

AUDITORS' REPORT

To,
The Members,
Suzlon Generators Limited.

- 1 We have audited the attached Balance Sheet of Suzlon Generators Limited as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, profit and loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of The Companies Act, 1956;
 - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 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 31st 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;
 - c. In the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

For SNK & CO,
Chartered Accountants,

Jasmin B. Shah
Partner
M.No. 46238

Place: Pune
Date: 05.05.2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of Auditors' Report to the members of Suzlon Generators Limited (The Company) for the year ended on 31st March 2010)

Re: Suzlon Generators Limited

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

(b) Fixed assets which have been capitalised during the year have been physically verified by the management during the year. All other fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.
- 2 (a) The Management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its business.

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

(c) The Company has maintained proper records of inventories and no material discrepancies noticed on physical verification of stocks, as compared to book records.
- 3 The Company has not granted or taken any loan, secured or unsecured, to or from companies, firms or any other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii) (a) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- 4 In our opinion and according to the information and explanations given to us, there is 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 and services. During the course of our audit, no major weaknesses has been noticed in the internal control system in respect of these areas.
- 5 (a) 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.

(b) 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 the relevant times.
- 6 The Company has not accepted any deposits from the public. Accordingly Clause 4(vi) of the Companies (Auditors Report) Order, 2003 (as Amended) is not applicable to the company.
- 7 In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of account maintained by The Company pursuant to the rules made by the Central Government for maintenance of the cost records under Section 209(1) (d) of The Companies Act, 1956 and are of the opinion that, prima-facie, the prescribed accounts and records have been maintained in respect of generation of electricity from wind power. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 9 (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess have generally been regularly deposited with the appropriate authorities.

- (b) According to the information and explanations given to us, no disputed amounts payable in respect of provident fund, Investor education and protection fund, Employees State Insurance, Income tax, Wealth tax, Sales tax, Service Tax, Custom duty, Excise duty and Cess and other undisputed statutory dues were outstanding at end of the year for a period of more than six months from the date they become payable.
- (c) 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.
- 10 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. Accordingly, Clause 4(x) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 11 Based on our audit procedures, and as per the information and explanation given by the management and relevant confirmation from the applicable banks and financial institutions, we are of opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- 12 According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted any loans and advances on the basis of security by the way of pledge of shares, debentures, and other securities. Accordingly, clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 13 In Our Opinion, the company is not chit fund or a nidhi / mutual benefit society / fund. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 14 In Our Opinion, the Company does not deal or trade in shares, securities, debentures or other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 15 According to information and explanations given to us, the company has given guarantees for loans taken by other company from bank or financial institutions, terms and conditions of which are not prejudicial to the interest of The Company.
- 16 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.
- 17 According to the information and explanations given to us, no funds raised on short term basis have been used for long term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 19 The Company did not have any outstanding debentures during the year. Accordingly, clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- 20 The Company has not raised any money by way of public issue during the year ended on 31st March, 2010.
- 21 Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SNK & CO.
Chartered Accountants,

