. Prior year amounts have been reclassified wherever necessary to conform with current year presentation. Figures in brackets are in respect of the previous year.

Signatures to Schedules 'A' to 'O'

As per our report of even date

For and on behalf of the Board of Directors of
Suzlon Energy Limited

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : May 20, 2008

Balance Sheet abstract and Company's general business Profile

Registration details : Registration No.: 25447 State Code 04
Balance sheet date : March 31, 2008

In Rs Thousand, except per share data

Capital raised during the year*	
Public issue	-
Rights issue	-
Bonus issue	-
Private placement	21,826,962
Position of mobilization and deployment of funds	
Total liabilities	100,323,961
Total assets	100,323,961
Sources of funds	
Paid-up capital	2,993,869
Employee stock options	102,193
Reserve and surplus	66,380,497
Secured loans	6,722,563
Unsecured loans	24,124,839
Application of funds	
Net fixed assets	6,468,529
Investments	49,194,838
Net current assets	43,724,212
Deferred tax assets	936,382
Miscellaneous expenditure	-
Accumulated losses	-
Performance of the Company	
Sales	69,260,146
Other income	1,256,057
Total income	70,516,203
Total expenditure	55,446,618
Profit/loss before tax and exceptional items	15,069,585
Profit/loss after tax and before exceptional items	14,168,793
Profit/loss after tax and after exceptional items	12,657,106
Before exceptional Item:	
Earnings per share (Basic) (Rs)	9.73
Earnings per share (Diluted) (Rs)	9.48
After exceptional items:	
Earnings per Share (Basic) (Rs)	8.70
Earnings per Share (Diluted) (Rs)	8.47
Dividend rate (%) (Equity share of par value Rs 2 each)	50%
Generic names of principal products/services of Company	
Item Code No. (ITC Code)	3601
Product Description	Wind operated electricity generators

* During the year 1,180,500 equity shares of face value of Rs 2 each, were alloted under ESOP scheme.

SECTION 212 REPORT

Statement pursuant to Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies

(Amount in Rs crore)

Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investm-ents	Turnover	Profit/ (Loss) before taxation	Provision for taxation & Deferred Tax	Profit /(Loss) after taxation -	Proposed dividend Equity
AE-Rotor Holding B.V.	4,024.98	(392.85)	8,063.21	8,063.21	-	-	(260.31)	-	(260.31)	-
AE-Rotor Techniek B.V.	0.11	2.33	85.73	85.73	-	8.48	0.25	-	0.25	-
Cannon Ball Wind Energy Park-1, LLC	0.00*	(0.58)	0.07	0.07	-	-	0.01	-	0.01	-
Eve Holding NV	-	-	2.88	2.88	-	-	(0.41)	-	(0.41)	-
Hansen Drives Limited	299.50	(6.07)	371.41	371.41	-	-	(6.06)	-	(6.06)	-
Hansen Transmissoes Mechanicas Ltda	0.23	1.32	5.06	5.06	-	8.66	0.83	0.30	0.53	-
Hansen Transmissions Inc	42.37	(26.39)	72.25	72.25	-	81.94	5.90	(3.38)	9.27	-
Hansen Transmissions International NV	113.81	3,495.67	4,627.76	4,627.76	-	2,532.28	205.90	14.09	191.81	-
Hansen Transmissions Limited	4.52	14.60 -	24.02	24.02	-	33.01	1.42	0.35	1.07	-
Hansen Transmissions Pty Limited	0.18	8.73	41.02	41.02	-	49.46	5.16	1.69	3.47	-
Hansen Transmissions South Africa Pty Limited	9.86	2.10	35.44	35.44	-	54.60	3.12	0.78	2.34	-
Hansen Transmissions Tianjin Industrial Gearbox Co. Limited	8.76	(1.16)	20.67	20.67	-	14.61	0.34	-	0.34	-
Lommelpark NV	1.29	0.99	2.95	2.95	-	2.66	0.81	0.21	0.60	-
SE Composites Limited	10.40	(0.30)	24.87	24.87	-	-	(0.03)	0.19	(0.22)	-
SE Drive Techniek GmbH	0.16	3,715.84	6,281.65	6,281.65	896.36	1.96	10.85	5.44	5.41	-
SE Forge Limited	230.00	(8.58)	373.68	373.68	0.00*	0.01	(7.97)	0.24	(8.21)	-
Suzlon Electricals International Limited	20.00	(0.71)	28.75	28.75	-	-	(0.61)	0.02	(0.63)	-
Suzlon Energia Eólica do Brasil Ltda	0.24	86.60	802.93	802.93	-	684.56	132.64	45.10	87.54	-
Suzlon Energy (Tianjin) Limited	233.55	25.43	979.85	979.85	-	480.47	(11.65)	-	(11.65)	-
Suzlon Energy A/S	120.81	(220.46)	568.53	568.53	-	170.38	(118.68)	(29.67)	(89.01)	-
Suzlon Energy Australia Pty. Limited	20.32	(21.77)	411.94	411.94	-	986.80	7.36	2.07	5.29	-
Suzlon Energy B.V.	0.11	(92.67)	48.50	48.50	-	-	(71.50)	-	(71.50)	-
Suzlon Energy GmbH	0.16	91.92	105.87	105.87	-	71.71	(4.87)	0.42	(5.29)	-
Suzlon Energy Italy Srl	0.06	4.92	159.04	159.04	-	60.96	3.78	1.74	2.04	-
Suzlon Energy Korea Co Limited	0.39	(0.98)	0.39	0.39	-	-	(0.42)	-	(0.42)	-
Suzlon Energy Limited, Mauritius	4,161.64	(92.01)	5,293.38	5,293.38	-	-	(87.63)	-	(87.63)	-
Suzlon Engitech Private Limited	1.50	0.79	2.87	2.87	-	-	(0.03)	0.06	(0.09)	-
Suzlon Energy Portugal Energia Eólica Unipessoal Lda	1.27	(8.21)	251.71	251.71	-	469.89	(9.73)	(2.69)	(7.04)	-
Suzlon Generators Private Limited	34.97	4.11	160.37	160.37	-	204.66	7.33	2.20	5.13	2.01
Suzlon Gujarat Windpark Limited	2.00	26.90	127.26	127.26	0.00*	113.23	39.89	13.95	25.94	-

Statement pursuant to Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies

(Amount in Rs crore)

Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investm-ents	Turnover	Profit/ (Loss) before taxation	Provision for taxation & Deferred Tax	Profit /(Loss) after taxation -	Proposed dividend Equity
Suzlon Infrastructure Services Limited	82.00	61.48	694.52	694.52	0.02	1,038.67	(58.96)	(17.00)	(41.96)	-
Suzlon Power Infrastructure Private Limited	3.01	(5.69)	100.01	100.01	-	49.28	(11.36)	(3.69)	(7.67)	-
Suzlon Rotor Corporation	0.00*	38.67	150.92	150.92	-	131.62	(69.46)	-	(69.46)	-
Suzlon Structures Private Limited	29.37	20.43	409.37	409.37	-	514.97	22.04	5.00	17.04	3.46
Suzlon Towers and Structures Limited	45.00	155.45	548.04	548.04	0.01	773.80	98.38	30.39	67.99	-
Suzlon Wind Energy A/S	0.85	(20.47)	287.55	287.55	0.72	206.83	(22.47)	(5.62)	(16.85)	-
Suzlon Wind Energy Corporation	0.00*	(176.37)	1,659.22	1,659.22	-	2,293.76	(112.09)	43.84	(155.93)	-
Suzlon Wind Energy Espana, S.L	0.02	0.73	967.49	967.49	-	917.26	1.08	0.35	0.73	-
Suzlon Wind Energy Limited	4,608.38	6.46	4,617.78	4,617.78	-	-	9.23	2.74	6.49	-
Suzlon Wind International Limited	50.00	(1.06)	79.08	79.08	0.00*	8.47	(0.90)	0.08	(0.98)	-
Suzlon Windenergie GmbH	0.16	2,187.79	2,188.09	2,188.09	2,170.56	-	0.28	-	0.28	-
Suzlon Windkraft GmbH	0.16	42.91	57.32	57.32	-	0.00*	0.15	0.02	0.13	-
Suzlon Windpark Management GmbH	0.16	(0.03)	0.16	0.16	-	-	(0.02)	-	(0.02)	-
Windpark Olsdorf WATT GmbH & Co KG	0.02	15.90	16.21	16.21	-	2.83	(4.68)	0.01	(4.69)	-

*Amount below Rs 0.01 crore

Notes:

(1) The Exchange rates as on March 31, 2008 - (USD 1.00=Rs. 40.11, AUD 1.00=Rs. 36.60, DKK 1.00 = Rs. 8.49, EUR 1.00 = Rs. 63.34, BRL 1.00 = Rs. 22.95, KRW (Korea) 1.00 = Rs. 0.04, GBP 1.00 = Rs. 79.52, RMB (China) 1.00 = Rs. 5.72 and ZAR 1.00 = Rs. 4.93)

(2) The figures stated above, have been reclassified wherever necessary to confirm that the classification in the financial statement for the year ended March 31, 2008.

For and on behalf of Board of Directors

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place: Mumbai
Date: May 20, 2008

CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Report on consolidated financial statements

To
The Board of Directors of Suzlon Energy Limited

1. We, SNK & Co. and S.R. Batliboi & Co, have audited the attached consolidated balance sheet of Suzlon Energy Limited ('SEL'), its subsidiaries, associate and joint venture (together referred to as 'the Group', as described in Schedule P, Note 1 (a)) as at March 31, 2008 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of SEL's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect Group's share of total assets of Rs 1,271.01 crore as at March 31, 2008 and Group's share of total revenue of Rs 806.07 crore for the year ended on that date. These financial statements and other financial information have been audited solely by SNK & Co. on which, S. R. Batliboi & Co. has placed reliance for the purpose of this report.

4. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect Group's share of total assets of Rs 2,074.49 crore as at March 31, 2008 and Group's share of total revenue of Rs 2,303.54 crore for the year ended on that date. These financial statements and other financial information have been audited solely by S. R. Batliboi & Co. on which, SNK & Co. has placed reliance for the purpose of this report.

5. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect Group's share of total assets of Rs 17,504.66 crore as at March 31, 2008 and Group's share of total revenue of Rs 5,820.70 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors

6. We did not audit the financial statements of an associate, whose financial statements reflect Group's share of results in associate's profit after tax of Rs 55.75 crore for the year ended March 31, 2008. These financial statements used for equity accounting of the associate's results are based on management certified financial statements and therefore unaudited.

7. We report that the consolidated financial statements have been prepared by SEL's management in accordance with the requirements of Accounting Standard-21, 'Consolidated Financial Statements', Accounting Standard-23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard-27, 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2008;

(b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date;

(c) in the case of the consolidated cash flow statement of the cash flows of the Group for the year ended on that date.

SNK & Co. Chartered Accountants	S. R. BATLIBOI & Co. Chartered Accountants
per Jasmin B. Shah Partner Membership No. 46238	per Arvind Sethi Partner Membership No. 89802
Place : Pune Date : May 20, 2008	Place : Pune Date : May 20, 2008

Consolidated balance sheet as at March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	As at March 31, 2008	2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	299.39	287.76
Employee stock options	B	10.22	11.71
Share application money pending allotment		-	0.02
Reserves and surplus	C	7,791.70	3,122.59
		8,101.31	3,422.08
Preference shares issued by subsidiary company		2.50	2.50
Management option certificates issued by subsidiary company		-	89.00
Minority interest		1,024.38	14.11
Loan funds			
Secured loans	D	7,066.43	1,984.43
Unsecured loans	E	2,868.16	3,177.61
		9,934.59	5,162.04
Deferred tax liability		205.89	162.49
		19,268.67	8,852.22
APPLICATION OF FUNDS			
Fixed assets	F		
Gross block		5,599.84	4,321.07
Less : Accumulated depreciation / amortisation		1,031.84	701.58
Net block		4,568.00	3,619.49
Capital work-in-progress		1,119.67	453.68
		5,687.67	4,073.17
Investments	G	3,141.78	15.57
Deferred tax assets		184.09	144.81
Current assets, loans and advances	H		
Inventories		4,084.83	3,136.30
Sundry debtors		3,201.25	2,235.24
Cash and bank balances		6,960.20	1,538.30
Other current assets		1,489.35	335.16
Loans and advances		1,824.99	1,207.55
		17,560.62	8,452.55
Less : Current liabilities and provisions	I		
Current liabilities		6,483.01	3,334.00
Provisions		822.48	499.88
		7,305.49	3,833.88
Net current assets		10,255.13	4,618.67
Miscellaneous expenditure (To the extent not written off or adjusted)	J	-	-
		19,268.67	8,852.22
Significant accounting policies and notes to consolidated financial statements	P		

The schedules referred to above and the notes to accounts form an integral part of the consolidated balance sheet.

As per our report of even date

For and on behalf of the Board of Directors

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : May 20, 2008

Consolidated profit and loss account for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME			
Sales		13,679.43	7,985.73
Other income	K	264.55	96.50
		13,943.98	8,082.23
EXPENDITURE			
Cost of goods sold	L	8,870.18	4,788.16
Operating and other expenses	M	1,775.34	1,207.72
Employees' remuneration and benefits	N	1,043.01	668.24
Financial charges	O	596.94	276.34
Depreciation / amortisation	F	289.36	171.80
Preliminary expenditure written off	J	1.54	1.71
		12,576.37	7,113.97
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,367.61	968.26
Current tax		267.62	174.78
MAT credit entitlement		(80.68)	(51.23)
Earlier year - current tax		0.23	(11.18)
Deferred tax		(2.28)	(12.57)
Fringe benefit tax		14.40	3.66
PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEMS		1,168.32	864.80
Exceptional items (Net of tax) [See Schedule P, Note 5]		151.17	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		1,017.15	864.80
Add : Share in associate's profit after tax		55.75	-
Less : Share of profit of minority		(42.80)	(0.77)
NET PROFIT		1,030.10	864.03
Balance brought forward		1,163.04	794.81
PROFIT AVAILABLE FOR APPROPRIATIONS		2,193.14	1,658.84
APPROPRIATIONS			
Interim dividend on equity shares		-	144.22
Proposed dividend on equity shares		149.69	0.32
Dividend on preference shares		0.20	1.70
Tax on dividends		26.38	21.14
Transfer to general reserve		326.75	328.42
Surplus carried to balance sheet		1,690.12	1,163.04
Earnings per share (in Rs) [See Schedule P, Note 13]			
Before exceptional items			
-Basic [Nominal value of share Rs 2]		8.11	5.99
-Diluted [Nominal value of share Rs 2]		7.90	5.98
After exceptional items			
-Basic [Nominal value of share Rs 2]		7.07	5.99
-Diluted [Nominal value of share Rs 2]		6.89	5.98
Significant accounting policies and notes to consolidated financial statements	P		

The schedules referred to above and the notes to accounts form an integral part of the consolidated profit and loss account.

