Report on the financial statements

We have audited the financial statements of **SUZLON ENERGY LIMITED** on pages 6 to 24 which comprise the statement of financial position as at **31 March 2010** and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Consolidated financial statements

As explained in note 2, the Company has not prepared consolidated financial statements as required by IAS 27 as the directors are of opinion that preparation of consolidated financial statements that comply with International Financial Reporting Standards will not be useful to its parent as the Company's ultimate holding company, prepares consolidated financial statements for public use that comply with Indian Generally Accepted Accounting Principles.

Opinion

In our opinion, the financial statements on pages 6 to 24 give a true and fair view of the financial position of the Company as at **31 March 2010**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Disclaimer

As no consolidated financial statements have been prepared in accordance with IAS 27, we cannot express an opinion thereon.

Other matters

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

ERNST & YOUNG
Ebène
Mauritius

DARYL CSIZMADIA, C.A (S.A)
SIGNING PARTNER

Date……………………

SUZLON ENERGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2010

SUZLON ENERGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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			Date of appointment
DIRECTORS	:	Mrs Caryl Rey	17.03.2006
		Mr Girish Ranchhod Tanti	17.03.2006
		Mr Tulsibhai Ranchhodbhai Tanti	17.03.2006
ADMINISTRATOR AND SECRETARY	:	Consec Ltd 7th Floor, Anglo Mauritius House Intendance Street Port Louis Mauritius	
REGISTERED OFFICE	:	Consec Ltd 7th Floor, Anglo Mauritius House Intendance Street Port Louis Mauritius	
AUDITORS	:	Ernst & Young 9th Floor NeXTeracom Tower I Cybercity Ebene Mauritius	
BANKERS	:	Barclays Bank Plc 8th Floor, Harbour Front Building President John Kennedy Street Port Louis Mauritius	
	:	ABN Amro Bank NV Level 6, One Raffles Quay South Tower Singapore 048583	

The directors present their annual report together with the audited financial statements of Suzlon Energy Limited (the "Company") for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 17 March 2006 as a private company with liability limited by shares.

The principal activity of the Company is that of an investment holdings in companies engaged in projects involved in the use of non-conventional resources such as wind energy and wave energy.

MEMBERS OF THE BOARD OF DIRECTORS

Mrs Caryl Rey
Mr Girish Ranchhod Tanti
Mr Tulsibhai Ranchhodbhai Tanti

RESULTS AND DIVIDENDS

The Company's net profit for the year ended 31 March 2010 is EUR 1,320,832 (2009: loss of EUR 8,021,468).

The directors do not recommend the payment of a dividend for the year under review.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company’s directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company’s statement of financial position at 31 March 2010 and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

The directors’ responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting of the shareholders.

SERVICE CONTRACTS

There are no service contracts between the Company and its directors.

AUDITORS’ REMUNERATION

	2010	2009
	EUR	EUR
Audit fees	**6,248**	4,895

CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166(d) OF THE COMPANIES ACT 2001

We certify that, to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Suzlon Energy Limited (the "Company") under the Companies Act 2001 during the year ended 31 March 2010.

....
for Consec Ltd
Secretary

Date:

SUZLON ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Note	**2010**	2009
		EUR	EUR
INCOME			
Gains on forward contract		**43,621**	231,834
Interest income		**8,171,363**	2,645,906
		8,214,984	2,877,740
EXPENSES			
Directors' fees		**2,731**	2,729
Secretarial fees		**8,216**	10,605
Accounting fees		**5,204**	5,013
Professional fees		**1,150**	3,858
Audit fees		**6,428**	4,895
Legal expenses		**118,515**	111,926
Licences and other expenses		**751**	555
Interest on loans		**4,203,733**	10,380,710
Amortisation of arrangement fees		**1,911,682**	350,000
Bank charges		**1,249**	14,463
Penalties		**-**	24
Staff costs		**559,132**	-
Other expenses		**47,310**	-
		6,866,101	10,884,778
PROFIT/(LOSS) BEFORE EXCHANGE DIFFERENCE		**1,348,883**	(8,007,038)
Loss on exchange		**(28,051)**	(14,430)
PROFIT/(LOSS) BEFORE TAXATION		**1,320,832**	(8,021,468)
Other comprehensive income		**-**	-
Taxation	12	**-**	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR, NET OF TAX		**1,320,832**	(8,021,468)

The notes on pages 10 to 24 form an integral part of these financial statements.

