

# **Suzlon Wind Energy Limited**

## **Report and Financial Statements**

**31 March 2010**

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Registered No. 05774256

**Directors**

G R Tanti

T R Tanti

**Secretary**

TMF Nominees Limited

400 Capability Green

Luton

Bedfordshire

LU1 3AE

**Auditors**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

**Bankers**

Standard Chartered Bank

Clements House

27-28 Clements Lane

London

EC4N 7AP

**Registered Office**

Global House

5A Sandy's Row

London

E1 7HW

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## Directors' report

The directors present the financial statements for the year ended 31 March 2010.

### Principal activities and Review of the business

The principal activity of the company during the period was that of an investment holding company. The directors do not currently anticipate any change in the company's business or activities for the future.

### Directors

The directors who served during the year were those listed on page 1.

There have been no director appointments or resignations since 1 April 2010.

### Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management at a group level. Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level.

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are liquidity risk and cash flow risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are cash flow risk and liquidity risk. These risks are mitigated by the nature of the balances owed, with these due to other group companies.

### Key performance indicators

The Companies Act requires directors to disclose the company's Key Performance Indicators (KPI's). Given the size of the company which is relatively small, the directors do not use any specific KPI's to analyse the company performance. As a result the directors have taken the decision not to disclose KPI's in Suzlon Wind Energy Limited.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

Director

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## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

**to the members of Suzlon Wind Energy Limited**

We have audited the company's financial statements for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> March 2010 and of the company's profit result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Independent auditors' report**  
to the members of Suzlon Wind Energy Limited

Christabel Cowling  
Senior Statutory Auditor  
for and on behalf of Ernst & Young LLP  
Registered auditor  
London

Date:

**Profit and loss account**

for the year ended 31 March 2010

	<i>Notes</i>	<i>2010</i> €'000	<i>2009</i> €'000
<b>Turnover</b>		-	-
Administrative expenses		(87)	(207)
<b>Operating loss</b>		(87)	(207)
Interest receivable	2	-	88
Foreign exchange gain /(loss)	5	4	(288)
<b>Loss on ordinary activities before taxation</b>		(83)	(407)
Tax refund	6	130	-
<b>Profit/(loss) for the financial year</b>		47	(407)

All activities relate to continuing operations.

**Statement of total recognised gains and losses**

for the year ended 31 March 2010

There are no recognised gains or losses other than the gain attributable to the shareholders of the company of €46,649 in the year ended 31 March 2010 (2009 – loss of €407,244).

## Balance Sheet

for the year ended 31 March 2010

	<i>Notes</i>	<i>2010</i> €'000	<i>2009</i> €'000
<b>Fixed assets</b>			
Investments	7	955,519	662,018
<b>Current assets</b>			
Debtors	8	240	283,698
Cash at bank and in hand		84	19
<b>Creditors: amounts falling due within one year</b>			
	9	92	33
<b>Net current assets</b>		232	283,684
<b>Total assets less current liabilities</b>		955,751	945,702
<b>Capital and reserves</b>			
Called up share capital	10	955,966	945,964
Profit and loss account	11	(215)	(262)
<b>Equity shareholders' funds</b>		955,751	945,702

These accounts were approved by the board of directors and were signed on its behalf by:

Director

Date:



## Notes to the financial statements

at 31 March 2010

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006.

#### *Basis of preparation*

The financial statements are prepared on a going concern basis. The directors consider it appropriate to prepare the financial statements on a going concern basis, since the parent undertaking agreed to provide sufficient finance, whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future.

#### *Statement of cash flows*

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date (GBP rate used 0.8925).

All differences are taken to the profit and loss account.

#### *Investments*

Investments are included at cost less amounts written off.

#### *Tax*

The corporation tax rate has decreased to 28% (2009: 28.5%) for the current year.

### 2. Operating profit/(loss)

This is stated after charging/(crediting):

	2010 €'000	2009 €'000
Auditors' remuneration	52	19
Consultancy fees	35	22
	<u>87</u>	<u>41</u>

### 3. Directors' emoluments

No directors received any emoluments from or in respect of the company (2009: nil).

