

## AUDITORS' REPORT

To,  
The Members,  
SUZLON STRUCTURES LIMITED.

1. We have audited the attached Balance Sheet of **SUZLON STRUCTURES LIMITED**, as at **31<sup>st</sup> March 2010**, the Profit and Loss Account and the Cash Flow Statement of the Company 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 disclosure 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 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 and on the basis of such checks as we have considered appropriate and according to the information and explanations given to us, 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, the 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, the 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 written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the comments as raised in the annexure to the auditor's report 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 **31<sup>st</sup> March, 2010**;
    - b. In the case of the **Profit and Loss Account**, of the **Loss** of the Company for the year ended on that date; and
    - c. In the case of the **Cash Flow Statement**, of the cash flows of the Company for the year ended on that date.

For **SNK & CO**,  
Chartered Accountants,

Jasmin B. Shah  
Partner.

M.No.46238

Place:

Date:

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of Auditors' Report to the members of **SUZLON STRUCTURES LIMITED** for the year ended on 31<sup>st</sup> March 2010).

### Fixed assets:

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- ii. There is a regular programme of physical verification of its fixed assets which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, a major portion of the fixed assets have been physically verified by the management during the period. No material discrepancies were noticed on such verification. *However the asset numbers as per Fixed Asset register have not been marked physically on the assets.*
- iii. In our opinion, the Company has not disposed off any major fixed assets during the period.

### Inventories:

- i. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business.
- ii. *In our opinion, the procedures for physical verification of inventories followed by the management need to be strengthened in view of the size of the Company and the nature of its business.*
- iii. The company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of stock, as compared to book records.

### Loans and advances:

- i. In our opinion and according to the information and explanations given to us, the company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loan taken during the year was Rs.10,514 Lacs and the year end balance of the loan taken from such party was Rs.131.61 Lacs
- ii. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the party covered in the register u/s 301 of the

Companies Act, 1956 are not prima facie prejudicial to the interest of the company.

- iii. In our opinion the repayment of principal and interest is as per stipulated terms.
- iv. The Company has not granted any unsecured loan to company, firm or any other party covered in the register maintained under section 301 of the Companies Act, 1956.

**Internal Controls:**

- i. 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 with regard to purchases of inventories and fixed assets and for the sale of goods. *During the course of our audit no major weakness has been noticed in the internal controls however there is a need to strengthen the existing internal controls with regard to inventory management.*
- ii. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

**Related Party Transactions:**

- i. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- ii. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at relevant times.

**Public Deposits:**

- i. The Company has not accepted any deposits from the public.

**Cost Records:**

- i. We have broadly reviewed the books of account maintained by the company in respect of generation of electricity pursuant to the rules made by the central government under section 209(1)(d) of The Companies Act, 1956 for the maintenance of the cost records and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



**Statutory Dues:**

- i. According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales-Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues which are in arrears as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they become payable.
- ii. According to the information and explanations given to us, no disputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service Tax, Custom Duty, Excise Duty and Cess were outstanding as at 31<sup>st</sup> March, 2010, for a period of more than six months from the date they become payable.
- iii. According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Income tax, Wealth tax, Customs Duty, Service Tax, excise duty or cess on account of any dispute.

**Accumulated Losses:**

- i. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.

**Others:**

- i. According to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank.
- ii. According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted any loans and advances on the basis of security by the way of pledge of shares, debentures, and other securities.
- iii. According to the information and explanations given to us, the nature of the activities of the company does not attract any special status applicable to chit fund and Nidhi or mutual benefit society or fund.
- iv. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures or other investments.
- v. According to information and explanations given to us, the Company has given guarantees for loans taken by other company from bank or financial institutions, the term and condition whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- vi. In our opinion and according to the information and explanations given to us, on an overall basis, term loans have been applied for the purpose for which they were obtained.

- vii. According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment.
- viii. The Company has not made any preferential allotment of shares during the year under consideration.
- ix. The Company did not have any debentures outstanding during the year.
- x. The Company has not raised any money by way of public issue during the year ended on 31<sup>st</sup> march, 2010.
- xi. According to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the period.

**For SNK & CO,  
Chartered Accountants,**

**Jasmin B. Shah  
Partner.**

**M.No.46238**

**Place:  
Date:**

**Suzlon Structures Limited**  
**Balance Sheet As At March 31, 2010**

All amounts in Rupees unless otherwise stated

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	A	293,668,000	293,668,000
(b) Reserves & Surplus	B	220,411,970	195,387,840
		514,079,970	489,055,840
<b>Loan Funds</b>			
(a) Secured Loans	C	582,673,277	603,337,222
(b) Unsecured Loan	D	13,161,334	1,051,400,000
		595,834,611	1,654,737,222
<b>Deferred Tax Liability (Net)</b>		8,802,122	812,415
<b>TOTAL</b>		<b>1,118,716,703</b>	<b>2,144,605,477</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	E		
(a) Gross Block		905,365,273	905,257,150
(b) Less - Depreciation		526,342,804	439,514,606
(c) Net Block		379,022,469	465,742,544
Capital Work in Progress		3,613,028	3,503,806
		382,635,497	469,246,350
<b>Current Assets, Loans and Advances</b>	F		
(a) Inventories		701,472,474	1,698,671,718
(b) Sundry Debtors		842,337,354	1,292,254,475
(c) Cash and Bank Balances		140,315,608	210,420,740
(d) Loans and Advances		290,427,786	436,850,225
		1,974,553,222	3,638,197,159
<b>Less : Current Liabilities and Provisions</b>	G		
(a) Current Liabilities		1,223,948,757	1,953,652,017
(b) Provisions		14,523,259	9,186,015
		1,238,472,016	1,962,838,032
<b>Net Current Assets</b>		736,081,206	1,675,359,126
<b>TOTAL</b>		<b>1,118,716,703</b>	<b>2,144,605,477</b>
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our attached report of even date.

For and on behalf of the Board.