As per our report of even date

For and on behalf of the Board of Directors

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Hemal A. Kanuga
Company Secretary

Place : Mumbai
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

Consolidated cash flow statement for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2008	2007
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional item	1,367.61	968.26
Adjustments for:		
Depreciation / amortisation	289.36	171.80
(Profit) / loss on assets sold / discarded, net	3.57	1.58
(Profit) / loss on sale of investments, net	(3.43)	(7.65)
Preliminary expenses incurred	(1.54)	(0.86)
Preliminary expenses written off	1.54	1.71
Interest income	(232.89)	(49.18)
Interest expenses	532.03	252.26
Dividend income	-	(0.63)
Provision for operation, maintenance and warranty	68.90	85.91
Provision for performance guarantee	235.70	102.70
Bad debts	15.73	0.31
(Reversal) / Provision for doubtful debts and advances	17.22	3.98
Adjustments for consolidation	382.24	8.03
Exchange differences, net	(19.54)	-
Employee stock option scheme	4.53	7.30
Wealth-tax	0.04	0.03
Operating profit before working capital changes	2,661.07	1,545.55
Movements in working capital		
(Increase) / decrease in sundry debtors and unbilled revenue	(2,147.88)	(574.05)
(Increase) / decrease in inventories	(948.53)	(1,439.38)
(Increase) / decrease in loans and advances	(874.17)	(265.16)
Increase / (decrease) in current liabilities	2,953.01	1,545.11
Cash (used in) / generated from operations	1,643.50	812.07
Direct taxes paid (net of refunds)	(247.79)	(74.84)
Net cash (used in) / generated from operating activities before exceptional items	1,395.71	737.23
Less : Exceptional items (Net of tax) [See Schedule P, Note 5]	(151.17)	-
Net cash (used in) / generated from operating activities	1,244.54	737.23
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,128.72)	(1,021.77)
Proceeds from sale of fixed assets	8.27	8.00
Paid for acquisition of subsidiaries	-	(2,502.64)
Purchase of investments	(3,070.46)	(15.49)
Sale / redemption of investments	-	15.17
Inter-corporate deposits repaid / (granted)	443.34	(258.36)
Interest received	110.87	54.55
Dividend received	-	0.63
Net cash flow from investing activities	(4,636.70)	(3,719.91)

Consolidated cash flow statement for the year ended March 31, 2008

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of preference share capital	-	(15.00)
Share application money	-	(0.17)
Proceeds from issuance of share capital including premium, under stock option scheme	6.00	5.95
Proceeds from issuance of share capital including premium to qualified institutional buyers	2,182.70	-
Zero coupon convertible bond and share issue expenses	(49.19)	-
Proceeds from issuance of share capital by subsidiary (net of issue expense)	2,660.75	-
Issuance / (buy back) of management option certificates	(28.47)	89.00
Proceeds from long term borrowings	4,514.24	2,842.33
Proceeds from issuance of zero coupon convertible bonds	2,009.90	-
Repayment of long term borrowings	(1,819.37)	(61.21)
(Repayment)/proceeds from short term borrowings, net	(155.55)	1,609.98
Interest paid	(505.76)	(250.89)
Dividend paid	(0.87)	(219.02)
Tax on dividend paid	(0.32)	(31.48)
Net cash flow from financing activities	8,814.06	3,969.49
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,421.90	986.81
Cash and cash equivalents at the beginning of the year	1,538.30	551.49
Cash and cash equivalents at the end of the year	6,960.20	1,538.30

Components of cash and cash equivalents	As at March 31, 2008	As at March 31, 2007
Cash and cheques on hand	93.42	70.65
With scheduled banks		
in current account	152.72	86.18
in margin account	125.60	92.69
in term deposit accounts	604.11	193.09
With non-scheduled banks		
in current account	991.15	1,095.69
in margin account	2,983.63	-
in term deposit accounts	2,009.57	-
	6,960.20	1,538.30

Notes

1 The figures in brackets represent outflows.

2 Previous period's figures have been regrouped / reclassified, wherever necessary.

The schedules referred to above and the notes to accounts form an integral part of the consolidated cash flow statement.

As per our report of even date

For and on behalf of the Board of Directors

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : May 20, 2008

Schedules to the consolidated balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - A : SHARE CAPITAL		
Authorised		
2,225,000,000 equity shares of Rs 2/- each (March 31, 2007: 430,000,000 equity shares of Rs 10/- each)	445.00	430.00
Nil (1,500,000) preference shares of Rs 100/- each	-	15.00
	445.00	445.00
Issued, subscribed		
Equity		
1,496,934,400 equity shares of Rs 2/- each fully paid (287,764,780 equity shares of Rs 10/- each)	299.39	287.76
[Of the above equity shares, 1,259,276,500 of Rs 2 each (251,855,300 of Rs 10 each) shares were allotted as fully paid bonus shares by utilisation of Rs 174.04 crore (Rs 174.04 crore) from general reserve, Rs 1.03 crore (Rs 1.03 crore) from capital redemption reserve and Rs 76.80 crore (Rs 76.80 crore) from securities premium account.]		
[Outstanding Employee Stock Options exercisable into 246,000 equity shares of Rs 2 each fully paid (49,200 equity shares of Rs 10 each)] [See schedule P, Note 11 (d)]		
	299.39	287.76
SCHEDULE - B : EMPLOYEE STOCK OPTIONS		
Employee stock options	17.83	15.69
Less : Deferred employee compensation expense outstanding	7.61	3.98
	10.22	11.71
SCHEDULE - C : RESERVES AND SURPLUS		
Capital redemption reserve		
As per last balance sheet	15.00	-
Add : Transferred from general reserve	-	15.00
	15.00	15.00
Unrealised gain on dilution [See Schedule P, Note 7]	1,200.25	-
Securities premium account		
As per last balance sheet	1,322.69	1,311.02
Add : Additions during the year	2,183.12	11.67
	3,505.81	1,322.69
Less : Expenses on issuance of equity shares to qualified institutional buyers [See Schedule P, Note 15]	26.27	-
Expenses on issuance of zero coupon convertible bonds [See Schedule P, Note 8]	22.92	-
	3,456.62	1,322.69
General reserve		
As per last balance sheet	626.35	315.85
Add : Transferred from profit and loss account	326.75	328.42
	953.10	644.27
Less : Adjustment for employee benefits provision [Net of tax benefit Rs Nil (Rs 0.31 crore)]	0.28	2.92
Transferred to capital redemption reserve	-	15.00
	952.82	626.35
Capital reserve on consolidation	0.03	0.03
Foreign currency translation reserve (Exchange differences during the year on net investment in non-integral operations)		
As per last balance sheet	(4.52)	-
Movement during the year	481.38	(4.52)
	476.86	(4.52)
Profit and loss account	1,690.12	1,163.04
	7,791.70	3,122.59

Schedules to the consolidated balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - D : SECURED LOANS [See Schedule P, Note 11(h)]		
Term loans		
From banks and financial institutions	6,175.84	1,065.79
From others	18.75	110.38
	6,194.59	1,176.17
Working capital facilities from banks and financial institutions	871.82	808.19
Vehicle loans	0.02	0.07
	7,066.43	1,984.43
SCHEDULE - E : UNSECURED LOANS		
Long-term		
Zero coupon convertible bonds	2,005.50	-
From banks and financial institutions	81.08	2,188.65
From others	11.12	20.32
	2,097.70	2,208.97
Short-term		
From banks and financial institutions	768.61	966.64
From others	1.85	2.00
	770.46	968.64
	2,868.16	3,177.61

Schedules to the consolidated balance sheet as at March 31, 2008

SCHEDULE - F : FIXED ASSETS

Assets	Gross Block					Depreciation / amortisation					Net Block	
	As at 1st April 2007	Additions	Translation adjust-ment	Deductions/ adjust-ment	As at 31 March 2008	As at 1st April 2007	For the Period	Translation adjust-ments	Deductions adjust-ments	As at 31 March 2008	As at 31 March 2008	As at 31 March 2007
Goodwill on consolidation	1,764.32	-	134.41	506.42	1,392.31	-	-	-	-	-	1,392.31	1,764.32
Freehold land	63.13	80.70	3.40	-	147.23	-	-	-	-	-	147.23	63.13
Leasehold land	15.61	1.06	0.38	-	17.05	0.45	0.32	0.01	-	0.78	16.27	15.16
Buildings	677.32	295.36	55.29	1.06	1,026.91	62.86	35.31	2.66	0.78	100.05	926.86	614.46
Plant and machinery	1,496.40	981.71	130.29	15.21	2,593.19	496.52	190.22	35.68	7.72	714.70	1,878.49	999.88
Wind research and measuring equipments	17.45	8.49	-	1.18	24.76	10.75	4.60	-	1.00	14.35	10.41	6.70
Computer and office equipments	177.90	58.83	12.26	4.47	244.52	86.77	36.71	6.44	0.83	129.09	115.43	91.13
Furniture and fixtures	43.61	21.16	1.76	0.09	66.44	16.23	8.93	0.68	0.03	25.81	40.63	27.38
Vehicles	10.64	5.82	0.22	0.46	16.22	5.22	2.20	0.09	0.27	7.24	8.98	5.42
Intangible assets												
Design and drawings	44.94	10.28	1.52	-	56.74	17.99	13.58	0.57	-	32.14	24.60	26.95
SAP software	9.75	4.72	-	-	14.47	4.79	2.89		-	7.68	6.79	4.96
	4,321.07	1,468.13	339.53	528.89	5,599.84	701.58	294.76	46.13	10.63	1,031.84	4,568.00	3,619.49
Capital work-in-progress											1,119.67	453.68
TOTAL	4,321.07	1,468.13	339.53	528.89	5,599.84	701.58	294.76	46.13	10.63	1,031.84	5,687.67	4,073.17
Previous year	628.85	3,711.83	-	19.61	4,321.07	153.15	558.45	-	10.02	701.58	3,619.49	

Notes:

1. Depreciation charge for the current period amounting to Rs 294.76 crore (Rs 176.00 crore) is including Rs 5.40 crore (Rs 3.11 crore) which has been capitalised as part of self manufactured assets and Rs nil (Rs 1.09 crore) capitalised to operational assets being pre-operative in nature. The depreciation charged in the profit and loss account amounting to Rs 289.36 crore (Rs 171.80 crore) is net of the amount capitalised.

2. Capital work-in-progress includes advances for capital goods Rs 171.88 crore (Rs 66.78 crore).

Schedules to the consolidated balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - G : INVESTMENTS		
LONG-TERM INVESTMENTS		
In associates [See Schedule P, Note 2]		
Investment in associates	3,085.26	-
Add : Share of post acquistion profit	55.75	-
	3,141.01	-
Others (at cost, fully paid)		
Government and other securities (non trade)	0.04	0.04
Trade Investments*	-	-
Other non trade investments	0.73	15.53
	0.77	15.57
* amount below Rs 0.01 crore		
	3,141.78	15.57

Schedules to the consolidated balance sheet as at March 31, 2008

Particulars	As at March 31, 2008	As at March 31, 2007
SCHEDULE - H : CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Raw materials	1,957.43	1,693.31
Semi finished goods, finished goods, work- in- progress and contracts in progress	2,095.32	1,422.80
Land and land lease rights	11.88	16.44
Stores and spares	20.20	3.75
	4,084.83	3,136.30
Sundry debtors		
(Unsecured)		
Outstanding for a period exceeding six months		
Considered good	415.93	267.10
Considered doubtful	22.39	10.43
	438.32	277.53
Others, considered good	2,785.32	1,968.14
	3,223.64	2,245.67
Less : Provision for doubtful debts	22.39	10.43
	3,201.25	2,235.24
Cash and bank balances		
Cash on hand	1.14	0.94
Cheques on hand	92.28	69.71
Balances with scheduled banks		
in current accounts	152.72	86.18
in margin accounts	125.60	92.69
in term deposit accounts	604.11	193.09
Balance with non scheduled banks		
in current accounts	991.15	1,095.69
in margin accounts	2,983.63	-
in term deposit accounts	2,009.57	-
	6,960.20	1,538.30
Other current assets		
(Unsecured and considered good)		
Due from customers	1,489.35	335.16
	1,489.35	335.16
Loans and advances		
(Unsecured and considered good, except otherwise stated)		
Deposits		
with customers as security deposit	30.83	35.72
with others	50.34	54.81
Advance against taxes [Net of provision for income tax and fringe benefit tax Rs Nil (Rs 278.32 crore)]	-	30.92
MAT credit entitlement	145.77	51.23
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,598.05	1,034.87
Considered doubtful	2.21	2.70
	1,600.26	1,037.57
Less : Provision for doubtful loans and advances	2.21	2.70
	1,598.05	1,034.87
	1,824.99	1,207.55
	17,560.62	8,452.55

Schedules to the consolidated balance sheet as at March 31, 2008

Particulars	As at March 31,	
	2008	2007
SCHEDULE - I : CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors	3,043.52	1,602.90
Other current liabilities	1,187.22	609.78
Interest accrued but not due	29.00	2.73
Due to customers	793.71	-
Advances from customers	1,429.56	1,118.59
	6,483.01	3,334.00
Provisions		
Provision for taxes	11.04	-
Gratuity, superannuation and leave encashment	38.51	38.87
Performance guarantee, operation, maintenance and warranty liquidated damages	595.00	459.78
Dividend	151.31	0.91
Tax on dividend	26.62	0.32
	822.48	499.88
	7,305.49	3,833.88
SCHEDULE - J : MISCELLANEOUS EXPENDITURE (To the extent not adjusted or written off)		
Preliminary expenses	-	0.85
Add: Addition during the year	1.54	0.86
Less: Written off during the year	1.54	1.71
	-	-

Schedules to the consolidated profit and loss account for the year ended March 31, 2008

Particulars		Year ended March 31, 2008	2007
SCHEDULE - K : OTHER INCOME			
Interest income			
From banks		186.63	17.87
From others		46.26	31.31
Dividend income*		-	0.63
Income from infrastructure development		-	13.45
Miscellaneous income		31.66	33.24
		264.55	96.50
* Amount below Rs 0.01 crore			
SCHEDULE - L : COST OF GOODS SOLD			
Raw materials consumed, including project business and traded goods			
Opening stock		1,693.31	1,043.03
Add: Purchases, including purchases for project business and traded goods		9,802.26	6,541.27
		11,495.57	7,584.30
Less: Closing stock		1,957.43	1,693.31
	(A)	9,538.14	5,890.99
(Increase) / decrease in stock			
Opening balance:			
Semi finished goods, finished goods, work- in- progress and contracts in progress		1,422.80	297.00
Land and land lease rights		16.44	39.41
	(B)	1,439.24	336.41
Closing balance:			
Semi finished goods, finished goods, work- in- progress and contracts in progress		2,095.32	1,422.80
Land and land lease rights		11.88	16.44
	(C)	2,107.20	1,439.24
(Increase) / decrease in stock	(B) - (C) = (D)	(667.96)	(1,102.83)
	(A) + (D)	8,870.18	4,788.16

Schedules to the consolidated profit and loss account for the year ended March 31, 2008

Particulars	Year ended March 31, 2008	2007
SCHEDULE - M : OPERATING AND OTHER EXPENSES		
Stores and spares	170.13	109.37
Power and fuel	46.37	30.65
Factory expenses	48.85	21.27
Repairs and maintenance:		
Plant and machinery	4.20	1.36
Building	4.03	3.44
Others	11.04	9.41
Operation and maintenance charges	12.87	18.31
Design change and technological upgradation charges	51.18	55.11
Rent	50.44	28.30
Rates and taxes	15.47	8.76
Provision for operation, maintenance and warranty	68.90	85.91
Provision for performance guarantee	235.70	102.70
Quality assurance expenses	7.58	14.78
R & D, certification and product development	10.42	11.75
Insurance	25.20	19.46
Advertisement and sales promotion	54.75	39.00
Infrastructure development expenses	2.20	-
Freight outward and packing expenses	466.32	228.64
Sales commission	12.19	23.82
Travelling, conveyance and vehicle expenses	155.04	91.78
Communication expenses	34.08	21.73
Auditors' remuneration and expenses	9.36	5.83
Consultancy charges	84.27	76.10
Charity and donations	9.16	16.76
Other selling and administrative expenses	188.28	136.06
Exchange differences, net	(35.78)	49.20
Bad debts written off	15.73	0.31
Provision for doubtful debts and advances	17.22	3.98
(Profit) / loss on sale of investments, net	(3.43)	(7.65)
(Profit) / loss on assets sold / discarded, net	3.57	1.58
	1,775.34	1,207.72
SCHEDULE - N : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, allowances and bonus	980.02	644.60
Contribution to provident and other funds	32.37	7.85
Staff welfare expenses	30.62	15.79
	1,043.01	668.24
SCHEDULE - O : FINANCIAL CHARGES		
Interest		
Fixed loans	381.71	166.01
Others	150.32	86.25
Bank charges	64.91	24.08
	596.94	276.34

SCHEDULE - P : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in rupees crore unless otherwise stated)

I SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Consolidated Financial Statements relate to Suzlon Energy Limited ('SEL' or 'the Company') and its subsidiaries, associate and joint venture (together referred to as 'Suzlon' or 'the Group'). The Consolidated Financial Statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 ('the Rules') and in conformity with accounting principles generally accepted in India ('Indian GAAP') as applicable, and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

(b) Principles of consolidation

The Consolidated Financial Statements of the Group are prepared in accordance with Accounting Standard 21 - 'Consolidated Financial Statements', Accounting Standard 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' as notified by the Rules.

Subsidiaries

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealized profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognized in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as Capital Reserve. The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and adjusting the charge/(reversal) on account of realignment to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's standalone financial statements.

Share of Minority Interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority Interest's share of net assets is presented separately in the balance sheet.