SUZLON ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Notes	2010	2009
		EUR	EUR
ASSETS			
Non-current assets			
Investment in subsidiary	5	**955,965,771**	945,963,771
Arrangement fees	6	**-**	910,833
		955,965,771	946,874,604
Current assets			
Arrangement fees	6	**-**	350,000
Loans and receivables	7	**40,802,604**	148,610,930
Trade and other receivables	8	**3,325,482**	2,650,370
Cash at bank		**72,742**	7,802,905
		44,200,828	159,414,205
TOTAL ASSETS		**1,000,166,599**	1,106,288,809
EQUITY AND LIABILITIES			
Stated capital	9	**1,020,778,712**	977,253,200
Revenue deficit		**(21,226,056)**	(22,546,888)
Shareholders' interest		**999,552,656**	954,706,312
Non-current liability			
Borrowings	11	**-**	113,675,213
Current liabilities			
Borrowings	11	**-**	37,606,838
Trade and other payables	10	**613,943**	300,446
		613,943	151,582,497
TOTAL EQUITY AND LIABILITIES		**1,000,166,599**	1,106,288,809

Approved and authorised for issue by the Board of Directors on ....

NAME OF DIRECTORS **SIGNATURE**

………………………………….. ………………………………

………………………………….. ………………………………

The notes on pages 10 to 24 form an integral part of these financial statements.

SUZLON ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	EUR	EUR
Cash flow from operating activities		
Profit/(Loss) for the year before taxation	**1,320,832**	(8,021,468)
Adjustments for:		
Amortisation of arrangement fees	**1,260,833**	350,000
Loss on exchange difference	**28,051**	14,430
Interest income	**(8,171,363)**	(2,645,906)
Interest expense	**4,203,733**	10,380,710
Changes in working capital :		
Trade and other receivables	**(675,112)**	(2,647,423)
Trade and other payables	**313,497**	(509,411)
Net cash used in operating activities	**(1,719,529)**	(3,079,068)
Interest received	**8,171,363**	2,645,906
Interest paid	**(4,203,733)**	(10,380,710)
Net cash from/(used in) operations	**2,248,101**	(10,813,872)
Cash flow used in investing activities		
Purchase of investment	**(10,002,000)**	(112,813,989)
Net cash used in investing activities	**(10,002,000)**	(112,813,989)
Cash flows from financing activities		
Issue of shares	**43,525,512**	320,239,377
Loan refunded from related party	**107,808,326**	-
Loan advanced	**-**	(148,610,930)
Bank loan repaid	**(151,282,051)**	(41,106,838)
Net cash generated from financing activities	**51,787**	130,521,609
Net movement in cash and cash equivalents	**(7,702,112)**	6,893,748
Cash and cash equivalents at beginning of year	**7,802,905**	923,587
Effect of foreign exchange difference	**(28,051)**	(14,430)
Cash and cash equivalents at end of year	**72,742**	7,802,905

The notes on pages 10 to 24 form an integral part of these financial statements.

SUZLON ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Stated capital	Revenue deficit	Total
	EUR	EUR	EUR
At 01 April 2008	657,013,823	(14,525,420)	642,488,403
Issue of shares	320,239,377	-	320,239,377
Loss for the year	-	(8,021,468)	(8,021,468)
At 31 March 2009	977,253,200	(22,546,888)	954,706,312
Issue of shares	43,525,512	-	43,525,512
Profit and total comprehensive profit for the year, net of tax	-	1,320,832	1,320,832
As at 31 March 2010	**1,020,778,712**	**(21,226,056)**	**999,552,656**

The notes on pages 10 to 24 form an integral part of these financial statements.