For S N K & CO.  
Chartered Accountants

Vinod R. Tanti  
Director

Jasmin B. Shah  
Partner  
M. No. 46238  
Place :  
Date :

Kalpesh R. Kalthia  
Managing Director

Place :  
Date :



# Suzlon Structures Limited

## Profit And Loss Account For The Period Ended On March 31, 2010

All amounts in Rupees unless otherwise stated

Particulars	Schedule	Year ended on March 31, 2010	Year ended on March 31, 2009
<b><u>INCOME</u></b>			
Sales	H	3,364,062,111	5,873,637,499
Other Income	I	17,055,513	20,242,770
		<b>3,381,117,624</b>	<b>5,893,880,269</b>
<b><u>EXPENDITURE</u></b>			
Cost of Materials Consumed	J	2,453,598,263	4,514,879,840
Operating and Other Expenses	K	496,007,203	889,854,513
Employees' Remuneration and Benefits	L	89,273,050	94,336,612
Financial Charges	M	197,658,919	301,487,882
Depreciation	E	87,851,587	104,037,585
		<b>3,324,389,022</b>	<b>5,904,596,431</b>
<b>Profit Before Taxation</b>		<b>56,728,602</b>	<b>(10,716,162)</b>
Provision for Tax			
Current Tax		23,768,515	1,521,000
Earlier Year Tax		(53,753)	(2,110,437)
Deferred Tax		7,989,707	(1,715,294)
Fringe Benefit Tax		-	458,162
<b>Net Profit for the year</b>		<b>25,024,133</b>	<b>(8,869,593)</b>
Balance Brought Forward From Last Year		134,219,834	143,089,429
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<b>159,243,967</b>	<b>134,219,836</b>
Transfer to General Reserve		-	-
Dividend on Equity Shares (Interim/Final)		-	-
Dividend on Preference Shares (Interim)		-	-
Dividend on Preference Shares		-	-
Tax on Dividend		-	-
<b>Balance Carried to Balance Sheet</b>		<b>159,243,967</b>	<b>134,219,836</b>
<b>Earnings / (Loss) Per Share (In Rs.)</b>		<b>0.81</b>	<b>(0.94)</b>
Basic and Diluted Earning per Share			
(Face Value of Rs. 10/-) (Refer Note 2(d) of Schedule II)			
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our attached report of even date.

For and on behalf of the Board.

For S N K & CO.  
Chartered Accountants

Vinod R. Tanti  
Director

Jasmin B. Shah  
Partner  
M. No. 46238  
Place :  
Date :

Kalpesh R. Kalthia  
Managing Director

Place :  
Date :

**Suzlon Structures Limited**  
**Cash Flow Statement For The Year Ended March 31, 2010**

PARTICULARS	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>A Cash Flow from operating Activities</b>		
Profit Before Tax	56,728,602	(10,716,162)
Adjustment For		
Depreciation	87,851,587	104,037,585
Loss on sale/discard of Fixed Assets	99,164	-
Interest Income	(9,651,178)	(15,339,449)
Interest Expenses	174,062,263	276,009,356
<b>Operating Profit Before Working Capital Adjustments</b>	<b>252,361,836</b>	<b>364,707,491</b>
<b>Movements in Working Capital</b>		
Decrease/(Increase) in Sundry Debtors	449,917,122	(397,436,119)
Decrease/(Increase) in Inventories	997,199,244	332,281,639
Decrease/(Increase) in Loans & Advances	122,650,145	(75,804,459)
Increase/(Decrease) in Current Liabilities	(565,820,075)	9,951,958
<b>Cash Generated From Operating Activities</b>	<b>1,003,946,436</b>	<b>(131,006,981)</b>
Direct Taxes Paid (Income Tax and Fringe Benefit Tax)	(11,532,638)	(18,403,199)
<b>Net Cash Generated From in Operating Activities</b>	<b>1,301,504,236</b>	<b>204,581,150</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,339,898)	(38,510,906)
Interest Received	21,241,346	10,511,096
<b>Net Cash Used in Investing Activities</b>	<b>19,901,448</b>	<b>(27,999,810)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	114,728,406	1,289,850,000
Repayment of Borrowings	(1,183,192,352)	(1,373,608,212)
Interest Paid	(323,046,870)	(117,463,415)
Payment of Dividend & CDT	-	(50,318,680)
<b>Net Cash used in Financing Activities</b>	<b>(1,391,510,816)</b>	<b>(251,540,306)</b>
<b>D Net Increase / (Decrease) in Cash &amp; Cash Equivalents ( A+B+C )</b>	<b>(70,105,132)</b>	<b>(74,958,967)</b>
Cash and Cash Equivalents at the beginning of the Period	210,420,740	285,379,707
Cash and Cash Equivalents at the end of the period	140,315,608	210,420,740
<b>Components of Cash and Cash Equivalents as at the end of the period</b>		
Cash on hand	97,686	148,608
With Scheduled Banks		
-in Current Accounts	6,469,545	29,111,040
-in Term Deposit Accounts	133,748,377	181,161,092
	<b>140,315,608</b>	<b>210,420,740</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(70,105,132)</b>	<b>(74,958,967)</b>

As per our attached report of even date.

For S N K & CO.

Chartered Accountants

Jasmin B. Shah

Partner

M. No. 46238

Place :

Date :

For and on behalf of the Board.

Vinod R. Tanti

Director

Kalpesh R. Kalthia

Managing Director

Place :

Date :



