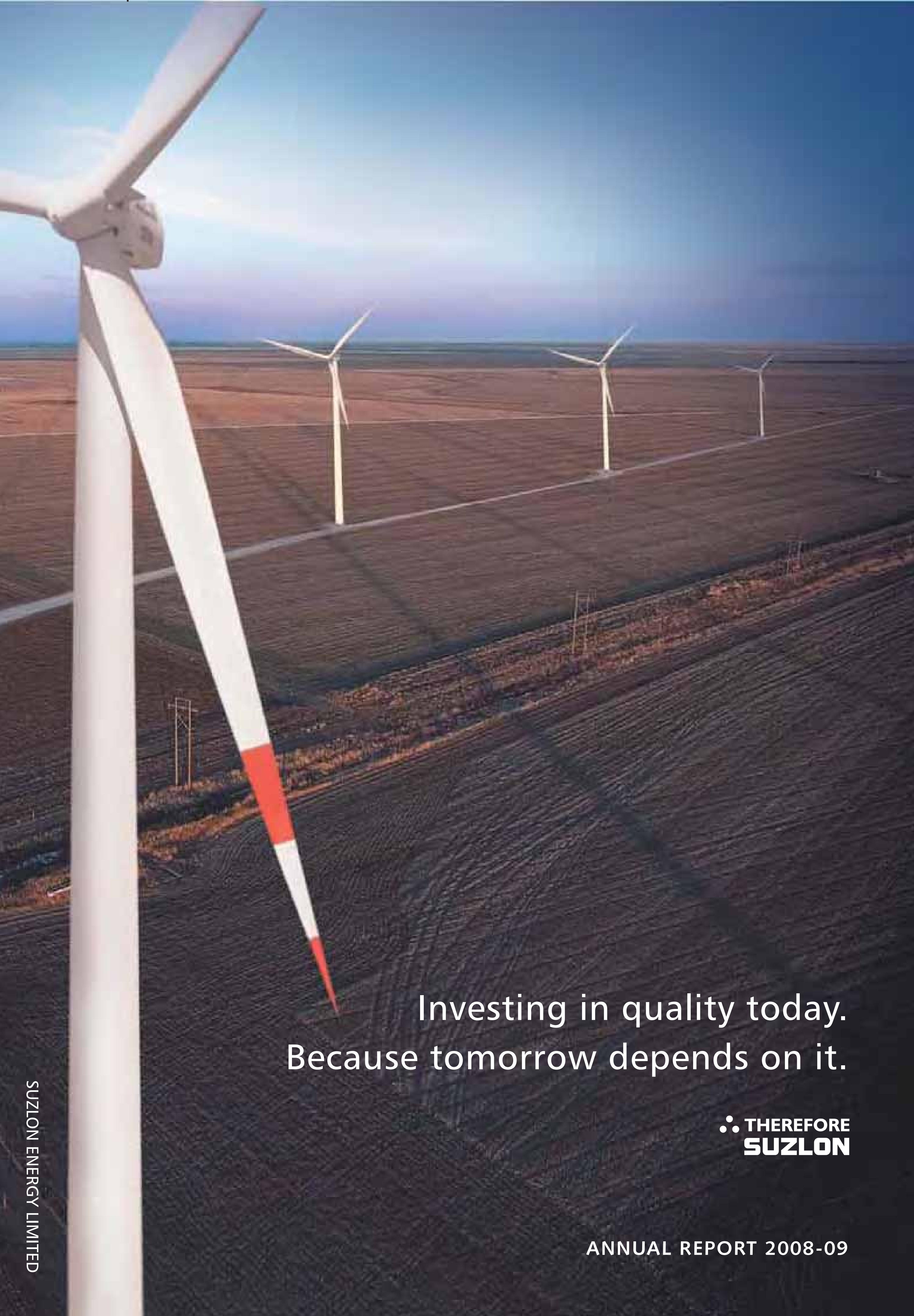

Investing in quality today. Because tomorrow depends on it.

THEREFORE SUZLON

ANNUAL REPORT 2008-09

SUZLON ENERGY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Tulsi R. Tanti	Chairman & Managing Director
	Girish R. Tanti	Executive Director
	Ajay Relan	Independent Director
	Ashish Dhawan	Independent Director
	Pradip Kumar Khaitan	Independent Director
	V. Raghuraman	Independent Director

COMPANY SECRETARY: Hemal A. Kanuga

AUDITORS

SNK & Co. Chartered Accountants E-2-B, The Fifth Avenue Dhole Patil Road Near Regency Hotel Pune - 411 001, India	S.R. Batliboi & Co. Chartered Accountants C-401, 4th Floor Panchshil Tech Park Yerwada, Near Don Bosco School Pune - 411 006, India

BANKERS

Bank of Baroda	Punjab National Bank
Bank of Maharashtra	Standard Chartered Bank
Citibank, N. A.	State Bank of Bikaner & Jaipur
State Bank of India	State Bank of Indore
The Hongkong and Shanghai Banking Corporation Limited	State Bank of Patiala
Axis Bank Limited	Indian Overseas Bank
Industrial Development Bank of India Limited	ING Vysya Bank Limited
ICICI Bank Limited	

REGISTERED OFFICE

"Suzlon", 5, Shrimali Society
Near Shri Krishna Complex, Navrangpura
Ahmedabad - 380 009, India
Tel.: +91-79-2647 1100
Fax: +91-79-2656 5540
Website : www.suzlon.com

CORPORATE OFFICE

5th Floor, Godrej Millennium
9, Koregaon Park Road, Pune - 411 001, India
Tel.: +91-20-4012 2000
Fax: +91-20-4012 2100

BRANCH OFFICES

Bangalore	Indore	New Delhi
Chennai	Jaipur	Rajkot
Coimbatore	Kolkata	Surat
Hyderabad	Mumbai	Thiruvananthapuram
Lucknow	Madurai	Vadodara

FACTORY LOCATIONS

Survey No. 588 Paddar, Bhuj - 370 105 India	Survey No. 574, 59 Thiruvandarkoil, Thribhuvani Road Pondicherry - 605 107, India
Plot No. H-24 & H-25 M. G. Udyognagar Indl. Estate Dabhel Daman - 396 210, India	Block No. 93 National Highway No. 8 Varnama-Vadsala, Dist. Vadodara - 391 240, India
Plot No. 306/1 & 3 Bhimpore, Nani Daman Daman - 396 210, India	Survey No. 86/3-4, 87/1-3-4, 88/1-2-3 89/1-2, Kadaiya, Daman - 396 210, India
Survey No. 42/ 2 & 3, 54, 1 to 8 Bhenslore Road, Dunetha Daman - 396 210, India	Plot No. 57/3, (2&3) Dunetha, Daman (U.T.) - 396 210, India
Plot No. 77, 13, Opp. GDDIC Vanakbara Road, Village Malala Diu - 362 520, India	

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, India
Tel.: +91-40-2342 0815/16/17/18
Fax: +91-40-2342 0814
E-mail: einward.ris@karvy.com, mailmanager@karvy.com
Website: www.karvy.com

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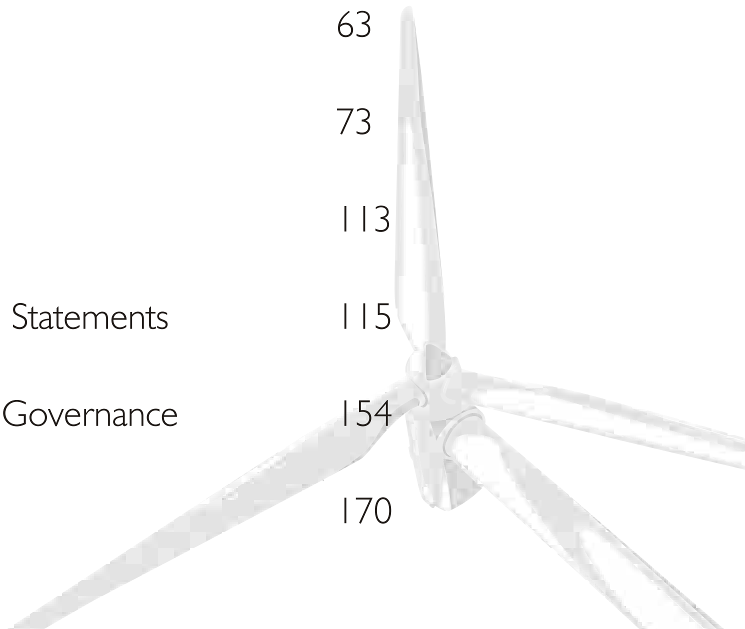
SECTION 2




Suzlon wind farm at Spanish Fork, USA

VISION

To be the technology leader in the wind energy industry.

To be among the top three wind energy companies in every market that we are present in.

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.

LETTER FROM THE CHAIRMAN

The world is today in the midst of unprecedented economic upheaval. The credit crisis, triggered mainly by a sub-prime mortgage bust centered in the United States, has had a cascading effect on the global economy – disrupting the economic landscape and forcing a re-evaluation of the perception of growth and prosperity that we have held unquestioned for so long.

However, while the credit crisis has wreaked havoc across nations, economies and industries – it has also forced a much needed re-evaluation of our economic priorities, the pattern of human consumption and the very way we look at growth and development. The lessons we learn do not just apply to the financial world. The challenges we face today, and the very roots of the crisis offer us more fundamental insights into how we as citizens, industries, economies and nations need to meet the changing face of the world we live in – and the ever increasing climate crisis.

If we examine it at a fundamental level – both crises are a direct result of our insatiable thirst for resources, and drive for consumption regardless of consequences. The question we should be asking ourselves is – can we go on like this?

As Albert Einstein once famously noted, "We can't solve problems by using the same kind of thinking we used when we created them." This holds true today more than ever. Our approach to the way we consume the resources available to us have a clear, direct impact on our future – and every decision we make, needs to measure up to the greater good of the entire world.

At Suzlon, this is neither new nor news. We have long held that development needs to be fundamentally sustainable to be considered development. For sustainable development, we only need to look for the one common, fundamental denominator for all human activity - energy.

The acceptance of this reality is now universal, and is demonstrated in the commitment of nations and corporations to adopt renewable energy as a mainstream source of power. Wind energy is by far the most advanced utility scale renewable energy technology available to the world today, and the growth of the industry reflects wind energy taking its place as a mainstream and long term source of power. At Suzlon, we have been at the forefront of the wave.

The past year has brought many challenges, with unprecedented changes to the economic climate and we have proven ourselves fully capable of changing with the environment, adjusting our strategies to take on a dynamic business landscape.

Despite the global economic slowdown, 2008 saw another record year for new installations in wind industry. Global capacity surged by 28.8% in 2008 with the world's total installed capacity reaching 120GW at the end of 2008, over 27GW of which came online in 2008 alone. This 120 GW of global wind capacity installed will produce 260 terawatthours (TWh) of electricity and save 158 million tonnes of CO_2 every year.

Notably, the US surpassed Germany to become the number one market in wind power in terms of annual installations. China continued to grow with its total capacity doubling for the fourth year in a row.

Looking ahead, all of the fundamental drivers behind the growth of the wind industry remain in place. However, the concerns about the financial crisis and its spillover into the real economy may affect the pace of growth of the wind industry in the near term. While long term secular outlook continues to be robust, due to lack of liquidity we can expect to see a temporary slowdown in the growth story for nine to twelve months. However, with the high focus on sustainable and secure energy sources, the wind energy sector will be among the leaders in rebounding from recessionary conditions. In fact, the Global Wind Energy Council (GWEC) projects that global wind generating capacity will stand at 332GW by 2013 up from 120GW at the end of 2008 thereby registering a growth of 176.7%.

We have over the past few months already begun to see encouraging signs, with a significant reduction in commodity prices, logistic costs, inventory and project costs which has translated into overall cost reductions for customers.

We have achieved all this in a very difficult environment by responding quickly and effectively to dynamic changes in the market place, focusing our energies on - improving cost efficiency; focusing on high growth markets; customer centricity; improving product quality through R&D and innovation, and building a strong leadership team.

The result is clearly seen in our market standing. Suzlon and REpower, if taken together, stand as the world's third leading wind turbine supplier group in terms of market share. We also ranked as the leading supplier in India and Australia in 2008, retaining market leadership in India for the ninth consecutive year. Our focus on excellence also shows through in other landmark achievements, in different verticals and business functions in the past year.

Human Resources

We won India's Golden Peacock National Training Award for our philosophy and practices in Learning and Development.

In our pursuit to develop leadership bandwidth within the company, we signed a Memorandum of Understanding (MOU) with the Centre for Creative Leadership and Indian School of Business, Hyderabad to develop our leaders on global practices.

Extending our vision of sustainable development, we signed a MOU with TERI University to establish India's first Post Graduate Programme in Renewable Energy and Management.

One of our goals as a company is to be the best employer in wind industry, and in driving towards this goal we conducted our Employee Engagement Survey, to measure engagement levels and to identify areas for improvement to create a more cohesive, integrated global Suzlon family.

Our new home in Pune, the Sulzon campus named 'One Earth' is nearing completion and will soon provide a world-class work environment to nearly 2,500 employees in a green, energy self-sufficient, integrated campus.

Technology

At Suzlon we derive our technological development programme from a close collaboration between our development teams in Germany, the Netherlands, Denmark and India, the Business Units that market and operate wind turbines in all regions of the world, the production units in India, China and USA, suppliers in Europe, America and Asia and Research Centers experienced in wind energy such as Risø in Denmark, Energy Research Centre (ERC) in the Netherlands and FGH Test Systems in Germany.

To cope with the increased requirements of the expanding global business and our market-leading vertical integration, Suzlon has been continuously investing in expanding its development facilities. We now have over 500 specialists engaged in R&D evenly split between its sites in India and Western Europe. The European locations were particularly selected in close proximity to where the technical talent resides. The teams cover the full scope of R&D from fundamental material research to systems design, integration and field analyses.

Our focus is to design reliable products irrespective of the conditions the turbines have to operate in. Suzlon opened a new cutting-edge Rotor Blade test facility in Vadodara in 2008 equipped to fully validate multiple Rotor Blades up to 65 meters length to standards that far surpass prior practices and are among the most stringent in the industry.

The joint Suzlon-REpower initiative – the Renewable Energy Technology Center (RETC) – also gathered momentum over the past year. The RETC is primarily focused on fundamental research – such as advanced material sciences and applications – that can shape the direction of wind turbine design for the future.

The rising momentum of our technology programme is reflected in our increased patent activities markedly in the past year, more than doubling the number of applications.

Supply Chain

Suzlon is the most vertically integrated wind turbine maker in the world, having manufacturing capability for all key components. New manufacturing facilities in India were commissioned, increasing our manufacturing capacity from 2,700 MW to 4,200 MW in one year.

Suzlon's subsidiary SE Forge's forging facilities of 42,000 rings of up to 5 metre diameter and foundry facilities of 120,000 metric tonnes capacity also entered commercial production in the past year.

We initiated Project SOAR - Strategizing and Operationalizing Action for Results - and other continuous improvement initiatives to bring improvements in quality, productivity and throughput time.

Financial year 2009-10 will see the consolidation and streamlining of manufacturing processes, capacities and infrastructure for high quality, efficient and competitive operations across all units.

We have established a Central Integrated Planning Cell to manage an end-to-end planning cycle to optimise supply chain planning process focusing on full delivery.

We have undertaken measures to reduce working capital and improve liquidity. Structural changes in the planning process to ensure that the procurement is completely aligned with the dynamic market conditions, and shortening the sales to cash cycle have been implemented.

We maintain a close control on logistics, manpower and other costs, maximising efficiency within systems.

Financial Remodeling

We recently undertook, amongst others, a Liability Management exercise for the existing USD 500 million Foreign Currency Convertible Bonds. The debt covenants have been modified and redefined. There has been a reduction in the liability by USD 111 million through buyback and exchange mechanism. It will be our endeavour to continue consolidating our financial and business structure in FY 2009-10. Our focus will be on continuous reduction in the intensity of working capital deployment and inherent reduction of the quantum of debts.

Corporate Social Responsibility

Corporate Social Responsibility is integral to Suzlon - it's the way we do business.

Our CSR effort is based on the premise that the business and its environment are inter-dependent. It focuses on strengthening this organic link through the development of the five capitals - financial, natural, social, human and physical - upon which both business and development depend. We believe that a higher degree of sustainability can be achieved in business by balancing growth in all these areas. Suzlon's CSR framework is strategically designed to encompass all the five capitals in our initiatives through transformative, responsive and proactive programmes.

This CSR programme is today an active component of our business and we are committed to building sustainable business practices and fruitful partnerships with all stakeholders including communities and the environment.

Group Updates

Suzlon achieved the completion of the acquisition of 91% stake in REpower, marking in a major step in harnessing group-wide synergies. Both companies have already achieved closer cooperation with agreements to supply components to REpower turbines from the Suzlon supply chain.

Suzlon subsidiary Belgium-based Hansen Transmissions' commenced commercial operations at its new facilities in India and China, while Suzlon's forging and foundry subsidiary SE Forge also commenced commercial production, supplying components to Suzlon and other companies.

Growth

Looking ahead, we see the economic crisis reshaping the landscape of the business in the coming years. While the growth potential continues to be strong, order visibility may decrease from two years to one year, requiring companies to respond more flexibly to changing demand cycles. More countries will adopt wind power, with specific policies to encourage renewable energy technologies and those geared to drive against climate change.

All major economic forces have announced measures to support renewable energy, underlining the key drivers for renewable energy - energy security, sustainable power sources and climate change concerns. Major wind energy markets including China, the EU, India and the United States have announced aggressive targets and policy supports for renewable energy adoption and many more countries around the world are following suit.

These are challenging times, but opportunities are aplenty. The changes in both the physical climate and the economic climate will provide major opportunities and challenges in front of us, in the coming years, to address and move forward. We at Suzlon are fully prepared to take on these challenges. With nearly 27,000 MW installed amidst the global economic slowdown in 2008, there is no doubt that the wind industry will be among the first to emerge from the crisis and be a catalyst for overall industrial growth.

At Suzlon, we believe that our mission is not just limited to commercial success, but also to drive sustainable development across the social, economic, and ecological sphere. Every project we undertake, every geography we enter, and every community we touch is a reflection of our mission. And we are confident that with your support, we are ready to tackle the challenges and act on the opportunities in our pursuit to power sustainable development with the clean, renewable power of the wind.

Regards,

Tulsi R Tanti
Chairman and Managing Director
Suzlon Energy Limited

Suzlon wind farm at Kutch, India

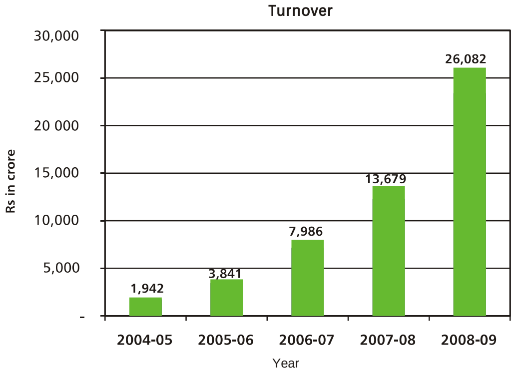
FINANCIAL HIGHLIGHTS

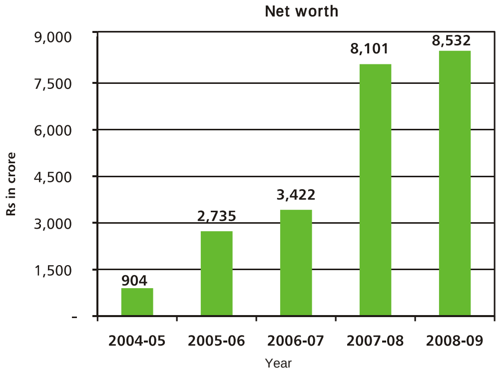
Suzlon Energy Limited and its subsidiaries

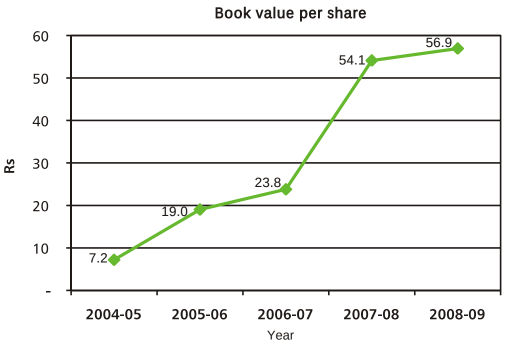
All amounts in Rs crore

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05
MW	2,790.45	2,311.40	1,456.25	963.70	506.70
Sales	26,082	13,679	7,986	3,841	1,942
Total income	26,531	13,947	8,082	3,915	1,966
EBIDTA	2,816	2,051	1,393	889	460
Interest	901	532	252	51	35
Depreciation	573	289	172	72	49
Net profit	236	1,030	864	760	365
Equity share capital	300	299	288	288	87
Net worth	8,532	8,101	3,422	2,735	904
Gross fixed assets	17,086	6,720	4,775	794	389
Net fixed assets	15,265	5,688	4,073	641	308
Total assets	37,551	26,390	12,541	4,901	2,088
Book value per share*	56.9	54.1	23.8	19.0	7.2
Turnover per share*	174.1	91.4	55.5	26.7	15.4
Earning per Share*	1.6	7.1	6.0	5.6	2.9
EBIDTA/Gross turnover (%)	10.8	15.0	16.8	23.2	23.7
ROCE (%)	10.0	12.7	19.8	37.2	43.0

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







HUMAN CAPITAL

14000 people, 21 countries, 23 nationalities
and still growing.

Suzlon's main asset is its human resource. Building leadership and technical capability, providing a great place to work and retention of talent are the core values in which Suzlon continues to invest.

Suzlon firmly believes that its people are its greatest asset and have been one of the major forces behind the rapid and successful growth of the organisation. With this belief, Suzlon has taken significant steps in all areas of human resource to institutionalise and embed the appropriate systems and processes.

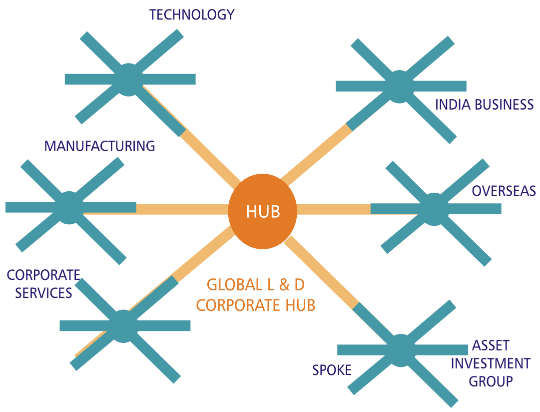
To begin with, all the significant HR leadership positions have been filled and Suzlon has senior leaders heading HR in every country and business as well as leading global processes.

The role of the country and business HR heads is to partner with business units in finding people solutions to business issues. The global HR process owners' responsibility is to bring global best practices in HR, as appropriate for the company.

Suzlon has also appointed leaders with global exposure and extensive experience in some of its key leadership roles, thus providing the required capability to manage a global and complex business.

Creating an Excellence Academy

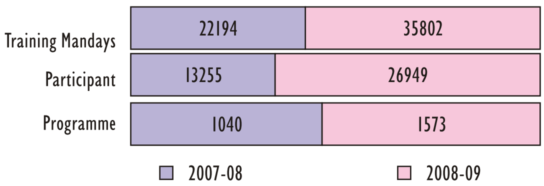
Suzlon envisions to build a world class Excellence Academy which is mandated to build, nurture and continuously enhance the competency capital of Suzlon. The academy

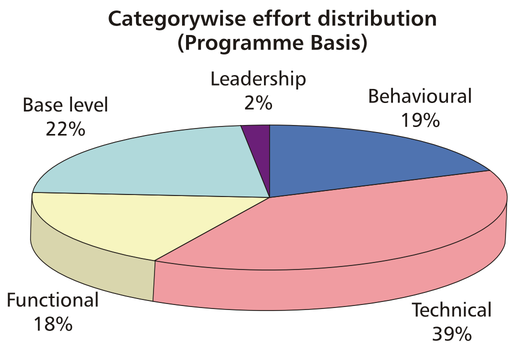


VARIOUS PIPELINES ENABLING SHARING BETWEEN HUB & SPOKE

will align with the strategic and operational business needs and enable the company to enjoy industry leadership through creation and sustenance of world class wind energy professionals. The Hub & Spoke framework has been developed with the aim to achieve the above mandate.

Towards achieving this, the Learning & Development function has formulated a strategy on developing leadership & technical skills, functional knowledge and appropriate behaviour at all levels of the organisation across the world. Managers dedicated to Learning & Development are now embedded in each business and function.





During the FY 2008-09, Suzlon has been adjudged the winner of The Golden Peacock National Training Award for its philosophy and practices in the area of Learning and Development.

Suzlon has signed a Memorandum of Understanding (MOU) with the Centre for Creative Leadership and Indian School of Business, Hyderabad to develop its leaders on global practices in areas of strategy, marketing, finance, etc.

With an aim of promoting sustainability and utilisation of renewable energy, Suzlon has signed an MOU with TERI University in 2009 to conduct India's first Post Graduate Master's Degree Programme in Renewable Energy and Management.


Suzlon wind farm at Pebble Springs, USA

Building a High Performance Organisation

Suzlon has successfully launched a global standard for planning, evaluating and talking about performance called 'DIALOGUE'.

This is a 'result-driven' and 'value-based' tool that has been built by fine tuning the existing performance management system with an aim of building a high performance organisation.

Suzlon has completed scientific assessments of the top 250 leaders in the company by using the services of international consultants and globally accepted research-based psychometric instruments.

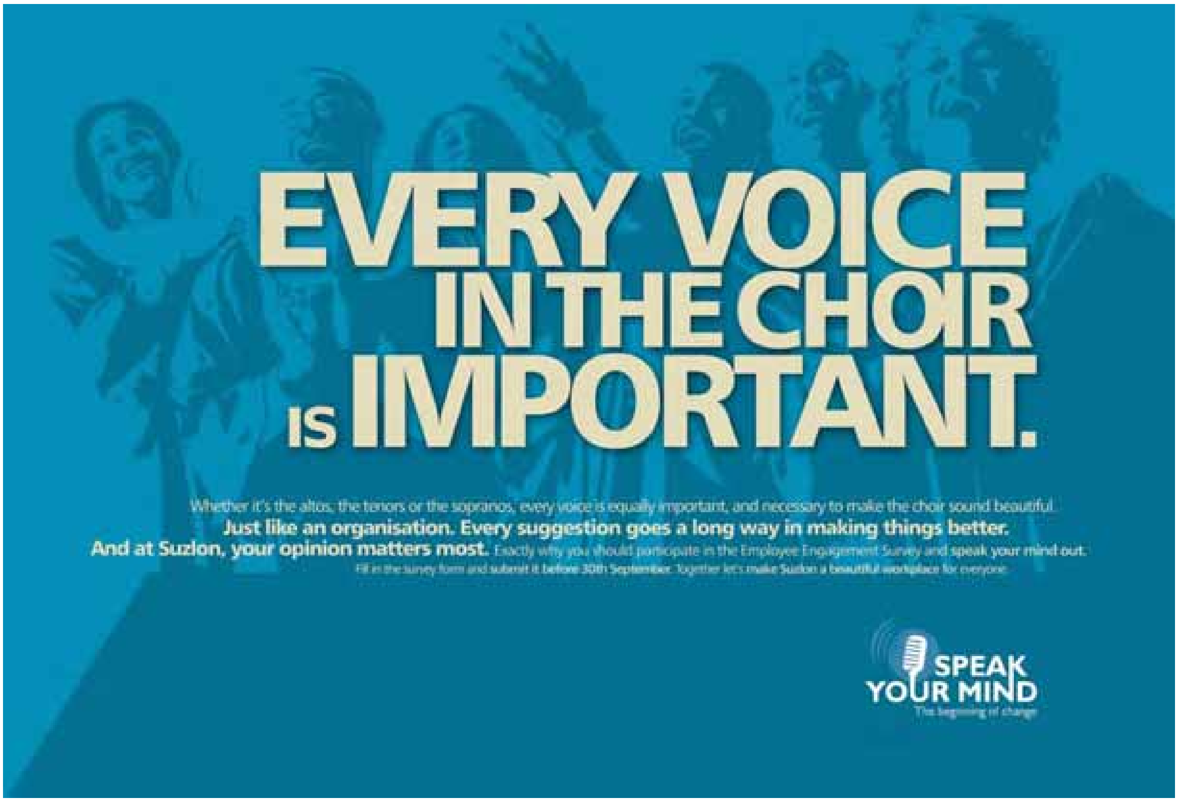
Individual development plans for each of the 250 leaders are being prepared and will be implemented in the following year.

Suzlon has benchmarked its compensation levels for various businesses and functions with relevant organisations in the industry and has linked the same with performance. The ESOP scheme for the last year was finalised and employees have been informed about the eligibility criteria and options.

Towards A Great Place to Work

Suzlon aims to be the best employer in wind industry and as a part of that it conducted its annual Employee Engagement Survey with the help of Gallup. This provided employees with a channel to 'Speak their Mind' and feedback was received from over 80% of the employees. Suzlon pays special attention to analysis and action planning using the results. It will also draw up a global action plan to address employee issues.


Inside a Suzlon wind turbine



Suzlon has a workforce of almost 14,000 employees, spread over 5 continents and drawn from over 23 nationalities, a truly multi-cultural and multi-ethnic team sharing a high performance culture. Such a culturally diverse workforce also brings in multiple perspectives into the organisation which is the fountainhead for innovative thinking and creativity. While leveraging such diversity to its advantage, Suzlon also attempts to provide a sense of unified spirit amongst all employees.

Training and other awareness creation programmes to inform and educate employees on the organisational values have commenced and will be further strengthened next year.

In addition to the above, Suzlon has done significant work in the areas of employee welfare at its factories and site locations and in engaging with the local communities for their development, safety and health.

Most of the work relating to the new campus named 'ONE EARTH' in Pune is nearing completion and this would provide a world class work environment to 2,500 employees.

Suzlon firmly believes that 'Together We Can'. The success of Suzlon is a result of its capability, potential, commitment. Suzlon is focused on building a global family, reaching out to each other and creating the "Suzlon Glue" that will help the organisation work together to create synergies.

Central monitoring system

Suzlon One Earth - The new global headquarters at Pune, India

Sankaneri, India

TECHNOLOGY, RESEARCH & DEVELOPMENT

An investment of 40 million Euros in reliable technology

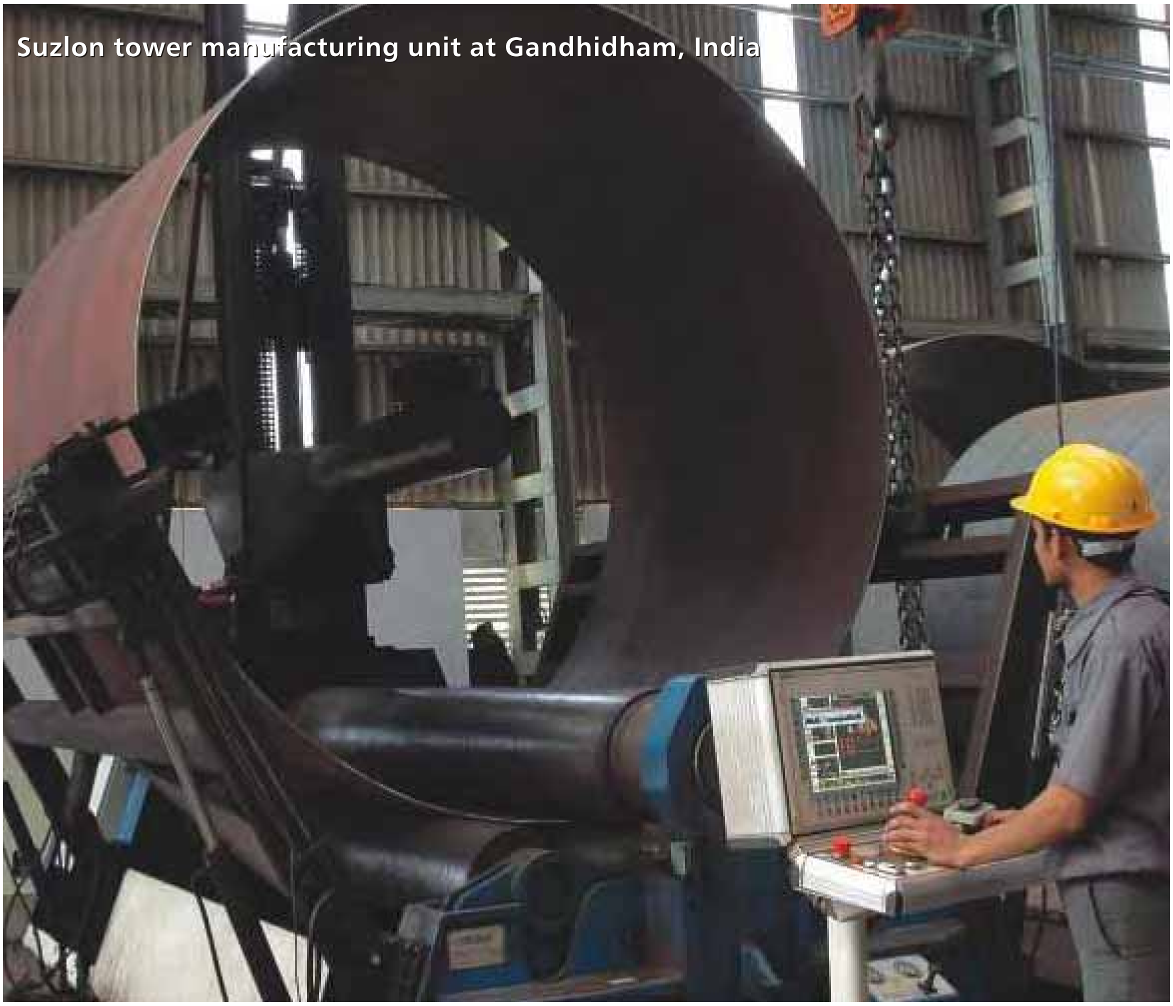
is a small price to pay for reinventing ourselves everyday.

Technology is the key enabler to allow a company to compete successfully in the long run and be the market leader. Wind turbine technology, continues to be a dynamic field of research with focus on reliability and ease of operation, leading to the creation of next generation wind turbines. There is a strong interest to increase the energy yield of turbines at a given rating by improving aerodynamics resulting in improved economics of wind power projects and potentially expanding the market.

The company derives its technological success from a close collaboration between its experienced development teams spread across the globe, including Germany, the Netherlands, Denmark and India. Technology related collaboration also takes place amongst the various business units which sell and operate wind turbines in all the regions of the world, the Production Units in India, China, Europe and USA, the Suppliers in Europe, Americas and Asia and the research centres, experienced in wind energy such as Risø in Denmark, Energy Research Center (ERC) in the Netherlands and FGH Test Systems in Germany.

To cope with the increasing requirements of the expanding global business and its unique level of vertical integration, Suzlon has continually been investing in human capital, in its research and development domain. It now has over 500 persons engaged in technology development and R&D

Suzlon wind farm at Dhule, India



Suzlon tower manufacturing unit at Gandhidham, India

activities, evenly split between India and Western Europe. The European locations have been particularly selected in close proximity to where technical talent is available. These teams cover the full scope of R&D from fundamental material research to systems design, integration and field analysis.

The aim of Suzlon's technological drive is to deliver reliable products to satisfy customers, irrespective of the conditions that the turbines have to operate in - be it hot and dusty climates or cold and mountainous areas, and from congested grid to weak grids conditions.

To achieve this, Suzlon is strongly focused on continuous learning, by first and foremost collecting data from the field 24x7, 365 days a year from a fleet of over 4000 turbines worldwide, analysing their performance by experts and regularly reviewing it on an executive level month by month. This leads to clearly defined programmes to improve on the most important areas in a focused and comprehensive fashion. Additionally, this approach catalyses the fast dissemination of best OMS (Operation, Maintenance and Service) practices around the globe. A new state-of-the-art global 24x7 monitoring center, is being set-up to further improve efficiency of this key function.

Suzlon initiative to Service Customers with a Central 24x7 SURVEILLANCE CENTER

The 24x7 Surveillance Center, a facility for Monitoring, Control and Data Acquisition from Suzlon wind turbines, is being set up to meet the needs of all stakeholders concerned with wind farm management. This facility will support performance analysis, design and engineering feedback and customer reporting initially for turbines installed in India.

Features

- Online monitoring and control of Suzlon wind turbines
- Maintenance of historical data acquired from turbines
- Support to R&D, Engineering & Performance monitoring departments for analysis of turbine data
- Generation of various reports for MIS and customers
- Technical Help Desk to support OMS to achieve highest turbine availability

Suzlon Blade Testing Center at Gujarat, India

Facilities

- Equipped with data servers, work-stations, video walls and communication equipment
- Connectivity to turbines through Virtual Private Network (VPN)
- All the turbines within the sites are connected via fiber optics based network.

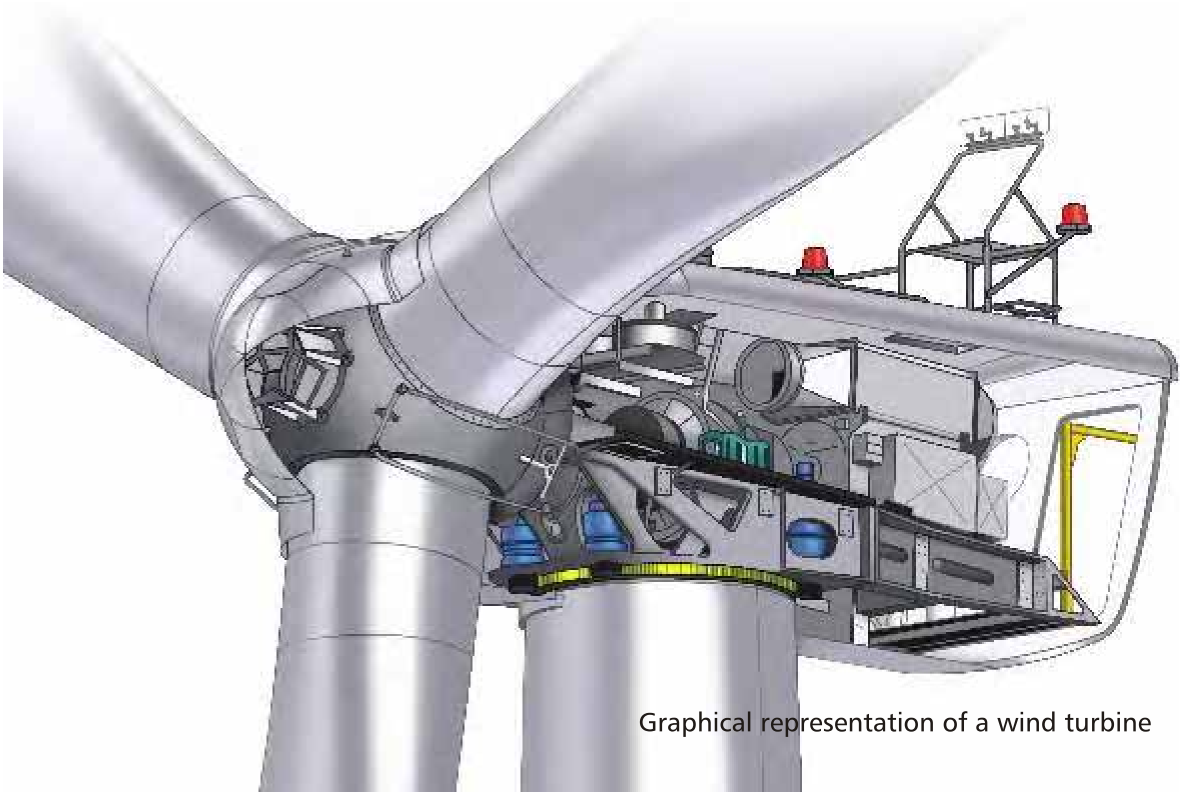
Suzlon, opened a new cutting-edge blade testing facility in Vadodara, India in 2008 which is capable of fully validating multiple blades of various lengths to standards that far surpass prior practice and are probably now the most stringent in the industry. Additionally, non-destructive testing methods are being developed to monitor the conditions of the blades during and after the tests. Other state-of-the-art technologies, such as Laser Shearography and Acoustic Cameras are being used to deepen our understanding of the physics within complex hybrid composite materials.

In addition to this strategically important investment, the company has also recently established new pitch and yaw test stands, applying full scale "hardware-in-the-loop methodology" to test and validate the latest model of blade production (Model : S88-V3) components and systems. The pitch test stand, for example, applies counter forces to simulate real life operating conditions.

To validate and certify the full conformance of controls and power electronics of the Suzlon Flexislip system to the most stringent grid requirements, a measurement container was built and commissioned that allows full load testing of major grid faults on a real turbine connected to the grid, without disturbing the grid itself. It has reliably delivered over 1000 "shots" providing the proof for certification of full Low voltage ride-thru (LVRT) capability. These tests further proved the ruggedness of the Suzlon S88 as not a single major component has suffered any damage from the severe test conditions that a wind turbine would normally never experience in its 20 years of life.