Associates

Investments in entities in which the Group has significant influence but not a controlling interest, are reported according to the equity method i.e. the investment is initially recorded at cost. Cost of investment in associates, over the net assets at the time of acquisition of the investment in the associates is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill is tested for impairment annually. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Group's share of net assets of the associates. The consolidated profit and loss account includes the Group's share of the results of the operations of the associate.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

Joint Venture

Interests in joint ventures have been accounted by using the proportionate method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures as notified by the Rules.

(c) Use of estimates

The presentation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

(d) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue comprises of sale of goods and services and is disclosed, net of discounts, excise duty, sales tax, service tax, VAT or other taxes, as applicable.

Sales

Revenue from sale of goods is recognised in the profit and loss account when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

Fixed price contracts to deliver wind power systems (turnkey and supply-and-installation projects) are recognised in revenue based on the stage of completion of the individual contract using the percentage-of completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered.

Contracts in progress, if any are measured at the selling price of the work performed based on the stage of completion less interim billing and expected losses. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. The value of self-constructed components is recognised in 'Contracts in progress' upon dispatch of the complete set of components which are specifically identified for a customer and are within the scope of supply, as per the terms of the respective sale order for the wind power systems. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the profit and loss account.

Where the selling price of a contract cannot be estimated reliably, the selling price is measured only on the expenses incurred to the extent that it is probable that these expenses will be recovered. Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price is recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Project execution income

Revenue from services relating to project execution are recognised on completion of the respective service, as per terms of respective sales order.

Power generation income

Power generation income is recognised on the basis of electrical units generated, net of wheeling and transmission loss, as applicable, as shown in the power generation reports issued by the concerned authorities.

Service and maintenance income

Revenue from annual service and maintenance contracts is recognised on the proportionate basis for the period for which the service is provided, net of taxes.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

(e) Fixed assets and intangible assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalised inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertakings, pre-operative expenses are capitalised upon the commencement of commercial production. Assets held for disposal are stated at the lower of net book value and the estimated net realizable value.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create produce and make the asset ready for its intended use. Development cost incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding five years. The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events and changes in circumstances indicate that the carrying value may not be recoverable.

The carrying amount of the assets belonging to each cash generating unit (CGU) are reviewed at each balance sheet date to assess whether the same are recorded in excess of their recoverable amounts and where carrying amounts exceed the recoverable amount of the assets with CGU, assets are written down to their recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. The impairment loss recognised in prior accounting period is reversed if there has been a change in estimates of recoverable amount.

(f) Depreciation and amortisation

Depreciation/amortisation is provided on management's estimate of useful lives of the fixed assets or intangible assets or where applicable, at rates specified by respective statutes, whichever is higher.

(g) Inventories

Inventories of raw materials including stores; spares and consumables; packing materials; semi-finished goods; work-in-progress; contracts in progress and finished goods are valued at the lower of cost and estimated net realizable value. Cost is determined on weighted average basis.

The cost of work-in-progress, project work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and manufacturing overheads.

Stock of land and land lease rights is valued at lower of cost and estimated net realizable value. Cost is determined on weighted average basis. Net realizable value is determined by management using technical estimates.

(h) Investments

Long-term investments are carried at cost. However, provision is made to recognize a decline, other than temporary, in the value of long - term investments.

Current investments are carried at the lower of cost and fair value, determined on an individual basis.

(i) Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the period during which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account.

Derivatives

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

(j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account.

(k) Retirement and other employee benefits

Employee benefits in the nature of defined contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective statutory authorities.

Retirement benefits in the form of gratuity and pension are defined benefit obligations, and are provided for on the basis of an actuarial valuation, using projected unit credit method as at the balance sheet date.

Defined contributions to superannuation fund through its employees' trust are charged to the profit and loss account on accrual basis.

Short-term compensated absences are provided based on estimates. Long term compensated absences are provided based for on the basis of an actuarial valuation, using projected unit credit method, as at the balance sheet date.

Actuarial gains/losses are taken to profit and loss account and are not deferred.

(l) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

(m) Taxes on income

Tax expense for a year comprises of current tax, deferred tax and fringe benefit tax.

Current tax and fringe benefit tax are measured after taking into consideration, the deductions and exemptions admissible under the applicable tax laws.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various companies of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Minimum alternative tax (MAT) credit, by whatever name known is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period under which MAT is permitted to be set off under the applicable tax laws. In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

(n) Operating lease

Assets acquired on lease, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged off to the profit and loss account as incurred.

Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(p) Employee stock options

Stock options granted to employees under the employees' stock option scheme are accounted as per the intrinsic value method permitted by the 'Guidance Note on Share Based Payments' issued by the ICAI. Accordingly, the excess of the market price of the shares as on the date of the grant of options over the exercise price is recognised as deferred employee compensation and is charged to profit and loss account on straight-line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2008	2007
AE-Rotor Holding B.V.	Netherlands	100%	100%
AE-Rotor Techniek B.V.	Netherlands	100%	100%
Cannon Ball Wind Energy Park-1, LLC	USA	100%	100%
Eve Holding NV	Belgium	-	100%
Hansen Drives Limited	India	71.28%	-
Hansen Transmissioes Mechanicas Ltda	Brazil	71.28%	100%
Hansen Transmissions Inc	USA	71.28%	100%
Hansen Transmissions International NV	Belgium	71.28%	100%
Hansen Transmissions Limited	United Kingdom	71.28%	100%
Hansen Transmissions Pty Limited	Australia	71.28%	100%
Hansen Transmissions South Africa Pty Limited	South Africa	71.28%	100%
Hansen Transmissions Tianjin Industrial Gearboc Co. Limited	Peoples Republic of China	71.28%	100%
Lommelpark NV	Belgium	71.28%	-
SE Drive Technik GmbH	Germany	100%	100%
SE Composites Limited (formerly Suzlon Towers International Limited)	India	100%	100%
SE Forge Limited	India	100%	100%
Suzlon Electricals International Limited (formerly Suzlon Rotor International Limited)	India	100%	100%
Suzlon Energia Elocia do Brazil Lda	Brazil	100%	100%
Suzlon Energy (Tianjin) Limited	China	100%	100%
Suzlon Energy A/S	Denmark	100%	100%
Suzlon Energy Australia Pty. Limited	Australia	100%	100%
Suzlon Energy B.V.	Netherlands	100%	100%
Suzlon Energy GmbH	Germany	100%	100%
Suzlon Energy Italy Srl	Italy	100%	100%
Suzlon Energy Korea Co. Limited	Republic of South Korea	100%	100%
Suzlon Energy Limited, Mauritius	Mauritius	100%	100%
Suzlon Energy Portugal Energia Elocia Unipessoal Lda	Portugal	100%	100%
Suzlon Engitech Private Limited	India	100%	100%
Suzlon Generators Private Limited	India	75%	75%
Suzlon Gujarat Windpark Limited	India	100%	100%
Suzlon Infrastructure Services Limited	India	100%	100%
Suzlon Power Infrastructure Private Limited	India	100%	100%
Suzlon Rotor Corporation	USA	100%	100%
Suzlon Structures Private Limited	India	75%	75%
Suzlon Towers and Structures Limited	India	100%	100%
Suzlon Wind Energy A/S	Denmark	100%	100%
Suzlon Wind Energy Corporation	USA	100%	100%
Suzlon Wind Energy Espana, S.L	Spain	100%	-
Suzlon Wind Energy Limited	United Kingdom	100%	100%
Suzlon Wind International Limited	India	100%	100%
Suzlon Windenergie GmbH	Germany	100%	75%
Suzlon Windkraft GmbH	Germany	100%	100%
Suzlon Windpark Management GmbH	Germany	100%	100%
Windpark Olsdorf Watt Gmbh & Co KG	Germany	100%	100%

2 Details of the Company's ownership interest in associates, which have been included in the consolidation are as follows :-

Name of Company	% shares held	Original cost of investment	Goodwill/ (capital reserve)	Accumulated profit/(loss) as at March 31, 2008*	Carrying amount of investments as at March 31, 2008
REpower Systems AG, Germany* (Including its subsidiaries and jointly managed and associated companies)	35.83	3,085.26	2,425.95	55.75	3,141.01

*See Note 9

The Group's share of goodwill and share of profits have been computed based on the financial statements of REpower Systems AG, Germany for the period June 1, 2007 to December 31, 2007, which have been certified by the management. These financial statements have been prepared based on the audited results published by REpower Systems AG, Germany for the year ended December 31, 2007.

3. Details of the Company's ownership interest in joint ventures, which have been included in the consolidation are as follows :-

Name of Company	% shares held	Country of incorporation	Carrying amount of investments as at March 31, 2008
Renewable Energy Technology Centre GmbH	50.00	Germany	0.08

4. Impact of ICAI announcement on Derivatives

Pursuant to ICAI announcement dated March 29, 2008 on "Accounting for Derivatives", the Group has, based on the principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", recognised mark to market (MTM) losses on derivative contracts outstanding as at March 31, 2008 to the extent the losses are not offset by the fair value gain on the underlying hedge items. In determining the MTM losses, any compensating gains on underlying transactions (including firm commitments and highly probable forecast transactions) have been netted off and accordingly, the Group has recognised MTM losses of approximately Rs 23 crore during the year ended March 31, 2008.

5. Exceptional items

Details of exceptional items aggregating to Rs 151.17 crore (net of taxes of Rs 36.00 crore) are as below:

(a) The Company has faced certain issues with residents of Dhule and Sangli, in Maharashtra, India resulting into disruption of the smooth operations of the WTGs in these regions, which have resulted into generation shortfall from that guaranteed. The Company has incurred Rs 65.46 crore towards restoration costs of these WTGs. The Company is of the opinion that this event is "force majeure". The generation guarantee liability for the WTGs installed in the regions of Dhule and Sangli has been computed taking into account the events of force majeure and are based on the best estimate of the management.

(b) The Company has announced a retrofit program to resolve blade crack issues noticed in some of its S88 turbines in the United States and Portugal. The retrofit program involves the structural strengthening of blades on S 88 (2.1 MW) turbines. The retrofit program will be carried out by maintaining a rolling stock of temporary replacement blades, to minimise the downtime for operational turbines. The Company has provided for an amount of approximately Rs 121.71 crore towards the same.

6. Disclosures pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

Particulars	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
Contract revenue recognised during the year	5,734.63	1,806.55
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	6,072.56	1,696.33
Particulars	As at March 31, 2008	As at March 31, 2007
Amount of customer advances outstanding for contracts in progress up to the reporting date	1,607.27	48.22
Retention amount due from customers for contract in progress up to the reporting date	Nil	Nil
Due from customers	1,489.35	355.16
Due to customers	793.71	Nil

7. Hansen Transmissions International NV, Belgium ('Hansen'), an erstwhile 100% subsidiary, allotted 181,800,458 shares to Institutional Investors through a fresh 'issue of shares, raising approximately Euro 440 million (gross) and the trading of these shares commenced in December 2007 on London Stock Exchange. Hansen plans to use the net proceeds primarily to fund the expansion of its manufacturing capacity through the construction of integrated manufacturing facilities in India and China. Following the fresh issue of the shares by Hansen, the effective stake of the Company in Hansen has reduced to approximately 71.28 %. As a result of dilution of effective stake of the Company in Hansen, there is a gain on dilution, of Rs 1,200.25 crore, which has been credited to reserves in the consolidated financial statements.

8. Zero Coupon Convertible Bonds

On June 11, 2007 the Company has made an issue of zero coupon convertible bonds aggregating USD 300 Million (approximately Rs 1,223.70 crore) comprising of 300,000 Zero Coupon Convertible Bonds due 2012 of USD 1,000 each (Phase I Bonds), which are:

(a) convertible by the holders at any time on or after July 22, 2007 but prior to close of business on June 5, 2012. Each bond will be converted into 22.70 fully paid up equity shares with face value of Rs 10 per share (since adjusted to 113.50 fully paid up equity shares with face value of Rs 2 per share [See note 11(d)]) at an initial conversion price of Rs 1,798.40 per equity share of Rs 10 each (since adjusted to Rs 359.68 per equity share of Rs 2 each [See note 11(d)) at a fixed exchange rate conversion of Rs 40.83 = USD 1.

(b) convertible in whole but not in part at the option of the Company at any time on or after June 11, 2009 subject to satisfaction of certain conditions.

(c) redeemable in whole but not in part at the option of the Company at any time if less than 10 percent of the aggregate principal amount of the Bonds originally issued is outstanding, subject to satisfaction of certain conditions.

(d) redeemable on maturity date at 145.23% of its principal amount if not redeemed or converted earlier.

Further, on October 10, 2007 the Company has made an additional issue of zero coupon convertible bonds aggregating USD 200 Million (approximately Rs 786.20 crore) comprising of 200,000 Zero Coupon Convertible Bonds due 2012 of USD 1,000 each (Phase II Bonds), which are:

(a) convertible by the holders at any time on or after November 20, 2007 but prior to close of business on October 4, 2012. Each bond will be converted into 21.46 fully paid up equity shares with face value of Rs 10 per share (since adjusted to 107.30 fully paid up equity shares with face value of Rs 2 per share [See note 11(d)]) at an initial conversion price of Rs 1,857.75 per equity share of Rs 10 each (since adjusted to Rs 371.55 per equity share of Rs 2 each [See note 11(d)]) at a fixed exchange rate conversion of Rs 39.87 = USD 1.

(b) convertible in whole but not in part at the option of the Company at any time on or after October 10, 2009 subject to satisfaction of certain conditions.

(c) redeemable in whole but not in part at the option of the Company if less than 10 percent of the aggregate principal amount of the bonds originally issued is outstanding, subject to satisfaction of certain conditions.

(d) redeemable on maturity date at 144.88% of its principal amount, if not redeemed or converted earlier.

The Phase I and Phase II bonds are redeemable subject to satisfaction of certain conditions mentioned in their respective offering circulars, and hence have been currently designated as a monetary liability. Further, the Company has not provided for the proportionate premium on redemption of the Phase I and Phase II Bonds for the period up to March 31, 2008 amounting to Rs 72.59 crore (approximately USD 18,096,735) and Rs 28.49 crore (approximately USD 7,103,641) respectively. In the opinion of the management, the likelihood of redemption cannot presently be ascertained. Accordingly, no provision for any liability has been made in the consolidated financial statements and hence, the proportionate premium on redemption has been disclosed as a contingent liability.

Following are the details of utilisation of Zero Coupon Convertible Bonds:

Sr. No.	Description	As at March 31, 2008
I.	Sources of funds Proceeds	 2,009.90
	Issue expenses	(22.92)
	Net proceeds	1,986.98
II.	Application of funds Repayment of acquisition facility loans	 1,986.98
	Total	1,986.98
III.	Unutilised funds	-

9. The Company has through its subsidiaries purchased 33.85% stake in REpower Systems AG ('REpower') for a consideration of approximately Euro 453 Million and simultaneously also has voting pooling agreements with Areva and Martifer who in aggregate hold approximately 53.25% on June 6, 2007, the date of final settlement of the takeover offer. Since REpower is a listed entity in Germany, the Company has been informed that, REpower is restrained from sharing any information with external parties before they are made available to all the shareholders of REpower. In order to smoothen the process of consolidation of the financials of REpower with the Company and based on the guidance provided in the relevant accounting standards issued by the ICAI, the financials of REpower are being consolidated with a three-month lag to that of the Company. Further, the Company has been informed that based on laws currently prevailing in Germany, the Company has restricted access to information and cannot get access to accounting records and information more than that provided to any other investor holding shares in REpower. Accordingly, the results of REpower for the period June 1, 2007 to December 31, 2007 have been consolidated in the results of the Company for the year ended March 31, 2008 using equity method of accounting and without making any adjustments for alignment of accounting policies.

10. Employee stock option scheme

(a) Suzlon Energy employee stock option plan 2005 (Scheme I)

The Company instituted the 2005 Plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on June 16, 2005 (grant date). Scheme I covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to Scheme I, the Company has granted 921,000 options of Rs 10 each (since adjusted to 4,605,000 options of Rs 2 each [See Note 11(d)]) to eligible employees at an exercise price of Rs 255 per equity share of Rs 10 each (since adjusted to Rs 51 per equity share of Rs 2 each [See Note 11(d)]) , which is 50% of the issue price determined in the initial public offering (IPO) of the Company in accordance with SEBI guidelines i.e., Rs 510 per equity share of Rs 10 each (since adjusted to Rs 102 per equity share of Rs 2 each [See Note 11(d)]). Under the terms of Scheme I, 30% of the options will vest in the employees at the end of the first year, 30% at the end of the second year and the balance of 40% at the end of third year from the grant date in the following manner:

Date of vesting	Proportion of vesting
June 16, 2006	30%
June 16, 2007	30%
June 16, 2008	40%

The employee stock options granted shall be capable of being exercised within a period of five years from the date of first vesting i.e. June 16, 2006. Once the options vest as per the schedule above, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled.