# Suzlon Structures Limited

Schedules Forming Part of Balance Sheet As At March 31, 2010

Particulars	As at March 31,2010	As at March 31,2009
<b><u>SCHEDULE- A : SHARE CAPITAL</u></b>		
<b>Authorised</b>		
20,000,000 (20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
10,00,000 (10,00,000) Preference Shares of Rs. 100/- each	100,000,000	100,000,000
	<b>300,000,000</b>	<b>300,000,000</b>
<b>Issued, Subscribed and Fully Paid Up Capital</b>		
<b>Equity</b>		
19,366,800 (19,366,800) Equity Shares of Rs. 10 each fully paid up [14,524,600 (14,524,600) Equity Shares are held by Suzlon Energy Ltd., the Holding Company.]	193,668,000	193,668,000
<b>Preference (Refer Note 2(a) of Schedule N)</b>		
1,000,000 (1,000,000) 8% Cumulative Redeemable Preference shares of Rs. 100 each fully paid up [750,000 (750,000) Preference Shares are held by Suzlon Energy Limited ]	100,000,000	100,000,000
<b>TOTAL</b>	<b>293,668,000</b>	<b>293,668,000</b>
<b><u>SCHEDULE - B :RESERVES &amp; SURPLUS</u></b>		
Share Premium :	43,668,000	43,668,000
General Reserve:		
Opening Balance	17,500,003	17,500,000
Addition during the year	-	3
	17,500,003	17,500,003
Surplus as per Profit & Loss Account	159,243,967	134,219,836
<b>TOTAL</b>	<b>220,411,970</b>	<b>195,387,840</b>
<b><u>SCHEDULE - C : SECURED LOANS</u></b>		
<b>A. Term Loans</b>		
From Banks	66,081,600	111,693,186
Term loans secured by a first charge on all present and future movable, immovable assets(excluding certain identified assets) of the entities as referred in Note 2(b). The Loan is further secured by pledge of shares of the certain subsidiaries of the holding Company		
<b>B. Working Capital Facilities from Banks</b>		
Rupee Loans	515,408,955	490,408,549
Working capital loans secured by a first charge on all present and future movable, immovable assets(excluding certain identified assets) of the entities as referred in Note 2(b). The Loan is further secured by pledge of shares of the certain subsidiaries of the holding Company.		
<b>C. Vehicle Loan</b>	1,182,722	1,235,487
(Secured against respective vehicles under the Hire Purchase Contract)		
<b>TOTAL</b>	<b>582,673,277</b>	<b>603,337,222</b>
<b><u>SCHEDULE - D : UNSECURED LOANS</u></b>		
Intercompany Deposit from Holding Company - Suzlon Energy Ltd.	13,161,334	1,051,400,000
<b>TOTAL</b>	<b>13,161,334</b>	<b>1,051,400,000</b>

# Suzlon Structures Limited

## Schedule E: Fixed Assets

Schedules to Balance Sheet as at March 31st, 2010

Amounts in Rs.

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 1, 2009	Additions during the year	Deduction during the year	As at March 31, 2010	As at April 1, 2009	For the Period During the year	As at March 31, 2010	As at March 31, 2009
Freehold Land	11,838,113	-	-	11,838,113	-	-	11,838,113	11,838,113
Lease Hold Land	1,200,000	-	-	1,200,000	140,000	60,000	1,000,000	1,060,000
Buildings	221,364,671	-	-	221,364,671	71,286,024	15,007,864	135,070,783	150,078,647
Plant and Machinery	568,076,109	600,962	81,348	568,595,723	331,559,117	61,798,185	175,283,271	236,516,992
Wind Mill	84,223,647	-	-	84,223,647	26,929,059	8,783,260	48,511,328	57,294,588
Computers and Other Office Equipments	7,731,855	613,407	-	8,345,262	3,516,958	1,194,840	3,633,465	4,214,897
Furniture and Fixtures	7,339,109	-	-	7,339,109	4,698,118	489,248	2,151,743	2,640,991
Vehicles	3,483,646	430,500	1,455,400	2,458,746	1,385,330	518,192	1,533,764	2,098,315
<b>TOTAL</b>	<b>905,257,150</b>	<b>1,044,869</b>	<b>1,536,748</b>	<b>905,765,271</b>	<b>439,514,606</b>	<b>87,851,589</b>	<b>379,022,467</b>	<b>465,742,544</b>
Capital Work in Progress	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>905,257,150</b>	<b>1,044,869</b>	<b>1,536,748</b>	<b>905,765,271</b>	<b>439,514,606</b>	<b>87,851,589</b>	<b>379,022,467</b>	<b>465,742,544</b>
Previous Year	798,330,819	106,926,332	-	905,257,150	335,477,022	104,037,585	465,742,544	-

Note : Advance for Capital Goods - Rs.32,750 (P.Y. Rs. 2,79,546) has been added to Capital Work in Progress on the face of Balance Sheet

# Suzlon Structures Limited

## Schedules Forming Part of Balance Sheet As At March 31, 2010

Particulars	As at March 31,2010	As at March 31,2009
<b><u>SCHEDULE- F : CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
<b>CURRENT ASSETS</b>		
<i>(a) INVENTORIES (Refer Note 1(f) of Schedule N)</i>		
<i>(As Taken, Valued and Certified by Management)</i>		
Raw Materials	509,335,013	1,217,016,455
Stores, Spares and Packing Materials	67,430,865	80,371,395
Semi-Finished Goods and Work- in- Progress	72,060,827	242,402,348
Finished Goods	52,645,769	158,881,519
	<b>701,472,474</b>	<b>1,698,671,718</b>
<i>(b) SUNDRY DEBTORS</i>		
<i>(Unsecured, Considered Good)</i>		
Outstanding for a period exceeding six months	6,297,532	1,908,674
Others	836,039,822	1,290,345,801
	<b>842,337,354</b>	<b>1,292,254,475</b>
<i>(c) CASH AND BANK BALANCES</i>		
Cash on hand	97,686	148,608
<u>Balances with Scheduled Banks</u>		
In Current Accounts	6,469,545	29,111,040
In Term Deposit Accounts	133,748,377	181,161,092
	<b>140,315,608</b>	<b>210,420,740</b>
<b>LOANS AND ADVANCES</b>		
<i>(Unsecured and Considered Good)</i>		
Deposits	8,180,648	8,526,701
Advance Against Taxes (Net of Provisions)	-	8,450,933
Advances Recoverable in Cash or in Kind or for Value to be Received (Refer Note 2(i) of Schedule N)	282,247,138	419,872,592
	<b>290,427,786</b>	<b>436,850,225</b>
<b><u>SCHEDULE- G : CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b>Current Liabilities</b>		
Sundry Creditors	645,396,318	365,662,259
Acceptances	554,524,931	1,369,896,926
Advance From Customers	147,767	149,738
Other Current Liabilities	23,879,741	217,943,094
	<b>1,223,948,757</b>	<b>1,953,652,017</b>
<b>Provisions</b>		
For Income Tax & Fringe Benefit Tax (Net of Advance Tax ):	3,731,191	-
For Employee Benefit Schemes	10,792,068	9,186,015
	<b>14,523,259</b>	<b>9,186,015</b>
<b>TOTAL</b>	<b>1,238,472,016</b>	<b>1,962,838,032</b>



# Suzlon Structures Limited

Schedules Forming Part of Profit And Loss Account For The Year Ended on March 31, 2010

Particulars	Year Ended On March 31,2010	Year Ended On March 31,2009
<b><u>SCHEDULE - H: SALES</u></b>		
Domestic Sales	2,428,858,795	4,500,023,394
Export Sales	814,082,060	1,297,913,158
Trading Sales (Refer Note 2(q)(c) of Schedule N)	105,487,650	61,554,727
Income Power Generation	15,633,606	14,146,220
<b>TOTAL</b>	<b>3,364,062,111</b>	<b>5,873,637,499</b>
<b><u>SCHEDULE - I : OTHER INCOME</u></b>		
Interest Received		
From Banks	9,411,059	15,094,498
From Others	240,119	244,951
Profit on Sale of Asset	184,707	-
Miscellaneous Income	7,219,628	4,903,321
<b>TOTAL</b>	<b>17,055,513</b>	<b>20,242,770</b>
<b><u>SCHEDULE - J: COST OF MATERIALS CONSUMED</u></b>		
<b>Raw Materials :</b>		
Opening Stock	1,217,016,455	1,532,377,369
Add : - Purchases	1,354,704,006	4,099,370,304
	2,571,720,461	5,631,747,674
Less : - Closing Stock of Materials	509,335,013	1,217,016,455
	<b>2,062,385,448</b>	<b>4,414,731,218</b>
Cost of Goods Traded (Refer Note 2(q)(c) of Schedule N)	114,635,544	60,956,558
<b>Stock in Trade (Opening Balance)</b>		
Semi-Finished Goods and Work- in- Progress	242,402,348	406,654,715
Finished Goods	158,881,519	33,821,217
	<b>401,283,867</b>	<b>440,475,932</b>
<b>Stock in Trade (Closing Balance)</b>		
Semi-Finished Goods and Work- in- Progress	72,060,827	242,402,348
Finished Goods	52,645,769	158,881,519
	<b>124,706,596</b>	<b>401,283,868</b>
(Increase)/ Decrease in Stocks	276,577,271	39,192,064
<b>TOTAL</b>	<b>2,453,598,263</b>	<b>4,514,879,840</b>

# Suzlon Structures Limited

Schedules Forming Part of Profit And Loss Account For The Year Ended on March 31, 2010

Particulars	Year Ended On March 31,2010	Year Ended On March 31,2009
<b><u>SCHEDULE - K : OPERATING AND OTHER EXPENSES</u></b>		
Stores and Spares	97,056,593	131,030,831
Power and Fuel	22,755,270	34,443,438
Job Work Charges	65,364,598	148,575,184
Machinery Hire Charges	33,026,670	85,785,196
Testing Charges	5,108,294	12,725,115
Insurance	3,381,880	3,740,797
Factory Expenses	805,633	993,866
Repairs, Renewals and Replacements :		
-Plant and Machineries	3,464,601	2,955,139
-Building	1,207,080	1,490,373
-Factory Road	7,262,971	296,982
-Other Repairs	483,483	876,170
Freight Outward	225,094,985	203,045,307
Packing Expenses	47,891,707	145,522,256
Exchange Difference (Net)	(57,764,987)	60,337,983
Travelling, Conveyance and Vehicle Expenses	14,380,738	15,986,306
Legal and Professional Fees	8,034,987	11,155,364
Rent, Rates & Taxes	3,078,960	17,334,631
Charity and Donations	-	32,000
Communication Expenses	1,509,574	2,362,224
Auditors' Remuneration	558,835	561,800
Other Administrative Expenses	13,206,167	10,603,551
Loss on Assets Sold / Discarded	99,164	-
<b>TOTAL</b>	<b>496,007,203</b>	<b>889,854,513</b>
<b><u>SCHEDULE - L : EMPLOYEES' REMUNERATION AND BENEFITS</u></b>		
Salaries, Wages, Allowances and Bonus	82,947,751	81,557,377
Contribution to Provident and Other Funds	2,009,952	5,760,870
Staff Welfare Expenses	4,315,347	7,018,365
<b>TOTAL</b>	<b>89,273,050</b>	<b>94,336,612</b>
<b><u>SCHEDULE - M : FINANCIAL CHARGES</u></b>		
Interest		
-Fixed Loans	9,117,807	19,353,453
- Others	164,944,456	256,655,903
Bank Charges	23,596,656	25,478,526
<b>TOTAL</b>	<b>197,658,919</b>	<b>301,487,882</b>

SCHEDULE N: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting:

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

b) Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

c) REVENUE RECOGNITION:

i. Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the products are transferred to the customer, as per the terms of the respective sales order.

ii. Power Generation Income

Power Generation income is recognized on the basis of electrical units generated, net of wheeling and transmission loss, as applicable, as shown in Power Generation Reports issued by the concerned Authorities.

iii. Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv. Export Incentives:

Duty drawback and excise duty refund on Capital goods (earned as export incentive) are accounted for to the extent there is reasonable certainty that these would be realised in future. The same are netted from the cost of goods.



**d) FIXED 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. Intangible assets are recorded at the consideration paid for their acquisition. 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.

The Carrying amounts of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to the profit & loss account. Recoverable amounts are estimated for individual assets where feasible, otherwise to the relevant cash generating unit.

**e) DEPRECIATION:**

Depreciation on fixed assets is provided on Written down Value Method at the rates prescribed in Schedule XIV of the companies Act, 1956. Lease hold lands are amortized over the period of the lease.

Depreciation on additions of fixed assets is being provided on pro-rata basis from the month of such additions

**f) INVENTORIES:**

Inventories of raw materials (including stores, spares, and consumables, packing materials), work in progress, semi-finished goods, finished goods and scrap are valued at the lower of the 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 include the cost of material, labour and manufacturing overheads. Net realisable values are determined by management using technical estimates.

**g) FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the period during which the transaction occurred. Outstanding balances of foreign currency monetary items are reported using the period end rates. Exchange differences arising as a result of the above are recognised as income or expense in the Profit and Loss Account. Transactions completed during the year are adjusted on actual basis.

In case of forward contracts, the difference between the forward rate and the exchange rate, being premium or discount, at the inception of a forward exchange contract is recognised as income or 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.

**h) BORROWING COSTS:**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized 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 revenue.

**i) RETIREMENT AND OTHER EMPLOYEE BENEFITS:**

Defined Contributions to provident fund and family pension fund are charged to the Profit and Loss Account on accrual basis and paid to the relevant authorities.

Liabilities with regard to gratuity are determined under Group Gratuity Scheme with Life Insurance Corporation of India (LIC). The provision required is determined on the basis of actuarial valuation using the projected unit credit method in comparison with the value of fund lying under the scheme with LIC as at the balance sheet date.

Short term compensated absences are provided for on based on estimates. Long term compensated absences and Retention bonus are provided for based on actuarial valuation using the projected unit credit method as at the Balance Sheet date.

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

**j) 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 the accounts.

Contingent assets are not recognized or disclosed.

**k) INCOME TAX:**

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

Current tax is measured after taking into consideration benefits admissible under the provisions of 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.

Impact of expected reversal of timing differences which originate in the tax period (i.e. non tax holiday period) but are expected to reverse during the tax holiday period has been taken from the year in which the company actually enters the tax holiday period.

**l) LEASED ASSETS:**

**Operating Leases:**

Assets acquired as leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals in respect of such leases are charged off to the Profit and Loss Account as incurred.

**m) 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.

**2. NOTES FORMING PART OF ACCOUNTS:**

- a) 1,18,800 and 8,81,200 8% redeemable Cumulative Preference shares of Rs.100/- each fully paid are redeemable at par at the discretion of the Board after 20 years (Period has been amended from 5 years to 20 years during the year by way of special resolution dated 13<sup>th</sup> Aug, 2009) from the date of allotment, i.e. March 29, 2005 and June 28, 2005 respectively. The Company as well as the preference shareholders shall respectively have the call and put option to redeem the above preference shares at any time after 1(One) year from the date of Allotment.

**b) Scheme of Debt Consolidation & Refinancing**

Suzlon Energy Limited ('SEL') along with some of its Indian subsidiaries and the **Company** have jointly executed a debt Consolidation and Refinancing Arrangement (the 'Arrangement') on February 5, 2010 with a consortium comprising of various banks and financial institutions ('Consortium') lead by the State Bank of India as the Facility Agent and SBI Cap Trustee Company Limited as the Security Trustee.

As per the Arrangement, the Consortium has sanctioned a consolidated loan amount and based on business requirements, the **Company** has drawdown various facilities of rupee term loans, fund based working capital facilities and non-fund based working capital facilities. The Arrangement also covers the earlier sanctioned loans, which have either been continued or converted into a new loan facility, as the case may be.

Company has incurred an amount of approximately Rs. 1.36 crores, as consultancy and processing charges in regard to the Arrangement, the cost of which will be amortised over the tenure of respective facilities.

**c) Post employment benefits**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following table summarises the components of net benefit expense recognized in the Profit and Loss Account. Net employee benefits expense recognised in the Profit and Loss Account.

(Rs.Lacs)

Particulars	2009-10	2008-09
Current Service Cost	12.99	11.92
Interest cost on benefit obligation	2.41	1.60
Expected return on plan assets	(2.78)	(1.56)
Net actuarial (gain) / loss recognised in the year	(8.42)	(1.68)
Past service cost	0.00	0.00
Net Benefit expense	4.20	10.28



#### Details of defined benefit gratuity plan

Particulars	2009-10	2008-09
Present Value of Defined Benefit Obligation	38.32	30.50
Fair value of plan assets	43.13	26.01
Present value of unfunded obligations	4.81	(4.49)
Less: Unrecognised past service cost	0.00	0.00
Plan Asset / (Liability)	4.81	(4.49)

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

Particulars	2009-10	2008-09
Opening defined benefit obligation	30.50	18.82
Interest cost	2.41	1.60
Current service cost	12.99	11.92
Benefits paid	0.00	0.00
Actuarial (gains) / losses on obligation	(7.58)	(1.85)
Closing defined benefit obligation	38.32	30.50

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

Particulars	2009-10	2008-09
Opening fair value of plan assets	26.01	12.04
Expected return	2.78	1.56
Contribution by employer	13.50	12.57
Benefits paid	0.00	0.00
Actuarial gains / (losses)	0.84	(0.16)
Closing fair value of plan assets	43.13	26.01

Amounts of Gratuity for the current and previous period are as follows:

Particulars	Year ended March 31,	
	2010	2009
Defined benefit obligation	(38.32)	(30.50)
Plan assets	43.13	26.01
Surplus / (deficit)	4.81	(4.49)
Experience adjustments on plan liabilities	6.11	5.97
Experience adjustments on plan assets	0.84	(0.16)
Actuarial Gain / (Loss) due to change on assumptions	1.47	(4.12)

The principal assumptions used in determining defined benefit gratuity plan obligations are shown below:

Particulars	2009-10	2008-09
Discount rate	8.20%	7.90%
Expected rate of return on plan assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%
Attrition rate	10% at ages starting from 20 to 24 and reducing to 1% at ages up to 35 to 39 and 1.5% there after till ages up to 60 to 65	

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

d) Disclosure U/s. 22 of Micro, Small and Medium Enterprises Development Act, 2006:

Principal Amount remaining unpaid to suppliers as on March 31, 2010: Rs.Nil (Rs.1.69 Lacs)

Amount of Interest due and remaining unpaid as on March 31, 2010: NIL (Rs.Nil)

Amount of Interest paid U/s.16: NIL (Rs.Nil)

Amount of Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act: NIL (Rs.Nil)

Amount of Interest accrued and remaining unpaid as on March 31, 2010: NIL (Rs.Nil)

e) Earnings per Share (EPS)

Amounts in Rs Lacs except per share data

PARTICULARS	2009-2010	2008-2009
<b>Basic &amp; Diluted Earnings per share</b>		
<u>Numerator for Basic and Diluted EPS</u>		
Net Profit (Loss) after Tax	250.24	(88.70)
Less:		
Preference Dividend and Dividend Tax (Refer Note below)	93.60	93.60
<b>(a)</b>	<b>156.64</b>	<b>(182.29)</b>
<u>Denominator for Basic and Diluted EPS</u>		
Weighted average no. of equity shares <b>(b)</b>	19,366,800	19,366,800
<b>Basic &amp; Diluted Earning per share of face value of Rs. 10/- each (a/b *1,00,000)</b>	<b>0.81</b>	<b>(0.94)</b>

Note - Charge for preference Dividend and Dividend tax pertains to the year and has not been taken on a cumulative basis. The same has not been provided for in the books of accounts and has been taken only for the purpose of calculation of EPS as per the requirement of the Accounting Standard - 20.