1. GENERAL INFORMATION

Suzlon Energy Limited ("the Company") was incorporated in Mauritius under Mauritius Companies Act 2001 on 17 March 2006 as a private company limited by shares and has its registered office at 7th Floor, Anglo Mauritius House, Intendance Street, Port Louis, Mauritius.

The principal activity of the Company is that of an investment holdings in companies engaged in projects involved in the use of non-conventional resources such as wind energy and wave energy.

The financial statements of the Company for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on …………………..

2. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention and are presented in Euro ('EUR').

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

Investment in subsidiary

A subsidiary is an enterprise which the Company controls. Control is achieved where the Company has power over more than one half of the voting rights or the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investment in subsidiary undertakings is shown at cost in the Company's financial statements. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of the investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of comprehensive income.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Consolidated financial statements

The Company owns 100% of the issued share capital of Suzlon Wind Energy Limited which is considered to be subsidiary undertakings. Under International Accounting Standard, IAS 27, " Consolidated and Separate Financial Statements", consolidated financial statements of the Company and its subsidiary as a group should have been presented as the Company's ultimate parent does not produce consolidated financial statements available for public use that comply with International Financial Reporting Standards.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated financial statements (Continued)

The directors are of opinion that preparation of consolidated financial statements that comply with International Financial Reporting Standards will not be useful to its parent as the Company is wholly owned by Suzlon Energy Limited (India), the Company's ultimate holding company, prepares consolidated financial statements for public use that comply with Indian Generally Accepted Accounting Principles. The registered office of Suzlon Energy Limited (India) is "Suzlon", 5, Shrimati Society, Near Shri Krishna Complex, Navarangpura, Ahmedabad - 380009.

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company includes in this category amounts relating to reverse repurchase agreements, cash collateral on securities borrowed and short-terms receivables.

Loans and receivables are measured initially at fair value plus any directly attributable incremental costs or acquisition.

After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Company assesses at reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial liabilities are recognised initially recognised at fair value and in the case of loans and borrowings, directly attributable transaction costs.

After initial measurement, financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand. Cash equivalents are short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Deferred taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly to control, the other party or exercise significant influence over the other party in making financial and operating decisions.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are presented in Euro ("EUR"), which is the functional currency of the Company.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended International Accounting Standards (IAS), IFRS and interpretations originated by the International Financial Reporting Interpretations Committee "IFRIC) as of 1 January 2010:

- Restructured IFRS 1 *First-time Adoption of IFRS,* effective for accounting period commencing on or after 1 July 2009
- Amendment to IFRS 1 – Additional exemptions for First Time Adopters, effective for accounting period commencing on or after 1 January 2010
- Amendment to IFRS 2 *Share-based Payment* – Group Cash-Settled Share Based Payment - effective for accounting period commencing on or afterdate 1 January 2010
- IFRS 3 (Revised 2008) *Business Combinations* and IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* , effective for accounting period commencing on or after date 1 July 2009
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items, effective for accounting period commencing on or after date 1 July 2009
- *IFRIC 17 Distributions of Non-cash Assets to Owners* – effective for accounting period commencing on or after date 1 July 2009

When the adoption of the standard or the interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 3 (Revised 2008) *Business Combinations* and IAS 27(Revised 2008) *Consolidated and Separate Financial Statements*

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The Company did not make any acquisition during the year and there was no change in ownership interests of its subsidiaries. However, the Company had lost control of interest in a subsidiary during the period. In accordance with the revised, the Company measured its retained interest in erstwhile subsidiary while calculating profit/ loss.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items

This amendment to IAS 39 *Financial Instruments* : *Recognition and Measurement* was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009, with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Company does not apply any hedge accounting. Therefore this amendment did not have any impact on its financial position or performance.

IFRIC 17 *Distributions of Non-cash Assets to Owners*

This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Company did not distribute any non-cash assets to its owners and therefore this standard did not have any impact in the current reporting period.

2.4. STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The following standards are not yet effective. For most of the standards (except IFRS 3, IFRS 9), there will be no impact on the financial position and performance of the Company. However, additional disclosure may be required for certain standard and management is still considering the impact on the financial statements. The management does not expect to adopt any of these standards early.