All the learnings from the field and the test sites are plugged into state-of-the-art computer analysis tools that allow static and dynamic modelling of all components in the wind turbine starting with the blades, covering all drive train and structural elements through to the electrical components and finally the grid interface. The system can reliably predict turbine stresses induced by grid disturbances and vice versa grid response to wind gusts.

Suzlon has increased its patent activities markedly in the past year more than doubling the number of applications, thereby consolidating its position in the complex technological domain.



Graphical representation of a wind turbine

MANUFACTURING & SUPPLY CHAIN

Harnessing the power of the wind with a secure supply chain.

Suzlon has more than a dozen manufacturing facilities to meet the needs of every customer. Centralised procurement and integrated logistics, married with decentralised manufacturing facilities, provide the best customer solutions. The focus has always been to provide customers with best value for their money.

Suzlon is the most vertically integrated wind turbine maker in the world having manufacturing capability for all key components. The manufacturing facilities are located in India, China, USA, Belgium and Germany.

Continuous Improvement

During the year, several initiatives were taken to make continuous improvements in the manufacturing facilities. One such initiative was to synchronise production through lean manufacturing facilities at two of the plants in India located at Daman and Pondicherry. The improvements in quality, productivity and throughput time were very encouraging. The learnings from these units have been extended to new manufacturing units at Padubidri, Coimbatore, Vadodara and Tianjin.

Central Integrated Planning Cell

In order to provide improved customer service and control working capital deployment, a Central Integrated Planning Cell was set up during the year. This cell helps to encompass the end-to-end planning cycle to optimise supply chain planning process focusing on timely delivery according to customer requirements.

Working Capital Management

The current economic situation has thrown up some challenges in terms of managing capacity, practice improved inventory management systems and focus attention on customer collections. In order to optimise scarce resources, substantial efforts have been directed

Suzlon manufacturing unit at Daman, India towards improving cash-to-carry cycle. These enhanced efforts will further help in improving the working capital cycle.

Procurement

On the procurement front, the year 2008-09 was a challenging and eventful year. In the second half of the year, the world economic scenario turned for the worse and global recession set in. The challenges in the second half were therefore multifarious.

Despite depreciation of the rupee, the cost of goods (COGs) was kept under control. An effective control system encompassing the key strategies of closer monitoring and aligning the purchase to dynamic market situation was put in place. The strategic focus shifted to reduction in pipeline length, thus giving the necessary flexibility.

The purchase division focused on tactical buying and developed risk mitigation models by refining the geological mix of vendors, increasing local content and developing new vendors with impeccable track record.

Customer Centric Approach

The Supply Chain Management team has strengthened its customer centric approach by laying emphasis on:

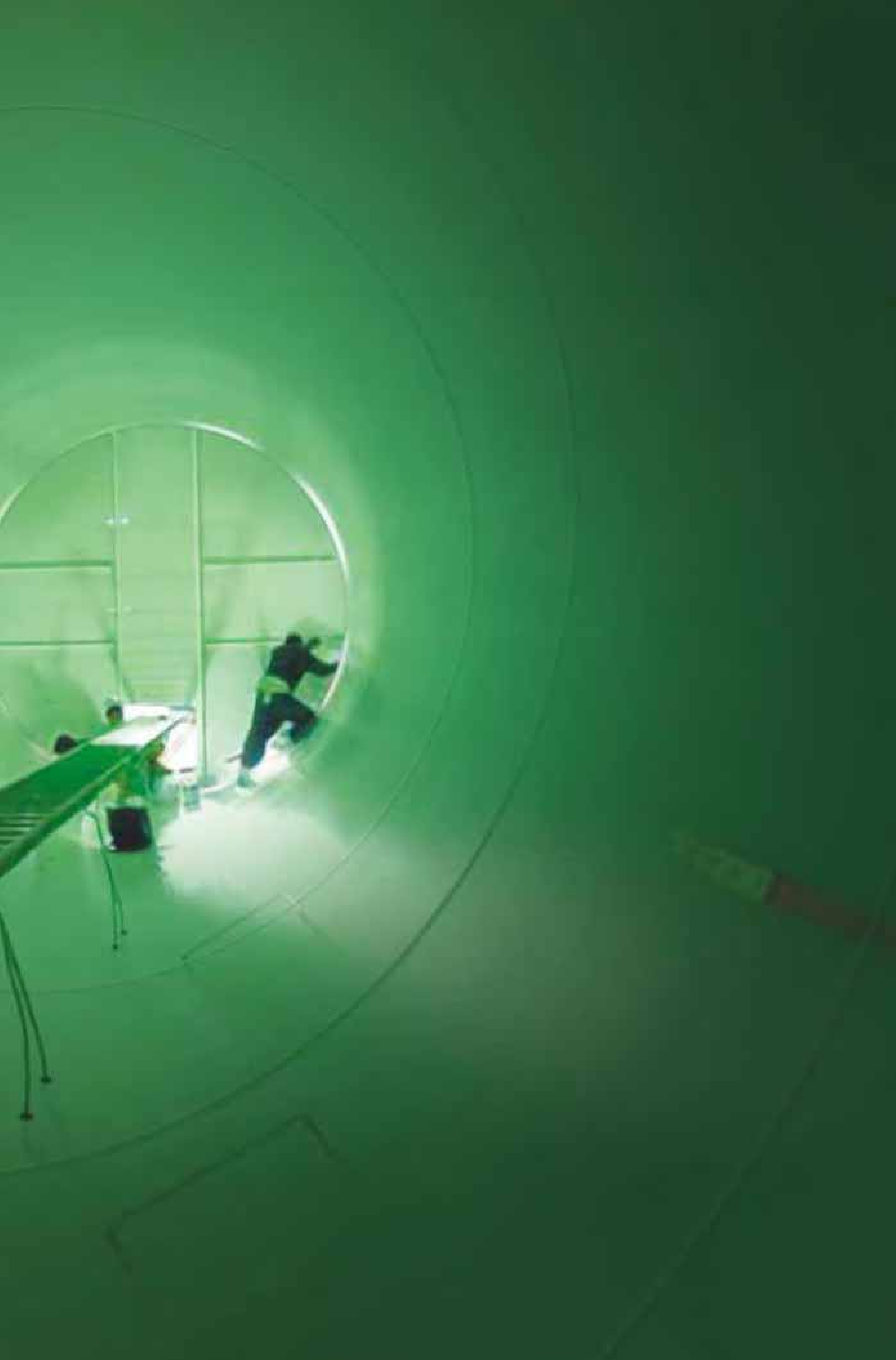
- Product quality
- OTIF (On Time in Full)
- Agility
- Service support

The management has taken active interest in the areas of Quality, Environment & Safety (QES) by restructuring the Quality Management Organisation (QMO) for sustainable quality of products, processes and systems. Quality Management endeavours to drive and enhance existing levels of quality to the next level of excellence through a continued step-by-step focused improvement approach that induces a state of future readiness within the organisation.

Given the global economic slowdown, Supply Chain Management assumes tremendous importance. The focus areas for the coming year are:

- Flexibility to deal with volatile demand
- Standardise processes

Suzlon tower manufacturing unit at Dhule, India



Suzlon manufacturing unit at Tianjin, China

- Supplier quality management
- Improve working capital management
- Control logistics costs
- Enhance efficiencies on all fronts
- Cost leadership
- Integrated planning process
- Value engineering and innovation

The challenges for manufacturing and supply chain management teams are many and diverse. However, the team has set up its processes and systems to meet the ever changing business needs in a diverse and global market place.

Suzlon manufacturing unit at Daman, India

QUALITY, ENVIRONMENT HEALTH & SAFETY

1000 customers. 5 continents. 21 countries.
The addresses change, but the commitment doesn't.

Quality is the fulcrum on which the organisation stands, to provide superior customer service and satisfaction. It encompasses not only product quality but also Environment, Health and Safety of its people and surroundings. A dedicated quality management service team has been set-up to deliver this core business value.

Suzlon has a well established and matured Quality Environment, Occupational Health and Safety Programme, which is fully integrated with the management systems and processes. This brings all the manufacturing and strategic business units under a single standardised quality management programme.

All the Suzlon locations in India and China, including new facilities are ISO 9001 certified. Suzlon's focus continues to be, upgradation of quality wherever required and to provide state-of-art manufacturing processes.

Suzlon has an efficient evaluation process which consists of a dedicated and qualified quality audit team, for assessing and evaluating the performance of Quality, Environment and Safety (QES) management systems like Quality Management System (ISO 9001), Environment Management System (ISO 14001), Occupational Health & Safety Management System (OHSAS 18001) & Information Technology Management System (ISO 27001).

The quality audit processes are now part of the business processes itself, so as to provide sustainable growth and quality leadership. Suzlon is in the process of upgrading the management system to the newly revised standard ISO 9001: 2008.

Looking Forward

Quality planning, quality control and sustainable quality improvements are the basis of the Quality Management (QM) strategies across Suzlon to achieve the mission of having a satisfied customer base, approved supplier portfolio and a highly motivated workforce, which helps in delivering quality products and services.

Suzlon wind farm at Snowtown, Australia

QM Strategies have been designed to develop successful relationships with all stakeholders including customers and vendors, through a consistent evaluation process that promotes communication and continuous involvement. This is enhanced through commitment, trust, co-operation and teamwork amongst the quality delivery team members.

Proactive and collaborative steps have been taken to drive Quality, Environment & Safety (QES) by restructuring the Quality Management Organisation (QMO) for sustainable quality of products, processes and systems.

Quality Management Vision

"To be a Quality Leader through Technology and Sustainable Stakeholder Centric Management"

Quality Management Mission

Suzlon's mission of quality is to maintain a satisfied customer base, qualitative supplier base and a highly motivated workforce by delivering quality products and services. In order to achieve this mission, Suzlon commits itself to :

1 Institutionalise customer focus with timely delivery, quality and product performance that satisfies customers' needs and expectations thereby forging confidence and long term relationships with the customer.

2 Establish a qualitative supplier base having strong focus on quality systems, products and continual improvement.

3 Pursue total quality in every aspect of its organisation creating an environment conducive for team work of a highly trained and motivated workforce who is empowered to reach their fullest potential.

The QM Strategy has been established for next three years with a prime objective of:

Strategic focus at the organisation level in the areas of:

- Restructuring Quality Management Organisation
- Enhancing Design Quality
- Drive Customer Satisfaction at all levels
- Improve Supplier Quality
- Enrich Project & Service Quality

Build and enhance management bandwidth in the areas of:

- People capability and competence

Drive future readiness in the areas of:

- Quality excellence at manufacturing business units, strategic business units and design units.
- Academy for Quality Management
- Sales and Services
- Project Management
- Focus on methodologies : DFMEA, PFMEA, Six Sigma, Benchmarking, Cost of Quality, Cost of Environment, Cost of Safety and PDCA
- Knowledge Management of Quality

Areas for continual improvement are:

- Prototype design, manufacturing, logistics, projects management, operations and maintenance, quality information system, collaborative knowledge management and user-friendly document management systems
- Employee engagement
- Employees/suppliers to be recognised and rewarded for consistently meeting or exceeding goals


SUZL

Spanish Fork, USA

Suzlon wind farm at Hallett, Australia

CORPORATE SOCIAL RESPONSIBILITY

Our wind farms will light up a lot of things.
Schools. Hospitals. Communities. The future.

Corporate Social Responsibility is integral to Suzlon - It's the way we do business. We believe that growth has to be inclusive. For ensuring long term profitability we should invest in sustainable development of communities and the environment. Suzlon Foundation leads CSR for Suzlon with a range of transformative initiatives focusing on improving business policies and practices. In partnership with civil society organisations Suzlon Foundation supports several development projects in the neighbourhood of wind farms and manufacturing units, which are resulting in healthier stakeholders' engagement.

Corporate Social Responsibility
A high priority Mission at Suzlon

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

- having a minimal impact on the natural environment
- enabling local communities to develop their potential
- empowering employees to be responsible civil society members
- committing ourselves to ethical business practices that are fair to all the stakeholders

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

Tulsi R. Tanti
Chairman and Managing Director

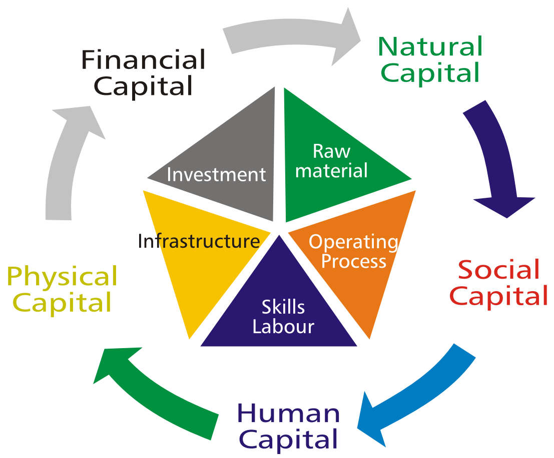
The Suzlon Group endorsed this Mission in December, 2007 and launched Suzlon Foundation

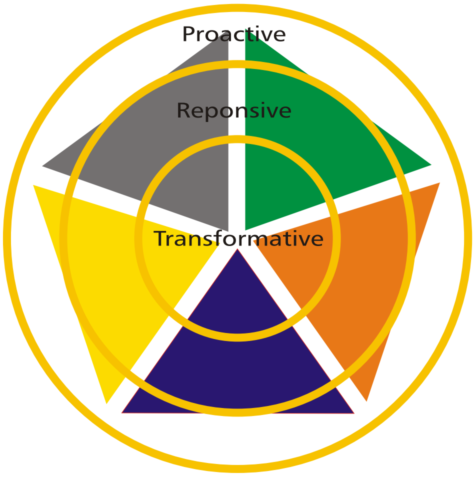
In 2008-09, all the Corporate Social Responsibility initiatives of individual companies within the Suzlon Group were brought under the umbrella of Suzlon Foundation. Having evolved a comprehensive CSR policy and programme framework in the previous year, during 2008-09, Suzlon focused on integrating a CSR and sustainability perspective across the business functions,through sustainable development of projects in partnership with a range of stakeholders.

CSR is integral to Suzlon - It's the way we do business.

CSR in Suzlon is based on the premise that the business and its environment are inter-dependent and focus on strengthening the organic link between them. We believe that a higher degree of sustainability can be achieved in business by balancing growth in all aspects of development - financial, natural, social, human and physical. Suzlon's CSR framework is strategically designed to encompass all five capitals in our initiatives.


Health camp at Dhule, India





Transformative programme aim to continual improvements in business practices and procedures, so that there is minimal harm to the natural, social, human, physical and financial resources around it.

Responsive programme aims to offset (even potentially) negative impact and optimise the positive impact of business on its surroundings.

Proactive programme aims to contribute towards addressing global development issues and sustainability, by going beyond business boundaries.

Each CSR initiative is clearly addressing issue/s arising out of business operations as identified by stakeholders. Unorganised sector labour in the supply chain, neighbourhood communities and natural environment have been and will remain at the center of Suzlon's CSR. Our ability to respond to their interests is essentially a product of our will and recognition that these are business imperatives and not charity .

Health awareness camp at Daman, India

Education initiative in Maharashtra, India

Transformative initiatives - Suzlon does business responsibly: In 2008-09, Suzlon Foundation facilitated a number of in-house initiatives to reflect and revise the business practices. 8% of the total CSR expenditure and 30% of the time of CSR team members was invested in the transformative programme.

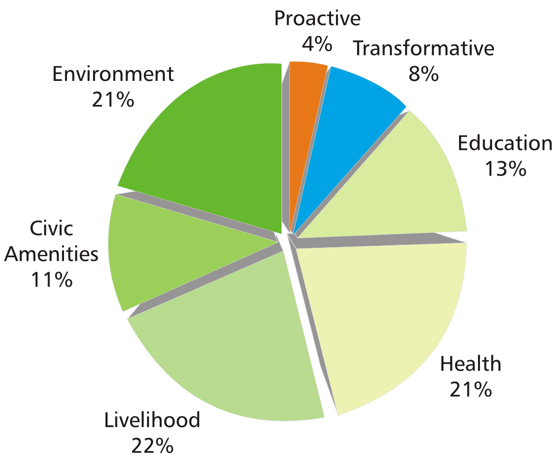
Business related issues	CSR Interventions	Coverage/outcome
HRD • Need for internalising sustainability concepts by employees across all functions • Employee moral and ethical practices	• Sensitisation and awareness generation among employees on "sustainability" through interactive workshops • Engagement in introducing and implementing the policy for prevention of sexual harassment at work and diversity in workforce • Commemoration of various ecological, social, health and rights based days like environment day, TB day, women's day, HIV/AIDS day and Solidarity events, marathon for HIV awareness, blood donation, earth hour to save energy • Providing a platform for employees to be responsible civil society members by facilitating Employee volunteering	• 1200 employees participated in sustainability workshops • 100% cases of sexual harassment investigated and resolved • Greater openness in discussing issues like violence against women and female foeticide or HIV/AIDS • 3432 employees donated blood in 62 locations, 2000 participated in various cleanliness and sanitation drives and 500 participated in planting trees.
Employee Health & Safety • Sanitation and cleanliness at workplace • Post-accident support for contract labour	• Studying industrial canteens to design improvements • Cleaning water bodies and factory premises • Preparation of policy on extension of medical and financial support to contract labour	• Biogas plants design for solid waste recycling ready for three major plants • Welfare and financial support extended to accident victim families of contract labour
Power evacuation • Misconceptions about wind energy leading to non-cooperation • Community resistance to land acquisition • Community dissatisfaction over land use and custody	• Understanding and sharing community perceptions on wind energy and issues they have with land and WTGs • Facilitating revisions in land acquisition process to make it "pro-people, pro-environment" • Orientation workshops for Civil Society organisations on renewable energy sector, CSR and corporate efforts for sustainability • Demonstrating land use planning and conservation measures to benefit neighbourhoods	• An animation film, in regional language to demystify unscientific myths and misconceptions about wind energy • Sensitisation of land teams on social issues related to land alienation and mutually beneficial land use • Roof top rainwater harvesting on one wind farm as a pilot reducing the need for water from tankers by 70% • 210 ha barren land in three wind farms developed into grazing land as pilots for replication in other suitable locations • 1,50,000 trees planted on wind farms • 200 NGO workers oriented in Suzlon's CSR and sustainability efforts
Manufacturing • Waste management • Energy consumption • Occupational Health	• Studying issues related to waste management and suggesting sustainable and efficient systems for waste recycling • Manufacturing Units (MUs), their impacts on health and the preventive care and curative measures required	• Benchmark study on Manufacturing Units (MUs) waste used for designing long term solution • Sustainability report - Global Reporting Initiative pilot in five MUs • Draft of Occupational Health Risks and preventive measures required

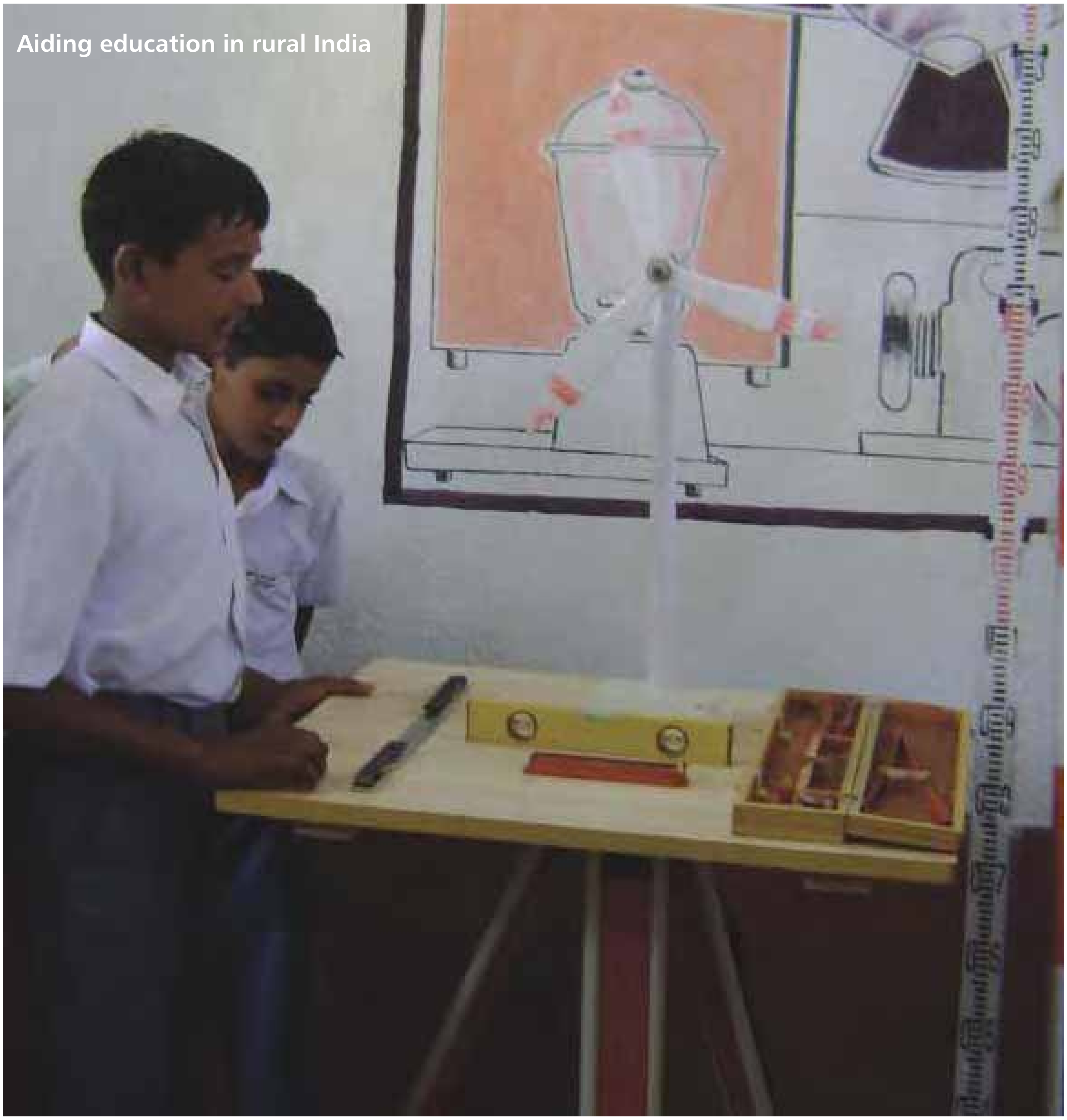
Responsive initiatives - Suzlon acts as a responsible neighbour.

In order to sustainably address the top two or three issues raised by neighbourhood communities, Suzlon Foundation launched partnership projects with civil society organisations in 59% of the locations where the group has presence. 146 projects have been initiated. Through these we cover 371 villages and reach out to over 2,00,000 people.

Stakeholder Issues	CSR Interventions	Coverage/outcome
• Water and fodder shortage impacting animal husbandry; the primary source of livelihood • Declining ground water levels- affecting availability of drinking water	• Soil and water conservation on wind farms and village common lands • Tree plantation • Conservation of biodiversity • Rejuvenation of traditional drinking water sources • Helping village institutions to leverage government schemes for developing local resources	• 800 ha. land treated for soil & water conservation • 30,00,000 cubic meters rain water harvested, increasing ground water level significantly • At least 85% of the 2,20,221 trees planted in the neighbourhood villages have survived • 15 ha land being developed as a biodiversity park for regenerating and conserving local flora & fauna • Increasing environmental awareness in the communities • Mobilised government support for animal vaccines, medical check dams etc
• Stressed livelihoods / poverty / migration / poor quality of health	• Animal health camps in collaboration with Animal Husbandry Department • Capacity building in animal husbandry and organic agriculture • Skill development in manufacturing, product design and marketing • Extending Suzlon clinical services to neighbourhood communities	• Over 25,000 animals vaccinated, • Over 200 local youth trained in animal vaccination • Over to 5000 local men and women farmers trained in organic agriculture • 50 women skills enhanced in leather products manufacturing • 250 families benefited through the revitalisation of 41 traditional crafts units • 84962 patients accessed treatment
• Lack of opportunities for local employment	• Vocational / technical training to youth for increasing technical skills and employability • Introduction of basic technologies to rural children, including non-conventional energy, agriculture, health and home sciences	• Over 500 local youth are under training for skills useful in industry • 700 children are being introduced to basic technology in schools • 186 schools received inputs for improving physical infrastructure • Capacity building of teachers in 26 polytechnics
• Lack of local organisations to handle local issues • Poor civic amenities • Road damages due to transport of heavy machinery	• Organising women in Self-Help Groups to empower women and improve their access to savings and credit. • Road and drainage repairs • Building sanitary blocks • Access to solar lanterns	• 800 new Self-Help Groups formed • 315 families covered under pilot testing for solar lanterns

Budget Allocation





Aiding education in rural India

Powering rural Madhya Pradesh through solar lanterns

Proactive initiatives - Suzlon transcends business issues

Though primarily focused on issues within and around business, Suzlon engages in national and international concerns. The Foundation has developed a Disaster Preparedness and Management Strategy. It supported rescue, relief and rehabilitation in one of the worst disasters in India in 2008, the Kosi river flood in Bihar. Over 8000 Suzlonians voluntarily donated one or more days' salary which Suzlon matched with an equal amount. The contributions were channeled through Project Concern International, a partner organisation of repute in disaster management, for improving drinking water and sanitation situation. In the rehabilitation phase Suzlon has adopted four villages for livestock health improvement to support the main source of livelihood.

Unorganised sector labour is important in manufacturing supply chains; Suzlon has therefore decided to work on their labour and health rights. 1360 industrial workers, hired by 92 different contactors, and servicing 23 different industries - including Suzlon - received health and safety training. In this programme a central depot of safety equipment provides easy and quick access to quality Personal Protective Equipment such as gloves, shoes, welding goggles and helmets.

Suzlon has a collaboration with AIESEC, a global student organisation, for giving six to twelve months internships to youth, with the aim of cultural exchange and generating greater understanding of developmental issues. One student each from Sweden, Brazil, UK, Australia and six students from India participated in internship opportunities this year.

Stakeholder engagement in CSR governance: Through state level CSR councils, representatives of all business functions within Suzlon participate in the decision making process. The councils identify environmental and social issues arising out of business, plan interventions and regularly monitor the programmes to ensure that desired outcomes are achieved. At the end of the year, a "360 degree assessment of CSR" is conducted involving community, civil society organisations, and concerned government departments besides the CSR councils, to overview relevance, adequacy, effectiveness and sustainability of each initiative.

Road Ahead: In 2009-10, Suzlon Foundation would reach out to 10% more locations with the existing initiatives. Most of the CSR initiatives are planned for three to five years to achieve sustainable improvements. Attempts will be made to better capture and communicate CSR outcomes across all stakeholders and increase our credibility.

Employee Engagement will be strengthened in 2009-10, to reach out to 40% of employees; additional interventions will be taken up to help disadvantaged communities cope better with the impact of climate change. CSR will also be launched overseas. The financial outlay will double next year, reflecting larger ownership of CSR initiatives by the corporation.

For more on CSR at Suzlon, please visit:
www.suzlonfoundation.org

Suzlon manufacturing unit at Bhuj, India

Suzlon wind farm at Hallett, Australia


Suzlon wind farm at Hallett, Australia


Suzlon wind farm at Penamacor, Portugal


Suzlon wind farm at Utah, USA


Suzlon wind farm at Dhule, India


Suzlon manufacturing unit at Tianjin, China


Suzlon manufacturing unit at Daman, India


Suzlon manufacturing unit at Pondicherry, India


Suzlon manufacturing unit at Dhule, India


Suzlon manufacturing unit at Daman, India


Suzlon manufacturing unit at Tianjin, China


Suzlon manufacturing unit at Pipestone, USA


Suzlon manufacturing unit at Pondicherry, India

Suzlon wind farm at Weihai, China

Suzlon wind farm at Kutch, India

Suzlon wind farm at Sankaneri, India

Suzlon wind farm at Pebble Spring Oregon, USA

SECTION 2

Management Discussion and Analysis

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

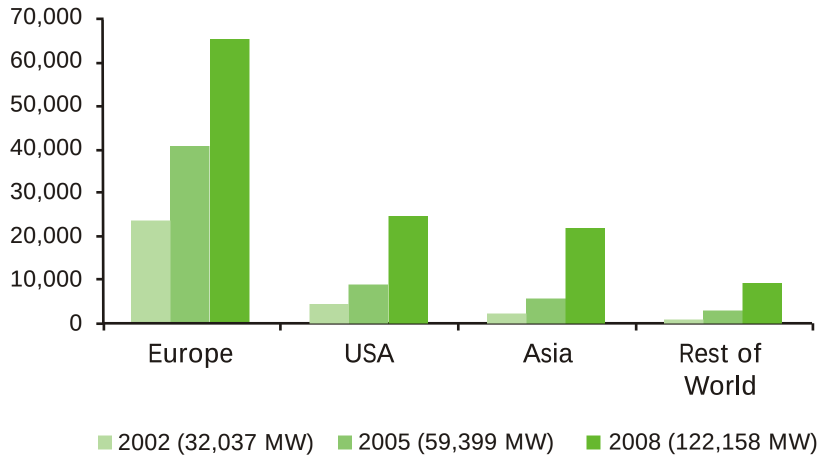
Global Wind Energy Demand

The year 2008 was another record year for the industry, with global annual installations growing by 36% to over 27 giga watts (GW). The global installed wind power capacity grew by 28.8% to reach 120.8 GW, making wind power one of the fastest growing sources of utility-scale electricity generation. This reflects a huge and growing global demand for emissions-free, sustainable and local sources of power generation (source Global Wind 2008 Report: – Global Wind Energy Council).

Most noticeably, during 2008, US surpassed Germany to become the number one wind power market in terms of annual installations, with 8.5 GW installed during the year. China continued to grow with its total capacity doubling for the fourth year in a row, with 12.2 GW installed against 5.9 GW installed till end-2007.

Europe, North America and Asia are continuing to drive global wind development, with new installations in 2008 majorly distributed between them.

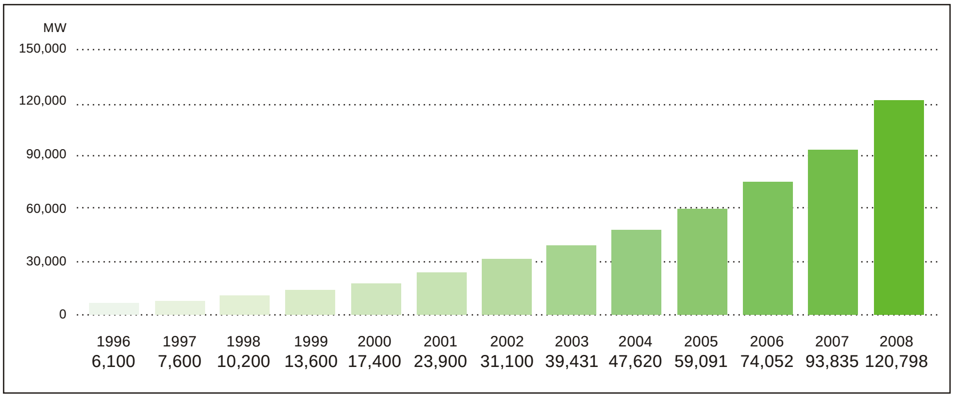
Global Wind Power Status
Cumulative MW by end of 2002, 2005 & 2008



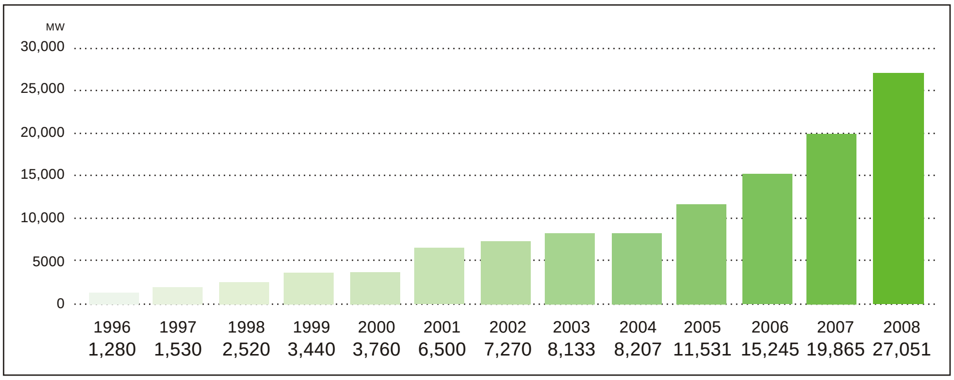
Source : BTM Consult ApS- March 2009

The following graphs illustrate growth in the global wind power industry (source: Global Wind 2008 Report: - GWEC):

GLOBAL CUMULATIVE INSTALLED CAPACITY 1996-2008



GLOBAL ANNUAL INSTALLED CAPACITY 1996-2008



Wind energy, as a power generation technology, greatly aids in offsetting carbon (CO_2) emissions from burning of fossil fuels for electricity generation. The 120.8 GW of global wind capacity, installed by the end of 2008 will produce 260 terawatt hours (TWh) of electricity and save 158 million tonnes of CO_2 every year. (Source: Global Wind 2008 Report:- GWEC)

Wind energy has become increasingly cost-competitive when compared with conventional modes of power generation, with improvements in efficiency and increased scale of both turbine sizes and project capacities. It also is one of the most promising sources of energy. Critical in terms of the global resource availability vs. installed base, availability of capital equipment and manpower, and employment generation potential.

Critical Success Parameters	Wind Energy Status
Cost Competitiveness	Median cost–EUR 65/Mwh
Established Base	(Total of 120 GW capacity by 2008 end)
Resource Availability	(72 TW potential estimated globally at 80m hub height)
Magnitude	(5 times present global energy usage,7 times electricity usage)

Source: BTM consult Aps WMU 2007; Journal of Geophysical Research, 2005: Standford University, Wind Power Monthly –January '09; GWEC

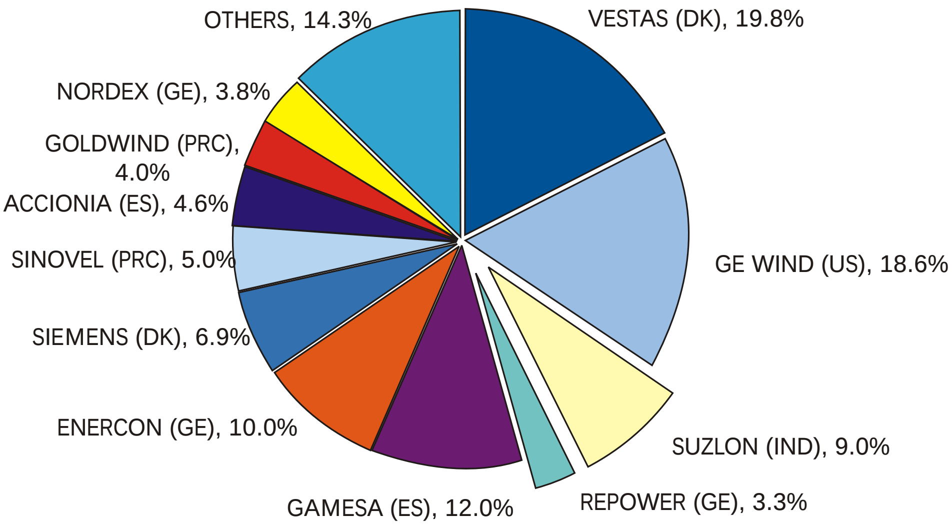
The fastest growing markets over the past three years have been China, France and the US, although the UK has also seen significant growth.

Country	2006	2007	2008	Share %	Compounded annual growth rate (CAGR) %
USA	2,454	5,244	8,358	29.6%	85%
P.R.China	1,334	3,287	6,246	22.2%	116%
India	1,840	1,617	1,810	6.4%	-1%
Spain	1,587	3,100	1,739	6.2%	5%
Germany	2,233	1,667	1,665	5.9%	-14%
Italy	417	603	1,010	3.6%	56%
France	810	888	1,200	4.3%	22%
U.K	631	427	869	3.1%	17%
Portugal	629	434	679	2.4%	4%
Australia	79	176	615	2.2%	179%
Total	12,014	17,442	**24,191**		
Percent of World	80.0%	88.1%	**85.8%**		

Source : BTM Consult ApS- March 2009

Suzlon's market share (combined with REpower) rose to 12.3% thereby making Suzlon the 3rd largest wind turbine manufacturing company in the world.

Top-10 Wind Turbine manufacturer in 2008 percentage of the total market 28,190MW



Source : BTM Consult ApS- March 2009

2. SECTOR OUTLOOK

The global financial crisis of 2008 has had a telling effect on new project announcements and hence growth expectations for 2009, for the wind industry. Lack of availability of project financing, both through funding and debt modes, has resulted in postponement or cancellation of plans by various wind players in major markets. However, the industry expects the demand situation to improve in congruence with improvement in the global liquidity scenario. Looking ahead, all of the fundamental drivers behind the growth of the wind industry remain firmly in place.

Encouragingly the last few months have witnessed a reduction in commodity prices, logistics costs, inventory and overall project costs, which has translated into potential project cost reductions, interest cost reductions and consequent higher project returns for customers. Further, the continuous rise in the oil prices since the beginning of the year 2009 has provided the much needed fillip to the wind power industry.

By 2012 it is expected that annual new installations will grow from today's level of 28,500 MW to 51,000 MW. In the next four years, the US is likely to overtake most European nations, to become the leading country in terms of annual installations. In Asia, strong growth is expected in China and India, new capacity additions are expected to be around 2,000 MW every year. Cumulative annual growth rate for new installations up to 2012 are expected to be 16%, as demonstrated by table given below:

Particulars	Cumulative Installed Capacity (MW) by end of 2008	Installed capacity (MW) in 2008	Forecast 2009-2012 (incl. Offshore)				Installed capacity between 2009-12	Cumulative installed capacity (Mw) by end of 2012
			2009	2010	2011	2012		
Total Americas	28, 918	9,527	7,650	10,450	12,450	16,200	46,750	75,688
Total Europe	65,971	9,179	11,580	13,505	15,900	18,080	59,065	125,036
Total South & East Asia	22,174	8,201	9,650	10,300	12,400	13,400	45,750	67,924
Total OECD -Pacific	4,256	1,051	1,100	1,350	1,600	1,900	5,950	10,206
Total other areas	840	232	645	1,035	1,470	1,810	4,960	5,800
Total MW new capacity every year :	-	28,190	30,625	36,640	43,820	51,390	162,475	284,633
Accu. capacity (MW)	122,158		152,783	189,423	233,243	284,633	284,633	

Long term core drivers

Some of the key long term drivers for the wind power industry are as follows:

- **Policy Support**

  This is one of the critical driving factors for the wind industry across the whole world. We are now witnessing a substantial increase in policy support for renewable energy. Interestingly, this support extends across almost the entire value chain for the sector, whether it be research and development or benefits to the customer, there is support in the form of subsidies, tax credits and the like, at almost every stage. Governments, the world over are increasingly recognising renewable energy as a reliable source for energy, both for their industrial and retail needs, targeting 20% electricity supply from renewable sources by the year 2020.

- **Transmission, Distribution and Grid Infrastructure**

  Emphasis on infrastructure is on the rise in almost all regions of the world, irrespective of whether the country has a mature power & energy market or is still in a developing stage. Transmission and distribution networks are being erected across miles of land and in some cases under-sea as well. This is being aided by the necessary grid support. The advent of the 'smart grid' in most markets (particularly markets with a growing wind energy sector) has made it easier to regulate and capture energy generated from wind turbines. This has greatly added to the ease of setting up a wind project, reducing delays hitherto caused, due to unavailability of Transmission and Distribution (T&D) and grid support making wind energy an extremely reliable and attractive option for clean power generation.

- **Continued Emergence of Utilities**

  Once again utilities have displayed their immense muscle power during the year that went by. The top 20 global wind power owners contributed to approximately 36% of the cumulative global installed wind base[1]. Market growth activity also spurted in the Chinese markets with local utilities making it into the big league of wind power owners. Utility companies have become more global with Europeans particularly focusing substantial investments in North America – a trend we see increasing and even stretching into South America. The market also has utilities which clearly focus on their regional home markets and continue to amass huge capabilities, to earn the benefits of leveraged economies of scale.

3. SUZLON POSITIONING

Suzlon, ranked third in the world in terms of annual installations with market share of 12.3% for the year ended December 31, 2008. Suzlon has consistently held its number one position in India for almost a decade now and has also been the industry leader in Australia over the last couple of years.