**Notes to the financial statements**

at 31 March 2010

**4. Staff costs**

	2010 €'000	2009 €'000
Wages and salaries	-	136
Social security costs	-	14
	<u>-</u>	<u>150</u>

	2010	2009
Average number of employees during the year	-	1
	<u>-</u>	<u>1</u>

**5. Interest receivable**

	2010 €'000	2009 €'000
Interest received from group undertakings	-	84
Interest received from others	-	4
	<u>-</u>	<u>88</u>

**6. Tax**

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2010 €'000	2009 €'000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	-	-
Under/(over)provision in prior years	130	-
	<u>130</u>	<u>-</u>
Foreign tax	-	-
Total current tax (note 6(b))	<u>130</u>	<u>-</u>
Tax on profit on ordinary activities	<u>130</u>	<u>-</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 – 28.5%). The differences are explained below:

## Notes to the financial statements

at 31 March 2010

### 6. Tax (continued)

	2010 €'000	2009 €'000
Profit on ordinary activities before tax	(83)	(407)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28.5%)	(23)	(116)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	86
Utilisation of tax losses	23	30
Adjustments to tax charge in respect of previous years	130	-
Current tax for the year (note 6(a))	130	-

A deferred tax asset has not been recognised on tax losses carried forward of €190k, due to uncertainty surrounding the timing and quantum of future profits.

### 7. Investments

	<i>Subsidiary undertakings €'000</i>
Cost:	
At 1 April 2009	662,018
Additions	293,501
At 31 March 2010	955,519

During the year, the company invested €293 million in AE Rotor Holding BV.

The company holds the issued ordinary share capital of the company listed below:

Company	Company of Incorporation	Shares held
AE Rotor Holding B V	Netherlands	99.6%
Tarilo Holding B V	Netherlands	100%

AE Rotor Holding BV holds more than 50% of the issued ordinary share capital of the companies listed below:

## Notes to the financial statements

at 31 March 2010

### 7. Investments (continued)

Company	Company of Incorporation	Shares held
AE Rotor Technik B V	Netherlands	100%
Suzlon Energy B V	Netherlands	100%
S E Drive Technik GmbH	Germany	100%

Under the provision of section 402 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

### 8. Debtors

	2010 €'000	2009 €'000
Prepayments	1	2
Corporation tax refund	239	196
Advance for share application	-	283,500
	<u>240</u>	<u>283,698</u>

### 9. Creditors: amounts falling due within one year

	2010 €	2009 €
Creditors	57	23
Accrued Expenses	35	10
	<u>92</u>	<u>33</u>

### 10. Share capital

	2010 £'000	2009 £'000
<b>Authorised</b> 1,200,000,000 (2009: 1,200,000,000) ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>
	€'000	€'000
<b>Allotted, issued and fully paid</b> 682,710,041 (2009: 674,029,305) ordinary shares of £1 each	<u>955,966</u>	<u>945,964</u>

During the year circa 8,680,736 million ordinary shares were issued to Suzlon Energy Limited for €10,002,000.

## Notes to the financial statements

at 31 March 2010

### 11. Reconciliation of shareholders' funds and movements in reserves

	<i>Share capital €000</i>	<i>Profit and loss account €000</i>	<i>Total share- holders' funds €000</i>
Opening shareholder's funds and reserves	945,964	(262)	945,702
Movement in the period	10,002	47	10,049
Closing shareholder's funds and reserves	955,966	(215)	955,751

### 12. Contingent liability

The company has created a negative lien in favour of the Offshore Security Trustee\* for all its shares in AE Rotor Holdings B V as part of the security for a refinancing agreement obtained by its step down subsidiary SE DRIVE TECHNIK GMBH

\* Offshore Security Trustee" means, as at the date hereof, ABN AMRO Bank N.V., appointed pursuant to the Offshore Security Trustee Deed to act inter alia as security trustee for and on behalf of the lenders in relation to the Security over the offshore assets pursuant to the Security Documents.

### 13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Suzlon Energy Limited group.

### 14. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking and controlling party to be Suzlon Energy Limited, India.

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Suzlon Energy Limited, Mauritius. Copies of the financial statements can be obtained from the website, [www.suzlon.com](http://www.suzlon.com).