- f) The net deferred tax asset for the year ended March 31, 2010 has been included in the provision for taxation. The break up is as under: -

Amount in Rs. Lacs

Particulars	As at March 31, 2009	During the year 2009-2010	As at March 31, 2010
<b>A. <u>Deferred Tax Liability</u></b>			
Depreciation on Fixed Assets	(39.22)	(58.99)	(98.21)
<b>B. <u>Deferred Tax Asset</u></b>			
Employee Benefit Expense Charged	-		
- To Profit & Loss A/c.	29.70	(19.51)	10.19
Preliminary Expenses	1.40	(1.40)	-
<b>TOTAL</b>	<b>31.10</b>	<b>(20.91)</b>	<b>10.19</b>
<b>Deferred Tax Asset/(Liability) (A - B)</b>	<b>(8.12)</b>	<b>(79.90)</b>	<b>(88.02)</b>

- g) **Contingent liabilities:**

Amount in Rs. Lacs

Particulars	2009-2010	2008-2009
Bonds/Undertakings given by the Company under Duty Exemption Scheme to Customs Authorities	760.90	760.90
Claims lodged against Company by employees	4.56	14.27
Dividend on cumulative Preference Shares (Inclusive of Pref. Div. Tax Rs.27.19 Lacs)	187.19	93.60
Cases for Duty Draw Back (Refer Note below)	-	1463.62
Claims against the company not acknowledged as Debts	29.98	-

**Note** - (a) During the previous year company had shown an amount of Rs.1463.62 Lacs as Contingent Liability on account of pending appeal of Duty drawback refund matters at Central Excise, Customs and Service Tax Appellate Tribunal (CESTAT). However the Company has successfully won the matters at the CESTAT level and thus the same has not been shown as a contingent liability. The department now reserves the right for further appeal to Honourable High Court.

(b) The Company has stood as co-guarantor for certain loans granted to fellow subsidiaries.

- h) **Other Notes:**

The balances of Sundry Creditors and Loans and Advances are subject to confirmations.

- i) **Fiscal Incentives:**

Duty drawback Income of Rs.608.95 Lacs arising on export sales of Rs.8,140.82 Lacs during the year has been recognized on the basis of export sales made during the year. The same has been reduced from the "Cost of materials consumed" under Schedule "J" forming part of Profit and Loss Account.



The claims have been put up to the concerned authorities except in certain cases where the company is in the process of putting up the aforesaid claims where the provision has been made on the basis of reasonable estimates.

Export Promotion Capital Goods (EPCG) scheme Receivable as on 31.03.2010 is Rs.57.68 Lacs. During the year the company has written off claims of Rs.3.09 Lacs which were not realisable.

No provisions have been considered against the receivable of Rs.838.34 under the "Kutch Package Yojana" received vide Gujarat Govt Notification (F.D.) No.(GHN-51) – ST 2001 (S-49)-(355) dated 31<sup>st</sup> December, 2001 as the same are considered to be fully realisable in the near future.

**j) Operating Leases: -**

**Premises under Cancellable Lease Agreements:**

The Company has taken certain premises under cancellable operating leases. The total rental expense under cancellable operating leases during the period was Rs.19.64 Lacs (Rs.26.33 Lacs).

**Premises & Equipments under Non-cancellable Lease Agreements:**

The company had during the previous years taken Factory Building and Plant & Machinery under non-cancellable operating lease agreement ranging for a period of 27 months ending on 31.03.2009. The same has not been renewed in the current year and thus the lease rental charged during the year is Rs.Nil (Rs.539.59 Lacs)

**k) Managerial Remuneration to directors:**

**Amount in Rs. Lacs**

Particulars	2009-10	2008-09
Salaries	58.70	48.00
Perquisites	0.00	0.00
<b>Total</b>	<b>58.70</b>	<b>48.00</b>

In view of lower profits made during the year, Managerial Remuneration paid is in excess of the limits specified in section II of part II of schedule XII to the Companies Act 1956. The Company is in the process of applying to the Central Government for necessary approval u/s 198 of the Companies Act, 1956.

- i) Sales normally do not include excise duty as the products manufactured by the Company are exempted from excise duty; however during the year the company has manufactured and sold certain products which are chargeable to excise duty. The sales related to same is exclusive of excise duty of Rs.10.31 Lacs, The sales is also exclusive of Value Added Tax / Sales Tax charged on it.
- m) During the year the Company has retired certain fixed assets. In compliance with Accounting Standard – 10 "Accounting for Fixed Assets", issued by the ICAI, these assets have been eliminated from the financial statements. Consequently there is a reduction in the Gross Block as at March 31st, 2010 by Rs.0.81 Lacs (Rs.Nil) and the corresponding accumulated Depreciation as at the same date by Rs.0.45 Lacs (Rs.Nil) pertaining to these assets.
- n) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances Rs.32.96 lacs (Rs.44.46 Lacs)
- o) Loans and advances in the nature of loans given to associates,
  - i. The Company has not given any loans to associates.
  - ii. None of the Loanees have made investment in shares of the Company.

The Company does not have any subsidiary.