Particulars	Suzlon Wind turbine manufacturer and turnkey solution provider	Repower (Subsidiary of Suzlon) Wind turbine manufacturer	Hansen (Subsidiary of Suzlon) Gearbox manufacturturer
Geographical Presence	Asia USA, Australia, Europe and Latin America	Europe, China and Canada	Asia, USA Europe & South Africa
Product Portfolio	Low to Medium capacity WTGs (0.6 MW-2.1 MW)	Medium to High capacity WTGs (1.5 MW-5 MW)	WTG Gearbox (500 kw-6 MW; 160-3500 kNm)

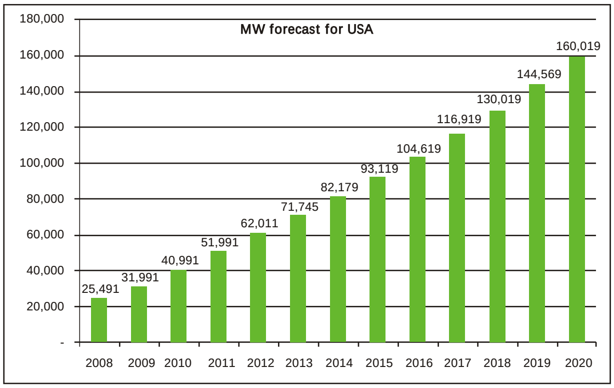
KEY MARKETS FOR SUZLON

United States of America:

In 2008, the United States Department of Energy released a report, which said that wind power could support 20% of United States' electricity requirement by the year 2030 (from current intensity of around 1%). Coupled with this, in February, 2009, the US Congress passed an economic stimulus bill, which included several provisions to spur

[1]EER Report on Global Wind powerOwnership Rankings 2008

development of the wind energy sector. The bill also increased the attractiveness of this sector throughout its value chain with subsidies for R&D, expansion of existing manufacturing facilities and introduction of the Investment Tax Credit (ITC) for renewable energy projects, which are completed before December, 2010. The US market which had lot of medium and long term attraction for the renewable energy business, has now become attractive in the short term too, with the announcement of the new stimulus package

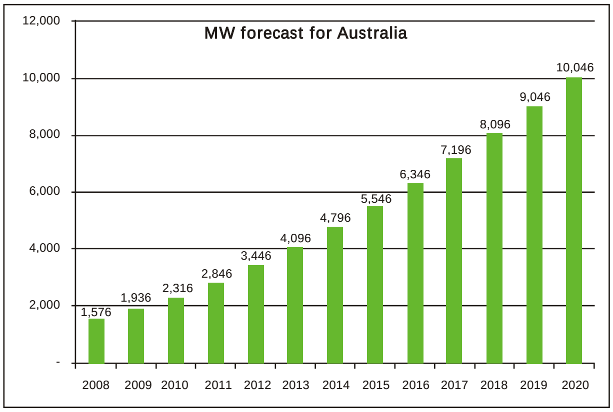


Source: Emerging Energy Research 2009

Suzlon focuses its direct sales efforts in three main geographic areas: the Midwest, the South (Texas and Oklahoma) and the West (California), which will allow it to concentrate on utilities and independent service operators in areas that it believes have growth potential.

Australia:

2008 was the year of change in the Government policies towards building significant environmental credentials and a promise to support industry-based solutions, particularly those involving low emission technologies. In December, 2008, the federal government released its White Paper on carbon emissions, which set a target of an unconditional 5% cut in emissions by the year 2020. Suzlon believes that Australia has the natural resources necessary to potentially generate substantial amounts of renewable energy.



Source: Emerging Energy Research 2009

Going forward Suzlon may also offer customers assistance in obtaining project finance and provide technical services relating to the installation, EPC and O&M of WTGs. Suzlon ranks as Australia's leading wind turbine supplier.

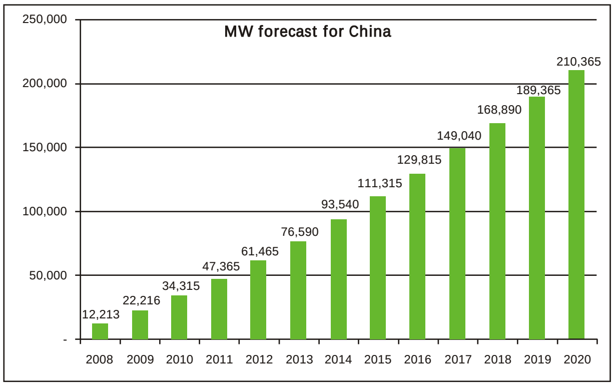
Europe:

An important factor behind the growth of the European Union (EU) wind market has been strong policy support both at the EU and at the national level. The EU's Renewables Directive (77/2001/EC) has been in place since 2001. The EU aimed to increase share of electricity produced from Renewable Energy Sources (RES) in the region to 21% by the year 2010 (up from 15% in 2001), thus helping the EU reach its RES target of overall energy consumption of 12% by the year 2010. In December, 2008, the European Union agreed for a new Renewable Energy Directive to implement the pledge made in March 2007 by the EU Heads of State, for a binding 20% renewable energy target by the year 2020.

In the European region, following markets are becoming increasingly attractive in the medium term - Portugal, Spain, Italy and Greece, as they constitute growth markets within the world's largest market for wind power. The Eastern European markets of Bulgaria, Romania and Hungary, are also entering the fray as viable markets for wind energy projects. The Group will also be providing technical services relating to the installation, EPC and O&M of WTGs, wherever required.

China:

In 2008, the newly-established National Energy Administration selected six locations from the provinces with best wind resources. Each site will have more than 10 GW of installed capacity by the year 2020. This large scale wind energy deployment is called the 10 GW Size Wind Base Programme (Wind Base). The Wind Base projects will ensure more than 100 GW of installed capacity producing 200 TWh per year by 2020. The chart herein shows the base case growth predictions for the Chinese wind energy market.

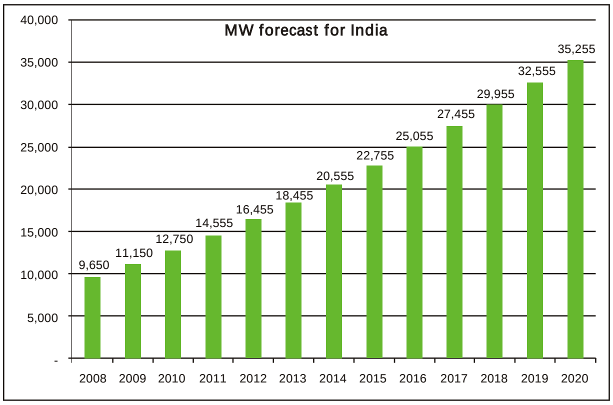


Source: Emerging Energy Research 2009

Suzlon has incorporated a local subsidiary, Suzlon Energy Tianjin Limited and constructed a fully-integrated WTG manufacturing facility in China. The manufacturing facility has an annual capacity of 600 MW. As the energy market in China is currently dominated by state-owned utilities, Suzlon expects that these state-owned utilities and their subsidiaries will be its primary customers

India:

The Indian Government's stated contribution target for renewable energy is minimum 15% of total power generation capacity by the year 2020, as against the prevalent intensity of 8.6%. At the federal level, although there is no national policy for renewable energy, there are a number of measures that help drive wind energy development, including fiscal incentives such as income tax exemptions, 80% accelerated depreciation etc. In the last fiscal, the tariff rates in various states in India has increased, thereby increasing the IRR for wind projects.



Source: India business inside database

Suzlon has divided the Indian market according to the States where it has identified suitable sites for wind energy projects, specifically: Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Karnataka, Madhya Pradesh, Andhra Pradesh and Kerala. Focus is on four types of customers: (a) companies that have manufacturing units with high power consumption; (b) companies with high profitability and/or surplus liquidity that seek investment opportunities with stable returns and that offer tax benefits; (c) power utilities and state nodal agencies; and (d) companies selling "Carbon Emission Receipts". From time to time, the Group also obtains customers through participation in tenders by utilities, state nodal agencies and public sector entities.

Rest of the world

Suzlon has expanded its business noticeably, into Brazil, Nicaragua, Sri Lanka and is also looking at new markets like Romania, South Africa and the Middle East, amongst others. Suzlon is currently setting up its sales & marketing network in newer regions of the world, which will leverage the global expertise of the organization with a local flavour of the markets.

4. BUSINESS STRATEGY

Suzlon's strategic intent for its businesses are enumerated as follows:

- **Improving cost efficiency**

Suzlon is looking at bringing cost efficiencies through a combination of following factors

a) Effective utilisation of in-house manufacturing facilities to bring about supply chain synergies amongst its several manufacturing units across the globe, moving supply chain to low cost manufacturing centers
b) Stringent negotiations with major suppliers for rationalisation of prices, in the backdrop of increasing volumes and falling input costs
c) Improve manpower efficiencies through skill development and technology improvements
d) Reducing shipping costs by developing component sourcing, nearer to the project sites

- **Growth acceleration through focus on high growth markets and customer needs**

a) Suzlon is entering into new markets like South Africa, Korea etc., at the same time leveraging its marketing offices in China, Europe, The US and Australia to strengthen its presence in these countries.
b) Developing end to end, turnkey wind power solution profiles in India and other markets, thereby providing customers the benefits of higher cost-efficiencies and increased economies of scale.
c) Build on its operations and maintenance expertise to enhance the performance of WTGs
d) Build on its enviable track record and experience, gathered across various geographical locations over the last decade. Complex projects have allowed Suzlon to develop the capabilities and expertise needed for large wind farm projects, giving it leadership across the entire value chain in the extremely technology sensitive wind power marketplace.

- **Improving product quality through R&D and Innovation**

Suzlon has integrated product, component and system design units through which it has developed its multi MW WTG models and rotor blades. Inhouse R&D centers are spread across technologically strategic locations in Germany, the Netherlands, Denmark and India. The focus has been on designing and developing new WTG models, upgrading the Group's existing portfolio of models apart from developing efficient and effective rotor blade technology for its WTGs. With the acquisition of REpower, a technical powerhouse in the wind power arena, Suzlon has attained the potential of manufacturing high-capacity onshore and offshore WTGs. Suzlon continues to be committed on manufacturing process optimisation and aerodynamic efficiency improvements to enhance the performance of its wind turbines.

- **Building a strong Leadership team.**

Suzlon has a talented pool of senior management personnel, having rich and extensive experience in the wind energy sector. It is focussed on moving towards an organisation consisting of empowered functions and business units, committed to provide timely, consistent and accurate delivery of superior quality products and services to maintain high level of customer satisfaction.

5. INTERNAL CONTROL AND RISK MANAGEMENT

Suzlon has a sound system of internal control over financial reporting of all transactions along with demonstrated efficiencies in operations and compliance of relevant laws and statutory regulations. To ensure that all checks and balances are firmly in place and all internal controls systems are in order, regular and exhaustive internal audits are conducted by the Company's internal management audit department.

Suzlon understands the necessity of having excellent operational efficiencies to fuel and support its plans for charting out its growth trajectory. On monitoring the developments in domestic and global economy closely, we feel that in the near term, major challenge lies in managing the growth and at the same time retaining reasonable profitability. The strategies adopted to achieve growth may make us susceptible to risks, but we are confident that our institutionalised risk management approach and robust reporting systems would enable identification of critical risks beyond certain tolerance levels, to be reported for further action. An integrated Enterprise Risk Management Policy has been formulated, which identifies and addresses various risks on a proactive and structured manner.

- **Technology**

  Suzlon attributes its growth on designing, developing and marketing newer, technologically superior and more cost-efficient WTGs. Since the development of new models require considerable investment, there may be delays due to unexpectedly longer development cycles for prototypes, resulting in time over-runs. Further, there can always be a scenario that our competitors may develop advanced models, which are better equipped to satisfy customer demand, earlier than us.

  To mitigate the risk, Suzlon has extensive plans of substantial investments in its cutting edge R&D facilities, along with significant investments in hiring and nurturing technical personnel for product development, at present as well as in future. Suzlon operates several research and testing centers in India and at overseas locations, which have traditionally been the epicentre of pioneering expertise in the wind power sector. During the last quarter of the FY09 Suzlon's Blade Testing Center, at Vadodara, India, successfully conducted the first blade test. It also has established a joint research centre in Germany with REpower and is confident of meeting customers expectations in terms of WTG performance.

- **Foreign Exchange Risk**

  Suzlon is often exposed to currency risk on account of its substantial exposure to International Trade. However the presence of Suzlon across geographies, helps in providing natural hedging in many cases, by offsetting purchase and sales transactions, amongst various currencies. Risks are recognized at the contractual juncture and hedged progressively at various stages of the project life cycle, depending upon the nature of the transactions.

  Suzlon has also now operationalised a new Foreign Exchange Management Policy, taking into consideration the current dynamics of its operations and the market conditions. This will help us, to significantly address future foreign exchange risks. Suzlon is exposed to Interest rate fluctuations at the Group level.

- **Supply Chain Risk**

  Wind turbine generators require certain components which are specifically designed for application in wind energy generation. WTG suppliers, including Suzlon, have in the past witnessed supply shortages of certain key components due to the inability of component suppliers to meet the increasing demands. Suzlon is dependent on external suppliers for key raw materials such as steel, glass fibre, epoxy resin, that it uses to manufacture certain WTG components. The quality of the products depends on the quality of the raw materials and components and the ability of suppliers to timely deliver the materials.
  To handle the risk effectively over the years, Suzlon has followed backward integration strategy to manufacture critical components like gearboxes, towers, blades, generators and panels. The enhanced manufacturing capacities at vendors end across the components, leverages Suzlon's ability to timely source components at competitive prices.

Financial performance

Significant financial developments in financial year 2008-09

- During the year, Suzlon acquired a 37.82% stake of REpower Systems AG ('REpower') thereby increasing its holding in REpower to 73.65% as on March 31, 2009.

- SE Forge Limited ('SEFL'), has allotted 41,254,125 equity shares to IDFC Private Equity Fund III through a fresh 'issue of equity shares', raising Rs 400 crore. Following the fresh issue of shares by SEFL, effective stake of Suzlon Energy Limited in SEFL stands reduced to 82.90%.

- During the year, Suzlon has sold 67,010,421 shares (10% of the equity base) in Hansen Transmissions International NV ('Hansen') to funds managed by Ecofin Limited ("Ecofin"), a London based specialised investment firm. Post disposal, Suzlon retains 61.28% voting and economic interest in Hansen.

- During the year four SEZ subsidiaries namely Suzlon Wind International Limited (Nacelle assembly unit), SE Composites Limited (Rotor blade unit), SE Electricals Limited (Generator & Control Panel unit) and SE Forge Limited (Foundry and Forging unit) commenced their commercial operations.

II) Highlights of consolidated results:

A Sources of funds

1. Share capital

The share capital has increased by Rs 0.27 crore from Rs 299.39 crore as at March 31, 2008 to Rs 299.66 crore as at March 31, 2009, on account of exercise of 1,361,000 employee stock options.

2. Reserves and surplus

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

in Rs crore

Particulars	2009	2008
Capital redemption reserve	**15**	15
Unrealised gain on dilution	**1,403**	1,200
Securities premium account	**3,465**	3,457
General reserve	**954**	953
Capital reserve on consolidation	**0***	0*
Foreign currency translation reserve	**459**	477
Profit and loss account	**1,926**	1,690
Total	**8,222**	7,792

* Amount below Rs 1 crore

As a result of dilution of effective stake of Suzlon in SE Forge and sale of stake in Hansen, there is an increase in net unrealised gain on dilution of Rs 203 crore. The securities premium account increased by Rs 14 crore due to share premium received on exercise of stock options plans & reduced by Rs 5 crore due to expenses incurred on issuance of debentures. There is no movement in capital redemption reserve, capital reserve and general reserve as compared to previous year.

3. Loan funds

in Rs crore

Particulars	2009	2008
Secured loans	**10,277**	7,067
Unsecured loans	**4,593**	2,868
Total	**14,870**	9,935

The increase in loan funds was primarily on account of loans taken for capital expenditure incurred in establishing Special Economic Zone (SEZ) based manufacturing facilities, increased working capital requirements and consolidation of REpower. Out of the total outstanding loan portfolio as at March 31, 2009, an amount of Rs 4,249 crore (28.6%), is towards REpower acquition and Rs 1,688 crore (11.3%) is on account of Hansen acquisition.

4. Deferred tax liability

The Company recorded a net deferred tax liability of Rs 187 crore as at March 31, 2009 as compared to Rs 22 crore as at March 31, 2008.

B Application of funds

1. Fixed assets

a. Capital expenditure

The net addition to capital expenditure amounting to Rs 4,335 crore (excluding goodwill) comprises of additions towards gross block of Rs 3,471 crore and Rs 864 crore towards increase in capital work in progress.

b. Movement in gross block and capital work in progress

Additions to the gross block comprise goodwill arising out of consolidation of REpower amounting to Rs 5,793 crore and addition due to acquisition of REpower amounting to Rs 588 crore. Other additions to fixed assets primarily arose out of capitalisation of new SEZ facilities, Suzlon Wind International Limited (SWIL), SE Composites Limited (SECL), SE Electricals Limited (SEEL), SE Forge Limited (SEFL) and Hansen Drives Limited (HDL).

Capital work-in-progress as of March 31, 2009 stands at Rs 1,984 crore, on account of new plants being established.

c. Capital commitments

Capital commitments stood at Rs 1,070 crore as at March 31, 2009, compared to Rs 1,900 crore as at March 31, 2008, towards fixed assets and Rs 1,385 crore as at March 31, 2009 compared to Rs. 4,694 crore as at March 31, 2008. towards guarantees given in connection with acquisition of shares of REpower.

2. Investments

Investments decreased to Rs 5 crore as of March 31, 2009 as against Rs 3,142 crore as of March 31, 2008 due to REpower being consolidated as a subsidiary, which was earlier classified as investment-in-associate.

3. Current assets, loans and advances

in Rs crore

Particulars	2009	2008
Inventories	**7,173**	4,085
Sundry Debtors	**5,393**	3,201
Cash and bank balances	**3,070**	6,960
Other current assets	**3,346**	1,490
Loans and advances	**2,901**	1,825
Total	**21,883**	17,561

a. Inventories

Inventories amounted to Rs 7,173 crore as at March 31, 2009, compared to Rs 4,085 crore as at March 31, 2008. As percentage of sales, they have reduced to 27.5% of sales for the year ended March 31, 2009 as compared to 29.9% for the previous year. Out of the total balance, inventory attributable to REpower is valued at Rs 1,888 crore as at March 31, 2009.

b. Sundry debtors

Sundry debtors amounted to Rs 5,393 crore as at March 31, 2009, compared to Rs 3,201 crore as at March 31, 2008. As percentage of sales, debtors are at 20.7% of sales for the year ended March 31, 2009 as compared to 23.4% for the previous year. Debtors of REpower included in the above balance are at Rs 1,110 crore as at March 31, 2009.

c. Cash and bank balances

As of March 31, 2009, the cash and bank balances stood at Rs 3,070 crore, compared to Rs 6,960 crore as at March 31, 2008. The decrease was mainly due to utilisation of term deposits with banks, placed from acquisition loans, Qualified Institutional Placements (QIP) and Hansen IPO proceeds, as at March 31, 2008. The utilisation was mainly towards funding REpower acquisition and expansion of business.

d. Other current assets

Other current assets of Rs 3,346 crore represent unbilled revenues as at March 31, 2009, compared to Rs 1,490 crore as at March 31, 2008. The above balance includes Rs 740 crore relating to REpower.

e. Loans and advances

As at March 31, 2009, loans and advances increased by Rs 1,076 crore to Rs 2,901 crore due to increased business activities.

4. Current liabilities and provisions

in Rs crore

Particulars	**2009**	2008
Sundry creditors	**5,996**	3,044
Other current liabilities	**1,828**	1,187
Interest accrued but not due	**44**	29
Due to customers	**13**	794
Advances from customers	**2,713**	1,430
Provisions	**958**	822
Total	**11,552**	7,306

Increase in sundry creditors was primarily on account of enhanced operations. The aforesaid balance includes creditors of Rs 1,051 crore and advance from customers of Rs 1,925 crore, both pertaining to operations of REpower.

Amount due to customers represents advance received under construction contracts.

C. Results of operations

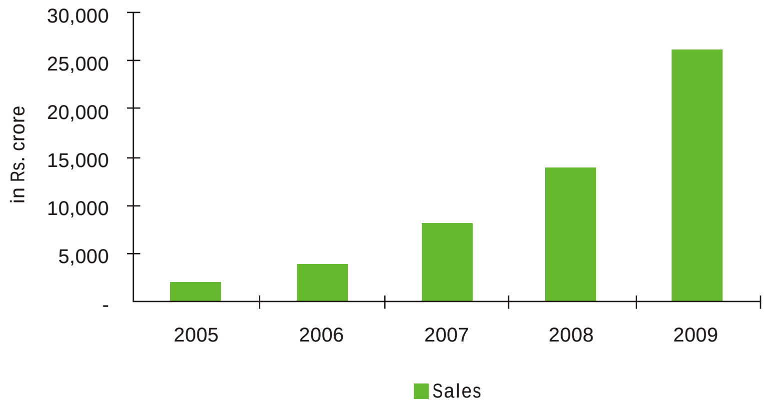
in Rs crore

Particulars	**2009**	**%**	2008	%
Sales	**26,082**	**100.0**	13,679	100.0
Other operating income	**177**	**0.7**	32	0.2
EBIDTA	**2,816**	**10.8**	2,051	15.0
Depreciation	**573**	**2.2**	290	2.1
EBIT	**2,243**	**8.6**	1,761	12.9
Interest	**901**	**3.5**	532	3.9
Other Income	**271**	**1.0**	236	1.7
Profit before tax and exceptional items (PBT)	**1,613**	**6.2**	1,465	10.7
Exceptional items	**896**	**3.4**	285	2.1
Tax	**288**	**1.1**	163	1.2
Profit after tax	**428**	**1.6**	1,017	7.4

Principal components of results of operations

1. Sales

- Sales increased by 90.7% to Rs 26,082 crore in 2008-09 from Rs 13,679 crore in 2007-08 registering a compounded annual growth rate (CAGR) of a staggering 91.4% over the past 5 years. The increase in financial year ended March 31, 2009, was primarily due to consolidation of REpower sales amounting Rs 7,125 crore.



In MW terms, sales for Wind turbine generators (WTG) (excluding REpower) increased to 2,790 MW in 2008-09 from 2,311 MW in 2007-08 registering a robust growth of 20.7%. Sales realisation per MW improved to Rs 5.7 crore per MW in 2008-09 as compare to Rs 5.0 crore per MW in 2007-08. Geographical break down of WTG sale (excluding REpower) is a shown below.

in Rs crore

Geography	2008-09		2007-08	
	Amount	MW	Amount	MW
India	4,420	749	5,572	976
USA	5,230	988	2,288	592
China	1,104	249	455	134
Europe & Rest of World	2,624	373	2,129	466
Australia	2,519	431	1,023	143
Total	15,897	2,790	11,467	2,311

2. Other income

Total other income (including other operating income) increased by 67.5% to Rs 449 crore in 2008-09 from Rs. 268 crore in 2007-08. This increase was primarily due to enhanced operating income of REpower and Hansen alongwith profit of Rs 93 crore on 10% stake sale of Hansen.

Sales and other income, together have contributed to 90.2% increase in total income at Rs 26,531 crore in 2008-09 from Rs 13,947 crore in 2007-08.

3. Cost of goods sold

Cost of goods sold as a percentage of sales declined marginally to 64.6% in 2008-09 as compared to 64.8% in 2007-08. However in absolute terms, cost of goods sold increased by 90.0% to Rs.16,857 crore in 2008-09 from Rs.8,870 crore in 2007-08 due to substantial increase in sales volumes.

4. Operating and other expenses

Operating and other expenses amount to 16.4% of the sales, compared to 12.3% during the previous year. Freight outward and packing expenses increased to Rs 1,136 crore (4.4% of sales) in 2008-09, compared to Rs 466 crore (3.4% of sales) in 2007-08. Suzlon has provided Rs 281 crore towards performance guarantees, Rs 367 crore towards operational and maintenance warranties and Rs 284 crore towards liquidated damages in 2008-09, compared to Rs 156 crore, Rs 69 crore and Rs 24 crore respectively in 2007-08. The balance operating and other expenses stood at Rs 2,200 crore in 2008-09 as compared to Rs 965 crore in 2007-08 due to significantly higher volumes.

5. Employees' remuneration and benefits

Employees' remuneration and benefits cost increased by 107.6% to Rs 2,166 crore in 2008-09, compared to Rs 1,043 crore in 2007-08. In absolute terms the increase was on account of inclusion of REpower employee costs amounting to Rs 491 crore alongwith increase primarily attributable to operationalisation of new facilities, which required hiring of additional technical and managerial personnel. Employee remuneration cost includes additional charge of Rs 55 crore on account of employee stock options, compared to Rs 5 crore in last year. Employee stock options charge for the year includes Rs 47 crore pertaining to stock options issued by Repower.

6. Financial charges

Financial charges represent interest and bank charges. Interest on additional working capital requirements and bank charges, arising out of higher volumes resulted in increase of financial charges by 76.6% to Rs 1,054 crore in 2008-09 from Rs 597 crore in 2007-08.

7. Depreciation

The Company provided a sum of Rs 573 crore and Rs 289 crore towards depreciation for the years ended March 31, 2009 and March 31, 2008 respectively. The increase was mainly due to capacity expansion at the Company's manufacturing facilities and consolidation of REpower. Charge on account of depreciation as a percentage of sales amount to 2.2% in 2008-09, compared to 2.1% in 2007-08.

8. Exceptional items

Exceptional items increased from Rs 285 crore in 2007-08 to Rs 896 crore in 2008-09. In 2008-09, Suzlon continued its retrofit programme to resolve blade crack issues noticed in some of its S88 turbines. The retrofit programme involved structural strengthening of blades fitted on some of its on S88 (2.1 MW) turbines. The retrofit programme has been carried out by maintaining a rolling stock of temporary replacement blades, to minimise the downtime of operational turbines. An amount of approximately Rs 222 crore was provided towards the same in 2008-09 (Rs 122 crore in 2007-08), as well as an exceptional loss of Rs 190 crore (Rs 20 crore in 2007-08) for unavailability of the turbines as a result of the retrofit programme. Suzlon also incurred an exceptional loss of Rs 354 crore being mark to market (MTM) losses on foreign exchange contracts hedged to cover its forex transactions in 2008-09 (Rs 23 crore in 2007-08). Notional loss of Rs 131 crore is accounted in 2008-09 on account of currency fluctuation arising due to the restatement of its zero coupon foreign currency convertible bonds (ZCCBs) at the end of the financial year, compared to a gain of Rs 4 crore in 2007-08.

9. Profit

The consolidated EBIDTA rose to Rs 2,816 crore in the financial year 2008-09 from Rs 2,051 crore for the financial year 2007-08, representing 10.8% and 15.0% of total sales respectively.

Profit before tax and exceptional items amounted to Rs 1,613 crore and Rs 1,466 crore for the financial years 2008-09 & 2007-08 respectively, representing 6.2% and 10.7% of total sales for the relevant years.

Tax expenses increased to Rs 288 crore in 2008-09 from Rs 163 crore in 2007-08.

Profit after tax amounted to Rs 429 crore and Rs 1,017 crore for the financial year 2008-09 & 2007-08 representing 1.6% and 7.4% of total sales respectively.

Minority interest increased to Rs 195 crore in 2008-09, compared to Rs 43 crore in 2007-08, due to REpower consolidation and increased profits of Hansen.

As a result of the foregoing factors, net profit after share in associate's profit and minority interest decreased from Rs 1,030 crore in 2007-08 to Rs. 236 crore in 2008-09.

Cautionary Statement

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

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's 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;
- Suzlon's ability to successfully implement it's strategy, growth and expansion plans and technological initiatives;
- Changes in the value of the 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 present herewith the 14th Annual Report of the Company together with the audited accounts for the financial year ended March 31, 2009.

FINANCIAL PERFORMANCE

The standalone and consolidated audited financial results for the year ended March 31, 2009 are as follows:

Particulars		Standalone				Consolidated			
		Rs in crore		US$ in million*		Rs in crore		US$ in million*	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Sales	**7,235.58**	6,926.01	**1,426.85**	1,726.75	**26,081.70**	13,679.43	**5,143.31**	3,410.48
	Other operating income	**16.36**	16.23	**3.23**	4.05	**177.09**	31.66	**34.92**	7.89
	Earning/profit before interest, depreciation and tax (EBIDTA)	**651.70**	1,707.17	**128.52**	425.62	**2,815.88**	2,050.72	**555.29**	511.27
Add:	Other income	**160.78**	109.38	**31.71**	27.27	**271.75**	236.32	**53.59**	58.92
Less:	Interest	**380.12**	125.34	**74.96**	31.25	**901.21**	532.03	**177.72**	132.64
Less:	Depreciation	**99.16**	86.21	**19.55**	21.49	**573.14**	289.36	**113.02**	72.14
	Profit before tax and exceptional items	**333.20**	1,605.00	**65.71**	400.15	**1,613.28**	1,465.65	**318.14**	365.41
Less:	Exceptional items	**873.16**	285.21	**172.19**	71.11	**896.29**	285.21	**176.75**	71.11
	Profit/(Loss) before tax	**(539.96)**	1,319.79	**(106.48)**	329.04	**716.99**	1,180.44	**141.39**	294.30
Less:	Current tax (Net of earlier years tax and MAT credit entitlement)	**-**	66.13	**-**	16.49	**207.01**	151.17	**40.82**	37.69
Less:	Defered tax	**(81.76)**	(23.49)	**(16.12)**	(5.86)	**67.12**	(2.28)	**13.24**	(0.57)
Less:	Fringe benefit tax	**11.07**	11.44	**2.18**	2.85	**13.99**	14.40	**2.76**	3.59
	Net profit/(loss)	**(469.27)**	1,265.71	**(92.54)**	315.56	**428.87**	1,017.15	**84.57**	253.59
Add:	Share in associate's profit after tax	**-**	-	**-**	-	**2.32**	55.75	**0.46**	13.90
Less:	Share of minority interest	**n.a.**	n.a.	**n.a.**	n.a.	**194.71**	42.80	**38.40**	10.67
	Net profit/(loss) after share in associate's profit and minority interest	**(469.27)**	1,265.71	**(92.54)**	315.56	**236.48**	1,030.10	**46.63**	256.82
Add:	Balance brought forward	**2,268.44**	1,477.86	**447.34**	368.45	**1,690.12**	1,163.04	**333.29**	289.96
	Profit available for appropriations	**1,799.17**	2,743.57	**354.80**	684.01	**1,926.60**	2,193.14	**379.93**	546.78
Less:	Proposed dividend on equity shares	**-**	149.69	**-**	37.32	**-**	149.69	**-**	37.32
Less:	Residual dividend of previous year	**0.13**	-	**0.03**	-	**0.13**	-	**0.03**	-
Less:	Dividend on preference shares	**-**	-	**-**	-	**-**	0.20	**-**	0.05
Less:	Tax on dividends	**(1.05)**	25.44	**(0.21)**	6.34	**0.87**	26.38	**0.17**	6.58
Less:	Transfer to general reserve	**-**	300.00	**-**	74.79	**-**	326.75	**-**	81.46
Surplus carried to balance sheet		1,800.09	2,268.44	**354.98**	565.55	**1,925.60**	1,690.12	**379.73**	421.37

*1 US$ = Rs 50.71 as on March 31, 2009 (1 US$ = Rs 40.11 as on March 31, 2008)

OPERATIONS REVIEW

On a standalone basis, the Company achieved sale of Rs 7,235.58 crore as against Rs.6,926.01 crore in the previous year registering a growth of 4.47%. However, the Company incurred a net loss after tax of Rs (469.27) crore as compared to net profit after tax of Rs 1,265.71 crore in the previous year. The loss in current year was on account of expenditure of exceptional nature, amounting to Rs 873.16 crore as referred in Schedule O, Note 3 of the standalone financials.

On consolidated basis, the sale is Rs 26,081.70 crore as against Rs 13,679.43 crore in the previous year registering a growth of 90.66%. The increase was primarily due to consolidation of REpower, sales of which amounts to Rs 7,124.64 crore in calendar year 2009. On consolidated level, profit before tax and exceptional items increased by 10.07% to Rs. 1,613.28 crore in 2008-09 from Rs.1,465.65 crore in 2007-08. However, on account of items of exceptional nature, consolidated net profit is Rs 236.48 crore as compared to a profit of Rs 1,030.10 crore in the previous year.

Dividend

The Board is of the view that the Company should utilise its funds towards debt repayment and improving its working capital to the maximum extent possible. Accordingly, the directors do not recommend any dividend for the year ended March 31, 2009. The director submit that this will increase Shareholders' value in long term.

HIGHLIGHTS OF THE YEAR

Global foot print

- The Company continued to expand its footprint in US, Europe, Asia and Australia.

- The Company made a breakthrough into the Sri Lankan wind energy market by striking a deal with Senok Wind Power Pvt. Ltd. (Senok Group is a well known diversified business conglomerate of Sri Lanka).

- The Company's China subsidiary, Suzlon Energy (Tianjin) Limited (SETL) entered into an agreement with Inner Mongolia North Longyuan Wind Power Corporation, for establishing a World Bank funded, 100 MW wind farm project.

- During the year, the Company subsidiary commissioned its first turbine in Brazil for SIIF Cinco Ltd. The Company through it subsidiaries also got new orders in Spain from Wigep Andalucia S.A. and in Nicaragua from Arctas Capital Group LP.

Awards and recognitions

- During the year, the Company was awarded Golden Peacock National Training Award, 2008. The award function was held at the 9th International Conference on Corporate Governance at London and the award was given through the hands of Dr. Ola Ullsten, former PM of Sweden.

- The Company received the first prize for Best Manufacturer and the second prize for the Best Service Provider among Manufacturers (2006-2008). The awards were presented under the aegis of Wind India 2008 Awards for efforts in shaping a Greener India.

- The globally renowned Harvard Business School concluded a case study labelled 'The Suzlon Edge' which described and analyzed the Company's evolution and the business decisions and strategies that has catapulted the Company to one of the leading players in the global wind energy arena. With this, Suzlon joins an elite list of companies whose unique but exemplary business models has stimulated the intelligentsia of HBS.

- The Company was awarded the ISO/IEC 27001:2005 certification by Bureau Veritas Certification (India) Pvt. Ltd. The ISO/IEC 27001 standard is an information security management system (ISMS) standard published in October, 2005 by the International Organisation for Standardisation (ISO) and the International Electro technical Commission (IEC).

- The Company was one of the winners of India's first infrastructure awards - KPMG-Infrastructure Today Awards, 2008. It bagged the 'The Most Admired Company - Power (Non conventional)' award under the Infrastructure Developers Category. The awards have been instituted by KPMG and ASAPP Media Group to recognise and felicitate exceptional work done in the Indian infrastructure industry.

- The Company's Chairman & Managing Director, Mr. Tulsi R. Tanti, received the CIF Chanchlani Global India Award, 2009, instituted by Canada India Foundation, for his outstanding contributions to promote non-conventional sources of energy. Mr. Tulsi R. Tanti was also named by the United Nations Environment Programme (UNEP) as a 'Champion of the Earth' for the year 2009 at a ceremony in Paris on April 22, 2009, for his entrepreneurial vision in combating climate change. The award was established in 2004 to recognise people who are and who will continue to be, champions of the Earth.

Research and development

- The Company's Blade Testing Center, Vadodara, India successfully conducted the first blade static test by applying pre-determined bending loads on the 42m test blade. This first trial test is a cornerstone for the entire Company in its journey towards self-reliance and technology leadership.

- The Company commissioned its first Wind Turbine Generator (WTG) using Concrete Tower Technology.

- The Company entered into a Memorandum of Understanding (MOU) with TERI University for setting up and offering an M-Tech Programme in Renewable Energy Engineering and Management. This MoU will facilitate the Company to contribute to the programme through exchange of ideas and expertise, and guest faculty.

CHANGES IN CAPITAL STRUCTURE

During the year under review, the Company allotted 1,361,000 equity shares of Rs.2 each upon exercise of stock options by the eligible employees under the Employee Stock Option Plan-2005.

SUBSIDIARIES

The existing domestic and international subsidiaries continued to perform satisfactorily during the year under review.

Domestic subsidiaries

During the year, subsidiaries incorporated in special economic zones (SEZ) namely Suzlon Wind International Limited (Nacelle assembly unit), SE Composites Limited (Rotor Blade unit), SE Electricals Limited (previously known as Suzlon Electricals International Limited) (Generator & Control Panel unit) and SE Forge Limited (Foundry and Forging unit) commenced their commercial operations.

The name of Suzlon Generators Private Limited, Suzlon Structures Private Limited, Suzlon Engitech Private Limited and Suzlon Power Infrastructure Private Limited was changed to Suzlon Generators Limited, Suzlon Structures Limited, Suzlon Engitech Limited and Suzlon Power Infrastructure Limited respectively, consequent to their conversion into public limited companies.

The Company's, subsidiary SE Forge Limited has raised Rs 400 crore by fresh issue of equity shares to IDFC Private Equity Fund III resulting in dilution of 17.10% of its stake.

During the year under review, SE Solar Private Limited became a wholly owned subsidiary of Suzlon Wind International Limited and in turn became a step-down subsidiary of the Company. Sunrise Wind Project Private Limited became a wholly owned subsidiary of Hansen Drives Pte. Ltd. and in turn, became a step-down subsidiary of the Company.

Overseas subsidiaries

During the year the under review, the Company through its subsidiary has sold 67,010,421 shares (10% of the equity base) in Hansen Transmissions International NV ('Hansen') to funds managed by Ecofin Limited ('Ecofin'), a London based specialised investment firm. Post disposal, Suzlon has a voting and economic interest in Hansen of 61.28%.

The name of Company's step subsidiary AE Rotor Technik B.V. has been changed to Suzlon Blade Technology B.V.

During the year, to facilitate effective management of research and development activities, the Company sold its subsidiary Suzlon Energy GmbH and Suzlon Windpark Management GmbH to its step subsidiary Tarilo Holding B.V. and thereafter merged Suzlon Windkraft GmbH into Suzlon Energy GmbH.

Overseas subsidiaries incorporated/acquired during the year are noted below:-

Name of subsidiaries	Country of incorporation
Hansen Drives Limited	Hong Kong
Hansen Drives Pte Limited	Singapore
Hansen Wind Energy Drives (China) Co Ltd.	PR China
PowerBlades GmbH	Germany
PowerBlades SA	Portugal
REpower Australia Pty Ltd.	Australia
REpower Benelux b.v.b.a.	Belgium
REpower Betriebs - und Beteiligungs GmbH	Germany
REpower Canada Inc	Canada
REpower Diekat S.A.	Greece
REpower Espana S.L.	Spain
REpower Geothermie GmbH	Germany
REpower Investitions - und Projektierungs GmbH & Co. KG	Germany
REpower Italia s.r.l	Italy
REpower S.A.S.	France
REpower North (China) Ltd.	PR China
REpower Systems AG	Germany
REpower UK Ltd.	United Kingdom
REpower USA Corp.	USA
Repower Wind Systems Trading (China) Ltd.	PR China
REpower Windpark Betriebs GmbH	Germany
Sister - sistemas e Technologia de Energias renovaveis Lda	Portugal
Suzlon North Asia Ltd.	Hong Kong
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Ltd.	PR China
Suzlon Wind Energy Nicaragua Sociedad Anonima	Nicaragua
Suzlon Wind Energy Romania SRL	Romania
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Turkey
Tarilo Holding B.V.	The Netherlands
WEL Windenergie Logistik GmbH	Germany
Windpark Blockland GmbH & Co KG	Germany
Windpark Meckel/Gilzem GmbH & Co KG	Germany
Windpark Olsdorf Watt GmbH & Co. KG	Germany

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. 47/352/2009-CL-III dated May 5, 2009, 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 notified by Ministry of Corporate Affairs under Accounting Standard Rules 2006.

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

Pursuant to intimation from the promoters, the name of the promoters and entities comprising the 'Group' as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 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. Ajay Relan and Mr. V.Raghuraman, the directors of the Company shall 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. Ajay Relan and Mr. V.Raghuraman, is provided in the report on corporate governance, which forms an integral part of this annual report.

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, 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, by way of postal ballot process.

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,

(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, 2009 and of the loss 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 the 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. 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.

EMPLOYEES 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 Employees Stock Option Plan-2005 (ESOP-2005) and Employees Stock Option Plan-2006 (ESOP-2006) for its employees and employees of its subsidiary companies. The Company has also introduced Employees Stock Option Plan-2007 (ESOP-2007) and Special Employees Stock Option Plan-2007 (Special ESOP-2007) for its employees and employees of its subsidiary companies.

The details of options granted under ESOP-2005 and ESOP-2006 is given in the table below, however since the options in regard to ESOP-2007 were granted post March 31, 2009 and options in regard to 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have not been provided for ESOP-2007 and Special ESOP-2007.