Jasmin B. Shah
Partner
M. No. 46238

Place : Pune
Date : 05.05.2010

SUZLON GENERATORS LIMITED

Balance Sheet as at 31-March-10

All amounts in Indian Rupees unless otherwise stated

Particulars	Schedule	As at 31-March-10	As at 31-Mar-09
Sources of Funds			
1) Share Holders' Funds			
a) Share Capital	A	349,697,000	349,697,000
b) Reserves and Surplus	B	63,473,579	77,442,369
2) Loan Funds			
Secured Loan	C	414,394,533	393,705,814
3) Deffered Tax Liability		49,415,813	56,318,329
Total		876,980,925	877,163,512
Application of Funds			
1) Fixed Assets	D		
a) Gross Block		846,160,454	842,870,954
b) Less - Depreciation		194,947,798	148,966,745
c) Net Block		651,212,656	693,904,209
Capital work in progress		-	-
		651,212,656	693,904,209
2) Current Assets, Loans and Advances	E		
a) Inventories		158,315,158	153,403,545
b) Sundry Debtors		94,650,020	136,153,096
c) Cash and Bank Balance		38,585,636	101,134,877
d) Loans and Advances		290,852,211	246,984,230
		582,403,025	637,675,748
Less : Current Liabilities and Provisions	F		
a) Current Liabilities		351,002,531	448,625,834
b) Provisions		5,632,225	5,790,611
		356,634,756	454,416,445
Net Current Assets		225,768,269	183,259,303
Total		876,980,925	877,163,512
Notes to Accounts	M		
<p>As per our attached report of even date For SNK & Co. Chartered Accountants</p> <p align="right">For and on behalf of the Board</p> <p align="right">Vinod R. Tanti Director</p> <p>Jasmin B. Shah Partner M.No. : 46238 Place : Pune Date :</p> <p align="center">Ing-Franz Hrachowitz Director</p> <p align="right">Ranjitsinh A. Parmar Director Place : Pune Date :</p>			

SUZLON GENERATORS LIMITED

Schedules to the Balance Sheet, As at 31-March-10

Particulars	As at	
	March 31st 2010	March 31st 2009
Schedule - A : Share Capital		
Authorised		
36,000,000 Equity Shares of Rs. 10/- each	360,000,000	360,000,000
	360,000,000	360,000,000
Issued, Subscribed & Paid up Share Capital		
34,969,700 (34,969,700) Equity Shares of Rs 10/- each fully paid up, 26,226,800 (26,226,800) Equity Shares held by Suzlon Energy Ltd, Holding Company)	349,697,000	349,697,000
Total	349,697,000	349,697,000
Schedule - B : Reserves and Surplus		
Profit & Loss Account	63,473,579	77,442,369
Total	63,473,579	77,442,369
Schedule - C : Secured Loan		
a) Term Loan		
From Banks	181,274,735	261,737,820
(Secured by way of hypothecation of all Plant and Machinery and other Fixed Assets of the Company Unit at Chakan, Pune, second charge on all Current Assets of the Company and		
b) Working Capital Facilities From Banks	233,119,798	131,967,994
(Secured by hypothecation of all Current Aseets of the Company and second charge on Fixed Assets of the Company, Corporate Guarantee of Suzlon Energy Limited, Holding		
Total	414,394,533	393,705,814

SUZLON GENERATORS LIMITED
Schedules to the Balance Sheet, As at 31-March-10

Particulars	As at	
	March 31st 2010	March 31st 2009
Schedule - E : Current Assets, Loans and Advances		
Current Assets		
a) Inventories		
(As taken, valued and certified by the management)		
Raw Materials	92,305,476	103,962,227
Semi Finished Goods	38,050,582	16,644,848
Finished Goods	27,959,100	32,796,470
Sub-Total (A)	158,315,158	153,403,545
b) Sundry Debtors		
More than 6 Months - Considered good	37,379,289	-
Others - Considered Good	57,270,731	136,153,096
Sub-Total (B)	94,650,020	136,153,096
c) Cash and Bank Balances		
Cash in hand	14,196	14,658
Balances with Scheduled Banks		
- in Current Accounts	19,159,373	5,569,727
- in Term Deposits	19,412,067	95,550,492
Cheques in hand	-	-
Sub-Total (C)	38,585,636	101,134,877
d) Loans and Advances		
(Unsecured and considered good)		
Advance Income Tax (Net of Provision)	1,127,432	950,680
MAT Credit Entitlement	19,923,435	19,888,035
Deposits	1,674,890	3,048,940
Loans to Fellow Subsidiaries	70,000,000	-
Advances	12,048,311	4,655,475
(Recoverable in cash or in kind or for value to be received, considered good)		
Other Current Assets	186,078,142	218,441,100
Sub-Total (D)	290,852,211	246,984,230
Total (A+B+C+D)	582,403,025	637,675,748
Schedule - F : Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	335,927,774	381,015,292
Other Current Liabilities	6,425,891	58,946,947
Advances from Customers	8,648,866	8,663,595
Sub-Total (A)	351,002,531	448,625,834
Provisions		
Income Tax and Fringe Benefit Tax	-	-
Employees' Benefit Scheme	5,632,225	5,790,611
Dividend	-	-
Tax on Dividend	-	-
Sub-Total (B)	5,632,225	5,790,611
Total (A+B)	356,634,756	454,416,445