During the year ended March 31, 2008, vesting rights were exercised by employees for 236,100 shares of Rs 10 each (since adjusted to 1,180,500 shares of Rs 2 each [See Note 11(d)]). Further, 75,500 employee stock options of Rs 10 each (since adjusted to 377,500 options of Rs 2 each [See Note 11(d)]) were cancelled as certain employees resigned from the services of the Company. The movement in the stock options during the year was as per the table below:

Particulars	Year ended as at March 31,	
	2008	2007
Options outstanding at April 1, 2007	3,153,000	4,445,000
Granted during the year	Nil	Nil
Forfeited/cancelled during the year	114,500	125,000
Exercised during the year	1,180,500	1,167,000
Expired during the year	Nil	Nil
Options outstanding at March 31, 2008	1,858,000	3,153,000
Exercisable at the end of the year (included in options outstanding as at March 31, 2008)	246,000	160,500

(b) Suzlon Energy employee stock option plan 2006 (Scheme II)

The Company instituted the 2006 Plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on November 23, 2007 (grant date). Scheme II covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to Scheme II, the Company has granted 103,900 options of Rs 10 each (since adjusted to 519,500 options of Rs 2 each [See Note 11(d)]) to eligible employees at an exercise price of Rs 961 per equity share of Rs 10 each (since adjusted to Rs 192.20 per equity share of Rs 2 each [See Note 11(d)]), which is 51.28% of the weighted average price over a period of six months prior to date of grant, i.e., Rs 1,874 per equity share of Rs 10 each (since adjusted to Rs 374.80 per equity share of Rs 2 each [See Note 11(d)]). Under the terms of Scheme II, 50% of the options will vest in the employees at the end of the first year, 25% at the end of the second year and the balance of 25% at the end of third year from the grant date in the following manner:

Date of vesting	Proportion of vesting
November 23, 2008	50%
November 23, 2009	25%
November 23, 2010	25%

The employee stock options granted shall be capable of being exercised within a period of five years from the date of first vesting i.e. November 23, 2008. Once the options vest as per the schedule above, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particulars	Year ended as at March 31, 2008
Options outstanding at April 1, 2007	Nil
Granted during the year	519,500
Forfeited/cancelled during the year	Nil
Exercised during the year	Nil
Expired during the year	Nil
Options outstanding at March 31, 2008	519,500
Exercisable at the end of the year (included in options outstanding as at March 31, 2008)	Nil

Fair value of the option

The Company applies the intrinsic value based method of accounting for determining compensation cost for Scheme I and Scheme II.

The Company has charged Rs 2.14 crore (Rs 7.30 crore) and Rs 2.39 crore (Rs Nil) at the rate of Rs 51 per option and Rs 182.60 per option respectively, being the intrinsic value of options under the Scheme I and Scheme II for the year ended March 31, 2008. Had the Company adopted the fair value method based on 'Black-Scholes' model for pricing and accounting the options, the cost would have been Rs 68.39 per option (Rs 66.32 per option) and Rs 284.10 per option (Rs Nil) for the Scheme I and Scheme II respectively, and accordingly, the profit after tax would have been lower by Rs 3.35 crore (Rs 2.49 crore).

Consequently the basic and diluted earnings per share after factoring the above impact would be as follows:

Particulars	As at March 31, 2008	As at March 31, 2007
Earnings per share (before exceptional items)		
- Basic	8.09	5.97
- Diluted	7.88	5.96
Earnings per share (after exceptional items)		
- Basic	7.05	5.97
- Diluted	6.87	5.96

11. Other notes

(a) The Company through its wholly-owned subsidiary, AE-Rotor Holding B.V., the Netherlands (AE-Rotor) has on May 9, 2006, purchased 100% of the share capital of Eve Holding NV, Belgium for a consideration of Rs 2,502.64 crore. By virtue of the acquisition of Eve Holding by AE-Rotor, the Company has 100% ownership of Hansen Transmissions International NV, Belgium along with its subsidiaries, which are engaged in the business of design, development, manufacturing and supply of industrial and wind gear boxes and is the second largest wind energy gearbox manufacturer in the world. The consolidated financial statements for the year ended March 31, 2007, inter alia include the financial statements of Eve Holding N.V., Belgium from May 9, 2006. Accordingly, the consolidated financial statements for the year ended March 31, 2008 are to that extent not comparable with the consolidated financial figures of the prior periods presented.

(b) In preparation for the listing, all the shares of Hansen have been transferred from EVE to AE-Rotor in the month of November 2007. The Company approved the dissolution of EVE which was put into liquidation on November 19, 2007. In accordance with a pre-listing agreement involving the managers, certain managers have acquired 8,529 ordinary shares in Hansen. The shares were transferred by AE-Rotor to the relevant managers. AE-Rotor has bought back the management option certificates issued to certain key management personnel.

(c) On December 20, 2007, the Company has raised Rs 2,182.70 crore through allotment of 11,386,000 equity Shares of Rs 10 each (since adjusted to 56,930,000 equity shares of Rs 2 each [See Note 11(d)]) at a price of Rs 1,917 per equity share of Rs 10 each (since adjusted to Rs 383.40 per equity share of Rs 2 each[See Note 11(d)]) to selected Qualified Institutional Buyers pursuant to the Guidelines for Qualified Institutional Placements (QIP) under Chapter XIII-A of the SEBI (DIP) Guidelines, 2000.

(d) Effective January 28, 2008, the Company has subdivided the face value of equity shares from Rs 10 each to Rs 2 each (share split), after obtaining shareholders approval vide resolution passed through postal ballot dated December 6, 2007. Accordingly, the figures for number of equity shares and price of shares disclosed in the financial statements have been adjusted for the impact of share split except in case of disclosures under 'Schedule A- Share Capital'. Further, the basic and diluted earnings per share disclosed have been computed for the current year and recomputed for the previous year based on the revised face value of Rs 2 each.

(e) Effective April 1, 2007, Suzlon Infrastructure Services Ltd ('SISL') has commenced activities related to erection, installation and commissioning of WTGs.

(f) Suzlon Power Infrastructure Private Limited ('SPIPL'), a 100% subsidiary of the Company, has made an application for a Transmission license to the Gujarat Electricity Regulatory Commission, Ahmedabad ('GERC') on January 28, 2008. The transmission lines covered under the application will support the power evacuation arrangements and transmission of power for the wind sites and any other generating sources located in the Kutch region of Gujarat, India. In expectation of receipt of the license by SPIPL, Suzlon Gujarat Wind Park Limited , has inventorised the costs incurred by it on developing a part of these lines till March 31, 2008 aggregating Rs 54.88 crore. The extent of the costs which can be inventorised has been determined based on lower of cost incurred and valuation conducted by an external valuer. These lines would eventually be transferred to SPIPL, based on a valuation of the investment approved by the regulator.

(g) The Company has made a provision for dividend in the books of account considering the number of equity shares outstanding as at the balance sheet date. However, the Company is obliged to pay dividend to those share holders and bond holders, if any who convert their stock options into equity shares and bonds into equity shares respectively after the balance sheet date and upto the book closure date for dividend purposes. Incremental dividend and dividend distribution tax thereon if any will be paid out of the balance available in the profit and loss account.

(h) Details of security for the secured loans in consolidated financial statements are as follows:

(i) Term Loans from banks and financial institutions

- Rs 7.75 crore (Rs 10.48 crore) secured by way of first charge on specific plant and machinery, land, second charge on windmills and corporate guarantee of the Company.
- Rs Nil crore (Rs 2.42 crore) secured by way of hypothecation of stocks, debtors and on specific receivables.
- Rs 61.91 crore (Rs 64.38 crore) secured by way of mortgage of plant and machinery and other fixed assets, hypothecation on current assets and corporate guarantee of the Company.
- Rs 20.08 crore (Rs 21.76 crore) secured by hypothecation of plant and machinery and other fixed assets.
- Rs 7.00 crore (Rs 82.81) secured by way of first charge on certain immovable and movable fixed assets and second charge on current assets.
- Rs 31.34 (Rs Nil) secured by way of first charge on all plant and machineries and other fixed assets and second charge on all current assets and corporate guarantee of the Company.
- Rs 18.53 crore (Rs Nil) secured by way of first charge on certain immovable and movable fixed assets and second charge on current assets, personal guarantee of directors and corporate guarantee of the Company.
- Rs 98.64 crore (Rs 60.11 crore) secured by charge on moveable properties receivables of the power generated from windmill.
- Rs 1,235.16 crore (Rs 787.03 crore) secured by way of first rank mortgage and floating charge on assets.

- Rs 26.52 crore (Rs 25.63 crore) secured by way of first rank mortgage and floating charge on assets and corporate guarantee of the Company.
- Rs 8.02 crore (Rs 11.17 crore) secured by way of first charge windmills and land, personal guarantee of directors and corporate guarantee of the Company.
- Rs 4,660.89 crore (Rs Nil) secured against pledge/ negative lien on shares of certain subsidiaries, pledge on shares of REpower Systems AG and corporate guarantee of the Company.

(ii) Term loans from others

- Rs Nil (Rs 86.25 crore) secured by way of first charge on certain immovable properties.
- Rs 15.07 crore (Rs 19.93 crore) secured by way of first charge on certain immovable and movable fixed assets, specific security deposits, book-debts and second charge on current assets.
- Rs 3.69 crore (Rs 4.20 crore) secured by charge on certain windmills, receivables of the power generation from windmills and mortgage of land.

(iii) Working capital facilities from banks and financial institutions

- Rs 815.91 crore (Rs 751.67 crore) secured by hypothecation of inventories, book debts and other current assets, both present and future and first and second charge on certain immovable fixed assets.
- Rs 35.30 crore (Rs 16.01 crore) secured by hypothecation of inventories, book debts and other current assets, both present and future, second charge on certain immovable fixed assets and corporate guarantee of the Company.
- Rs Nil (Rs 40.51 crore) secured by first rank mortgage and floating charge on assets of the Company.
- Rs 11.67 crore (Rs Nil) secured by lien on inventories, book debts, all deposit accounts, certain fixed assets and corporate guarantee of the Company.
- Rs 8.94 crore (Rs Nil) secured by hypothecation of all current assets, second charge on fixed assets and corporate guarantee of the Company.

(iv) Vehicle loan

- Rs 0.02 crore (Rs 0.07 crore) secured against vehicle under hire purchase contract.

(i) Operating leases

Premises
Suzlon has taken certain premises on cancellable operating leases. The total rental expense under cancellable operating leases during the period was Rs 22.07 crore (Rs 12.66 crore).

The group has also taken furnished/unfurnished offices and certain other premises under non-cancellable operating lease agreement ranging for a period of one to six years. The lease rental charge during the year is Rs 41.55 crore (Rs 15.66 crore) and maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement are as follows:

Obligation on non-cancellable operating leases	Year ended March 31,	
	2008	2007
Not later than one year	48.90	10.27
Later than one year and not later than five years	75.85	17.76
Later than five years	5.27	4.95

(j) Post employment benefits

SEL and certain subsidiary companies have defined benefit plans.

The following table summarises the components of net benefit expense recognised in the profit and loss account.

Net employees benefit expense recognised in the profit and loss account

Particulars	Year ended March 31,	
	2008	2007
Current service cost	6.88	4.89
Interest cost on benefit obligation	2.61	2.10
Expected return on plan assets	(1.71)	(1.24)
Net actuarial (gain) / loss recognised in the year	0.85	(0.06)
Past service cost	Nil	2.18
Net benefit expense	8.63	7.87

Details of defined benefit obligation

Particulars	Year ended March 31,	
	2008	2007
Defined benefit obligation	54.06	53.90
Fair value of plan assets	39.76	33.77
Present value of unfunded obligations	0.78	0.74
Less: Unrecognised past service cost	Nil	Nil
Plan liability	14.30	20.13

Changes in the present value of the defined benefit plan are as follows:

Particulars	Year ended March 31,	
	2008	2007
Opening defined benefit obligation	53.92	46.10
Interest cost	2.60	2.10
Current service cost	6.95	7.24
Benefits paid	(3.15)	(1.80)
Actuarial (gains) / losses on obligation	(6.20)	0.28
Closed defined benefit obligation	54.12	53.92

Changes in the fair value of plan asset are as follows:

Particulars	Year ended March 31,	
	2008	2007
Opening fair value of plan assets	33.77	24.18
Expected return	1.71	1.23
Contributions by employer	8.31	11.14
Benefits paid	(3.15)	(1.81)
Actuarial gains / (losses)	(0.88)	(0.97)
Closing fair value of plan assets	39.76	33.77

Further the principal assumptions with respect to discount rate, expected return on plan assets, salary escalation rate and attrition rate used in determining the defined benefit gratuity plan obligations differ from subsidiary to subsidiary.

The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

(k) Provisions

In pursuance of Accounting Standard-29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" issued by the ICAI, the provisions required have been incorporated in the books of accounts in the following manner:

Particulars	Performance guarantee	Operation, maintenance and warranty	Provision for liquidated damages
Opening balance	180.92	252.92	25.94
	(141.45)	(172.90)	(2.73)
Additions due to acquisition	-	-	-
	(-)	(43.60)	(-)
Additions	235.70	164.67	43.20
	(102.70)	(152.06)	(36.31)
Utilization	133.23	136.67	19.70
	(63.23)	(115.64)	(13.10)
Reversal	-	-	18.75
	(-)	(-)	(-)
Closing balance	283.39	280.92	30.69
	(180.92)	(252.92)	(25.94)

The provision for performance guarantee (PG) represents the expected outflow of resources against claims for performance shortfall expected in future over the life of the guarantee assured. The period of PG varies for each customer according to the terms of the contract. The key assumptions in arriving at the PG provision are wind velocity, plant load factor, grid availability, load shedding, historical data, wind variation factor, machine availability etc.

The provision for operation, maintenance and warranty (O&M) represents the expected liability on account of field failure of parts of WTG and expected expenditure of servicing the WTGs and components there of over the period of free O&M, which varies according to the terms of each sales order.

The closing balance of the provision for operation, maintenance and warranty in the balance sheet represents the amount required for operation, maintenance and warranty for the unexpired period on WTGs and components there of, on the field under warranty. The charge to the profit and loss account is the balancing figure. However, the breakup of charge to profit and loss account of "provision for operation, maintenance and warranty" is as under:

(a) Amount of provision required for the WTGs sold during the year Rs 164.67 crore (Rs 152.06 crore)

(b) Less: Utilization against opening provision, booked by the subsidiary under various expenditure by nature Rs 95.77 crore (Rs 66.15 crore)

(c) Charge to profit and loss account Rs 68.90 crore (Rs 85.91 crore)

Provision for liquidated damages (LD) represents the expected claims which the Company may need to pay for non fulfilment of certain commitments as per the terms of the sales order. These are determined on a case to case basis considering the dynamics of each individual sales order and the factors relevant to that sale.

(l) The standalone profit and loss account includes a charge of Rs 54.10 crore (Rs 58.48 crore) on account of design change and technological upgradation charges and Rs 20.15 crore (Rs 14.37 crore) on account of operation and maintenance charges part of which have got eliminated on consolidation. However, the cost incurred by the subsidiary for rendering the services/ affecting the sales have been booked under various expenditures by their nature.