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

Amount in Rs. Lacs

Particulars	Year ended March 31,	
	2010	2009
Creditors	2790.00	13140.72
Debtors	2628.81	2405.83
Other Receivables	0	811.36
<b>Total</b>	<b>5418.81</b>	<b>16357.91</b>

q) Additional information pursuant to the provisions of paragraphs 3, 4, 4B, 4C, 4D of part II of the Schedule VI of the Companies Act, 1956;

a) Auditors' Remuneration:

Amount in Rs. Lacs

Particulars	2009-2010	2008-2009
Statutory Audit Fees	5.06	5.06
Tax Audit Fees	0.56	0.56
<b>Total</b>	<b>5.62</b>	<b>5.62</b>

b) Licensed and installed capacities and Production:

Class of Products	Licensed Capacity	Installed Capacity	Production
Fabricated Structural Product of Iron/Steel.	N.A.	72,000 M.T. (98,000 M.T.)	34,247 M.T. (61,485 M.T.)
Fabricated Metal Product of manufacture (Excl. items reserved for SSI sector)	N.A.	6,000 M.T. (6,000 M.T.)	Nil (Nil)

Of the above Installed capacity the company had acquired capacity of 26,000 MT on lease basis in the previous financial year under a non-cancellable lease agreement. However the said lease agreement has expired in March'2009 and the same has not been subject to further renewal.

c) Trading Sales

During the year the company has sold raw materials amounting to Rs.1054.88 Lacs (Rs.615.55 Lacs). The weighted moving average cost of such materials have been recorded as Rs.1146.36 Lacs (Rs.609.57 Lacs). Since the company has not earmarked any material for trading activity and any such sales is only ancillary to the manufacturing activity, thus the stocks under Opening, Purchases and Closing Stock of raw materials could not be identified as trading in nature and hence the relevant disclosures have not been made.

d) Material Related Details

(i) Opening Stock, Turnover and Closing Stock:

Particulars	2009-2010		2008-2009	
	Qty.	Amount in Rs.Lacs	Qty.	Amount in Rs.Lacs
<u>Opening Stock</u>				
Fabricated Structural Product of Iron/Steel.	1733	1588.82	566	338.21
<u>Turnover</u>				
Fabricated Structural Product of Iron/Steel. (MT)	34247	32195.19	60,317	57,493.07
Trading in Raw Materials. (MT)	2003	1054.88	687	615.55
Electricity (KWh)	3174899	156.34	2914810	141.46
Scrap	Numerous	234.22	Numerous	486.29
<b>Total</b>		<b>33640.63</b>		<b>58736.37</b>
<u>Closing Stock</u>				
Fabricated Structural Product of Iron/Steel.	975.86	526.46	1733	1588.82

(ii) Raw Material Consumption:

Particulars (Units)	2009-2010		2008-2009	
	Qty.	Amount in Rs. Lacs	Qty.	Amount in Rs. Lacs
(i) Steel Plate (MT)	31394	13787.68	56,162	31,382.99
(ii) Flange (Nos.)	1862	3634.05	3,636	6,950.76
(iii) Internals	Numerous	2152.28	Numerous	3,958.14
(ii) Others	Numerous	1049.84	Numerous	1,855.42
<b>Total</b>		<b>20623.85</b>		<b>44,147.31</b>



**(iii) Imported and Indigenous Consumption:**

Particulars	2009-2010		2008-2009	
	Amount in Rs. Lacs	%	Amount in Rs. Lacs	%
<b>Raw Materials</b>				
(i) Imported	8,828.86	42.81	21,352.90	48.37
(ii) Indigenous	11,795.00	57.19	22,794.42	51.63
<b>Total</b>	<b>20623.85</b>	<b>100.00</b>	<b>44,147.31</b>	<b>100.00</b>
<b>Stores &amp; Spares &amp; Packing Materials</b>				
(i) Imported	193.06	13.32	213.81	7.73
(ii) Indigenous	1256.42	86.68	2551.72	92.27
<b>Total</b>	<b>1449.48</b>	<b>100.00</b>	<b>2765.53</b>	<b>100.00</b>
<b>Trading Goods</b>				
(i) Imported	1146.36	100	609.56	100
(ii) Indigenous	-	-	-	-
<b>Total</b>	<b>1146.36</b>	<b>100</b>	<b>609.56</b>	<b>100</b>

**(iv) Value of Imports on CIF basis:**

Amount in Rs. Lacs

Particulars	2009-2010	2008-2009
(i) Raw Materials	3177.64	20733.50
(ii) Stores & Spares	106.59	338.26
(iii) Capital Goods	Nil	561.40
<b>Total</b>	<b>3284.23</b>	<b>21633.16</b>

Note : Purchases on a high seas basis and purchases from suppliers located in Special Economic Zones in India have not been considered to be Imports for the purpose of above workings at points 2(q)(d) above.

**e) Expenditure in Foreign Currency:**

Amount in Rs. Lacs

Particulars	2009-2010	2008-2009
Foreign Travelling	22.91	23.22
Consultancy Expenses	Nil	Nil
Export Freight	2110.60	1999.79
<b>Total</b>	<b>2133.51</b>	<b>2023.01</b>

f) Earnings in foreign Currency: -

Amount in Rs. Lacs

Particulars	2009-2010	2008-2009
Export Value on FOB Basis	6030.22	10979.34
<b>Total</b>	<b>6030.22</b>	<b>10979.34</b>

r) **Related Party Disclosures:**

As per the Accounting Standard 18, issued by The Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

a) List of related parties and nature of relationship where control exists.

Name of the Party	Nature of relationship
Suzlon Energy Limited.	Holding Company.

b) Key Management Personnel (KMP):

1. Mr. Tulsi R. Tanti.
2. Mr. Vinod R Tanti
3. Mr. Kalpesh R Kalthia
4. Mr. Hitesh R. Kalthia.
5. Mr. Arun V Sathe.
6. Mr. Jitendra R. Tanti

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

i. Fellow Subsidiary

Suzlon Towers & Structures Ltd. Suzlon Wind Energy Corporation., Suzlon Wind Energy Portugal, LDA, Suzlon Wind Energy Espania., SE Forge Ltd, Suzlon Infrastructure & Services Ltd., Suzlon Wind Energy SRL – Italy.

ii. Entities where Key Management Personnel (KMP) / Relatives of Key Management Personnel (RKMP) has significant influence:

Suzlon Infrastructure Ltd (earlier Aspen Infrastructure Ltd.), S Kalthia Investment Pvt. Ltd. (Formerly, Suvidha Housing Finance Ltd.), Kalthia Engineering and Construction Limited, Kalthia Management Corporation (U.S.A), R.L. Kalthia Engineering & Automobiles, Kalthia Insurance Management, Kush Automobiles.

iii. Employee Funds

Suzlon Structures Ltd. – Employee Group Gratuity Scheme.

d) Disclosure of Transactions between the Company and Related Parties and the status of outstanding balances as at March 31, 2010.