Particulars	ESOP-2005*	ESOP-2006*
Total grants authorised by the plan (Nos.)	4,605,000	519,500
Pricing formula on the date of grant	50% of final issue price determined in the IPO of the Company.	The average of daily weighted average price of the 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	Nil
Weighted average price per option granted (Rs)	51	192.20
Total number of options outstanding as at April 1, 2008 (Nos.)	1,858,000	519,500
Options vested during the year (Nos.)	1,604,000	249,500
Options vested as of March 31, 2009, yet to be exercised (Nos.)	379,000	192,000
Options exercised during the year (Nos.)	1,361,000	Nil
Total number of equity shares arising as a result of exercise of options (Nos.)	1,361,000	Nil
Options forfeited/lapsed/cancelled during the year (Nos.)	118,000	78,000
Money realised by exercise of options (Rs)	69,411,000	Nil
Total number of options in force at the end of the year (Nos.)	379,000	441,500
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	N.A.	N.A.
Employees granted options equal to or exceeding 1% of the issued capital	None	None
Diluted EPS on issue of shares on exercise calculated in accordance with AS 20 (Rs)	(3.14)	

Particulars	ESOP-2005*	ESOP-2006*
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 1.04 crore (ESOP-2005) and Rs 3.93 crore (ESOP-2006) for the year ended March 31, 2009 [Rs 2.14 crore (ESOP-2005) and Rs 2.39 (ESOP 2006) for the year ended March 31, 2008], difference between intrinsic value of options and exercise price. Had the Company followed the fair value method based on "Black-Scholes" model, additional charge to profit & loss account would have been Rs 1.55 crore for the year ended March 31, 2009 (Rs 3.35 crore for the year ended March 31, 2008). The impact on basic and diluted EPS would have been Rs 0.01 per share for the year ended March 31, 2009 [Rs 0.03 per share (diluted EPS) for the year ended March 31, 2008].	
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)	63.34	272.37

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-India Business Development	200,000	43,000
Kirti Vagadia	Head-Corporate Finance	200,000	43,000
Thorsten Spehr	Head-WTG Design	150,000	Nil
Nilesh Vaishnav	President-Blades	130,000	22,000
Dr. V.B. Rao	Head-Tamilnadu Business Unit	70,000	16,500
T. Pradeep Kumar	Chief Technology Officer	50,000	30,000
Dr. V. V. Rao	Chief Quality Officer & Information Officer	Nil	23,500

* 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 straight line basis over the vesting period.

Post March 31, 2009, the remuneration committee of the Board of Directors of the Company has granted 1,878,000 options to the eligible employees of the Company and its subsidiaries in terms of ESOP-2007. The Company also proposes to implement Employee Stock Option Plan-Perpetual-I for its employees and employees of its subsidiaries for which the approval of members is being sought at the ensuing Fourteenth Annual General Meeting.The equity shares issued/to be issued under the ESOP-2005, ESOP-2006, ESOP-2007, Special ESOP-2007 and ESOP-Perpetual I 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.

Suzlon's new campus, named 'ONE EARTH' in Pune is an environmental-friendly project, with a minimal footprint on the surrounding environment. The approach is aimed at minimising destruction of natural areas, habitats, bio-diversity and reducing soil loss in and around the campus, while at same time being more energy- efficient and pollution - free.

Particulars	2008-09	2007-08
A. Power and Fuel Consumption **Electricity** Through purchases		
(a) Purchased units	**12,026,991**	13,676,043
Total amount (Rs)	**44,991,148**	49,539,996
Rate / unit (Rs)	**3.74**	3.62
(b) Own generation Through diesel generator		
Units generated	**1,751,334**	1,282,996
Units per litre of diesel oil	**3.10**	3.05
Cost/unit (Rs)	**11.78**	10.97
B. Consumption per unit of production (Units / MW)	**6,881.25**	7,524.67

B. Research and development

The Company has strong focus in technology development and R&D activities, covering full scope from fundamental material research to systems design, integration and field analysis. During the year under review the Company has opened a new cutting-edge blade testing facility in Vadodara, India which is capable of fully validating multiple blades of various lengths to standards that far surpass prior practice and are probably now the most stringent in the industry.

The initiatives would facilitate in:

1. Aerodynamic performance enhancements of products,
2. Developing models suitable for varied climatic conditions and development of next generation wind turbine systems,
3. Increase of energy yield and reduced cost of energy.

Expenditure on R&D

(Rs in crore)

Particulars	2009	2008
Capital (including technical know-how)	**41.02**	7.65
Recurring	**9.05**	7.16
Total	**50.07**	14.81
R&D expenditure as a percentage of sales	**0.69**	0.21

C. Technology absorption, adoption and innovation

Efforts towards technology absorption, adoption and innovation are briefly noted below:

1. Certification from reputed institutions for design and manufacture of WTGs and rotor blades.
2. In-house technology campus for improving existing product quality & developing new technology.
3. Participation in national/international conferences, seminars and exhibitions.
4. Improvement of product quality through use of state-of-art equipments and acting on customer feedbacks.

The initiatives are resulting in development of new product of higher capacity, improvement in the product yield and quality .

D. Foreign exchange earnings and outgo

The Company continued to be a net foreign exchange earner during the year. Total foreign exchange earned by the Company during the year under review was Rs 4,111.56 crore, compared to Rs 2, 837.75 crore during the previous year. Total foreign exchange outgo during the year under review was Rs 3,754.13 crore, compared to Rs 2,775.35 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 being a leading player in the wind industry.

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

Tulsi R.Tanti
Chairman & Managing Director

Place: Mumbai
Date: June 27, 2009

Persons forming part of the Group coming within the definition of "Group" as defined in Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of inter-se transfer of share 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.	SE Energy Park Limited
33.	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, 2009 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi. Without qualifying our opinion, we draw attention to Schedule O, Note 9 regarding non-provision of proportionate premium on redemption of 'US$ 500 Million Zero Coupon Convertible Bonds due 2012' amounting to Rs. 226.11 crores which has been considered by the Company as a contingent liability;

vii. 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, 2009;

b) in the case of the profit and loss account, of the loss 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 : Mumbai
Date : June 27, 2009

S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

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) Fixed assets have been physically verified by management during the year in accordance with 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 an unsecured loan to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 50 crores and the year- end balance of loans granted to such parties 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 for such loans are not prima facie prejudicial to the interest of the Company.

   (c) The loans granted are repayable on demand. Where loans have been demanded, the repayment is within the date demanded. The payment of interest has been regular.

   (d) Based on the information and explanations provided by 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) The Company has taken a loan from a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 148 crores and the year-end balance of loans taken from such party was Rs. Nil.

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

   (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

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 exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the 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. It has incurred cash losses in the current financial year and has not incurred cash losses in the immediately preceding financial year.

11. Based on our audit procedures, and as per the information and explanations given by 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 of principal or interest on loans, to a financial institution, bank or debenture holders.

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, clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

19. In respect of debentures issued by the Company and outstanding during the year, the Company, as at year-end was in the process of creating a subservient charge as required by the terms of sanction with the lender, which has been completed post year-end. Further, 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 qualified institutional placements made in compliance with Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and 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. However, an ex-employee of the Company is suspected of having committed fraud arising out of certain commission payments made to entities alleged to be owned by him by suppliers of the Company and this matter is currently under investigation. The Company believes that it has not incurred any financial loss or liability based on the information available to it at this point of time

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Mumbai
Date : June 27, 2009

S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Balance sheet as at March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	**299.66**	299.39
Employee stock options outstanding	B	**8.25**	10.22
Reserves and surplus	C	**6,177.41**	6,638.05
		6,485.32	6,947.66
Share application money pending refund [See Schedule O, Note 13(f)]		**95.00**	-
Loan funds			
Secured loans	D	**4,006.23**	672.26
Unsecured loans	E	**3,323.25**	2,412.48
		7,329.48	3,084.74
		13,909.80	10,032.40
APPLICATION OF FUNDS			
Fixed assets (including intangible assets)	F		
Gross block		**915.83**	779.20
Less: Depreciation / amortisation		**364.33**	266.98
Net block		**551.50**	512.22
Capital work-in-progress		**286.97**	134.64
		838.47	646.86
Investments	G	**7,127.80**	4,919.48
Deferred tax assets, net [See schedule O, Note 7]		**175.40**	93.64
Foreign Currency Monetary Item Translation Difference Account [See schedule O, Note 2(e)]		**399.26**	-
Current assets, loans and advances	H		
Inventories		**1,383.62**	1,483.23
Sundry debtors		**4,745.14**	3,306.59
Cash and bank balances		**212.40**	875.50
Loans and advances		**2,698.75**	1,289.15
		9,039.91	6,954.47
Less : Current liabilities and provisions	I		
Current liabilities		**3,301.77**	1,946.39
Provisions		**369.27**	635.66
		3,671.04	2,582.05
Net current assets		**5,368.87**	4,372.42
		13,909.80	10,032.40
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: Mumbai
Date: June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place: Mumbai
Date: June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place: Mumbai
Date: June 27, 2009

Profit and loss account for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
INCOME			
Sales [See Schedule O, Note 4]		**7,235.58**	6,926.01
Other income	J	**177.14**	125.61
		7,412.72	7,051.62
EXPENDITURE			
Cost of goods sold	K	**4,543.85**	4,226.99
Operating and other expenses	L	**1,803.47**	854.47
Employees' remuneration and benefits	M	**199.07**	139.34
Financial charges	N	**433.97**	139.61
Depreciation / amortisation	F	**99.16**	86.21
		7,079.52	5,446.62
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**333.20**	1,605.00
Less: Exceptional items [see schedule O, Note 3]		**873.16**	285.21
PROFIT / (LOSS) BEFORE TAX		**(539.96)**	1,319.79
Current tax		**-**	155.00
MAT credit entitlement		**-**	(89.00)
Earlier year - current tax		**-**	0.13
Deferred tax		**(81.76)**	(23.49)
Fringe benefit tax		**11.07**	11.44
NET PROFIT / (LOSS)		**(469.27)**	1,265.71
Balance brought forward		**2,268.44**	1,477.86
PROFIT AVAILABLE FOR APPROPRIATIONS		**1,799.17**	2,743.57
APPROPRIATIONS			
Proposed dividend on equity shares		**-**	149.69
Residual dividend of previous year		**0.13**	-
Tax on dividends [See schedule O, Note 13(g)]		**(1.05)**	25.44
Transfer to general reserve		**-**	300.00
Surplus carried to balance sheet		**1,800.09**	2,268.44
Earnings / (loss) per share (in Rs) [See Schedule O, Note 8]			
- Basic [Nominal value of share Rs 2/-]		**(3.13)**	8.70
- Diluted [Nominal value of share Rs 2/-]		**(3.13)**	8.47
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: Mumbai
Date: June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place: Mumbai
Date: June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place: Mumbai
Date: June 27, 2009

Cash flow statement for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and exceptional items	333.20	1,605.00
Adjustments for:		
Depreciation / amortisation	99.16	86.21
(Profit) / loss on assets sold / discarded, net	(0.16)	2.93
(Profit) / loss on sale of investments, net	(9.30)	-
Interest income	(122.43)	(96.89)
Interest expenses	380.12	125.35
Dividend income	(11.29)	(6.32)
Provision for dimunition of investments	99.76	-
Premium on redemption of preference shares	(9.61)	-
Provision for operation, maintenance and warranty	143.05	52.91
Provision for performance guarantee	281.79	236.79
Provision for liquidated damages	155.65	4.94
Bad debts written off	2.07	7.39
(Reversal) / provision for doubtful debts and advances	7.72	11.80
Employee stock option scheme	4.97	4.53
Exchange differences, net	0.63	(18.94)
Wealth-tax	0.04	0.04
Operating profit before working capital changes	1,355.37	2,015.74
Movements in working capital		
(Increase) / decrease in sundry debtors	(1,443.93)	(1,355.08)
(Increase) / decrease in inventories	99.60	(107.97)
(Increase) / decrease in loans and advances	(220.25)	(226.94)
(Increase) / decrease in margin money deposit	(45.18)	(3.57)
Increase / (decrease) in current liabilities and provisions	449.30	386.03
Cash (used in) / generated from operations	194.91	708.21
Direct taxes paid (net of refunds)	(64.41)	(161.38)
Net cash (used in) / generated from operating activities before exceptional items	130.50	546.83
Exceptional items paid	(521.67)	(65.46)
Net cash (used in) / generated from operating activities	(391.17)	481.37
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(288.67)	(255.25)
Proceeds from sale of fixed assets	1.40	0.44
Investments in subsidiaries	(2,678.71)	(4,114.22)
Sale / Redemption of Investments in subsidiaries	389.53	-
Inter-corporate deposits repaid / (granted)	(35.78)	443.34
Loans granted to subsidiaries	(2,373.27)	(1,746.31)
Repayments received from subsidiaries	1,273.83	1,632.82
Interest received	123.13	91.13
Dividend received	5.36	1.50
Net cash flow from investing activities	(3,583.18)	(3,946.55)

Cash flow statement for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2009	2008
CASH FLOW FROM FINANCING ACTIVITIES		
Share application money received	**95.00**	(0.02)
Proceeds from issuance of share capital including premium, under stock option scheme	**6.94**	6.02
Capital including premium to qualified institutional buyers	-	2,182.70
Debentures, zero coupon convertible bonds and share issue expenses	**(5.05)**	(49.19)
Proceeds from issuance of debentures	**300.00**	-
Proceeds from long term borrowings	**590.00**	-
Proceeds from issuance of zero coupon convertible bonds	-	2,009.90
Repayment of long term borrowings	**(41.96)**	(109.42)
Proceeds from short term borrowings, net	**2,861.02**	71.10
Interest paid	**(365.89)**	(125.23)
Dividend paid	**(149.83)**	-
Tax on dividend paid	**(24.39)**	-
Net cash flow from financing activities	**3,265.84**	3,985.86
Effect of Exchange Difference on Cash and Cash Equivalents	**0.23**	(0.15)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(708.28)**	520.53
Cash and cash equivalents at the beginning of the year	**779.23**	258.70
Cash and cash equivalents at the end of the year	**70.95**	779.23

Components of cash and cash equivalents	As at March 31, 2009	2008
Cash and cheques on hand	**42.43**	77.98
In current account	**27.26**	124.46
In margin accounts	**141.45**	96.27
In term deposit accounts	**-**	575.26
Less: margin money deposit	**(141.45)**	(96.27)
With non-scheduled banks in current account	**1.26**	1.53
	70.95	779.23

Notes :

1 The figures in brackets represent outflows.

2 Previous periods' figures have been regrouped / reclassified, whereever necessary, to confirm to current year presentation.

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 : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place :Mumbai
Date : June 27, 2009

Schedules to the balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
SCHEDULE- A : SHARE CAPITAL		
Authorised		
2,225,000,000 (2,225,000,000) equity shares of Rs 2/- each	**445.00**	445.00
Nil (1,500,000) preference shares of Rs 100/- each	**-**	-
	445.00	445.00
Issued, subscribed		
Equity		
1,498,295,400 (1,496,934,400) equity shares of Rs 2/- each fully paid-up	**299.66**	299.39
[Of the above equity shares, 1,259,276,500 (1,259,276,500) shares of Rs 2/- each 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 571,000 (246,000) equity shares of Rs 2/- each fully paid] [See schedule O, Note 11]		
	299.66	299.39
SCHEDULE- B : EMPLOYEE STOCK OPTIONS		
Employee stock options	**10.01**	17.83
Less: Deferred employee compensation outstanding	**1.76**	7.61
	8.25	10.22
SCHEDULE- C : RESERVES AND SURPLUS		
Capital redemption reserve	**15.00**	15.00
Securities premium account		
As per last balance sheet	**3,456.62**	1,322.69
Add : Additions during the year	**13.61**	2,183.12
	3,470.23	3,505.81
Less : Expenses on issue of equity shares to qualified institutional buyers	**-**	26.27
Expenses on issue of debentures [See schedule O, Note 13(e)]	**5.06**	-
Expenses on issue of zero coupon convertible bonds	**-**	22.92
	3,465.17	3,456.62
General reserve		
As per last balance sheet	**897.99**	598.27
Add : Transferred from profit and loss account	**-**	300.00
	897.99	898.27
Less: Adjustment for employee benefits provision	**-**	0.28
Less: Adjustment for Foreign Currency Monetary Item Translation Difference Account [See schedule O, Note 2(c)]	**0.84**	-
	897.15	897.99
Profit and loss account	**1,800.09**	2,268.44
	6,177.41	6,638.05

Schedules to the balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - D : SECURED LOANS		
12.5% secured redeemable non-convertible debentures [See Schedule O, Note 13(e)]	**300.00**	-
Term loans		
From banks (Various loans secured by way of first charge on certain immovable or movable fixed fixed assets, second charge on current assets, first mortgage and charge on fixed assets of subsidiary and pledge of shares of a subsidiary)	**565.10**	7.00
From other than banks (Secured by a first charge on certain immovable and movable fixed assets, and second charge on current assets and movable fixed assets)	**14.84**	15.06
	579.94	22.06
Working capital facilities from banks and financial institutions		
Rupee loans	**2,055.67**	98.35
Foreign currency loans (Working capital facilities are secured by hypothecation of current assets of the Company, first and second charge on certain immovable fixed assets)	**1,070.62**	551.85
	3,126.29	650.20
	4,006.23	672.26
SCHEDULE- E : UNSECURED LOANS		
Long-term		
Zero coupon convertible bonds [See Schedule O, Note 9]	**2,535.50**	2,005.50
From other than banks [Due within one year Rs 4.62 crore (Rs 5.64 crore)]	**6.93**	11.12
	2,542.43	2,016.62
Short-term		
From banks	**724.57**	395.86
From other than banks	**56.25**	-
	780.82	395.86
	3,323.25	2,412.48

SCHEDULE - F : FIXED ASSETS (INCLUDING INTANGIBLE ASSETS)

Assets	Gross Block				Depreciation / amortisation				Net Block	
	As at April 1,2008	Additions	Deductions/ Adjustments	As at March 31,2009	As at April 1,2008	Additions	Deductions/ Adjustments	As at March 31,2009	As at March 31,2009	As at March 31,2008
Freehold land	99.58	0.19	-	99.77	-	-	-	-	99.77	99.58
Leasehold land	0.96	-	-	0.96	0.09	0.01	-	0.10	0.86	0.87
Buildings	213.33	26.57	1.15	238.75	46.77	16.34	0.34	62.77	175.98	166.56
Plant and machinery	299.32	53.95	3.49	349.78	133.16	47.44	2.44	178.16	171.62	166.16
Wind research and measuring equipments	19.87	0.17	-	20.04	14.05	2.94	-	16.99	3.05	5.82
Computers and office equipments	55.15	17.78	0.40	72.53	25.44	11.13	0.36	36.21	36.32	29.71
Furniture & fixtures	23.09	1.52	-	24.61	10.42	2.37	-	12.79	11.82	12.67
Vehicles	7.84	0.15	0.96	7.03	4.33	0.95	0.81	4.47	2.56	3.51
Intangible assets										
Designs and drawings	45.59	41.02	-	86.61	25.04	17.02	-	42.06	44.55	20.55
SAP software	14.47	1.28	-	15.75	7.68	3.10	-	10.78	4.97	6.79
	779.20	**142.63**	**6.00**	**915.83**	**266.98**	**101.30**	**3.95**	**364.33**	**551.50**	**512.22**
Capital work-in-progress									286.97	134.64
	779.20	**142.63**	**6.00**	**915.83**	**266.98**	**101.30**	**3.95**	**364.33**	**838.47**	**646.86**
Previous year	567.04	217.76	5.60	779.20	178.57	90.65	2.24	266.98	512.22	

Notes:

1. Depreciation charge for the current year amounting to Rs 101.30 crore (Rs 90.65 crore), is including Rs 2.14 crore (Rs 4.44 crore) which has been capitalised as part of self manufactured assets. The depreciation charged in the profit and loss account amounting to Rs 99.16 crore (Rs 86.21 crore) is net of the amount capitalised.

2. Capital work-in-progress includes advances for capital goods Rs 4.50 crore (Rs 7.15 crore).

Schedules to the balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
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		
Domestic		
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 (23,000,000) equity Shares of Rs 10 each of Suzlon Infrastructure Services Limited	**118.26**	118.26
14,524,600 (14,524,600) equity Shares of Rs 10 each of Suzlon Structures Limited [Formerly Suzlon Structures Private Limited]	**17.80**	17.80
26,226,800 (26,226,800) equity shares of Rs 10 each of Suzlon Generators Limited [Formerly 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 Limited [Formerly Suzlon Structures Private Limited]	**7.50**	7.50
200,000,000 (70,000,000) equity shares of Rs 10 each of SE Forge Limited	**200.00**	70.00
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 Limited [Formerly Suzlon Power Infrastructure Private Limited]	**3.01**	3.01
10,000,000 (10,000,000) equity shares of Rs 10 each in SE Electricals Limited [Formerly Suzlon Electricals International Limited]	**10.00**	10.00
10,000,000 (10,000,000) equity shares of 10 each of Suzlon Wind International Limited	**10.00**	10.00
15,000,000 (10,400,000) equity shares of 10 each of SE Composites Limited	**15.00**	10.40
1,500,000 (1,500,000) equity shares of Rs 10 each of Suzlon Engitech Limited [Formerly Suzlon Engitech Private Limited]	**1.50**	1.50
5,000,000 (5,000,000) 1% cumulative redeemable preference shares of Rs 100 each of Suzlon Infrastructure Services Limited	**50.00**	50.00
10,826,550 (4,000,000) 9% cumulative redeemable preference shares of Rs 100 each of Suzlon Wind International Limited	**108.27**	40.00
6,810,000 (1,000,000) 9% cumulative redeemable preference shares of Rs 100 each of SE Electricals Limited [Formerly Suzlon Electricals International Limited]	**68.10**	10.00

Schedules to the balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
10,310,000 (Nil) 9% cumulative redeemable preference shares of Rs 100 each of SE Composites Limited	**103.10**	-
Nil (16,000,000) 1% cumulative redeemable preference shares of Rs 100 each of SE Forge Limited [11,500,000 shares subscribed and redeemed during the year]	**-**	160.00
6,000,000 (Nil) 7% optional convertible redeemable cumulative preference shares of Rs 100 each of Suzlon Infrastructure Services Limited	**60.00**	-
Total - domestic subsidiaries	**892.58**	628.51
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 27,999,000) invested as additional paid in capital)	**116.47**	116.47
Suzlon Energy (Tianjin) Limited, China	**233.30**	233.30
Nil (1) equity share of 25,000 Euro each fully paid up of Suzlon Windpark Management GmbH, Germany (Euro Nil (Euro 5000) paid as capital reserve)	**-**	0.16
35,999,806,180 (2,704,100,083) equity shares of 10 MUR each of Suzlon Energy Limited, Mauritius	**5,837.53**	3,704.42
Nil (2) equity shares of 12,500 Euro each fully paid up of Suzlon Energy GmbH, Germany [Euro Nil (Euro 151,109,000) paid as capital reserve] [Euro 800,000 paid as capital reserve and sold during the year]	**-**	90.40
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Limited, China	**1.46**	-
Total - overseas subsidiaries	**6,334.97**	4,290.96
Less: Provision for dimunition in value of long term investments [See Schedule O, Note 13(d)]	**99.76**	-
Total - overseas subsidiaries (net)	**6,235.21**	4,290.96
	7,127.79	4,919.47
(b) Other than subsidiaries		
2,550 (2,550) equity shares of Rs 10 each of Saraswat Co-operative Bank Limited*	**0.00**	0.00
30 (30) equity shares of Rs 10 of Godrej Millenium Condominium *	**0.00**	0.00
	0.00	0.00
Total-Investments (unquoted)	**7,127.80**	4,919.48
Aggregate book value of unquoted investments	**7,127.80**	4,919.48

*amount below Rs 0.01 crore

Schedules to the balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE-H : CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Raw materials (including goods-in-transit Rs 153.20 crore (Rs 232.09 crore))	871.05	1,030.40
Semi finished goods, work-in-progress and contracts in progress	459.14	404.99
Land and land lease rights	21.88	7.66
Stores and spares	31.55	40.18
	1,383.62	1,483.23
Sundry debtors		
(Unsecured)		
Outstanding for a period exceeding six months		
considered good	1,881.25	594.74
considered doubtful	21.80	18.49
	1,903.05	613.23
Others, considered good	2,863.89	2,711.85
	4,766.94	3,325.08
Less: Provision for doubtful debts	21.80	18.49
	4,745.14	3,306.59
Cash and bank balances		
Cash on hand	0.25	0.41
Cheques on hand	42.18	77.57
Balances with scheduled banks		
in current accounts	27.26	124.46
in Margin Accounts	141.45	96.27
in Term Deposit Accounts	-	575.26
	168.71	795.99
Balances with non scheduled banks in current accounts		
Bank of China RMB account - Beijing	0.49	0.02
(Maximum balance during the year Rs 0.49 crore (Rs 1.78 crore)		
Bank of China USD account - Beijing	0.12	0.05
(Maximum balance during the year Rs 0.61 crore (Rs 2.48 crore)		
Bank of China RMB account - Shanghai	0.11	0.11
(Maximum balance during the year Rs 0.43 crore (Rs 1.79 crore)		
Bank of China USD account - Shanghai	0.02	1.34
(Maximum balance during the year Rs 1.44 crore (Rs 4.31 crore)		
Millenium Bank - Portugal	0.52	0.01
(Maximum balance during the year Rs 31.60 crore (Rs 22.77 crore)		
	212.40	875.50
Loans and advances		
(Unsecured and considered good, except otherwise stated)		
Loans to subsidiaries		
in indian rupees	788.74	205.10
in foreign currency	867.05	351.25
	1,655.79	556.35
Deposits		
with customers as security deposit	19.55	30.83
with others	77.36	27.78
	96.91	58.61
Advance against taxes	75.57	22.26
[Net of provision for income tax and fringe benefit tax Rs 311.42 crore (Rs 300.35 crore)]		
MAT credit entitlement	139.00	139.00
Inter corporate deposits	36.25	0.47
Advances recoverable in cash or in kind or for value to be received		
Considered good	695.23	512.46
Considered doubtful	6.56	2.63
	701.79	515.09
Less: Provision for doubtful loans and advances	6.56	2.63
	695.23	512.46
	2,698.75	1,289.15
	9,039.91	6,954.47

Schedules to the balance sheet as at March 31, 2009

Particulars		As at March 31, 2009	As at March 31, 2008
SCHEDULE- I : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry creditors			
Others [See schedule O, Note 13(h)]		**1,234.37**	1,082.43
Micro, small & medium enterprises [See schedule O, Note 17(j)]		**34.10**	21.78
Subsidiaries		**1,781.65**	380.22
Unclaimed Dividend		**0.06**	0.06
Other current liabilities		**220.81**	312.27
Interest accrued but not due		**15.61**	1.37
Advances from customers		**15.17**	148.26
		3,301.77	1,946.39
Provisions			
Wealth tax		**0.04**	0.04
Gratuity, superannuation and leave encashment		**21.85**	8.92
Performance guarantee, operation, maintenance and warranty, and liquidated damages		**347.38**	451.57
Dividend		**-**	149.69
Tax on dividend		**-**	25.44
		369.27	635.66
		3,671.04	2,582.05
SCHEDULE - J : OTHER INCOME			
Interest income			
From banks [TDS Rs 5.14 crore (Rs 3.78 crore)]		**19.32**	23.38
From others [TDS Rs 3.83 crore (Rs 16.76 crore)]		**103.11**	73.51
Dividend Income (non-trade)			
From investment in subsidiary companies		**11.29**	6.32
From other investments *		**0.00**	0.00
Royalty income		**16.36**	16.23
Profit on sale of investments		**9.30**	-
Premium on redemption of preference shares of subsidiary		**9.61**	-
Miscellaneous income		**8.15**	6.17
*amount below Rs 0.01 crore			
		177.14	125.61
SCHEDULE - K : COST OF GOODS SOLD			
Consumption of raw materials			
Opening stock		**1,030.40**	1,116.74
Add : Purchases		**4,416.70**	4,218.37
		5,447.10	5,335.11
Less : Closing stock		**871.05**	1,030.40
	(A)	**4,576.05**	4,304.71
Trading purchases	(B)	**36.17**	76.42
(Increase) / decrease in stock			
Opening balance :			
Semi finished goods and work-in-progress		**404.99**	242.13
Land and land lease rights		**7.66**	16.38
	(C)	**412.65**	258.51
Closing balance :			
Semi finished goods and work-in-progress		**459.14**	404.99
Land and land lease rights		**21.88**	7.66
	(D)	**481.02**	412.65
(Increase) / decrease in stock	(E) = (C) - (D)	**(68.37)**	(154.14)
	(A) + (B) + (E)	**4,543.85**	4,226.99

Schedules to the profit and loss account for the year ended March 31, 2009

Particulars	Year ended March 31, 2009	2008
SCHEDULE - L : OPERATING AND OTHER EXPENSES		
Stores and spares consumed	**38.84**	47.97
Power and fuel	**4.46**	4.48
Factory expenses	**24.84**	17.28
Repairs and maintenance		
Plant and machinery	**1.01**	0.97
Building	**2.33**	1.95
Others	**7.92**	7.61
Operation and maintenance charges	**113.26**	20.15
Design change and technological upgradation charges	**100.46**	54.10
Operating lease charges	**2.38**	2.53
Rent	**24.81**	20.49
Rates and taxes	**7.25**	3.98
Provision for operation, maintenance and warranty	**143.05**	52.91
Provision for performance guarantee	**281.79**	157.35
Provision for liquidated damages	**155.65**	4.94
Quality assurance expenses	**28.03**	12.82
R & D, certification and product development	**9.05**	7.16
Insurance	**5.89**	5.36
Advertisement and sales promotion	**23.27**	40.12
Infrastructure development expenses	**47.22**	2.20
Freight outward and packing expenses	**432.31**	294.93
Sales commission	**3.42**	4.63
Travelling, conveyance and vehicle expenses	**38.10**	34.49
Communication expenses	**11.56**	7.43
Auditors' remuneration and expenses [See schedule O, Note 16(a)]	**3.52**	2.60
Consultancy charges	**63.54**	21.92
Charity and donations	**14.99**	6.55
Other selling and administrative expenses	**47.94**	39.79
Exchange differences, net	**57.19**	(44.36)
Bad debts written off	**2.07**	7.39
Provision for doubtful debts and advances	**7.72**	11.80
Provision for dimunition of investments [See Schedule O, Note 12(d)]	**99.76**	-
(Profit) / loss on assets sold / discarded	**(0.16)**	2.93
	1,803.47	854.47
SCHEDULE - M : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, allowances and bonus	**181.78**	124.29
Contribution to provident and other funds	**11.03**	7.53
Staff welfare expenses	**6.26**	7.52
	199.07	139.34
SCHEDULE - N : FINANCIAL CHARGES		
Interest		
Fixed loans	**3.27**	3.21
Debentures	**9.76**	-
Others	**367.09**	122.13
Bank charges	**53.85**	14.27
	433.97	139.61

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, Pondichery, 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 tocomply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') 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 Generally Accepted Accounting Principles ('Indian GAAP').

b) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that may affect the reported amounts 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 these estimates.

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 profit and loss account 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 realisable 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 asset's CGU, assets are written down to their recoverable amount. Recoverable amount is the greater of the asset's net selling price and value in use. The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimates of recoverable amount.

e) Depreciation and 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%
Moulds	13.91% or useful life based on usage
Plant and machinery	
Single Shift	13.91%
Double Shift	20.87%
Triple Shift	27.82%
Patterns	30% or useful life based on usage
Plugs for moulds	50% or useful life based on usage
Wind research and measuring Equipment	50%
Computers	40%
Office equipment	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 realisable 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 realisable value. Cost is determine on weighted average basis. Net realisable value is determined by management using technical estimates.

g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term 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 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. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), exchange differences relating to long term monetary items are dealt with in the following manner:

i) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond March 31, 2011.

All other exchange differences are recognised as income or expense in the profit and loss account.

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.

Foreign currency transactions entered into by branches, which are integral foreign operations are accounted in the same manner as foreign currency transactions described above. Branch monetary assets and liabilities are restated at the year end rates.

Derivatives

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.

As per the Institute of Chartered Accountants of India ('ICAI') announcement, accounting for derivative contracts, other than those covered under AS - 11, are marked to market on a portfolio basis and the net loss after considering the offsetting effect on the underlying hedge items is charged to the profit and loss account. Net gains on marked to market basis are not recognised.

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.

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

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 each balance sheet date.

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 each 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 or disclosed.

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 at the amount expected to be paid to the tax authorities, after taking into consideration, the applicable 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.

At each balance sheet date, the company reassesses unrecognised deferred tax assets. It recognises unrealised deferred tax assets to the extent it has become reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realised.

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.

n) Earnings / (loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit / (loss) 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/(loss) per share, the net profit / (loss) 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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.

p) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2. Change in accounting policy

In line with notification of the Companies (Accounting Standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), the Company has chosen to exercise the option under para 46 inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007, are:

(a) To the extent such items are used for the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset. As a result of which an amount of Rs 2.43 crore [net of depreciation of Rs 0.12 crore and tax of Rs. Nil] have been added to fixed assets, being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset.

(b) In other cases accumulated in the “Foreign Currency Monetary Translation Difference Account” and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond March 31, 2011.

(c) As a result of point (a) and (b) above, Rs 0.84 crore [net of tax Rs. Nil] was charged to general reserve which was recognised in the profit and loss account till the previous financial year ended March 31, 2008.

(d) Rs 132.02 crore amortisation cost charged to the profit and loss account during the year.

(e) Rs. 399.26 crore accumulated in the “Foreign Currency Monetary Translation Difference Account”, being the amount remaining to be amortised as at March 31, 2009.

As a result of the above change in the accounting policy, the net loss before tax for the year is lower by Rs 402.52 crore.

3. Exceptional items

The details of exceptional items aggregating to Rs 873.16 crore (Rs 285.21 crore) are as below:

a) Foreign exchange losses of Rs 131.35 crore (foreign exchange gain of Rs 4.40 crore) arising due to restatement of zero coupon convertible bonds of USD 500 million at year end exchange rates.

b) Provision for blade retrofit/replacement cost aggregating Rs 221.59 crore (Rs 121.71 crore) and consequential generation/availability costs of Rs 189.51 crore (Rs 20.37 crore).

c) Cost of site restoration aggregating Rs Nil (Rs 65.46 crore) and cost of consequential generation losses aggregating Rs Nil (Rs 59.07 crore) relating to disruption of operation of WTG's in Dhule and Sangli by local residents.

d) Mark-to-market losses of Rs 330.71 crore (Rs 23.00 crore) in respect of foreign exchange forward / option contracts, taken for hedging purposes.

Exceptional items for the prior year comparatives include amounts in respect of items which have been classified as exceptional in current year.

4. Sales

Particulars	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Sale of wind turbines	**7,009.92**	6,726.85
Excisable sales	**20.50**	20.68
Less: Excise duty	**2.53**	2.89
Net excisable sales	**17.97**	17.79
Operation and maintenance	**2.37**	1.76
Others	**205.32**	179.61
Total	**7,235.58**	6,926.01
Sale of wind turbines are specified as follows:		
Revenue using percentage of completion method (See Schedule O, Note 5)	**382.37**	448.10
Revenue using dispatch method	**6,627.55**	6,278.75
Total	**7,009.92**	6,726.85

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

Particulars	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Contract revenue recognised during the period	**382.37**	448.10
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	**125.35**	373.92
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	**71.73**	-
Due from customers	**-**	-
Due to customers	**-**	-

6. Provisions

In pursuance of Accounting Standard-29 (AS-29) 'Provisions, contingent liabilities and contingent assets', 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	310.29 (182.03)	122.25 (178.37)	19.03 (25.93)
Additions	471.30* (236.79)	143.05 (52.91)	155.65 (23.69)
Utilisation	620.70 (108.53)	106.32 (109.03)	147.17 (11.84)
Reversal	- (-)	- (-)	- (18.75)
Closing balance	160.89 (310.29)	158.98 (122.25)	27.51 (19.03)

*includes Rs 189.51 crore (Rs 79.44 crore) classified as exceptional item.

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, 2008	During the year 2008-09	As at March 31, 2009
a. Deferred tax asset:				
Provision for PG, LD, O&M		86.29	(20.63)	65.66
Provision for doubtful debts		5.03	1.48	6.51
Provision for bonus		1.08	(1.08)	-
Unabsorbed losses and depreciation		-	97.79	97.79
Share issue expenses		1.52	(0.45)	1.07
Depreciation on fixed assets		-	4.37	4.37
	(A)	93.92	81.48	175.40
b. Deferred tax liability:				
Depreciation on fixed assets		0.28	(0.28)	-
	(B)	0.28	(0.28)	-
Total deferred tax asset	**(A) - (B)**	**93.64**	**81.76**	**175.40**

8. Earnings / (loss) per share (EPS)

All amounts in Rs crore except per share data

Particulars		As at March 31	
		2009	2008
Basic			
Net Profit/(loss) after tax	A	(469.27)	1,265.71
Weighted average number of equity shares	B	1,497,932,537	1,455,672,492
Basic EPS (Rs) of face value of Rs 2 each	A/B	(3.13)	8.70
Diluted			
Weighted average number of equity shares	B	1,497,932,537	1,455,672,492
Add: Equity shares for no consideration arising on grant of share options	C	28,507	1,609,325
Add: Potential weighted average equity shares that could arise on conversion of zero coupon convertible bonds	D	55,516,717	37,593,265
Weighted average number of equity shares for diluted EPS	E=(B+C+D)	1,553,477,761	1,494,875,082
Diluted EPS(Rs) of face value of Rs 2 each [see note below]	A/E	(3.13)	8.47

Since the loss per share computation based on diluted weighted average number of shares is anti-dilutive, the basic and diluted loss per share is the same.

9. Zero coupon convertible bonds

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

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 to be converted into 113.50 fully paid up equity shares of face value of Rs 2 per share at an initial conversion price of Rs 359.68 per equity share of Rs 2 each at a fixed exchange rate 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 Phase I 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 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 were:

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 to be converted into 107.30 fully paid up equity shares with face value of Rs 2 per share at an initial conversion price of Rs 371.55 per equity share of Rs 2 each at a fixed exchange rate 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 Phase II 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.

Subsequent to the year-end, the Company proposed a restructuring of its Zero Coupon Convertible Bonds, with an approval of the Reserve Bank of India ('RBI') and the bondholders were offered the following options as part of the restructuring:

- Cash buyback of bonds @ 54.55% of the face value of US $ 1000 per bond
- Issue of new bonds in place of old bonds at a fixed ratio of 3:5 (60 cents to dollar) bearing a coupon of 7.5 per cent per annum, payable semi-annually. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each June 2012 New Bond at 150.24 per cent of its principal amount and each October 2012 New Bond at 157.72 per cent of its principal amount on the relevant Maturity Date. The conversion price is set at Rs 76.68 per share. These bonds do not have any financial covenants and are of the same maturity as the old bonds.
- Consent fee of US$15 Million to be paid across both the series, for those bondholders who consent to the relaxation of covenants
  As a result of the restructuring, the outstanding position of the zero coupon convertible bonds is as follows:

Particulars	Phase I Bond (USD)	Phase II Bond (USD)	Total (USD)
Old bonds exchanged [A]	59,332,000	34,672,000	94,004,000
New Bonds issued in the ratio of 3:5 [B]	35,592,000	20,796,000	56,388,000
Bonds bought back for cash [C]	29,366,000	43,960,000	73,326,000
Cash paid for buyback [D]	16,019,702	23,980,180	39,999,882
Old bonds o/s [E]	211,302,000	121,368,000	332,670,000
Value of total bonds outstanding [F]=[B+E]	246,894,000	142,164,000	389,058,000
Value of old bonds [G]=[A+C+E]	300,000,000	200,000,000	500,000,000
Consent Fee paid	11,846,947	1,869,863	13,716,810

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, 2009 amounting to Rs 154.73 crore (approximately USD 30,513,445) and Rs 71.38 crore (approximately USD 14,075,009) 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.

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 10.37 crore (Rs 5.36 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 14.44 crore (Rs 15.13 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,	
	2009	2008
Not later than one year	**8.80**	11.97
Later than one year and not later than five years	**13.75**	17.04
Later than five years	**0.26**	-

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 2.38 crore (Rs 2.53 crore).

Sublease rental income recognised in the statement of profit and loss account for the period is Rs 2.38 crore (Rs 2.53 crore).