IFRS 9 *Financial Instruments*

IFRS 9 is effective for annual periods beginning on or after 1 January 2013. The first phase of IFRS 9 Financial Instruments addresses the classification and measurement of financial assets. The management is still evaluating the impact of IFRS 9 on its financial statements.

IAS 32 *Financial Instruments: Presentation* – Classification of Rights Issues

In October 2009, the IASB issued Classification of Rights Issues (Amendment to IAS 32). The Amendment is effective for annual periods beginning on or after 1 February 2010.It will provide relief to entities that issue rights (fixed in a currency other than their functional currency), from treating the rights as derivatives with fair value changes recorded in profit or loss. Rights issued in foreign currencies that were previously accounted for as derivatives will now be classified as equity instruments. The Company expects that this amendment will have no impact on the financial statements.

IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction* (Amendment)

IFRIC 14 provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is effective for annual periods beginning on or after 1 January 2011. The amendment is expected to have no impact on the Company's financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* : Effective for annual periods beginning on or after 1 July 2010

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The Company does not expect IFRIC 19 to have an impact on the financial statement.

IAS 24 *Related Party Disclosures* (Revised)

IAS 24R is effective for annual periods beginning on or after 1 January 2011. Pursuant to revisions, the definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. Also, a partial exemption from the disclosures has been included for government-related entities. For these entities, the general disclosure requirements of IAS 24 will not apply. Instead, alternative disclosures have been included. The Company is evaluating the impact of IAS 24 revisions on its financial statements.

Annual Improvements to IFRS - May 2010

In May 2010, the IASB issued third Improvements to IFRS, an omnibus of amendments to its standards and the related Basis for Conclusions. The improvements project is an annual project that provides a mechanism for making necessary but non-urgent amendments. The improvement covers 11 amendments to six standards and one interpretation. Most of these requirements are applicable for annual periods beginning on or after 1 January 2011. There are separate transitional provisions for each standard. The Company expects that most of these changes will not have any significant impact on the financial position and financial performance of the Company. However, some of these may require additional disclosures and language changes in accounting policies. The following table shows the topics addressed by these amendments:

2.4. STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

IFRS	**Subject of amendment**
IFRS 1 *First-time Adoption of IFRS*	Accounting policy changes in the year of adoption Revaluation basis as deemed cost Use of deemed cost for operations subject to rate regulation
IFRS 3 *Business Combinations*	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Measurement of non-controlling interests Un-replaced and voluntarily replaced share-based payment awards
IFRS 7 *Financial Instruments: Disclosures*	Emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.
IAS 1 *Presentation of Financial Statements*	Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
IAS 27 *Consolidated and Separate Financial Statements*	Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements
IAS 34 *Interim Financial Reporting*	Provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: • The circumstances likely to affect fair values of financial instruments and their classification • Transfers of financial instruments between different levels of the fair value hierarchy • Changes in classification of financial assets • Changes in contingent liabilities and assets
IFRIC 13 *Customer Loyalty Programmes*	Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at each period end.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses are included in the statement of comprehensive income.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue recognition.

Interest income - as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Arrangement fees

Arrangements fees are amortised to the statement of comprehensive income on the following basis:

(a) For tranches already disbursed - by using the effective interest method from the date of disbursement to maturity date of the tranche;

(b) For tranches not yet distributed- from the date of payment of the arrangement fees to the maturity date of the respective tranche.

The arrangements fees are assessed at each reporting date for impairment.