Suzlon Generators Limited		
Schedules to the Profit and Loss Account for the period ended March 31st, 2010		
Particulars	For the period Apr-09 to March-10	For the year ended 31-Mar-2009
Schedule - G : Sales		
Sale of Generators	599,933,150	2,068,851,679
Sale of Power	13,392,914	10,089,830
Sale of Scrap	28,796,355	71,818,078
Other Sales	100,882,483	39,212,377
Total	743,004,902	2,189,971,964
Schedule - H : Other Income		
Interest Received from Banks (TDS : Rs 12,28,891 (Rs 25,75,237/-))	3,512,682	8,414,581
Interest Received from Others	4,048,500	289,169
Miscellaneous Income	2,518,066	9,312,712
Total	10,079,248	18,016,462
Schedule - I : Cost of Goods Sold		
Consumption of Raw Materials :		
Opening Stock	103,962,227	229,984,410
Add : Purchases	563,598,639	1,438,321,903
	667,560,866	1,668,306,313
Less : Closing Stock	92,305,476	103,962,227
(A)	575,255,390	1,564,344,086
Stock in Trade (Opening Balance)		
Semi-Finished Goods	16,644,847	73,323,147
Finished Goods	32,796,470	284,536,681
(B)	49,441,317	357,859,827
Stock in Trade (Closing Balance)		
Semi-Finished Goods	38,050,582	16,644,847
Finished Goods	27,959,100	32,796,470
(C)	66,009,681	49,441,317
(Increase) / Janrease in Stock (D) = (B) - (C)	(16,568,364)	308,418,511
Total = (A) + (D)	558,687,025	1,872,762,597

Suzlon Generators Limited		
Schedules to the Profit and Loss Account for the period ended March 31st, 2010		
Particulars	For the period Apr-09 to March-10	For the year ended 31-Mar-2009
Schedule - J : Operating and other Expenses		
Stores and Spares	6,666,369	13,727,246
Power and Fuel	9,813,441	22,998,949
Factory Expenses	3,017,561	3,004,654
Warranty Cost	24,448,747	-
Repairs and Maintenance		
- Building	136,220	2,216,873
- Plant & Machinery	2,909,898	3,401,802
- Others	687,212	699,097
Rates and Taxes	597,522	1,583,240
Insurance	787,755	1,384,219
Testing Charges	1,035,100	534,762
Travelling, Conveyance and Vehicle Expenses	10,820,695	12,680,277
Communication Expenses	1,141,622	1,662,820
Auditor's Remuneration and Expenses	584,590	607,000
Legal Charges and Consultancy Expenses	4,683,549	3,198,620
Other Administrative Expenses	12,074,184	10,009,399
Foreign Exchange Difference	(71,125)	5,037,348
Loss on Sale of Asset	-	64,476
Total	79,333,340	82,810,784
Schedule - K : Employees' Remuneration and Benefits		
Salaries, Wages, Allowances and Bonus	37,151,183	52,562,759
Contribution to Provident and Other Funds	1,641,165	2,396,591
Staff Welfare Expenses	3,150,371	6,971,814
Total	41,942,719	61,931,164
Schedule - L : Financial Charges		
Interest		
- Fixed Loans	23,087,884	37,059,342
- Others	19,960,001	26,521,777
Bank Charges	5,135,066	6,913,856
Total	48,182,950	70,494,975

Suzlon Generators Limited

Schedules to Balance Sheet as at March 31st, 2010

Schedule - D : Fixed Assets

Assets	Gross Block				(Amount in Indian Rupees)			
	As at April 1, 2009	Additions during the year	Adjustments	As at 31 March-10	As at April 1, 2009	Depreciation for the year	Deduction during the year	As at 31 March-10
Freehold Land	23,656,627	-	-	23,656,627	23,656,627	-	-	23,656,627
Leasehold Land	2,271,050	-	-	2,271,050	2,271,050	-	-	2,271,050
Building	227,614,691	-	-	227,614,691	227,614,691	-	-	227,614,691
Furniture & Fixtures	4,871,065	93,000	-	4,964,065	4,964,065	-	-	4,964,065
Plant and Machineries	573,844,794	3,263,640	133,740	577,242,174	577,242,174	-	-	577,242,174
Office Equipments	4,579,210	40,482	-	4,619,692	4,619,692	-	-	4,619,692
Computers	5,764,594	26,119	-	5,790,713	5,790,713	-	-	5,790,713
Vehicles	268,923	-	-	268,923	268,923	-	-	268,923
Total	842,870,954	3,423,241	133,740	846,427,935	846,427,935	46,031,758	50,705	795,741,982
Capital Work -in Progress	-	-	-	-	-	-	-	-
Grand Total	842,870,954	3,423,241	133,740	846,427,935	846,427,935	46,031,758	50,705	795,741,982
Previous Year	542,414,018	285,778,473	-	828,192,491	43,844,059	41,475,510	-	869,612,060

SUZLON GENERATORS LIMITED
Cash Flow Statement upto the month of March-10

(Amount in Indian Rupees)

Particulars	2009-10	2008-09
A Cash Flow From Operating Activities		
Profit Before Taxes	(21,093,642)	56,203,552
Adjustments for :		
Depreciation	45,981,053	63,647,175
Interest Income	(3,512,682)	(8,414,581)
Interest Expense	43,047,885	63,581,119
Preliminary Expenses Incurred	-	-
Transitional Effects of Employees' Benefit Scheme	-	-
Preliminary Expenditure Written Off	-	-
Operating Profit before Working Capital Changes	64,422,613	175,017,266
<i>Movement in Working Capital</i>		
Decrease (Increase) in Sundry Debtors	41,503,076	(125,976,114)
Decrease (Increase) in Loans and Advances	(43,465,654)	(77,224,405)
Decrease (Increase) in Inventories	(4,911,612)	434,440,696
Increase (Decrease) in Current Liabilities and Provisions	(97,781,689)	(295,288,981)
Cash flow from Operations	(40,233,266)	110,968,461
Direct Taxes Paid	10,184	(5,866,354)
Net Cash Flow from Operating Activities	(40,223,082)	105,102,107
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,289,500)	(12,913,016)
Interest Received	3,322,507	8,687,031
Net Cash flow used in Investing Activities	33,007	(4,225,985)
C Cash Flow from Financing Activities		
Proceeds from Issuance of Share Capital	-	-
Proceeds from borrowings	145,688,719	115,971,210
Repayment of borrowings	(125,000,000)	(125,000,000)
Dividend Paid	-	(23,533,013)
Interest Paid	(43,047,885)	(63,581,119)
Net Cash flow from Financing Activities	(22,359,166)	(96,142,922)
D Net increase in Cash and Cash Equivalent	(62,549,241)	4,733,200
Cash and Cash Equivalents at the Beginning of the period	101,134,877	96,401,679
Cash and Cash Equivalents at the end of the year period	38,585,636	101,134,877
Components of Cash and Cash Equivalents as at 31 Mar		
Cash in Hand	14,196	14,658
With Scheduled Bank		
On Current Account	19,159,373	5,569,727
On Deposit Account	19,412,067	95,550,492
Cheques in Hand	-	-

- Notes 1. Purchase of fixed assets include payments for items in capital work in progress and advances for purchase of fixed assets.
2. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's presentation.
3. Figures in brackets represent outflows

As per our attached report of even date

For and on behalf of the Board

For SNK & CO.
Chartered Accountants

Jasmin B. Shah
Partner
M.No. 46238

Ing-Franz Hrachowitz
Director

Vinod R. Tanti
Director

Place : Pune
Date :

Place : Pune
Date :

SUZLON GENERATORS LIMITED

SCHEDULE M: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(All amounts in Rupees Lacs unless otherwise stated)

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 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the company; and the Accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

b) Use of Estimates

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

c) Revenue Recognition

Sale of goods

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

Sale of Power

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.

Interest

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

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. 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 the assets belonging to each cash-generating unit ('CGU') are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying amounts exceed the recoverable amount of the assets' CGU, assets are written down to their recoverable amount. Further, assets held for disposal are stated at the lower of the net book value or the estimated net realisable value.

e) Depreciation

Depreciation on fixed assets is provided on straight line method ('SLM') at the rates prescribed in Schedule XIV of the companies Act, 1956. The Leasehold Land is amortised on the basis of period of 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, semi-finished goods and finished goods are valued at the lower of the cost and estimated net realisable value. Cost is determined on weighted moving average basis.

The cost of semi-finished goods and finished goods includes the cost of material, labour and manufacturing overheads, based on normal operating capacity.

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.

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

Exchange differences arising as a result of the above are recognised as income or expense in the Profit and Loss Account, including the amount of liabilities incurred for acquiring imported fixed assets, where the differences are also charged to Profit and Loss account in compliance with the Accounting Standard as issued by Institute of Chartered Accountants of India.

h) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production 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 profit and loss account.

(i) Retirement and other employee benefits

Defined Contributions to provident fund and family pension fund are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective statutory authorities.

Retirement benefits in the form of gratuity are determined under Group Gratuity Scheme with Life Insurance Corporation of India (LIC) and the provision required is determined as per actuarial valuation carried out by LIC, as at the balance sheet date.

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

Short term compensated absences is provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are 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, deferred tax and Fringe Benefit Tax.

Current tax is measured at the amount expected to be paid to the tax authorities, after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences 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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If there is unabsorbed depreciation or carry forward of losses under Income tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

l) Earnings / (loss) Per Share

Basic and diluted earnings / (loss) 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. Accumulated Deferred Tax Asset / (Liability), net is given below:

Particulars	As at March 31, 2009	During the year 2009-10	As at March 31, 2010
A. Deferred Tax Liability:			
Depreciation on Fixed Assets	620.34	62.57	682.91
TOTAL (A)	620.34	62.57	682.91
B. Deferred Tax Asset:			
Unabsorbed Depreciation	47.95	135.17	183.12
Others	9.21	(3.58)	5.63
TOTAL (B)	57.16	131.59	188.75
Deferred Tax Liability (Net) (A – B)	563.18	(69.02)	494.16

Note: The Company has entered into long term contract with its holding company Suzlon Energy Limited to sell its product. Looking to committed flow of income and corresponding cost advantage, the company is confident in generating sufficient tax profit to be adjusted against Unabsorbed Depreciation.

3. 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.

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

Particulars	2009-10	2008-09
Opening defined benefit obligation	16.56	10.66
Interest cost / return	1.31	0.88
Current service cost	6.40	5.93
Benefits paid	-	(0.08)
Actuarial (gains) / losses on obligation	(4.10)	(0.83)
Closed defined benefit obligation	20.18	16.56

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

Particulars	2009-10	2008-09
Opening fair value of plan assets	15.18	10.45
Expected return	1.33	1.05
Contributions by employer*	1.05	3.77

Benefits paid	-	(0.08)
Actuarial gains / (losses)	0.08	(0.01)
Closing fair value of plan assets	17.64	15.18

* The contribution made by employer during the year was Rs. 1.48 lacs of which Rs. 1.05 lacs was paid towards approved fund & Rs.0.43 lacs was towards OYRGTA premium.

Details of defined benefit obligation

Particulars	2009-10	2008-09
Defined benefit obligation (A)	20.18	16.57
Fair value of plan assets (B)	17.64	15.18
Present value of unfunded obligations (C=A-B)	2.54	1.39
Less: Unrecognised past service cost (D)	NIL	NIL
Plan Liability / (Asset) (E=C-D)	2.54	1.39

Net employees benefit expenses recognised in the Profit and Loss Account

Particulars	2009-10	2008-09
Current Service Cost	6.40	5.93
Interest cost on benefit obligation	1.31	0.88
Expected return on plan assets	(1.33)	(1.05)
Net actuarial (gain) / loss recognised in the year	4.17	(0.82)
Past service cost	Nil	NIL
Net Benefit expense	2.20	4.95

Amounts for the current and previous periods are as follows:

Particulars	2009-10	2008-09
Defined benefit obligation	20.18	16.57
Plan assets	17.64	15.18
Surplus / (deficit)	(2.54)	(1.39)
Experience adjustments on plan liabilities	3.31	2.98
Experience adjustments on plan assets	0.08	(0.01)

The principal assumptions used in determining defined benefit 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 younger ages & reducing to 1 % at older age according to graduated scale	10% at younger ages & reducing to 1 % at older age according to graduated scale

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

4. Earnings / (loss) per Share (EPS)

(Rs. In Lacs except per share data)

Particulars	As at March 31,	
	2010	2009
Basic and Diluted Earnings per Share		
Numerator for Basic and Diluted EPS		
- Net Profit after Tax	(139.69)	363.00
Denominator for Basic and Diluted EPS		
- Weighted average number of equity shares	3,49,69,700	3,49,69,700
Basic and Diluted Earning per share of face value of Rs. 10/- each	(0.40)	1.04

5. Other Notes

- a) Term Loan and working capital facilities from banks amounting to **Rs. 2500** (Rs. 2500) are secured by Corporate Guarantee of Suzlon Energy Limited, Holding Company.
- b) Scheme for Debt consolidation and refinancing

Suzlon Energy Limited ('SEL') along with some of its Indian subsidiaries and the Company, collectively referred as "Suzlon Entities", 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. 7.60 Lacs, as consultancy and processing charges in regard to the Arrangement, the cost of which will be amortised over the tenure of respective facilities.

- c) Sales do not include excise duty as the products manufactured by the Company are exempted from excise duty.

d) The company has accounted for Minimum Alternate Tax credit of Rs. 0.35 (Rs 63.26) in accordance with the 'Guidance note on credit available in respect of Minimum Alternate Tax under the Income Tax Act 1961' issued by Institute of Chartered Accountants of India.

e) Managerial remuneration to the directors is **Rs. NIL** (Rs. NIL).

6. Contingent Liability

a. Claims against the company not acknowledged as debts at the year end amounts to **Rs. NIL** (Rs. 90)

b. The Company is a co- guarantor towards certain loans granted to holding company and other fellow subsidiaries.

c. Capital commitments

Particulars	As at March 31,	
	2010	2009
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	NIL	NIL

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

Particulars	2009-10	2008-09
Creditors	214.24	717.36
Debtors	NIL	5.09

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

(a) Auditors' Remuneration and Expenses:

Particulars	2009-10	2008-09
Statutory Audit Fees	5.52	5.52
Tax Audit Fees	0.55	0.55
TOTAL	6.07	6.07

(b) Licensed and installed capacities and Production:

Class of Products	Licensed Capacity	Installed Capacity	Production
Electric Generator for Windmills	NA	2000 MW (2000 MW)	454.85 MW (1726.20MW)

(c) Details of Opening Stock, Turnover and Closing Stock of Electric Generator for Windmills:

Particulars	2009-10		2008-09	
	Qty. (MW)	Amount	Qty. (MW)	Amount
Opening Stock	31.80	327.96	302.40	2845.37
Turnover	459.05	5999.33	1996.80	20688.52
Closing Stock	27.6	279.59	31.80	327.96

(d) Raw Material Consumption: -

Particulars (Units)	Year ended March 31,			
	2010		2009	
	Qty.	Amount	Qty.	Amount
Steel Laminations (Kgs)	2,268,099	1368.26	38,99,952	2601.23
Copper Strips and Bars (Kgs)	209009	913.25	731,128	3381.56
Others (See Note Below)	Various	3471.04	Various	9660.65
TOTAL		5752.55		15,643.44

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

(e) Imported and Indigenous Consumption:

(i) Raw materials:

Particulars	Year ended March 31,			
	2010		2009	
	Amount	%	Amount	%
Imported	562.20	9.77	2580.18	16.50
Indigenous	5190.35	90.23	13063.26	83.50
TOTAL	5752.55	100 %	15,643.44	100%

(ii) Stores and Spares:

Particulars	Year ended March 31,			
	2010		2009	
	Amount	%	Amount	%
Imported	NIL	NIL	2.24	1.64
Indigenous	66.66	100	135.03	98.36
TOTAL	66.66	100%	137.27	100.00

(f) Value of Imports on CIF basis:

Particulars	Year ended March 31,	
	2010	2009
Raw Materials	356.92	2493.70
Capital Goods	NIL	10.72
TOTAL	356.92	2504.42

(g) Expenditure in Foreign Currency :-

Particulars	Year ended March 31,	
	2010	2009
Consultancy	6.53	0.00
Travelling	12.96	10.05
Others	11.15	NIL
TOTAL	30.64	10.05

(h) Earning in Foreign Currency: Rs. 0.94 (Rs. 83.23).

(i) Dividend remitted in Foreign Currency during the year

No dividend has been remitted in foreign currency during the current year (Rs.50.29).

(j) Disclosure u/s 22 of Micro, Small and Medium Enterprises Development Act, 2006:

Sr. No	Particulars	Year ended March 31,	
		2010	2009
(i)	Principal amount remaining unpaid to any suppliers at the end of the year	135.06	94.82
	Interest due on the above amount	NIL	NIL
(ii)	Amount of interest paid in terms of u/s 16 of the Micro, Small and Medium Enterprises Act, 2006	NIL	NIL
	Amounts of payment made to the suppliers beyond the appointed day during the year	NIL	NIL
(iii)	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this act.	NIL	NIL
(iv)	Amount of interest accrued and remaining unpaid at the end of the year.	NIL	NIL
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL

9 Related Party Disclosures:

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

(A) List of the related parties and nature of relationship where common control exists

Sr.No.	Name of the Party	Nature of Relationship
1.	Suzlon Energy Limited	Holding Company
2.	Suzlon Energy Tianjin Limited	Fellow Subsidiary
3.	Suzlon Wind International Limited	Fellow Subsidiary
4.	SE Electricals Limited	Fellow Subsidiary
5.	Suzlon Infrastructure Services Limited	Fellow Subsidiary
6.	Suzlon Wind Energy Corporation, USA	Fellow Subsidiary
7.	Suzlon Gujarat Windpark Limited	Fellow Subsidiary

(B) Other Related Parties

a) Joint Venture:

Elin EBG Motoren GmbH, Austria

b) Associates: Synefra Engineering and Construction Limited

(Formerly known as – Suzlon Infrastructure Limited)

c) Key Management Personnel (KMP):

Mr. Vinod R Tanti

Mr. Ranjitsinh A. Parmar

Mr. Ing-Franz Hrachowitz

d) Relatives of Key Management Personnel (RKMP):

Mrs. Rambhaben Ukabhai

Mrs. Sangeeta V. Tanti

e) Employee Funds

Suzlon Generators Private Limited – Superannuation Fund

Suzlon Generators Private Limited- Employee Group Gratuity Scheme

(C) Transactions between the Company and Related Parties and the Status of Outstanding Balances as at March 31, 2010:

Particulars	Holding and fellow Subsidiary	Associate/ Joint Ventures	KMP/ RKMP	Employee Funds
Transactions				
Sale of Goods	6852.47 (21078.76)	- (-)	- (-)	- (-)
Sale of Assets	0.83 (0.80)	- (-)	- (-)	- (-)
Job work Sales	26.99 (15.04)	- (-)	- (-)	- (-)
Purchase of Goods and Services	44.55 (7.73)	- (5.74)	- (-)	- (-)
Loans given	2300.00 (-)	- (-)	- (-)	- (-)
Interest received/ Receivable	38.32 (-)	- (-)	- (-)	- (-)
Dividend Paid	- (150.80)	- (50.29)	- (-)	- (-)
Reimbursement of Freight Charges	1.75 (105.688)	- (-)	- (-)	- (-)

Contribution to SGPL Employees Group Gratuity Scheme	- (-)	- (-)	- (-)	1.05 (3.77)
Contribution to SGPL Employees Group Super Annuation Scheme	- (-)	- (-)	- (-)	- (4.59)
<u>Outstanding Balances</u>				
Advance from Customers	66.65 (83.90)	- (-)	- (-)	- (-)
Sundry Debtors	932.19 (1350.15)	- (-)	- (-)	- (-)
Sundry Creditors	44.64 (9.30)	- (-)	- (-)	- (-)
Corporate Guarantees	2500.00 (2500.00)	- (-)	- (-)	- (-)
Loans given	700.00 (-)	- (-)	- (-)	- (-)
Interest Receivable	2.92 (-)	- (-)	- (-)	- (-)

(D) Disclosure of Significant Transactions with Related Parties

Type of the Transaction	Type of relationship	Name of the entity/person	2009-10	2008-09
Sale of Goods	Holding Company	Suzlon Energy Limited	5589.75	18077.99
	Fellow Subsidiary	Suzlon Wind International Limited.	198.19	2631.49
	Fellow Subsidiary	Suzlon Wind Energy Corporation	-	8.99
	Fellow Subsidiary	Suzlon Infrastructure Services Limited	109.11	32.92
	Fellow Subsidiary	SE Electricals Limited	954.47	327.37
Job Work Sales	Holding Company	Suzlon Energy Limited	6.73	12.00
	Fellow Subsidiary	SE Electricals Limited	2.91	3.04
		Suzlon Infrastructure Services Limited	17.34	-
Sale of Assets	Fellow Subsidiary	SE Electricals Limited	0.83	0.80
Purchase of Goods and Services	Joint Venture	Elin EBG Motoren GMBH	-	5.74
	Fellow Subsidiary	SE Electricals Limited	29.87	4.10
	Fellow Subsidiary	Suzlon Infrastructure Services Limited	14.68	3.63
Loans given	Fellow Subsidiary	Suzlon Wind International Limited.	1600.00	-

	Fellow Subsidiary	Suzlon Gujarat Windpark Ltd.	700.00	-
Dividend Paid	Holding Company	Suzlon Energy Limited	-	150.80
	Joint Venture	Elin EBG Motoren GMBH	-	50.29
Interest Income	Fellow Subsidiary	Suzlon Wind International Limited.	35.08	-
	Fellow Subsidiary	Suzlon Gujarat Windpark Ltd.	3.24	-
Reimbursement of Freight Charges	Holding Company	Suzlon Energy Limited	-	85.05
	Fellow Subsidiary	Suzlon Wind International Limited	1.75	20.63
Contribution to SGPL Employees Group Gratuity Scheme	Employee Fund	SGPL Employees Group Gratuity Scheme	1.05	3.77
Contribution to SGPL Employees Group Superannuation Scheme	Employee Fund	SGPL Superannuation Fund	-	4.59

10. Segment Reporting:

Since the company primarily operates in one segment- Manufacturing of Electric Generator for Windmills. Segment Reporting as required under Accounting Standard 17 issued by the Chartered Accountants of India is not applicable. There is no reportable Geographical Segment Either.

11. Dues with the companies under the same management, as per the provisions of section 370 (1B) of the Companies Act, 1956:

Name	Amount Outstanding as at March 31, 2010
Suzlon Gujarat Windpark Ltd.	700.00
Suzlon Infrastructure Services Ltd.	119.59
SE Electricals Ltd.	612.66
Suzlon Wind International Ltd.	199.95

1) None of the loanees have made investments in shares of the company.

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

Signature to Schedules 'A' to 'M'

As per our attached Report of
even date

For and on behalf of the
Board

Vinod R. Tanti
Director

For SNK & Co.
Chartered Accountants
FRN.: 109176W

Ing-Franz..Hrachowitz
Director

Jasmin B. Shah
Partner
M. No. : 46238

Ranjitsinh A. Parmar
Director

Place : Pune
Date :

Place : Pune
Date :