11. Employee stock option scheme

a) Suzlon Energy Employee Stock Option Plan 2005 (Scheme I)

The Company instituted the Scheme I 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 granted adjusted to 4,605,000 options of Rs 2 each to eligible employees at an exercise price of Rs 51 per equity share of Rs 2 each, 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 102 per equity share of Rs 2 each. Under the terms of Scheme I, 30% of the options vest in the employees at the end of the first year, 30% at the end of the second year and the balance 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 into equity shares within a period of five years from the date of first vesting i.e. till June 16, 2011. 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 except for the lock-in, if any, in terms of the Insider Trading Code of the Company. 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, 2009, vesting rights were exercised by employees for 1,361,000 (1,180,500) shares of Rs 2 each under scheme I. Further, 118,000 (114,500) employee stock options of Rs 2 each under scheme I were cancelled during the year as certain employees resigned from the services of the Company. The movement in the stock options during the year ended March 31, 2009 was as per the table below:

Particulars	Year ended as at March 31,	
	2009	2008
Opening balance of options outstanding	1,858,000	3,153,000
Granted during the year	Nil	Nil
Forfeited/cancelled during the year	118,000	114,500
Exercised during the year	1,361,000	1,180,500
Expired during the year	Nil	Nil
Closing balance of options outstanding	379,000	1,858,000
Exercisable at the end of the year (Included in closing balance of option outstanding)	379,000	246,000

b) Suzlon Energy Employee Stock Option Plan 2006 (Scheme II)

The Company instituted Scheme II for all eligible employees with effect from November 23, 2007 (grant date) in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on March 10, 2007. 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 519,500 options of Rs 2 each to eligible employees at an exercise price of Rs 192.20 per equity share of Rs 2 each which is 51.28% of the weighted average price over a period of six months prior to date of grant, i.e. Rs 374.80 per equity share of Rs 2 each. Under the terms of Scheme II, 50% of the options vest in the employees at the end of the first year, 25% at the end of the second year and 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 into equity shares within a period of five years from the date of first vesting i.e. till November 23, 2013. 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 except for the lock-in, if any, in terms of the Insider Trading Code of the Company. 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, 2009, vesting rights were exercised by employees for Nil (Nil) shares of Rs 2 each. Further, 78,000 (Nil) employee stock options of Rs 2 each were cancelled during the year as certain employees resigned from the services of the Company. The movement in the stock options during the year ended March 31, 2009 was as per the table below:

Particulars	Year ended as at March 31,	
	2009	2008
Opening balance of options outstanding	**519,500**	Nil
Granted during the year	**Nil**	519,500
Forfeited/cancelled during the year	**78,000**	Nil
Exercised during the year	**Nil**	Nil
Expired during the year	**Nil**	Nil
Closing balance of options outstanding	**441,500**	519,500
Exercisable at the end of the year (Included in closing balance of option outstanding)	**192,000**	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 1.04 crore (Rs 2.14 crore) and Rs 3.93 crore (Rs 2.39 crore) at the rate of Rs 51 per option and Rs 182.60 per option respectively, being the difference between the intrinsic value of options and exercise price under scheme I and scheme II for the year ended March 31, 2009. 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 63.34 (Rs 68.39) per option and Rs 272.37 (Rs 284.10) per option for scheme I and scheme II respectively and accordingly the profit / (loss) after tax would have been lower / higher by Rs 1.55 crore (Rs 3.35 crore).

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

Particulars	As at March 31,	
	2009	2008
Earnings per share		
- Basic	**(3.14)**	8.67
- Diluted	**(3.14)**	8.44

12. Post employment benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary based on 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,	
	2009	**2008**
Opening defined benefit obligation	**4.49**	2.66
Interest cost	**0.37**	0.23
Current service cost	**1.75**	1.24
Benefits paid	**(0.19)**	(0.12)
Actuarial (gains) / losses on obligation	**2.73**	0.48
Closing defined benefit obligation	**9.15**	4.49

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

Particulars	Year ended March 31,	
	2009	**2008**
Opening fair value of plan assets	**4.81**	1.92
Expected return	**0.50**	0.21
Contributions by employer*	**2.36**	2.84
Benefits paid	**(0.19)**	(0.12)
Actuarial gains / (losses)	**(0.36)**	(0.04)
Closing fair value of plan assets	**7.12**	4.81

* The contribution made by the employer during the year was Rs 2.48 crore (Rs 2.91 crore) of which Rs 2.36 crore (Rs 2.84 crore) was paid towards approved fund and Rs 0.12 crore (Rs 0.07 crore) was towards OYRGTA premium.

The Company expects to contribute Rs 2.36 crore (Rs 3.51 crore) to its defined benefit gratuity plan in 2009-10. The actual return on plan assets during the year was Rs 0.28 crore (Rs 0.17 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,	
	2009	**2008**
Investments in approved fund	100%	100%

Details of defined benefit obligation

Particulars		Year ended March 31,	
		2009	**2008**
Defined benefit obligation	(A)	**9.15**	4.49
Fair value of plan assets	(B)	**7.12**	4.81
Present value of unfunded obligations	(C=A-B)	**2.03**	(0.32)
Less: Unrecognised past service cost	(D)	**Nil**	Nil
Plan liability / (asset)	(E=C-D)	**2.03**	(0.32)

Net employees benefit expense recognised in the profit and loss account

Particulars	Year ended March 31,	
	2009	**2008**
Current service cost	**1.75**	1.24
Interest cost on benefit obligation	**0.37**	0.23
Expected return on plan assets	**(0.50)**	(0.21)
Net actuarial (gain) / loss recognised in the year	**3.09**	0.52
Past service cost	**Nil**	Nil
Net benefit expense	**4.71**	1.78

Amounts for the current and previous periods are as follows:

Particulars	Year ended March 31,			
	2009	2008	2007	2006
Defined benefit obligation	**9.15**	4.49	2.66	1.76
Plan assets	**7.12**	4.81	1.92	1.81
Surplus / (deficit)	**(2.03)**	0.32	(0.74)	0.05
Experience adjustments on plan liabilities	**(1.61)**	Nil	Nil	Nil
Experience adjustments on plan assets	**(0.35)**	Nil	Nil	Nil

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

Particulars	Year ended March 31,	
	2009	2008
Discount rate	7.90%	8.50%
Expected rate of return on plan assets	8.50%	9.00%
Salary escalation rate	8.00%	7.50%
Attrition rate	10% at younger ages and reducing to 1% at older age according to graduated scale	10% at younger ages and reducing 1% at older age according to graduated scale

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 3.61 crore (Rs 4.86 crore) and Rs 6.22 crore (Rs 6.94 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) Borrowing costs amounting to Rs 14.39 crore (Rs Nil) have been capitalised to qualifying assets.

c) 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.

d) In case of an overseas subsidiary, the Company has investments in equity shares of Rs 133.06 crore (Rs 133.06 crore). Considering the future potential and recoverability, the Company has estimated and provided for Rs 99.76 crore as diminution other than temporary in the value of the investments. In the opinion of the management, the balance amount is recoverable.

e) During the current year, the Company has issued 12.50% secured redeemable Non-Convertible Debentures ('NCDs') aggregating Rs 300.00 crore to Life Insurance Corporation of India ('LIC'). The Company has incurred expenses amounting to Rs 5.06 crore towards issue of NCDs. These NCDs are secured by pledge of shares of the Company held by promoters to the extent of 1.5 times the NCD amount and subservient charge on the Pondichery factory. The company is required to maintain minimum security cover of 1.5 times at all times during the tenor of the debenture. The tenor of the debentures is seven years and they shall be redeemed in three equal annual instalments commencing from the end of the 5th year from the date of allotment.

f) During the current year, the board of directors of the company had approved a rights issue of equity shares of the company to a maximum extent of Rs 1,800 crore. In anticipation of the right issue, the company had received Rs 200 crore from a promoter group company as an advance towards the share application money. The rights issue was suspended due to market conditions prevailing at that time; and Rs 105 crore out of Rs 200 crore was refunded to the promoter group company. Subsequently on March 27, 2009, the Company, considering the market conditions and in turn its inability to come out with a right issue, has decided refund the remaining advance amount outstanding towards share application money. Accordingly, the amount has been refunded post balance sheet date.

g) Tax on dividend of Rs 1.05 crore pertains to dividend distribution tax credit claimed by the company on dividends distributed by subsidiaries in the previous year.

h) Creditors include acceptances of Rs 406.37 crore (Rs 614.66 crore).

14. Managerial remuneration to directors

Particulars	Year ended March 31,	
	2009	**2008**
i) Salaries	**0.96**	1.30
ii) Contribution to superannuation fund and provident fund	**0.21**	0.27
iii) Sitting fees	**0.06**	0.02
Total	**1.23**	1.59

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.

In terms of the special resolution approved by the members of the Company, the Company has been authorised to pay remuneration to the managerial personnel within the limits as prescribed under Section II (B) of Part II of Schedule XIII of the Act in case of loss or inadequacy of profits. Accordingly the Company has paid remuneration as per these limits and the excess remuneration paid has been recovered from the directors post year end.

15. a. Contingent liabilities

Particulars	As at March 31,	
	2009	**2008**
Guarantees given on behalf of subsidiaries in respect of loans granted to them by banks / financial institutions	**7,117.45**	7,451.10
Premium on redemption of zero coupon convertible bonds	**226.11**	101.08
Claims against the Company not acknowledged as debts	**27.26**	0.25
Income tax matters pending in appeal	**15.23**	19.23

b. Capital commitments

Particulars	As at March 31,	
	2009	**2008**
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	**59.36**	50.96
Commitments for investments in Subsidiary	**-**	82.34

16. Derivative instruments and unhedged foreign currency exposure

Particulars of derivatives **Forward contract outstanding as at balance sheet date:**	**Purpose**
Buy EURO 17,432,339 (EURO 148,522,981.72)	Hedge of forex EURO liabilities
Buy USD 7,285,000 (USD 83,395,361.33)	Hedge of forex USD liabilities
Sell USD 136,439,861 (USD 286,961,890)	Hedge of forex USD receivable
Sell EURO 37,500,000 (EURO 118,198,046)	Hedge of forex EURO receivable
Sell AUD 44,500,000 (AUD 32,500,000)	Hedge of forex AUD receivable

Option Contract outstanding as at balance sheet date:

USD 5.50 crore (13.50 crore) zero cost 1:1.5 forward put options outstanding.

EURO Nil (17.75 crore) zero cost barrier call options outstanding.

EURO Nil (11.50 crore) zero cost put spread options outstanding.

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

Particulars	Year ended March 31,	
	2009	2008
Current liabilities	**2,624.81**	339.86
Debtors	**3,462.59**	1,519.10
Loans given	**867.03**	344.15
Loans received	**1,315.59**	454.46
Bank balance in current accounts and term deposit accounts	**1.74**	1.53
Investments in overseas subsidiaries	**6,334.97**	4,290.96
Zero coupon convertible bonds	**2,535.50**	2,005.50

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,	
	2009	2008
(i) Statutory audit fees	**2.16**	2.30
(ii) Tax audit fees	**0.06**	0.06
(iii) Taxation matters	**-**	-
(iv) Other services*	**1.10**	0.91
(v) Reimbursement of out of pocket expenses	**0.20**	0.03
Total	**3.52**	3.30

* Includes Nil (Rs 0.71 crore) 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., WTGs 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.)	(in MW's)
Wind Turbine Generators		
Upto 1 MW	**93** (197)	**55.80** (114.45)
Above 1 MW and upto 2 MW	**502** (631)	**718.00** (901.50)
Above 2 MW	**585** (463)	**1,228.50** (972.30)
Total	**1,180** (1,291)	**2,002.30** (1,988.25)

c) Details of opening stock, turnover and closing stock

Particulars	Year ended March 31, 2009			Year ended March 31, 2008		
	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	**-**	**-**	**7.66**	-	-	16.38
	-	**-**	**7.66**	-	-	16.38

Particulars	Year ended March 31, 2009			Year ended March 31, 2008		
	Nos.	MW	Amount	Nos.	MW	Amount
Turnover						
Wind Turbine Generators						
Upto 1 MW	**93**	**55.80**	**249.96**	197	114.45	518.39
Above 1 MW and upto 2 MW	**502**	**718.00**	**2,728.05**	631	901.50	3,483.27
Above 2 MW	**585**	**1,228.50**	**4,031.91**	463	972.30	2,725.19
Land/lease rights	**-**	**-**	**9.45**	-	-	29.29
Wind Turbine Generator parts and others	**-**	**-**	**216.21**	-	-	169.87
	1,180	**2,002.30**	**7,235.58**	1,291	1,988.25	6,926.01
Closing stock						
Wind Turbine Generators						
Upto 1 MW	**-**	**-**	**-**	-	-	-
Above 1 MW and upto 2 MW	**-**	**-**	**-**	-	-	-
Above 2 MW	**-**	**-**	**-**	-	-	-
Land/lease rights	**-**	**-**	**21.88**	-	-	7.66
	-	**-**	**21.88**	-	-	7.66

(d) Raw materials consumed

	Particulars (units)	Year ended March 31,			
		2009		2008	
		Qty.	Amount	Qty.	Amount
(i)	Gear Box (Nos)	**1,235**	**1,116.03**	1,328	876.94
(iii)	Others (see note below)	**Various**	**3,460.02**	Various	3,427.77
			4,576.05		4,304.71

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,			
	2009		2008	
	Amount	%	Amount	%
Imported	**3,001.43**	**65.59**	2,450.28	56.92
Indigenous	**1,574.62**	**34.41**	1,854.43	43.08
	4,576.05	**100.00**	4,304.71	100.00

(ii) Stores and spares

Particulars	Year ended March 31,			
	2009		2008	
	Amount	%	Amount	%
Imported	**3.47**	**8.93**	3.13	6.52
Indigenous	**35.37**	**91.07**	44.84	93.48
	38.84	**100.00**	47.97	100.00

(f) Value of imports on CIF basis

Particulars	Year ended March 31,	
	2009	2008
(i) Raw materials	**2,710.02**	2,427.55
(ii) Stores and spares	**2.88**	5.19
(iii) Capital goods	**76.54**	23.72
	2,789.44	2,456.46

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

Particulars	Year ended March 31,	
	2009	2008
(i) Consultancy	**7.13**	3.13
(ii) R & D, certification and product development and quality assurance	**29.17**	10.77
(iii) Interest	**76.88**	27.82
(iv) Design change and technological upgradation charges	**63.11**	35.14
(v) Performance guarantee expenses	**292.10**	89.92
(vi) Blade retrofit expenses	**246.95**	121.71
(vii) Liquidated damages	**141.68**	3.31
(viii) Operations & maintenance	**75.38**	4.88
(ix) Others	**32.29**	22.23

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

Particulars	Year ended March 31,	
	2009	2008
(i) F.O.B. value of exports	**4,037.92**	2,796.83
(ii) Interest on loans	**47.99**	23.72
(iii) Royalty	**16.35**	16.23
(iv) Profit on export of mould	**-**	0.97
(v) Profit on sale of investments	**9.30**	-

(i) Dividend remitted in foreign currency during the year

No dividend has been remitted in foreign currency during the current year and previous year.

(j) Disclosure of Micro, Small and Medium Enterprises

Sr. No.	Description	Year ended March 31,	
		2009	2008
(i)	Principal amount remaining unpaid to any supplier as at the end of the year Interest due on the above amount	**34.10** **0.90**	21.78 0.00*
(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** **37.18**	Nil 21.61
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	**1.44**	0.12
(iv)	Amount of interest accrued and remaining unpaid at the end of the year	**Nil******	0.12
(v)	Amount of further interest remaining due and payable even in the succeding 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

** Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is 1.44 crore and same is not accrued in the books of accounts.

18. Statement showing the use of proceeds from Qualified Institutional Placements up to March 31, 2009

On December 20, 2007, the Company raised Rs 2,182.70 crore through allotment of 56,930,000 equity shares of Rs 2 each at a price of Rs 383.40 per equity share of Rs 2 each 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 utilisation of QIP proceeds are given below:

Sr. No.	Description	As at March 31, 2009
I	**Source of funds**	
	Proceeds from Issue	**2,182.70**
	Issue Expenses	**(26.27)**
	Net Proceeds	**2,156.43**
II	**Utilisation of funds**	
(i)	Repayment of Acquisition facility loans Working Capital requirement and General corporate purposes Investments in subsidiaries for Capital expenditure and working capital requirement	**1,350.40** **341.12** **464.91**
	Total	**2,156.43**
III	**Unutilised funds**	**Nil**

19. 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:

Name of Party	Nature of relationship
AE-Rotor Holding B.V.	Subsidiary company
Eve Holding NV	Subsidiary company
Cannon Ball Wind Energy Park-1, LLC	Subsidiary company
Hansen Drives Limited, India	Subsidiary company
Hansen Drives Limited, Hongkong	Subsidiary company
Hansen Drives Pte Ltd.	Subsidiary company
Hansen Transmissions Inc	Subsidiary company
Hansen Transmissions International NV	Subsidiary company
Hansen Transmissions Ltd.	Subsidiary company
Hansen Transmissions Mecanicas Ltda	Subsidiary company
Hansen Transmissions Pty Ltd., Australia	Subsidiary company
Hansen Transmissions Pty Ltd., South Africa	Subsidiary company
Hansen Transmissions Tianjin Industrial Gearbox Co. Ltd.	Subsidiary company
Hansen Wind Energy Drives (China) Co Ltd.	Subsidiary company
Lommelpark NV	Subsidiary company
PowerBlades GmbH	Subsidiary company
PowerBlades SA	Subsidiary company
REpower Australia Pty Ltd.	Subsidiary company
REpower Benelux b.v.b.a.	Subsidiary company
REpower Betriebs - und Beteiligungs GmbH	Subsidiary company
REpower Canada Inc	Subsidiary company
REpower Diekat S.A.	Subsidiary company
REpower Espana S.L.	Subsidiary company
REpower Geothermie GmbH	Subsidiary company
REpower Investitions - und Projektierungs GmbH & Co. KG	Subsidiary company
REpower Italia s.r.l	Subsidiary company
REpower S.A.S.	Subsidiary company
REpower Systems AG	Subsidiary company
REpower UK Ltd.	Subsidiary company
REpower USA Corp .	Subsidiary company
REpower Wind Systems Trading (China) Ltd.	Subsidiary company
REpower Windpark Betriebs GmbH	Subsidiary company
RETC Renewable Energy Technology Centre	Subsidiary company
SE Composites Limited	Subsidiary company
SE Drive Technik GmbH	Subsidiary company
SE Electricals Limited [Formerly Suzlon Electricals International Limited]	Subsidiary company

Name of Party	Nature of relationship
SE Forge Limited	Subsidiary company
SE Solar Private Limited	Subsidiary company
Sister - sistemas e Technologia de Energias renovaveis Lda	Subsidiary company
Sunrise Wind Project Private Limited	Subsidiary company
Suzlon Blade Technology B.V. (Formerly AE Rotor Techniek B.V.)	Subsidiary company
Suzlon Energia Elocia do Brazil Ltda	Subsidiary company
Suzlon Energy (Tianjin) Limited	Subsidiary company
Suzlon Energy A/S	Subsidiary company
Suzlon Energy Australia Pty. Ltd.	Subsidiary company
Suzlon Energy B.V.	Subsidiary company
Suzlon Energy GmbH	Subsidiary company
Suzlon Energy Korea Co., Ltd.	Subsidiary company
Suzlon Energy Limited, Mauritius	Subsidiary company
Suzlon Engitech Limited (Formerly Suzlon Engitech Private Limited)	Subsidiary company
Suzlon Generators Limited (Formerly Suzlon Generators Private Limited)	Subsidiary company
Suzlon Gujarat Wind Park Limited	Subsidiary company
Suzlon Infrastructure Services Limited	Subsidiary company
Suzlon North Asia Ltd.	Subsidiary company
Suzlon Power Infrastructure Limited (Formerly Suzlon Power Infrastructure Private Limited)	Subsidiary company
Suzlon Rotor Corporation	Subsidiary company
Suzlon Structures Limited (Formerly 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 Equipment Trading (Shanghai) Co. Ltd.	Subsidiary company
Suzlon Wind Energy Espana, S.L	Subsidiary company
Suzlon Wind Energy Italy s.r.l. (Formerly Suzlon Energy Italy s.r.l.)	Subsidiary company
Suzlon Wind Energy Limited	Subsidiary company
Suzlon Wind Energy Nicaragua Sociedad Anonima	Subsidiary company
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda (Formerly Suzlon Energy Portugal Energia Elocia Unipessoal Lda)	Subsidiary company
Suzlon Wind Energy Romania SRL	Subsidiary company
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Subsidiary company
Suzlon Wind International Limited	Subsidiary company
Suzlon Windenergie GmbH	Subsidiary company
Suzlon Windkraft GmbH	Subsidiary company
Suzlon Windpark Management GmbH	Subsidiary company
Tarilo Holding B.V.	Subsidiary company
WEL Windenergie Logistik GmbH	Subsidiary company
Windpark Blockland GmbH & Co KG	Subsidiary company
Windpark Meckel/Gilzem GmbH & Co KG	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, Senergy Global Limited, Shubh Realty (South) Private Limited, Tanti Holdings Limited, Suzlon Foundation, Girish R. Tanti (HUF), SE Steel Limited

b) Key management personnel of Suzlon Energy Limited

Tulsi R. Tanti, Girish R. Tanti

c) Relatives of key management personnel of Suzlon Energy Limited

Vinod R. Tanti, Jitendra 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, 2009:

Particulars	Subsidiary	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Transactions					
Purchase of fixed assets (including intangibles)	**62.06**	**3.50**	-	-	-
	(11.21)	(-)	(-)	(-)	(-)
Sale of fixed assets	-	-	-	-	-
	(3.23)	(-)	(-)	(-)	(-)
Subscription to / purchase of preference share	**404.47**	-	-	-	-
	(260.00)	(-)	(-)	(-)	(-)
Subscription to / purchase of equity share	**2,274.24**	-	-	-	-
	(3,854.22)	(-)	(-)	(-)	(-)
Sale of investments	**95.62**	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Sale of goods (net of returns)	**4,311.62**	-	-	-	-
	(2,974.01)	(-)	(-)	(-)	(-)
Purchase of goods and services	**1,139.47**	**16.69**	-	-	-
	(797.07)	(30.70)	(-)	(-)	(-)
Reimbursement of expense**	**853.30**	-	-	-	-
	(206.33)	(-)	(-)	(-)	(-)
Loans taken	-	**148.00**	-	-	-
	(-)	(-)	(-)	(-)	(-)
Share application money received	-	**200.00**	-	-	-
	(-)	(-)	(-)	(-)	(-)
Donation given	-	**9.45**	-	-	-
	(-)	(-)	(-)	(-)	(-)
Deposits given	-	**50.00**	-	-	-
	(-)	(-)	(-)	(-)	(-)
Loans given	**2,381.48**	**124.68**	-	-	-
	(1,724.42)	(314.88)	(-)	(-)	(-)
Interest Paid	-	**0.78**	-	-	-
	(-)	(-)	(-)	(-)	(-)
Interest received / Receivable	**93.77**	**6.17**	-	-	-
	(49.95)	(19.30)	(-)	(-)	(-)
Dividend received / Receivable	**11.29**	-	-	-	-
	(6.32)	(-)	(-)	(-)	(-)
Lease rent received / receivable	**4.82**	**0.07**	-	-	-
	(4.82)	(-)	(-)	(-)	(-)
Royalty received / receivable	**16.36**	-	-	-	-
	(16.23)	(-)	(-)	(-)	(-)
Rent paid / payable	**0.03**	**0.00***	-	-	-
	(0.03)	(0.00*)	(-)	(-)	(-)
Premium on Redemption of Preference share	**9.61**	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Bank commissions reimbursed	**0.82**	-	-	-	-
	(2.52)	(-)	(-)	(-)	(-)

Particulars	Subsidiary	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Gurantees given	**1,109.20**	-	-	-	-
	(7,734.20)	(-)	(-)	(-)	(-)
Managerial remuneration	-	-	**1.17**	-	-
	(-)	(-)	(1.57)	(-)	(-)
Contribution to various funds	-	-	-	-	**4.06**
	(-)	(-)	(-)	(-)	(6.46)

Outstanding balances					
Investments	**410.97**	-	-	-	-
	(281.51)	(-)	(-)	(-)	(-)
Advance from customers	-	-	**0.75**	**0.75**	-
	(28.82)	(-)	(0.75)	(0.75)	(-)
Sundry debtors	**3,525.80**	-	-	-	-
	(2,049.34)	(3.37)	(-)	(-)	(-)
Loans outstanding	**1,655.79**	**36.25**	-	-	-
	(556.35)	(-)	(-)	(-)	(-)
Deposits outstanding	**6.00**	**50.00**	-	-	-
	(6.00)	(-)	(-)	(-)	(-)
Advances to suppliers and	**11.86**	**0.07**	**0.87**	-	-
Other receivables	(44.38)	(2.49)	(-)	(-)	(-)
Sundry creditors	**1,781.65**	**8.13**	-	-	-
	(380.22)	(-)	(-)	(-)	(-)
Corporate guarantees	**7,117.45**	-	-	-	-
	(7,451.10)	(-)	(-)	(-)	(-)
Share Application Money	-	**95.00**	-	-	-
Pending refund	(-)	(-)	(-)	(-)	(-)
Dividend receivable	**11.29**	-	-	-	-
	(5.36)	(-)	(-)	(-)	(-)

*amount below Rs 0.01 crore

** Reimbursement of expenses relates to amount payable to subsidiaries on account of guarantee and warranty obligations arising out of WTG sale

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,	
			2009	2008
Purchase of fixed assets (including intangibles)	Subsidiary	Suzlon Blade Technology B.V.	-	0.51
	Subsidiary	AE-Rotor Holding B.V.	**7.07**	-
	Subsidiary	Suzlon Engitech Limited	-	0.14
	Subsidiary	Suzlon Energy A/S	-	3.31
	Subsidiary	Suzlon Energy GmbH	**54.99**	7.25
Sale of fixed assets	Subsidiary	Suzlon Energy (Tianjin) Limited	-	3.23
Subscription to / purchase of preference shares	Subsidiary	SE Electricals Limited	**58.10**	10.00
	Subsidiary	SE Composites Limited	**103.10**	-
	Subsidiary	Suzlon Infrastructure Services Limited	**60.00**	50.00
	Subsidiary	Suzlon Wind International Limited	**68.27**	40.00
	Subsidiary	SE Forge Limited	**115.00**	160.00
Subscription to / purchase of equity shares	Subsidiary	Suzlon Energy Limited, Mauritius	**2,133.12**	3,470.37
	Subsidiary	Suzlon Energy (Tianjin) Limited	-	136.72
Sale of investments	Subsidiary	Tarilo Holding B.V.	**95.62**	-

Type of transaction	Type of relationship	Name of the entity / person	Year ended March 31,	
			2009	2008
Loan / deposits taken	Entities where KMP / RKMP has significant influence	Tanti Holdings Limited	**148.00**	-
Share application money received	Entities where KMP / RKMP has significant influence	Tanti Holdings Limited	**200.00**	-
Deposites given	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited	**50.00**	-
Loans given	Subsidiary	Suzlon Infrastructure Services Limited	**282.26**	484.99
	Subsidiary	Suzlon Energy (Tianjin) Limited	**-**	15.96
	Subsidiary	Suzlon Towers and Structures Limited	**188.20**	217.27
	Subsidiary	Suzlon Energy Limited, Mauritius	**-**	366.26
	Subsidiary	AE-Rotor Holding B.V.	**971.33**	239.63
	Subsidiary	Suzlon Wind International Limited	**249.85**	-
	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited	**50.00**	259.12
Sale of goods (net of returns)	Subsidiary	Suzlon Wind Energy Corporation	**2,018.44**	1,107.02
	Subsidiary	Suzlon Energia Elocia do Brasil Ltda.	**9.08**	334.66
	Subsidiary	Suzlon Energy Australia Pty. Limited	**941.07**	429.21
	Subsidiary	Suzlon Wind Energy Espana, S.L.	**269.71**	597.69
	Subsidiary	Suzlon Energy A/S	**703.48**	-
Purchase of goods and services	Subsidiary	Suzlon Infrastructure Services Limited	**211.85**	225.09
	Subsidiary	Suzlon Generators Limited	**180.90**	207.47
	Subsidiary	Suzlon Towers and Structures Limited	**47.76**	101.50
	Subsidiary	Hansen Transmissions International NV	**449.81**	206.73
Reimbursement of expense	Subsidiary	Suzlon Wind Energy Corporation	**745.70**	178.09
Freight outward	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited	-	41.50
Donation Given	Subsidiary	Suzlon Foundation	**9.45**	-
Interest received / receivable	Subsidiary	AE-Rotor Holding B.V.	**47.09**	10.08
	Subsidiary	Suzlon Towers and Structures Limited	**4.31**	10.72
	Subsidiary	Suzlon Energy (Tianjin) Limited	**-**	7.10
	Subsidiary	Suzlon Structures Limited	**14.16**	4.66
	Entities where KMP / RKMP has significant influence	Sarjan Realities Limited	**2.66**	7.58
	Entities where KMP / RKMP has significant influence	Suzlon Infrastructure Limited	**2.83**	7.99
Interest Paid	Entities where KMP / RKMP has significant influence	Tanti Holding Limited	**0.78**	-
Dividend received / receivable	Subsidiary	SE Composites Limited	**3.87**	-
	Subsidiary	Suzlon Towers and Structures Limited	**0.65**	0.65
	Subsidiary	Suzlon Generators Limited	-	2.47
	Subsidiary	Suzlon Structures Limited	-	3.20
	Subsidiary	Suzlon Wind International Limited	6.77	-

Type of transaction	Type of relationship	Name of the entity / person	Year ended March 31,	
			2009	2008
Royalty received / receivable	Subsidiary	Suzlon Energy (Tianjin) Limited	**16.36**	16.23
Premium on Redemption of Preference share	Subsidiary	SE Forge Limited	**9.61**	-
Lease rent received / receivable	Subsidiary	Suzlon Towers and Structures Limited	**4.82**	4.82
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
	Subsidiary	Suzlon Energy Australia Pty Limited	**-**	1.10
	Subsidiary	Suzlon Energy (Tianjin) Limited	**0.77**	-
	Subsidiary	Suzlon Infrastructure Services Limited	**-**	0.88
	Subsidiary	Suzlon Gujarat Windpark Limited	**0.05**	0.39
Managerial remuneration	KMP	Tulsi R. Tanti	**0.60**	1.16
	KMP	Girish R. Tanti	**0.57**	0.41
Contribution to various funds	Employee Funds	Suzlon Energy Limited - Superannuation Fund	**1.54**	3.53
	Employee Funds	Suzlon Energy Limited Employees Group Gratuity Scheme	**2.52**	2.91
Guarantees given on behalf of	Subsidiary	Suzlon Energy Limited Mauritius; AE-Rotor Holding B.V.; SE Drive Techniek GmbH	**-**	6,656.53
	Subsidiary	Suzlon Energy A / S	**1,080.69**	1,000.32
	Subsidiary	Suzlon Energy Limited Mauritius; AE-Rotor Holding B.V.	**-**	77.35

The below table provides the transaction between the Company and promoter group entities which are not related parties in accordance with Accounting Standard - 18 (AS 18) - 'Related Party Disclosures'

Type of transaction	Name of the entity	Year ended March 31	
		2009	2008
Transactions			
Sale of goods	Super Wind Projects Private Limited	**119.77**	57.86
	Simran Wind Projects Private Limited	**32.67**	287.62
Freight outward	S E Shipping Lines Pte Ltd.	**133.69**	19.85
Outstanding Balances			
Debtors	Super Wind Projects Private Limited	**89.65**	-
	Simran Wind Projects Private Limited	**39.82**	57.89
Creditors	S E Shipping Lines Pte Ltd.	**18.65**	3.50

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

Type of relationship	Name	Amount outstanding as at March 31, 2009	Maximum amount outstanding during the year
Subsidiaries	Suzlon Towers And Structures Limited	70.00	93.55
	Suzlon Power Infrastructure Limited (Formerly Suzlon Power Infrastructure Private Limited)	78.15	84.20
	Suzlon Infrastructure Services Limited	87.82	165.00
	Suzlon Gujarat Wind Park Limited	92.20	93.30
	Suzlon Structure Limited (Formerly Suzlon Structure Private Limited)	105.14	189.00
	SE Forge Limited	3.32	138.73
	SE Composites Limited	162.00	162.00
	Suzlon Wind International Limited	187.44	187.44
	Hansen Drives Limited	-	18.00
	Suzlon Rotor Corporation	6.59	6.59
	AE-Rotor Holding B.V.	835.08	1,171.00
	Suzlon Energy Limited, Mauritius	-	20.28
	Suzlon Energy A/S	25.35	25.35
	Suzlon Energy GmbH	-	9.80
Companies in which directors are interested	Sarjan Realities Limited	36.25	39.07
	Suzlon Infrastructure Limited - Loan	-	50.00
	Suzlon Infrastructure Limited - Deposit	50.00	50.00
	Shubh Realty (South) Private Limited	-	16.50

Note:

a) All the above balances of loans are excluding accrued interest aggregating Rs 2.88 crore (Rs 17.82 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) Loans and advances to companies under the same management, as per the provisions of Section 370 (1B) of the Companies Act, 1956.

Name	Amount outstanding as at March 31, 2009	Maximum amount outstanding during the year
Sarjan Realities Limited	36.25	39.07
Suzlon Infrastructure Limited - Loan	-	50.00
Suzlon Infrastructure Limited - Deposit	50.00	50.00

21. Segment reporting

As permitted by paragraph 4 of Accounting Standard-17 (AS - 17), 'Segment Reporting', 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.

22. Prior year amounts have been reclassified wherever necessary to conform 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 of Suzlon Energy Limited

For SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No. 46238

Place : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Hemal A. Kanuga
Company Secretary

Place :Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

Balance sheet abstract and Company's general business profile

Registration details : Registration No. : 25447 State code 04

Balance sheet date : March 31, 2009 — In Rs. Thousand, except per share data

Capital raised during the year	
Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-
Preferential offer of shares under Employee stock option scheme	69,411
Position of mobalisation and deployment of funds	
Total assets	139,098,277
Total liabilities	139,098,277
Sources of funds	
Paid-up capital	2,996,591
Employee stock options	82,498
Share application money pending refund	950,000
Reserves and surplus	61,774,643
Secured loans	40,062,088
Unsecured loans	33,232,457
Application of funds	
Net fixed assets	8,384,616
Investments	71,278,028
Net current assets	53,689,106
Deferred tax assets	1,753,964
Foreign currency monetary item translation difference account	3,992,563
Miscellaneous expenditure	-
Accumulated losses	-
Performance of the company	
Sales	72,355,805
Other income	1,771,401
Total income	74,127,206
Total expenditure	70,794,492
Profit/ (Loss) before tax and exceptional items	3,332,714
Profit/ (Loss) before tax and after exceptional items	(5,398,829)
Profit/ (Loss) after tax and after exceptional items	(4,691,947)
Earning per share (Basic) (Rs)	(3.13)
Earning per share (Diluted) (Rs)	(3.13)
Dividend rate (%) (Equity share of per valueRs. 2 each)	-
Generic Name of Principal Products/ Services of Company	
Item Code No. (ITC Code)	85023100
Product Description	Wind operated electricity generators

SECTION 212 REPORT

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

Name of the Subsidiary Company	Reporting Currency	Issued and subscribed share capital	Reserves	Total assets	Total liabilities	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation deferred tax	Profit / (loss) after taxation	Proposed dividend equity
AE-Rotor Holding B.V.	EURO	4,290.52	(415.49)	9,818.28	9,818.28	-	6.47	17.20	6.00	11.20	-
Cannon Ball Wind Energy Park-1, LLC	USD	0.01	(0.73)	0.08	0.08	-	-	-	-	-	-
Hansen Drives Limited	INR	399.50	(63.56)	1,367.52	1,367.52	-	102.79	(56.72)	0.77	(57.49)	-
Hansen Drives Limited	EURO	553.67	8.66	562.36	562.36	-	-	8.66	-	8.66	-
Hansen Drives Pte Ltd.	EURO	778.79	12.40	793.90	793.90	-	-	15.12	2.72	12.40	-
Hansen Transmissions Inc	USD	53.57	(26.20)	141.26	141.26	-	116.23	9.44	2.27	7.17	-
Hansen Transmissions International NV	EURO	121.31	3,881.96	6,745.79	6,745.79	-	4,041.43	399.92	108.64	291.28	-
Hansen Transmissions Ltd.	GBP	4.12	12.67	21.65	21.65	-	29.99	(0.91)	(0.25)	(0.66)	-
Hansen Transmissions Mecanicas Ltda	BRL	0.22	(0.64)	7.26	7.26	-	7.41	(1.90)	-	(1.90)	-
Hansen Transmissions Pty Ltd.	AUD	0.18	14.14	34.23	34.23	-	82.01	8.25	2.49	5.76	-
Hansen Transmissions Pty Ltd.	ZAR	10.79	7.96	49.44	49.44	-	77.22	7.90	2.24	5.66	-
Hansen Transmissions Tianjin Industrial Gearbox Co., Ltd.	RMB	15.42	(0.13)	38.85	38.85	-	36.48	1.38	-	1.38	-
Hansen Wind Energy Drives (China) Co Ltd.	RMB	215.15	9.17	407.89	407.89	-	44.07	33.76	-	33.76	-
Lommelpark NV	EURO	1.37	1.54	2.97	2.97	-	5.93	0.45	0.26	0.19	-
PowerBlades GmbH	EURO	4.22	(12.92)	132.59	132.59	-	111.37	(22.83)	(6.26)	(16.57)	-
PowerBlades SA	EURO	0.34	(2.36)	3.80	3.80	-	0.62	(2.29)	0.07	(2.36)	-
REpower Australia Pty Ltd.	AUD	-*	(2.69)	6.09	6.09	-	14.67	(1.97)	0.08	(2.05)	-
REpower Benelux b.v.b.a.	EURO	0.17	(0.71)	2.73	2.73	-	3.64	(0.68)	-	(0.68)	-
REpower Betriebs – und Beteiligungs GmbH	EURO	0.17	(0.29)	0.29	0.29	-	-	-	-	-	-
REpower Canada Inc	Can-$	-*	(0.01)	0.01	0.01	-	-	-	-	-	-
REpower Diekat S.A.	EURO	0.68	(0.62)	0.76	0.76	-	-	-	-	-	-
REpower Espana S.L.	EURO	2.32	(1.37)	2.65	2.65	-	0.28	(1.72)	-	(1.72)	-
REpower Geothermie GmbH	EURO	0.34	(0.86)	1.93	1.93	-	-	(0.03)	-	(0.03)	-
REpower Investitions - und Projektierungs GmbH & Co. KG	EURO	0.01	(0.05)	2.31	2.31	-	-	-	-	-	-
REpower Italia s.r.l	EURO	0.34	10.58	18.36	18.36	-	27.27	7.96	2.83	5.13	-
REpower North (China) Ltd.	RMB	64.70	(17.47)	81.15	81.15	-	90.16	(14.93)	(0.27)	(14.66)	-
REpower S.A.S.	EURO	22.72	(6.14)	37.55	37.55	-	0.92	6.83	2.94	3.89	-
REpower Systems AG	EURO	61.96	2,723.40	6,467.13	6,467.13	52.61	8,464.59	525.01	168.40	356.61	-
REpower UK Ltd.	GBP	0.96	-*	15.18	15.18	-	35.27	1.16	0.76	0.40	-
REpower USA Corp .	USD	1.27	2.05	9.81	9.81	-	28.89	3.86	1.11	2.75	-
REpower Wind Systems Trading (China) Ltd.	RMB	0.41	(0.16)	0.71	0.71	-	1.45	(0.16)	0.04	(0.20)	-
REpower Windpark Betriebs GmbH	EURO	0.17	(0.05)	0.17	0.17	-	-	(0.01)	-	(0.01)	-
RETC Renewable Energy Technology Centre	EURO	0.17	3.50	9.36	9.36	-	-	(5.11)	-	(5.11)	-
SE Composites Limited	INR	118.10	11.22	671.46	671.46	-	376.29	18.50	2.44	16.06	-
SE Drive Technik GmbH	EURO	0.17	3,803.57	7,706.98	7,706.98	0.10	1.38	(156.98)	0.42	(157.40)	-
SE Electricals Limited	INR	78.10	2.02	221.88	221.88	-	106.77	4.81	2.09	2.72	-
SE Forge Limited	INR	241.25	284.11	1,134.40	1,134.40	-	17.18	(52.76)	2.07	(54.83)	-
SE Solar Private Limited	INR	0.95	0.90	1.95	1.95	-	-	-	-	-	-
Sister – sistemas e Technologia de Energias renovaveis Lda	EURO	0.17	(0.58)	1.16	1.16	-	0.04	(0.04)	-	(0.04)	-
Sunrise Wind Project Private Limited	INR	0.25	-*	0.25	0.25	-	-	-	-	-	-
Suzlon Blade Technology B.V.	EURO	0.12	(0.71)	136.38	136.38	-	41.44	(3.19)	-	(3.19)	-
Suzlon Energia Elocia do Brazil Ltda	BRL	0.23	(37.24)	1,992.75	1,992.75	-	224.43	(56.43)	(19.18)	(37.25)	-
Suzlon Energy (Tianjin) Limited	RMB	303.01	93.58	1,399.93	1,399.93	-	1,208.30	73.16	12.57	60.59	-
Suzlon Energy A/S	DKK	128.95	(592.14)	1,521.79	1,521.79	-	661.16	(260.65)	37.42	(298.07)	-
Suzlon Energy Australia Pty. Ltd.	AUD	19.49	32.30	1,308.59	1,308.59	-	2,434.06	68.62	20.69	47.93	-
Suzlon Energy B.V.	EURO	0.12	(197.46)	211.14	211.14	-	-	(98.67)	-	(98.67)	-
Suzlon Energy GmbH	EURO	0.17	181.06	217.82	217.82	-	128.91	6.58	2.30	4.28	-

Name of the Subsidiary Company	Reporting Currency	Issued and subscri-bed share capital	Reserves	Total assets	Total liabilities	Invest-ments	Turnover	Profit / (loss) before taxation	Provision for taxation deferred tax	Profit / (loss) after taxation	Proposed dividend equity
Suzlon Energy Korea Co., Ltd.	KRW	0.36	(0.94)	1.32	1.32	-	-	(0.03)	-	(0.03)	-
Suzlon Energy Limited Mauritius	EURO	6,598.45	(152.24)	7,621.94	7,621.94	-	-	(54.16)	-	(54.16)	-
Suzlon Engitech Limited	INR	1.50	0.53	90.78	90.78	-	49.94	(0.27)	-	(0.27)	-
Suzlon Generators Limited	INR	34.97	7.74	133.16	133.16	-	219.00	5.62	1.99	3.63	-
Suzlon Gujarat Wind Park Limited	INR	2.00	1.74	134.25	134.25	-	45.37	(25.02)	0.14	(25.16)	-
Suzlon Infrastructure Services Limited	INR	142.00	64.52	924.28	924.28	-	1,026.36	9.42	6.39	3.03	-
Suzlon North Asia Ltd	HKD	-*	(0.18)	0.18	0.18	-	-	(0.18)	-	(0.18)	-
Suzlon Power Infrastructure Limited	INR	3.01	(5.55)	204.69	204.69	-	122.57	0.42	0.28	0.14	-
Suzlon Rotor Corporation	USD	0.01	49.95	276.83	276.83	-	320.22	12.08	11.02	1.06	-
Suzlon Structures Limited	INR	29.37	19.54	410.74	410.74	-	587.36	(1.07)	(0.18)	(0.89)	-
Suzlon Towers and Structures Limited	INR	45.00	174.48	668.56	668.56	-	675.81	29.68	9.90	19.78	-
Suzlon Wind Energy A/S	DKK	0.91	(73.61)	744.68	744.68	-	739.51	(130.43)	9.12	(139.55)	-
Suzlon Wind Energy Corporation	USD	0.01	(192.27)	4,292.36	4,292.36	-	5,705.77	32.10	2.13	29.97	-
Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.	RMB	1.69	(5.75)	6.53	6.53	-	-	(5.75)	-	(5.75)	-
Suzlon Wind Energy Espana, S.L	EURO	0.02	1.08	834.20	834.20	-	901.52	0.50	0.19	0.31	-
Suzlon Wind Energy Italy s.r.l.	EURO	0.07	5.40	134.14	134.14	-	30.12	0.76	0.60	0.16	-
Suzlon Wind Energy Limited	GBP	4,892.53	5.65	4,898.39	4,898.39	-	-	(0.49)	(0.24)	(0.25)	-
Suzlon Wind Energy Nicaragua Sociedad Anonima	NIO	-*	(0.10)	0.31	0.31	-	0.02	(0.10)	-	(0.10)	-
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda	EURO	15.19	(11.20)	258.06	258.06	-	163.16	(3.27)	(0.82)	(2.45)	-
Suzlon Wind Energy Romania SRL	RON	-*	-	-	-	-	-	-	-	-	-
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	TRY	0.02	(4.90)	15.05	15.05	-	11.69	(4.90)	-	(4.90)	-
Suzlon Wind International Limited	INR	118.27	546.06	2,012.36	2,012.36	-*	1,593.05	557.69	2.65	555.04	-
Suzlon Windenergie GmbH	EURO	0.17	2,332.40	2,332.84	2,332.84	-	-	0.41	0.13	0.28	-
Suzlon Windpark Management GmbH	EURO	0.17	(0.05)	0.23	0.23	-	-	(0.02)	-	(0.02)	-
Tarilo Holding B.V.	EURO	0.12	195.33	195.98	195.98	-	-	(0.48)	-	(0.48)	-
WEL Windenergie Logistik GmbH	EURO	0.17	3.41	73.57	73.57	-	38.53	4.86	1.45	3.41	-
Windpark Blockland GmbH & Co KG	EURO	0.01	(0.29)	0.56	0.56	-	-	(0.29)	-	(0.29)	-
Windpark Meckel/Gilzem GmbH & Co KG	EURO	0.01	(1.79)	71.75	71.75	-	2.26	(1.80)	-	(1.80)	-
Windpark Olsdorf Watt Gmbh & Co. KG	EURO	0.02	17.51	17.83	17.83	-	2.07	0.58	0.01	0.57	-

* Amount below Rs. 0.01 crore

Note:

(1) The Exchange rates as on March 31, 2009 - (USD 1.00 = Rs. 50.7100, AUD 1.00 = Rs. 35.1243, DKK 1.00 = Rs. 9.0671, EURO 1.00 = Rs. 67.5204, BRL 1.00 = Rs. 21.7873, KRW(Korea) 1.00 = Rs. 0.0375, GBP 1.00 = Rs. 72.5863, RMB (China) 1.00 = Rs. 7.4209, ZAR 1.00 = Rs. 5.3964, TRY 1.00 = Rs. 30.7490, HKD 1.00 = Rs. 6.5431, NIO 1.00 = Rs. 2.6511, RON 1.00 = Rs. 16.2811, Can $ 1.00 = Rs. 41.7779)

(2) The figures stated above,have been reclassified whenever necessary to confirm that the classification in the financial statement for the year ended March 31,2009.