5. INVESTMENT IN SUBSIDIARY

	2010	2009
	EUR	EUR
At 01 April	**945,963,771**	833,149,782
Additions	**10,002,000**	112,813,989
At 31 March	**955,965,771**	945,963,771

Details of investment are as follows:

Name of company	**Type of shares**	**Place of incorporation**	**% Holding**	**2010**	2009
				EUR	EUR
Suzlon Wind Energy Limited	Equity	United Kingdom	100%	**955,965,771**	945,963,771

6. ARRANGEMENT FEES

	2010	2009
	EUR	EUR
At 01 April	**1,260,833**	1,610,833
Amortisation charge	**(1,260,833)**	(350,000)
At 31 March	**-**	1,260,833

The net book value of the arrangement fees are apportioned as follows:

	2010	2009
	EUR	EUR
Within one year	**-**	350,000
After more than one year	**-**	910,833
	-	1,260,833

The arrangement fees represents fees for bank loans facilities and are amortised as per Note 2.

Arrangement fees have fully been amortised during the year as the loan has fully been repaid during the year.

7. LOANS AND RECEIVABLES

	2010	2009
	EUR	EUR
At 01 April	**148,610,930**	-
Additions:		
Loan to AE Rotor Holding B.V (AEHL) (Note i)	**-**	45,380,445
Loan to SE Drive Technik GmBH (SEDT) (Note ii)	**-**	103,230,485
Repayments:		
AE Rotor Holding B.V (AEHL) (Note i)	**(103,181,912)**	-
SE Drive Technik GmBH (SEDT) (Note ii)	**(4,626,414)**	-
At 31 March	**40,802,604**	148,610,930

Note (i)

The loan of EUR 45,380,445 to AE Rotor Holding B.V (AEHL), is unsecured and bears interest at the rate of 6.5 % per annum and was repayable on or before 08 March 2010. The loan facility has been renewed up to 31 March 2013.

Note (i)

The loan of EUR 103,230,485 to SE Drive Technik GmBH (SEDT), is unsecured and bears interest at the rate of 6.5 % per annum and was repayable on or before 21 November 2009. The loan facility has been renewed up to 18 November 2010.

5. INVESTMENT IN SUBSIDIARY

	2010	2009
	EUR	EUR
At 01 April	**945,963,771**	833,149,782
Additions	**10,002,000**	112,813,989
At 31 March	**955,965,771**	945,963,771

Details of investment are as follows:

Name of company	Type of shares	Place of incorporation	% Holding	2010	2009
				EUR	EUR
Suzlon Wind Energy Limited	Equity	United Kingdom	100%	**955,965,771**	945,963,771

6. ARRANGEMENT FEES

	2010	2009
	EUR	EUR
At 01 April	**1,260,833**	1,610,833
Amortisation charge	**(1,260,833)**	(350,000)
At 31 March	**-**	1,260,833

The net book value of the arrangement fees are apportioned as follows:

	2010	2009
	EUR	EUR
Within one year	**-**	350,000
After more than one year	**-**	910,833
	-	1,260,833

The arrangement fees represents fees for bank loans facilities and are amortised as per Note 2.

Arrangement fees have fully been amortised during the year as the loan has fully been repaid during the year.

7. LOANS AND RECEIVABLES

	2010	2009
	EUR	EUR
At 01 April	**148,610,930**	-
Additions:		
Loan to AE Rotor Holding B.V (AEHL) (Note i)	**-**	45,380,445
Loan to SE Drive Technik GmBH (SEDT) (Note ii)	**-**	103,230,485
Repayments:		
AE Rotor Holding B.V (AEHL) (Note i)	**(103,181,912)**	-
SE Drive Technik GmBH (SEDT) (Note ii)	**(4,626,414)**	-
At 31 March	**40,802,604**	148,610,930

Note (i)

The loan of EUR 45,380,445 to AE Rotor Holding B.V (AEHL), is unsecured and bears interest at the rate of 6.5 % per annum and was repayable on or before 08 March 2010. The loan facility has been renewed up to 31 March 2013.

Note (i)

The loan of EUR 103,230,485 to SE Drive Technik GmBH (SEDT), is unsecured and bears interest at the rate of 6.5 % per annum and was repayable on or before 21 November 2009. The loan facility has been renewed up to 18 November 2010.