Amount in Rs. Lacs

Transactions during the year	Holding Company	KMP	Fellow Subsidiary	Other Related Parties	Employee Funds
Sales ( Net of Sales Return)	- (880.00)	- (-)	32645.51 (57852.33)	- (-)	- (-)
Purchase	- (54.97)	- (-)	4703.18 (4690.20)	- (-)	- (-)
Interest paid	595.61 (1415.72)	- (-)	- (-)	- (-)	- (-)
Loans / Deposits received	236.00 (12885.00)	- (-)	- (-)	- (-)	- (-)
Loans / Deposits Paid	10714.00 (14371.00)	- (-)	- (-)	- (-)	- (-)
Remuneration	- (-)	58.70 (48.00)	- (-)	- (-)	- (-)
Other Expenses	21.80 (-)	- (-)	17.37 (539.59)	91.23 (41.50)	- (-)
Contribution to Employee Group Gratuity Fund	- (-)	- (-)	- (-)	- (-)	- (28.30)

Outstanding Balances as on 31 <sup>st</sup> March, 2010					
Sundry Creditors	117.17 (54.97)	0.60 (-)	3468.43 (1012.97)	19.78 (12.00)	- (-)
Sundry Debtors	- (-)	- (-)	7737.50 (12920.85)	- (-)	- (-)
Unsecured Loan	131.61 (10514.00)	- (-)	- (-)	- (-)	- (-)
Advance from Customers	- (-)	- (-)	- (-)	- (-)	- (-)
Corporate Guarantees	5400.00 (1243.87)	- (-)	- (-)	- (-)	- (-)
Advance against MD Remuneration	- (-)	- (10.95)	- (-)	- (-)	- (-)



## e) Disclosure of Material transactions with related parties:

Amount in Rs. Lacs

Type of transaction	Type of Relation	Name of the Entity / Person	2009- 2010	2008- 2009
Sales (Net Of Returns)	Fellow Subsidiary	Suzlon Wind Energy Corporation	8140.82	12979.13
	Fellow Subsidiary	Suzlon Towers & Structures Ltd.	24239.58	44670.26
Purchase of Goods & Services	Holding	Suzlon Energy Ltd.	62.31	54.97
	Fellow Subsidiary	Suzlon Towers & Structures Ltd.	330.34	3026.81
		Suzlon Infrastructure Services Ltd.	17.37	4.28
		SE Forge Ltd	2595.78	1659.11
		Suzlon Wind Energy Italy SRL-Italy	1777.07	-
Administrative Expenses	Entities where KMP/RKMP has significant influence	Kalthia Engg. & Construction Ltd.	83.58	27.97
	Entities where KMP/RKMP has significant influence	Kalthia Insurance Management	7.65	6.30
	Entities where KMP/RKMP has significant influence	R. L. Kalthia Engg. & Automobile.	-	13.53
Interest - Others	Holding	Suzlon Energy Ltd	595.61	1415.72
Unsecured Loans	Holding	Suzlon Energy Ltd	36.00	10514.00
Contribution to Employee Group Gratuity Fund	Employee Funds	Suzlon Structures Ltd. - Employee Group Gratuity Scheme	-	28.30

**s) Segment Information:**

The Company's operations predominantly relate to manufacturing of fabricated structural products of iron and steel (Tubular Towers for Wind Turbine Generators) for Sale in India & outside India. Accordingly Sale of these Towers in different countries comprises the primary basis of segmental information set out in these financial statements. Sales outside India comprises of sales made in United States of America (U.S.A.).

Secondary segmental reporting is performed on the basis of businesses comprising of sale of fabricated structural products of iron and steel & sale of electricity from company owned wind turbine generator.

These segments have been identified & reported taking into account the nature of products and differing risk and rewards from them. The accounting policies adopted for the segmental reporting are in line with the accounting policy of the company with following additional policies:-

- Revenue and expenses have been identified to a segment on the basis of relationship to the corresponding segment. Revenue and expenses, which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable.
- Segment assets and segment liabilities represents assets and liabilities in respective segments. Other assets and liabilities that can not be allocated to a segment on a reasonable basis have been disclosed as unallocable.

*Assets used in company's business or liabilities contracted have not been identified to any of the reportable primary segments as these have been used interchangeably between the segments. Accordingly, no disclosures relating to total segmental assets and liabilities have been made.*

**Primary Segment Information : ( Geographical Segments )      Amount (Rs. in Lacs)**

Particulars	2009-2010			2008-2009		
	India	Outside India	Total	India	Outside India	Total
<b>Segment Revenue</b>	25500	8141	33641	45,666	13,070	58,736
<b>Segment Result</b>	2925	1662	4587	528	4,322	4,850
Less:						
-Depreciation			879			1040
-Employee Cost			893			943
-Other Expenses (Net of Other Income)			368			110
-Finance charges (Net of Interest Income)			1880			2864
<b>Profit Before Taxation</b>	:		567			(107)
Provision for Tax	:		317			18
<b>Profit After Tax</b>			250			(89)

**Secondary Segment Information : ( Business Segments ) Amount (Rs. in Lacs)**

Particulars	2009-2010			2008-2009		
	Sale of Tubular Towers	Sale of Electricity	Total	Sale of Tubular Towers	Sale of Electricity	Total
Segment Revenue	33484	156	33641	58595	141	58736
Segment Assets	23087	485	23572	40501	573	41074
Capital Expenditure Incurred	16	-	16	1069	-	1069

- t) Figures have been rounded off to nearest rupee and previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Figures in the brackets are in respect of the previous year.

Signature to Schedule 'A' to 'N'

As per our attached Report of even date.

For and on behalf of the Board,

For SNK & Co.

Chartered Accountants

**Vinod R.Tanti**

**Director**

**Jasmin B. Shah**

**Partner**

**M.No. 46238**

**Place:**

**Date:**

**Kalpesh Kalthia**

**Managing Director**

**Place:**

**Date:**