For and on behalf of the Board of Directors
Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secearatry

Girish Tanti
Director

Place: Mumbai
Date : June 27, 2009

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') and its subsidiaries as described in Schedule P, Note 1 and joint venture as described in Schedule P, Note 2 (together referred to as the 'Group') as at March 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto ("consolidated financial statements"). 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 the 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose audited financial statements, reflect Group's share of total assets of Rs. 998.13 Crores as at March 31, 2009, Group's share of total revenues of Rs. 1,650.11 Crores and Group's share of total cash flows of Rs. (8.54) Crores for the year then ended. 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 audit the financial statements of certain subsidiaries, whose audited financial statements, reflect Group's share of total assets of Rs. 957.45 Crores as at March 31, 2009, Group's share of total revenues of Rs. 5,539.83 Crores and Group's share of total cash flows of Rs. 163.09 Crores for the year then ended. 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 audited financial statements, reflect Group's share of total assets of Rs. 40,159.69 Crores as at March 31, 2009, Group's share of the total revenue of Rs. 18,157.09 Crores and Group's share of total cash flows amounting to Rs. (3,543.73) Crores for the year then ended. 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.

   These financial statements include the audited financial statements of subsidiaries, having Group's share of total assets of Rs. 37,036.50 Crores as at March 31, 2009, Group's share of total revenues of Rs. 11,284.44 Crores and Group's share of total cash flows amounting to Rs. (4,226.46) Crores for the year then ended, which have been audited by member firms of Ernst & Young Global in the relevant countries and whose reports have been furnished to us, and our opinion is based solely on their reports.
6. We did not audit the financial statements of certain subsidiaries, whose financial statements, reflect Group's share of total assets of Rs. 1.00 Crores as at March 31, 2009, Group's share of total revenues of Rs. 0.41 Crores and Group's share of total cash flows amounting to Rs. 3.76 Crores for the year then ended. These financial statements and other financial information have been certified by management and our opinion is based solely on these management certified accounts.
7. We did not audit the financial statements of joint ventures, whose financial statements, reflect Group's share of total assets of Rs. 71.05 Crores as at March 31, 2009, Group's share of total revenues of Rs. 339.63 Crores and Group's share

of total cash flows amounting to Rs. 62.67 Crores for the year then ended. These financial statements and other financial information have been certified by management, and our opinion is based solely on these management certified accounts.

8. Without qualifying our opinion, we draw attention to Schedule P, Note 9 regarding non-provision of proportionate premium on redemption of 'US$ 50O Million Zero Coupon Convertible Bonds due 2012' amounting to Rs. 226.11 Crores which has been considered by the Group as a contingent liability.

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

10. 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, 2009;

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

    (c) in the case of the consolidated 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 : Mumbai
Date : June 27, 2009

S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Consolidated balance sheet as at March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	**299.66**	299.39
Employee stock options outstanding	B	**10.44**	10.22
Reserves and surplus	C	**8,221.64**	7,791.70
		8,531.74	8,101.31
Preference shares issued by subsidiary company		**2.50**	2.50
Share application money pending refund [See Schedule P, Note 11(d)]		**95.00**	-
Minority interest		**2,313.45**	1,024.38
Loan funds			
Secured loans	D	**10,276.62**	7,066.43
Unsecured loans	E	**4,592.95**	2,868.16
		14,869.57	9,934.59
Deferred tax liabilities		**441.74**	205.89
		26,254.00	19,268.67
APPLICATION OF FUNDS			
Fixed assets (including intangible assets)	F		
Gross block		**15,102.40**	5,599.84
Less: Accumulated depreciation / amortisation		**1,821.00**	1,031.84
Net block		**13,281.40**	4,568.00
Capital work-in-progress		**1,984.02**	1,119.67
		15,265.42	5,687.67
Investments	G	**5.08**	3,141.78
Deferred tax assets		**254.93**	184.09
Foreign currency monetary translation difference account [See Schedule P, Note 3]		**398.01**	-
Current assets, loans and advances	H		
Inventories		**7,173.65**	4,084.83
Sundry debtors		**5,392.79**	3,201.25
Cash and bank balances		**3,069.84**	6,960.20
Other current assets		**3,345.71**	1,489.35
Loans and advances		**2,900.89**	1,824.99
		21,882.88	17,560.62
Less : Current liabilities and provisions	I		
Current liabilities		**10,594.73**	6,483.01
Provisions		**957.59**	822.48
		11,552.32	7,305.49
Net current assets		**10,330.56**	10,255.13
Miscellaneous expenditure (To the extent not written off or adjusted)	J	-	-
		26,254.00	19,268.67
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 : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Hemal A. Kanuga
Company Secretary

Place : Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

Consolidated profit and loss account for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Schedule	Year ended March 31, 2009	2008
INCOME			
Sales and service income		**26,081.70**	13,679.43
Other income	K	**448.84**	267.98
		26,530.54	13,947.41
EXPENDITURE			
Cost of goods sold	L	**16,856.80**	8,870.18
Operating and other expenses	M	**4,267.54**	1,680.73
Employees' remuneration and benefits	N	**2,165.75**	1,043.01
Financial charges	O	**1,053.94**	596.94
Depreciation / amortisation	F	**573.14**	289.36
Preliminiary expenditure written off	J	**0.09**	1.54
		24,917.26	12,481.76
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**1,613.28**	1,465.65
Less: Exceptional items [See Schedule P, Note 5]		**(896.29)**	(285.21)
PROFIT BEFORE TAX		**716.99**	1,180.44
Current tax		**211.11**	246.62
MAT credit entitlement		**(4.03)**	(95.68)
Earlier year - current tax		**(0.07)**	0.23
Deferred tax		**67.12**	(2.28)
Fringe benefit tax		**13.99**	14.40
PROFIT AFTER TAX		**428.87**	1,017.15
Add : Share in associate's profit afer tax		**2.32**	55.75
Less : Share of profit of minority		**(194.71)**	(42.80)
NET PROFIT		**236.48**	1,030.10
Balance brought forward		**1,690.12**	1,163.04
PROFIT AVAILABLE FOR APPROPRIATIONS		**1,926.60**	2,193.14
APPROPRIATIONS			
Proposed dividend on equity shares		**-**	149.69
Residual dividend of previous year		**0.13**	-
Dividend on preference shares		**-**	0.20
Tax on dividends		**0.87**	26.38
Transfer to general reserve		**-**	326.75
Surplus carried to balance sheet		**1,925.60**	1,690.12
Earnings per share (in Rs.) [See Schedule P, Note 16]			
- Basic [Nominal value of share Rs. 2]		**1.58**	7.07
- Diluted [Nominal value of share Rs. 2]		**1.52**	6.89
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 : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : June 27, 2009

Consolidated cash flow statement for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and exceptional items	**1,613.28**	1,465.65
Adjustments for:		
Depreciation / amortisation	**573.14**	289.36
Loss on assets sold / discarded, net	**0.02**	3.57
Profit on sale of investments, net	**(93.18)**	(3.43)
Preliminary expenses incurred	**(0.09)**	(1.54)
Preliminary expenses written off	**0.09**	1.54
Interest income	**(176.93)**	(232.89)
Interest expenses	**901.21**	532.03
Dividend income*	**0.00**	0.00
Premium on redemption of preference shares of subsidiary	**(1.64)**	-
Provision for operation, maintenance and warranty	**366.72**	68.90
Provision for performance guarantee	**280.87**	156.26
Provision for liquidated damages	**284.33**	24.45
Bad debts written off	**3.79**	15.73
Provision for doubtful debts and advances	**21.02**	17.22
Adjustments for consolidation	**(32.64)**	374.76
Exchange differences, net	**(0.60)**	(14.99)
Employee stock option scheme	**8.45**	4.53
Wealth-tax	**0.06**	0.04
Operating profit before working capital changes	**3,747.90**	2,701.19
Movements in working capital		
(Increase) / decrease in sundry debtors and unbilled revenue	**(2,657.20)**	(2,147.88)
(Increase) / decrease in inventories	**(1,849.08)**	(948.53)
(Increase) / decrease in loans and advances	**(435.19)**	(874.17)
(Increase) / decrease in margin money deposits	**(108.37)**	(32.91)
Increase / (decrease) in current liabilities and provisions	**856.73**	2,783.85
Cash (used in) / generated from operations	**(445.21)**	1,481.55
Direct taxes paid (net of refunds)	**(237.22)**	(211.79)
Net cash (used in) / generated from operating activities before exceptional items	**(682.43)**	1,269.76
Exceptional items paid	**(541.32)**	(65.46)
Net cash (used in) / generated from operating activities	**(1,223.75)**	1,204.30
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(3,330.84)**	(2,128.72)
Proceeds from sale of fixed assets	**14.19**	8.27
Paid for acquisition of subsidiaries	**(4,177.57)**	-
Purchase of investments	**(400.10)**	(3,070.46)
Sale / redemption of investments	**400.35**	-
Inter-corporate deposits repaid / (granted)	**(115.78)**	443.34
Interest received	**286.31**	110.87
Dividend received*	**0.00**	0.00
Premium on redemption of preference shares of subsidiary	**1.64**	-
Net Cash flow from investing activities	(7,321.80)	(4,636.70)

Consolidated cash flow statement for the year ended March 31, 2009

All amounts in rupees crore unless otherwise stated

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
CASH FLOW FROM FINANCING ACTIVITIES		
Share application money received	95.00	-
Proceeds from issuance of share capital including premium, under stock option scheme	6.94	6.00
Proceeds from issuance of share capital including premium to qualified institutional buyers	-	2,182.70
Debenture, zero coupon convertible bond and share issue expenses	(5.05)	(49.19)
Proceeds from issuance of share capital by subsidiary net of issue expense	394.46	2,660.75
Proceeds on sale of stake of subsidiary, net	477.25	-
Buy back of management option certificates	-	(28.47)
Proceeds from issuance of debentures	300.00	-
Proceeds from long term borrowings	1,486.24	4,514.24
Proceeds from issuance of zero coupon convertible bonds	-	2,009.90
Repayment of long term borrowings	(1,616.96)	(1,819.37)
Proceeds /(Repayment) from short term borrowings, net	3,839.27	(155.55)
Interest paid	(925.67)	(505.76)
Dividend paid	(151.44)	(0.87)
Tax on dividend paid	(26.23)	(0.32)
Net cash flow from financing activities	3,873.81	8,814.06
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,671.74)	5,381.66
Add: Cash and bank balances taken over on acquistition of subsidiary	669.25	-
Add / (less): Effect of exchange difference on cash and cash equivalents	3.76	7.33
Total	(3,998.73)	5,388.99
Cash and cash equivalents at the beginning of the year	6,834.60	1,445.61
Cash and cash equivalents at the end of the year	2,835.87	6,834.60

Components of cash and cash equivalents	As at March 31, 2009	As at March 31, 2008
Cash and cheques on hand	43.65	93.42
With banks		
in current account	804.22	1,143.87
in margin account	679.13	3,109.23
in term deposit accounts	1,542.84	2,613.68
Less : in margin money deposits	(233.97)	(125.60)
	2,835.87	6,834.60

Notes :

1 The figures in brackets represent outflows.

2 Previous period's figures have been regrouped / reclassified, whereever necessary to confirm to current year presentation.

* Amount below Rs 0.01 crore

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 : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Hemal A. Kanuga
Company Secretary

Girish R. Tanti
Director

Place : Mumbai
Date : June 27, 2009

Schedules to the consolidated balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
SCHEDULE- A : SHARE CAPITAL		
Authorised		
2,225,000,000 (2,225,000,000) equity shares of Rs. 2/- each	**445.00**	445.00
	445.00	445.00
Issued and subscribed		
Equity		
1,498,295,400 (1,496,934,400) equity shares of Rs 2/- each fully paid-up	**299.66**	299.39
[Of the above equity shares, 1,259,276,500 (1,259,276,500) shares of Rs 2/- each 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 571,000 (246,000) equity shares of Rs 2/- each fully paid] [See Schedule P, Note 10]		
	299.66	299.39
SCHEDULE- B : EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee stock options outstanding	**12.20**	17.83
Less: Deferred employee compensation expense outstanding	**1.76**	7.61
	10.44	10.22
SCHEDULE- C : RESERVES AND SURPLUS		
Capital redemption reserve		
As per last balance sheet	**15.00**	15.00
Unrealised gain on dilution [See Schedule P, Note 6 and Note 7]	**1,402.93**	1,200.25
Securities premium account		
As per last balance sheet	**3,456.62**	1,322.69
Add : Additions during the year	**13.61**	2,183.12
	3,470.23	3,505.81
Less : Expenses on issue of equity shares to qualified institutional buyers	**-**	26.27
Expenses on issue of debentures [See schedule P, Note 11(a)]	**5.05**	-
Expenses on issue of zero coupon convertible bonds	**-**	22.92
	3,465.18	3,456.62
General reserve		
As per last balance sheet	**952.82**	626.35
Add : Transferred from profit and loss account	**-**	326.75
Add : Adjustment as per transitional provisions of As - 11 (net of tax of Rs Nil) [See Schedule P, Note 3]	**1.10**	-
	953.92	953.10
Less: Adjustment for employee benefits provision	**-**	0.28
	953.92	952.82
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	**476.86**	(4.52)
Movement during the year	**(17.88)**	481.38
	458.98	476.86
Profit and loss account	**1,925.60**	1,690.12
	8,221.64	7,791.70

Schedules to the consolidated balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
SCHEDULE - D : SECURED LOANS [See Schedule P, Note 11(e)]		
12.5% secured redeemable non-convertible debentures [See Schedule P, Note 11(a)]	**300.00**	-
Term loans		
From banks and financial institutions	**5,981.99**	6,175.84
From others	**17.75**	18.75
	5,999.74	6,194.59
Working capital facilities from banks and financial institutions	**3,976.26**	871.82
Vehicle loans	**0.62**	0.02
	10,276.62	7,066.43
SCHEDULE- E : UNSECURED LOANS		
Long-term		
Zero coupon convertible bonds [See Schedule P, Note 9]	**2,535.50**	2,005.50
Capital from profit participation rights [See Schedule P, Note 11(b)]	**67.52**	-
From banks and financial institutions	**14.05**	24.43
From others	**466.64**	67.77
	3,083.71	2,097.70
Short-term		
From banks and financial institutions	**1,443.05**	768.61
From others	**66.19**	1.85
	1,509.24	770.46
	4,592.95	2,868.16

Schedules to the consolidated balance sheet as at March 31, 2009

SCHEDULE - F : FIXED ASSETS (INCLUDING INTANGIBLE ASSETS)

Assets	Gross block						Depreciation / amortisation						Net block	
	As at April 1, 2008	Additions	Acquisition (See Note 3)	Translation adjustment	Deductions / adjustments	As at March 31, 2009	As at April 1, 2008	For the year	Acquisition (See Note 3)	Translation adjustment	Deductions / adjustments	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Goodwill on consolidation	1,392.31	5,792.95	-	184.16	192.40	7,177.02	-	-	-	-	-	-	7,177.02	1,392.31
Freehold land	147.23	2.43	21.00	3.09	-	173.75	-	-	-	-	-	-	173.75	147.23
Leasehold land	17.05	37.71	-	4.25	-	59.01	0.78	1.52	-	0.18	-	2.48	56.53	16.27
Buildings	1,026.91	896.97	64.08	87.70	1.65	2,074.01	100.05	61.71	11.23	4.93	0.38	177.54	1,896.47	926.86
Site development		100.00	-	-	-	100.00		2.12	-	-	-	2.12	97.88	-
Plant and machinery	2,593.19	1,511.73	116.47	156.27	11.93	4,365.73	714.70	359.25	39.19	42.69	6.23	1,149.60	3,216.13	1,878.49
Wind research & measuring equipments	24.76	1.09	-	0.21	-	26.06	14.35	4.22	-	-	-	18.57	7.49	10.41
Computer and office equipments	244.52	97.61	26.15	12.70	6.19	374.79	129.09	49.33	1.36	7.00	4.14	182.64	192.15	115.43
Furniture & fixtures	66.44	97.86	164.86	7.35	4.68	331.83	25.81	36.85	80.62	3.08	3.54	142.82	189.01	40.63
Vehicles	16.22	11.06	-	0.67	1.34	26.61	7.24	3.78	-	0.25	0.98	10.29	16.32	8.98
Intangible assets						-						-		
Designs and drawings	56.74	109.11	116.05	3.38	-	285.28	32.14	28.69	4.59	0.96	-	66.38	218.90	24.60
SAP software	14.47	17.24	79.30	1.80	4.50	108.31	7.68	28.26	31.89	0.73	-	68.56	39.75	6.79
	5,599.84	8,675.76	587.91	461.58	222.69	15,102.40	1,031.84	575.73	168.88	59.82	15.27	1,821.00	13,281.40	4,568.00
Capital work-in-progress													1,984.02	1,119.67
Total	5,599.84	8,675.76	587.91	461.58	222.69	15,102.40	1,031.84	575.73	168.88	59.82	15.27	1,821.00	15,265.42	5,687.67
Previous Year	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	

Note:

1. Depreciation charge for the current period amounting to Rs. 575.73 crore (Rs. 294.76 crore) is including Rs 2.59 crore (Rs 5.40 crore) which has been capitalised as part of self manufactured assets. The depreciation charged in the profit and loss account amounting to Rs. 573.14 crore (Rs. 289.36 crore) is net of amount capitalised.
2. Capital work in progress includes advances for capital goods Rs 61.34 crore (Rs 171.88 crore).
3. Additions to gross block and depreciation charge for the current period includes balances taken over on account of REpower Systems AG, on June 06, 2008 which amounts to Rs. 587.91 crore and Rs. 168.88 crore respectively. [Also see Schedule P, Note 4]

Schedules to the consolidated balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - G : INVESTMENTS		
LONG-TERM INVESTMENTS		
In associates		
Cost of Investment	-	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)	0.02	0.04
Trade investments	0.00	0.00
Other non trade investments	5.06	0.73
	5.08	0.77
* amount below Rs 0.01 crore		
	5.08	3,141.78
SCHEDULE-H : CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
Raw materials	3,811.20	1,883.53
Semi-finished goods, finished goods, work-in-progress and contracts in progress	3,159.78	2,095.32
Land and land lease rights	33.57	11.88
Stores and spares	169.10	94.10
	7,173.65	4,084.83
Sundry debtors		
(Unsecured)		
Outstanding for a period exceeding six months		
Considered good	852.51	415.93
Considered doubtful	40.28	22.39
	892.79	438.32
Others, considered good	4,540.28	2,785.32
	5,433.07	3,223.64
Less: Provision for doubtful debts	40.28	22.39
	5,392.79	3,201.25
Cash and bank balances		
Cash on hand	1.47	1.14
Cheques on hand	42.18	92.28
Balances with scheduled banks		
in current accounts	74.11	152.72
in margin accounts	194.98	125.60
in term deposit accounts	159.91	604.11
Balances with non scheduled banks		
in current accounts	730.11	991.15
in margin accounts	484.15	2,983.63
in term deposit accounts	1,382.93	2,009.57
	3,069.84	6,960.20
Other current assets		
(Unsecured and considered good)		
Due from customers	3,345.71	1,489.35
	3,345.71	1,489.35

Schedules to the consolidated balance sheet as at March 31, 2009

Particulars	As at March 31, 2009	2008
Loans and advances		
(Unsecured and considered good, except otherwise stated)		
Deposits		
with customers as security deposit	**19.55**	30.83
with others	**155.39**	50.34
Advance against taxes net	**50.53**	-
MAT credit entitlement	**151.16**	145.77
Inter corporate deposits	**116.25**	0.47
Advances recoverable in cash or in kind or for value to be received		
Considered good	**2,408.01**	1,597.58
Considered doubtful	**6.56**	2.21
	2,414.57	1,599.79
Less: Provision for doubtful loans and advances	**6.56**	2.21
	2,408.01	1,597.58
	2,900.89	1,824.99
	21,882.88	17,560.62

SCHEDULE- I : CURRENT LIABILITIES AND PROVISIONS

Particulars	2009	2008
Current Liabilities		
Sundry creditors	**5,996.17**	3,043.52
Other current liabilities	**1,827.89**	1,187.22
Interest accrued but not due	**43.88**	29.00
Due to customers	**13.52**	793.71
Advances from customers	**2,713.27**	1,429.56
	10,594.73	6,483.01
Provisions		
Provision for taxes, net	-	11.04
Gratuity, superannuation and leave encashment	**73.20**	38.51
Performance guarantee, operation, maintenance and warranty, liquidated damages	**883.13**	595.00
Dividend	-	151.31
Tax on dividend	**1.26**	26.62
	957.59	822.48
	11,552.32	7,305.49

SCHEDULE - J : MISCELLANEOUS EXPENDITURE

Particulars	2009	2008
(To the extent not adjusted or written off)		
Preliminary expenses	**-**	-
Add : Addition during the year	**0.09**	1.54
Less : Written off during the year	**0.09**	1.54
	-	-

Schedules to the consolidated profit and loss account for the year March 31, 2009

Particulars		Year ended March 31, 2009	2008
SCHEDULE - K : OTHER INCOME			
Interest income			
From banks		**147.23**	186.63
From others		**29.70**	46.26
Dividend income*		**0.00**	0.00
Premium on redemption of preference shares of subsidiary		**1.64**	-
Profit on sale of investments, net [See Schedule P, Note 7]		**93.18**	3.43
Other operating income		**177.09**	31.66
* Amount below Rs 0.01 crore			
		448.84	267.98
SCHEDULE - L : COST OF GOODS SOLD			
Raw materials consumed, including project business			
Opening stock		**1,883.53**	1,693.31
Add : Purchases, including purchases for project business		**19,847.98**	9,702.16
		21,731.51	11,395.47
Less : Closing stock		**3,811.20**	1,883.53
	(A)	**17,920.31**	9,511.94
Trading purchases	(B)	**22.64**	26.20
(Increase) / decrease in stock			
Opening 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
Closing balance :			
Semi finished goods, finished goods, work-in-progress and contracts in progress		**3,159.78**	2,095.32
Land and land lease rights		**33.57**	11.88
	(D)	**3,193.35**	2,107.20
(Increase) / decrease in stock	(E) = (C) - (D)	**(1,086.15)**	(667.96)
	(A) + (B) + (E)	**16,856.80**	8,870.18

Schedules to the profit and loss account for the year ended March 31, 2009

Particulars	Year ended March 31, 2009	2008
SCHEDULE - M : OPERATING AND OTHER EXPENSES		
Stores and spares	**327.56**	170.13
Power and fuel	**92.27**	46.37
Factory expenses	**65.70**	48.85
Repairs and maintenance:		
Plant and machinery	**14.96**	4.20
Building	**5.14**	4.03
Others	**12.41**	11.04
Operation and maintenance charges	**128.80**	12.87
Design change and technological upgradation charges	**94.36**	51.18
Rent	**120.42**	50.44
Rates and taxes	**21.82**	15.47
Provision for operation, maintenance and warranty	**366.72**	68.90
Provision for performance guarantee	**280.87**	156.26
Liquidated damages	**284.33**	24.45
Quality assurance expenses	**47.60**	7.58
R & D, certification and product development	**57.48**	10.42
Insurance	**66.06**	25.20
Advertisement and sales promotion	**71.68**	54.75
Infrastructure development expenses	**23.26**	2.20
Freight outward and packing expenses	**1,135.63**	466.32
Sales commission	**11.25**	12.19
Travelling, conveyance and vehicle expenses	**270.27**	155.04
Communication expenses	**93.38**	34.08
Auditors' remuneration and expenses	**20.65**	9.36
Consultancy charges	**253.52**	84.27
Charity and donations	**17.37**	9.16
Other selling and administrative expenses	**301.12**	163.83
Exchange differences, net	**58.08**	(54.38)
Bad debts written off	**3.79**	15.73
Provision for doubtful debts and advances	**21.02**	17.22
Loss on assets sold / discarded, net	**0.02**	3.57
	4,267.54	1,680.73
SCHEDULE - N : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, allowances and bonus	**1,946.39**	980.02
Contribution to provident and other funds	**159.25**	32.37
Staff welfare expenses	**60.11**	30.62
	2,165.75	1,043.01
SCHEDULE - O : FINANCIAL CHARGES		
Interest		
Fixed loans	**381.28**	381.71
Debentures	**9.76**	-
Others	**510.17**	150.32
Bank charges	**152.73**	64.91
	1,053.94	596.94

(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, associates 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 as amended ('the Rules') 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 Generally Accepted Accounting Principles ('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 unrealised 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 recognised 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 the charge/(reversal) on account of realignment is adjusted 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 events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, 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.

Joint Venture

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

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.

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 these estimates.

d) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group 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 are 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 is recognised on completion of the respective service, as per the 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 realisable 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 amortised 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 is provided on the written down value method (WDV) and is based on management's estimate of useful lives of the fixed assets or where applicable, at rates specified by respective statutes, whichever is higher. Intangible assets are amortised on a straight line basis over a period of five years.

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 realisable 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 realisable value. Cost is determined on weighted average basis. Net realisable value is determined by management using technical estimates.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term 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 the lower of cost and fair value, determined on an individual basis.

i) Foreign currency transactions

Transactions in foreign currencies are 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.

Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), exchange differences relating to long term monetary items are dealt with in the following manner:

a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

b) In other cases, such differences are accumulated in the “Foreign Currency Monetary Translation Difference Account” and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond March 31, 2011.

All other exchange differences are recognised as income or expense in the profit and loss account.

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.

Derivatives

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.

As per the Institute of Chartered Accountants of India ('ICAI') announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis and the net loss after considering the offsetting effect on the underlying hedge items is charged to the profit and loss account. Net gains on marked to market basis are not recognised.

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, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items 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 in the non-integral foreign operation.

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 each balance sheet date.

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 each 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 Group 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 the 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 or disclosed.

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 at the amount expected to be paid to the tax authorities, after taking into consideration, the applicable 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 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, by whatever name known is recognised as an asset only when and to the extent there is convincing evidence that the Group 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, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Group 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 Group will pay income tax higher than MAT during the specified period.

n) 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 leases. Lease rentals are charged off to the profit and loss account as 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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.

q) **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Group receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

r) **Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.a. 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,	
		2009	2008
AE-Rotor Holding B.V.	The Netherlands	100.00%	100.00%
Cannon Ball Wind Energy Park-I, LLC	USA	100.00%	100.00%
Eve Holding NV**	Belgium	-	-
Hansen Drives Limited	India	61.28%	71.28%
Hansen Drives Limited	Hong Kong	61.28%	-
Hansen Drives Pte Limited	Singapore	61.28%	-
Hansen Transmissions Inc	USA	61.28%	71.28%
Hansen Transmissions International NV	Belgium	61.28%	71.28%
Hansen Transmissions Ltd.	United Kingdom	61.28%	71.28%
Hansen Transmissions Mecanicas Ltda	Brazil	61.22%	71.21%
Hansen Transmissions Pty Ltd.	Australia	61.28%	71.28%
Hansen Transmissions Pty Ltd.	South Africa	61.28%	71.28%
Hansen Transmissions Tianjin Industrial Gearbox Co., Ltd.	PR China	61.22%	71.21%
Hansen Wind Energy Drives (China) Co Ltd.	PR China	60.67%	-
Lommelpark NV	Belgium	61.28%	71.28%
PowerBlades GmbH****	Germany	37.57%	-*
PowerBlades SA	Portugal	66.29%	-*
REpower Australia Pty Ltd.	Australia	73.65%	-*
REpower Benelux b.v.b.a.	Belgium	73.65%	-*
REpower Betriebs - und Beteiligungs GmbH	Germany	73.65%	-*
REpower Canada Inc	Canada	73.65%	-*
REpower Diekat S.A.****	Greece	44.19%	-*
REpower Espana S.L.	Spain	73.65%	-*
REpower Investitions - und Projektierungs GmbH & Co. KG	Germany	73.65%	-*
REpower Italia s.r.l	Italy	73.65%	-*
REpower S.A.S.	France	73.65%	-*
REpower Systems AG	Germany	73.65%	-*
REpower UK Ltd.	United Kingdom	73.65%	-*
REpower USA Corp.	USA	73.65%	-*
REpower Wind Systems Trading (China) Ltd.	PR China	73.65%	-*
RETC Renewable Energy Technology Centre	Germany	86.83%	50.00%
SE Composites Limited	India	100.00%	100.00%
SE Drive Technik GmbH	Germany	100.00%	100.00%

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2009	2008
SE Electricals Limited (Formerly Suzlon Electricals International Limited)	India	100.00%	100.00%
SE Forge Limited	India	82.90%	100.00%
SE Solar Private Limited	India	100.00%	-
Sunrise Wind Project Private Limited	India	61.28%	-
Suzlon Blade Technology B.V. (Formerly AE Rotor Techniek B.V.)	The Netherlands	100.00%	100.00%
Suzlon Energia Eolica do Brasil Ltda	Brazil	100.00%	100.00%
Suzlon Energy (Tianjin) Limited	PR China	100.00%	100.00%
Suzlon Energy A/S	Denmark	100.00%	100.00%
Suzlon Energy Australia Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy B.V.	The Netherlands	100.00%	100.00%
Suzlon Energy GmbH	Germany	100.00%	100.00%
Suzlon Energy Korea Co., Ltd.	Republic of South Korea	100.00%	100.00%
Suzlon Energy Limited	Mauritius	100.00%	100.00%
Suzlon Engitech Limited (Formerly Suzlon Engitech Private Limited)	India	100.00%	100.00%
Suzlon Generators Limited (Formerly Suzlon Generators Private Limited)	India	75.00%	75.00%
Suzlon Gujarat Wind Park Limited	India	100.00%	100.00%
Suzlon Infrastructure Services Limited	India	100.00%	100.00%
Suzlon North Asia Ltd	Hong Kong	100.00%	-
Suzlon Power Infrastructure Limited (Formerly Suzlon Power Infrastructure Private Limited)	India	100.00%	100.00%
Suzlon Rotor Corporation	USA	100.00%	100.00%
Suzlon Structures Limited (Formerly Suzlon Structures Private Limited)	India	75.00%	75.00%
Suzlon Towers and Structures Limited	India	100.00%	100.00%
Suzlon Wind Energy A/S	Denmark	100.00%	100.00%
Suzlon Wind Energy Corporation	USA	100.00%	100.00%
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Ltd.	PR China	100.00%	-
Suzlon Wind Energy Espana, S.L	Spain	100.00%	100.00%
Suzlon Wind Energy Italy s.r.l. (Formerly Suzlon Energy Italy s.r.l.)	Italy	100.00%	100.00%
Suzlon Wind Energy Limited	United Kingdom	100.00%	100.00%
Suzlon Wind Energy Nicaragua Sociedad Anonima	Nicaragua	100.00%	-
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda (Formerly Suzlon Energy Portugal Energia Elocia Unipessoal Lda)	Portugal	100.00%	100.00%
Suzlon Wind Energy Romania SRL	Romania	100.00%	-
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Turkey	100.00%	-
Suzlon Wind International Limited	India	100.00%	100.00%
Suzlon Windenergie GmbH	Germany	100.00%	100.00%
Suzlon Windkraft GmbH***	Germany	-	100.00%
Suzlon Windpark Management GmbH	Germany	100.00%	100.00%
Tarilo Holding B.V.	The Netherlands	100.00%	-
WEL Windenergie Logistik GmbH	Germany	73.65%	-
Windpark Olsdorf Watt Gmbh & Co. KG	Germany	100.00%	100.00%

* The Company through its subsidiaries held 35.83% in REpower Systems AG ('REpower') as on March 31, 2008 and hence investments in REpower has been accounted as an associate using equity method in the consolidated financial statements for the year ended March 31, 2008.

** The liquidation process of Eve Holding NV has been completed during the year.

*** Suzlon Windkraft GmbH has been merged with Suzlon Energy GmbH during the year.

**** The Group holds 73.65% in REpower and REpower holds more than 50% stake in these companies

b. List of subsidiaries which are not included in the consolidation based on materiality:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2009	2008
REpower Geothermie GmbH	Germany	73.65%	-
REpower Windpark Betriebs GmbH	Germany	73.65%	-
Sister - sistemas e Technologia de Energias renovaveis Lda	Portugal	55.24%	-
Windpark Blockland GmbH & Co KG	Germany	73.65%	-
Windpark Meckel/Gilzem GmbH & Co KG	Germany	73.65%	-

c. In respect of the following components of consolidated financial statements, the accounting policies followed by the subsidiary companies are different from that of the Company:

Components of consolidated financial statements	Particulars	Amount as at March 31, 2009	Proportion of the component
Depreciation	Some of the subsidiaries have provided depreciation on straight-line method as against the written down value method followed by the Company	421.29	73.51%
Accumulated depreciation	Some of the subsidiaries have provided depreciation on straight-line method as against the written down value method followed by the Company	1,336.49	73.39%
Inventory	Some of the subsidiaries have determined cost of inventory by using the first-in first-out (FIFO) cost formula as against the weighted average cost formula followed by the Company	1,443.72	20.13%
Employee compensation expenses for stock options	Some of the subsidiaries have accounted stock options granted to employees using the fair value method as against the intrinsic value method followed by the Company	50.29	91.01%

2. 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	Contingent liabilities as March 31, 2009	Capital commitments as at March 31, 2009
REpower Portugal - Sistemas Eolicos, S.A.	50.00	Portugal	Nil	Nil
REpower North (China) Ltd.	50.01	PR China	Nil	Nil

3. Change in accounting policy

In line with notification of the Companies (Accounting Standards) Amendment Rules 2006 issued by Ministry of Corporate Affairs on March 31, 2009 on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), the Company has chosen to exercise the option under para 46 inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007, are:

(a) To the extent such items are used for the acquisition of a depreciable capital asset, added to / deducted from the cost of the asset and depreciated over the balance life of the asset. As a result, an amount of Rs 8.19 crore [net of depreciation of Rs. 0.78 crore and tax of Rs. Nil] have been added to fixed assets, being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset.

(b) In other cases, accumulated in the "Foreign currency monetary translation difference account" and amortised to the profit and loss account over the balance life of the long term monetary item but not beyond March 31, 2011.

(c) As a result of point (a) and (b) above, Rs 1.10 crore [net of tax of Rs. Nil] was credited to general reserve which was recognised as loss in the profit and loss account till the previous financial year ended March 31, 2008.

(d) Rs 130.79 crore amortisation cost charged to the profit and loss account during the year.

(e) Rs 398.01 crore accumulated in the "Foreign currency monetary translation difference account", being the amount remaining to be amortised as at March 31, 2009.

As a result of the above change in the accounting policy, the net profit before tax for the year is higher by Rs 405.04 crore.

4. **REpower Systems AG**

The Company through its subsidiaries held 35.83% in REpower Systems AG ('REpower') as at March 31, 2008. On June 6, 2008, the Company, through its subsidiary further acquired approximately 30% of the equity capital of REpower Systems AG ('REpower') held by Areva. Consequently, REpower has become a subsidiary of the Company with effect from June 6, 2008. Accordingly, the consolidated financial statements for the year ended March 31, 2009 are to that extent not comparable with the consolidated financial statements of March 31, 2008. Further, pursuant to an agreement dated December 15, 2008 entered into with the Martifer Group, the Company agreed to acquire Martifer's holdings of 22.4% in REpower through a subsidiary by making payments in three tranches: Euro 65 Million in December 2008, Euro 30 Million in April 2009 and the final tranche of Euro 175 Million in May 2009. The first tranche of Euro 65 Million has been paid in December 2008, thereby increasing its effective holding in REpower to 73.65% as at March 31, 2009. Post year-end, the second and third tranches have been paid and consequently its effective holding in REpower is 90.72%.

In financial year 2007-2008, the financials of REpower have been consolidated using equity method of accounting with a three-month time lag to that of the Company and accordingly, the financial statements of REpower for the period June 1, 2007 to December 31, 2007 have been consolidated in the financial statements of the Company for the year ended March 31, 2008. Appropriate entries have been effected in the consolidated financial statements of the Company for the year ended March 31, 2009, wherein the aforesaid three-month time lag on consolidation of REpower financials as at March 31, 2008 has been adjusted.

5. **Exceptional items**

The details of exceptional items aggregating to 896.29 crore (Rs 285.21 crore) are as below

a) Foreign exchange losses of Rs 131.35 crore (foreign exchange gain of Rs 4.40 crore) arising due to restatement of zero coupon convertible bonds of USD 500 million at year end exchange rates.

b) Provision for blade retrofit/replacement costs aggregating Rs 221.59 crore (Rs 121.71 crore) and consequential generation/availability costs of Rs 189.51 crore (Rs 20.37 crore).

c) Costs of site restoration aggregating Rs Nil (Rs 65.46 crore) and cost of consequential generation losses aggregating Rs Nil (Rs 59.07 crore) relating to disruption of operation of WTG's in Dhule and Sangli by local residents.

d) Mark-to-market losses of 353.84 crore (Rs 23.00 crore) in respect of foreign exchange forward / option contracts, taken for hedging purposes.

Exceptional items for the prior year comparatives include amounts in respect of items which have been classified as exceptional in current year.

6. SE Forge Limited ('SEFL'), an erstwhile 100% subsidiary of the Company, allotted 41,254,125 equity shares to IDFC Private Equity Fund III, through a fresh 'issue of shares', raising Rs 394.46 crore (net of issue expenses). Following the fresh issue of shares by SEFL, the effective stake of the Company in SEFL has reduced to 82.90%. As a result of dilution of effective stake of the Company in SEFL, there is a resultant gain of Rs 295.13 crore which has been credited to “Unrealised gain on dilution" disclosed under “Reserves and Surplus” in the consolidated financial statements.

7. On January 26, 2009, AE-Rotor Holding B.V. ('AERH'), a wholly owned subsidiary of the Company has sold 67,010,421 shares (10% equity) in Hansen Transmissions International NV ('Hansen') to funds managed by Ecofin Limited ("Ecofin"), a London based specialised investment firm. Following this disposal, the Suzlon Group has a voting and economic interest in Hansen of 61.28%. As a result of sale, the goodwill of Rs 192.40 crore and unrealised gain on dilution of Rs 167.22 crore has been reduced proportionately and the profit on sale Rs 92.86 crore has been shown as “Profit on sale of investments” under “Other Income”.

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

Particulars	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**
Contract revenue recognised during the year	**16,551.40**	5,734.63
Particulars	**As at March 31,**	
	2009	**2008**
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	**12,691.80**	6,072.56
Amount of customer advances outstanding for contracts in progress up to the reporting date	**Nil**	1,607.27
Retention amount due from customers for contract in progress up to the reporting date	**712.79**	Nil
Due from customers	**3,345.71**	1,489.35
Due to customers	**13.52**	793.71

9. Zero coupon convertible bonds

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

1) 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 to be converted into 113.50 fully paid up equity shares with face value of Rs 2 per share at an initial conversion price of Rs 359.68 per equity share of Rs 2 each at a fixed exchange rate conversion of Rs 40.83 = USD 1.
2) 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.
3) 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 Phase I Bonds originally issued is outstanding, subject to satisfaction of certain conditions.
4) redeemable on maturity date at 145.23% of its principal amount if not redeemed or converted earlier.

Further, on October 10, 2007 the Company 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 were:

1) 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 to be converted into 107.30 fully paid up equity shares with face value of Rs 2 per share at an initial conversion price of Rs 371.55 per equity share of Rs 2 each at a fixed exchange rate conversion of Rs 39.87 = USD 1.
2) 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.
3) 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 Phase II Bonds originally issued is outstanding, subject to satisfaction of certain conditions.
4) redeemable on maturity date at 144.88% of its principal amount, if not redeemed or converted earlier.

Subsequent to the year-end, the Company proposed a restructuring of its Zero Coupon Convertible Bonds, with an approval of the Reserve Bank of India ('RBI') and the bondholders were offered the following options as part of the restructuring;

- Cash buyback of bonds @ 54.55% of the face value of US $ 1000 per bond
- Issue of new bonds in place of old bonds at a fixed ratio of 3:5 (60 cents to dollar) bearing a coupon of 7.5 per cent per annum, payable semi-annually. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each June 2012 New Bond at 150.24 per cent of its principal amount and each October 2012 New Bond at 157.72 per cent of its principal amount on the relevant maturity date. The conversion price is set at Rs 76.68 per share. These bonds do not have any financial covenants and are of the same maturity as the old bonds.
- Consent fee of US$15 Million to be paid across both the series, for those bondholders who consent to the relaxation of covenants

As a result of the restructuring, the outstanding position of the zero coupon convertible bonds is as follows:

Particulars		Phase I Bonds (USD)	Phase II Bonds (USD)	Total (USD)
Old bonds exchanged	[A]	59,332,000	34,672,000	94,004,000
New Bonds issued in the ratio of 3:5	[B] = 0.6*A	35,592,000	20,796,000	56,388,000
Bonds bought back for cash	[C]	29,366,000	43,960,000	73,326,000
Cash paid for buyback@ 54.5% of [C]	[D]	16,019,702	23,980,180	39,999,882
Old bonds o/s	[E]	211,302,000	121,368,000	332,670,000
Value of total bonds outstanding	[F] = [B] + [E]	246,894,000	142,164,000	389,058,000
Value of old bonds	[G] = [A] + [C] + [E]	300,000,000	200,000,000	500,000,000
Consent Fee paid		11,846,947	1,869,863	13,716,810

The Phase I and Phase II bonds are redeemable subject to satisfaction of certain conditions mentioned in their respective offering circulars, and hence has 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, 2009 amounting to Rs 154.73 crore (approximately USD 30,513,445) and Rs 71.38 crore (approximately USD 14,075,009) 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.

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 4,605,000 options of Rs 2 each to eligible employees at an exercise price of Rs 51 per equity share of Rs 2 each, 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 102 per equity share of Rs 2 each. Under the terms of Scheme I, 30% of the options will vest in the employees at the end of the firstyear, 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 into equity shares within a period of five years from the date of first vesting i.e. till June 16, 2011. 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 period except for the lock-in, if any, in terms of the Insider Trading Code of the Company. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have no been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled.

During the year ended March 31, 2009, vesting rights were exercised by employees for 1,361,000 (1,180,500) shares of Rs 2 each under scheme I. Further, 118,000 (114,500) employee stock options of Rs 2 each under scheme I were cancelled during the year as certain employees resigned from the services of the Company. The movement in the stock options during the year ended March 31, 2009 was as per the table below:

Particulars	As at March 31,	
	2009	**2008**
Opening balance of options outstanding	**1,858,000**	3,153,000
Granted during the year	**Nil**	Nil
Forfeited/cancelled during the year	**118,000**	114,500
Exercised during the year	**1,361,000**	1,180,500
Expired during the year	**Nil**	Nil
Closing balance of options outstanding	**379,000**	1,858,000
Exercisable at the end of the year (Included in closing balance of option outstanding)	**379,000**	246,000

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

The Company instituted Scheme II for all eligible employees with effect from November 23, 2007 (grant date) in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on March 10, 2007. 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 519,500 options of Rs 2 each to eligible employees at an exercise price of Rs 192.20 per equity share of Rs 2 each which is 51.28% of the weighted average price over a period of six months prior to date of grant, i.e., Rs 374.80 per equity share of Rs 2 each. 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 into equity shares within a period of five years from the date of first vesting i.e. till November 23, 2013. 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 except for the lock-in, if any, in terms of the Insider Trading Code of the Company. 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, 2009, vesting rights were exercised by employees for Nil (Nil) shares of Rs 2 each. Further, 78,000 (Nil) employee stock options of Rs 2 each were cancelled during the year as certain employees resigned from the services of the Company. The movement in the stock options during the year ended March 31, 2009 was as per the table below:

Particulars	As at March 31,	
	2009	2008
Opening balance of options outstanding	**519,500**	Nil
Granted during the year	**Nil**	519,500
Forfeited/cancelled during the year	**78,000**	Nil
Exercised during the year	**Nil**	Nil
Expired during the year	**Nil**	Nil
Closing balance of options outstanding	**441,500**	519,500
Exercisable at the end of the year (Included in closing balance of option outstanding)	**192,000**	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 1.04 crore (Rs 2.14 crore) and Rs 3.93 crore (Rs 2.39 crore) at the rate of Rs 51 per option and Rs 182.60 per option respectively, being the difference between intrinsic value of options and exercise price under the Scheme I and Scheme II for the year ended March 31, 2009. 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 63.34 per option (Rs 68.39 per option) and Rs 272.37 per option (Rs 284.10 per option) for the Scheme I and Scheme II respectively, and accordingly, the net profit after tax would have been lower by Rs 1.55 crore (Rs 3.35 crore).

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

Particulars	As at March 31,	
	2009	2008
Earnings per share		
- Basic	**1.57**	7.05
- Diluted	**1.51**	6.87

11. Other notes

a) During the current year, the Company has issued 12.50% secured redeemable Non-Convertible Debentures ('NCDs') aggregating Rs 300.00 crore to Life Insurance Corporation of India ('LIC'). The Company has incurred expenses amounting to Rs 5.05 crore towards issue of NCDs. These NCDs are secured by pledge of shares of the Company held by promoters to the extent of 1.5 times the NCD amount and subservient charge on the Pondicherry factory. The company is required to maintain minimum security cover of 1.5 times at all times during the tenor of the debenture. The tenor of the debentures is seven years and they shall be redeemed in three equal annual instalments commencing from the end of the 5th year from the date of allotment.

b) REpower Systems AG ('REpower), a subsidiary of the Company had issued profit participation certificates of EURO 10 Million in May 2004. For profit participation certificates, a basic interest rate of 7.90% in addition to a variable interest rate dependent on net income is paid. The participation right has a maturity of seven years and the same falls due at the end of May 2011 and the same has been disclosed under unsecured loans.

c) Borrowing costs amounting to Rs 39.34 crore (Rs 4.94 crore) have been capitalised to qualifying assets.

d) During the current year, the Board of Directors of the Company had approved a rights issue of equity shares of the Company to a maximum extent of Rs 1,800.00 crore. In anticipation of the right issue, the Company had received Rs 200.00 crore from a promoter group company as advance towards the share application money. The rights issue was suspended due to market conditions prevailing at that time; and Rs 105.00 crore out of Rs.200 crores was refunded to the promoter group company. Subsequently on March 27, 2009, the Company considering the market conditions and in turn its inability to come out with a right issue, has decided to refund the remaining advance amount outstanding towards share application money. Accordingly, the amount has been refunded post the balance sheet date.

e) Details of security for the secured loans in consolidated financial statements are as follows:

(i) Term Loans from banks and financial institutions

- Rs 3,401.99 crore (Rs 4,660.89 crore) secured against pledge/ negative lien on shares of certain subsidiaries and corporate guarantee of the Company.
- Rs 1,316.65 crore (Rs 1,235.16 crore) secured by way of first rank mortgage and floating charge on assets.
- Rs 564.31 crore (Rs 7.00 crore) secured by way of first charge on certain immovable and movable fixed assets and second charge on current assets.
- Rs 400.00 crore (Rs Nil) secured by way of first charge on certain immovable and movable fixed assets, second charge on current assets, first mortgage and charge on fixed asset of subsidiary and pledge of share of subsidiary.
- Rs 94.36 crore (Rs Nil) secured by way of charge on land and assignments of electricity proceeds.
- Rs 80.65 crore (Rs 98.64 crore) secured by charge on moveable properties and receivables of the power generated from windmill.
- Rs 59.00 crore (Rs 61.91 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 26.17 crore (Rs 31.34 crore) secured by way of first charge on all plant and machinery and other fixed assets and second charge on all current assets and corporate guarantee of the Company.
- Rs 17.75 crore (Rs 20.08 crore) secured by hypothecation of plant and machinery and other fixed assets.
- Rs 11.17 crore (Rs 18.53 crore) 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 5.08 crore (Rs 8.02 crore) secured by way of first charge on windmills, land, personal guarantee of directors and corporate guarantee of the Company.
- Rs 4.86 crore (Rs 7.75 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 (Rs 26.52 crore) secured by way of first rank mortgage and floating charge on assets and corporate guarantee of the Company.

(ii) Term loans from others

- Rs 14.83 crore (Rs 15.07 crore) secured by way of first charge on certain immovable and movable fixed assets, second charge on current assets and movable fixed assets.
- Rs 2.92 crore (Rs 3.69 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 3,898.82 crore (Rs 815.91 crore) secured by hypothecation of inventories, book debts and other current assets, both present and future and first and second charge on certain immovable and movable fixed assets.
- Rs 49.04 crore (Rs 35.30 crore) secured by hypothecation of inventories, book debts and other current assets, both present and future, second charge on certain immovable fixed assets and personal guarantee of the director.
- Rs 15.20 crore (Rs 11.67 crore) secured by lien on inventories, book debts, all deposit accounts, certain fixed assets and corporate guarantee of the Company.
- Rs 13.20 crore (Rs 8.94 crore) secured by hypothecation of all current assets, second charge on fixed assets and corporate guarantee of the Company.

(iv) Vehicle loan

- Rs 0.62 crore (Rs 0.02 crore) secured against vehicle under hire purchase contract.

f) The profit and loss account of the Company includes a charge of Rs 100.46 crore (Rs 54.10 crore) on account of design change and technological upgradation charges and Rs 113.26 crore (Rs 20.15 crore) on account of operation and maintenance charges, part of which have got eliminated on consolidation. However, the costs incurred by the subsidiary for rendering the services/ affecting the sales have been booked under various expenditure heads based on their nature.

g) Miscellaneous income includes income in the nature of government grant aggregating Rs 54.31 crore (Rs 13.15 crore). Other current liabilities include deferred grants of Rs 47.43 crore (Rs 55.48 crore).

h) The Group through one of its subsidiaries has agreed with one of its customers to extend deferred credit of Rs 1,044.63 crore. The amount would be received on achievement of performance milestone by the WTGs covered under this agreement or at the end of the agreed credit period, whichever is earlier. The subsidiary will have first charge on the WTGs covered under this agreement. Further, the outstanding amount would earn interest at an agreed rate.

12. Operating leases

Premises

The Group has taken certain premises on cancellable operating leases. The total rental expense under cancellable operating leases during the period was Rs 33.85 crore (Rs 22.07 crore).

The Group has also taken furnished/unfurnished offices and certain other premises under non-cancellable operating lease agreements. The lease rental charge during the year is Rs 84.25 crore (Rs 41.55 crore) and maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in respective agreement is as follows:

Particulars	Year ended March 31,	
	2009	**2008**
Not later than one year	**74.89**	48.90
Later than one year and not later than five years	**159.37**	75.85
Later than five years	**59.08**	5.27

13. Post employment benefits

Net employees benefit expense recognised in the profit and loss account.

Particulars	Year ended March 31,	
	2009	**2008**
Current service cost	**8.05**	6.95
Interest cost on benefit obligation	**3.28**	2.60
Expected return on plan assets	**(2.15)**	(1.71)
Net actuarial loss recognised in the year	**3.38**	0.85
Past service cost	**(0.07)**	Nil
Net Benefit expense	**12.49**	8.69

Details of defined benefit obligation

Particulars	Year ended March 31,	
	2009	**2008**
Defined benefit obligation	**70.77**	54.06
Fair value of plan assets	**49.36**	39.76
Present value of unfunded obligations	**21.41**	14.30
Less: Unrecognised past service cost	**Nil**	Nil
Plan Liability	**21.41**	14.30

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

Particulars	Year ended March 31,	
	2009	**2008**
Opening defined benefit obligation	**54.06**	53.92
Interest cost	**3.28**	2.60
Current service cost	**8.05**	6.95
Benefits paid	**(3.09)**	(3.15)
Actuarial (gains) / losses on obligation	**5.36**	(6.26)
Exchange rate variation	**3.11**	-
Closed defined benefit obligation	**70.77**	54.06

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

Particulars	Year ended March 31,	
	2009	**2008**
Opening fair value of plan assets	**39.76**	33.77
Expected return	**2.15**	1.71
Contributions by employer	**9.87**	8.31
Benefits paid	**(3.07)**	(3.15)
Actuarial gains / (losses)	**(1.56)**	(0.88)
Exchange rate variation	**2.21**	-
Closing fair value of plan assets	**49.36**	39.76

Amounts for the current and previous periods are as follows:

Particulars	Year ended March 31,		
	2009	**2008**	**2007**
Defined benefit obligation	**70.77**	54.06	53.92
Plan assets	**49.36**	39.76	33.77
Surplus / (deficit)	**21.41**	14.30	20.15
Experience adjustments on plan liabilities	**Nil**	Nil	Nil
Experience adjustments on plan assets	**Nil**	Nil	Nil

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 plan obligations differs from subsidiary to subsidiary.

The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

14. Provisions

In pursuance of Accounting Standard-29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", 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	**283.39**	**280.92**	**30.69**
	(180.92)	(252.92)	(25.94)
Additions due to acquisition	**-**	**127.28**	**-**
	(-)	(-)	(-)
Additions	**470.38 ***	**460.97**	**284.33**
	(235.70)	(164.67)	(43.20)

Particulars	Performance guarantee	Operation, maintenance and warranty	Provision for liquidated damages
Utilization	**595.39**	**205.57**	**253.87**
	(133.23)	(136.67)	(19.70)
Reversal	**-**	**-**	**-**
	(-)	(-)	(18.75)
Closing balance	**158.38**	**663.60**	**61.15**
	(283.39)	(280.92)	(30.69)

* includes Rs 189.51 crore (Rs 79.44 crore) classified as exceptional item.

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 thereof 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 break up 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 460.97 crore (Rs 164.67 crore)

b) Less: Utilisation against opening provision, booked by the subsidiary under various expenditure heads by their nature amounting to Rs 94.25 crore (Rs 95.77 crore)

c) Charge to profit and loss account Rs 366.72 crore (Rs 68.90 crore)

Provision for liquidated damages (LD) represents the expected claims which the Group 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.

15. Break-up of the accumulated deferred tax asset/(liability), net is given below:

Particulars		As at March 31,	
		2009	2008
Deferred tax assets:			
Unabsorbed losses and depreciation		**168.93**	123.93
Employee benefits		**12.05**	16.11
Provision for guarantee and warranty		**114.33**	86.76
Provision for doubtful debts		**7.89**	6.44
Others		**27.02**	16.30
	(a)	**330.22**	249.54
Deferred tax liability			
Difference in depreciation of fixed assets		**375.73**	271.32
Others		**141.30**	0.02
	(B)	**517.03**	271.34
Deferred tax asset/(liability) (net)	**[(c) = (a)-(b)]**	**(186.81)**	(21.80)

16. Earnings per Share ('EPS')

All amounts in Rupees crore except per share data

Particulars		As at March 31, 2009	2008
Basic			
Net Profit after share of profit of associates and minority interest		**236.48**	1,030.10
Less: Preference dividend and tax thereon		**0.00**	0.23
Profit attributable to equity shareholders	A	**236.48**	1,029.87
Weighted average number of equity shares	B	**1,497,932,537**	1,455,672,492
Basic EPS (Rs) of face value of Rs 2 each.	A/B	**1.58**	7.07
Diluted			
Weighted average number of equity shares	B	**1,497,932,537**	1,455,672,492
Add: Equity shares for no consideration arising on grant of share options	C	**28,507**	16,09,325
Add: Potential equity shares that could arise on conversion of zero coupon convertible bonds	D	**55,516,717**	37,593,265
Weighted average number of equity shares for diluted EPS.	E = (B+C+D)	**1,553,477,761**	1,494,875,082
Diluted EPS (Rs) of face value of Rs.2 each	A/E	**1.52**	6.89

17. Statement showing the use of proceeds from Qualified Institutional Placements up to March 31, 2009

On December 20, 2007, the Company has raised Rs 2,182.70 crore through allotment of 56,930,000 equity shares of Rs 2 each at a price of Rs 383.40 per equity share of Rs 2 each 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 utilisation of QIP proceeds are given below:

Sr. No.	Description	As at March 31, 2009
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	1,350.40
	Working Capital requirement and General corporate purposes	341.12
	Investments in subsidiaries for Capital expenditure and Working capital requirement	464.91
	Total	**2,156.43**
III	**Unutilised funds**	**Nil**

18. Managerial remuneration to Directors.

Particulars	Year ended March 31, 2009	2008
Salaries	**1.26**	1.30
Contribution to superannuation fund and provident fund	**0.21**	0.27
Sitting Fees	**0.07**	0.02
Total	**1.54**	1.59

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.

In terms of the special resolution approved by the members of the Company, the Company has been authorised to pay remuneration to the managerial personnel within the limits as prescribed under Section II (B) of Part II of Schedule XIII of the Act in case of loss or inadequacy of profits. Accordingly the Company has paid remuneration as per these limits and the excess remuneration paid has been recovered from the directors post the year end.

19.a. Contingent liabilities

Particulars	As at March 31,	
	2009	2008
Premium on redemption of zero coupon convertible bonds	**226.11**	101.08
Claims against the Group not acknowledged -		
Excise, custom, service and vat	**20.76**	2.96
Income-tax	**15.23**	19.23
State levies	**3.98**	-
Labour related	**0.16**	0.15
Suppliers and service providers	**27.01**	-
Cumulative preference share dividend of subsidiary payable to minority	**0.20**	-

b. Capital commtments

Particulars	As at March 31,	
	2009	2008
Guarantees given in connection with acquisition of shares of REpower	**1,385.42**	4,693.62
Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances	**1,069.59**	1,899.92

20. Derivative instruments and unhedged foreign currency exposure

Particulars of derivatives	Purpose
Forward contract outstanding as at balance sheet date:	
Buy EURO 17,778,459 (EURO 150,522,982)	Hedge of forex EURO liabilities
Buy USD 96,334,246 (USD 309,759,304)	Hedge of forex USD liabilities
Buy CAD 4,733,000 (CAD Nil)	Hedge of forex CAD liabilities
Sell USD 186,439,861 (USD 286,961,890)	Hedge of forex USD receivable
Sell EURO 55,236,982 (EURO 118,198,046)	Hedge of forex EURO receivable
Sell AUD 61,500,000 (AUD 325,00,000)	Hedge of forex AUD receivable

Option contract outstanding as at balance sheet date:
USD 5.50 crore (USD 13.50 crore) zero cost 1:1.5 forward put options outstanding
USD 24.62 crore (USD Nil) long European knock in option outstanding
EURO Nil (EURO 17.75 crore) zero cost barrier call options outstanding
EURO Nil (EURO 11.50 crore) zero cost put spread options outstanding

Particulars of unhedged foreign currency exposure as at the balance sheet

Particulars	As at March 31,	
	2009	2008
Current liabilities	**1,755.14**	431.96
Debtors	**230.29**	104.45
Loans received	**1,874.06**	596.56
Bank balance in current accounts and term deposit accounts	**108.37**	353.57
Zero coupon convertible bonds	**2,535.50**	2,005.50

21. Related party disclosures

(A) Related parties with whom transactions have taken place during the year

a) Joint Ventures

REpower Portugal - Sistemas Eolicos, S.A., REpower North (China) Ltd.

b) Entities where Key Management Personnel (KMP)/ Relatives of Key Management Personnel ('RKMP') has significant influence

Sarjan Realities Limited, Suzlon Infrastructure Limited, Senergy Global Limited, Shubh Realty (South) Private Limited, Tanti Holdings Limited, Suzlon Foundation, Girish R. Tanti (HUF), SE Steel Limited

c) Key Management Personnel of Suzlon Energy Limited

Tulsi R. Tanti, Girish R. Tanti

d) Relatives of Key Management Personnel of Suzlon Energy Limited

Vinod R. Tanti, Jitendra R. Tanti

e) Employee Funds

SE Composites Limited	Superannuation Fund
SE Composites Limited	Employees Group Gratuity Scheme
SE Electricals Limited	Superannuation Fund
SE Electricals Limited	Employees Group Gratuity Scheme
Suzlon Energy Limited	Superannuation Fund
Suzlon Energy Limited	Employees Group Gratuity Scheme
Suzlon Generators Limited	Superannuation Fund
Suzlon Generators Limited	Employees Group Gratuity Scheme
Suzlon Gujarat Wind Park Limited	Superannuation Fund
Suzlon Gujarat Wind Park Limited	Employees Group Gratuity Scheme
Suzlon Infrastructure Services Limited	Superannuation Fund
Suzlon Infrastructure Services Limited	Employees Group Gratuity Scheme
Suzlon Power Infrastructure Limited	Superannuation Fund
Suzlon Power Infrastructure Limited	Employees Group Gratuity Scheme
Suzlon Structures Limited	Employees Group Gratuity Scheme
Suzlon Towers & Structure Limited	Superannuation Fund
Suzlon Towers & Structure Limited	Employees Group Gratuity Scheme
Suzlon Wind International Limited	Superannuation Fund
Suzlon Wind International 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, 2009

Particulars	Joint Ventures	Entities where KMP/ RKMP has significant influence	KMP	RKMP	Employee Funds
Transactions					
Purchase of fixed assets (including intangibles)	- (-)	**173.13** (37.83)	- (-)	- (-)	- (-)
Sale of fixed assets	- (-)	- (0.06)	- (-)	- (-)	- (-)
Sale of goods and services	**190.35** (-)	**0.43** (5.46)	**0.06** (-)	**0.06** (-)	- (-)
Purchase of goods and services	- (-)	**30.74** (202.84)	- (-)	- (-)	- (-)
Transformer division acquisition	- (-)	- (4.25)	- (-)	- (-)	- (-)
Loans given	- (-)	**220.97** (314.88)	- (-)	- (-)	- (-)
Loans taken	- (-)	**148.00** (-)	- (-)	- (-)	- (-)
Share application money received	- (-)	**200.00** (-)	- (-)	- (-)	- (-)
Deposits given	- (-)	**122.37** (6.75)	**0.02** (-)	- (-)	- (-)
Interest received	- (-)	**10.69** (19.30)	- (-)	- (-)	- (-)
Interest paid	- (-)	**0.78** (1.58)	- (-)	- (-)	- (-)
Rent received	- (-)	**0.07** (-)	- (-)	- (-)	- (-)
Leaser rent paid	- (-)	**15.80** (76.78)	**0.02** (-)	- (0.06)	- (-)
Donation given	- (-)	**9.45** (-)	- (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	**1.48** (1.57)	- (-)	- (-)
Contribution to various funds	- (-)	- (-)	- (-)	- (-)	**5.90** (8.70)
Outstanding balances					
Advances from customers	- (-)	- (-)	**0.75** (0.75)	**0.75** (0.75)	- (-)
Sundry debtors	**169.45** (-)	**0.06** (3.73)	**0.02** (-)	**0.03** (-)	- (-)
Loans outstanding	- (-)	**116.25** (-)	- (-)	- (-)	- (-)
Deposits outstanding	- (-)	**122.37** (6.75)	**0.02** (-)	- (-)	- (-)
Advances to supplier and other assets	- (-)	**6.06** (6.23)	**0.87** (-)	- (0.05)	- (-)
Sundry creditors	- (-)	**49.69** (18.74)	- (-)	- (-)	- (-)
Share application money pending refund	- (-)	**95.00** (-)	- (-)	- (-)	- (-)

Note: Figures in brackets are certain to balances as on March 31, 2008.

(C) Disclosure of significant transactions with related parties

Type of the transaction	Type of relationship	Name of the entity / person	Year ended March 31, 2009	2008
Purchase of fixed assets (including intangibles)	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited	**172.83**	17.28
		Sarjan Realities Limited	**0.12**	16.34
Sale of fixed assets	Entities where KMP/ RKMP has significant influence	Suzlon Infrastructure Limited	**-**	0.03
		Sarjan Realities Limited	**-**	0.01
		Shubh Realty (South) Private Limited	**-**	0.02
Sale of goods	Joint Ventures	REpower Portugal - Sistemas Eolicos, S.A.	**134.02**	-
		REpower North (China) Ltd.	**56.26**	-
	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**0.29**	5.46
Purchase of goods and services	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**17.02**	200.74
		Synergy Global Limited	**10.30**	1.18
Loans given	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**50.00**	259.12
		Sarjan Realities Limited	**140.72**	42.01
		Shubh Realty (South) Private Limited	**30.25**	13.75
Loans taken	Entities where KMP/RKMP has Significant influence	Tanti Holdings Limited	**148.00**	-
Share application Money received	Entities where KMP/RKMP has Significant influence	Tanti Holdings Limited	**200.00**	-
Deposits given	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**122.37**	6.75
Interest received	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**2.83**	7.99
		Sarjan Realities Limited	**7.18**	7.58
		Shubh Realty (South) Private Limited	**0.68**	3.74
Interest paid	Entities where KMP/RKMP has Significant influence	Tanti Holdings Limited	**0.78**	-
Rent received	Entities where KMP/RKMP has Significant influence	SE Steel Limited	**0.07**	-
Lease rent paid	Entities where KMP/RKMP has Significant influence	Suzlon Infrastructure Limited	**15.79**	76.77
Donation given	Entities where KMP/RKMP has Significant influence	Suzlon Foundation	**9.45**	-
Managerial Remuneration	KMP	Tulsi R.Tanti	**0.83**	1.16
		Girish R. Tanti	**0.65**	0.41
Contribution to various funds	Employee Funds	Suzlon Energy Limited Superannuation Fund	**1.54**	3.53
		Suzlon Energy Limited Employees Group Gratuity Scheme	**2.52**	2.91
		Suzlon Infrastructure Services Limited Superannuation Fund	**0.52**	1.36

The below table provides the transactions between the Group and promoter group entities which are not related parties in accordance with Accounting Standard - 18 (AS 18) - 'Related Party Disclosures'

Type of the transaction	Name of the Entity	Year ended March 31,	
		2009	2008
Transactions			
Sale of goods	Super Wind Projects Private Limited	**197.69**	71.18
	Simran Wind Projects Private Limited	**69.81**	384.40
Freight outward	S E Shipping Lines Pte Ltd.	**355.57**	51.07
Outstanding Balances			
Debtors	Super Wind Projects Private Limited	**162.49**	-
	Simran Wind Projects Private Limited	**65.03**	71.41
Creditors	S E Shipping Lines Pte Ltd.	**153.40**	5.84

22. Disclosure as required by Clause 32 of Listing Agreement with stock exchange

Type of Relationship	Name	Amount outstanding as at March 31, 2009	Maximum Amount outstanding during the year
Companies in which directors are interested	Sarjan Realities Limited	116.25	139.07
	Suzlon Infrastructures Limited - Loan	Nil	50.00
	Suzlon Infrastructures Limited - deposit	122.37	122.37
	Shubh Realty (South) Private Limited	Nil	16.50

Note: 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.

23. Details of the Company's share in joint ventures included in the consolidated financial statements are as follows (Before inter company eliminations):

Balance Sheet	As at March 31, 2009	Profit and loss account	Year ended March 31, 2009
Share capital	**45.45**	Sales	**339.63**
Reserves and surplus	**8.78**	Other income	**5.05**
Secured loans	**16.82**	Total income	**344.68**
Total sources of funds	**71.05**	Cost of good sold	**316.42**
Fixed assets	**41.20**	Operating and other expenses	**(2.02)**
Cash and bank balances	**62.67**	Employee's remuneration and benefits	**7.21**
Inventories	**170.01**	Financial charges	**1.08**
Sundry debtors	**135.48**	Depreciation/amortization	**2.10**
Loans and advances	**96.08**	Total expenditure	**324.79**
Total current assets	**464.24**	Profit before tax	**19.89**
Current liabilities	**434.39**	Tax	**7.08**
Net current assets	**29.85**	Profit after tax	**12.81**
Total application of funds	**71.05**		

24. 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 Group's operations predominantly relate sale of WTGs and allied activities including sale/sub-lease of land, infrastructure development income; sale of gear boxes; and sale of foundry and forging components. Others primarily include power generation operations.

The Company has classified the activities of sale/sub-lease of land and infrastructure development as part of 'WTG Segment' instead of 'Others Segment' for the year ended March 31, 2009, and has reclassified the corresponding previous period numbers.

The change has caused a reduction in the segment revenue, segment results, segment assets and segment Liabilities by Rs 126.03 crore, Rs 75.90 crore, Rs 620.65 crore, and Rs 163.73 crore respectively for the year ended March 31, 2009; and a reduction in the segment revenue, segment result, segment assets and segment liabilities by Rs 180.33 crore, Rs 32.93 crore, Rs 446.38 crore and Rs 73.39 crore, respectively for the year ended March 31, 2008 in 'Others Segment'. There is a corresponding increase in the segment revenue, segment results, segment assets and segment liability amounts as disclosed for the 'WTG Segment' for the respective periods mentioned above.

The company has also reclassified the amounts pertaining to sale of Foundry and Forging Components from 'WTG Segment' to a new segment- 'Foundry and Forging Segment' for the year ended March 31, 2009. The previous period figures have been reclassified for the previous year.

The change has caused a reduction in the segment revenue, segment results, segment assets and segment liabilities by Rs 17.18 crore, Rs (42.80) crore, Rs 1,012.99 crore, and Rs 115.43 crore respectively for the year ended March 31, 2009; and a reduction in the segment revenue, segment results, segment assets and segment liabilities by Rs 0.01 crore, Rs (6.43) crore, Rs 359.54 crore and Rs 90.63 crore respectively for the year ended March 31, 2008; in 'WTG Segment'

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments allocated on a reasonable basis.

Inter segment transfers have been carried out at mutually agreed prices.

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

Particulars	Year ended March 31, 2009						Year ended March 31, 2008					
	WTG	Gear Box	Foundry & Forging	Others	Elimination	Total	WTG	Gear Box	Foundry & Forging	Others	Elimination	Total
Total external sales	22,965.24	3,079.37	1.03	36.06	-	26,081.70	11,441.80	2,212.90	0.01	24.72	-	13,679.43
Add: Inter segment sales	4.18	914.27	16.15	-	(934.60)	-	2.43	191.91			(194.34)	-
Segment revenue	22,969.42	3,993.64	17.18	36.06	(934.60)	26,081.70	11,444.23	2,404.81	0.01	24.72	(194.34)	13,679.43
Segment results before exceptional Items	1,925.73	567.78	(43.04)	21.11	(76.01)	2,395.57	1,625.76	219.14	(6.43)	2.64	(12.95)	1,828.16
Exceptional terms	896.29					896.29	285.21	-	-	-	-	285.21
Segment results after exceptional items	1,029.44	567.78	(43.04)	21.11	(76.01)	1,499.28	1,340.55	219.14	(6.43)	2.64	(12.95)	1,542.95
Add/(Less): Items to reconcile with profit as per Profit/loss as per profit & loss account												
Add: Other income						271.75						235.97
Less: Financial charges						(1,053.94)						(596.94)
Less : Preliminary expenses written off						(0.09)						(1.54)
Profit before tax						717.00						1,180.44
Current tax						211.04						231.85
MAT credit Entitlement						(4.03)						(80.68)
Deferred tax						67.13						(2.28)
Fringe benefit tax						13.99						14.40
Total tax						288.13						163.29
Profit after tax						428.87						1,017.15
Add : Share in Associate's profit after tax						2.32						55.75
Less: Share of profit of minority						(194.71)						(42.80)
Net profit / (loss)						236.48						1,030.10
Segment assets	25,510.72	6,995.19	1,012.99	241.62	-	33,760.52	13,709.88*	4,978.41	359.54	235.03	-	19,282.86
Common assets						3,790.88						7,107.21
Enterprise assets						37,551.40						26,390.07
Segment liabilities	9,944.09	1,440.76	115.43	6.90	-	11,507.18	5,852.56	1,129.37	90.63	14.97		7,087.53
Common liabilities						17,417.47						11,201.22
Enterprise liabilities						28,924.65						18,288.75
Capital expenditure during the year	1,665.83	1,526.69	550.46	4.18	-	3,747.16	667.91	1,132.93	316.30	16.98	-	2,134.12
Segment depreciation	336.20	205.06	17.57	14.31	-	573.14	159.43	119.02	-	10.91	-	289.36
Non-cash expenses Other than depreciation	0.09				-	0.09	1.54	-	-	-	-	1.54
*includes equity accounted investment	-						3,141.01					3,141.01

(B) Geographical segment

Particulars	Year ended March 31, 2009							Year ended March 31, 2008						
	India	Europe	USA	China	Australia and New Zeeland	Others	Total	India	Europe	USA	China	Australia and New Zeeland	Others	Total
Segment revenue	4,452.65	8,450.32	7,327.29	1,265.87	2,930.57	1,655.00	26,081.70	5,618.70	3,182.44	2,555.38	478.53	1,022.80	821.58	13,679.43
Segment assets	9,436.04	17,157.87	3,019.49	1,996.99	855.05	1,295.08	33,760.52	6,470.11	9,520.44	1,374.25	940.74	409.01	568.31	19,282.86
Capital expenditure incurred	1,631.35	1,841.50	28.35	167.30	65.85	12.81	3,747.16	842.92	1,194.92	26.96	57.92	5.16	6.24	2,134.12

25. 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 : Mumbai
Date : June 27, 2009

For S. R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No. 89802

Place : Mumbai
Date : June 27, 2009

Hemal A. Kanuga
Company Secretary

Place : Mumbai
Date : June 27, 2009

Tulsi R. Tanti
Chairman & Managing Director

Girish R. Tanti
Director

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 that conform fully with laws, regulations and guidelines. Keeping this in mind, the Company's vision is to leverage opportunities towards powering a greener tomorrow with inclusive growth and ethical business practices.

The Company has always set high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices. To the Company, corporate governance means living its corporate values with the goal of having a minimal impact on the environment, enabling local communities to develop their potential, empowering employees to be responsible civil society members and committing itself to business practices that are fair to all stakeholders so that it can collectively contribute towards creating a better and greener world for all.

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, 2009, 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 under Annexure IA to Clause 49 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 2008-09

During the year 2008-09, the board of directors of the Company met six times on May 20, 2008, July 30, 2008, September 27, 2008, October 30, 2008, January 29, 2009 and March 17, 2009. The gap between two board meetings did not exceed four months. Apart from the physical meetings, the board of directors also considered and approved certain matters by circular resolutions. The names and categories of the directors on the board, their attendance record, the number of directorships and committee positions are noted below:

Name of the director	Category	Attendance at Meetings		Total no. of director-ships	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 6)	13th AGM on July 30, 2008		Membership in audit /investors' grievance committees	Member-ship in other commi-ttees	Chairmanship in audit / investors' grievance committees	Chairmanship in other committees
Mr. Tulsi R. Tanti	Chairman & Managing Director	6	Yes	10	8	3	-	2
Mr. Girish R. Tanti	Executive Director	6	Yes	4	3	2	-	-
Mr. Ajay Relan	Independent Director	6	Yes	1	-	-	-	-
Mr. Ashish Dhawan	Independent Director	6	Yes	1	1	1	1	-
Mr. Pradip Kumar Khaitan	Independent Director	3	Yes	14	5	11	1	2
Mr. V. Raghuraman	Independent Director	5	Yes	1	1	1	-	-

Notes:

- While considering the total number of directorships, directorships in private companies, foreign companies and Section 25 companies have been excluded.

- 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.

- As per terms of clause 49(IV)(G)(ia), it is hereby disclosed that Mr. Tulsi R. Tanti, Chairman & Managing Director, is a brother of Mr. Girish R. Tanti, the Executive 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, 2009, all the board members and the senior management personnel of the Company have affirmed compliance with the code of ethics for the financial year 2008-09 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 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 them.

(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 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 utilized 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 areas 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 three members, all of whom including the Chairman are independent directors. The Chairman of the 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 2008-09, the Audit Committee met four times on May 19, 2008, July 30, 2008, October 30, 2008 and January 29, 2009 and the quorum was present at all the meetings. 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 held	No. of meetings attended
Mr.Ashish Dhawan	Chairman	4	4
Mr. Pradip Kumar Khaitan	Member	4	2
Mr.V.Raghuraman	Member	4	4

(ii) REMUNERATION COMMITTEE

Terms of Reference

The broad terms of reference includes the following:

(1) To determine the remuneration of the directors of the Company;

(2) Ensure effective implementation and operations of various existing and future employee stock option plans of the Company, to do all such acts, deeds, matters and things including, but not limiting itself to:

(a) Determining the number of options to be granted to each employee, in the aggregate and at the times at which such grants shall be made,

(b) Determining the eligible employee(s) to whom options be granted,

(c) Determining the eligibility criteria(s) for grant of options,

(d) Determining the performance criteria(s), if any for the eligible employees,

(e) Laying down the conditions under which options vested in the optionees may lapse in case of termination of employment for misconduct, etc.,

(f) Determining the exercise price which the optionee shall pay to exercise the options,

(g) Determining the vesting period,

(h) Determining the exercise period within which the optionee should exercise the options and that options would lapse on failure to exercise the same within the exercise period,

(i) Specifying the time period within which the optionee shall exercise the vested options in the event of termination or resignation of the optionee,

(j) Laying down the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues, sub-division, consolidation and other corporate actions,

(k) Providing for the right to an optionee to exercise all the options vested in him/her at one time or at various points of time within the exercise period,

(l) Laying down the method for satisfaction of any tax obligation arising in connection with the options or such shares,

(m) Laying down the procedure for cashless exercise of options, if any,

(n) Providing for the grant, vesting and exercise of options in case of employees who are on long leave or whose services have been seconded to any other Company or who have joined any other subsidiary or other Company at the instance of the employer Company;

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 2008-09, the Remuneration Committee met two times on July 30, 2008 and January 29, 2009. Apart from the physical meetings, the Remuneration Committee also considered and approved of certain matters by circular resolutions. The attendance of the members is noted below:

Name of the member	Chairman / member	No. of meetings held	No. of meetings attended
Mr. Ashish Dhawan	Member	2	2
Mr. Pradip Kumar Khaitan	Member	2	1
Mr. V. Raghuraman	Member	2	2

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 2008-09 are 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	1,23,32,651	21,60,950	-	1,44,93,601	Three years upto March 31, 2011	Three months
Mr. Girish R. Tanti	49,33,056	8,64,380	-	57,97,436	Three years upto March 31, 2011	Three months

Note 1: 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.

Note 2: In terms of the special resolution approved by the members of the Company, the Company has been authorised to pay remuneration to the managerial personnel within the limits as prescribed under Section II (B) of Part II of Schedule XIII of the Companies Act in case of loss or inadequacy of profits. Accordingly the Company has paid remuneration as per these limits and the excess remuneration paid has been recovered from the directors. The remuneration paid to the executive directors after refund of excess amount stands reduced as under:

Name of the director	Salary	Super-annuation	Bonus / commission / stock options	Total	Service contract	Notice period
Mr. Tulsi R. Tanti	48,00,000	11,88,000	-	59,88,000	Three years upto March 31, 2011	Three months
Mr. Girish R. Tanti	48,00,000	8,64,380	-	56,64,380	Three years upto March 31, 2011	Three months

(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	2,40,000/-	-	-
Mr. Pradip Kumar Khaitan	1,60,000/-	-	-
Mr. V. Raghuraman	2,20,000/-	-	-

* 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:

- Redressal of shareholder and investor complaints including, but not limiting itself to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc., and
- 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 2008-09, the Investors' Grievance Committee met four times on May 19, 2008, July 30, 2008, October 30, 2008 and January 29, 2009. The attendance of the members is noted below:

Name of the member	Chairman / member	No. of meetings held	No. of meetings attended
Mr. Pradip Kumar Khaitan	Chairman	4	2
Mr. Tulsi R. Tanti	Member	4	4
Mr. Girish R. Tanti	Member	4	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-380009
Tel.: +91-79-26471100
Fax: +91-79-26565540 / 26442844
Email: investors@suzlon.com

Separate email-id for redressal of investors' complaints

As per Clause 47(f) of the listing agreement with stock exchanges, the Company has designated a separate email id (investors@suzlon.com) exclusively for redressal of investors' complaints.
Status of investors' complaints
The status of investors' complaints as on March 31, 2009 is as follows:

Number of complaints as on April 1, 2008	0
Number of complaints received during the financial year 2008-09	138
Number of complaints resolved up to March 31, 2009	138
Number of complaints pending as on March 31, 2009	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, 2009.

(iv) SECURITIES ISSUE COMMITTEE

Terms of Reference

The broad terms of reference of Securities Issue Committee include the following:

- 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.,
- To do all such acts, deeds, matters and things as might be required in connection with the issue of the securities,
- 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 2008-09, the Securities Issue Committee met four times on October 27, 2008, December 31, 2008, March 21, 2009 and March 27, 2009. The attendance of the members is noted below:

Name of the member	Chairman / member	No. of meetings held	No. of meetings attended
Mr. Tulsi R. Tanti	Chiarman	4	4
Mr. Girish R. Tanti	Member	4	4

(v) ESOP COMMITTEE

Terms of reference

Considering the need for other employee stock options plans in future, ESOP-2005 Committee was renamed as ESOP Committee. In the context, the scope of the said committee was expanded by additionally delegating the said ESOP Committee to allot equity shares of the Company arising on exercise of options granted to the eligible employees of the Company and its subsidiaries in terms of ESOP-2006, ESOP-2007, Special ESOP-2007 and such other future employee stock option plans of the Company.

The broad terms of reference of the ESOP Committee includes allotment of shares pursuant to exercise of options granted in terms of various employee stock option plans to the employees of the Company and its subsidiary companies as may be declared by the Company from time to time.

Composition, meetings and attendance

The ESOP Committee of the Company consists of two members who are executive directors.
During the financial year 2008-09, the ESOP Committee met three times on May 3, 2008, July 5, 2008, October 4, 2008. The attendance of members is noted below:

Name of the member	Chairman / member	No. of meetings held	No. of meetings attended
Mr. Tulsi R. Tanti	Chiarman	3	3
Mr. Girish R. Tanti	Member	3	3

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
2005-06 (Eleventh AGM)	July 18, 2006	11.00 A.M.	Golden Hall, Rajpath Club Limited, Sarkhej-Gandhinagar Highway, Ahmedabad-380059	No special resolution was passed in the eleventh annual general meeting.
2006-07 (Twelth AGM)	July 25, 2007	11.00 A.M	Bhaikaka Bhawan, Law College Road, Ahmedabad-380 006	Variation in the utilisation of the IPO proceeds.
2007-08 (Thirteenth AGM)	July 30, 2008	11.00 A.M.	Bhaikaka Bhawan, Law College Road, Ahmedabad-380 006	Create, offer, issue and allot Equity Shares, FCCB, ADR, GDR, IDR and / or such other equity linked instruments to an extent of Rs. 5,000 crores.

Details of resolutions passed by way of postal ballot

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 shareholders' approval for certain matters during the year under reference, the results of which were declared on May 22, 2008. The details of the resolutions passed by way of postal ballot and its voting pattern have already been published in the Annual Report of 2007-08. The details of voting pattern are also available on the Company's website www.suzlon.com. None of the resolutions proposed for the ensuing annual general meeting need to be passed through postal ballot.

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 2008-09 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 notified by Ministry of Corporate Affairs under Accounting Standard Rules, 2006 in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.

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 Company has fully utilised the IPO proceeds in terms of the objects of the issue as stated in the prospectus and in terms of the approval granted by the members by way of special resolution at the annual general meeting held on July 25, 2007.

The QIP proceeds have been fully utilised in terms of the placement document.

During the year, the Company has issued 3000 secured, redeemable, Non-Convertible Debentures of Rs.10,00,000/- each amounting to Rs.300 crore to Life Insurance Corporation of India on private placement basis and the same are listed on Wholesale Debt Market Segment of National Stock Exchange of India Limited; the proceeds of which are being/have been utilised in terms of the Information Memorandum dated November 18, 2008.

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. Ajay Relan

Mr. Ajay Relan, one of the founding directors of CX Advisors Private Limited, which provides investment advisory services to Private Equity firms, has over twenty-five years of corporate and investment banking experience in India, Saudi Arabia, Tunisia and Switzerland; prior to co-founding the Indian Sub-Advisor, Mr. Relan was the head of CVCI in India, a position that he held since the inception of that business in India in 1995. Prior to this, Mr. Relan worked with several financial firms in multiple geographies, starting with Citi in 1976 and the last being the CEO of a Citi-affiliated brokerage firm, Citicorp Securities & Investments Ltd. Mr. Relan has served on the boards of several CVCI portfolio companies, such as Suzlon, HT Media, Yes Bank, i-FLEX and Progeon, among others. Mr. Relan earned a Masters in Business Administration from the Indian Institute of Management, Ahmedabad and a B.A. in Economics from St. Stephen's College, Delhi University where he was top ranked in the university. He was appointed on board of the Company as a nominee of Citicorp International Finance Corporation Inc. on April 19, 2004. He ceased to be a nominee on January 29, 2007 and was appointed as an independent director on the Board with effect from January 29, 2007. He is not holding any shares in the Company. He is also on the Board of the following other companies:

Name of the Company
Micro Abrasives (India) Private Limited
Bendochy Agroproducts Private Limited
CX Advisors Private Limited

(ii) Mr. V. Raghuraman

Mr. V.Raghuraman is currently Principal Adviser & Chief Coordinator - Energy, Environment & Natural Resources of the Confederation of Indian Industry (CII) Energy Program. He is an internationally recognised specialist in energy management, energy efficiency, energy policy, regulatory and technology issues. Mr. Raghuraman is a Chemical Engineer by qualification and worked as Consultant, Trainer, and Researcher in National Productivity Council (NPC) and promoted to Deputy Director General. Subsequently he served Associated Chamber of Commerce and Industry (Assocham) as Secretary General. He was also the Chairman of the World Energy Efficiency Association. He served as Chairman of South Asian Regional Energy Co-operation (SAREC). He is not holding any shares in the Company. He does not hold any directorship or any committee position in any other company.

h. Certification from Managing Director and Chief Financial Officer

The requisite certification from the Managing Director and Chief Financial Officer for the financial year 2008-09 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 2009-10 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 plans (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, if any. 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) website www.sebiedifar.nic.in for the benefit of public at large.

m. Details of unclaimed shares in terms of Clause 5A of listing agreement

As per terms of newly inserted Clause 5A of the Listing Agreement, the Company is in process of crediting the shares allotted pursuant to the Initial Public Offering (IPO) of the Company completed in year 2005 which are unclaimed and are lying in escrow account to a demat suspense account and the details as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. as on April 1, 2008	196	17119
Number of shareholders who approached to Issuer / Registrar for transfer of shares from suspense account during the year 2008-09	50	5425
Number of shareholders to whom shares were transferred from suspense account during the year 2008-09	45	4895
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e as on March 31, 2009	151	12224

6. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting	:	Fourteen Annual General Meeting
Day and date	:	Thursday, August 13, 2009
Time	:	11.00 a.m.
Venue	:	Gajjar Hall, Nirman Bhavan, Opposite Law Garden, Ellisbridge, Ahmedabad - 380006
(ii) Financial calendar for 2009-10 (tentative schedule)		
Financial year	:	April 1 to March 31
Board meetings for approval of quarterly results		
Quarter ended on June 30, 2009	:	July 2009

Quarter ended on September 30, 2009 : October 2009
Quarter ended on December 31, 2009 : January 2010
Quarter ended on March 31, 2010 : May 2010
Annual results for financial year ended March 31, 2010 (audited) : Within 3 months of the close of financial year.
Annual General Meeting for the year 2009-10 : In accordance with Section 166 of Companies Act, 1956

(iii) Book closure date : Monday, August 3, 2009 to Thursday, August 13, 2009 (both days inclusive)

(iv) Dividend payment date : Not applicable since no final dividend is proposed for the financial year 2008-09

(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): INE040H01021
for equity shares held in Demat form with NSDL & CDSL

Further, the Company has listed its secured, redeemable, non-convertible Debentures on the Wholesale Debt Market (WDM) Segment of the NSE and the stock codes for debentures are noted below:

National Stock Exchange of India Limited (NSE) : SUZE15
International Security Identification Number (ISIN) : INE040H07010
for Debentures held in Demat form with NSDL & CDSL

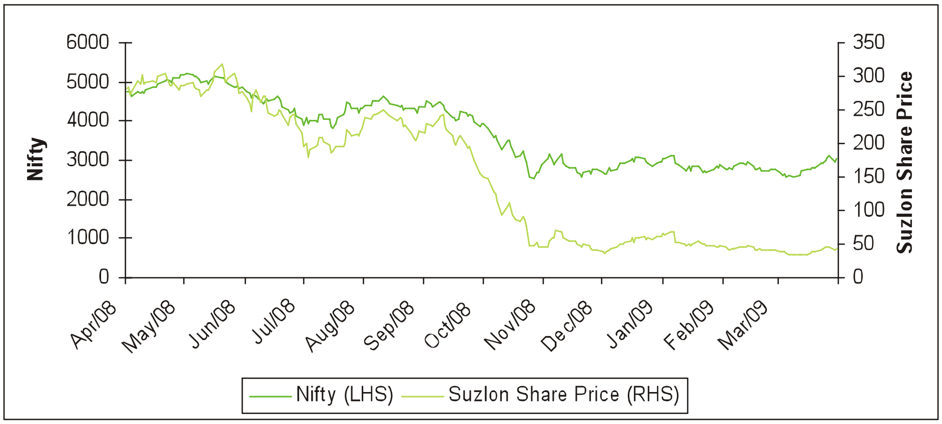
(vii) Market price data

Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2008-09 at NSE and BSE are noted below:

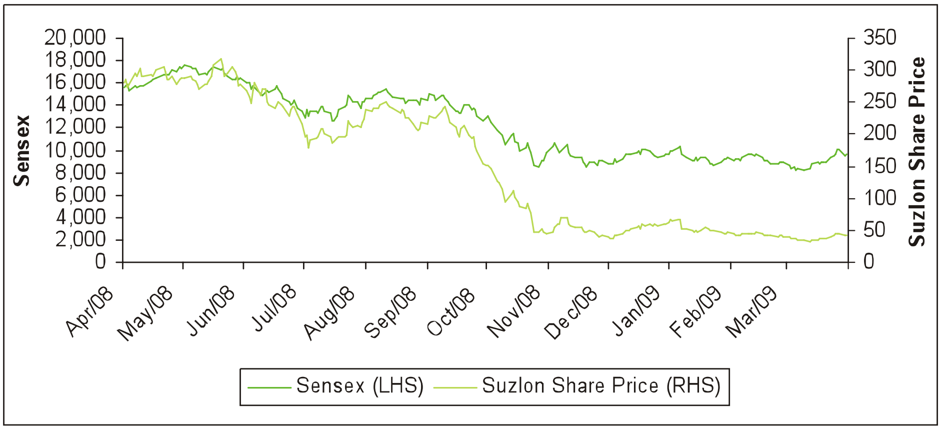
Stock Exchange	NSE			BSE		
Month	High	Low	No. of shares traded	High	Low	No. of shares traded
Apr-08	316.90	264.00	119681670	316.70	265.00	45245979
May-08	320.85	262.70	98951536	320.80	263.00	41669332
Jun-08	287.75	211.50	174350423	287.30	211.70	61967154
Jul-08	230.90	174.70	169318390	230.50	174.50	58270933
Aug-08	253.85	203.15	84853813	252.80	203.05	30881301
Sep-08	245.80	139.90	180200521	245.90	139.00	67516355
Oct-08	160.60	40.00	325959614	160.00	42.00	137039469
Nov-08	75.40	38.30	751664162	74.80	38.40	330854563
Dec-08	64.60	36.20	872702736	64.50	36.30	379224230
Jan-09	72.80	41.60	586746409	71.00	42.00	261493357
Feb-09	47.90	39.75	337979499	47.80	39.75	131349884
Mar-09	46.50	33.05	486729350	46.65	33.05	171747161

viii) Performance of share price of the Company in comparison with the broad-based indices

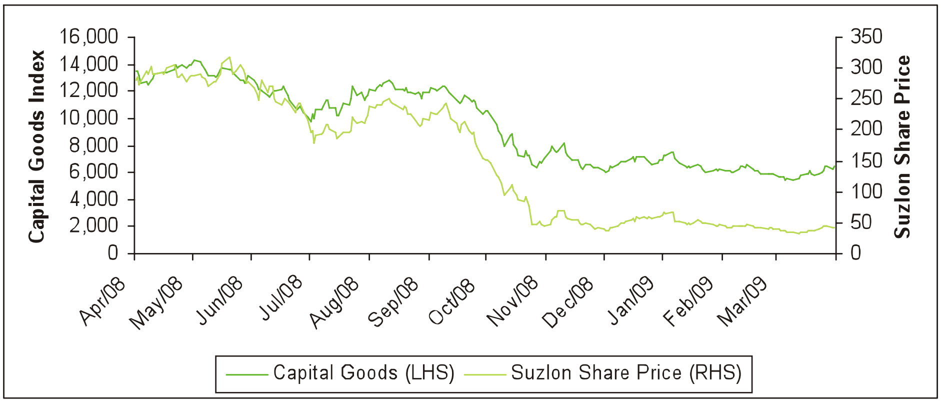
Comparison of the Company's share price with NSE Nifty



Comparison of the Company's share price with BSE Sensex



Comparison of the Company's share price with BSE capital goods index



ix) Registrar and share transfer agents: Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081
Tel: (91 40) 23420815 /16 /17 / 18
Fax: (91 40) 23420814
Email: 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 the 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 - 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 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, 2009 is noted below:

Shareholding of nominal value	No. of shareholders	% to total shareholders	Nominal amount of shares held	% to total shareholding
Up to 5000	541512	98.94	182050322	6.08
5001-10000	3099	0.57	22756494	0.76
10001-20000	1272	0.23	18685766	0.62
20001-30000	334	0.06	8305824	0.28
30001-40000	204	0.04	7269442	0.24
40001-50000	112	0.02	5116790	0.17
50001-100000	252	0.05	17755512	0.59
100001 & above	494	0.09	2734650650	91.26
Total	**547279**	**100.00**	**2996590800**	**100.00**

b. Shareholding pattern as on March 31, 2009

The shareholding pattern of the Company as on March 31, 2009 is noted below:

Category	No. of shares	Percentage
Promoters (including persons acting in concert)	986268000	65.83
Foreign Institutional Investors	129720695	8.66
Non-resident Indians / Overseas Corporate Bodies / Foreign Nationals	15649599	1.04
Mutual Funds, Financial Institutions and banks	66121899	4.41
Private Corporate Bodies	103589785	6.91
Resident Indians	196945422	13.15
Total	1498295400	**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, 2009 are noted below:

Particulars	No. of shares	% of total capital issued
Shares held in dematerialised form with NSDL	1432030377	95.58
Shares held in dematerialised form with CDSL	57484569	3.84
Shares held in physical form	8780454	0.58
Total	**1498295400**	**100.00**

xiii) Outstanding GDRs/ADRs/warrants or any other convertible instruments etc:

Post March 2009, the Company has concluded a consent solicitation exercise on the existing two series of FCCB. The bondholders of both the series were asked to vote on an extraordinary resolution for modification of certain terms and conditions of both the series of bonds.

As a part of this exercise, in the USD 300 Mn June series the Company paid a consent fee of US$ 11,846,947 to the consenting bondholders, bought back US$ 29,366,000 bonds for US$ 16,019,702 and bought back US$ 59,332,000 bonds by issuing US$ 35,592,000 new June bonds with the same maturity. The old bonds outstanding in this series are US$ 211,302,000.

As a part of this exercise, in the USD 200 Mn October series the Company paid; a consent fee of US $ 1,869,863 to the consenting bondholders, bought back US $ 43,960,000 bonds for US $ 23,980,180 and bought back US $ 34,672,000 bonds by issuing US $ 20,796,000 new October bonds with the same maturity. The old bonds outstanding in this series is US $ 121,368,000.

Total New June and October bonds issued are US$ 35,592,000 and US$ 20,796,000 respectively totalling to US$ 56,388,000. The total FCCB outstanding on the books of Suzlon Energy Ltd. is US$ 389,058,000 as at June 27, 2009. Each New June bond is convertible, at any time on or after June 18, 2009 but prior to close of business on June 5, 2012, into equity shares to be issued at a pre-determined price of Rs.76.6755 per share at a predetermined rate of US$1=Rs.49.8112.

Each New October bond is convertible, at any time on or after June 18, 2009 but prior to close of business on October 4, 2012, into equity shares to be issued at a pre-determined price of Rs.76.6755 per share at a predetermined rate of US$1=Rs.49.8112.

xiv) Plant / Office locations:

1-8-304/307, 3rd Floor, Kamala Tower, Pattigadda Street # 1, S.P.Road, Secunderabad-500 003.	301 & 302 Omega Towers, 9th Lane, Rajarampuri, Main Road, Kolhapur- 416 008. Maharashtra
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. Maharashtra
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. Maharashtra
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. Maharashtra
"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009.	Ground Floor, Godrej Millennium, 9, Koregaon Park Road, Pune-411 001. Maharashtra
Sr. No. 588, At village Paddhar, Taluka Bhuj, District, Kutch-370104 Gujarat	2nd, 3rd & 5th Floor, Godrej Millennium, 9, Koregaon Park Road, Pune-411 001. Maharashtra
Office 305, VCCI Complex, Makarpura, Baroda.	1, Ground Floor, The Orion' Koregaon Park Road, Pune-411 001. Maharashtra
1/4, Amrut Commercial Centre, Sardar Nagar, Main Road, Near Aston Cinema, Rajkot, Gujarat	5th Floor, Gera Legend, North Koregaon Park Road, Pune-411 001. Maharashtra

Office Locations:

302, 303, Orbit Centre, 3rd Floor, Moti Tanki Chowk, Rajkot.	Office No. 303 & 304, 3rd Floor, Weikfield IT City Info Park, Vadgaonsheri, Nagar Road, Tal. Haveli, Dist. Pune-411 014. Maharashtra
206, Golden Arcade, Plot No. 141/142, 2nd Floor, Sector-8, OSCI Road, Gandhidham, Kutch-370201, Gujarat.	JMD Twins, 101 Ground Floor, Opp. Loyala College Auditorium, Venkateswara Nagar, Srinagar Colony, Vijayawada - 520008
4th Floor, Shiv Towers, Patto, Panjim, Goa.	1st Floor, "Neelkanth", A1-Bhavani Singh Road, Opp. Nehru Sahkar Bhavan, C-Scheme, Jaipur-302 001, Rajasthan.
4th Floor, Kankaria Estate, 6, Little Russel Street, Kolkata-700 071, West Bengal.	Unit No. 305, 3rd Floor, Marudeep Complex, 1st-A-Road, Sardarpura, Jodhpur-342 003, Rajasthan.
Unit No.101A , Prestige Towers, No. 100/25, Ward No.76, Field Marshal K.M.Karriappa Road, (Residency Road), Bangalore-560 025, Karnataka.	2nd Floor, PRM Plaza, 947, 10th D Road, Sardarpura, Jodhpur-342 001, Rajasthan.
2nd Floor, No. 457/1, B1, Vivekanand Hospital Road, Deshpande Nagar, Hubli-580 029, Karnataka.	Office 46, Heera Panna Market, Pur Road, Bhilwara-311 001, Rajasthan.
Door No. 37/6C7& 37/6C10, Maruti Arcade, 2nd Main, 9th Cross, PJ Extension, Akammadevi Road, Davangere-2, Karnataka	Ground Floor, 6, 36, 37, Ganpati Mall, Bhiwadi, Rajasthan.
C-12/13, 2nd Floor, Commercial Complex, LHH Road, Opp. KMC, Mangalore- 425 880, Karnataka.	3rd Cross, Vishal Nagar, Ananthpur Road, Bellary - 583101.
Block No.141-144, Shriramshyam Tower, 1st Floor, S.V. Patel Marg, Sadar, Near NIT Building, Nagpur-440012, Maharashtra	201, Business Centre, 1, Madhuvan, Udaipur, Rajasthan.
Thomson Chambers, Pallimukku Junction, M.G. Road, Ernakulam, Kochi-682 016, Kerala.	106, Delta Wing, 1st Floor, Raheja Towers, 177, Anna Salai (Mount Road), Near LIC Building, 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.	Office No.6, Wellington Plaza Shopping-cum-Office complex, 90, Anna Salai, Chennai-600 002, 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.	Plot No. 108/4, 1st & 2nd Floor (East Wing), Srivari Gokul Tower, Race Course Road, Coimbatore-641 018, Tamil Nadu.

Orbit Mall, 3rd Floor, Office No. 328 & 335, Scheme No. 54, PU- 4, 305 / 306, AB Road, Indore-452 001, Madhya Pradesh.	4 & 5 Aparna, A.A.Tower, 2nd Floor, By-Pass Road, Madurai-625 010, Tamil Nadu.
Hall No. 4, Situated on F6 & F7 1st Floor, Jayanti Complex Bada, Tal. - Jabalpur, Madhya Pradesh.	Ashirwad Complex, 1st Floor, Door No.49-A, Advaitha Ashram Road, Salem-636 004, Tamil Nadu.
Ethibiz Towers, Jalana Road, Near Venkateshwara Gas Agency, Aurangabad-431 005, Maharashtra.	SCO No. 32, 1st Floor, Feroze Gandhi Market, Ludhiana
Ground Floor & First Floor, 285/10, Koregaon Park, Behind Singh Motors, Opposite Hotel Gulmohar Jupiter, Pune.	Office Block No.704, Capital Towers, Door No.180, 7th Floor, Kadambakkam High Road, Chennai-600034, Tamilnadu
Ground Floor, Centre Point # 501/1741, Kharvela Nagar, Janpath, Bhubaneshwar-751001	Orion Tower, Plot No.11, Near LIC Head Office, City Centre, Gwalior, Madhya Pradesh
	Flat No.2, 2nd Floor, Uttam Palace, Sapru Marg, Hazaratganj, Lucknow-226001

Factory Locations:

Survey No.588,Paddar, Bhuj-370105, Gujarat	Survey No.282, Chhadvel (Korde), Sakri, Dhule-424305
Plt No. H-24 & H-25, M.G. Udyognagar Indl. Estate, Dabhel, Daman-396210	Survey No.574, 59, Thiruvandarkoil, Thribhuvani Road, Pondicherry-605107
Plot No.306/1 & 3, Bhimpore, Nani Daman, Daman-396210	Block No.93, National Highway No.8, Varnama-Vadsala, Dist. Vadodara-391240
Survey No.42/2 & 3, 54, 1 to 8, Bhenslore Road, Dunetha, Daman-396210	Survey No.86/3-4, 87/1-3-4, 88/1-2-3, 89/1-2, Kadaiya Road, Daman-396210
Plot No.57/3, (2&3), Dunetha, Daman (U.T.)-396210	Plot No.77, 13, Opp.GDDIC, Vanakbara Road, Village Malala, Diu-362520

Technical Service Centre: Gat No. 425, Near Bajaj Auto, Chakan Material Gate, Talegaon-Chakan Road, Mahalunge Gaon, Taluka Rajgurunagar, District, Pune-410501, 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 : June 27, 2009

Tulsi R.Tanti
Chairman & Managing Director

DECLARATION UNDER CLAUSE 49(1)(D)(II)

I, Tulsi R. Tanti, Chairman & Managing Director of Suzlon Energy Limited hereby declare that, as of March 31, 2009, 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
-sd-.
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, 2009, 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 : Mumbai
Date : June 27, 2009

S.R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No: 89802

Place : Mumbai
Date : June 27, 2009

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Suzlon Energy Limited will be held on Thursday, the 13th day of August 2009 at 11.00 a.m. at Gajjar Hall, Nirman Bhavan, Opposite Law Garden, Ellisbridge, Ahmedabad - 380006 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet as at March 31, 2009 and the profit & loss account for the year ending on that date together with the directors' report and auditors' report thereon.
2. To appoint a director in place of Mr. Ajay Relan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. V. Raghuraman, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:

5. 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 be and 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 and / or domestic market, for a value of up to Rs.5,000 Crores (Rupees Five Thousand Crores 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 Fully Convertible Debentures and / or Non Convertible Debentures with warrants or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares and / or any other instruments and / or combination of instruments 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 the '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) by 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), and subject to approval of the shareholders and 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 may at its, absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares or NCDs with warrants for a value up to Rs.5,000 Crores (Rupees Five Thousand Crores 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."

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 Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and other applicable provisions, if any, consent be and is hereby accorded to increase in the ceiling limit on total holdings of Foreign Institutional Investors / SEBI approved sub-account of Foreign Institutional Investors from 24% to 49% of the paid-up equity share capital of the Company."

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such other acts, deeds, matters and things as may be necessary, desirable or expedient in connection with or incidental to giving effect to the above resolution and to delegate all or any of its powers to any Committee of the Board of Directors of the Company in this regard.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (the “Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee including Remuneration Committee which the Board has constituted and / or may constitute or reconstitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches at any time to or for the benefit of such person(s) who are in permanent employment of the Company including Directors of the Company, whether wholetime or otherwise, whether working in India or out of India under a Scheme titled “Employee Stock Option Plan-Perpetual-I” (hereinafter referred to as the “ESOP-Perpetual-I” or the “Scheme” or the “Plan”) such number of equity shares and / or equity linked instruments (including Options) (hereinafter collectively referred to as the “Securities”) of the Company which could give rise to the issue of equity shares of Rs.2/- each not exceeding 3,00,00,000 in numbers (together with the Securities created / offered / issued / allotted or proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company's subsidiary companies in terms of ESOP-Perpetual-I) or such other adjusted number of equity shares for any bonus, consolidation or other reorganisation of the capital structure of the Company as may be applicable from time to time, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time.”

“RESOLVED FURTHER THAT the Securities may be allotted directly to such employees / directors or in accordance with a Scheme framed in that behalf through a trust which may be setup in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the employee / trust to acquire, purchase or subscribe to the Securities of the Company.”

“RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Securities allotted under ESOP-Perpetual-I on the Stock Exchanges where the Securities of the Company are listed.”

“RESOLVED FURTHER THAT as is required, the Company shall confirm with the accounting policies as contained in the Guidelines.”

“RESOLVED FURTHER THAT subject to applicable law, for the purpose of giving effect to any creation, offer, issue, allotment or listing of the Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (the “Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee including Remuneration Committee which the Board has constituted and / or may constitute or reconstitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches at any time to or for the benefit of such person(s) who are in permanent employment of the Company's subsidiary companies including Directors of the Company's subsidiary companies, whether wholetime or otherwise, whether working in India or out of India under a Scheme titled “Employee Stock Option Plan-Perpetual-I” (hereinafter referred to as the “ESOP-Perpetual-I” or the “Scheme” or the “Plan”) such number of equity shares and / or equity linked instruments (including Options) (hereinafter collectively referred to as the "Securities") of the Company which could give rise to the issue of equity shares of Rs.2/- each not exceeding 3,00,00,000 in numbers (together with the Securities created / offered / issued / allotted or proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company in terms of ESOP-Perpetual-I) or such other adjusted number of equity shares for any bonus, consolidation or other reorganisation of the capital structure of the Company as may be applicable from time to time, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time."

"RESOLVED FURTHER THAT the Securities may be allotted directly to such employees / directors or in accordance with a Scheme framed in that behalf through a trust which may be setup in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the employee / trust to acquire, purchase or subscribe to the Securities of the Company."

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Securities allotted under ESOP-Perpetual-I on the Stock Exchanges where the Securities of the Company are listed."

"RESOLVED FURTHER THAT as is required, the Company shall confirm with the accounting policies as contained in the Guidelines."

"RESOLVED FURTHER THAT subject to applicable law, for the purpose of giving effect to any creation, offer, issue, allotment or listing of the Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

"RESOLVED FURTHER THAT the benefits of ESOP-Perpetual-I contained in this Resolution be also extended to the eligible employees of the associate companies of the Company, if permitted by law, on such terms and conditions as may be decided by the Board."

By order of the Board of Directors

Place: Ahmedabad
Dated: July 2, 2009

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 Fourteenth 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, August 3, 2009 to Thursday, August 13, 2009 (both days inclusive) for the purpose of the Annual General Meeting.
5. Profile of directors seeking re-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.
6. 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.
7. 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 atleast 7 days before the Annual General Meeting so that the same can be suitably replied to.
8. 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.5:

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, FCDs, NCDs with warrants and / or such other securities convertible into or linked to Equity Shares and / or any other instruments and / or combination of instruments as stated in the resolution (the "Securities"). The Company intends to issue Securities for a value of up to Rs.5,000 Crores.

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 expanding operations of the Company, the Company intends to capitalise on its potential. Thus, it is proposed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, SPNs, FCDs, NCDs with warrants and / or such other securities convertible into or linked to Equity Shares and / or any other instruments and / or combination of instruments to the extent of Rs.5,000 Crores 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 July 30, 2008 approved an amount of Rs.5,000 Crores 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 a total of US$ 56,388,000, 7.5% foreign currency convertible bonds in exchange of the existing US$ 94,004,000 zero coupon foreign currency convertible bonds of the US$ 300 million and US$ 200 million series of zero coupon foreign currency convertible bonds. Since the market conditions have changed since the last approval as also to meet to various regulatory requirements and as a matter of prudent practice, an additional resolution is proposed to be passed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, SPNs, FCDs, NCDs with warrants and / or such other securities convertible into or linked to Equity Shares and / or any other instruments and / or combination of instruments to the extent of Rs.5,000 Crores in one or another manner and in one or more tranches.

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 of Directors 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 special resolution as set out at item no.5 of the accompanying notice for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

Item No.6:

Under the provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 the aggregate investment by Foreign Institutional Investors (FII) in a company is capped at 24% of the paid-up equity share capital. This limit can however be increased to the relevant sectoral cap by way of a resolution of the board of directors and shareholders authorising the same.

In the light of various capital / fund raising initiatives of the Company as also considering the general interest of FII in the Company, the Board of Directors is of the view that the FII limit be increased from 24% to 49%.

The present special resolution as set out at item no.6 of the accompanying notice is proposed to be passed in order to enable the Board of Directors of the Company to increase the ceiling limit on total holdings of Foreign Institutional Investors / SEBI approved sub-account of Foreign Institutional Investors from 24% to 49% as aforesaid.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

Item No.7 & 8:

The exponential growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. The Company has been desirous of finding means to allow its personnel to participate in growth, through an appropriate mechanism.

Stock options have long been recognised internationally, as an effective instrument, to align the interest of employees with those of the Company, and its shareholders, provide an opportunity to employees to share in the growth of the Company, and create long term wealth in the hands of the employees. Stock options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value. Stock options provide for tax-efficient, performance linked rewards to employees, and serve as an important means, to attract, retain and motivate the best available talent for the Company. From the Company's perspective, stock options also provide an opportunity to optimise personnel costs, by allowing for an additional market-driven mechanism to attract, retain, compensate and reward employees.

The Company proposes to introduce an Employee Stock Option Plan (hereinafter referred to as the "ESOP-Perpetual-I" or the "Scheme" or the "Plan") for the benefit of the permanent employees of the Company and its subsidiary companies, its Directors, and such other persons / entities as may be prescribed by Securities and Exchange Board of India ("SEBI") from time to time, and in accordance with the provisions of prevailing regulations, the way it had introduced Employee Stock Option Plan 2005, 2006, 2007 and Special Employee Stock Option Plan 2007 earlier. The ESOP-Perpetual-I will also cover issuance of any Securities by the Company, as may be allowed from time to time under prevailing regulations.

In terms of the provisions of Section 81 of the Act where, it is proposed to increase the subscribed capital of the company by allotment of further shares, in whatsoever manner, then such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the company in proportion as nearly as circumstances admit to the capital paid-up on those shares at that date, unless a special resolution is passed by the company in general meeting in terms of Section 81(1A) of the Act.

The following is the explanatory statement which sets out the various disclosures as required in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "Guidelines").

The salient features of the ESOP-Perpetual-I are as under:

(a) Total number of options to be granted:

The number of options to be granted under ESOP-Perpetual-I shall not exceed 3,00,00,000 number of equity shares of Rs.2/- each of the Company. Each option when exercised would be converted into one equity share of Rs.2/- each fully paid-up. In the event of any corporate action(s), viz., bonus, consolidation or other reorganisation of the capital structure of the Company, number of options to be issued shall undergo fair, reasonable and appropriate adjustments pursuant to Guidelines.

The maximum number of options that shall be granted to each employee / director shall vary depending upon the designation and the appraisal / assessment process however shall not exceed 4,00,000 in numbers per eligible employee, however Remuneration Committee reserves right to decide the number of options to be granted and the maximum number of options that can be granted to each employee / director.

ESOP-Perpetual-I would continue till 31st March 2012 or till the options reserved under the Plan are fully granted / exhausted and accordingly exercised or earlier terminated by the Board of Directors, whichever is earlier, and thus all the employees meeting the eligibility criteria as may be determined by the Remuneration Committee from time to time and who join the Company and / or its subsidiaries hereafter would also be entitled to the benefit under ESOP-Perpetual-I.

For employees joining in future and fulfilling the eligibility criteria as may be determined by the Remuneration Committee till 31st March 2012 or such earlier period would be granted options on such future dates as may be determined by the Board of Directors / Remuneration Committee.

(b)Creation of the Trust

The Company may set up an Employee Welfare Trust (EWT) inter-alia for the implementation of the Plan, administration of the Plan, financing and holding the shares for the benefit of the eligible employees as well as for funding the employees to exercise the options of the Company in accordance with the terms and conditions of the Plan.

(c) Identification of classes of employees entitled to participate in ESOP-Perpetual-I

All the permanent employees (including a director, whether wholetime or not) of the Company and its subsidiary companies working in India or outside India shall be eligible to participate in the Plan. Provided however that the persons who are "Promoters" or part of the "Promoter Group" as defined in the Guidelines shall not be entitled to participate in the Plan.

(d)Vesting of options

AAll the options granted on any date shall vest in tranches within a period of 4 (Four) years from the date of grant of options as may be determined by the Remuneration Committee. The Remuneration Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law.

The vesting dates in respect of the options granted under the Plan shall be determined by the Remuneration Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of options granted to an employee.

Options eligible for vesting on the basis of performance parameters, if any, such percentage or such number of options as may be specified by the Remuneration Committee in the option letter or any of the other writings, having regard to the performance of the optionee evaluated in accordance with such performance criteria as may be laid down by the Remuneration Committee, shall vest in the optionee.

(e) Exercise price

Exercise price means the price of the share payable by an eligible employee exercising the option granted to him pursuant to the Plan as may be determined by the Remuneration Committee, in compliance with the applicable law.

(f) Exercise period

Exercise period in relation to an option means the time period after vesting within which an employee should exercise his right to apply for a share against an option vested in him pursuant to the Plan as may be determined by the Remuneration Committee.

The Options will be exercisable at one time or at various points of time within the exercise period by the employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Remuneration Committee from time to time.

The Options will lapse if not exercised within the specified exercise period.

(g)Appraisal / Assessment Process for determining the eligibility of employees to ESOP-Perpetual-I

The appraisal process for determining the eligibility would be determined by the Remuneration Committee from time to time based on broad criteria for appraisal and selection such as parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, Company performance, Company's values, etc. As regard the new joinees especially appointed in the senior cadre, the Remuneration Committee shall have the discretion to decide the criteria for ascertaining the eligibility for grant of options.

(h)Terms and condition of shares

All shares allotted under the Plan will rank pari passu with all other shares of the Company for the time being in issue, save as regards any right attached to any such shares by reference to a record date prior to the date of allotment.

(i) Restriction on transfer of options

An option shall not be transferable and shall be exercisable during exercise period only by such optionee or in case of death, by the legal heirs of the deceased optionee. An option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(j) Amendment or termination of Plan

The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any grant previously made may be carried out, which would impair or prejudice the rights of the optionee without the consent of the concerned optionee.

(k) Tax / Social Security Charges' deduction at source and tax / social security charges' recovery

The Company shall have the right to deduct / recover all taxes / social security charges payable either by itself (including fringe benefit tax) or by the employee / optionee, in connection with all grants / vesting / exercise / options / shares under the Plan, by way of deduction from salary or a separate recovery.

Subject to applicable law, the optionee will also, as a condition of the Plan, authorise the Company or its nominee to sell such number of shares as would be necessary to discharge the obligation in respect of such taxes and appropriate the proceeds thereof on behalf of the optionee.

(l) Method of valuation

The Company will adopt the intrinsic value method of valuation of options. Notwithstanding the above, the Company may adopt any other method as may be determined by the Remuneration Committee and as may be permitted under the Guidelines.

The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report.

The Remuneration Committee / the Board of Directors reserve the right to vary any of the above terms and conditions of the ESOP-Perpetual-I or generally vary the ESOP-Perpetual-I from time to time.

The Company will confirm to the accounting policies specified in the Guidelines, and / or such other guidelines as may be applicable, from time to time.

In terms of the Guidelines, a separate resolution is required to be passed if the benefits under the ESOP-Perpetual-I are also to be extended to the employees of the subsidiary companies. A Special Resolution is proposed accordingly under item no.8 to cover the employees of the subsidiary companies of the Company and if permitted by law then to cover the employees of the associate companies of the Company.

The copy of the ESOP-Perpetual-I is available for inspection at the Registered Office of the Company during business hours on all working days till the date of the Annual General Meeting of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions, except to the extent of the options that may be offered to them under the ESOP-Perpetual-I.

In light of above, you are requested to accord your approval to the Special Resolutions as set out at Item Nos.7 & 8 of the accompanying notice.

By order of the Board of Directors

Place: Ahmedabad — **Hemal A.Kanuga,**
Dated: July 2, 2009 — **Company Secretary.**

OUR GLOBAL PRESENCE

Manufacturing Facilities

Key Wind Farms

Key Offices

R & D Centres

ATTENDANCE SLIP & PROXY FORM

SUZLON ENERGY LIMITED

"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380 009

ATTENDANCE SLIP

14th Annual General Meeting

August 13, 2009

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 **14th Annual General Meeting** of the Company to be held on **Thursday, August 13, 2009, at 11 am, at Gajjar Hall, Nirman Bhavan, Opposite Law Garden, Ellisbridge, Ahmedabad - 380006** and / or at any adjournment thereof.

As witness my/our hand/s is/are affixed this ....day of…..............................2009.

(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.

SUZLON
POWERING A GREENER TOMORROW

REGISTERED OFFICE
"Suzlon" 5, Shrimali Society,
Near Shri Krishna Complex,
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Ahmedabad - 380 009
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Fax: +91-79-2656 5540

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