8. TRADE AND OTHER RECEIVABLES

	2010	2009
	EUR	EUR
Prepayments	**-**	1,243
Interest receivable on loan to (SEDT)	**881**	2,441,688
Interest receivable on loan to (AEHL)	**3,305,617**	188,455
Receivable on forward contract	**18,984**	18,984
	3,325,482	2,650,370

9. STATED CAPITAL

	2010	2009
	EUR	EUR
Issued and fully paid:		
(2010: 4,193,813,790 ordinary shares (2009: 4,006,107,727))	**1,020,778,712**	977,253,200

During the year, the stated capital increased to EUR 1,020,778,712 through the issue of 187,706,063 shares (2009: EUR 977,253,200) of MUR 10 each.

10. TRADE AND OTHER PAYABLES

	2010	2009
	EUR	EUR
Accounting fees	**1,377**	1,221
Audit fees	**6,000**	4,895
Interest payable on loan	**-**	294,330
Professional fees	**124**	-
Other payables	**606,442**	-
	613,943	300,446

11. BORROWINGS

	2010	2009
	EUR	EUR
Current		
At start of year	**37,606,838**	37,606,838
Repayments	**(37,606,838)**	-
At end of year	**-**	37,606,838
Non-current		
At start of year	**113,675,213**	113,675,213
Repayments	**(113,675,213)**	-
At end of year	**-**	113,675,213
Total	**-**	151,282,051

11. BORROWINGS (CONTINUED)

Bank loan

The Company and other parties have entered into a Credit Facility Agreement with a consortium of banks for a maximum amount of Euro 1,575,000,000. This facility is availed to the Company and other parties in various tranches.

The interest rate on tranches of this loan varies from EURIBOR (3 months) plus 1.40% to EURIBOR (3 months) plus 1.45% per annum.

The loan from the bank was fully repaid during the year.

12. TAXATION

The Company is liable to income tax at a flat rate of 15%. As at 31 March 2010, the Company had accumulated tax losses of EUR 19,921,408 (2009 : EUR 23,222,253).

	2010	2009
	EUR	EUR
reconciliation :		
Profit/(Loss) for the year	**1,320,832**	(8,021,468)
Add: Non-allowable expense	**2,023,634**	476,356
Add: Penalties	**-**	24
Less: Exempt income	**-**	(15,763)
Less: Gain on revaluation	**(43,621)**	(231,834)
Chargeable income	**3,300,845**	(7,792,685)
Loss brought forward	**(23,222,253)**	(15,429,568)
Loss carried forward	**(19,921,408)**	(23,222,253)

13. RELATED PARTY DISCLOSURES

During the year, the Company had the following transactions on an arm's length basis with related entities. Details of the nature, volume of transactions and balances with these related entities are as follows:

Name of company	**Relationship**	**Nature of transactions**	**Volume of transactions during the year**	**Debit/(credit) balances at 31 March 2010**	Debit/(Credit) balances at 31 March 2009
			EUR	**EUR**	EUR
AE Rotor Holding B.V	Group companies	Loan advanced	**40,754,031**	**40,754,031**	45,380,445
		Interest receivable	**3,305,617**	**3,305,617**	188,455

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(CONTINUED)

Credit risk (Continued)

			Of which: not impaired and past due in the following periods		
	Carrying Amount	**Of which: neither impaired or past due**	**Less than 90 days**	**Between 91 and 180 days**	**More than 180 days**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Loans and receivables	**40,802,604**	**-**	**-**	**-**	**40,802,604**
Trade and other receivables	**3,325,482**	**-**	**3,325,482**	**-**	**-**
Cash at bank	**72,742**	**-**	**72,742**	**-**	**-**
At 31 March 2009	**44,200,828**	**-**	**3,398,224**	**-**	**40,802,604**
Loans and receivables	148,610,930	-	**-**	-	148,610,930
Trade and other receivables	2,649,127	-	2,649,127	-	-
Cash at bank	7,802,905	-	7,802,905	-	-
At 31 March 2008	159,062,962	-	10,452,032	-	148,610,930

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and other price risk.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company's only significant interest earning financial assets are cash and cash equivalents and loans and receivables. Interest income from cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

The table below analyses the Company's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The floating rate column represents the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