12. Break-up of the accumulated deferred tax asset/(liability), net is given below:

Particulars		Deferred tax asset/ (liability) as at March 31, 2008	2007
Deferred tax assets:			
Unabsorbed losses and depreciation		123.93	51.12
Employee benefits		16.11	8.50
Provision for performance guarantee, LD and operation, maintenance and warranty		86.76	95.39
Provision for doubtful debts		6.44	2.38
Others		14.79	3.33
	(a)	248.03	160.72
Deferred tax liability			
Difference in depreciation of fixed assets		271.32	180.31
Others		0.02	0.06
	(b)	271.34	180.37
Deferred tax asset/(liability) (net) [(c)=(a)-(b)]		(23.31)	(19.65)
Tax effect of share issue expenses eligible for income tax deduction U/s 35D, credited to securities premium	(d)	1.51	1.97
Total deferred tax asset/(liability)	(c)+(d)	(21.80)	(17.68)

13. Earnings per Share (EPS)

All amounts in Rupees crore except per share data

Particulars		As at March 31, 2008	2007
Basic			
Profit after share of profit of associates and minority interest		1,030.10	864.03
Less: Preference dividend and tax thereon		0.23	2.30
Profit attributable to equity shareholders	A	1,029.87	861.73
Add: Exceptional items, net of taxes		151.17	-
Profit before exceptional items	B	1,181.04	861.73
Weighted average number of equity shares	C	1,455,672,492	1,438,363,468
Basic EPS (Rs) of face value of Rs 2 each			
- before exceptional items	B/C	8.11	5.99
- after exceptional items	A/C	7.07	5.99
Diluted			
Weighted average number of equity shares	C	1,455,672,492	1,438,363,468
Add: Equity shares for no consideration arising on grant of share options under ESOP 2005 and ESOP 2006	D	1,609,325	2,307,690
Add: Potential equity shares that could arise on conversion of zero coupon convertible bonds	E	37,593,265	-
Weighted average number of equity shares for diluted EPS.	F = (C+D+E)	1,494,875,082	1,440,671,158
Diluted EPS (Rs) of face value of Rs 2 each			
- before exceptional items	B/F	7.90	5.98
- after exceptional items	A/F	6.89	5.98

14. Statement showing the use of proceeds from Initial Public Offer up to March 31, 2008

Sr. No.	Description	As at March 31, 2008
I.	Sources of funds	
	IPO proceeds	1,364.90
	Issue expenses	(40.67)
	Net proceeds	1,324.23
II.	Application of funds	
	(i) Setting up and expansion of manufacturing facilities in India	117.74
	(ii) Capitalisation of subsidiaries	319.34
	(iii) Setting up of new corporate house and corporate learning centre	42.73
	(iv) Redemption of preference shares allotted to the private equity investors	100.00
	(v) Growth opportunities in domestic and international markets and general corporate purposes	573.58
	(vi) Reallocation of funds vide special resolution at AGM dated July 25, 2007 for capitalisation of subsidiaries and / or for growth opportunities in domestic and international markets	170.84
	Total	1,364.90
III.	Unutilised funds	-

15. Statement showing the use of proceeds from Qualified Institutional Placements upto March 31, 2008

On December 20, 2007, the Company has raised Rs 2,182.70 crore through allotment of 11,386,000 equity Shares of Rs10 each (since adjusted to 56,930,000 equity shares of Rs 2 each [See Note 11(d)]) at a price of Rs 1,917 per equity share of Rs 10 each (since adjusted to Rs 383.40 per equity share of Rs 2 each [See Note 11(d)]) to selected Qualified Institutional Buyers pursuant to the Guidelines for Qualified Institutional Placements (QIP) under Chapter XIII-A of the SEBI (DIP) Guidelines, 2000. The details of utilization of QIP proceeds are given below:

Sr. No.	Description	As at March 31, 2008
I	Sources of funds	
	Proceeds from Issue	2,182.70
	Issue expenses	(26.27)
	Net proceeds	2,156.43
II	Utilisation of funds	
	Repayment of acquisition facility loans	1,129.23
	Working capital requirement and general corporate purposes	341.12
	Investments in subsidiaries for capital expenditure and working capital requirement	135.37
	Total	1,605.72
III	Unutilised funds	550.71

Of the unutilised funds, Rs 550.00 crore is lying as fixed deposits with Industrial Development Bank of India, India and the balance Rs 0.71 crore is lying in the escrow account with Housing Development Finance Corporation Bank, India.

16. Managerial remuneration to Directors

Particulars	Year ended March 31,	
	2008	2007
Salaries	1.30	1.30
Contribution to Superannuation Fund	0.27	0.27
Sitting Fees	0.02	0.04
	1.59	1.61

The directors are covered under the Company's scheme for gratuity along with the other employees of the Company. The proportionate amount of gratuity is not included in the aforementioned disclosure, as the amount attributable to directors is not ascertainable.

17. a. Contingent liabilities

Particulars	As at March 31,	
	2008	2007
Guarantees given on behalf of other companies in respect of loans granted to them by banks.	Nil	0.30
Guarantee given in connection with acquisition of shares of REpower	4,693.62	Nil
Claims against the Company not acknowledged as debts	0.38	1.37
Disputed labour cost liabilities	0.02	0.32
Disputed service tax liabilities	2.71	1.75
Premium on redemption of zero coupon convertible bonds	101.08	Nil

The disputed Income tax demand outstanding as on date is Rs 19.23 crore. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company is of the opinion that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

b. Capital commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances is Rs 1,899.92 crore (Rs 1,193.09 crore).

18. Derivative instruments and unhedged foreign currency exposure

Particulars of derivatives	Purpose
Forward contract outstanding as at balance sheet date:	
Buy Euro 15,05,22,982 (Euro 38,619,539)	Hedge of forex Euro liabilities
Buy GBP Nil (GBP 51,966)	Hedge of forex GBP liabilities
Buy USD 30,97,59,304 (USD 31,14,04,324)	Hedge of forex USD liabilities
Sell DKK Nil (DKK 10,928,006)	Hedge of forex DKK receivable
Sell USD 28,69,61,890 (USD 33,369,600)	Hedge of forex USD receivable
Sell Euro 11,81,98,046 (Euro 21,500,000)	Hedge of forex Euro receivable
Sell AUD 3,25,00,000 (AUD Nil)	Hedge of forex AUD receivable

Option contract outstanding as at balance sheet date:

USD 13.50 crore (1.00 crore) zero cost 1:2 forward put options outstanding
USD Nil (1.65 crore) call spread options outstanding
Euro 17.75 crore (1.20 crore) zero cost barrier call options outstanding
Euro 11.50 crore (Nil) zero cost put spread options outstanding

Particulars of unhedged foreign currency exposure as at the balance sheet

Particulars	Year ended March 31,	
	2008	2007
Creditors	431.96	246.57
Debtors	1,620.64	201.14
Loans given	344.15	277.84
Loans received	596.56	192.73
Bank balance in current accounts and term deposit accounts	353.57	92.38
Zero coupon convertible bonds	2,005.50	Nil

19. Related party disclosures

A. Related parties with whom transactions have taken place during the year

(a) Entities where Key Management Personnel (KMP)/ Relatives of Key Management Personnel (RKMP) has significant influence

Sarjan Realities Limited, Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited), Senergy Global Private Limited, SE Shipping Lines Pte Ltd, Shubh Realty (South) Private Limited, Sugati Holdings Private Limited, Samanvaya Holdings Private Limited, Sanman Holdings Private Limited, Suruchi Holdings Private Limited, Tanti Holdings Limited, Vinod R. Tanti (HUF), Girish R. Tanti (HUF), Jitendra R. Tanti (HUF)

Note - Sarjan Realities Limited and Suzlon Infrastructure Limited (formerly Aspen Infrastructures Limited) were associates in FY 2006-07.

(b) Key Management Personnel
Tulsi R. Tanti, Girish R. Tanti

(c) Relatives of Key Management Personnel
Gita T. Tanti, Jitendra R. Tanti, Lina J. Tanti, Nidhi T. Tanti, Pranav T. Tanti, Rambhaben Ukabhai, Sangita V. Tanti, Trisha J. Tanti, Vinod R. Tanti, Esha G. Tanti,

(d) Employee Funds

Suzlon Energy Limited	Superannuation Fund
Suzlon Energy Limited	Employees Group Gratuity Scheme
Suzlon Infrastructure Service Limited	Superannuation Fund
Suzlon Infrastructure Service Limited	Employees Group Gratuity Scheme
Suzlon Towers & Structure Limited	Superannuation Fund
Suzlon Towers & Structure Limited	Employees Group Gratuity Scheme
Suzlon Power Infrastructure Private Limited	Superannuation Fund
Suzlon Power Infrastructure Private Limited	Employees Group Gratuity Scheme
Suzlon Generators Private Limited	Superannuation Fund
Suzlon Generators Private Limited	Employees Group Gratuity Scheme

B. Transactions between the group and related parties during the year and the status of outstanding balances as at March 31, 2008

Particulars	Associate	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Transactions					
Purchase of fixed assets (including intangibles)	- (2.90)	37.83 (0.27)	- (-)	- (-)	- (-)
Sale of fixed assets	- (0.03)	0.06 (-)	- (-)	- (-)	- (-)
Subscription to / purchase of equity shares	- (-)	- (-)	- (0.02)	- (0.04)	- (-)
Redemption of preference shares	- (-)	- (4.36)	- (1.31)	- (8.25)	- (-)
Sale of investments	- (-)	- (2.20)	- (-)	- (4.87)	- (-)
Sale of goods	- (108.05)	5.46 (2.82)	- (14.25)	- (14.25)	- (-)
Purchase of goods and services	- (189.84)	253.91 (44.69)	- (-)	- (-)	- (-)
Transformer division acquisition	- (-)	4.25 (-)	- (-)	- (-)	- (-)
Loans / deposit given	- (482.05)	320.49 (17.23)	- (-)	- (-)	- (-)
Interest received / receivable	- (17.38)	19.30 (6.90)	- (-)	- (-)	- (-)
Interest paid	- (-)	1.58 (-)	- (-)	- (-)	- (-)
Dividend received / receivable	- (0.63)	- (-)	- (-)	- (-)	- (-)
Dividend paid	- (-)	- (59.99)	- (19.19)	- (72.69)	- (-)
Rent received	- (-)	- (0.01)	- (-)	- (-)	- (-)
Lease rent paid	- (-)	76.78 (0.01)	- (-)	0.06 (-)	- (-)
Managerial Remuneration	- (-)	- (-)	1.57 (1.57)	- (-)	- (-)
Contribution to various funds	- (-)	- (-)	- (-)	- (-)	8.70 3.95

Particulars	Associate	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Outstanding balances					
Advances from customers	- (-)	- (-)	0.75 (0.75)	0.75 (0.75)	- (-)
Sundry debtors	- (0.21)	3.73 (-)	- (-)	- (-)	- (-)
Loans/deposits outstanding	- (368.28)	- (75.72)	- (-)	- (-)	- (-)
Advances/deposits to supplier	- (1.76)	12.98 (-)	- (-)	0.05 (-)	- (-)
Sundry creditors	- (2.03)	24.58 (1.42)	- (-)	- (-)	- (-)
Corporate guarantees	- (0.30)	- (-)	- (-)	- (-)	- (-)

Note: Figures in brackets pertain to balances as on March 31, 2007

C. Disclosure of significant transactions with related parties

Type of the transaction	Type of relationship	Name of the entity / person	Year ended March 31,	
			2008	2007
Purchase of fixed assets (including intangibles)	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	17.28	2.67
		Sarjan Realities Limited	16.34	0.23
Sale of fixed assets	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	0.03	0.03
		Sarjan Realities Limited	0.01	-
		Shubh Realty (South) Private Limited	0.02	-
Subscription to / purchase of equity shares	RKMP	Lina J. Tanti	-	0.01
	RKMP	Sangita V. Tanti	-	0.01
	RKMP	Gita T. Tanti	-	0.01
	KMP	Girish R. Tanti	-	0.01
	RKMP	Vinod R. Tanti	-	0.01
	KMP	Tulsi R. Tanti	-	0.01
Redemption of preference shares	Entities where KMP/ RKMP has significant influence	Tanti Holdings Limited	-	2.56
Sale of investments	Entities where KMP/ RKMP has significant influence	Vinod R. Tanti	-	1.00
	RKMP	Rambhaben Ukabhai	-	2.29
	RKMP	Nidhi T. Tanti	-	1.29
	RKMP	Trisha J. Tanti	-	1.29

Type of the transaction	Type of relationship	Name of the entity / person	Year ended March 31	
			2008	2007
Loan /deposits given	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	264.73	352.55
		Sarjan Realities Limited	42.01	129.50
		Shubh Realty (South) Private Limited	13.75	15.00
Sale of goods	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	-	108.01
		Sarjan Realities Limited	-	0.04
Purchase of goods and services	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	200.74	187.92
		S E Shipping Lines PTE, Limited	51.07	-
Interest received	Entities where KMP/ RKMP has significant influence	Sarjan Realities Limited	7.58	11.24
		Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	7.99	6.14
		Shubh Realty (South) Private Limited	3.74	6.77
Dividend received	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	-	0.50
		Sarjan Realities Limited	-	0.13
Dividend paid	KMP	Tulsi R. Tanti and Girish R. Tanti	-	19.19
	RKMP	Relatives of KMP	-	72.69
	Entities where KMP/ RKMP has significant influence	Tanti Holdings Limited (Formerly known as Suzlon Capital Limited)	-	59.99
Interest paid/payable	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	1.58	-
Rent received	Entities where KMP/ RKMP has significant influence	Synergy Global Private Limited	-	0.01
Lease rent paid	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	76.77	-
Managerial Remuneration	KMP	Tulsi R. Tanti	1.16	1.16
	KMP	Girish R. Tanti	0.41	0.41
Contribution to various funds	Employee funds	Suzlon Energy Limited Superannuation Fund	3.53	2.88
	Employee funds	Suzlon Energy Limited Employees Group Gratuity Scheme	2.91	0.14
	Employee funds	Suzlon Infrastructure Services Limited Superannuation Fund	1.36	0.47

20. Disclosure as required by Clause 32 of Listing Agreement with stock exchanges

Type of relationship	Name	Amount outstanding as at March 31, 2008	Maximum Amount outstanding during the year
Companies in which directors are interested	Sarjan Realities Limited	-	171.23
	Suzlon Infrastructure Limited (Formerly Aspen Infrastructures Limited)	-	298.50
	Shubh Realty (South) Private Limited	-	89.47

Note:

(a) No loans have been granted by the Company to any person for the purpose of investing in the shares of Suzlon Energy Limited or any of its subsidiaries.

(b) There are no balances outstanding from companies under the same management, as per the provisions of Section 370 (1B) of the Companies Act, 1956.

21. Segment reporting

The Company has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

The Company's operations predominantly relate to manufacture and sale of WTGs and gear box. Others mainly include sale/sub-lease of land, infrastructure development income and power generation income.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

A. Primary business segment

Paticulars	Year ended March 31, 2008					Year ended March 31, 2007				
	Sale of WTG	Sale of Gear Box	Others	Elimin-ations	Total	Sale of WTG	Sale of Gear Box	Others	Elimin-ations	Total
Total external sales	11,261.48	2,212.90	205.05	-	13,679.43	5,997.52	1,856.07	132.14	-	7,985.73
Add: Inter segment sales	2.43	191.91	-	(194.34)	-	1.04	-	-	(1.04)	-
Segment revenue	11,263.91	2,404.81	205.05	(194.34)	13,679.43	5,998.56	1,856.07	132.14	(1.04)	7,985.73
Segment results	1,475.41	232.09	35.57	(12.95)	1,730.12	924.65	222.26	31.36	-	1,178.27
Add/(Less): Items to reconcile with profit as per profit and loss account										
Add: Other income					235.97					68.04
Less: Financial charges					(596.94)					(276.34)
Less : Preliminary exp w/off					(1.54)					(1.71)
Profit before tax and exceptional items					1,367.61					968.26
Provision for current tax					267.85					163.60
MAT credit Entitlement					(80.68)					(51.23)
Deferred tax					(2.28)					(12.57)
Fringe benefit tax					14.40					3.66
Total tax					199.29					103.46
Profit before tax and exceptional items					1,168.32					864.80
Exceptional items (net of tax)					151.17					-
Profit after tax and exceptional items					1,017.15					864.80
Add : Share in associate's profit after tax					55.75					-
Less: Minority interest					(42.80)					(0.77)
Net profit					1,030.10					864.03

A. Primary business segment (contd.)

Paticulars	Year ended March 31, 2008					Year ended March 31, 2007				
	Sale of WTG	Sale of Gear Box	Others	Elimin-ations	Total	Sale of WTG	Sale of Gear Box	Others	Elimin-ations	Total
Segment assets	13,623.04*	4,978.41	681.41	-	19,282.86	6,215.69	3,887.51	354.40	-	10,457.60
Common assets					7,107.21					2,083.69
Enterprise assets					26,390.07					12,541.29
Segment liabilities	5,869.80	1,129.37	88.36	-	7,087.53	3,085.14	703.62	43.89	-	3,832.65
Common liabilities					11,201.22					5,197.56
Enterprise liabilities					18,288.76					9,030.21
Capital expenditure during the year	896.79	1,132.93	104.40	-	2,134.12	571.48	349.13	95.46	-	1,016.07
Segment depreciation	158.79	119.02	11.55	-	289.36	94.53	69.54	7.73	-	171.80
Non-cash expenses other than depreciation	1.54	-	-	-	1.54	1.70	-	0.01	-	1.71
*includes equity accounted investments	3,141.01	-	-	-	3,141.01	-	-	-	-	-

B. Geographical Segment

Particulars	Year ended March 31, 2008						Year ended March 31, 2007					
	India	Europe	USA	China	Others	Total	India	Europe	USA	China	Others	Total
Segment revenue	5,618.70	3,182.44	2,555.38	478.53	1,844.38	13,679.43	4,169.32	1,636.35	1,651.75	314.29	214.02	7,985.73
Segment assets	6,470.11	9,520.44	1,374.25	940.74	977.32	19,282.86	4,525.61	4,208.29	1,120.66	482.72	120.32	10,457.60
Capital expenditure incurred	842.92	1,194.92	26.96	57.92	11.40	2,134.12	326.88	471.81	86.84	129.16	1.38	1,016.07

22. Prior year amounts have been reclassified wherever necessary to confirm with current year presentation. Figures in the brackets are in respect of the previous year.

Signatures to Schedules 'A' to 'P'

As per our report of even date

For and on behalf of the Board of Directors

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Pune
Date : May 20, 2008

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Pune
Date : May 20, 2008

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : May 20, 2008

REPORT ON CORPORATE GOVERNANCE
(pursuant to clause 49 of listing agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility. With its focus on powering a greener tomorrow, it is fully cognisant of the fact that business is not just about making money, it's about being responsible.

The Company aims to be a technology leader in the wind energy sector and strives towards becoming the most respected and preferred brand in the sector. In the last 13 years of its existence, the Company has gone from strength to strength in every aspect of its operations. Its remarkable journey to the forefront of the wind energy was achieved out of a vision to be the world's best not just in its segment world-wide but also on the parameters of corporate governance, business practices, sustainability and corporate citizenship. The corporate governance practices that the Company follows helps in building trust and achieving long-term shareholder value.

The Company is in compliance with all the requirements of the corporate governance code as enshrined in Clause 49 of the listing agreement.

2. BOARD OF DIRECTORS

Composition

The Company has a balanced mix of executive and non-executive independent directors. The Board consists of six directors as on March 31, 2008, out of which two are executive directors and four are non-executive independent directors. The chairman of the Board is an executive director and more than half of the Board is independent. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the listing agreement with the stock exchanges. All the directors have certified that they are not members of more than ten mandatory committees in terms of the listing agreement and do not act as chairman of more than five mandatory committees in terms of the listing agreement across all companies in which they are directors.

Board Procedure

Board members are provided appropriate documents and information pertaining to the matters to be considered at each board and committee meetings, to enable the Board to discharge its responsibilities effectively and the chairman and managing director reviews the overall performance of the Company.

Board meetings held during the financial year 2007-08

The board of directors of the Company met four times on May 14, 2007, July 25, 2007, October 23, 2007 and January 29, 2008. The directors' attendance record, directorships and committee positions is noted below:

Name of the director	Category	Attendance at Meetings		Total no. of directorships	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 4)	12th AGM on July 25, 2007		Membership in audit /investors' grievance committees	Membership in other committees	Chairmanship in audit / investors' grievance committees	Chairmanship in other committees
Mr. Tulsi R. Tanti	Chairman & Managing Director	4	Yes	25	3	2	-	2
Mr. Girish R. Tanti	Executive Director	4	Yes	12	2	2	-	-
Mr. Ajay Relan	Independent Director	2	Yes	12	4	-	1	-
Mr. Ashish Dhawan	Independent Director	3	Yes	7	1	1	1	-
Mr. Pradip Kumar Khaitan	Independent Director	4	Yes	16	6	11	2	2
Mr. V. Raghuraman	Independent Director	3	Yes	2	2	1	-	-

Notes:

- While considering the total number of directorships, directorships in private companies, foreign companies and Section 25 companies have also been included.
- Changes during the year -The board of directors of the Company in its Meeting held on January 29, 2008 re-appointed Mr. Tulsi R. Tanti as Managing Director and Mr. Girish R.Tanti as a Wholetime Director, designated as Executive Director of the Company on revised terms and conditions for a further period of three years with effect from April 1, 2008. The shareholders of the Company have by way of postal ballot process approved reappointment of Mr. Tulsi R.Tanti and Mr. Girish R.Tanti as Managing Director and Wholetime Director respectively on May 22, 2008.
- In terms of clause 49(IV)(G)(ia), it is hereby disclosed that Mr. Tulsi R. Tanti, Executive Chairman, is a brother of Mr. Girish R. Tanti, the Wholetime Director. Except for the relationship between Mr. Tulsi R.Tanti and Mr. Girish R.Tanti, there is no other inter-se relationship amongst other Directors.

Code of Ethics

The Company has prescribed a code of ethics for its directors and senior management. The code of ethics of the Company has been posted on its website www.suzlon.com The declaration from the Managing Director stating that as of March 31, 2008, all the board members and the senior management personnel of the Company have affirmed compliance with the code of ethics for the financial year 2007-08 has been included in this report.

3. COMMITTEES OF BOARD

The Board committees focus on certain specific areas and make informed decisions within the delegated authority. Each committee of the Board functions according to its charter that defines its scope, power and role in accordance with the Companies Act, 1956 and the listing requirements. The Company has the following five Committees:

- Audit committee
- Remuneration committee
- Investors' grievance committee
- Securities issue committee
- ESOP-2005 committee

(i) AUDIT COMMITTEE

Terms of reference

The broad terms of reference includes the following as is mandated in Clause 49 of listing agreement and Section 292A of Companies Act, 1956:

(1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

(4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

(a) Matters required to be included in the directors' responsibility statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956,

(b) Changes, if any, in accounting policies and practices and reasons for the same,

(c) Major accounting entries involving estimates based on the exercise of judgement by management,

(d) Significant adjustments made in the financial statements arising out of the audit findings,

(e) Compliance with listing and other legal requirements relating to financial statements,

(f) Disclosure of any related party transactions, and

(g) Qualifications in the draft audit report.

(5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

(6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

(7) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(8) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(9) Discussion with internal auditors any significant findings and follow-up thereon.

(10) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(11) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(12) To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

(13) To review the functioning of the whistle blower mechanism, in case the same is existing.

(14) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Composition, meetings and attendance

The audit committee of the Company has been constituted as per the requirements of Clause 49 of the listing agreement. The composition of audit committee is in compliance with the requirements of Clause 49 (II) (A) of the listing agreement. It consists of 3 members, all of whom including the Chairman are independent directors. The chairman of audit committee was present at the last annual general meeting of the Company. The managing director, head-finance, representatives of the statutory auditors and senior officials of the Company are invited to attend the meetings of the audit committee from time-to-time. The company secretary of the Company acts as the secretary to the audit committee.

During the financial year 2007-08, the audit committee met four times on May 14, 2007, July 25, 2007, October 22, 2007 and January 28, 2008.The gap between two meetings did not exceed four months. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Ashish Dhawan	Chairman	4
Mr. Pradip Kumar Khaitan	Member	4
Mr. V. Raghuraman	Member	3

(ii) REMUNERATION COMMITTEE

Terms of reference

The broad terms of reference includes the following:

(1) Determination of the remuneration payable to the directors of the Company; and

(2) Approval and administration of the employee stock option scheme of the Company and matters incidental and ancillary thereto.

Composition, meetings and attendance

The remuneration committee of the Company consists of three members all of whom are non-executive independent directors. The chairman for the remuneration committee is decided by the committee members from amongst themselves from time-to-time.

During the financial year 2007-08, the remuneration committee met two times on January 28, 2008 and February 4, 2008. Apart from the physical meetings, remuneration committee also considered and approved certain matters on November 28, 2007 by circular resolutions. The attendance of the members is noted below:

Name of the memberChairman / Member	No. of meetings attended	
Mr. Ashish Dhawan	Member	2
Mr. Pradip Kumar Khaitan	Member	2
Mr. V. Raghuraman	Member	1

Remuneration policy and remuneration to directors

Remuneration to executive directors has been decided based on the years of experience and contribution made by the respective executive directors and is consistent with the existing industry practice. As regard payment of sitting fees to non-executive directors, the same is within the limits prescribed by the Companies Act, 1956. The details of remuneration paid to directors during financial year 2007-08 is noted below:

(a) Executive directors:

Name of the director	Salary	Super-annuation	Bonus / commission / stock options	Total	Service contract	Notice period
Mr. Tulsi R. Tanti	99,97,524	20,02,476	-	1,20,00,000	Three years upto March 31, 2011	Three months
Mr. Girish R. Tanti	35,00,712	7,01,184	-	42,01,896	Three years upto March 31, 2011	Three months

Note: The board of directors of the Company in its Meeting held on January 29, 2008 re-appointed Mr. Tulsi R. Tanti as Managing Director and Mr. Girish R.Tanti as a Wholetime Director designated as Executive Director of the Company on revised terms and conditions for a further period of three years with effect from April 1, 2008, which has been approved by the shareholders on May 22, 2008.

(b) Non -executive directors:

The non-executive directors are not paid any remuneration except sitting fees for attending the meetings of the board of directors and/or committees thereof. The Company does not have material pecuniary relationship or transactions with its non-executive directors. The details of the sitting fees paid, stock options granted and shares held by the non-executive directors are as under:

Name of the non-executive director	Sitting fees (Rs)	Stock options granted	Shareholding in the Company
Mr. Ajay Relan*	-	-	-
Mr. Ashish Dhawan	60,000	-	-
Mr. Pradip Kumar Khaitan	80,000	-	-
Mr. V. Raghuraman	60,000	-	-

* Since Mr. Ajay Relan has expressed his unwillingness to accept sitting fees, he is not being paid any sitting fees for attending the meeting of board of directors of the Company.

(iii) INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

The broad terms of reference includes the following:

(1) Redressal of shareholder and investors' complaints including but not limited to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc. and

(2) Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

Composition, meetings and attendance

The investors grievance committee of the Company consists of three directors out of which the chairman is a non-executive independent director and other two members are executive directors of the Company.

During the financial year 2007-08, the investors grievance committee met four times on May 14, 2007, July 25, 2007, October 22, 2007 and January 28, 2008. The attendance of the members is noted below:

Name of the memberChairman / Member	No. of meetings attended	
Mr. Pradip Kumar Khaitan	Chairman	4
Mr. Tulsi R.Tanti	Member	4
Mr. Girish R. Tanti	Member	4

Name, designation and contact details of the Compliance Officer

Mr. Hemal A. Kanuga, company secretary, is the compliance officer of the Company. The compliance officer can be contacted at:

"Suzlon", 5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura,
Ahmedabad - 380 009
Tel.: +91-79-26471100
Fax: +91-79-26565540 / 26442844
E-mail: investors@suzlon.com

Separate e-mail-id for redressal of investors' complaints

As per clause 47(f) of the listing agreement with stock exchanges, the Company has designated a separate e-mail-id (investors@suzlon.com) exclusively for redressal of investors' complaints.

Status of investors' complaints

The status of investors' complaints as on March 31, 2008 is as follows:

Number of complaints as on April 1, 2007	1
Number of complaints received during the financial year 2007-08	124
Number of complaints resolved up to March 31, 2008	125
Number of complaints pending as on March 31, 2008	0

The complaints received were mainly in the nature of non-receipt of refund orders, non-receipt of electronic credits, non-receipt of dividend warrants / mandates, non-receipt of Annual Reports, etc. None of the complaints were pending for a period of more than one month.

There were no pending requests for transfer of shares of the Company as on March 31, 2008.

(iv) SECURITIES ISSUE COMMITTEE

Terms of reference

The securities issue committee of the Company was formed to give effect to the initial public offering of the Company. The said IPO committee was renamed as 'Securities Issue Committee' with effect from May 15, 2006. The broad terms of reference include the following:

(1) approval of issuance of fresh issue of equity shares, GDRs, ADRs, FCCBs, SPNs and / or such other securities convertible into or linked to equity shares, etc.;

(2) to do all such acts, deeds, matters and things as might be required in connection with the issue of the securities;

(3) to allot equity shares of the Company, as may be required to be allotted to such bondholders of the zero- coupon foreign currency convertible bonds on exercise of the conversion rights, as per the terms and conditions of the offer and issue of US$ 300 million and US$ 200 million zero coupon foreign currency convertible bonds due 2012 and to do all such other acts, deeds, matters and things as may be incidental and ancillary upon exercise of the conversion rights by such bondholders.

Composition, meetings and attendance

The securities issue committee of the Company consists of two members who are executive directors.

During the financial year 2007-08, the securities issue committee met ten times on May 16, 2007, June 11, 2007, September 21, 2007, October 4, 2007, October 10, 2007, October 31, 2007, December 1, 2007, December 13, 2007, December 18, 2007 and December 20, 2007. The attendance of the members is noted

Name of the memberChairman / Member	No. of meetings attended	
Mr. Tulsi R.Tanti	Chairman	10
Mr. Girish R.Tanti	Member	10

(v) ESOP-2005 COMMITTEE

Terms of reference

The broad terms of reference of the ESOP-2005 committee includes allotment of shares pursuant to exercise of options granted in terms of employee stock option plan-2005 to the employees of the Company and its subsidiary companies.

Composition, meetings and attendance

The ESOP-2005 committee of the Company consists of two members who are executive directors.

During the financial year 2007-08, the ESOP-2005 committee met five times on April 9, 2007, July 9, 2007, October 15, 2007, November 5, 2007 and February 5, 2008. The attendance of members is noted below:

Name of the memberChairman / Member	No. of meetings attended	
Mr. Tulsi R.Tanti	Chairman	5
Mr. Girish R.Tanti	Member	5

4. ANNUAL GENERAL MEETINGS

The details of last three annual general meetings of the Company and special resolutions passed thereat are noted below:

Financial year	Date	Time	Venue	Special resolutions passed
2004-05 (Tenth AGM)	July 28, 2005	9.30 A.M.	"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009	Amendment of Article 190 (a) of the Articles of Association of the Company .
2005-06 (Eleventh AGM)	July 18, 2006	11.00 A.M	Golden Hall, Rajpath Club Limited, Sarkhej-Gandhinagar Highway, Ahmedabad-3800 59	No special resolution was passed in the eleventh annual general meeting.
2006-07 (Twelfth AGM)	July 25, 2007	11.00 A.M.	Bhaikaka Bhawan, Law College Road, Ahmedabad-380 006	Variation in the utilisation of the IPO proceeds.

Details of resolutions passed by way of postal ballot

During the financial year 2007-08, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Company had conducted a postal ballot process vide notice dated November 5, 2007, for obtaining approval of shareholders on certain matters, the results of which were declared on December 6, 2007. The details of special resolutions passed and voting pattern are noted below:

(i) Special Resolution under Section 94 of the Companies Act, 1956 for sub-division of equity shares and re-classification of the preference shares in to equity shares:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2717	239989154
Votes in favour of the Resolution	2524	239983298
Votes against the Resolution	25	484
Number of invalid votes (including votes not given)	168	4281

(ii) Special Resolution under Section 94, 97 of the Companies Act, 1956 to amend the Capital Clause of the Memorandum of Association of the Company:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2717	239989154
Votes in favour of the Resolution	2436	239973032
Votes against the Resolution	38	921
Number of invalid votes (including votes not given)	243	14116

(iii) Special resolution under Section 81(1A) of the Companies Act, 1956 for issue of securities:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2717	239989154
Votes in favour of the Resolution	2383	234453226
Votes against the Resolution	79	3038437
Number of invalid votes (including votes not given)	255	2496427

Post balance sheet date i.e. post March 31, 2008, pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Company has conducted a postal ballot process vide notice dated April 21, 2008, for obtaining approval of shareholders on certain matters, the results of which were declared on May 22, 2008. The details of resolutions passed and voting pattern are noted below:

(i) Special Resolution under Section 81(1A) of the Companies Act, 1956 for offering and issuing shares to the employees of the Company under Employee Stock Option Plan-2007:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2551	1237078364
Votes against the Resolution	239	18996
Number of invalid votes (including votes not given)	88	10825

(ii) Special Resolution under Section 81(1A) of the Companies Act, 1956 for offering and issuing shares to the employees of the Company's subsidiaries under Employee Stock Option Plan-2007:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2352	1237062963
Votes against the Resolution	345	26909
Number of invalid votes (including votes not given)	181	18313

(iii) Special Resolution under Section 81(1A) of the Companies Act, 1956 for offering and issuing shares to the employees of the Company under Special Employee Stock Option Plan-2007:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2397	1237065718
Votes against the Resolution	302	24555
Number of invalid votes (including votes not given)	179	17912

(iv) Special Resolution under Section 81(1A) of the Companies Act, 1956 for offering and issuing shares to the employees of the Company's subsidiaries under Special Employee Stock Option Plan-2007:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2331	1237059634
Votes against the Resolution	356	29414
Number of invalid votes (including votes not given)	191	19137

(v) Special Resolution under Section 269 and other applicable provisions, if any, of the Companies Act, 1956 for re-appointment of Mr. Tulsi R.Tanti as a Managing Director of the Company:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2589	1237081614
Votes against the Resolution	120	9662
Number of invalid votes (including votes not given)	169	16909

(vi) Special Resolution under Section 269 and other applicable provisions, if any, of the Companies Act, 1956 for re-appointment of Mr. Girish R.Tanti as a Wholetime Director of the Company:

Particulars	No. of Postal Ballot Forms	No. of Shares
Total number of postal ballot forms received	2878	1237108185
Votes in favour of the Resolution	2561	1237079510
Votes against the Resolution	143	10821
Number of invalid votes (including votes not given)	174	17854

Details of person who conducted postal ballot exercise

The postal ballot process initiated by the Company during the financial year 2007-08 and post March 31, 2008 were conducted by Mr. Ashwin Lalbhai Shah, Advocate, Gujarat High Court, Ahmedabad.

Procedure of postal ballot

The postal ballot process was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

No special resolution is proposed to be conducted through postal ballot at the ensuing annual general meeting of the Company.

5. DISCLOSURES:

a. Subsidiary Companies

(i) None of the Company's Indian subsidiary companies fall under the definition of material non-listed Indian subsidiary.

(ii) The audit committee of the Company reviews the financial statements and in particular the investments made by unlisted subsidiary companies of the Company.

(iii) The minutes of the Board meetings of unlisted subsidiary companies are periodically placed before the Board which is also periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary companies.

b. Disclosure on materially significant related party transactions

There were no materially significant related party transactions during the financial year 2007-08 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard-18 forms part of notes to the accounts.

c. Disclosure of accounting treatment

The Company follows accounting standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.

d. Board disclosures-risk management

The risk assessment and minimisation procedures are in place and the audit committee of the Board is regularly informed about the business risks and the steps taken to mitigate the same.

e. Proceeds from public issue / private placement

The unutilised IPO proceeds have been utilised in terms of the approval granted by the members for variation in utilisation of IPO proceeds in annual general meeting held on July 25, 2007.

As required under revised Clause 49(IV)(D) of the listing agreement, a report from the monitoring agency for utilisation of issue proceeds is being placed before the audit committee of the Company.

During the year, the Company has issued 1,13,86,000 equity shares of Rs 10 each (comparable to 5,69,30,000 equity shares of Rs 2 each) for cash at an issue price of Rs 1917 per equity share (comparable to Rs 383.40 per equity share of Rs 2 each) to qualified institutional buyers in terms of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, the proceeds of which too have been utilised / are being utilised in terms of the placement document.

f. Management Discussion and Analysis Report

The management discussion and analysis report forms part of this annual report.

g. Profile of directors seeking appointment / re-appointment

(i) Mr. Pradip Kumar Khaitan

Mr. Pradip Kumar Khaitan is a B.Com, LL.B., Attorney-at-Law (Bell Chambers Gold Medallist). He is a well-known lawyer and partner of Khaitan & Company, Advocates. He is a member of the Bar Council of India, Bar Council of West Bengal and Indian Council of Arbitration, New Delhi. His areas of specialisation are Commercial and Corporate Laws, Tax Laws, Arbitration, Foreign Collaborations, Mergers and Acquisition, Restructuring and De-mergers. He is connected with several public charitable institutions as Trustee. He is not holding any shares in the Company. He is also on the board of the following other companies:

Name of the Company	Name of the committee	Position held*
CESC Limited	Remuneration Committee Finance & Forex Committee	Chairman Member
Dalmia Cement (Bharat) Limited	Nil	Nil
Electrosteel Castings Limited	Nil	Nil
Emaar MGF Land Limited	Audit Committee Shareholders' & Investors' Grievance Committee	Chairman Member
Gillanders Arbuthnot & Co. Limited	Nil	Nil
Graphite India Limited	Remuneration Committee Committee for Borrowings	Chairman Member
Hindustan Motors Limited	Investors' Grievance Committee Remuneration Committee Executive Committee	Member Member Member
India Glycols Limited	Nil	Nil
Lanco Industries Limited	Nil	Nil
OCL India Limited	Nil	Nil
Pilani Investment & Industries Corporation Limited	Audit Committee	Member
South Asian Petrochem Limited	Remuneration Committee	Member
VISA Steel Limited	Remuneration Committee Finance & Banking Committee Selection Committee	Member Member Member
Woodlands Medical Centre Limited	Nil	Nil
Egyptian Indian Polyster Co. SAE	Nil	Nil

*Memberships in various committees include all committees, whether mandatory in terms of the listing agreement or otherwise.

(ii) Mr. Ashish Dhawan

Mr. Ashish Dhawan is the founder of ChrysCapital, an India focused private equity fund that manages $2.25 billion for 75 institutional investors from around the world. The firm has played a pioneering role over the past decade in developing the private equity industry in India. ChrysCapital received the "Best Private Equity Firm in India" awarded by Private Equity International in 2005 and 2006. Prior to starting ChrysCapital, he worked at Goldman Sachs in New York. He received an MBA with distinction from Harvard University and a dual bachelors degree (BS / BA) in applied mathematics and economics from Yale University. He is not holding any shares in the Company. He is also on the board of the following other companies:

Name of the Company	Name of the committee	Position held
ChrysCapital Investment Advisors (India) Private Limited	Nil	Nil
ChrysCapital I, LLC	Nil	Nil
ChrysCapital II, LLC	Nil	Nil
ChrysCapital III, LLC	Nil	Nil
ChrysCapital IV, LLC	Nil	Nil
ChrysCapital V, LLC	Nil	Nil

h. Certification from Managing Director and Head-Finance

The requisite certification from the Managing Director and Head-Finance for the financial year 2007-08 required to be given under clause 49(V) has been placed before the board of directors of the Company.

i. Details of non-compliance with regard to capital market

There were no instances of non-compliances by the Company on any matter related to capital markets. The Company has complied with the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2008-09 in terms of clause 38 of listing agreement. There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to Capital Markets, during last three years.

j. Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with all the mandatory requirements as mandated under Clause 49 of listing agreement. A certificate from the statutory auditors of the Company to this effect has been included in this report. Besides mandatory requirements, the Company has voluntarily constituted a remuneration committee to consider and recommend the remuneration of the directors and approval and administration of the Employee Stock Option Plan (ESOPs).

k. Whistle Blower Policy

The Company does not have a formal whistle blower policy; however the Company has its intranet portal, wherein all the employees are free to express their feedback / suggestions / complaints. The same is further supported by surveys of employees conducted by independent global agencies.

l. Means of Communication

(i) Quarterly / Annual Results

The quarterly / annual results and notices as required under Clause 41 of the listing agreement are normally published in the 'The Economic Times' / 'Business Standard' / 'The Financial Express' (English & Gujarati editions).

(ii) Posting of information on the website of the Company

The annual / quarterly results of the Company, shareholding pattern, the official news releases and the presentations made by the Company to analysts and institutional investors are posted on its website www.suzlon.com Quarterly results and shareholding pattern are also displayed on EDIFAR facility of Securities and Exchange Board of India (SEBI) for the benefit of public at large.

6. GENERAL SHAREHOLDER INFORMATION

(i)	Annual General Meeting	:	Thirteenth Annual General Meeting
	Day and date	:	Wednesday, July 30, 2008
	Time	:	11.00 a.m.
	Venue	:	Bhaikaka Bhawan, Law College Road, Ahmedabad - 380 006
(ii)	Financial calendar for 2008-09 (tentative schedule)		
	Financial year	:	April 1 to March 31
	Board meetings for approval of quarterly results :		
	Quarter ended on June 30, 2008	:	July 2008
	Quarter ended on September 30, 2008	:	October 2008
	Quarter ended on December 31, 2008	:	January 2009
	Quarter ended on March 31, 2009	:	May 2009
	Annual results for financial year ended March 31, 2009 (audited)	:	Within 3 months of the close of financial year.
	Annual General Meeting for the year 2008-09	:	In accordance with Section 166 of Companies Act, 1956
(iii)	Book closure date	:	Monday, July 21, 2008 to Wednesday, July 30, 2008 (both days inclusive)
(iv)	Dividend payment date	:	On or before August 29, 2008
(v)	Listing on stock exchanges	:	The equity shares of the Company are listed on the following stock exchanges in India: 1. National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051 2. Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai-400 001
(vi)	Stock code		
	National Stock Exchange of India Limited (NSE)	:	SUZLON
	Bombay Stock Exchange Limited (BSE)	:	532667
	International Security Identification Number (ISIN) for equity shares held in Demat form with NSDL & CDSL	:	INE040H01021*

* The Company has sub-divided the face value of its equity shares of Rs 10 each into five equity shares of face value of Rs 2 each with effect from January 28, 2008 being the Record Date fixed for the purpose. Pursuant to the sub-division, the previous ISIN # INE040H01013 has been deactivated and a new ISIN # INE040H01021 has been allotted to the Company.

(vii) Market price data

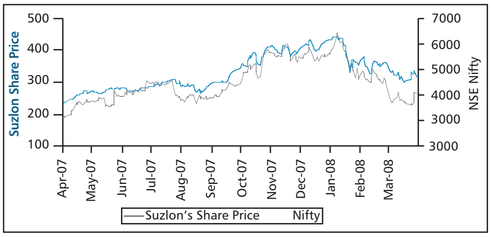
Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2007-08 at NSE and BSE are noted below:

Stock Exchange	NSE			BSE		
Month	High	Low	No. of shares traded	High	Low	No. of shares traded
Apr-07*	247	186	63378170	247	186	20730195
May-07*	284	222	86018415	284	222	32817315
Jun-07*	311	246	90917660	311	252	31010000
Jul-07*	314	246	71813230	314	242	20675665
Aug-07*	268	230	81076055	266	230	24849190
Sep-07*	303	249	64811630	303	249	15912970
Oct-07*	405	291	105760845	406	257	33139790
Nov-07*	432	350	82753570	432	355	14734890
Dec-07*	411	353	64347050	412	360	8971685
Jan-08*	460	300	81458219	460	300	27015466
Feb-08	345	275	67051453	345	275	23669617
Mar-08	282	221	144669234	285	220	47196803

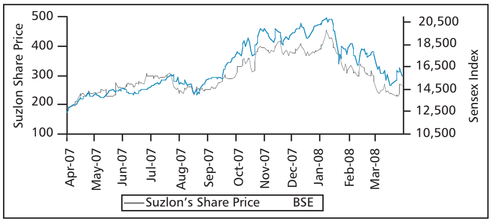
*The equity share of Rs.10 each was sub-divided into 5 equity shares of Rs.2 each with effect from January 28, 2008, being the Record Date fixed for the purpose. For the sake of comparison, the quotations prior to the sub-division have been restated on the basis of Rs.2 each per share.

(viii) Performance of the Company in comparison with the broad-based indices

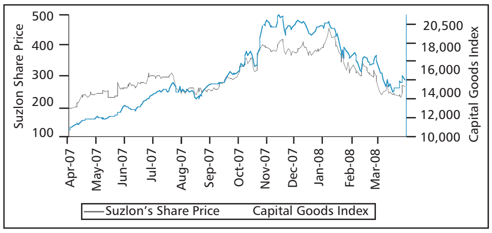
a.Comparison of the Company's share price with NSE Nifty



b.Comparison of the Company's share price with BSE Sensex



c.Comparison of the Company's share price with BSE capital goods index



(ix) Registrar and share transfer agents:

M/s Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081
Tel: (91 40) 23420815 /16 /17 / 18
Fax: (91 40) 23420814
E-mail: einward.ris@karvy.com, mailmanager@karvy.com
Website: www.karvy.com
Contact person: Mr. V.K.Jayaraman,
General Manager and
Mr. S. Krishnan, Senior Manager.

(x) Share transfer system:

The shares of Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer in line with corporate governance requirements, the Company has delegated the power of share transfer to Registrar and share transfer agent - M/s Karvy Computershare Private Limited.

All communications regarding change of address (if the shares are held in physical form), transfer of shares and change of mandate (if the shares are held in physical form) can be addressed to M/s Karvy Computershare Private Limited, Hyderabad, our registrar & share transfer agent.

(xi) Distribution of shareholding

a. The distribution of shareholding of the Company as on March 31, 2008 is noted below:

Shareholding of nominal value	No. of shareholders	% to total shareholders	Nominal amount of shares held	% to total shareholding
Up to 5000	257068	99.44	46396952	1.55
5001-10000	552	0.21	4117144	0.14
10001-20000	258	0.10	3915804	0.13
20001-30000	100	0.04	2490626	0.08
30001-40000	57	0.02	2030780	0.07
40001-50000	31	0.01	1422068	0.05
50001-100000	77	0.03	5454414	0.18
100001 & above	384	0.15	2928041012	97.80
Total	258527	100.00	2993868800	100.00

b. Shareholding pattern as on March 31, 2008

The shareholding pattern of the Company as on March 31, 2008 is noted below:

Category	No. of shares	Percentage
Promoters (including persons acting in concert)	986268000	65.89
Foreign Institutional Investors	320192626	21.39
Non-resident Indians / Overseas Corporate Bodies	10137815	0.68
Mutual Funds, Financial Institutions and banks	58889403	3.93
Private Corporate Bodies	15808703	1.05
Resident Indians	105637853	7.06
Total	1496934400	100.00

(xii) Dematerialisation of shares

The equity shares of the Company are compulsorily traded in dematerialised form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) of the Company under Depository System is INE040H01021.

Number of shares held in dematerialised and physical mode as on March 31, 2008 are noted below:

Particulars	No. of shares	% of total capital issued
Shares held in dematerialised form with NSDL	1469922873	98.20
Shares held in dematerialised form with CDSL	17234962	1.15
Shares held in physical form	9776565	0.65
Total	1496934400	100.00

(xiii) Outstanding GDRs / ADRs etc:

During the year, the Company has made an issue of zero-coupon convertible bonds to the tune of USD 500 million comprising 500,000 bonds due 2012 of USD 1,000 each in two separate phases of 300,000 (Phase I bonds) and 200,000 (Phase II bonds).

Each Phase I bond is convertible, at any time on or after July 22, 2007 but prior to close of business on June 5, 2012, into equity shares to be issued at a pre-determined price of Rs. 359.68 per share at a pre-determined rate of US$1 = Rs.40.83. The shares allotted on such conversion will aggregate to 2.22% of the post-conversion equity base of the Company based on the equity base of March 31, 2008.

Each Phase II bond is convertible, at any time on or after November 20, 2007 but prior to close of business on October 4, 2012, into equity shares to be issued at a pre-determined price of Rs.371.55 per share at a pre-determined rate of US$1 = Rs.39.87. The shares allotted on such conversion will aggregate to 1.38% of the post-conversion equity base of the Company based on the equity base of March 31, 2008.

(xiv) Office locations

1-8-304/307, 3rd Floor, Kamala Tower, Pattigadda Street # 1, S.P.Road, Secunderabad-500 003.	301, Omega Towers, 9th Lane, Rajarampuri, Main Road, Kolhapur- 416 008.
312, 3rd Floor, 305, S.C.O. 215-217, Sector 34-A, Chandigargh-160 034.	1102, Raheja Towers, 12th Floor, 214, Nariman Point, Free Press Journal Marg, Mumbai-400 021.
Shop No. 238, 240 & 241, 2nd Floor, Lalganga Shopping Mall, Raipur, Chhattisgarh State.	6th Floor, East Quadrant, IL & FS Financial Centre, Plot No C-22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
Eros Corporate Towers, 9th Floor, Nehru Place, New Delhi-110 019.	KAKS Business Centre, 7th Floor, NCL Building, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.
"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009.	Ground Floor, Godrej Millennium, 9, Koregaon Park Road, Pune-411 001.
Sr. No. 588, At Village Paddhar, Taluka Bhuj, District Kutch-370 104.	2nd, 3rd & 5th Floor, Godrej Millennium, 9, Koregaon Park Road, Pune-411 001.
Alkapuri, 412/413, Centre Point, 4th Floor, R.C.Dutta Road, Baroda-390 005.	1, Ground Floor, The Orion' Koregaon Park Road, Pune-411 001.
Office 305, VCCI Complex, Makarpura, Baroda.	5th Floor, Gera Legend, North Koregaon Park Road, Pune-411 001.
1/4, Amrut Commercial Centre, Sardar Nagar, Main Road, Near Aston Cinema, Rajkot.	Office No. 303 & 304, 3rd Floor, Weikfield IT City Info Park, Vadgaonsheri, Nagar Road, Tal. Haveli, Dist. Pune-411 014.

Office Locations:

206, Golden Arcade, Plot No. 141/142, 2nd Floor, Sector-8, OSCI Road, Gandhidham, Kutch-370 20, Gujarat.	1st Floor, "Neelkanth", A1-Bhavani Singh Road, Opp. Nehru Sahkar Bhavan, C-Scheme, Jaipur-302 001, Rajasthan.
4th Floor, Shiv Towers, Patto, Panjim, Goa.	Unit No. 305, 3rd Floor, Marudeep Complex, 1st-A-Road, Sardarpura, Jodhpur-342 003, Rajasthan.
4th Floor, Kankaria Estate, 6, Little Russel Street, Kolkata-700 071, West Bengal.	2nd Floor, PRM Plaza, 947, 10th D Road, Sardarpura, Jodhpur-342 001, Rajasthan.
Unit No.101A , Prestige Towers, No. 100/25, Ward No.76, Field Marshal K.M.Karriappa Road, (Residency Road), Bangalore-560 025, Karnataka.	Office 46, Heera Panna Market, Pur Road, Bhilwara-311 001, Rajasthan.
2nd Floor, No. 457/1, B1, Vivekanand Hospital Road, Deshpande Nagar, Hubli-580 029, West Bengal.	Ground Floor, 6, 36, 37, Ganpati Mall, Bhiwadi, Rajasthan.
C-12/13, 2nd Floor, Commercial Complex, LHH Road, Opp. KMC, Mangalore- 425 880, Karnataka.	201, Business Centre, 1, Madhuvan, Udaipur, Rajasthan.
T.C. 15/610 (4), Kumari Nilayam, Udarasiromani Road, Vellanambalam, Sarathamangalam, P.O- Trivandrum-695 010, Kerala.	106, Delta Wing, 1st Floor, Raheja Towers, 177, Anna Salai (Mount Road), Near LIC Building, Chennai-600 002, Tamil Nadu.
Thomson Chambers, Pallimukku Junction, M.G. Road, Ernakulam, Kochi-682 016, Kerala.	Office No.6, Wellington Plaza Shopping-cum-Office complex, 90, Anna Salai, Chennai-600 002, Tamil Nadu.
Office No. S.F.13, IInd Floor, Manasarover Complex, MH-12 (Hoshingabad Road), Near MPSRTC Depot, Bhopal-462 016, Madhya Pradesh.	Plot No. 108/4, 1st & 2nd Floor (East Wing), Srivari Gokul Tower, Race Course Road, Coimbatore-641 018, Tamil Nadu.
103, Sapphire Twins Building, 1st Floor,Office No. 102 & 103, Plot No. 16-17, A.B.Road, PU-3, Scheme No.54, Indore- 452 008, Madhya Pradesh.	4 & 5 Aparna, A.A.Tower, 2nd Floor, By-Pass Road, Madurai-625 010, Tamil Nadu.
Orbit Mall, 3rd Floor, Office No. 328 & 335, Scheme No. 54, PU- 4, 305 / 306, AB Road, Indore-452 001, Madhya Pradesh.	Ashirwad Complex, 1st Floor, Door No.49-A, Advaitha Ashram Road, Salem-636 004, Tamil Nadu.
Block No.141-144, Shriramshyam Tower,1st Floor, S.V. Patel Marg, Sadar, Near NIT Building, Nagpur-440 012, Maharashtra.	11/2, Samad School Street, Khaja Nagar, Trichy-620 020, Tamil Nadu.
Ethibiz Towers, Jalana Road, Near Venkateshwara Gas Agency, Aurangabad-431 005, Maharashtra.	Office Block No.704, Capital Towers, Door No.180, 7th Floor, Kodambakkam High Road, Chennai-600 034, Tamil Nadu.
Ground Floor & First Floor, 285/10, Koregaon Park, Behind Singh Motors, Opposite Hotel Gulmohar Jupiter, Pune.	Orion Tower, Plot No.11, Near LIC Head Office, City Centre, Gwalior, Madhya Pradesh.

Ground Floor, Centre Point # 501/1741, Kharvela Nagar, Janpath, Bhubaneshwar-751 001, Orissa.	Flat No.2, 2nd Floor, Uttam Palace, Sapru Marg, Hazaratganj, Lucknow-226 001, Uttar Pradesh.

Factory Locations:

Survey No. 588, Paddar, Bhuj-370 105, Gujarat.	Survey No. 282, Chhadvel (Korde), Sakri, Dhule-424 305, Maharashtra.
Plot No. H-24 & H-25, M. G. Udyognagar Indl. Estate, Dabhel, Daman-396 210.	Survey No. 574, 59 Thiruvandarkoil, Thribhuvani Road Pondichery-605 107.
Plot No. 306/1 & 3, Bhimpore, Nani Daman, Daman-396 210.	Block No. 93, National Highway No. 8, Varnama-Vadsala, Dist. Vadodara-391 240.
Survey No. 42/ 2 & 3, 54, 1 to 8, Bhenslore Road, Dunetha, Daman-396 210.	Survey No. 86/3-4, 87/1-3-4, 88/1-2-3 89/1-2, Kadaiya, Daman-396 210.
Plot No. 57/3, (2&3), Dunetha, Daman (U.T.)-396 210.	Plot No. 77, 13, Opp. GDDIC, Vanakbara Road, Village Malala, Diu-362 520.

Technical Service Centre:
425, Near Bajaj Auto,
Chakan Material Gate, Talegaon-Chakan Road,
Mahalunge Gaon, Taluka Rajgurunagar,
Pune-410 501, District Maharashtra.

Training Centre:
2nd & 5th Floor, Business Avenue,
Near Cosmos Bank, Near Koyla Restaurant,
North Main Road, Koregaon Park Road,
Pune-411 001, Maharashtra.

(xv) Address for correspondence:

Registered Office:
"Suzlon", 5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura,
Ahmedabad-380 009, Gujarat.
Tel.: +91-79-26471100
Fax: +91-79-26565540 / 26442844
E-mail: investors@suzlon.com

For and on behalf of the Board of Directors of
Suzlon Energy Limited

Place : Mumbai
Date : May 22, 2008

Tulsi R.Tanti
Chairman & Managing Director

DECLARATION UNDER 49(1)(D)(II)

I, Tulsi R. Tanti, Chairman & Managing Director of Suzlon Energy Limited hereby declare that, as of March 31, 2008, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Ethics laid down by the Company.

For Suzlon Energy Limited

Tulsi R.Tanti
Chairman & Managing Director

Auditors' certificate

To
The Members of Suzlon Energy Limited

We have examined the compliance of conditions of corporate governance by Suzlon Energy Limited, for the year ended on March 31, 2008, as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance to the future visibility of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No: 46238

Place : Pune
Date : May 22, 2008

S.R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No: 89802

Place : Pune
Date : May 22, 2008

NOTICE

ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Suzlon Energy Limited will be held on Wednesday, the 30th day of July 2008 at 11.00 a.m. at Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at March 31, 2008 and the profit & loss account for the year ending on that date together with the directors' report and auditors' report thereon.

2. To declare final dividend on equity shares for the year 2007-08.

3. To appoint a director in place of Mr. Pradip Kumar Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a director in place of Mr. Ashish Dhawan, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint M/s SNK & Co., Chartered Accountants, Pune and M/s S.R. Batliboi & Co., Chartered Accountants, Pune as auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

   "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GoI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GoI, RBI, SEBI and any competent authorities and clarifications issued thereon from time-to-time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of

Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee thereof) consent of the Board is hereby accorded to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets, for a value of up to Rs 5,000 crore (Rupees Five Thousand crore Only), representing such number of Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), and / or Equity Shares through Depository Receipt Mechanism and/or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter collectively referred to as Securities) or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, Employees of the Company and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "Investors") through public issue(s) of prospectus, private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of Chapter XIIIA of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines") and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares for a value up to the amount of Rs 5,000 crore (Rupees Five Thousand crore Only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI DIP Guidelines) pursuant to a qualified institutional placement, as provided under Chapter XIIIA of the SEBI DIP Guidelines."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed."

RESOLVED FURTHER THAT

(a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and

(b) the underlying Equity Shares shall rank pari passu with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities to the holders of the Securities shall, inter alia, be subject to the following terms and conditions:

(a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

(b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders, and

(c) in the event of any merger, amalgamation, takeover or any other re-organisation, the number of shares, the price and the time period as aforesaid shall be suitably adjusted."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s)."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s)."

"RESOLVED FURTHER THAT all the aforesaid powers and authorities be and are hereby further sub-delegated to the Securities Issue Committee of the Board and that the said Securities Issue Committee be and is hereby authorised to sign and execute such letters, deeds, documents, writings, etc. and to do all such acts, deeds, matters and things as might be required in connection with the issue of the Securities which in the opinion of the said Securities Issue Committee ought to have been done, executed and performed in relation to issue of the Securities as aforesaid and the matters incidental and ancillary thereto as duly and effectually as the Board could have done without further reference to the Board."

By order of the Board of Directors of
Suzlon Energy Limited

Place : Mumbai
Date : May 22, 2008

Hemal A. Kanuga,
Company Secretary.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The instrument appointing proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before commencement of the Thirteenth Annual General Meeting of the Company.

3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed herewith.

4. The register of members and share transfer books of the Company shall remain closed from Monday, July 21, 2008 to Wednesday, July 30, 2008 (both days inclusive) for the purpose of payment of final dividend for the year 2007-08 and for Annual General Meeting. The final dividend, if declared by the members at the ensuing Thirteenth Annual General Meeting shall be paid within 30 days from the date of the Annual General Meeting to those members of the Company whose names appear (a) as Beneficial Owners as on July 20, 2008 as per the list to be furnished by the Depositories in respect of the shares held in electronic form; and (b) as Members in the Register of Members of the Company as on July 20, 2008 after giving effect to all valid share transfers in physical form received on or before July 20, 2008.

5. All transfer deeds, requests for change of address, bank particulars / mandates / ECS mandates, PAN should be lodged with Company's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited, 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081 in case of shares held in physical form on or before July 20, 2008. The above details in respect of the shares held in electronic form should be sent to the respective Depository Participants by the shareholders well in time.

6. Members are requested to furnish the Registrars / Depository Participants, the name and branch of the Bank and Account Number to enable the Company to distribute dividend through Electronic Clearing Services (ECS). In the absence of ECS facility with the Shareholder's bank, the bank account details will be printed on the dividend warrants, if available.

7. Profile of directors seeking re-appointment / appointment as stipulated under Clause 49 of the Listing Agreement with stock exchanges is provided under section “Disclosures” of the report on corporate governance, which forms an integral part of this annual report.

8. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.

9. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company's registered office at least 7 days before the Annual General Meeting so that the same can be suitably replied to.

10. Members / proxies are requested to bring their attendance slip along with their copy of annual report to the meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT
[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No.6:

The resolution contained in the business of the Notice relates to a proposal by the Company to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, SPNs and such other Securities as stated in the resolution (the "Securities"). The Company intends to issue Securities for a value of up to Rs 5,000 crore.

The Special Resolution also seeks to empower the Board of Directors to undertake a qualified institutional placement with qualified institutional buyers as defined by SEBI DIP Guidelines. The Board of Directors may in its discretion adopt this mechanism as prescribed under Chapter XIIIA of the SEBI DIP Guidelines for raising the funds for the expansion plans of the Company, without the need for fresh approval from the shareholders.

In view of the growing operations of the Company and robust and conducive economic environment, the Company intends to capitalise on its potential. The Company has substantial work orders on hand and the Company expects to get new orders in future. Further, with a view to cater to the everincreasing market the Company is also in process of increasing its production capacities. Further, the Company also intends to refinance the financial assistance availed from international lenders for acquisition of Hansen Transmissions International NV and REpower Systems AG as also arrange for finance for acquisition of shares of REpower Systems AG from Martifer and Areva groups. Thus it is proposed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, SPNs and/or such other securities convertible into or linked to Equity Shares to the extent of Rs 5,000 crore in one or another manner and in one or more tranches. Such further issue of such securities would provide a platform to the Company to meet to its fund requirements and improve the financial leveraging strength of the Company.

It be please noted that the members had on December 6, 2007 approved an amount of Rs 5,000 crore for issuance of equity shares, GDRs, ADRs, FCCBs, SPNs and/or such other securities convertible into or linked to Equity Shares and of which the Company has issued 1,13,86,000 equity shares to qualified institutional buyers under Chapter XIIIA of SEBI Guidelines at an issue price of Rs 1,917/- per equity share aggregating to about Rs 2,183 crore. However, considering the ongoing business requirements, it is proposed to raise additional funds and accordingly proposed to raise an aggregate amount of Rs 5,000 crore.

The detailed terms and conditions for the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The pricing of the international issue will be free market pricing and may be at a premium or discount to the market price in accordance with international practices, subject to applicable Indian law and guidelines. The same would be the case if the Board of Directors decide to undertake a qualified institutional placement under Chapter XIIIA of the SEBI (Disclosure and Investor Protection Guidelines), 2000. As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Securities or shares to be issued. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The Securities issued pursuant to the offering(s) would be listed on the Indian stock exchanges and/or internationally recognised stock exchange and may be represented by Securities or other Financial Instruments outside India.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board may in its absolute discretion deem fit.

The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

Section 81(1A) of the Companies Act, 1956 and the relevant clause of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company.

The Board of Directors believes that the issue of Securities to investors who are not shareholders of the Company is in the interest of the Company and therefore recommends the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

By order of the Board of Directors of
Suzlon Energy Limited

Place : Mumbai
Dated : May 22, 2008

Hemal A. Kanuga,
Company Secretary.

ATTENDANCE SLIP & PROXY FORM

SUZLON ENERGY LIMITED

"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009

ATTENDANCE SLIP

13th Annual General Meeting

July 30, 2008

DP ID...

Folio No/Client ID.................................

Full name of the shareholder/proxy attending the meeting

....

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY

(Strike out whichever is not applicable)

Full name of first holder...

(If Joint holder/proxy attending) (First Name) (Second Name) (Surname)

....

Signature of the Shareholder/proxy

- -

SUZLON ENERGY LIMITED

"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009.

PROXY FORM

DP ID.......................................

Folio No/Client ID......................

I/We ....of..

....

(Full address)

In the state of..being a member(s) of Suzlon Energy Limited

hereby appoint...

(Name in Blocks)

of..in the State of...or failing

(Address)

him/her...of...

(Name in Blocks) (Address)

In the State of ....as my/our proxy to vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held on Wednesday, July 30, 2008, at 11 am, at Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006 and/ or at any adjournment thereof.

As witness my/our hand/s is/are affixed this ....day of..................................2008.

(Date) (Month)

Affix 15 Paise Revenue Stamp

Signature....................................

Note: 1. The proxy need not be a member of the Company.

2. The proxy form duly signed across 15 paise Revenue stamp should reach the Company's registered office at least 48 hours before the time of the meeting.

REGISTERED OFFICE

"Suzlon" 5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura, Ahmedabad - 380 009
Tel.: +91-79-2647 1100
Fax: +91-79-2656 5540

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