	Floating	**Within 1 year**	**Non-interest sensitive**
	EUR	**EUR**	**EUR**
As at 31 March 2010			
Financial assets	**72,742**	**72,742**	**44,128,086**
Financial liabilities	**-**	**-**	**613,943**
As at 31 March 2009			
Financial assets	7,802,905	7,802,905	151,260,057
Financial liabilities	151,282,051	41,106,838	300,446

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on interest-bearing bank accounts). There is no impact on the Company's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax
		EUR
2010	+100	**300**
	-100	**(300)**
2009	+100	79,534
	-100	(79,534)

The impact of changes in interest rates on the Company's financial assets and liabilities is minimal. As such, the effect of a sensitivity analysis on the Company's profit before tax would be negligible.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in fair value of monetary assets and liabilities).

	Increase/ (decrease) in basis points	Effect on profit before tax
		EUR
2010	**+100**	112
	-100	(112)
2009	+100	333
	-100	(333)

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company's investment is unquoted and is held in a private company.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2010		2009	
	Financial assets EUR	**Financial liabilities EUR**	Financial assets EUR	Financial liabilities EUR
Mauritian Rupee	**733**	**1,501**	1,112	1,221
Euro	**44,178,824**	**606,442**	159,012,514	151,576,381
United States Dollars	**21,271**	**6,000**	49,336	4,895
	44,200,828	**613,943**	159,062,962	151,582,497

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate to meet its cash flow obligations.

Residual contractual maturity of financial liabilities are presented below (in Euro).

	31 March 2010		
	Within 1 year	**Greater than 1 year**	**Total**
	EUR	**EUR**	**EUR**
Trade and other payables	**613,943**	**-**	**613,943**

	31 March 2009		
	Within 1 year	Greater than 1 year	Total
	EUR	EUR	EUR
Borrowings	113,675,213	37,606,838	151,282,051
Trade and other payables	300,446	-	300,446
	113,975,659	37,606,838	151,582,497

16. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the Company are presented in Euro ("EUR"). The directors of the Company have determined that the functional currency should be EUR as the company conducts most of its transactions in foreign currencies, the Company has chosen Euro as its functional and presentation currency. Its "domiciled" currency, the Mauritian Rupee, does not reflect the fundamentals of the business as the major transactions are carried in Euro. After careful evaluation, the Company has opted for the Euro as its functional and presentation currency as the presentation of the financial statements in Euro results in the financial statements providing a more faithful view of the Company's affairs than by presentation in Mauritius currency.

16. FUNCTIONAL AND PRESENTATION CURRENCY(CONTINUED)

At 31 March 2010, the following exchange rates were applicable:

	2010 Average rate	**2010 Closing rate**	2009 Average rate	2009 Closing rate
EUR/MUR	**45.47**	**42.87**	42.46	45.93
EUR/USD	**1.41**	**1.35**	1.32	1.32

17. HOLDING AND ULTIMATE HOLDING COMPANY

Suzlon Energy Limited (India), whose registered office is "Suzlon", 5, Shrimati Society, Near Shri Krishna Complex, Navarangpura, Ahmedabad - 380009 is the Company's holding and ultimate holding company.

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Name of company	Relationship	Nature of transactions	Volume of transactions during the year	Debit/(credit) balances at 31 March 2010	Debit/(Credit) balances at 31 March 2009
			EUR	EUR	EUR
SE Drive Technik GmBH	Group companies	Loan advanced	**48,573**	**48,573**	103,230,485
		Interest receivable	**881**	**881**	2,441,688

14. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

In the normal course of business, the Company is exposed to credit, foreign currency exchange rate, interest rate and equity price risks that could impact its financial position and financial performance. The risk management strategy with respect to these risks excludes trading in derivatives.

Credit risk

Credit risk is the risk of financial loss to the Company if the Company or counterparty to a financial instrument fails to meet its contractual obligations.

The Company adheres to a structured, consultative and accountable decision-making process. An investment is not made unless its investment rationale can be clearly demonstrated and monitored once accepted.

Receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as at year end as disclosed below: