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SUZLON ENERGY LIMITED

(Incorporated with limited liability under the laws of the Republic of India)

Information Memorandum

This Information Memorandum has been prepared by Suzlon Energy Limited ("**Suzlon**" or the "**Company**") in relation to the proposed issuance of up to U.S.\$577.70 million Step-up Convertible Bonds due 2019 (the "**Bonds**") by the Company pursuant to a restructuring proposal as set out in the Consent Solicitation Memorandum dated 17 June 2014 (the "**Consent Solicitation Memorandum**"). For further details regarding the restructuring and the proposed extraordinary resolutions to be voted on at meetings of the holders of the Existing Bonds (as defined herein), see the Consent Solicitation Memorandum.

The Bonds will bear interest (i) at the rate of 3.25 per cent. per annum from on or about 10 July 2014, subject to a long stop date of 15 August 2014 (the "**Closing Date**") up to 18 months from the Closing Date and (ii) at the rate of 5.75 per cent. per annum from 18 months from the Closing Date to 11 July 2019, or such later date which is five years and one day following the Closing Date (the "**Maturity Date**"), payable semi-annually in arrear on the interest payment dates. The Bonds are convertible at the option of the holders of the Bonds (the "**Bondholders**") at any time on and after the 41st day after the Closing Date up to the close of business on seven days prior to the Maturity Date into fully paid equity shares with full voting rights with a par value of ₹2 each of the Company (the "**Shares**") at an initial conversion price of ₹15.46 per Share with a fixed rate of exchange on conversion of ₹60.225 to U.S.\$1.00 (the "**Fixed Exchange Rate**"). The conversion price is subject to adjustment in certain circumstances. The Bonds are also, in certain circumstances, mandatorily convertible, at the option of the Company. For the full terms and conditions of the Bonds (the "**Terms and Conditions**") see the section titled "Terms and Conditions of the Bonds" of this Information Memorandum. The closing price of the Shares on the National Stock Exchange of India Limited (the "**NSE**") on 16 June 2014 was ₹31.05 per Share and the closing price of the Shares on the BSE Limited (the "**BSE**", and together with the NSE, the "**Indian Stock Exchanges**") on 16 June 2014 was ₹31.05 per Share.

Each Bond with a face value of U.S.\$1,000 will represent an outstanding principal amount of U.S.\$1,000 on the Closing Date.

BONDHOLDERS SHOULD REFER TO THE CONSENT SOLICITATION MEMORANDUM FOR FULL DETAILS IN RELATION TO THE RESTRUCTURING PROPOSAL.

Application shall be made for the listing of and quotation for the Bonds on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds is not to be taken as an indication of the merits of the Company, its subsidiaries, its associated companies, the Bonds or the Shares. Application has been made for listing of the Shares issuable upon conversion of the Bonds to each of the NSE and the BSE. The issue of Bonds was authorised by a resolution of the Board of Directors passed on 3 May 2014 and by a resolution of the Shareholders passed on 20 September 2013. The floor price for the conversion of the Bonds is ₹14.05.

FOR A DISCUSSION OF CERTAIN RISK FACTORS RELATING TO THE BONDS, SEE "RISK FACTORS".

The Bonds will be initially represented by a restricted global certificate in registered form (the "**Restricted Global Certificate**") and an unrestricted global certificate in registered form (the "**Unrestricted Global Certificate**"), and together with the Restricted Global Certificate, the "**Global Certificates**", deposited with, and registered in the name of a nominee of the common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") (together, the "**Clearing Systems**") on or about the Closing Date for the accounts of their respective accountholders.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds and the Shares to be issued upon conversion of the Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") or pursuant to another exemption from registration. For a description of certain restrictions on offers, sales and transfers of the Bonds and the Shares to be issued upon conversion of the Bonds, see "Distribution Restrictions" of this Information Memorandum. The Bonds may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

A copy of this Information Memorandum will be delivered to the Indian Stock Exchanges, the Reserve Bank of India (the "**RBI**"), the Securities and Exchange Board of India (the "**SEBI**") and the Registrar of Companies of Gujarat, India for their information.

This Information Memorandum is an advertisement and is not a prospectus for the purposes of the EU Directive 2003/71/EC.

The date of this Information Memorandum is 17 June 2014.

The Company has prepared, and accepts full responsibility for the information contained in, this Information Memorandum and, having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to the Company, its subsidiaries, associates and joint ventures (the “**Group**”), the Bonds and the Shares which is material in the context of the consent solicitation in relation to the U.S.\$200,000,000 zero coupon convertible bonds due October 2012 (the “**Zero Coupon October 2012 Bonds**”), the U.S.\$20,796,000 7.5 per cent. convertible bonds due October 2012 (the “**Interest Bearing October 2012 Bonds**” and together with the Zero Coupon October 2012 Bonds, the “**2012 Bonds**”), the U.S.\$90,000,000 zero coupon convertible bonds due July 2014 (the “**2014 Bonds**”) and the U.S.\$175,000,000 5 per cent. convertible bonds due April 2016 (the “**2016 Bonds**”, and together with the 2012 Bonds and the 2014 Bonds, the “**Existing Bonds**”) as described in the notices of meetings relating to the Existing Bonds and a consent solicitation memorandum dated on or about the date of this Information Memorandum (the “**Consent Solicitation Memorandum**”) (the “**Consent Solicitation**”).

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Company, Macquarie Capital (India) Private Limited (the “**Consent Solicitation Agent**”), The Bank of New York Mellon, London Branch (the “**Trustee**”) or the Agents (as defined in the Terms and Conditions) to subscribe for or purchase, any of the Bonds, and may not be used for the purpose of an offer to, or a solicitation by, any person in any jurisdiction in which such offer or invitation would be unlawful. The distribution of this Information Memorandum and the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Company and the Consent Solicitation Agent to inform themselves about and to observe any such restrictions.

None of the Consent Solicitation Agent, the Trustee or any of the Agents has separately verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Consent Solicitation Agent, the Trustee or the Agents as to the accuracy or completeness of the information contained in this Information Memorandum or any other information supplied in connection with the Bonds or the Shares. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Consent Solicitation Agent, the Trustee or the Agents or on any person affiliated with the Consent Solicitation Agent, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision and each such person must rely on its own examination of the Company and the merits and risks involved in investing in the Bonds.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company, the Consent Solicitation Agent, the Trustee or the Agents. The delivery of this Information Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

Market data and certain industry forecasts used throughout this Information Memorandum have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Consent Solicitation Agent, the Trustee or the Agents makes any representation as to the accuracy of that information.

The Ministry of Finance of India has issued certain amendments that provide that “Overseas Corporate Bodies”, as defined under applicable regulations in India, are not eligible to invest in India, and entities prohibited from buying, selling or dealing in securities by SEBI, shall not be eligible to participate in solicitation for foreign currency convertible bonds. Each acquirer of the Bonds is

deemed to have acknowledged, represented and agreed that it is eligible to invest in India under applicable law, including under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, and has not been prohibited by SEBI from buying, selling or dealing in securities.

Certain statements in this Information Memorandum constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s and the Group’s present and future business strategies and the environment in which the Company and the Group will operate in the future. Important factors that could cause the Company’s and the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, *inter alia*, the condition of, and changes in, India’s political and economic status. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and “Business” of this Information Memorandum. These forward-looking statements speak only as at the date of this Information Memorandum. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

CONVENTIONS

In this Information Memorandum, unless otherwise specified or the context otherwise requires, all references to “Bondholders” and “holders” are to holders of the Bonds from time to time; all references to “India” are to the Republic of India and its territories and possessions; all references to the “U.S.” and “United States” are references to the United States of America and its territories and possessions; all references to the “United Kingdom” are to the United Kingdom of Great Britain and Northern Ireland and its territories and possessions; all references to the “Indian Government” are to the Government of India. The words “Lakh” or “Lac” mean “100 thousand”, the word “million” means “10 lakhs”, the word “crore” means “10 million” or “100 lakhs” and the word “billion” means “1,000 million” or “100 crores”.

References in this Information Memorandum to a particular “Fiscal Year” are to the financial year ended on 31 March. The Company prepares its financial statements in accordance with generally accepted accounting principles in India (“**Indian GAAP**”). The Company’s financial statements included in this Information Memorandum have all been prepared in accordance with Indian GAAP and include its audited consolidated financial statements as at and for the Fiscal Years ended 31 March 2013 and 2014, together with the audit reports in relation to such audited consolidated financial statements.

The Company publishes its financial statements in Indian Rupees. All references herein to “Indian Rupees” and “₹” are to Indian Rupees, all references herein to “U.S. dollars” and “U.S.\$” are to United States dollars and all references to “€” or “Eur” are to Euros. No representation is made that the Indian Rupee, Euro or United States dollar amounts referred to herein could have been or could be converted into United States dollars, Euros or Indian Rupees, as the case may be, at any particular rate or at all.

Certain monetary amounts in this Information Memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Enforceability of Civil Liabilities

The Company is a limited liability public company incorporated under the laws of India. A substantial majority of the Company’s directors and executive officers are residents of India and all, or a substantial portion of, the assets of the Company and such persons are located in India. As a result, it may not be possible for Bondholders to effect service of process upon the Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India.

Recognition and enforcement in India of foreign judgments is provided for under Section 13 and Section 44A of the Indian Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India, which the Indian Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Indian Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

DEFINITIONS

In this Information Memorandum, unless the context otherwise requires, the following terms shall have the meanings set out below:

2012 Bonds	The Zero Coupon October 2012 Bonds and the Interest Bearing October 2012 Bonds
2014 Bonds	The U.S.\$90,000,000 zero coupon convertible bonds due July 2014
2016 Bonds	The U.S.\$175,000,000 5 per cent. convertible bonds due April 2016
AERH	AE-Rotor Holding B.V.
ADRs	American Depositary Receipts
Affiliated Companies	Aspen, SRL, Samiran Realities Limited and Shubh Realty Private Limited
Articles/Articles of Association .	The Articles of Association of the Company
Aspen	Aspen Infrastructure Limited (formerly known as Synefra Engineering & Constructions Limited and Suzlon Infrastructure Limited)
Board of Directors/Board	The board of directors of the Company or a committee constituted thereof
BOLT	BSE On-line Trading
Bonds	Up to U.S.\$577.70 million Step-up Convertible Bonds due 2019
Borrowers	The Company, Suzlon Stuctures Limited, Suzlon Power Infrastructure Limited, Suzlon Generators Limited, Suzlon Gujarat Wind Park Limited, SE Electricals Limited, Suzlon Wind International Limited and SE Blades Limited
BSE	BSE Limited
CDR	Corporate Debt Restructuring
CDR Mechanism	The CDR mechanism in India
CDR EG	A group comprising senior representatives of certain Indian financial institutions and the creditors that vote on the merits of any restructuring proposal put forward by an Indian company under the CDR Mechanism
China	The People's Republic of China
Civil Procedure Code	Indian Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 1956 and/or the Companies Act, 2013, as applicable

Companies Act, 1956	The Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, as amended, to the extent in force pursuant to the notification of the Notified Sections
Consolidated FDI Policy	Circular 1 of 2014 dated 17 April 2014, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective from 17 April 2014
C-WET	The Centre for Wind Energy Technology
Depositories Act	The Depositories Act, 1996, as amended
Depository	A body corporate registered under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Director(s)	Director(s) of the Company, unless otherwise specified
DIPP	Department of Industrial Policy and Promotion
DNV	Det Norske Veritas
Elin	Elin EBG Motoren GmbH, Austria
EPC	Engineering, Procurement and Construction
ESOP-2006	Employee Stock Option Plan 2006
ESOP-2007	Employee Stock Option Plan 2007
ESOP Perpetual-I	The ESOP Perpetual-I Scheme instituted by the Company for all eligible employees pursuant to a special resolution adopted by the Shareholders on 13 August 2009
ESPS-2014	Employee Stock Purchase Scheme 2014
Existing Bonds	The 2012 Bonds, the 2014 Bonds and the 2016 Bonds taken together
FCCB	Foreign Currency Convertible Bond
FCCB Scheme	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder
FEM Transfer Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended

FII	Foreign Institutional Investor as defined under the SEBI FPI Regulations
Finance Act	The Finance Act, as amended
Fiscal Year	Period of 12 months ended 31 March of that particular year, unless otherwise stated
FPIs	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
GDRs	Global Depositary Receipts
GL	Germanischer Lloyd
Group	The Company, its subsidiaries, associates and joint ventures
GW	Giga Watts
GWEC	Global Wind Energy Council
Hansen	Hansen Transmissions International N.V. and its subsidiaries
HUF	Hindu Undivided Family
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
Income Tax Act	The Income Tax Act, 1961, as amended
Interest Bearing October 2012 Bonds	The U.S.\$20,796,000 7.5 per cent. convertible bonds due October 2012
Joint Auditors	The joint statutory auditors of the Company, being SNK & Co., Chartered Accountants (Firm Registration No. 109176W) and S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E)
karta	The head of a HUF
kWh	Kilo watt hours
Listing Agreements	The agreements executed by the Company with the NSE and the BSE upon the listing of the Shares
Master Circular	Master Circular on External Commercial Borrowings and Trade Credits dated 1 July 2013, issued by the RBI
Memorandum/Memorandum of Association	The Memorandum of Association of the Company
MNRE	The Ministry for New and Renewable Energy, Government of India

MRA	Master restructuring agreement dated 28 March 2013 between the Borrowers, the Company (as the Borrowers' agent), the CDR lenders and the State Bank of India (as the monitoring institution)
MoF	The Ministry of Finance, Government of India
MW	Mega Watts
NEAT	National Exchange for Automated Trading
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Indian Government
NRI/Non Residents	A person resident outside India, as defined under the FEMA and who is a citizen of India or a person of Indian origin, such terms as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSE	The National Stock Exchange of India Limited
O&M	Operations and Maintenance
OMS	Operations Maintenance and Service
Promoter Group	The Promoters and Promoter Group Entities
Promoter Group Entities	Vinod R. Tanti, Jitendra R. Tanti, Sangita V. Tanti, Lina J. Tanti, Girish R. Tanti, Rambhaben Ukabhai, Vinod R. Tanti (as karta of Vinod Ranchhodbhai HUF), Jitendra R. Tanti (as karta of Jitendra Ranchhodbhai HUF), Pranav T. Tanti, Nidhi T. Tanti, Radha G. Tanti, Aarav G. Tanti (through guardian Girish R. Tanti), Aanya G. Tanti (through guardian Girish R. Tanti), Rajan V. Tanti, Brij J. Tanti, Trisha J. Tanti, Girish R. Tanti (as karta of Girish Ranchhodbhai HUF), Suruchi Holdings Private Limited, Sugati Holdings Private Limited and Samanvaya Holdings Private Limited
Promoters	Tulsi R. Tanti, Tanti Holdings Private Limited, Gita T. Tanti, Tulsi R. Tanti (as karta of Tulsi Ranchhodbhai HUF), Tulsi R. Tanti (as karta of Ranchhodbhai Ramjibhai HUF) and jointly by Tulsi R. Tanti, Vinod R. Tanti and Jitendra R. Tanti
QFI	Qualified Foreign Investor as defined under the SEBI FPI Regulations
R&D	Research and Development
RBI	The Reserve Bank of India
Registered Office	The registered office of the Company being "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad 380 009, Gujarat, India
RETC	The Renewable Energy Technology Centre GmbH

SBT	SE Blades Technology B.V. (formerly known as Suzlon Blade Technology B.V.)
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts Regulation Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SE Forge	SE Forge Limited
SEG	Suzlon Energy GmbH
SEDT	SE Drive Technik GmbH
SEZ	Special Economic Zone
Senvion	Senvion SE (formerly known as REpower Systems SE)
Senvion Group	Senvion, its subsidiaries and joint ventures
SGWPL	Suzlon Gujarat Wind Park Limited
Shareholder	A holder of Shares
Shares	Equity shares of the Company with a par value of ₹2 each, unless otherwise specified in the context thereof
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended
Special ESOP-2007	Special Employee Stock Option Plan 2007
Special ESOP-2014	Special Employee Stock Option Plan 2014
SPIL	Suzlon Power Infrastructure Limited
SRL	Sarjan Realities Limited
State Governments	State governments of India
Subsidiaries	The direct and indirect Indian and foreign subsidiaries of the Company, with the term “subsidiary” as defined under Section 2(87) of the Companies Act, 2013

Suzlon Denmark	Suzlon Energy A/S (Denmark)
Suzlon Generators	Suzlon Generators Limited
Suzlon Structures	Suzlon Structures Limited
SWE	Suzlon Windenergie GmbH
SWECO	Suzlon Wind Energy Corporation
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended
TOC	Take over Certificate
TRAC	Takeover Regulations Advisory Committee
Union Territory	A sub-national administrative division of India
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
WTG	Wind turbine generator
Zero Coupon October 2012 Bonds	The U.S.\$200,000,000 zero coupon convertible bonds due October 2012

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SUMMARY

This summary highlights information contained elsewhere in this Information Memorandum. This summary does not contain all the information that should be considered before deciding to invest in the Bonds. The Company recommends reading this entire Information Memorandum carefully, including the financial statements and related notes included elsewhere in this Information Memorandum.

Overview

As at 31 March 2014, the Group was the world's fifth largest wind turbine supplier group, in terms of annual installed capacity and market share, at the end of the calendar year 2013. (*Source: Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*)

The Group develops and manufactures technologically advanced WTGs with an emphasis on high performance and cost-efficiency. The Group's current product range includes WTGs with capacities from 600 kW to 6.15 MW.

The Group has developed several specialised products and services and customised them to meet different geographical needs and demands to improve the value offered to customers. These include providing EPC and O&M services to markets including India, the United States, Europe, Uruguay, Turkey, South Africa and Brazil.

In India, the Group has positioned itself as an integrated solution provider of services related to wind energy. Besides manufacturing WTGs, the Group is also involved in wind resource mapping, identification of suitable sites, technical planning of wind energy projects, EPC and after-sales O&M services. The Group also provides power evacuation facilities through SPIL and balance of plant work through SGWPL for WTGs it supplies in India. Certain of the Affiliated Companies, including SRL, acquire land for sites that the Group has identified as suitable for wind energy projects.

In the international markets, the Group operates as a manufacturer and supplier of WTGs and is involved in EPC, O&M and wind farm project activities. It also assists its customers in the supervision of project execution and provides training to the employees of its customers so that they can carry out the O&M of projects developed by the Group. In select international markets and with respect to certain projects, the Group also undertakes infrastructure development, installation and commissioning of WTGs and connection to power grids.

The Group is an integrated developer of WTGs, focused on the design, engineering and development of WTGs. The majority of its components (which include tubular tower sections, controllers, including control panels and control monitoring software, turbine nacelles with covers, hubs and rotor blades) are developed and manufactured by Group entities for its sub-MW and multi-MW WTGs. The Group has also established supply sources for a few of these components and for components that it does not manufacture, such as gearboxes, casting parts and a portion of its nacelle cover and tower requirements. Through SE Forge, the Group has also set up facilities to manufacture forging and foundry components that are required for the manufacture of WTGs and their components. Raw materials for WTG rotor blades, such as glass fibre, epoxy resin and foam, are also sourced from leading suppliers.

The Group conducts R&D activities primarily through the Company's Subsidiaries, SEG, SBT and RETC.

These entities focus on designing and developing new WTG models, upgrading the Group's current models and developing efficient and effective rotor blade technology for its WTGs. See "Business — Research and Development" of this Information Memorandum.

The Group has significant sales and operations across the globe and is the leading supplier of WTGs in India (*Source: Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*). The Group also has significant presence, in terms of cumulative installed capacity, in North America, Europe, Australia and Brazil, and is expanding in other international markets such as South Africa and South America.

The accumulated sales of WTGs of the Group (excluding Senvion) stood at 13,213 MW, 13,463 MW and 14,187 MW as of 31 March 2012, 31 March 2013 and 31 March 2014, respectively. India with 347.30 MW, and the international markets with 375.90 MW, accounted for 48.02 per cent. and 51.98 per cent., respectively, of the Group's sales of WTGs (by volume in MW) in the Fiscal Year 2014 (excluding Senvion).

The Group's consolidated revenue from operations was ₹210,823.72 million, ₹187,431.37 million and ₹202,115.70 million for the Fiscal Year 2012, the Fiscal Year 2013 and the Fiscal Year 2014, respectively. Net loss (before associate income / (loss) and minority share) was ₹4,725.99 million, ₹47,319.50 million and ₹35,481.80 million for the Fiscal Year 2012, the Fiscal Year 2013 and the Fiscal Year 2014, respectively. As at 31 March 2014, the Group had negative Shareholders' Funds of ₹5,438.67 million.

The following tables set forth the breakdown of the Group's total consolidated income for the Fiscal Years 2012, 2013 and 2014:

	Fiscal Year	Per cent.	Fiscal Year	Per cent.	Fiscal Year	Per cent.
	2012	of Total	2013	of Total	2014	of Total
	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
	(in ₹ million)		(in ₹ million)		(in ₹ million)	
Revenue from operations:						
WTG and its components . . .	209,525.08	98.10	186,544.12	98.63	201,166.31	98.60
Foundry and forgings	3,093.00	1.45	1,283.95	0.68	1,259.00	0.62
Others	429.34	0.20	212.27	0.11	118.82	0.06
Inter segment sales	(2,223.72)	(1.04)	(608.97)	(0.32)	(428.40)	(0.21)
Total revenue from						
operations	210,823.70	98.70	187,431.37	99.10	202,115.73	99.06
Other operating income . . .	2,768.40	1.30	1,703.93	0.90	1,912.83	0.94
Total revenue	213,592.10	100.00	189,135.30	100.00	204,028.56	100.00

The following table sets forth the percentage breakdown of the total sales and service income geographically of the Group for the Fiscal Years 2012, 2013 and 2014:

	For the Fiscal Years (in per cent.)		
	2012	2013	2014
India	37.00	7.68	12.94
Europe.....	38.82	59.71	54.80
United States and Canada	16.51	30.05	13.96
China.....	1.49	0.36	0.27
Australia	3.39	0.65	6.46
Others	2.79	1.54	11.56
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Business Strategies

The Group has short to medium-term strategies designed to respond to its recent liquidity issues and the recent challenges in the WTG market, along with longer term strategies to ensure the long-term growth of the Group's businesses.

The Group's near to medium term strategies are as follows:

Improving the balance sheet through a comprehensive liability management programme

The Group aims to improve its balance sheet by refinancing, restructuring and reducing its outstanding debt. The Group has launched a comprehensive liability management programme to restructure the Group's debt. As a first step, the Company initiated debt restructuring of its Indian Rupee indebtedness pursuant to the CDR Mechanism of the RBI in late October 2012. The Company's CDR proposal was approved by the CDR EG in December 2012 and a master restructuring agreement was subsequently entered into by the Company, its identified Indian Subsidiaries and its senior secured Indian Rupee lenders that consented to the CDR. For details, see "Corporate Debt Restructuring Package" of this Information Memorandum.

Separately, the Company is also in default under certain indebtedness that is not covered by the CDR package. Lenders of such indebtedness have agreed, or are in the process of agreeing, separate restructuring proposals with the Company, outside of the CDR framework. The Company has also succeeded in refinancing its overseas senior secured facilities in March 2013 through an issue of credit enhanced bonds by its wholly owned Subsidiary, AERH, which has a bullet maturity of five years. The proposed Consent Solicitation is the last stage in the Group's comprehensive liability management programme.

Deleveraging the Group through monetising its assets and business divisions

In addition to being "debt light", the Group aims to be "asset light". The Group has launched a non-critical asset sale programme with the objective of reducing its debt. Pursuant to this programme, the Group has identified several non-critical assets as suitable for sale, such as several of its component facilities (including SE Forge Limited) and real estate. The list of non-critical assets comprises both domestic as well as international assets. Pursuant to this programme, the Group successfully sold a block of windfarm assets at the beginning of Fiscal Year 2013 for U.S.\$40 million and 75 per cent. of its stake in Chinese manufacturing facility in Fiscal Year 2014 for U.S.\$28 million. The Group also monetised long-term debts owed by Edison Mission by taking over the Big Sky wind farm for a token consideration and divesting itself of the asset. Over the next two years, further non-critical asset sales are planned under the programme, aimed primarily at reducing the Group's debt.

The Company is seeking to position its business to take advantage of new opportunities, and as part of this, has reorganised its India O&M services business vertical into a separate independent service company within the Group. This reorganisation will isolate the O&M services business from the cyclical WTG business and will thereby allow it to independently scale the O&M services business to respond to new growth opportunities in the market. In addition, this will also allow the Company to monetise its interest in this business, including by seeking future equity or debt investments. The Company will also seek to pursue a similar strategy of subsidiarising certain of its other businesses in the future.

The Group is also exploring how it can monetise its other assets and, in particular, Senvion. The Board of Directors has not made any decision in this respect, but the Group is considering a potential initial public offering in international markets and listing of a minority stake in its equity interest in Senvion.

Rebalancing the capital structure

The current capital structure of the Group offers significant scope for rebalancing. Approximately 70 per cent. of the Group's debt is held on the books of its Indian entities, which contributed less than 15 per cent. of the Group's revenue in Fiscal Year 2014. The Group's strong international operations contribute the majority of its revenue, whilst holding minimal debt. This offers the Group significant scope to rebalance its debt. Therefore the Group intends to reduce the debt held by its Indian entities, through capital market transactions undertaken by its international entities.

Achieving business efficiencies, including through the Project Transformation programme

In order to achieve business efficiencies and reduce costs, the Group launched the Project Transformation programme in Fiscal Year 2012. Project Transformation has three primary objectives: (i) streamlining the work force; (ii) reducing fixed costs; and (iii) reducing working capital levels. The Group has achieved significant progress under the Project Transformation programme since its launch, having reduced approximately 3,200 employees from its workforce between March 2012 and March 2014, reduced its working capital requirement to approximately 3.6 per cent. of the consolidated annual revenues (as of 31 March 2014) and realised significant savings on fixed costs.

The Group is also seeking to achieve greater operational efficiencies by: (i) reducing its investments in mature and uncertain markets (such as China), while continuing to maintain a strategic presence in such markets; (ii) reorganising various business divisions within the Group; and (iii) focusing the range of WTGs offered to reduce inventory levels and the amount of working capital required.

Improving cost efficiency to improve competitive positioning

In order to enhance its competitive position in the wind sector, the Group is constantly striving to enhance cost efficiencies to provide the lowest cost per MW generated to its customers. A vertically integrated business model supports the Group's objective to achieve leadership within the wind energy industry. Vertical integration ensures timely and long-term availability and control over the critical components in the manufacture of WTGs. It also enables the Group to control manufacturing costs and thus improve margins.

The Group's manufacturing facilities that are located in India give it a cost advantage in terms of capital, manufacturing and labour costs over some of the Group's larger competitors whose manufacturing facilities are in higher cost regions, such as Western Europe. In addition, the manufacturing facilities of the Group located in SEZs in Coimbatore, Vadodara and Padubidri enable it to enhance its cost competitiveness. Further, the Group is able to source many key components, such as castings and towers, from lower-cost suppliers based in India and China. The Group will seek to achieve greater supply chain synergies through realigning its supplier base to Asia and driving

centralised strategic procurement. The Group's strategy is to establish manufacturing facilities for WTGs and key components close to markets with growing demand for power generated by wind energy and, additionally, some of these facilities may be located in geographical locations that are eligible for fiscal incentives.

The Group's longer term strategies are as follows:

Continuous product improvement through technological leadership in the wind energy sector

The Group aims to develop innovative technology that will allow it to lead in the markets in which it operates and undertake strategic development in the field of research and technical training. In spite of the pressures the Group has faced in the last few years, in the past two years, the Group has continued to invest in research and development and launched a number of new and enhanced products, aimed at raising energy yields and lowering manufacturing costs, thereby reducing the cost of electricity and increasing its customers' returns.

The Group also plans to establish international subsidiaries under RETC in order to leverage the knowledge and expertise available in particular areas and to collaborate with universities to launch an academy offering high-quality technical training and qualification schemes in the wind energy sector. The Group also aims to take advantage of its vertically integrated structure to combine WTG research with its R&D platform at the component level in order to design and develop more advanced and cost efficient WTGs. It intends to expand its product line and improve its existing WTG models by implementing new technology that it is developing through the Subsidiaries engaged in R&D activities. It is particularly focused on WTG models in the multi-MW class segment. Technological innovation such as that which allows the Group's R&D teams to use the operational data gathered by its O&M teams in order to upgrade its current WTG models and to design, develop and roll-out newer and more cost-efficient WTG models also helps improve efficiency.

Newer technology with better energy yields and returns for the customer commands better pricing and margins for manufacturers. Therefore, constantly upgrading the product portfolio is one of the most important strategies of the Group in order to gain market share and improve profitability.

Enhancing product portfolio to meet customer needs

The Group is focused on developing a market leading product portfolio, with an emphasis on bigger WTGs that provide a higher energy yield at lower costs, resulting in higher returns. The Group has capabilities to develop and manufacture different kinds of sub-MW and multi-MW WTGs ranging from 600 kW to 6.15 MW. The Group intends to increase these capabilities as well as to increase its product range in the offshore wind energy market. These WTGs can be customised to meet various requirements suitable for onshore and offshore applications, different wind classes, grid specifications and climate and temperature requirements across various geographies. The principal products of the Company are the 2/2.10 MW and the smaller 1.25/1.5 MW models and the principal products of Senvion are MM82/MM92/MM100 - its 2.05/1.8 MW models, 3.0M/3.2M/3.4M — its new 3 MW models and 5M/6M — its offshore models. The Group believes this diversified product portfolio will help the Group strengthen its presence internationally.

Focusing on markets that are more likely to deliver higher returns

The Group's market strategy is to focus only on those markets that are likely to generate higher returns and where the Group can establish a market share that is in the top three manufacturers in that market. The objective of such strategy being to maintain a robust and geographically diverse order book. In this regard, the Company will focus on developing markets, in particular India, South Africa and Latin America, with an objective of restoring its market share in India to levels it achieved prior to Fiscal Year 2012. Senvion, on the other hand will focus on developed markets, including North America, Europe (in particular the offshore market in Germany and the UK) and Australia. The Group intends to invest in technology, land and power evacuation in its selected geographies in order to provide it with a competitive advantage as regards its competitors.

RISK FACTORS

The Consent Solicitation and issuance of the Bonds involves risks. Any potential investor in, and acquirer of, the Bonds should pay particular attention to the fact that the Company is an Indian company and is subject to a legal and regulatory environment which may be different from that which prevails in other countries. Prior to making a decision with respect to the Bonds offered hereby, all such acquirers should carefully consider all of the information contained in this Information Memorandum, including the risk factors set out below and the financial statements and related notes thereto. The occurrence of any of the following events could have a material adverse effect on the Group's business, results of operations, financial condition (including cash flows) and future prospects and cause the market price of the Bonds and the Shares to fall significantly. These risks and uncertainties are not the only issues relevant to the Bonds and the Shares or that the Group faces. Additional risks and uncertainties not presently known to the Group or that the Group currently believes to be immaterial may also have a material adverse effect on the Group's business, results of operations and financial condition (including cash flows). Unless specified or quantified in the relevant risk factors below, the Group is not in a position to quantify the financial or other implications of any of the risks described in this section.

RISKS RELATING TO CORPORATE DEBT RESTRUCTURING

The Company and some of its subsidiaries have defaulted on payments under certain of its debt obligations, which has given rise to cross defaults under the terms of its other debt obligations. The Company has undertaken a CDR of its secured Indian Rupee-denominated indebtedness. However, there can be no assurance that such CDR will be successful.

As has been reported in the Company's various financial statements and other public announcements, the Company has faced difficult business conditions over the past few years. Accordingly, the Company has been unable to meet its interest and repayment obligations under the terms and conditions of its Indian Rupee and foreign currency denominated indebtedness, including in respect of the 2012 Bonds and the 2016 Bonds.

On 11 October 2012, the Company was unable to redeem its 2012 Bonds on their maturity date after failing to obtain the consent of holders to extend the maturity date of the 2012 Bonds. As a consequence of the failure to redeem at maturity, the Company defaulted in respect of these obligations and also, as a result of cross default provisions, in respect of its 2014 Bonds and 2016 Bonds and in respect of various other financial facilities. Since October 2012, the Company has also failed to make interest payments on the Interest Bearing October 2012 Bonds and the 2016 Bonds.

As a result of the payment default in relation to the 2012 Bonds, the Company and other members of the Group suspended payments on its debts and initiated discussions with the lenders of its secured Indian Rupee denominated indebtedness, with the aim of restructuring such indebtedness. Following these discussions, the Company submitted to the lenders of its secured Rupee denominated debt a proposal under the CDR Mechanism pursuant to which it has sought to restructure its secured Indian Rupee denominated indebtedness. The CDR EG approved the terms of the Company's CDR proposal in December 2012 and the Company and its identified Indian Subsidiaries have subsequently entered into a master restructuring agreement with its senior secured Indian Rupee lenders that have consented to the CDR. The approved CDR proposal provides concessions to the Company such as an extension of the maturity period to 10 years, enhanced working capital facilities, a reduction in interest rates, a two year moratorium on principal and term debt interest payments and the conversion of interest into equity. For details regarding the terms of the CDR, see "Corporate Debt Restructuring Package" of this Information Memorandum. However, the Company can provide no assurance that it will be able to meet its restructured debt obligations as they become due pursuant to the CDR, which may in turn result in the CDR package being terminated.

Although the CDR lenders have approved the Company's (along with its identified Indian Subsidiaries) CDR package, they retain certain rights that allow the CDR package to be revoked and permit the CDR lenders to seek compensation for accommodations made by such CDR lenders.

Although the CDR lenders have approved the Company's (along with its identified Indian Subsidiaries) CDR package, the CDR lenders retain certain rights, the exercise of which may have an adverse impact on the Company or on creditors, Bondholders, lenders and the Shareholders. The CDR lenders are permitted to revoke all or part of the Company's CDR package upon the occurrence of certain events of default that are specified in the MRA, including failure to pay principal amounts or interest, default in the performance of any covenants or representation, supply of misleading information or withholding of material information from the CDR lenders which is detrimental to the interest of the CDR lenders and sale, disposal or creation of encumbrance on any of the assets of the Borrowers without the prior approval of the asset sale committee constituted under the MRA. Any such revocation would entitle the CDR lenders to declare a default under the Company's CDR package and under the existing financing arrangements and to enforce their rights under their credit agreements. Such action would also likely trigger a cross-default under the terms of the Bonds. While no event of default has been declared under the MRA, the Company has not satisfied certain projections that were made pursuant to the CDR and there have also been delays in making certain scheduled payments to the CDR lenders.

If an event of default continues beyond the relevant cure period, the CDR lenders have the right to reverse any waivers or sacrifices that have been granted as part of the CDR and also the right to revoke all or part of the restructuring. CDR lenders may also declare the principal and accrued interest on the facilities to be due and payable forthwith and the security created in terms of the MRA may also be enforceable.

Additional terms of the CDR package include the ability of the CDR lenders to seek compensation for sacrifices made in certain circumstances (such as the Company's improved financial performance as set out in the relevant CDR guidelines). CDR lenders also have the ability to convert outstanding amounts into Shares in accordance with applicable laws. If any of these actions were taken by CDR lenders, the Company's ability to implement its strategy and/or fund its operations may be significantly impaired and there may be a change in control of the Company.

In addition, the Joint Auditors in their audit report for the Fiscal Year 2014 have drawn attention to the contingency related to compensation payable in lieu of "bank sacrifice". The term "bank sacrifice" refers to the erosion in the fair value of the banks' loans to the Company. The MRA, as well as the master circular on Corporate Debt Restructuring issued by the RBI, give a right to the CDR lenders to obtain recompense of their waivers and sacrifices made as part of the CDR package. The recompense payable by the Company is contingent on various factors, including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain and hence the proportionate amount payable as recompense is currently treated as a contingent liability. The aggregate value of the outstanding sacrifice made by CDR lenders up to 31 March 2014 pursuant to the MRA is approximately ₹2,819.3 million in relation to the Company and ₹3,653.3 million in relation to the Group.

The terms of the CDR package places restrictions on the Company's business and provides the CDR lenders with a significant level of control over the Company's business and operations.

The MRA for the CDR contains a range of restrictive covenants which restrict the operations of the Company and may require the Company and its identified Indian Subsidiaries to obtain the consent of the CDR Lenders/CDR EG for certain matters. Such restrictions are further described in "The Corporate Debt Restructuring Package" of this Information Memorandum and include the following:

- Incurrence of further indebtedness and capital expenditures other than in the normal course of business without approval;

- Prepayment of US\$1.158 billion to the CDR lenders;
- Restrictions on cashflows between the Group's Indian and foreign Subsidiaries; and
- Approval of payments other than as permitted or approved.

Such controls may restrict the Group's ability to grow its business and react in a timely manner to opportunities that present themselves due to delays in approvals or failure to obtain approval.

Not all the Group's lenders are party to the CDR package and certain lenders, including lenders of foreign currency debt and secured Indian Rupee denominated indebtedness have agreed or are in the process of agreeing separate restructuring proposals with the Company, outside of the CDR framework.

As a result of the payment default in relation to the 2012 Bonds, the Company is also in default under certain indebtedness that is not covered by the CDR package. Lenders of such indebtedness have agreed, or are in the process of agreeing, separate restructuring proposals with the Company, outside of the CDR framework. While the CDR Mechanism sets out a framework for lenders to act together and in consultation with each other, the separate restructuring proposals carry the risk of not being concluded or being terminated by individual lenders. Further, any such separate restructuring proposals will be subject to approval by the CDR EG. The Company can provide no assurance that lenders that are not party to the CDR package will not seek to terminate or amend the restructuring proposals agreed with such lenders and consequently seek to accelerate payment or take enforcement action against the Company.

The holding of the Promoters in the Company will be significantly diluted as a consequence of the CDR and conversion of the Bonds in full.

As a consequence of the CDR package agreed with CDR lenders, the allotment of Shares on a preferential basis to the CDR lenders in Fiscal Year 2014 and Fiscal Year 2015 and if all Bonds were to be converted in full at the regulatory floor price, the Company expects that the Promoters will hold less than 25 per cent. of the Company's outstanding share capital. As a consequence of such dilution, the Promoters' ability to drive business decisions in respect of the Company may be significantly reduced.

RISK RELATING TO THE GROUP'S BUSINESS

The Group has experienced significant losses during the last three Fiscal Years. Difficult market conditions for the WTG industry may continue to adversely affect the Group's business, financial condition, cash flows and results of operations.

The Group announced a loss after a tax of ₹35,199.73 million for the Fiscal Year 2014 as compared to a loss after tax of ₹47,239.61 million for the Fiscal Year 2013 and loss after tax of ₹4,725.99 million for the Fiscal Year 2012. As at 31 March 2014, the Company recorded negative shareholders' funds of ₹5,438.67 million. The deterioration of the Group's business has been the result of a number of factors, including:

- The economic downturn caused by the global financial crisis beginning in 2007 and the continuing uncertainty in global markets, which resulted in difficult market conditions for the WTG industry and lower demand for wind energy projects.
- The economic downturn and ongoing difficulties in the credit markets which restricted the Group's access to financing.
- Adverse regulatory factors, such as the withdrawal of the generation based incentive scheme in relation to wind energy projects and depreciation benefits in India.

Such factors resulted in lower sales volumes, under absorption of fixed costs, constraints on working capital financing, notional foreign exchange losses, higher interest rates and an uncertain macro policy environment including project financing difficulties, rupee depreciation and tax benefits withdrawal in India.

No assurance can be given that the difficulties experienced in recent years will not continue to adversely impact the Group's results of operations and cash flow position in the future or that the Group's operational losses will not continue in the future.

The Group's cash flows have been severely constrained. In addition, the Joint Auditors have drawn attention to a material uncertainty about the Company's ability to continue as a going concern and the Company's ability to generate adequate cash flows to support its operations.

As a consequence of the factors noted above, the Group has experienced significant liquidity constraints and has not had sufficient cash to meet its short-term obligations. The Group failed to repay the 2012 Bonds on maturity and the resulting cross defaults in relation to the Group's other indebtedness has resulted in the Group's business being impacted materially. The liquidity crisis that the Group has faced has had a number of consequences for the Group including factors which have further exacerbated the Group's liquidity problems and affected the Group's reputation:

- The constraints on working capital to fund its operations have resulted in delays in executing orders which has impacted the Group's reputation as customers have expressed concerns about the Group's ability to satisfy orders. As a result, customers have cancelled orders, and imposed more stringent contractual terms on the the Group, such as a requirement for greater bank guarantees, performance guarantees, lower prices and longer payment schedules.
- The Group has also had to delay payments to its suppliers which has caused suppliers to express concerns about continuing to supply the Group. As a result, suppliers have imposed more stringent contractual terms, such as a requirement for letters of credit, front ended payment cycles, higher prices and longer lead times.
- The Group's access to working capital lines has been restricted and the Group has not been able to refinance its existing indebtedness.
- The Company's entry into the CDR programme has resulted in the Company being subject to restrictive covenants which seek to ensure that cashflows are tightly monitored, expenditures are constrained and the CDR lenders' interests are protected.

The constraints on the Group's working capital have severely constrained its production volumes and its manufacturing facilities have had to operate at well below their rated capacity, with the Group retrenching a significant proportion of its employees. The Company can provide no assurance that similar delays in executing orders or delays to payments of suppliers will not continue to occur, thereby leading the Company having to pay liquidated damages and other penalties or being subject to other legal proceedings. Further, constraints on availability of working capital are likely to continue in the near term and interest rates on working capital facilities will also increase.

As a result of the financial impact of such liquidity constraints, the Joint Auditors in their audit report for the Fiscal Year 2014 have drawn attention to a material uncertainty about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on a number of factors, including the Company's ability to reduce costs, improve efficiencies to make its operations profitable and generate adequate funds to support its operations. ***In addition, the Joint Auditors have drawn attention to various contingencies and litigation, the outcome of which is materially uncertain and cannot be determined. Bondholders should read notes 4, 5, 6 and 7 to the consolidated financial statements for the Fiscal Year 2014.***

While the Company currently intends to repay any principal amount outstanding in respect of the Bonds and the 2016 Bonds on each of their respective maturity dates, and service ongoing coupon payments from cash generated by it, if it is unable to generate sufficient cash to allow it to repay the principal, or service coupon payments, in relation to the Bonds and the 2016 Bonds when due, it would need to obtain other financing for this purpose. However, the Company's ability to obtain such financing may be extremely limited. Accordingly, the Company can provide no assurance that it will be able to generate sufficient cash to repay any principal amount outstanding in respect of the Bonds and the 2016 Bonds, if any, on each of their maturity dates, and service ongoing coupon payments when due.

Further, as a result of CDR implementation, the Group's cashflows in India are subject to a waterfall mechanism under monitoring of the CDR Lenders. As a result, the Group's ability to fund its overseas subsidiaries from cash flows from India has now been significantly restricted and may impact the operational performance of the Group in those overseas markets.

After the issuance of the Bonds, the Group will continue to have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial condition.

As at 31 March 2014, the Group had outstanding total secured and unsecured loans of ₹170,533.23 million comprising of long term borrowing of ₹116,409.22 million, short term borrowings of ₹35,233.48 million and current maturities of long term borrowings of ₹18,890.53 million. After the issuance of the Bonds, the Group will continue to have a substantial amount of indebtedness and may incur substantial additional indebtedness in the future.

The Group's substantial indebtedness could:

- limit its ability to satisfy its obligations under the Bonds and other debt, including its ability to redeem the Bonds at maturity;
- increase its vulnerability to adverse general economic and industry conditions;
- require it to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit its flexibility in planning for or reacting to changes in its businesses and the industry in which it operates;
- place the Group at a competitive disadvantage compared to its competitors that have less debt;
- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds (for example, "permitted indebtedness" is narrowly defined under the MRA, which severely constrains the Group's ability to borrow additional funds);
- increase the cost of additional financing or restrict access to additional financing; and
- lead to liquidity challenges which could result, and are currently resulting, in reduced revenue due to a decrease in customer confidence and difficulty in obtaining short term financing to fund new projects.

The Group's operations require new capital to finance its operations, future development and growth. The Group's access to capital following entry in to the CDR has been severely constrained. Following completion of the restructuring, continued limitations on access to capital will impair the Group's ability to operate its business and execute its strategy. If the Group's cost of capital is high, it may not be able to raise the necessary funds to finance its strategy.

If the Group is able to raise additional finance in the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities. The terms of the Bonds do not limit the Group from incurring additional debt and contingent liabilities. Any such indebtedness could increase the risks that the Group faces as a result of its already substantial indebtedness and leverage.

The Group's inability to realign its strategy and restructure its business and balance sheet in line with current market opportunities and to achieve greater operational efficiencies and enhance cash flows may adversely affect the Group's business, financial condition, cash flows and results of operations.

In order to achieve greater operational efficiencies and enhance cash flows, operational or otherwise, the Group intends to attempt to realign its strategy and restructure its business and balance sheet. The Group will face significant challenges in servicing and repaying its debt unless it can restructure its business in a way that increases its cash flows and monetises its assets to pay down its debts. Among other things the Group intends to:

- realign and optimise manufacturing capacities by reducing its investments in mature and highly competitive markets, such as the United States and China, while consolidating its investments in high growth and high margin emerging markets (including, for example, Brazil and South Africa); for example, the Group reduced its holding in its Chinese entity, Suzlon Energy Tianjin Limited, to become a minority joint venture partner;
- deleverage its balance sheet and dispose off non-critical assets, including certain of its component manufacturing facilities and/or real estate;
- reorganise various business divisions of the Company (including by subsidiarising its business divisions as with the recent transfer of the Company's India OMS business division to a new wholly owned Subsidiary) in order to create greater focus, drive efficiencies, and potentially taking any opportunity to monetise such assets;
- combine and realign operations for greater efficiency and value, such as the combination of the Company's and Senvion's operations in Australia and the realignment of operations in Europe to improve operational efficiency; and
- monetise Senvion by undertaking capital markets transactions (including potentially an initial public offering) and utilising the proceeds of such transactions towards deleveraging.

If the Group disposes of certain non-critical assets, its reliance on third party WTG component manufacturers and suppliers may increase, which in turn will affect the Group's ability to control the price and supply of WTG components that it requires.

No assurance can be given that the Group will be successful in realigning its strategy, deleveraging sufficiently or in a timely manner and restructuring its business, which, in turn, may have a material adverse affect on the Group's business, financial condition, cash flows and results of operations.

Projects included in the Group's order book may be modified or there may be delays in execution, which could have a material adverse effect on its business, financial condition, cash flows and results of operations.

As at 30 May 2014, the Group's (excluding Senvion Group) order book stood at approximately ₹79,177.29 million for the delivery of 1,247.80 MW. As at 30 May 2014, the Senvion Group reported an order backlog of approximately €4.59 billion, compared to €4.34 billion as at 29 May 2013, representing an increase of 5.76 per cent. The Senvion Group's order book includes part revenues already recognised under the percentage of completion method and orders with conditions precedent. The Group's order book comprises firm orders that it has received from customers by means of a formal binding agreement. However, there can be no assurance that such orders will not be cancelled

or reduced, or that customers will fulfil their payment obligations and other obligations, in a timely manner or at all, in accordance with the agreements or will not dispute the amounts owed to the Group. While the Group's order book represents business that is considered likely, cancellations or scope or schedule adjustments may and do occur. Adverse conditions in the global financial markets, any delay or failure to obtain the necessary permits, authorisations, permissions or other factors beyond the Group's control or the control of its customers may cause the Group's customers to postpone or cancel a project. However, it should be noted that a firm order cancellation also results in potential penalties levied on the customer. There is also the possibility of cancellations or changes in the scope of the project and schedule because of the exercise of customer discretion, technology issues, or problems encountered by the Group in the timely execution of the project for reasons outside the control of the Group or its customers. For example, in June 2008, Edison Mission Energy, a customer that encountered cracks in the blades of some of its turbines, exercised its option not to purchase 150 WTGs. Recently, Senvion faced technical issues with the rotor bearings of its existing offshore turbines and, as a result, a client of Senvion re-tendered its order, as a back-up option, in case Senvion is unable to resolve the issues in the coming months. Accordingly, the Group's order book should not be considered as representative of future revenues.

In addition, the Group may also encounter certain problems while executing a project as ordered or executing it on a timely basis. If the Group is unable to commission the WTGs on schedule, it may have to pay liquidated damages to its customers. The Group cannot predict with certainty when, if, or to what extent, an order will be performed and will generate revenue. Additionally, delays in the delivery of key WTG components, delays in the construction schedule or any delays associated with collection of receivables from customers, could result in delays in the Group being able to recognise revenue in relation to its ongoing projects in its financial statements. Any delay, cancellation or payment default could adversely affect the Group's cash flow position, revenues or profits, and adversely affect the trading price of the Bonds and the Shares. Further in the event of delay in payments by customers, the rate of absorption of fixed overheads by the Group may decrease.

The Group generally enters into medium to long-term WTG supply contracts which require the Group to supply WTGs at various times over the life of the contract and provides for staggered payments to the Group. Even relatively short delays or minor difficulties in the execution of a project could result in the non-payment or late payment to the Group of customer dues in respect of a project. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in relation to order book projects, or disputes with customers in respect of any of the above, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Change in, or elimination of, government initiatives and incentives relating to renewable energy sources, and in particular to wind energy, may have a material adverse effect on the demand for wind energy.

In recent years, governments of many countries, including India, have enacted legislation or have established policies that support the expansion of renewable energy sources, such as wind energy, and such support has been a significant factor in contributing to the growth of the wind energy industry. Support for investments in wind energy is generally provided through fiscal incentive schemes or public grants to the owners of wind energy systems, for example through preferential tariffs on power generated by WTGs or tax incentives for promoting investments in wind energy.

In addition, the governments of some countries also prescribe specified levels of electricity that utilities are required to obtain from renewable energy sources. Further, internationally, there has been an increasing focus on reducing dependence on fossil fuels and cutting carbon dioxide emissions, leading to additional taxes being imposed on those sources of energy. Such additional taxation has indirectly supported the expansion of power generated from renewable energy and, in turn, the wind energy industry in general. These policies have encouraged many of the Group's customers to purchase WTGs and participate in wind farm projects.

However, faced with high fiscal deficits, rising levels of public debt and increasing electricity prices, many governments have recently sought to scale back or eliminate completely some or all of these government support systems. In the past, the decrease in, or elimination of, direct or indirect government support schemes for renewable energy, including wind energy, in a country has had a negative impact on the market for wind energy in that country. For example, in 2012, the Indian Government withdrew the accelerated depreciation and generation based incentives which, in turn, had a negative impact on the wind energy market in India. There is also the risk that any such decrease in, or elimination of, government support may be imposed retroactively by governments, thereby increasing the impact on the market of any such policy reversals. There can be no assurance that government support will continue at the same level or at all.

If direct and indirect government support for wind energy is terminated or reduced in any jurisdiction which is material for the Group's business, or if the government provides greater support to other sources of renewable energy, it would make producing electricity from wind energy less competitive. In addition, there is a risk that government policies could change in a manner that makes it less attractive for investors to establish captive energy generating facilities in general, and wind energy projects in particular. A reduction in demand for the Group's WTGs would have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and the market price of the Bonds and the Shares.

Further, governments in jurisdictions where the Company operates may introduce more attractive incentives for other forms of renewable energy, such as solar or bio-mass, which might affect the wind energy industry generally and the Group's business in particular. The results of such changes may include attracting potential investors and customers towards other forms of renewable energy to benefit from investment tax credit schemes on other forms of renewable energy. This may also have a material adverse effect on the Group's business, financial condition, cash flows and results of operations and negatively impact the price of the Bonds and the Shares.

Grid connectivity, related cost sharing mechanism and support for ancillary industries are critical in relation to offshore wind energy and often require state subsidies. Any delay in implementing policies in relation to any of these may affect the growth of the offshore wind sector, which is a key growth driver for the Group. For example, recent delays in resolving grid connectivity issues in the UK and Germany have delayed the development of several offshore wind farm developments by a couple of years.

Wind energy cannot be considered viable as a primary source of electricity.

Wind energy is generally not considered a viable base load source of electricity. This means that, while demand for wind energy is expected to increase, it appears unlikely in the foreseeable future that it will be considered a large-scale substitute for nuclear or fossil-fuel generated power and for renewable energy from more reliable sources, such as hydropower. In addition, there have been several technological innovations within the renewable energy industry which could lead to other forms of renewable energy, such as solar or bio-diesels, emerging as more cost competitive, thereby taking market share away from wind technology, adversely affecting the future growth prospects of the wind energy industry in general and the Group's growth prospects in particular. In recent times, the abundant availability of shale gas in the United States has resulted in low wholesale electricity prices, which, in turn, has directly affected the demand for wind energy.

Furthermore, the cost of oil, coal and other fossil fuels is a key factor in determining the effectiveness of wind energy from an economic perspective. Cheaper and large supplies of fossil fuels favour non-wind energy generation, while more expensive and limited supplies of fossil fuels would favour wind energy generation. Discovery of new and significant oil, gas and coal deposits or a decline in the global prices of oil, gas and coal and other petroleum products, could result in lower demand for wind energy projects, which would have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The terms of financing that the Group's customers can obtain for wind energy projects has a significant influence on the Group's business, financial condition, cash flows and results of operations.

Most customers require bank financing for purchasing a WTG, and, therefore, the financing terms available in the market have a significant influence on the wind energy industry's opportunities to sell its products. Many offshore windfarms are also financed by utilities and are therefore directly affected by the financial health of the utilities. Additionally, banks have now started extending project based non-recourse financing. However, if this trend is reversed, it will affect the demand for offshore wind energy. Higher interest rate levels will increase the costs of investing in wind energy, making wind energy a less attractive investment proposition. Further, wind energy plants are generally financed for a shorter term than fossil fuel-based power plants. As a result, WTG customers assume a higher degree of risk regarding upward interest rate movements in the event a WTG project requires refinancing. The ability to obtain financing for a wind energy project also depends on the willingness of banks and other financing institutions to provide loans to the wind energy industry, including their willingness to participate in financing of large wind energy projects. If banks and other financing institutions decide to reduce their exposure to the wind energy industry or to one or more suppliers of WTG components, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. Factors having an adverse impact on the financing terms for wind energy plants therefore influence the Group's opportunities for selling its products and could adversely affect its business, financial condition, cash flows and results of operations.

The Group is involved in litigation proceedings that may have an adverse outcome.

The Group has disputed certain infrastructure development charges in an aggregate amount of ₹648 million as at 31 March 2014 in relation to claims from the Tamil Nadu State Electricity Board, which the Indian Wind Energy Association has challenged before the Supreme Court of India. The case is currently pending before the Supreme Court. The outcome of this dispute cannot be presently ascertained due to it being highly technical and legalistic in nature.

In January 2012, Trinity Structural Towers, Inc. ("**Trinity**") filed a U.S.\$164 million suit in the District Court of Dallas County, Texas for alleged breach of contract against Suzlon Wind Energy Corporation ("**SWECO**"), an indirectly owned Subsidiary of the Company. The suit relates to a tower supply agreement entered into between Trinity and SWECO (the "**Tower Supply Agreement**"). Trinity has alleged that SWECO failed to purchase the volume of towers from Trinity agreed under the Tower Supply Agreement. In April 2012, Trinity filed an amended petition to include the Company as a party to the suit. This case is currently pending. Additionally, the Group is the defendant in certain other legal proceedings incidental to its business and operations. These legal proceedings are pending at different levels of adjudication before various courts and/or tribunals.

Should any new developments arise, such as a change in law or rulings against the relevant Group entity or a Director by appellate courts or tribunals, the Company may need to make provisions in its financial statements, which could adversely impact its reported financial condition, cash flows and results of operations. Furthermore, if significant claims are determined against the relevant Group entity or a Director and the Group is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on the Group's reputation, business, financial condition, cash flows and results of operations. In addition, if the Company is successful in defending itself, it will likely still be subject to legal and other costs, as well as management time relating to such litigation, and such costs could be substantial.

For further details of the material legal proceedings involving the Company and its Subsidiaries, see the section titled "Legal Proceedings" of this Information Memorandum.

Any technical deficiencies in the WTGs sold by the Group could adversely affect its financial condition, cash flows and future orders.

The Group's business, financial condition, results of operations and cash flows are directly related to the continued technical performance of its products and, in particular, the technical performance of WTGs, which are its key product. The performance of the Group's WTGs in the medium and long term is subject to certain material technical risks.

Although WTGs are generally designed for a 20-year life cycle, there can be no definite assurance on the service life of WTGs or WTG components, or about their medium to long-term operational reliability. The Group provides various product warranties under which the Group typically guarantees minimum machine availability and, as a result, may be involved in disputes with its customers based on actual or alleged product defects.

The Group undertakes various testing processes on new models of WTGs and WTG components in different operating conditions to acquire data for making decisions for serial production of new models, and the WTGs and WTG components used in the course of such tests may be damaged or become unfit to be used. In accordance with the agreement of the Group with its customers, any loss incurred in the course of such tests is borne by the Group. There can be no assurance that the new WTGs will operate without any technical issues, in actual conditions, despite being fully certified and tested extensively under laboratory conditions. Any product failure of WTGs or WTG components or any failure of such products to meet specified performance levels could damage the reputation of the Group and therefore impair the marketability or lifespan of its products thereby restructuring or decreasing the sales of the Group. Recently, Senvion registered certain irregularities in the rotor bearings of its 5M and 6XM offshore turbines. All of the irregularities share a common characteristic, that of a rise in temperature in the bearings, potentially due to inadequate lubrication of the bearings. Preliminary analysis suggests a direct injection of additional lubricant should remedy the irregularity. However, further examinations are being conducted in conjunction with the supplier and external specialists to validate the cause and verify the solution. Given the nascent nature of the offshore industry, it is normal for this technology to be subject to change. However, should Senvion not be able to successfully resolve the irregularity, it may have a serious impact on future offshore orders, which is one of the key growth areas for the Group.

WTGs and WTG components supplied by the Group may get damaged where the design loads are exceeded. Insurance coverage may not be available for such damage or may not be sufficient to cover the costs incurred, in which event the Group may be required to bear the amount of customer claims or replace the WTG or WTG components.

The Group's expansion plans and its diversification into new jurisdictions subject it to risks.

The Group is currently expanding its presence internationally, with an emphasis on North America, Europe, South America, Australia and South Africa. Senvion also intends to expand, its presence in new markets, such as Scandinavia, Turkey, India and Japan. The Group's expansion into foreign markets exposes it to risks associated with adapting its business to the different economic conditions in each country and integrating such expansion with its existing business. It also exposes the Group to the risk of having to comply with different (and potentially more onerous) legal and taxation regimes in such countries, including those relating to liability and warranty requirements in relation to its products and services. The Group's international expansion also increases its exposure to risks of fluctuation in foreign currency exchange rates. As a result, the Group's expansion into markets outside its core markets could increase its costs of operations. Any delay or difficulty in acquiring or effectively integrating any new facilities may adversely affect future performance of the Group. All these factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Any deficiencies in the services provided by the Group may adversely affect its business prospects, results of operations, financial condition and cash flows.

The Group is particularly vulnerable because it is liable to pay liquidated damages, amounting to a certain percentage of the total order value, if there are any delays or disruptions in delivery and installation of WTGs. In most cases the Group provides various types of warranties and guarantees in relation to its products, including in certain instances, performance guarantees. For example, the Group typically guarantees a minimum annual average machine availability of 95-97 per cent. after commissioning of the WTGs during the warranty period. If the products the Group supplies fail to meet the performance levels guaranteed, the Group may have to pay warranty claims, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. See "Business — Product Warranties" of this Information Memorandum.

While the Group believes it has made adequate provisions for potential claims arising from warranties, guarantees and liquidated damages, there can be no assurance that the provisions it has made and will make in the future will be sufficient to cover these claims. In the event that such provisions are insufficient, the amount of claims arising from any cancellations of orders, deferrals or other unanticipated delays, which arise on account of the fault of the Group or from the warranties and guarantees in relation to its products, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group is dependent on external suppliers for key raw materials, components, equipment and machinery, which could have a material adverse effect on its business.

The success of the Group's existing and planned operations will depend on, among other things, its ability to source sufficient amounts of raw materials at competitive prices for its projects. WTGs require certain components, which are specifically designed for application in wind energy generation. The type and configuration of particular WTGs also require specifically designed components. The Group sources raw materials such as steel, glass fibre and epoxy resin for rotor blades, as well as several key WTG components (such as gearboxes, yaw and pitch drives, gear rims, slowing rings, brake callipers and castings, as well as a portion of its nacelle cover, tower and generator requirements) from third party suppliers in India and overseas. The quality of the Group's products (and consequently, customer acceptance of such products) depends on the quality of the raw materials and components and the ability of suppliers to timely deliver the materials. Suitable alternative suppliers who can meet the Group's technical and quality standards, and who can supply the necessary quantities, may be hard to find in the event of a supply failure.

The failure of any of the Group's suppliers to deliver these raw materials or components in the necessary quantities, to adhere to delivery schedules, or to comply with specified quality standards and technical specifications, could adversely affect the Group's production processes and its ability to deliver orders on time and at the desired level of quality. This, in turn, could give rise to contractual penalties or liabilities for the Group, loss of customers and damage to its reputation. In the past, the Company and Senvion have been subject to shortages in the supply of certain key components, such as WTG towers, due to the inability of component suppliers to meet demand. In certain cases, this has led to and can lead to delay in supplying and commissioning WTGs and thus delay the Group's ability to recognise revenues in relation to its ongoing projects and also may lead to the payment of liquidated damages.

The Company may also face instances where claims against suppliers for losses caused to customers by faulty components are disputed and recovery of such losses from the supplier is delayed, leading to the Company having to compensate the customer from its own revenue.

As a result of the Company's recent cash flow issues, it has not been able to make all payments due to suppliers on time. Generally, suppliers continue to be supportive of the Company. However, there may be instances where a supplier delays or stops deliveries pending full settlement of all payments due or requires upfront payment or increases prices. If such events continue for extended periods of time, it could have a material adverse effect on the Group's order execution, business prospects, results of operations, financial condition and cash flows.

The Group relies on equipment and machinery that are built by third parties and may be susceptible to malfunction. Although, in certain cases, the Group is entitled to be compensated by manufacturers for certain equipment failures and defects, such arrangements may not fully compensate the Group for the damage and loss suffered as a result thereof. The Group is also subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing units that are dependent on, or interact with, damaged sections of the Group's facilities may also have to be shut down. Such events could have a material and adverse impact on the Group's manufacturing capacity. If such shutdowns continue for extended periods, there could be a material adverse effect on the Group's business reputation, financial condition, cash flows and results of operations.

The Group is subject to the risk of additional costs because of an increase in the prices of raw materials, components and shipping.

The prices and supply of raw materials depend on factors that are not within the Group's control. The costs of raw materials and components required for making WTGs (including gearboxes) could rise due to factors such as an increase in demand or commodity prices or shortages in supply. Further, increasing inflation in India could also cause a rise in the price of transportation, wages, raw materials and other expenses. If any of these were to happen, the Group may be unable to pass on these additional costs to its customers by increasing the prices of its WTGs and may be unable to implement cost-saving measures in other parts of its business. Where possible, the Group includes price escalation clauses in its purchase agreements with customers. However, these clauses do not comprehensively protect the Group from an increase in the price of all of its key inputs. These factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Additionally, with a view to reducing manufacturing costs, Senvion is attempting to shift its supplier base to Asia and has contracted certain manufacturing processes to the Company's Indian manufacturing facilities. However, if Senvion's new suppliers are unable to match the quality requirements of its customers or Senvion's customers demand turbines and components from specific factories or geographies, the attempt to shift the supplier base may take longer or may not be possible at all.

The demand for wind energy projects is primarily dependent on the demand for electricity.

The demand for electricity in India and in international markets such as North America, Latin America, China, Australia and Europe is closely linked to economic growth in these countries. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to grow, which increases the demand for electricity. Conversely, in economic downturns, activities such as industrial production and consumer demand decline or stagnate, causing demand for electricity to decrease. If the Indian economy or the economies of major international markets, such as North America, Latin America, China, Australia and Europe, do not grow, or if any of them enter a period of recession, or if there is an economic downturn (such as the one caused by the global financial crisis beginning in 2007), demand for electricity, including the demand for renewable energy sources such as wind energy, is likely to stagnate or decrease. Europe has experienced a period of recession or low growth since 2008 and may not return to historic rates of growth for a number of years. For the Fiscal Year 2014, the Group derived 54.80 per cent., 13.96 per cent., 6.68 per cent. and 12.94 per cent. of its total revenue from Europe, North America, Latin America and India, respectively. A significant and sustained economic downturn would have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The viability of wind energy projects is dependent on the price at which electricity can be sold.

The viability of a wind energy project in a particular region is also dependent on the price at which electricity can be sold, as well as the cost of wind-generated electricity compared to electricity generated from other sources of energy in such region. Wind energy projects require higher initial capital investment per kWh of energy produced as compared to that required for a fossil fuel-based power plant. The cost of electricity produced by wind energy projects is dependent on the cost of establishment of the wind energy projects themselves, including access to the electricity grid, financing costs, maintenance costs and wind conditions at the designated site. Continued investment in product techniques and technical advances in WTG design have led to an overall reduction in the cost per kWh of power from wind energy over a period of time. However, an increase in cost competitiveness or significant developments in technology for other sources of power generation could result in lower demand for wind energy products, which would have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The viability and level of wind energy generation is dependent on wind patterns, which are not constant and vary over time.

The viability of wind energy projects is primarily dependent on the wind patterns at project sites conforming to the patterns that had previously been recorded to determine the suitability of these sites for wind energy projects. Although the Group uses data collected by the C-WET and conducts wind resource assessments based on long-term wind patterns at identified sites, there can be no assurance that wind patterns at a particular site will remain constant. Any changes in wind patterns at particular sites that have been previously identified as suitable for wind energy projects could affect the Group's ability to sell WTGs to potential customers and could also damage its reputation and prospects. Failure on the part of the Group to identify suitable locations or any subsequent changes in the wind pattern could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Any failure or delay in the transportation and logistics arrangements entered into by the Group could have a material adverse effect on its business and operations.

The Group depends on various forms of transport, such as air, sea-borne freight, rail and road, to receive raw materials and components used in the production of WTGs and to deliver its products from its manufacturing facilities to its customers. Such transportation and logistics may not be adequate to support the Group's future or continued operations. Further, the Group is vulnerable (in relation to both itself and its suppliers) to disruptions of transportation and logistical operations because of weather-related problems, strikes, lock-outs, inadequacies in road and rail infrastructure and port facilities, lack of or vaguely defined regulations or other events. The Group also has limited storage facilities and may not be able to store sufficient WTG components and raw materials, making it more dependent on efficient logistical operations. All of these factors could adversely affect the Group's ability to supply its products to its customers on time or at all and could have a material adverse effect on the Group's business, financial conditions, cash flows and results of operations.

The construction and operation of wind energy projects has faced opposition from local communities and other parties in the past and there can be no assurance that the Group will not encounter similar opposition in the future, which could delay future construction or operations and impact the financial results of the Group.

The construction and operation of wind energy plants in a number of countries has faced opposition from the local communities where these plants are located and from special interest groups. The Group has faced protests at certain of its wind farms in India and a number of its WTGs have been damaged in the course of these protests, requiring expensive and time-consuming repairs. WTGs also cause noise pollution and are considered by some to be aesthetically unappealing. Certain environmental organisations have expressed opposition to WTGs based on allegations that wind farms affect weather patterns, kill birds and have other adverse effects on the environment. There are also many

jurisdictions in which the acceptable distance between wind energy plants and urban areas is regulated to specifically guard against the effects of noise. A significant increase in the extent of such legislation may require additional approvals or other restrictions which could lead to significant constraints on the growth of the wind energy industry as a whole. This would have an adverse effect on the Group's business, financial condition, cash flows and results of operations.

The construction and operation of wind energy projects is subject to regulation, including environmental controls, and changes in these regulations could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Many countries, including India, have introduced legislation governing the manufacture, erection, operation and decommissioning of WTGs, including compliance with procedures relating to the acquisition of land to be used for wind energy farms, compliance with relevant planning regulations and approvals for the commencement of a wind energy project, including clearances from the environmental regulators. Further, there are also a number of ancillary activities that are regulated, such as preparatory activities on the land used for wind farms and the refining and consumption of raw materials used in the manufacture of WTGs. The Group is also subject to regulations on noise pollution in relation to its manufacturing facilities and transport to and from production sites. Licences and approvals relating to the Group's business and operations require periodic renewal. Failure to obtain them in a timely manner or at all may adversely affect the Group's operations. The Group cannot guarantee that it will at all times be in compliance with such laws and regulations, and may be required to pay fines, limit production at its facilities or be subject to other penalties.

It is also possible that legislation and regulation relating to the above-mentioned activities are made more stringent in a particular country, such as an increase in the requirements for obtaining approvals or meeting government standards. As a consequence, the Group may have to change the infrastructure necessary for wind energy projects and the technical requirements for WTGs and/or the methods used to manufacture them, or in some instances even relocate its operations, resulting in an increase to the Group's costs. This could also increase the risk of the Group being subject to penalties for non-compliance with such regulations. These developments could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group's multinational operations subject it to risk.

The Group currently has a direct presence in several countries in addition to India, including Denmark, Portugal, Germany, the United Kingdom, Canada, France, the United States, Brazil, South Africa and Australia. For the Fiscal Year 2014, revenue from the Group's operations in markets other than India, constituted 87.06 per cent. of the total revenue of the Group.

The Group's presence in foreign markets exposes it to risks associated with operating a business in different economic conditions in each country. It also exposes the Group to the risk of having to comply with different (and potentially more onerous) legal and taxation regimes in such countries, including those relating to liability and warranty requirements in relation to its products and services. The Group's international presence also increases its exposure to risks of fluctuation in foreign currency exchange rates. All these factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Company may not be able to exercise its influence as sole shareholder over Senvion in an effective manner, or at all, which may affect its business, expansion plans and results of operations in the future.

Under the German Stock Corporation Act (AktG) and in the absence of a domination agreement, the management of a German stock corporation is independent and has to make decisions in the best interest of the company which may differ from the interests of the group the company belongs to. The

Company and Senvion currently form a so called de facto group under German law and the Company cannot render instructions to the Senvion management. A current bank facility of Senvion contains a complex ring fencing arrangement according to which a domination agreement and most transactions between the Company and Senvion require consent of the banks/the lenders.

After a successful squeeze out in 2011, the Company (through AERH) is the sole shareholder of Senvion. Former minority shareholders have initiated so called evaluation proceedings (“**Spruchverfahren**”) and, as a result, a court will review the adequacy of the cash compensation offered to the minority shareholders in the squeeze out process. Such proceedings do not have an impact on the validity of the squeeze out. However, the compensation payment could be increased by the court decision or by an amicable settlement, leading to further payment obligations on AERH.

There can also be no assurance that the Company’s strategy of exploiting further potential synergies with Senvion will be successful, which may impact the financial performance of the Group. There remains a risk that the plans of the Company for improved cooperation with Senvion may: (i) take longer than expected; (ii) cost more than expected; or (iii) be impossible to implement at all.

There is no assurance that the Group’s existing or future management, operational and financial systems, procedures and controls will be adequate to support the Group’s cooperation plans, or that the Group will be able to recruit, retain and motivate new personnel or establish or develop business relationships beneficial to its future operations. Any delays in the plans of the Company with respect to improved cooperation with Senvion or a failure by the Company to improve potential synergies with Senvion may have a material adverse effect on the Group’s business, financial condition, cash flows or results of operations.

The Group’s acquisition of Senvion has in the past, and may continue to, negatively impact the Group’s financial condition, cash flows and results of operations in the future.

The acquisition of Senvion has resulted in the Group having to recognise a significant amount of goodwill pursuant to Senvion becoming a Subsidiary of the Company. Pursuant to Indian GAAP, the Group is required to assess in its annual financial statements whether such goodwill is impaired. As at the date of this Information Memorandum, such goodwill was not required to be impaired. Additionally, the Group increased its outstanding long-term debt in order to finance the acquisition of Senvion. Any future significant impairment charge may have a material adverse effect on the Group’s financial condition and results of operations.

The Group’s capital expenditure plans are subject to delay and other risks and may not yield the benefits intended. Further, the Group’s manufacturing facilities may remain under-utilised.

The Group’s operations are capital intensive, as a substantial amount of capital is required for setting up new manufacturing facilities and expanding its existing manufacturing and storage facilities. The Group also requires significant amount of capital to market and distribute its services and products, to develop new services and products and to develop and implement new technologies. Given current cash flow constraints, the Group does not have any material capital expenditure plans except maintenance capital expenditure. In addition, pursuant to the MRA, the Company is not permitted to undertake any capital expenditure other than the normal capital expenditure in accordance with the CDR package, without the prior approval of the CDR EG. This restriction on capital expenditure strains the Group’s ability to invest in core functions such as research and development. The Group’s ability to fund overseas capital expenditure is further restricted by the waterfall mechanism pursuant to the trust and retention agreement implemented under the CDR scheme to monitor the Company’s domestic cash flows.

Future capital expenditure plans will be based on management estimates, which may prove to be incorrect or based on incorrect assumptions. The capital expenditure plans also depend on local regulations in respect of local content requirements in countries where the Group has operations or plans to enter. In addition, the Group’s capital expenditure plans are subject to a number of risks

including, among other things, possible cost overruns, construction and/or development delays or defects, failure or delay in receiving governmental or other approvals, and the availability of financing on acceptable terms. The Group may also require additional financing to expand and upgrade existing facilities. Such financing may not be available on acceptable terms or at all. The actual amount and timing of its future capital requirements may differ from the Group's estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, economic, political and other conditions within and outside India, regulatory changes, engineering design changes, weather-related delays and technological changes. Such factors will have an adverse impact on the Group's profitability, financial condition and cash flows.

The Group may be unable to keep pace with rapidly evolving technology in the design and production of WTGs and WTG components.

The global market for WTGs and WTG components involves rapidly evolving technology. The Group's component manufacturing equipment and technology may not be suited for future generations of products being developed by other wind energy companies. WTGs are progressively becoming larger and their operational performance has improved, resulting in the Group's customers demanding more cost efficient WTGs. Developing such new product platforms, especially in the offshore wind market, requires huge investment. To maintain a successful business in the WTG sector, the Group needs to quickly and consistently design and develop new and improved WTGs and WTG components that keep pace with technological developments and changing customer standards and meet the growing demands of its customers for improved WTG performance. The Group is vulnerable to technological failures and failures of its information/software systems, which could affect its business. The Group's ability to design, develop, manufacture and market financially viable and cost-efficient WTGs on an ongoing basis is particularly important. The Group's inability to either invest sufficiently in the development of new product platforms or adequately respond to the technological changes in the WTG industry in a timely manner could have a material adverse effect on its business, financial condition, cash flows and results of operations.

The market for WTGs is highly competitive, which could limit the Group's ability to grow.

The market for WTGs is intensely competitive. Important factors affecting competition in the WTG industry include performance of WTGs, reliability, product quality, technology, price, and the scope and quality of services, including O&M services and training offered to customers. Although the Group has expended considerable resources on the design, development and manufacture of WTGs, some of its competitors have longer industry experience and greater financial, technical and other resources, as well as larger customer bases and greater brand recognition. Some competitors may also be able to react faster to technological developments, trends and changes in customer demand. The Group's competitors may be willing and able to spend more resources to develop products and sales, and may be able to provide comparable products and services faster or at a lower price than the Group can. Further, if the Group's competitors consolidate through joint ventures or co-operative agreements with each other, or otherwise, the Group may have difficulty competing with them. There can be no assurance that the Group will be able to compete successfully against such competitors, or that it will not lose potential customers to such competitors. Indeed, the Group's recent financial difficulties have constrained its ability to compete and competitors have increased their market share at the expense of the Group (in India in particular). Additionally, growing competition could result in a decline in the Group's market share or may force it to reduce the prices of its products and services, which may reduce revenues, margins and cash flows. As the demand for Independent Power Producers ("IPPs") in the wind energy market in India increases, there may be a reduction or change in the overall scope of work, which may increase competition and, in turn, affect the market share and profit margins of the Group in India.

Foreign currency fluctuations could adversely affect the costs of raw materials, the cost of borrowings and repayment of indebtedness, revenues from exports, profitability, cash flows, the operating results and any derivatives portfolio of the Group.

The Group generates revenues and makes payments in a number of different currencies, including Indian Rupees, Euros, U.S. dollars, Chinese Renminbi, Brazilian Real, British Pound, Danish Kroner and Australian dollars. The Group exports a significant amount of its products produced in India to overseas customers and generates significant revenues from such customers and receives payment from such customers in various foreign currencies, including U.S. dollars. The exchange rates between these currencies can fluctuate substantially, which could have a material adverse effect on the Group's financial condition, cash flows and results of operations.

The depreciation of the Indian Rupee against the U.S. dollar and other foreign currencies in recent years has increased the Indian Rupee cost of servicing and repaying the Group's foreign currency borrowings and their value in the Group's balance sheet.

The Company's exchange rate risk primarily arises from its foreign currency revenues, costs and other foreign currency assets and liabilities, to the extent that there is no natural hedge.

Senvion has historically generated revenues and made payments predominantly in Euros. However, as it expands, it expects to generate more revenues in different foreign currencies, particularly the U.S. dollar. If Senvion's expenses remain predominantly in Euros and a greater portion of its revenues are made in U.S. dollars, an appreciation of the Euro against the U.S. dollar could cause Senvion's operating margins and cash flows to decrease.

A devaluation or depreciation in the value of the Indian Rupee increases the total costs of the Group's imports of raw materials and components and the Group may be unable to recover these costs through cost-saving measures elsewhere or by passing on these increased costs to its customers, which in turn may affect revenues and cash flows. Similarly, the Group sources certain types of equipment from outside India, which it pays for primarily in Euros and U.S. dollars. A depreciation of the Indian Rupee against the Euro or U.S. dollar increases the cost of such equipment in Indian Rupee terms. All of these factors could have a material adverse impact on the Group's business, financial condition, cash flows and results of operations.

In conducting its business, the Group also uses various derivative and non-derivative instruments to manage risks arising from fluctuations in exchange rates, interest rates and commodity prices. Such instruments are used for risk management purposes only and in the last few years, their use has been very limited. However, there can be no assurances that the Group will be able to successfully hedge its risks or that it will not incur such losses in the future.

The Group is dependent on the Affiliated Companies to deliver integrated wind energy solutions to its customers in India.

The Group's business strategy in India involves offering customers integrated solutions relating to wind energy projects. This involves the acquisition and/or leasing by certain of the Affiliated Companies of land identified by the Group as suitable for wind farms. Such land is then sold, leased or sub-leased exclusively to the Group's customers by the Affiliated Companies with the Company's consent. Certain Affiliated Companies are also involved in the acquisition of capacity allocations from State Governments. As with the land acquisitions, the Affiliated Companies transfer the capacity allocations to customers at the direction of the Company.

There can be no assurance that customers will agree to use the land acquired by the Affiliated Companies. The Affiliated Companies have been and may continue to be subject to certain litigation proceedings in connection with such land acquisitions. An adverse order in any such proceeding would affect the ability of the Affiliated Companies to deliver land to the Group's customers and have a material adverse effect on the Group's business, financial condition, cash flows and results of

operation. In the event that an Affiliated Company breaches its agreement with the Group's customers, the Group may be required to incur significant expense and undertake the acquisition of land for wind farm projects in its own name. This would involve substantial capital investment, expense and risk, especially in the form of title disputes over the land acquired. Further, if the Group incurs higher costs than those that would have been incurred by the Affiliated Companies in carrying out their activities, this would increase the cost to the Group's customers of using wind farms developed by it and therefore adversely affect the competitiveness of the Group's wind farm projects. All these factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The inability of the Group and the Affiliated Companies to secure suitable locations for wind energy projects may have an adverse impact on the Group's business.

The ability of the Group and the Affiliated Companies to acquire sites that the Group has identified as suitable for wind energy projects through lease agreements or purchase agreements depends on many factors. These factors include whether the land is private or state-owned, whether the classification of the land under applicable regulations permits its use for a wind energy project site, the willingness of the owners to sell or lease their land and the difficulty in obtaining rights of way. In many cases, the area identified as a suitable site is owned by numerous small landowners.

In certain states in India, Affiliated Companies are required to directly acquire or lease the land on which a wind energy project will be established. Acquisition of private land in India can involve many difficulties, such as dealing with ongoing litigation relating to ownership, the existence of liens or encumbrances and the lack of any conclusive means of conducting comprehensive title searches on the land, inaccurate title records, negotiating with numerous land owners, land conversion (e.g. agricultural to non-agricultural) and obtaining government approvals. Further, in the recent past, certain social interest groups in India compelled the reversal of government policies in respect of land grant, compelling the interested company to relocate its operations. The Group may also become liable for environmental hazards on land that it acquires and may be subject to fines and other claims in connection therewith. The Group also faces competition from other WTG manufacturers and operators in relation to the acquisition of suitable sites for wind energy projects. Given that the acquisition of these sites is of fundamental importance to the Group's integrated solutions business strategy in India, and to the further growth of its WTG business outside India, difficulties in acquiring new sites could have a significant impact on future project development by the Group and the Affiliated Companies as well as the Group's sales. These difficulties include litigation and other costs such as the payment of settlements in connection with land disputes, all of which may cause delays. Land negotiations can be time-consuming and can require the Group to incur substantial additional costs and devote a significant amount of management time. In certain cases, the Group and the Affiliated Companies may not be able to acquire land at all. Further, leasing government land will require a number of approvals, which take time to acquire. Any of these factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group's financial condition is substantially dependent on the commercial success of any new products launched by it.

The Group's growth depends on designing, developing and marketing new and more cost-efficient WTGs. The development of new WTG models requires considerable investment. The Group operates several research and testing centres in India and at overseas locations. Significant resources and investment are also currently being focused on the development and expansion of Senvion's offshore WTGs.

There is a risk that the development of new and existing products may be delayed, which may result in incurrence of higher than expected costs. Further, there can be no assurance that the newly developed products will deliver the expected technological results. Further, the Group's competitors may develop new and technologically more advanced WTG models, which are better equipped to satisfy customer demand. There can be no assurance that the Group will be able to develop more

cost-efficient products or that this will lead to increased profitability or that it will be able to continue to develop successfully and exploit its expertise in the future. In the offshore WTG sector, there is no assurance that Senvion will be able to successfully develop larger and more efficient turbines. Furthermore, the cost of developing new products may prove to be greater than the income expected from those products. The newly developed WTGs may also face initial technical issues, which the Group may not be able to overcome or which may lead to a significant number of customer claims. Any of these factors could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Any disruption affecting the Group's manufacturing facilities or operations could have a material adverse effect on its business, financial condition, cash flows and results of operations.

At present, the Group's manufacturing facilities are predominantly located in India, the United States, Portugal, Canada and Germany. The manufacture of the Group's WTGs and WTG components involves significant hazards that could result in fires, explosions, spills, and other unexpected or dangerous conditions or accidents. Any significant interruption to the Group's operations because of labour unrest, industrial accidents, floods, severe weather or other natural disasters could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. There can be no assurance that such events or natural disasters will not occur in the future and the occurrence of such events will have a material adverse impact on the Group's manufacturing ability and capacity and therefore its financial condition, cash flows and results of operations.

The Group also requires power for its manufacturing facilities. Industrial accidents, natural disasters or other factors may affect the Group's ability to produce or procure the necessary power to operate its manufacturing facilities. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Company's results of operations could be adversely affected by strikes, work stoppages or increased wage demands by its employees or other disputes with its employees.

The Group is exposed to the risk of strikes, lock-outs, trade union activities and other industrial actions. As at 31 March 2014, the Group (including Senvion) employed 10,563 people. Other than certain employees at its centres in Coimbatore, Pondicherry and Satara and those employed by Senvion, none of its employees belong to a union. The Group believes that its relationship with its employees is generally good. However, there have been occasions in the past where short disruptions have occurred.

There can be no assurance that the Group's other employees will not unionise or that the Group will not experience any strike, work stoppage, lock-out or other industrial action in the future. Further, efforts by labour unions may divert the management's attention and result in increased costs. The Group may be unable to negotiate any acceptable collective bargaining agreements with such employees who have chosen to be represented by unions, which could lead to union-initiated stoppages. Any such event could disrupt the Group's operations, possibly for a significant period of time, result in an increase in wages and other benefits or otherwise have a material adverse effect on its business, financial condition, cash flows and results of operations.

The Group has entered into various related party transactions. Some of these are subject to transfer pricing regulations. These may be subject to regulatory challenges, which may subject the Group to higher taxes and adversely affect the Group's earnings.

The Group enters into transactions with related parties such as Affiliated Companies and its Subsidiaries in the ordinary course of its business, such as supply of components, related services and the acquisition and use of land. The Company also extends loans to some of its Subsidiaries. Pursuant to these transactions, it has determined transfer prices that it believes are at arm's length. However, if the tax authorities of India or other jurisdictions were to challenge these or past transactions successfully or require changes in its transfer pricing policies, the Company could be required to

re-determine transfer prices and/or pay additional taxes with respect to past transactions, which may result in a higher tax liability to it and, as a result, its earnings would be adversely affected. The Company believes that it operates in compliance with all applicable transfer pricing laws in all applicable jurisdictions. However, there can be no assurance that it will be found to comply with transfer pricing laws, or that such laws will not be modified. This may require changes to the Company's transfer pricing policies or operating procedures. Any modification of transfer pricing laws may result in a higher overall tax liability to the Group and adversely affect its earnings and results of operations. The Group will continue to enter into related party transactions in the future, in the normal course of its business. For further details, see Note 37 — "Related party disclosures" to the Group's consolidated financial statements for Fiscal Year 2014 included in this Information Memorandum.

The Group may not be able to obtain or maintain adequate insurance cover.

The Group's operations are subject to various hazards and risks, including risks inherent in the use of chemicals and other hazardous materials in the course of its production processes. These risks include the occurrence of thefts, explosions, chemical spills, storage tank leaks, discharges or releases of hazardous substances and other environmental risks, mechanical failure of equipment at its facilities and natural disasters. In addition, many of these operating and other risks could cause personal injury, loss of life, severe damage to or destruction of the Group's properties and the property of third parties and environmental pollution, and may result in the suspension of operations and the imposition of civil or criminal penalties. For example, in Rajasthan certain of the Group's WTG sites have been the target of theft of copper cables, which is not covered at present by insurance. While the Group believes that its insurance coverage is consistent with industry norms, it does not carry business interruption insurance for its entire operations globally. For operations outside India, the Group's business interruption insurance is generally limited to the WTG erection process. For its Indian operations, the Group has obtained insurance coverage for the WTG erection process in certain states. If any or all of the Group's production facilities are damaged in whole or in part and its operations are interrupted for a sustained period, there can be no assurance that its insurance policies will be adequate to cover the losses that may be incurred as a result of such events. If the Group suffers a large uninsured loss, or any insured loss suffered by it significantly exceeds its insurance coverage, its business, financial condition, cash flows and results of operations may be adversely affected.

In addition, the Group's insurance coverage is generally subject to annual renewal. In the event that premium levels increase, it may not be able to obtain the same levels of coverage in the future as it currently has or it may only be able to obtain such coverage at substantially higher cost. If it is unable to pass these costs on to its customers, the costs of higher insurance premiums could have an adverse effect on its financial condition, cash flows and results of operations. Alternatively, the Group may choose not to insure, which, in the event of any damage or destruction to its facilities or defects to its products, could have a material adverse effect on its business, financial condition, cash flows and results of operations for example, the Group does not insure against warranty claims by customers.

Any failure to keep the Group's technical knowledge confidential and protect its intellectual property could erode its competitive advantage.

Like many of its competitors, the Group possesses extensive technical knowledge about its products. The Group relies on copyright and licence agreements, among other protections, to safeguard its intellectual property rights. There can be no assurance that the Group's rights will not be challenged, invalidated or circumvented, or that the Company will successfully renew its rights or licences. Further, the Group's know-how may not be adequately protected by intellectual property rights such as patents, copyrights and trademarks. Some know-how is protected only by secrecy and any contractual protection. As a result, the Group cannot be certain that its know-how will remain confidential in the long run. Further, there can be no assurance that the Group will be able to protect its intellectual property rights in respect of newly developed or upgraded products. The Group's competitors may be able to take advantage of this and develop and market similar or superior products

which will impact the Group's business, financial conditions, cash flows and results of operation. In addition, following the defaults, certain of the Group's customers have been requesting that intellectual property in relation to designs be placed in escrow pending completion of their contracts by the Group.

Even if all reasonable precautions, whether contractual or otherwise, are taken to protect confidential technical knowledge about the Group's products and its business, there is still a risk that such information may be disclosed to others or become public knowledge in circumstances beyond its control. In the event that confidential technical information or know-how about its products or its business becomes available to third parties or to the public, the Group's competitive advantage over other companies in the wind energy industry could be harmed. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group may inadvertently infringe the intellectual property rights of others.

Although the Group believes that its products, services and proprietary information do not infringe upon the intellectual property rights of others and that it does and will have all the rights necessary to use the intellectual property employed in its business, there can be no assurance that infringement claims, including the possibility of substantial monetary claims, will not be asserted against the Group. Such claims may force it to alter its technologies, obtain licences or cease some significant portions of its operations. Irrespective of their merit, these claims could: (i) adversely affect the Group's relationships with current or future customers; (ii) result in costly litigation; (iii) cause product shipment delays or stoppages; (iv) divert management's attention and resources; (v) subject the Group to significant liabilities; (vi) require the Group to enter into potentially expensive royalty or licencing agreements; and (vii) require the Group to cease certain activities, including the manufacture/supply of certain products and provisions of services. Furthermore, necessary licences may not be available to the Group on satisfactory terms, if at all. All of these factors could have a material adverse impact on the Group's business, financial condition, cash flows and results of operations.

The loss of the services of the Company's Chairman and Managing Director, or of its key senior management personnel, could adversely affect its business.

The Company's success depends in part on the knowledge, skill, industry experience and continued services of its Chairman and Managing Director, Mr. Tulsi R.Tanti, and other key members of senior management. If the Company loses the services of the Chairman and Managing Director or any of its key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner, which could significantly impair the Group's ability to develop and implement its business strategies. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group may be unable to hire and retain sufficient numbers of the qualified professional personnel that it needs.

The success of the Group's business will depend on its ability to identify, attract, hire, train, retain and motivate skilled personnel. Any failure to hire and retain sufficient numbers of qualified professional personnel for functions such as finance, marketing and sales, engineering, research and development and operations and management services, could adversely affect the Group's business, operating results, financial condition and cash flows. As part of an internal restructuring, the Group reduced approximately 3,200 employees between March 2012 and March 2014. Further, as a consequence of cash flow and funding constraints, the Group has been unable to invest as much as it previously did in human resource development and the negative publicity surrounding the Group's financial difficulties may dissuade talented individuals from applying for a position within the Group. As a consequence, this could have a material adverse effect on the Group's ability to hire and retain qualified professional personnel.

In addition, competition for qualified professional personnel is intense as these personnel are in limited supply, particularly as the wind energy industry is specialised and continues to expand. The Group might not be able to hire and retain sufficient numbers of such personnel to grow or sustain its business. In addition, any of its existing qualified personnel may terminate their employment with the Group and join the Group's competitors. There can be no assurance that the Group will be able to attract, assimilate or retain sufficiently qualified personnel successfully. A failure to do so could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Compliance with and changes in safety, health and environmental laws and regulations may adversely affect the Group's results of operations, financial condition and cash flows.

The Group is subject to a broad range of safety, health and environmental laws and regulations in the jurisdictions in which it operates. The manufacturing facilities of the Group are located in India, the United States, Germany and Portugal and are subject to laws and government regulations of such countries. These laws and regulations require the Group to obtain and maintain permits and approvals, undergo environmental impact assessments, review processes and implement environmental health and safety programmes, impose controls on the Group's air and water discharges, storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of its operations and products. Some of the manufacturing and O&M processes of the Group are hazardous and require the Group to comply with stringent safety standards. The Group has incurred, and expects to continue to incur, operating costs and capital expenditure to comply with such laws and regulations. While the Group believes it is in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause it to be liable to the Indian Government, State Governments or Union Territories, or to any similar governmental or regulatory authority in the United States, Germany, or Portugal, where certain of its manufacturing facilities and wind farms are located, or to private persons or other third parties. In addition, it may be required to incur costs to remedy the damage caused by any such discharges or environmental incidents, or pay fines or other penalties for non-compliance with applicable laws and/or regulations.

The Group could also be affected by the adoption or implementation of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other similar developments in the future. Safety, health and environmental laws and regulations particularly in India are becoming increasingly stringent and it is possible that they will become more stringent in the future. The costs of complying with these requirements could be significant. The measures that the Group implements in order to comply with these new laws and regulations may be deemed insufficient by governmental authorities and its compliance costs may significantly exceed current estimates. If the Group fails to meet environmental requirements, it may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against it as well as orders that could limit or halt its operations. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The members of the Promoter Group have pledged certain of their shareholding in the Company and the Group cannot assure acquirers that the Promoter Group will satisfy their debt service obligations in respect of such pledges and/or continue to form part of the Promoter Group of the Company. In addition, the Company and its Subsidiaries have also pledged their respective shareholdings in their respective subsidiaries.

As at 16 May 2014, of the 1,052,784,456 Shares owned by the Promoter Group, representing 38.80 per cent. of the total Shares in the Company, 92.55 per cent. have been pledged to banks, financial institutions and other lenders to secure loans of the Company and the Promoters. The majority of such pledges are not linked to market prices and are provided as collateral to banks as secondary security.

In addition, the Company and its Subsidiaries have also pledged their shareholding in their respective subsidiaries, as shown below:

S. No.	Name of Subsidiary	No. of Shares Pledged by the Company's/ Subsidiary	Percentage of Pledged Shares in Respect of Total Shareholding of the Company/ Subsidiary (per cent.)
1	Suzlon Structures Limited	14,524,600	75.00
2	Suzlon Gujarat Wind Park Limited	2,000,000	4.36
3	Suzlon Generators Limited	26,226,800	41.96
4	SE Blade Limited	15,000,000	100.00
5	SE Electricals Limited	10,000,000	100.00
6	Suzlon Wind International Limited	10,000,000	100.00
7	Suzlon Power Infrastructure Limited	3,010,000	100.00
8	SEDT	1	100.00
9	SWE	3	100.00
10	RPW	377,000	100.00
11	Senvion	9,220,179	100.00

If any of the members of the Promoter Group, the Company or its Subsidiaries default in fulfilling their obligations under their respective financing arrangements, it is possible that the lenders may exercise their rights under the share pledges to sell all or a portion of such pledged shares in the stock market or to one or more third parties, or have the pledged shares transferred to their names and take significant control over the Company or its Subsidiaries. Any of these events may adversely affect the Group's business strategy, financial condition, cash flows and the market price of the Bonds and the Shares.

The Company's principal Shareholders may have interests that are adverse to the interests of the Shareholders and/or the Company and the Company does not control the Affiliated Companies.

The Company's principal Shareholders, comprising the Promoters and the Promoter Group, owned 38.80 per cent. of the Company's issued and paid-up equity share capital as at 16 May 2014. As significant Shareholders, the Promoter Group may have interests that are adverse to the interests of other Shareholders and/or the Company and the Group's own interests. Specifically, the Company's Chairman and Managing Director, along with other members of the Promoters and the Promoter Group, are the controlling Shareholders of both the Company and the Affiliated Companies and have significant voting power to influence the Company's policies, business and affairs. There may therefore be a conflict of interest in dealings between the Company and the Affiliated Companies, which may not necessarily be resolved in the Company's favour.

The Group's earnings from Subsidiaries based outside India may be subject to double taxation.

A part of the Group's earnings may comprise dividends received from the Company's Subsidiaries based outside India. The Group may be subject to double taxation on any dividends paid by such Subsidiaries based outside India. Further, dividend payments will also be subject to foreign currency fluctuations. In such an event, the Group's earnings and cash flows may be adversely affected.

Consolidated negative net worth of the Group may impact its ability to get large orders.

As a consequence of continued losses in the last five years, the consolidated net worth of the Group turned negative in Fiscal Year 2014. The negative net worth of the Group could increase depending on its performance in Fiscal Year 2015 and beyond. There is a possibility that the Group may carry such negative net worth for at least a year, if not more. This may pose difficulties for the Group while bidding for large orders, as some customers may demand a healthy balance sheet before awarding an order to the Group.

RISKS RELATING TO INDIA

The Group's growth is dependent on the Indian economy.

The Group's performance and the growth of its business are dependent on the performance of the Indian economy. For each of the Fiscal Year 2012, the Fiscal Year 2013 and the Fiscal Year 2014, 37.00 per cent., 7.68 per cent. and 12.94 per cent., respectively, of the Group's total revenue were derived from the Indian market. India's economy has been affected by the recent global economic uncertainties and liquidity crisis, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, and various other factors. Risk management techniques by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of existing credit facilities of the Group. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes upon the Group's business.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy, and Indian Government policy may change in response to such conditions. While recent Indian Governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. In addition, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and the Group's business. Any downturn in the macroeconomic environment in India could materially and adversely affect the market price of the Bonds and the Shares and the Group's business, financial condition, cash flows and results of operations.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Group. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

India's foreign exchange reserves have generally increased from 2009 to stand at U.S.\$294.4 billion as of 31 March 2012, but decreased 0.6 per cent. to U.S.\$292.6 billion as of 31 March 2013, according to the RBI. As of 28 March 2014, India's foreign exchange reserves were U.S.\$303.7 billion. Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Indian Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates that could adversely affect the Group's business, financial condition and results of operations.

Political instability or significant changes in the economic liberalisation and deregulation policies of the Indian Government or in the states where the Group operates could disrupt its business.

The Company is incorporated in India and derives a material portion of its revenue in India. In addition, a significant portion of the Group's assets are located in India. Consequently, the performance and liquidity of the Bonds and the Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. The Group's businesses, and the market price and liquidity of the Bonds and the Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. India has been following a course of economic liberalisation and the Group's businesses could be significantly influenced by economic policies followed by the Indian Government. Further, the businesses are also impacted by regulation and conditions in the various states in India where the Group operates.

However, the Group cannot assure Bondholders that such policies will continue in the future. Indian Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the business in which the Group operates, could disrupt business and economic conditions in India generally and the Group's business in particular.

Changing laws, rules and regulations and legal uncertainties may adversely affect the Group's business and financial performance.

The Group's business and operations are governed by various laws and regulations. The Group's business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to the business.

There can be no assurance that the Indian Government or State Governments will not implement new regulations and policies, which will require the Group to obtain approvals and licences from the government and other regulatory bodies or impose onerous requirements and conditions on its operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from 1 October 2014, which may subject the Company to higher compliance requirements and increase the Company's compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain

permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, the Companies Act, 2013 imposes greater monetary and other liability on the Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, the Company may need to allocate additional resources, which may increase the Company's regulatory compliance costs and divert management attention.

The Companies Act, 2013 has introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, the Company may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, the Company's interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Indian Government in the future, the Company may face regulatory actions or it may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from 1 October 2014. Pursuant to the revised guidelines, the Company will be required to, *inter alia*, appoint at least one woman director on the Board, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. The Company may face difficulties in complying with any such overlapping requirements. Further, the Company cannot currently determine the impact of provisions of the Companies Act, 2013 or the revised SEBI corporate governance norms, which are yet to come in force. Any increase in the Company's compliance requirements or in its compliance costs may have an adverse effect on our business and results of operations.

If regional hostilities, terrorist attacks or social unrest in India increase, the Group's business could be adversely affected and the trading price of the Bonds and the Shares could decrease.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and the Group's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of the Shares and may limit the capital resources available to the Group.

Natural disasters could have a negative impact on the Indian economy and cause the business to suffer.

Natural disasters such as floods, earthquakes or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, the Group's business could be affected due to the event itself or due to an inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity and business information. In the event that the Group's facilities are affected by any of these factors, the Group's operations may be significantly interrupted, which may materially and adversely affect business, financial condition, results of operations, cash flows and prospects.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Group's business and the trading price of the Bonds and the Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Group's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could adversely affect the Group's business and future financial performance and its ability to obtain financing to fund its growth, as well as on the trading price of the Bonds and the Shares.

Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, the conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect the Group's business, future financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

In mid-2013, concerns in relation to the tapering of the U.S. Federal Reserve's quantitative easing programme in the United States led to increased volatility particularly in the stock and currency markets in emerging economies. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets, caused by increased food, fuel and commodities prices, will lead to a moderation in global growth. In particular, there are rising concerns of a possible slowdown in the Chinese economy; and China is one of India's major trading partners. The recent sovereign rating downgrades for Brazil and Russia have also added to the growth risks for these markets. These factors might also result in a slowdown in India's export growth momentum.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilising effects. Any significant financial disruption in the future could have an adverse effect on the Group's cost of funding, loan portfolio, business, future financial performance and the trading price of the Bonds and the Shares. Adverse economic developments overseas in countries where the Group has operations could have a material adverse impact on the Group and the trading price of the Bonds and the Shares.

There may be less information available in the Indian securities markets than in more developed securities markets in other countries.

There is a difference between the level of regulation and monitoring of the Indian securities markets and that of the activities of investors, brokers and other participants in securities markets in more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed countries, which could adversely affect the market for the Shares. As a result, investors may have access to less information about the Company's business, financial condition, cash flows and results of operation, on an on-going basis, than investors in companies subject to the reporting requirements of other more developed countries.

If inflation were to rise in India, the Group might not be able to increase the prices of its products in order to pass costs on to its customers and the Group's profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses, and the Group may be unable to reduce its costs or pass increased costs on to its consumers by increasing the price that the Group charges for its products, and its financial condition, cash flows and results of operations may therefore be adversely affected.

Significant differences exist between Indian GAAP used throughout the Company's financial information and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar. The proposed adoption of Indian Accounting Standards converged with International Financial Reporting Standards could result in the Company's financial condition and results of operations appearing materially different than under Indian GAAP.

The Company's consolidated financial statements included in this Information Memorandum are prepared and presented in conformity with Indian GAAP. Indian GAAP differs from accounting principles and auditing standards with which prospective acquirers may be familiar in other countries, such as U.S. GAAP or IFRS. Significant differences exist between Indian GAAP and U.S. GAAP or IFRS or Ind-AS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Information Memorandum. The significant accounting policies applied in the preparation of the Company's Indian GAAP financial statements are set forth in the financial statements included in this Information Memorandum. In making a decision, potential acquirers must rely upon their own examination of the Group. Prospective acquirers should review the accounting policies applied in the preparation of the Company's financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

The Ministry of Corporate Affairs, Government of India, through various press releases, announced a roadmap for the adoption of, and convergence of, Indian Accounting Standards with IFRS. As there is a significant lack of clarity on the adoption of and convergence with Indian IFRS standards ("Ind-AS") and IFRS, the Company has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. There can be no assurance that the Company's financial condition, cash flows, results of operations or changes in shareholders' equity will not appear materially different under Ind-AS or under IFRS than under existing Indian GAAP. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

The proposed new taxation system in India could adversely affect the Company's business.

The Indian Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to GAAR.

As regards the implementation of the goods and service tax and the direct tax code, the Indian Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the Central and State Governments. The direct taxes code aims to introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies as well as clarify the taxation provisions for international transactions. It aims to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax and wealth tax and facilitate voluntary compliance. As regards GAAR, the provisions will come into effect from 1 April 2016. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial

substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the Group cannot be determined at present and there can be no assurance that such effects would not adversely affect the Group's business, future financial performance and the trading price of the Shares and the Bonds.

The extent and reliability of Indian infrastructure could adversely affect the Group's results of operations, financial condition and cash flows.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, transportation networks, electricity grid, communication systems or any other public facility could disrupt the Group's normal business activity. The Group's operations depend significantly on factors such as efficient power evacuation and grid maintenance. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt the business operations of the Group, which could have an adverse effect on its results of operations, financial condition and cash flows.

The Company's ability to raise foreign capital may be constrained by Indian law.

Companies operating in India are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could limit the Company's financing sources for its acquisitions and could constrain its ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, it cannot be assured that any approval required to raise foreign capital will be granted to the Company without onerous conditions, or at all. Limitations on foreign debt may have an adverse impact on the Company's business growth, financial condition, cash flows and results of operations.

The Company's business and activities may be regulated by the Competition Act 2002 (the "Competition Act") and any adverse application or interpretation of the Competition Act could materially and adversely affect the Company's business, financial condition and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services or shares the market by way of geographical area or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished. If the Company, or any of its employees, are penalised under the Competition Act, the Company's business may be adversely affected. On 4 March 2011, the Indian Government notified and brought into force new provisions under the Competition Act in relation to combined entities (the "**Combination Regulation Provisions**"), which came into effect from 1 June 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on 11 May 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on 28 March 2014). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

If the Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect the Company's business, financial condition and results of operations.

Investors in the Bonds may not be able to enforce a judgment of a foreign court against the Company.

The Company is a limited liability company incorporated under the laws of India. Certain Directors of the Company and a majority of its key management personnel are residents of India. A substantial portion of the Company's assets and the assets of its Indian resident Directors and executive officers are located in India. As a result, it may be difficult for investors to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against the Company or such parties outside India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. For further details, see "Enforceability of Civil Liabilities".

Statistical and operating data in this Information Memorandum may be incomplete or unreliable.

The Company has not independently verified data obtained from industry publications and other sources referred to in this Information Memorandum and therefore, while the Company believes them to be true, it cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the industry in which the Company currently operate in this Information Memorandum are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable.

RISKS RELATING TO THE SHARES AND THE BONDS

There are limitations on the ability of Bondholders to exercise their Conversion Rights.

The Bonds are convertible into Shares at the option of the Bondholders pursuant to the Terms and Conditions. Bondholders will be able to exercise their right to convert Bonds into Shares (the "**Conversion Right**") only within the conversion period specified in the Terms and Conditions and will not be able to exercise their Conversion Right during any closed period specified in the Terms and Conditions.

The Bonds are subject to a floor price of ₹14.05 per Share, below which the initial Conversion Price cannot be adjusted.

The conversion price at which the Bonds may be converted into Shares (the "**Conversion Price**") is subject to adjustment in certain circumstances as described in the Terms and Conditions. However, the Company will not issue Shares upon the conversion of the Bonds at a Conversion Price (as adjusted in accordance with Terms and Conditions) which is below the floor price of ₹14.05 per Share except in the event of any adjustments to the Conversion Price (and any analogous events in relation thereto), in which event the Bonds may be converted at a reduced Conversion Price into legally issued, fully-paid and non-assessable Shares provided such reduced Conversion Price is permitted under applicable laws and regulations.

Bondholders will have no rights as shareholders until they acquire the Shares upon conversion of the Bonds.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Bondholders who acquire Shares upon the exercise of a Conversion Right will be entitled to exercise the rights of holders of Shares only as to actions for which the applicable record date occurs after the date of conversion of the Bonds to Shares (the “**Conversion Date**”).

The Bonds constitute unsecured obligations of the Company.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the Terms and Conditions - Negative Pledge and Security) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The Bondholders shall be entitled to a springing second lien over all the domestic assets of the Company and its identified Indian subsidiaries that are secured for the benefit of the Company’s Secured Lenders (as defined in the Terms and Conditions), subject to regulatory approval and the Company: (i) prepaying an amount of approximately U.S.\$1.158 billion to the CDR lenders under the CDR Scheme (as defined in the Terms and Conditions); and (ii) achieving a minimum Asset Coverage Ratio (as defined in the Terms and Conditions) in excess of 1.33:1 ((i) and (ii) together, the “**Security Conditions**”). No assurance can be given that the Company will be able to satisfy the Security Conditions or will receive regulatory approval, and in the event of such failure to satisfy the Security Conditions or obtain requisite regulatory approval, the Bonds will continue to remain unsecured obligations of the Company.

RBI approval is required for repayment of the Bonds prior to maturity, including upon an event of default.

Under the guidelines on policies and procedures for external commercial borrowings issued by the RBI, any repayment of an external commercial borrowing prior to its stated maturity requires the prior approval of the RBI. Therefore, any repayment of the Bonds prior to maturity as a result of early redemption pursuant to the Terms and Conditions or acceleration of the Bonds upon an event of default pursuant to the Terms and Conditions would require the prior approval of the RBI. There can be no assurance that such approval would be obtained in a timely manner or at all. In the absence of such an approval, the Company may not be able to redeem all or any of the Bonds prior to maturity.

RBI approval may be required prior to utilising the proceeds of any equity or equity-linked issuance by the Company.

The net proceeds of any equity or equity-linked issuance by the Company (“**Equity Issuance Proceeds**”), after the satisfaction of the Security Conditions, will be utilised by the Company (subject to compliance with prevalent RBI regulations or subject to obtaining RBI approval) to make an offer to Bondholders to repurchase all or a part of their Bonds, on a pro rata basis. There can be no assurance that RBI approval, if required, would be obtained in a timely manner or at all. In the absence of such RBI approval, the Company may not be able to utilise the Equity Issuance Proceeds in the manner contemplated by the Terms and Conditions.

The Company may not be in a position to meet its obligations to pay or redeem the Bonds.

In certain circumstances, Bondholders may require the Company to redeem all or a portion of the Bonds and the Company would be required to pay all amounts then due under the Bonds. In particular, upon a change of control of the Company, or a delisting of the Shares from the BSE and the NSE, or a non-permitted conversion price adjustment event as described in the Terms and Conditions, Bondholders may require the Company to repurchase all (or in some cases, a portion of) such holders’ Bonds, and following an acceleration of the Bonds upon an event of default as described in the Terms

and Conditions, the Company would be required to pay all amounts then due under the Bonds which it may not be able to meet. The Company may not be able to redeem all or any of such Bonds or pay all amounts due under the Bonds if the requisite RBI regulatory approval is not received; or the Company does not have sufficient cash flow to redeem or repay the Bonds.

There is no existing market for the Bonds and an active market for the Bonds may not develop, which may cause the price of the Bonds to fall.

The Bonds are a new issue of securities for which there is currently no trading market. An application will be made for the listing of and quotation for the Bonds on the SGX-ST. Even if such listing is obtained, no assurance can be given that an active trading market for the Bonds will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the Bonds.

Whether or not the Bonds will trade at lower prices depends on many factors, including: (i) prevailing interest rates and the market for similar securities; (ii) general economic conditions; (iii) the Company's financial condition, financial performance and future prospects; (iv) the exchange rate between the U.S. dollar and the Indian Rupee; and (v) the market price of the Shares. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the Bonds.

Certain corporate actions to adjust the Conversion Price of the Bonds may require the approval of the MoF.

The MoF, through a notification dated 27 November 2008, amended the FCCB Scheme and prescribed certain pricing guidelines in relation to the conversion of FCCBs. The FCCB Scheme provides, among other things, that the conversion price of FCCBs should not be lower than a "floor price" which is calculated with reference to the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date. The "relevant date" means the date of the meeting of the board of directors or a committee of directors duly authorised by the board, at which the board or the committee (as applicable) decides to open the proposed issue. The FCCB Scheme applies to the issue and offering of the Bonds.

There can be no assurance that the potential adjustments to the Conversion Price, which are provided for under the Terms and Conditions, would be permitted by the MoF if an adjustment resulted in the Conversion Price falling below the "floor price" referred to above. There can also be no assurance: (i) as to how the MoF will apply or interpret the FCCB Scheme or whether the restrictions set forth in the FCCB Scheme would prevent the Company from undertaking certain corporate actions; or (ii) that the MoF will not prescribe any further pricing guidelines which would deem any adjustments by way of certain corporate actions (including declaration of dividends and division of outstanding Shares) to be in contravention of the FCCB Scheme. In the absence of any clarification from the MoF, there can be no assurance that adjustments to the Conversion Price would be allowed and the person in whose name the Bond is registered may be able to get protection against the dilutive events triggering the relevant adjustment.

Fluctuations in the exchange rate of the Indian Rupee and other currencies could have a material adverse effect on the value of the Bonds or the Shares, independent of the Company's financial results.

Investors who purchase the Bonds are required to pay for them in U.S. dollars. Investors are subject to currency fluctuation risk and convertibility risk since the Shares are quoted in Indian Rupees on the

Indian Stock Exchanges. Any dividends in respect of the Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future which may have a material adverse effect on the value of the Bonds and the Shares and returns from the Bonds and the Shares, independent of the Company's operating results. For historical movements, see the section titled "Exchange Rates" of this Information Memorandum.

Bondholders will bear the risk of fluctuation in the price of the Shares. The price of the Shares may be volatile.

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares and it is impossible to predict whether the price of the Shares will rise or fall. The price of the Shares on the NSE and the BSE may fluctuate as a result of several factors, including:

- volatility in the Indian and the global securities markets or in the Indian Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- the Group's profitability and performance including the progress of the restructuring;
- perceptions about the Group's future performance or the performance of Indian companies in general;
- the performance of the Group's competitors and the perception in the market about investments in the WTG manufacturing sector;
- adverse media reports about the Group or the Indian WTG manufacturing sector;
- announcement by third parties of significant claims or proceedings against the Group; and
- changes in the estimates of the Group's performance or recommendations by financial analysts.

There can be no assurance that the price at which the Shares have historically traded will correspond to the price at which the Shares will trade in the market subsequent to the issue of the Bonds.

Further, the potential dilution as a result of conversion of the Bonds and Existing Bonds into Shares is significant and may put pressure on the Company's Share price if a large number of Bondholders decide to convert and sell the Shares in the open market.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Shares.

Capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("STT") has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India irrespective of whether such gain was liable for tax in their own jurisdiction upon the sale of the Shares.

Foreign investors are subject to foreign investment restrictions under Indian law that limit the ability of the Group to attract foreign investors, which may adversely affect the market price of the Bonds or the Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the specified exceptions, then prior approval of the RBI or other applicable governmental authorities will be required. In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. Additionally, the Indian Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian Government experiences extreme difficulty in stabilising the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all. Investors who convert Bonds into Shares will be subject to Indian regulatory restrictions on foreign ownership upon such conversion. It is possible that the conversion process may be subject to delays.

There are restrictions on daily movements in the price of the Shares, which may adversely affect a Bondholder's ability to sell, or the price at which it can sell the Bonds and/or the Shares at a particular point in time.

The Shares of the Company are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond a certain volatility in the price of the Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Shares. The stock exchanges are not required to inform the Company of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of the holders to sell the Bonds and/or the Shares or the price at which holders may be able to sell.

The Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, approval from lenders/CDR EG and capital expenditures.

The amount of future dividend payments, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements, approval from lenders/CDR EG, the terms and conditions of its indebtedness and capital expenditures. Any declaration and payment as well as the amount of dividend will also be subject to the constitutional and contractual documents including the financing documents of the Company and applicable laws and regulations in India, including in case of any final dividend, the approval of Shareholders. There can be no assurance that the Company will or will have the ability to, declare and pay any dividends on the Shares at any point in the future. Further, dividends or any kind of cash-streaming from Senvion are also subject to certain restrictions under the existing bank facilities and no material cash up-streaming in the form of dividends or otherwise may be possible without the express approval of Senvion's lenders.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the trust deed, as amended or supplemented from time to time dated on or about 10 July 2014 and made between the Company and the Trustee (the “**Trust Deed**”) and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Future issuances or sales of the Shares or issues of securities convertible or exchangeable into Shares could significantly affect the trading price of the Bonds or the Shares and such issues or sales may not result in an adjustment to the Conversion Price pursuant to provisions in the Terms and Conditions and the Trust Deed.

The future issuance of Shares by the Company or other securities convertible into, or exchangeable with, Shares, or the disposal of Shares by any of its major Shareholders, including the Promoters, or the perception that such issuance or sales may occur, may significantly affect the trading price of the Bonds or the Shares. There can be no assurance that the Company will not issue further Shares or that such issue will result in an adjustment to the Conversion Price pursuant to the provisions in the Terms and Conditions and the Trust Deed or that the major shareholders will not dispose of, pledge or otherwise encumber their Shares. In addition, under the CDR, the Company is also required to make certain equity share issuances on a preferential basis to the CDR lenders.

Holders of the Bonds may face uncertainties in their ability to convert Bonds into Shares and any such conversion may be subject to delay.

India’s restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and, in certain scenarios, require the Indian Government’s approval for foreign ownership. Investors who convert Bonds into Shares will be subject to Indian regulatory restrictions on foreign ownership upon such conversion. It is possible that this conversion process may be subject to delays.

It may take up to 40 days after the relevant Conversion Date before the Shares arising from the conversion of the Bonds are listed on the NSE and the BSE and credited to a Bondholder’s securities account.

The Company has undertaken to cause, as soon as practicable, and in any event not later than 40 days after the relevant Conversion Date, the relevant securities account of the Bondholder exercising his Conversion Right, or of his nominee, to be credited with the Shares arising from the conversion of the Bonds. Within this time period, the price of the Shares may fluctuate and this may have an adverse effect on the price that the Bondholder anticipates to receive from the transfer of any Shares. The Company has also undertaken in the Trust Deed to obtain and maintain a listing for all the Shares issued on the exercise of Conversion Rights on the NSE and the BSE. Shares issued upon conversion of the Bonds will have to be listed on the NSE and the BSE before they are tradable on such stock exchanges, which listing is expected to occur within 40 days after the relevant Conversion Date. However, there is no assurance that the approval of the NSE and the BSE will be obtained within such a time frame. If there is any delay in obtaining the approval of the NSE and the BSE to list such Shares, such Shares shall not be tradable on the NSE and the BSE until the listing occurs.

MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE SHARES

The Shares were listed on both the BSE and the NSE on 19 October 2005. On 16 June 2014, the closing price of the Company's Shares on the BSE was ₹31.05 per Share and on the NSE was ₹31.05 per Share. The table below sets forth, for the periods indicated, the high and low closing prices in Indian Rupees for the Shares on the BSE and the NSE and the average volume of trading activity for the Shares on the BSE and the NSE.

Prices of the Shares on the BSE and the NSE:

	NSE			BSE		
	High	Low	Average Daily Traded Volume	High	Low	Average Daily Traded Volume
	(₹)			(₹)		
Year Ending 31 March 2013						
First Quarter	25.80	17.15	21,360,891	25.80	17.15	4,067,509
Second Quarter	19.75	14.95	14,521,676	19.75	14.95	3,114,270
Third Quarter	19.55	15.25	19,268,342	19.55	15.20	4,164,044
Fourth Quarter	26.75	13.40	42,638,900	26.75	13.35	11,427,354
Year Ending 31 March 2014						
First Quarter	14.70	8.85	7,276,150	14.72	8.86	1,724,131
Second Quarter	9.45	5.75	5,220,285	9.44	5.76	1,539,388
Third Quarter	11.15	6.50	7,726,439	11.29	6.51	2,275,224
Fourth Quarter	11.80	9.60	6,418,499	11.83	9.62	1,475,473
Year Ending 31 March 2015						
First Quarter (up to and including 16 June 2014)	36.15	11.20	26,478,111	36.15	11.25	5,570,136

Source: www.nseindia.com & www.bseindia.com.

For as long as the Shares are listed on the BSE and NSE, the trading and closing price of the Shares will be available on www.nseindia.com and www.bseindia.com.

As at 16 May 2014, there were 912,104 holders of the Shares according to the records of the Depositories.

DIVIDENDS AND DIVIDEND POLICY

The Company has no formal policy relating to payment of dividends. The declaration and payment of a dividend will be recommended by the Board of Directors and approved by Shareholders at their discretion and will depend on a number of factors, including but not limited to profits, capital requirements and the overall financial condition of the Group.

The Company has not paid any dividend during the last five Fiscal Years.

The declaration and payment of a dividend by the Company is governed by the applicable provisions of the Companies Act and the Articles of Association. For further details, see “Description of Shares” of this Information Memorandum. The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of the Company or dividend amounts, if any, in the future. There is no assurance that any future dividend will be declared or paid, or that the same rate of payment will be maintained.

For information relating to taxes payable on dividends, see section titled “Taxation” of this Information Memorandum.

FLOOR PRICE

The FCCB Scheme provides, among other things, that the conversion price of FCCBs should not be lower than a “floor price” which is calculated with reference to the average of the weekly high and low of the closing prices of the Shares quoted on the stock exchange during the two weeks preceding the relevant date. For the purpose of computation of the price, the “relevant date” means date of the meeting in which the Board or the Committee of Directors duly authorised by the Board approved the proposed restructuring of the Existing Bonds.

The floor price applicable to the Bonds is ₹14.05 per Share.

CAPITALISATION

Set out below are the Group's total loan funds and shareholders' funds as at 31 March 2014. The following table should be read in conjunction with the audited consolidated financial statements prepared in accordance with Indian GAAP included elsewhere in this Information Memorandum. Other than the issue of the Bonds and the matters referred to in this Information Memorandum (in particular see section titled "Corporate Debt Restructuring Package"), there has been no material change in the capitalisation of the Group since 31 March 2014. Investors should note that the Company is currently undergoing a corporate debt restructuring and the capitalisation of the Company may change materially as a result.

	<u>As at 31 March 2014</u>
	(in ₹ million)
Indebtedness	
Long-Term Borrowings	116,409.22
Current Maturities of Long-Term Borrowings.	18,890.53
Short-Term Borrowings	<u>35,233.48</u>
Total Loan Funds	170,533.23
Shareholders' Funds	
Equity Share Capital	
Authorised 5,500,000,000 shares of ₹2 each.	11,000.00
Issued 2,507,078,158 shares of ₹2 each	5,014.16
Subscribed and Paid Up 2,488,146,181 Shares of ₹2 each	4,976.29
Reserves and Surplus	(10,510.35)
Outstanding Employee Stock Options.	<u>95.39</u>
Total Shareholders Funds	(5,438.67)
Share Application Money pending Allotment	1,620.18
Preference Shares Issued by Subsidiary Company	59.43
Minority Interest	<u>583.47</u>
Total Capitalisation	<u>167,357.64</u>

Notes:

- (1) Principal value of the 2016 Bonds is included in "Long-Term Borrowings" while the principal value of the 2012 Bonds and the 2014 Bonds is included under "Current Maturities of Long-Term Borrowings". Other obligations towards the Existing Bonds is included under provisions and other current liabilities, and therefore, excluded from the capitalisation table.
- (2) Further equity issuances since 31 March 2014
 - (a) 69,170,785 Shares at an issue price of ₹18.51 per Share to CDR lenders as per the CDR package;
 - (b) 67,870,655 Shares at an issue price of ₹10.48 per Share to certain persons / entity other than Promoters;
 - (c) 42,938,931 Shares at an issue price of ₹10.48 per Share to Promoters in consideration of the conversion of unsecured loan from Promoters;
 - (d) 34,840,583 Shares at an issue price of ₹13.49 per Share to Promoters; and
 - (e) 10,095,000 Shares at an issue price of ₹8.10 per Share to eligible employees of the Company and its Subsidiaries.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Company's consolidated financial statements for the Fiscal Years ended 31 March 2013 and 2014. The Company's consolidated financial statements have been prepared in accordance with Indian GAAP. The summary financial information presented below should be read in conjunction with the Company's consolidated financial statements included herein. Indian GAAP differs in certain significant respects from IFRS.

The summary financial information in Indian Rupees million for the Fiscal Years ended 31 March 2012, 2013 and 2014 have been derived from the Company's consolidated financial statements.

Consolidated Balance Sheet Data

	As at		
	31 March 2012	31 March 2013	31 March 2014
	(in ₹ million)		
Equity and Liabilities			
Shareholders' Funds	49,781.33	3,204.05	5,438.67
Share application money, pending allotment	0.00	5,816.71	1,620.18
Preference Shares issued by subsidiary company	59.43	59.43	59.43
Minority interest	827.77	781.14	583.47
Non-current liabilities			
(i) Long-term borrowings	73,647.23	108,576.64	116,409.22
(ii) Deferred tax liabilities (net)	4,635.53	5,585.01	7,923.32
(iii) Other long term liabilities	1,430.72	1,092.71	806.42
(iv) Long-term provisions	2,597.02	2,647.23	2,740.73
Current liabilities			
(i) Short-term borrowings	35,835.40	28,346.88	35,233.48
(ii) Trade payables	58,065.70	46,509.41	52,847.30
(iii) Other current liabilities	71,560.39	72,807.29	66,246.06
(iv) Due to customers	3,094.31	2,001.48	2,108.66
(v) Short-term provisions	22,737.98	14,732.72	22,008.29
Total Liabilities	191,293.78	164,397.78	178,443.79
Total	324,272.81	292,160.70	303,147.89
Assets			
Non-current Assets			
Fixed Assets	126,020.97	123,819.42	139,479.31
Non-current investments	332.71	356.91	37.18
Deferred tax assets (net)	216.14	99.38	542.83
Long term loans and advances	9,036.09	6,722.31	5,180.53
Long-term trade receivables	249.22	7,130.89	1.49
Other non-current assets	3,684.63	5,231.32	3,204.70
Total	139,539.76	143,360.23	148,446.04
Current Assets			
(i) Current investments	639.78	0.02	7,029.64
(ii) Inventories	55,798.00	52,638.30	40,329.00
(iii) Trade receivables	53,152.87	27,323.59	26,868.41
(iv) Cash and bank balance	26,324.77	19,591.14	32,585.36
(v) Short-term loans and advances	16,640.54	15,488.77	24,480.09
(vi) Due from customers	28,607.75	29,364.14	18,449.72
(vii) Other current assets	3,569.34	4,394.51	4,959.63
Total	184,733.05	148,800.47	154,701.85
Total	324,272.81	292,160.70	303,147.89

Consolidated Profit & Loss Account Data

	As at		
	31 March 2012	31 March 2013	31 March 2014
	(in ₹ million)		
Income			
Sales and service income	210,823.72	187,431.37	202,115.73
Other income	2,768.40	1,703.93	1,912.83
	213,592.12	189,135.30	204,028.56
Expenditure			
Cost of goods sold	140,737.38	136,396.06	144,354.04
Operating and other expenses	34,556.74	44,377.04	38,771.64
Employees' remuneration and benefits	20,086.14	21,327.00	22,313.74
Financial charges (net)	15,289.94	17,026.96	19,984.83
Depreciation/amortisation (including impairment losses)	6,612.31	7,404.75	7,768.78
	217,282.51	226,531.81	233,193.03
Profit/(loss) before tax and exceptional items	(3,690.39)	(37,396.51)	(29,164.47)
Less exceptional items	(2,272.40)	6,429.80	4,873.02
Profit/(loss) before tax	(1,417.99)	(43,826.31)	(34,037.49)
Tax	3,308.00	3,493.22	1,444.31
Profit/(loss) after tax	(4,725.99)	(47,319.53)	(35,481.80)
Share in associate's profit/(loss) after tax	(332.85)	—	—
Less share of (loss)/profit of minority	(273.00)	(79.92)	(282.07)
Net profit/(loss)	(4,785.84)	(47,239.61)	(35,199.73)
Earnings per share (in ₹)	(2.69)	(26.58)	(15.71)

EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information reported by the Reserve Bank of India concerning the exchange rates between Indian Rupees and U.S. dollars. The column entitled “Average” in the table below is the average of the daily closing rate on each business day during the period.

The exchange rate as at 16 June 2014 was ₹60.006 to U.S.\$1.00.

Calendar Year	Period End	Average	High	Low
		(₹ per U.S.\$1.00)		
2011	53.266	46.672	54.236	43.949
2012	54.777	53.494	57.217	48.679
2013	61.897	58.629	68.361	52.973
January 2014	62.477	62.076	62.990	61.352
February 2014	62.072	62.254	62.689	61.938
March 2014	60.100	61.014	61.905	60.100
April 2014	60.338	60.357	61.116	59.646
May 2014	59.034	59.305	60.225	58.426
June 2014 (up to and including 16 June 2014)	60.006	59.331	60.006	59.061

Source: www.rbi.gov.in

BUSINESS

Unless stated otherwise, historical financial information of the Group is derived from the Group's consolidated financial statements as prepared in accordance with Indian GAAP. The Group has not provided a reconciliation of its financial statements to IFRS or U.S. GAAP and has not otherwise quantified or identified the impact of the differences between Indian GAAP and IFRS and U.S. GAAP as applied to its financial statements. As there are significant differences between Indian GAAP, IFRS and U.S. GAAP, there may be substantial differences in the results of the Group's operations, cash flows and financial position if the Group were to prepare its financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP.

Overview

As at 31 March 2014, the Group was the world's fifth largest wind turbine supplier group, in terms of annual installed capacity and market share, at the end of the calendar year 2013. (Source: *Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*)

The Group develops and manufactures technologically advanced WTGs with an emphasis on high performance and cost-efficiency. The Group's current product range includes WTGs with capacities from 600 kW to 6.15 MW.

The Group has developed several specialised products and services and customised them to meet different geographical needs and demands to improve the value offered to customers. These include providing EPC and O&M services to markets including India, the United States, Europe, Uruguay, Turkey, South Africa and Brazil.

In India, the Group has positioned itself as an integrated solution provider of services related to wind energy. Besides manufacturing WTGs, the Group is also involved in wind resource mapping, identification of suitable sites, technical planning of wind energy projects, EPC and after-sales O&M services. The Group also provides power evacuation facilities through SPIL and balance of plant work through SGWPL for WTGs it supplies in India. Certain of the Affiliated Companies, including SRL, acquire land for sites that the Group has identified as suitable for wind energy projects.

In the international markets, the Group operates as a manufacturer and supplier of WTGs and is involved in EPC, O&M and wind farm project activities. It also assists its customers in the supervision of project execution and provides training to the employees of its customers so that they can carry out the O&M of projects developed by the Group. In select international markets and with respect to certain projects, the Group also undertakes infrastructure development, installation and commissioning of WTGs and connection to power grids.

The Group is an integrated developer of WTGs, focused on the design, engineering and development of WTGs. The majority of its components (which include tubular tower sections, controllers, including control panels and control monitoring software, turbine nacelles with covers, hubs and rotor blades) are developed and manufactured by Group entities for its sub-MW and multi-MW WTGs. The Group has also established supply sources for a few of these components and for components that it does not manufacture, such as gearboxes, casting parts and a portion of its nacelle cover and tower requirements. Through SE Forge, the Group has also set up facilities to manufacture forging and foundry components that are required for the manufacture of WTGs and their components. Raw materials for WTG rotor blades, such as glass fibre, epoxy resin and foam, are also sourced from leading suppliers.

The Group conducts R&D activities primarily through the Company's Subsidiaries, SEG, SBT and RETC.

These entities focus on designing and developing new WTG models, upgrading the Group's current models and developing efficient and effective rotor blade technology for its WTGs. See "Business — Research and Development" of this Information Memorandum.

The Group has significant sales and operations across the globe and is the leading supplier of WTGs in India (*Source: Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*). The Group also has significant presence, in terms of cumulative installed capacity, in North America, Europe, Australia and Brazil, and is expanding in other international markets such as South Africa and South America.

The accumulated sales of WTGs of the Group (excluding Senvion) stood at 13,213 MW, 13,463 MW and 14,187 MW as of 31 March 2012, 31 March 2013 and 31 March 2014, respectively. India with 347.30 MW, and the international markets with 375.90 MW, accounted for 48.02 per cent. and 51.98 per cent., respectively, of the Group's sales of WTGs (by volume in MW) in the Fiscal Year 2014 (excluding Senvion).

The Group's consolidated revenue from operations was ₹210,823.72 million, ₹187,431.37 million and ₹202,115.70 million for the Fiscal Year 2012, the Fiscal Year 2013 and the Fiscal Year 2014, respectively. Net loss (before associate income / (loss) and minority share) was ₹4,725.99 million, ₹47,319.50 million and ₹35,481.80 million for the Fiscal Year 2012, the Fiscal Year 2013 and the Fiscal Year 2014, respectively. As at 31 March 2014, the Group had negative Shareholders' Funds of ₹5,438.67 million.

The following tables set forth the breakdown of the Group's total consolidated income for the Fiscal Years 2012, 2013 and 2014:

	Fiscal Year	Per cent.	Fiscal Year	Per cent.	Fiscal Year	Per cent.
	2012	of Total	2013	of Total	2014	of Total
	(in ₹ million)	Revenue	(in ₹ million)	Revenue	(in ₹ million)	Revenue
Revenue from operations:						
WTG and its components . . .	209,525.08	98.10	186,544.12	98.63	201,166.31	98.60
Foundry and forgings	3,093.00	1.45	1,283.95	0.68	1,259.00	0.62
Others	429.34	0.20	212.27	0.11	118.82	0.06
Inter segment sales	(2,223.72)	(1.04)	(608.97)	(0.32)	(428.40)	(0.21)
Total revenue from						
operations	210,823.70	98.70	187,431.37	99.10	202,115.73	99.06
Other operating income . . .	2,768.40	1.30	1,703.93	0.90	1,912.83	0.94
Total revenue	213,592.10	100.00	189,135.30	100.00	204,028.56	100.00

The following table sets forth the percentage breakdown of the total sales and service income geographically of the Group for the Fiscal Years 2012, 2013 and 2014:

	For the Fiscal Years (in per cent.)		
	2012	2013	2014
India	37.00	7.68	12.94
Europe.....	38.82	59.71	54.80
United States and Canada	16.51	30.05	13.96
China.....	1.49	0.36	0.27
Australia	3.39	0.65	6.46
Others	2.79	1.54	11.56
Total	100.00	100.00	100.00

Business Strategies

The Group has short to medium-term strategies designed to respond to its recent liquidity issues and the recent challenges in the WTG market, along with longer term strategies to ensure the long-term growth of the Group's businesses.

The Group's near to medium term strategies are as follows:

Improving the balance sheet through a comprehensive liability management programme

The Group aims to improve its balance sheet by refinancing, restructuring and reducing its outstanding debt. The Group has launched a comprehensive liability management programme to restructure the Group's debt. As a first step, the Company initiated debt restructuring of its Indian Rupee indebtedness pursuant to the CDR Mechanism of the RBI in late October 2012. The Company's CDR proposal was approved by the CDR EG in December 2012 and a master restructuring agreement was subsequently entered into by the Company, its identified Indian Subsidiaries and its senior secured Indian Rupee lenders that consented to the CDR. For details, see "Corporate Debt Restructuring Package" of this Information Memorandum.

Separately, the Company is also in default under certain indebtedness that is not covered by the CDR package. Lenders of such indebtedness have agreed, or are in the process of agreeing, separate restructuring proposals with the Company, outside of the CDR framework. The Company has also succeeded in refinancing its overseas senior secured facilities in March 2013 through an issue of credit enhanced bonds by its wholly owned Subsidiary, AERH, which has a bullet maturity of five years. The proposed Consent Solicitation is the last stage in the Group's comprehensive liability management programme.

Deleveraging the Group through monetising its assets and business divisions

In addition to being "debt light", the Group aims to be "asset light". The Group has launched a non-critical asset sale programme with the objective of reducing its debt. Pursuant to this programme, the Group has identified several non-critical assets as suitable for sale, such as several of its component facilities (including SE Forge Limited) and real estate. The list of non-critical assets comprises both domestic as well as international assets. Pursuant to this programme, the Group successfully sold a block of windfarm assets at the beginning of Fiscal Year 2013 for U.S.\$40 million and 75 per cent. of its stake in Chinese manufacturing facility in Fiscal Year 2014 for U.S.\$28 million. The Group also monetised long-term debts owed by Edison Mission by taking over the Big Sky wind farm for a token consideration and divesting itself of the asset. Over the next two years, further non-critical asset sales are planned under the programme, aimed primarily at reducing the Group's debt.

The Company is seeking to position its business to take advantage of new opportunities, and as part of this, has reorganised its India O&M services business vertical into a separate independent service company within the Group. This reorganisation will isolate the O&M services business from the cyclical WTG business and will thereby allow it to independently scale the O&M services business to respond to new growth opportunities in the market. In addition, this will also allow the Company to monetise its interest in this business, including by seeking future equity or debt investments. The Company will also seek to pursue a similar strategy of subsidiarising certain of its other businesses in the future.

The Group is also exploring how it can monetise its other assets and, in particular, Senvion. The Board of Directors has not made any decision in this respect, but the Group is considering a potential initial public offering in international markets and listing of a minority stake in its equity interest in Senvion.

Rebalancing the capital structure

The current capital structure of the Group offers significant scope for rebalancing. Approximately 70 per cent. of the Group's debt is held on the books of its Indian entities, which contributed less than 15 per cent. of the Group's revenue in Fiscal Year 2014. The Group's strong international operations contribute the majority of its revenue, whilst holding minimal debt. This offers the Group significant scope to rebalance its debt. Therefore the Group intends to reduce the debt held by its Indian entities, through capital market transactions undertaken by its international entities.

Achieving business efficiencies, including through the Project Transformation programme

In order to achieve business efficiencies and reduce costs, the Group launched the Project Transformation programme in Fiscal Year 2012. Project Transformation has three primary objectives: (i) streamlining the work force; (ii) reducing fixed costs; and (iii) reducing working capital levels. The Group has achieved significant progress under the Project Transformation programme since its launch, having reduced approximately 3,200 employees from its workforce between March 2012 and March 2014, reduced its working capital requirement to approximately 3.6 per cent. of the consolidated annual revenues (as of 31 March 2014) and realised significant savings on fixed costs.

The Group is also seeking to achieve greater operational efficiencies by: (i) reducing its investments in mature and uncertain markets (such as China), while continuing to maintain a strategic presence in such markets; (ii) reorganising various business divisions within the Group; and (iii) focusing the range of WTGs offered to reduce inventory levels and the amount of working capital required.

Improving cost efficiency to improve competitive positioning

In order to enhance its competitive position in the wind sector, the Group is constantly striving to enhance cost efficiencies to provide the lowest cost per MW generated to its customers. A vertically integrated business model supports the Group's objective to achieve leadership within the wind energy industry. Vertical integration ensures timely and long-term availability and control over the critical components in the manufacture of WTGs. It also enables the Group to control manufacturing costs and thus improve margins.

The Group's manufacturing facilities that are located in India give it a cost advantage in terms of capital, manufacturing and labour costs over some of the Group's larger competitors whose manufacturing facilities are in higher cost regions, such as Western Europe. In addition, the manufacturing facilities of the Group located in SEZs in Coimbatore, Vadodara and Padubidri enable it to enhance its cost competitiveness. Further, the Group is able to source many key components, such as castings and towers, from lower-cost suppliers based in India and China. The Group will seek to achieve greater supply chain synergies through realigning its supplier base to Asia and driving

centralised strategic procurement. The Group's strategy is to establish manufacturing facilities for WTGs and key components close to markets with growing demand for power generated by wind energy and, additionally, some of these facilities may be located in geographical locations that are eligible for fiscal incentives.

The Group's longer term strategies are as follows:

Continuous product improvement through technological leadership in the wind energy sector

The Group aims to develop innovative technology that will allow it to lead in the markets in which it operates and undertake strategic development in the field of research and technical training. In spite of the pressures the Group has faced in the last few years, in the past two years, the Group has continued to invest in research and development and launched a number of new and enhanced products, aimed at raising energy yields and lowering manufacturing costs, thereby reducing the cost of electricity and increasing its customers' returns.

The Group also plans to establish international subsidiaries under RETC in order to leverage the knowledge and expertise available in particular areas and to collaborate with universities to launch an academy offering high-quality technical training and qualification schemes in the wind energy sector. The Group also aims to take advantage of its vertically integrated structure to combine WTG research with its R&D platform at the component level in order to design and develop more advanced and cost efficient WTGs. It intends to expand its product line and improve its existing WTG models by implementing new technology that it is developing through the Subsidiaries engaged in R&D activities. It is particularly focused on WTG models in the multi-MW class segment. Technological innovation such as that which allows the Group's R&D teams to use the operational data gathered by its O&M teams in order to upgrade its current WTG models and to design, develop and roll-out newer and more cost-efficient WTG models also helps improve efficiency.

Newer technology with better energy yields and returns for the customer commands better pricing and margins for manufacturers. Therefore, constantly upgrading the product portfolio is one of the most important strategies of the Group in order to gain market share and improve profitability.

Enhancing product portfolio to meet customer needs

The Group is focused on developing a market leading product portfolio, with an emphasis on bigger WTGs that provide a higher energy yield at lower costs, resulting in higher returns. The Group has capabilities to develop and manufacture different kinds of sub-MW and multi-MW WTGs ranging from 600 kW to 6.15 MW. The Group intends to increase these capabilities as well as to increase its product range in the offshore wind energy market. These WTGs can be customised to meet various requirements suitable for onshore and offshore applications, different wind classes, grid specifications and climate and temperature requirements across various geographies. The principal products of the Company are the 2/2.10 MW and the smaller 1.25/1.5 MW models and the principal products of Senvion are MM82/MM92/MM100 - its 2.05/1.8 MW models, 3.0M/3.2M/3.4M — its new 3 MW models and 5M/6M — its offshore models. The Group believes this diversified product portfolio will help the Group strengthen its presence internationally.

Focusing on markets that are more likely to deliver higher returns

The Group's market strategy is to focus only on those markets that are likely to generate higher returns and where the Group can establish a market share that is in the top three manufacturers in that market. The objective of such strategy being to maintain a robust and geographically diverse order book. In this regard, the Company will focus on developing markets, in particular India, South Africa and Latin America, with an objective of restoring its market share in India to levels it achieved prior to Fiscal

In December 2008, AERH sold 10 per cent. of its equity interest in Hansen and in November 2009 AERH completed a secondary placement of 35.22 per cent. of its equity interest in Hansen. Following these disposals, the Company retained a 26.06 per cent. shareholding in Hansen which it subsequently sold on 6 October 2011 for approximately £115 million to ZF Friedrichshafen AG (“ZF”) (acting through ZF International BV, a wholly owned subsidiary of ZF) for a cash offer based on 66 pence per ordinary share.

Scheme of arrangement for internal reorganisation

In April 2010, the Group filed for a scheme of arrangement, pursuant to Sections 391 to 394 of the Companies Act, 1956 (the “Scheme”). The Scheme involved the following steps:

- the de-merger and transfer of the power generation division of STSL, a wholly owned Subsidiary of the Company, to Suzlon Engitech Limited, also a wholly owned Subsidiary of the Company at that time;
- the de-merger and transfer of the project execution division of SISL, a wholly owned Subsidiary of the Company, to SGWPL, also a wholly owned Subsidiary of the Company;
- the amalgamation of STSL (after the de-merger and transfer of its power generation division) with the Company; and
- the amalgamation of SISL (after the de-merger and transfer of its project execution division) with the Company.

The High Court of Gujarat and the High Court of judicature at Bombay have approved the Scheme. The Scheme became effective on 10 October 2011 from the appointed date, 1 April 2010.

Senvion squeeze-out

The Company, through AERH, a step down wholly owned subsidiary of the Company, held more than 95 per cent. of the registered share capital of Senvion. Under the German Stock Corporation Act, a shareholding of 95 per cent. in a German stock corporation enables the majority shareholder to initiate squeeze-out proceedings in respect of minority shareholders. Accordingly, the Company, through AERH, had initiated the squeeze-out proceeding in accordance with German regulations. On 21 September 2011, at the annual general meeting of Senvion, the shareholders approved the transfer of the shares of the minority shareholders to AERH against a cash compensation of EUR 142.77 per no-par value share and the squeeze-out resolution was entered in the commercial register on 27 October 2011.

By the registration of the squeeze-out resolution with the commercial register, all shares of the minority shareholders of Senvion were transferred to AERH and consequently Senvion became a step down wholly owned Subsidiary of the Company. Subsequently, the shares of Senvion were delisted from the German Stock Exchange on 9 November 2011. As of the date of this Information Memorandum, the Company’s beneficial shareholding in Senvion is 100 per cent..

However, some former minority shareholders have initiated so called evaluation proceedings (“Spruchverfahren”) and, as a result, a court will review the adequacy of the cash compensation offered to the minority shareholders in the squeeze-out process. Such proceedings do not have an impact on the validity of the squeeze-out, however, the compensation payment could be increased by the court decision or by an amicable settlement leading to further payment obligations on AERH.

Corporate Debt Restructuring

Following a severe liquidity crisis in the first half of Fiscal Year 2013 and default in repayment of the 2012 Bonds, the Company initiated debt restructuring of its Indian Rupee indebtedness pursuant to the CDR Mechanism of the RBI in late October 2012. The CDR Mechanism is a voluntary non-statutory system based on the borrower and those of its creditors that consent to the CDR entering into a debtor-creditor agreement and such creditors entering into an inter-creditor agreement. The Company's CDR proposal was approved by the CDR EG in December 2012 and a master restructuring agreement was subsequently entered into by the Company and its senior secured Indian Rupee lenders that consented to the CDR. The approved CDR package provides concessions to the Company such as an extension of the maturity period to 10 years, enhanced working capital facilities, a reduction in interest rates, a two year moratorium on principal and term debt interest payments and the conversion of interest into equity. For details, see "Corporate Debt Restructuring Package" of this Information Memorandum.

Issue of credit enhanced bonds by AERH

The Company refinanced some of its overseas senior secured facilities in March 2013 through an issue of U.S.\$647 million credit enhanced bonds due 2018 by its wholly owned subsidiary, AERH. The bonds have a bullet maturity of five years and have the benefit of a Standby Letter of Credit ("SBLC") from the State Bank of India ("SBI"). The proceeds of the issue of the bonds were used to refinance the Company's existing indebtedness. The SBLC covers payment of one interest period and the principal amount of the bonds. The bonds were rated "Baa2" by Moody's Investor Service, Inc. at the time of issuance.

Reorganising services business

On 29 March 2014, the Company transferred its India O&M business division to one of its Subsidiaries, Suzlon Global Services Limited ('SGSL'), formerly known as SISL Green Infra Limited, on a "slump sale" basis. The objective of the reorganisation is to focus the O&M business through independent management on the long-term operation of wind farm projects and to isolate its O&M services business from the cyclical WTG business. The separation of this business division will allow the Company to explore opportunities to monetise its interest in this business, including by seeking future equity or debt infusions.

Products

The Group's key business is designing, developing and manufacturing cost-efficient WTGs, including developing and manufacturing some of the key WTG components for its sub-MW and multi-MW class of WTGs, such as rotor blades, control panels, tubular towers, generators, as well as forging and foundry work.

Wind turbine generators

A WTG comprises a tower (or mast), a nacelle (which contains the essential mechanical and electrical parts) and rotor blades. The generation of electricity by a WTG is a result of the interplay between the following highly developed and synchronised components:

The rotor blades: The rotor blades form the motor of the WTG. The rotor blades collect kinetic energy from wind and convert this energy into mechanical energy. The area swept by the rotor blades, their aerodynamic profile and the rotational speed of the blades are the key factors that determine the power generation capacity of the WTG.

The drive train and generator: The unit comprising the rotor shaft, gearbox and generator is called the “drive train” of the WTG. The generator at the end of the drive train converts the mechanical energy of the rotor blades into electrical power. The WTG’s gearbox serves to increase the rotational speed of the rotor to match the speed of the generator.

Power regulation and limitation (stall and pitch regulation): Depending on the technique employed to regulate and limit their capacity, WTGs are generally classified as “stall-regulated” or “pitch-regulated”:

Stall regulation: In a WTG with stall regulation, power regulation is achieved by causing the air flow to stall by means of the aerodynamic profile of the blade when a certain wind speed is exceeded, preventing the WTG from capturing an increasing amount of energy.

Pitch regulation: In a WTG with pitch regulation, power regulation is achieved by mounting the rotor blades on the hub so that they can be rotated around their longitudinal axis, in order to control their aerodynamic properties and thus their capacity to capture energy according to the wind conditions.

Variable-speed wind turbines: In variable-speed WTGs with pitch regulation, the electronic controls are the “brain” of the WTG and adjust the angle of incidence of the rotor blades with the generator to keep them working smoothly together. The electronic controls measure the generator’s power output and, through pitch regulation, adjust the angle of incidence of the rotor blades accordingly, ensuring that the WTG delivers the maximum possible energy output from wind in all conditions.

WTG towers: The Group has developed expertise in WTG towers. Strong forces act on the mast, which is of a height of approximately 80-120 metres, over the entire life of the WTG. The tower has to be constructed to withstand these forces and to provide a secure foundation to the nacelle and the rotor.

Product Range

The Group’s product range covers a wide range of onshore and offshore WTG models, with nominal outputs from 600 kW to 6.15 MW. The Group has a range of WTG models that allow it to supply different types of WTGs that can suit the varying needs of its customers, in terms of both cost and wind conditions at a proposed WTG site. Also, the Group manufactures customised versions of WTG models based on customer requirements.

Apart from their nominal output and size, the various WTGs in the Group’s product range vary primarily in the technology used for output regulation. Turbines are typically equipped with pitch regulation. The Group believes that the advantages offered by the higher energy yield of these pitch-regulated models will, in certain circumstances, compensate for the higher costs associated with pitch regulation. Almost all of the Group’s WTGs feature an advanced control system that includes precisely calibrated sensors that monitor factors such as temperature, wind speeds and vibrations. The Group’s rotor blades are manufactured using advanced vacuum-assisted resin infusion moulding. This results in each rotor blade having a lower weight-to-swept area ratio that assists in reducing the cost per kWh of energy produced by WTGs manufactured.

The Company launched the S9X platform in Fiscal Year 2013, based on its S88 platform. Since its launch, the Company has successfully installed over 900MW of S9X turbines. The Company has also introduced S111, a further improvement over the S97 turbines. The S111 turbine is specifically designed for low wind sites. The Company has also launched a new 120M hybrid tower, which is a combination of tubular and lattice towers. The 120M hybrid tower enables the Company to save on the costs of production, whilst its 120 metre height ensures better capture of wind.

In the past two years, Senvion has expanded its product range from its 3XM onshore platform by introducing 3.0M, a turbine suited specifically for low wind sites. In Fiscal Year 2014, a variant of the 3.0M turbine was launched specifically for the Canadian market. Senvion also upgraded its 3XM turbines to provide suitability across all wind site types and upgraded its offshore product portfolio by launching the 6.2M152. The 6.2M152 turbine is expected to generate 20 per cent. more power than its predecessor, 6M126 which is one of the largest commercially proven turbines to date.

The principal products of the Company are the 2.10 MW and the smaller 1.25/1.5 MW models and the principal products of Senvion are the MM92/MM92/MM100 — its 2.05/1.8 MW models, the 3.0M/3.2M/3.4M — its 3 MW models, and the 5M/6M — its offshore models. The Group expects offshore WTG sales to contribute a greater proportion to its overall WTG sales in the future. In the past two years, the Company has developed the S95, S97 and S111 and Senvion has developed MM 100-1.8 MW, 3.2M and 3.4M for lower wind class sites. Senvion has also upgraded its offshore portfolio with the launch of 6.2M152, specifically designed for offshore wind sites.

All the terms of WTG orders, including the technical specifications of the WTG or WTG components to be supplied, payment terms and delivery schedules, are set forth in the purchase order issued by the customer and accepted by the relevant counterparty within the Group.

Services — India

In India, the Group, along with the Affiliated Companies, sells integrated wind energy solutions to its customers. In addition to the Group's manufacture of WTGs, the services provided to customers cover the entire technical value chain, from the identification of suitable sites and the planning of wind farms to their technical implementation, O&M services, online monitoring and training of personnel.

In implementing the “integrated solutions” approach for its customers, the Group and the Affiliated Companies have developed and implemented several large-scale wind farms located throughout India. The primary cost advantage of wind farms is related to expected economies of scale. The larger the wind farm, the greater the number of WTGs that can be installed allowing the project costs to be spread across a larger number of WTGs. Similarly, larger projects have lower O&M costs per kWh due to efficiencies obtained in managing a larger wind farm, such as being able to manage more WTGs with fewer personnel.

Detailed studies on wind energy resources in India for the installation of wind energy projects began in 1986 and were initially carried out by MNRE (then known as the Department of Non-Conventional Energy Sources) and are currently conducted by C-WET. The programme involves the identification of locations with strong winds that are close to electricity grids and have adequate land available nearby for prospective wind energy projects. Once these have been identified, wind monitoring stations are established and data on wind speed and direction is collected and processed over time at various heights at such locations. The Group uses the data collected by C-WET to conduct its own wind resource mapping activities in areas which it believes may be suitable for wind farms. Once the Group is satisfied with the suitability of an area, certain of the Affiliated Companies undertake land acquisition activities. The Group supplies customers with WTGs, including rotor blades, transformers and towers. The Group also provides O&M services and power evacuation facilities for certain wind farm projects.

Over the years, the Group has built up extensive local expertise in wind resource mapping throughout India and in identifying suitable sites for wind farms.

The services that the Group provides include:

Planning of wind farms: Planning wind farms includes identifying suitable sites based on wind resource data collected by the Group from both C-WET and its own independent studies. The planning also involves inspecting the sites, calculating capacity levels, wind resource mapping, data collection and processing, analysing project feasibility and ascertaining the availability of land and power transmission facilities.

Land acquisition: The land used for setting up wind power projects may be private land, “revenue land” (which is owned by the government) or forest land. Private land is purchased directly from its owner and if such land is agricultural land, it is converted into non-agricultural land if required by the applicable State Government. In the case of land owned by the government, it is made available by the respective State Governments on a long-term lease or outright sale basis as per the prevailing policies of the relevant State Government. Certain State Governments, like that of Gujarat and Rajasthan, have special policies for the allotment of revenue land for wind energy projects. The land so allotted can also be transferred to third parties, such as the Group’s customers, through either a lease or a sub-lease with the consent of the relevant State Government.

Certain Affiliated Companies, including SRL and Shubh Realty (South) Private Limited, acquire suitable sites from private owners that the Group has identified and undertake to provide such sites exclusively to the Group’s customers. This involves extensive negotiations with the landowners and can involve litigation between the Affiliated Company and private landowners in which the Group may be named as a party.

Development and technical design of wind farms: The Group’s services include micrositeing, which involves the identification (through the use of sophisticated computer models) of the exact locations where a WTG will be installed, taking into consideration the distance requirements between two WTGs. Micrositeing helps maximise land utilisation at each suitable site and assists in optimising power generation at each site.

Infrastructure development and installation of WTGs: The construction and development of infrastructure for entire wind farms is undertaken by the Group. These activities include the building of approach roads, power evacuation facilities (such as transmission lines to the nearest sub-stations and, in some cases, the sub-stations themselves) and levelling of land for WTG tower foundations, as well as the installation and commissioning of the WTGs.

O&M services: The Group offers O&M services for its WTGs, which include round-the-clock remote and on-site monitoring, and maintenance and repair of the WTGs. The Group’s service package includes preventive and planned maintenance of WTGs, transformers and related structures. The Group also provides free repair and maintenance services for periods generally ranging from one to three years after the commissioning of the WTGs.

The Group provides its customers with various types of warranties and guarantees. See “Product Warranties” below.

Services — International

Internationally, the Group sells its products, along with O&M training and project execution supervision. In addition, it has started to provide integrated services in certain international markets depending on prevailing market conditions. It also provides O&M services on a project-specific basis in certain international markets.

In Germany, the Group, through Senvion, undertakes the construction of wind farms. This involves completing necessary construction requirements for infrastructure, planning and realisation of the network connection, design and development of the electrical network technology and, in some cases, the evaluation of the potential location and the configuration of the wind park. Senvion also provides a range of services in relation to its WTGs including technical maintenance and 24-hour remote monitoring. Most of Senvion’s WTGs in Germany are connected to the “Monitoring System” which enables remote monitoring of all facilities from the service headquarters in Osterrönnfeld, Germany. Senvion has established a network of service locations throughout the countries in which it has installations, to provide effective service to wind farm sites. Senvion’s logistics system allows it to source the necessary spare parts and components and to install them on site at short notice. Senvion is not generally involved in land acquisition.

Manufacturing Facilities

The following tables set forth information regarding the Group's existing manufacturing facilities and the installed capacity of each of these facilities, including SEZ units:

INDIA

Company	Location	Established	Products	Capacity (MW per annum)
Suzlon Generators Limited	Chakan	2004	Generators	2,000
SE Electricals Limited	Coimbatore	2008	Generators	3,000
			Generators Total	5,000
SE Electricals Limited	Coimbatore	2008	Control Systems	4,000
			Control Systems Total	4,000
Suzlon Energy Limited.	Pondicherry	2003	Nacelle Cover & Nose Cone	924
Suzlon Energy Limited.	Daman	2005	Nacelle Cover & Nose Cone	1,200
Suzlon Wind International Limited.	Padubidri	2008	Nacelle Cover & Nose Cone	1,500
			Nacelle Cover & Nose Cone Total	3,624
Suzlon Energy Limited.	Pondicherry	2003	Nacelle & Hub	924
Suzlon Energy Limited.	Daman Unit V	2005	Nacelle & Hub	1,200
Suzlon Wind International Limited.	Padubidri	2008	Nacelle & Hub	1,500
			Nacelle & Hub Total	3,624
SE Electricals Limited	Vadodara	2006	Transformers	1,500
			Transformer Total	1,500
Panel Service Centre	Daman	2011	Service	—
Nacelle Service Centre	Daman (Unit II)	2011	Service	—
			Total	—
Suzlon Energy Limited.	Daman	2001	Rotor Blades	185
Suzlon Energy Limited.	Pondicherry	2003	Rotor Blades	905
Suzlon Energy Limited.	Dhule	2005	Rotor Blades	665
Suzlon Energy Limited.	Bhuj	2006	Rotor Blades	315
SE Blades Limited.	Padubidri	2008	Rotor Blades	2,310
			Rotor Blades Total	4,380
Suzlon Energy Limited.	Vadodara	2004	Plug, Mould, EMT & SPM	—
Suzlon Energy Limited.	Vadodara	2005	Blade Testing	—
SE Forge Limited.	Coimbatore	2009	Castings & Machining	120,000 MT
SE Forge Limited.	Vadodara	2009	Forgings & Machining	42,000 rings
Suzlon Structures Limited	Gandhidham	2005	Tubular Towers	1,250
			Tubular Towers Total	1,250

USA

Company	Location	Established	Products	Capacity (MW per annum)
Suzlon Rotor Corporation	Pipestone	2006	Rotor Blades	600

GERMANY

Company	Location	Established	Products	Capacity (MW per annum)
Senvion SE	Husum	1988	Nacelles	1,000
Senvion SE	Trampe	1998	Nacelles	800
Senvion SE	Bremerhaven	2008	Nacelles	1,150
			Nacelles Total	2,950
Senvion SE	Husum	—	Service Centre	—
Senvion SE	Trampe	—	Service Centre	—
Senvion SE	Bremerhaven	2008	Blades	400

CANADA

Company	Location	Established	Products	Capacity (MW per annum)
Senvion SE	Welland	2013	Blades	150

PORTUGAL

Company	Location	Established	Products	Capacity (MW per annum)
Senvion SE	Oliveira de Frades	2008	Nacelles	200
Senvion SE	Vagos	2011	Blades	1,000

Note: Some of the manufacturing facilities are mothballed temporarily due to lack of demand and in order to keep fixed costs in control. The installed capacities disclosed in the above table are variable and subject to changes in product mix and utilization of manufacturing facilities, given the nature of the Group's operations.

The manufacturing units in Gujarat, Pondicherry, Daman, Tamil Nadu and Karnataka are currently eligible for various fiscal incentives such as income and sales tax.

Senvion operates manufacturing facilities for WTGs in Germany at Husum, Trampe and Bremerhaven, blade manufacturing facilities in Portugal and Canada, development centres in Osnabrück and Rendsburg and a technology centre in Osterröndfeld.

Currently, the Group has the capacity to manufacture nacelles, hubs, rotor blades, panels, nacelle covers, towers and generators. The remaining components and various small parts are sourced from third party manufacturers and suppliers either on a purchase order basis or pursuant to negotiated supply agreements. The Group also sources raw materials for rotor blade manufacturing, such as glass fibre, foam and epoxy resin, from third party suppliers. See "Risk Factors - The Group is dependent on external suppliers for key raw materials, components, equipment and machinery, which could have a material adverse effect on its business".

As a result of working capital constraints and the slow-down in the wind turbine markets, the Group's manufacturing facilities, in particular, those in India, have been operating at levels substantially below their rated capacity. In addition, employee numbers have been reduced significantly and capital expenditures on plant and equipment constrained. See "Risk Factors - The Group has experienced significant losses during the last three Fiscal Years. Difficult market conditions for the wind industry may continue to adversely affect the Group's business, financial condition, cash flows and results of operations."

Sales and Marketing

In India, the Group has an extensive sales and marketing division that reports to the Group's corporate office in Pune. Outside India, the Group's WTGs are sold primarily through various local subsidiaries in local markets.

Senvion operates its sales and marketing division through localised teams in its key markets. The key markets for Senvion include Germany, France, the United Kingdom, Australia and Canada. Senvion is also planning to enter/expand its presence in new markets, such as Scandinavia, Turkey, India and Japan.

The WTGs are supplied by the Company to its respective Subsidiaries in various countries (excluding India where WTGs are manufactured by the Group) and they are sold to the ultimate customers by those Subsidiaries.

Geographical Presence

India

The Group has divided the Indian market according to the states where it has identified suitable sites for wind energy projects, specifically: Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Karnataka, Madhya Pradesh, Andhra Pradesh Seemandhara and Kerala. Marketing for each state is under the supervision of a senior management executive. The Group also has sales offices in key cities in India.

Potential customers are contacted by the Group's marketing team, who introduce such customers to the Group and the potential benefits of wind energy. The Group's marketing team conducts regular follow-up calls and visits and provides potential customers with detailed working and feasibility studies regarding wind power projects. From time to time, the Group also obtains customers through participation in tenders by power utilities, state nodal agencies and public sector entities. The Group's order book is now increasingly shifting towards independent power production and includes many large independent power producers in India (including Mytrah Energy (India) Limited, Continuum Wind Energy, ReNew Power and CLP Wind Farms (India) Private Limited).

International markets

The Group is currently expanding its presence internationally, with an emphasis on North America, Europe, South America, Australia and South Africa. Broadly, Senvion focuses on developed markets, whilst the Company focuses on emerging markets.

North America

The North American market is catered to by Suzlon Wind Energy Corporation (USA) and Senvion. Suzlon Wind Energy Corporation (USA) predominantly caters to the United States market and Senvion primarily caters to the Canadian market. North America is one of the Group's top three wind energy markets in the world in terms of cumulative installations. As at 31 March 2014, the Company, when combined with Senvion, had a total constructed and scheduled capacity of more than 4,560 MW in North America.

The Group has launched the S111 turbine specifically for low wind sites in India and the United States. Since its launch, the Group has already agreed to sell 17 units of the S111 turbine in the United States. The Group believes that the S111 turbine has the potential for significant sales in the United States market.

The Group has also launched the 3XM platform, 3.0M122, specifically for the Canadian market. The Group believes that the product is ideal for low wind sites in Canada.

In calendar year 2013, the Group emerged as the third largest market participant in North America with a 17.4 per cent. market share and the second largest market participant in Canada with a 30 per cent. market share (*Source: Global Wind Turbine OEM 2013 Market Share Report, March 2014*).

Suzlon Wind Energy Corporation (USA) provides its clients with EPC services for wind farm projects and ongoing service and maintenance. The S88-2.1 MW WTG comprises a large majority of this company's fleet in North America.

Europe and South America

The European and South American markets are managed by Suzlon Denmark and Senvion. The following markets are of particular strategic focus: Germany, France, the United Kingdom and Brazil, as they constitute the key markets in these regions. The Company has established marketing and project offices in the above-mentioned countries. The Group sold about 216MW of wind turbines in Brazil in the Fiscal Year 2014. The Group provides technical services relating to the installation, EPC and O&M of WTGs.

Australia and New Zealand

Marketing activities in Australia and New Zealand are conducted by Senvion. The Company's operations in Australia were combined with those of Senvion in order to realise business efficiencies. The Group believes that both Australia and New Zealand have the natural resources necessary to potentially generate substantial amounts of renewable energy. The Group may also offer customers assistance in obtaining project finance and provide technical services relating to the installation, EPC and O&M of WTGs. The Group already has over 1GW of installations in Australia. In Fiscal Year 2014, Senvion agreed its largest EPC contract in Australia for 106.6 MW.

South Africa

Although South Africa has only 196 MW of installed capacity, recent policy shifts and its status as a growing economy have made it a prime target for wind energy development and a leading emerging market. The government of South Africa is committed to reducing its carbon emission from the usual levels by 34.00 per cent. and 42.00 per cent. by 2020 and 2050, respectively. The South African Government has set a target of 9.2 GW of cumulative wind capacity additions by 2030.

Marketing activities in South Africa are conducted by Suzlon Wind Energy South Africa (Pty) Ltd. The Group opened its office in Johannesburg in late 2010 and reached an agreement in March 2011 to supply 66 S88 2.1 MW machines for South Africa's flagship Cookhouse wind farm project which have been supplied by the Group. The Cookhouse wind farm project is a marquee project in South Africa that is scheduled to complete in Fiscal Year 2015.

Customers

The Group has six principal types of customers in India: (i) independent power producers; (ii) companies that have manufacturing units with high power consumption; (iii) companies with high profitability and/or surplus liquidity that seek investment opportunities with stable returns; (iv) power utilities and public sector entities; (v) companies selling "Carbon Emission Receipts"; and (vi) high

net worth individuals. The Group's target international customers include: (i) companies interested in investing in renewable energy sources; (ii) utilities; (iii) independent power producers/ wind energy project developers; and (iv) municipalities, schools and co-operatives in the United States interested in establishing captive power facilities (community wind farms).

The Group's agreements with customers generally operate in phases with additional payment advances for each stage. Additionally, the agreements provide for liquidated damages to be paid to customers if the project is not completed on schedule. Working capital constraints over the last two years have resulted in delays to some orders and hence liquidated damages claims.

Senvion has a limited number of customers, which typically include utilities and power companies and, in Germany, Senvion enjoys relationships with a number of small investors. It has long-term relationships in place with most of its major customers. Purchase agreements with customers typically include a provision for purchasing a certain number of WTGs over a number of years. Framework agreements entered into with customers commit them to accept a certain number of WTGs within certain timeframes. Under framework agreements, Senvion commits to providing WTGs predominantly at pre-agreed prices over the course of a few years. Details of specific projects and the required WTG specifications must then be notified to Senvion within time periods specified in the framework agreements. Only notified projects are included in Senvion's order book and not the capacity included in the framework agreement. However, the order book includes recognised POC revenues for orders where construction risk is yet to transfer and also orders subject to conditions precedent.

As at 30 May 2014, the Group's order book stood at approximately U.S.\$7.6 billion, for delivery of 5.3 GW. Senvion order book includes past revenues already recognised under the percentage of completion method and orders with conditions precedent. As part of its standard practices, the Group conducts credit checks and reviews the balance sheet of each potential customer in order to ensure that it has the financial capacity to acquire and operate WTGs.

Quality Management Certification

Pursuant to the Group's internal policies, all of the design and manufacturing facilities of the Group and each of its O&M services have either been certified as ISO 9001:2008 by Det Norske Veritas ("DNV") or are in the process of being so certified. DNV is one of the world's leading certification bodies. It is an independent foundation with the purpose of safeguarding life, property and the environment. WTG model type certifications are permitted from five agencies (including DNV), pursuant to the revised guidelines for wind power projects issued by MNRE.

Product Certification

The Group's WTGs are also designed to meet the standards set by independent international agencies such as Germanischer Lloyd ("GL") or the DNV. Once the Group has completed a WTG design, the design is usually presented for type approval and certification in accordance with the Certification of Wind Energy Conversion Systems laid down by GL. The Group has also obtained WTG type certification from internationally accredited agencies such as GL, DNV and agencies such as C-WET. C-WET is an autonomous body and the major specialised technical institution to the MNRE. C-WET was associated with the Riso National Laboratory, another internationally recognised WTG certification agency.

The rotor blades also undergo extensive static and fatigue tests conducted by blade testing centres. Typically, the type approval and certification process would take anywhere between nine to fifteen months. The Group has established a rotor blade testing centre in Vadodara. See "Risk Factors - Any technical deficiencies in the WTGs sold by the Group could adversely affect its financial condition, cash flows and future orders".

During the course of the type certification process, WTG design, prototype performance and systems are independently assessed and verified, which assists in providing assurance to customers regarding the design, performance and safety of the Group's WTGs. Furthermore, banks and other financial institutions often require type certification for the WTGs that the Group's customers propose to acquire to provide financing to its customers for their purchases. In quite a few cases, however, the Group is allowed to sell its WTGs on a "self-certification" basis.

Logistics

The dimensions and weight of WTG assemblies are such that their delivery can be expensive and a considerable logistical challenge, particularly in the case of the 5 MW and 6.15 MW WTGs, which are installed by Senvion and require assembly on-site. These challenges, particularly in terms of transport vehicles and the condition of transport routes, can create considerable problems, particularly in regions with less developed infrastructure. The Group depends on various forms of transport such as air, sea-borne freight, rail and road, to receive raw materials and components used in the production of WTGs and to deliver its products from its manufacturing facilities to its customers. As the Group expands its operations, its logistical challenges will increase, particularly in relation to the shipping of WTGs and its components. As a result, the Group conducts site suitability studies not only in terms of available wind resources, but also in terms of accessibility and presence of basic infrastructure. The cost of transport can make the delivery of the Group's sub-MW and multi-MW WTG models substantially more expensive in certain regions. See "Risk Factors — Risks Relating to the Group's Business — Any failure or delay in the transportation and logistics arrangements entered into by the Group could have a material adverse effect on its business and operations" of this Information Memorandum.

Suppliers

Raw materials

Raw materials for rotor blades, such as glass fibre, foam and epoxy resin, are sourced from several suppliers, including Kush Synthetics Private Limited, Owens Corning India Private Limited, DOW Europe GmbH (Switzerland), Diab International AB (Sweden), Gurit Balsa Spain and Gurit (Qingdao) Composite Material Co. Ltd, China. The Group is able to source these materials from other suppliers in the event its current suppliers cannot meet the Group's manufacturing needs.

Components

The Group's strategy is to acquire and/or build relationships with suppliers of key components of WTGs. However, the Group still needs to purchase components such as gearboxes, bearings and castings from several different manufacturers. The Group has adopted a strategy of procuring these components from manufacturers who have established themselves as suppliers of components that are compatible with its WTGs and meet its technical and quality standards, either on a purchase order basis or through negotiated supply agreements. In order to minimise the risk regarding availability of key components and of competition, the Group has entered into exclusive supply agreements with some of its suppliers, pursuant to which such suppliers have undertaken to maintain a minimum level of inventory to meet the Group's demand. Payment terms are usually on a letter of credit or documents against acceptance basis.

As a result of the Company's recent cash flow issues, it has not been able to make all payments due to suppliers on time. Generally, suppliers continue to be supportive of the Company. However, there may be instances where some of the suppliers may delay or stop deliveries pending full settlement of all payments due or require upfront payment. See "Risk Factors — The Group's cash flows have been severely constrained. In addition, the Joint Auditors have drawn attention to a material uncertainty

about the Company's ability to continue as a going concern and the Company's ability to generate adequate cash flows to support its operations." and "Risk Factors — The Group is dependent on external suppliers for key raw materials, components, equipment and machinery, which could have a material adverse effect on its business.".

Unlike the Company, Senvion historically has not manufactured the key components of its WTGs, such as towers. It maintains research and design control over key components and has strong relationships with third party suppliers who manufacture the key components to Senvion's specifications. As a result, Senvion has historically been dependent on these component suppliers. The Group expects that its investment in Senvion will improve the availability of key components to Senvion, due to improved relationships with suppliers and sourcing of select components from the Group. Senvion has begun designing and producing its own rotor blades for a number of its WTGs. Furthermore, Senvion has commenced working with the Group for component supplies and contract manufacturing. The Group supplies, or plans to supply, blades, generators, panels, forging and foundry items to Senvion. This helps Senvion reduce its costs and leverage the Group's supply chain in India.

Tubular towers: The Group is the primary supplier of tubular towers for WTGs in India. The Group carries out this business through Suzlon Structures, which is its joint venture with the Kalthia Group. Suzlon Structures manufactures tubular towers for primarily high and heavy WTG installations. Suzlon Structures commenced manufacturing tubular towers in March 2005 and the Group procures a significant portion of its tubular tower requirements from Suzlon Structures. The order requirements for South India are generally met through job work done by Toolfab Engineering Industries Private Limited and Jay Engineering Industries, which have been associated with the Company for more than five years.

Gearboxes: Gearboxes are currently supplied by Eickoff, Winergy AG and ZF.

Gear rims: The Group purchases gear rims from Dongyang Korea and IMO Momentenlager GmbH.

Slewing rings: The Group purchases slewing rings from IMO Momentenlager GmbH and the Schaeffler group of Germany.

Brake callipers: The Group purchases brake callipers from Antec Breaking System, China and Pintch Buvenzer, Germany.

Castings: The Group purchases castings for WTGs from Jiangsu Jixin, China and Zhejiang Jiali, China.

As part of its strategy to acquire and/or build relationships with the suppliers of its key components for WTGs, the Group may from time to time evaluate the feasibility of entering into joint venture agreements with partners that have developed expertise in the manufacture of key WTG components.

Some suppliers include price escalation clauses in their supply contracts. Where possible, price increases are passed on through price escalation clauses in purchase agreements with customers. However, the Group is not fully protected from price increases in key inputs.

Competition

The global WTG market is characterised by a small group of manufacturers. In the calendar year ended 31 December 2013, 15 of the world's top suppliers of WTGs supplied approximately 81.5 per cent. of the total global market. (*Source: Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*) The Group's primary competitors are the Danish manufacturers, Vestas Wind Systems A/S and Siemens AG, the U.S. manufacturer G.E. Wind (which acquired the WTG manufacturer Enron Wind Corp.), Chinese manufacturers Sinovel, Goldwind, United Power and Dongfang, Spanish manufacturer Gamesa Eólica and the German companies Enercon GmbH and Nordex AG. Based on annual installed capacity during 2013, the Group's market share is 6.3 per cent. (*Source: Global Wind Turbine OEM*

2013 Market Share, MAKE Report, March 2014.). In India, the Group's primary competitors include Indian subsidiaries of Vestas Wind Systems A/S, Gamesa Eólica and Enercon GmbH and Regen Powertech. During the calendar year ended 31 December 2013, the Group held a 19 per cent. share of the global WTG market in India in terms of installed capacity (*Source: Global Wind Turbine OEM 2013 Market Share, MAKE Report, March 2014.*).

Research and Development (“R&D”)

The Group places emphasis on continued R&D. The Group intends to focus its resources on R&D during the next five years. It has taken initiatives towards upgrading and increasing the cost-efficiency of its existing WTG models and designing, developing and stabilising new models to extract energy from wind as efficiently as possible. The acquisition of Senvion promoted further R&D activities as researching and developing advanced WTG technology forms a core part of Senvion's business. Senvion's R&D is focused on improving the power and efficiency of the existing WTGs to improve, expand and increase Senvion's offshore capabilities and total output, respectively.

Specifically, the Group has undertaken investments in the following areas of research: (i) aerodynamic performance enhancements; (ii) development of turbine variants for local markets; (iii) increasing reliability of rotor blades and other parts and automated operations; and (iv) continued initiatives on innovation projects.

The Group has established centres for technological innovation in process engineering and rotor blades in India, aerodynamic development of rotor blades in the Netherlands, and composite wind turbine technology in Germany. The Group has established RETC, a global technology centre for wind power in Hamburg. RETC does not include the transfer of any existing technology or knowledge from any of the Group's Subsidiaries RETC aims to develop innovative technology that will influence the next generation of wind turbines. The Group has also established technology centres in Germany.

Intellectual Property Rights and Technical Know-How

The Group believes that securing patent and other intellectual property protection in respect of its technology is important to its business and that its future performance will depend in part on its ability to obtain and maintain patents and other intellectual property rights, to maintain confidential information and trade secrets and to avoid infringing third party intellectual property rights. The Group protects its technology through a combination of intellectual property rights owned by the Group, such as patents and trade marks, and putting in place procedures to guard the security of confidential information.

The Group has been granted a trade mark for its logo “Suzlon — Powering a greener tomorrow”. As at 30 April 2014, the Company held 106 published patents, patent applications, utility and design models resulting from the filing of more than 45 patent families. Currently, 42 patents have been granted. Protecting its innovations is crucial to Senvion's development of its business. In the short time since the Senvion patent department was founded, Senvion has filed more than 290 patent families and more than 1,250 international patent publications are available. Currently, Senvion holds 614 granted patents.

The Group is entitled to apply for registration of its product designs under the intellectual property laws of various countries. As a result, its employment contracts, particularly those with certain of its employees who have special technical knowledge about its WTGs or its business, contain a general confidentiality undertaking. For employees of the Group's R&D Subsidiaries, the confidentiality undertaking extends for a specified period following the termination of employment.

The Group also requires suppliers of key components to enter into non-disclosure arrangements to limit access to and distribution of its proprietary and confidential information. The Group is currently involved in disputes involving the “Suzlon” trade name in China. The Group is not currently involved in any other disputes, nor is it aware of any other pending action against it, relating to intellectual property disputes.

Insurance Coverage

The Group has adequate insurance coverage, which the Group considers reasonably sufficient to cover all normal risks associated with its operations and which it believes is in accordance with industry standards in India. The Group maintains insurance coverage on all its office premises and its manufacturing units against fire, earthquake and certain other risks.

In addition, the Group maintains transit insurance for the transport by rail, road, sea or air of all goods to and from any location within India, from any location outside India to any location in India and all exports from India to any location outside India. This transit insurance covers damage that may be caused due to contingencies such as inland transit strikes, riots and civil commotion.

The Group has taken out an erection-all risk policy to cover any losses associated with the erection and testing of the WTGs in various states in India. In the case of overseas marketing Subsidiaries (subsidiaries of Suzlon Denmark), the erection is covered under an erection all risks policy for the period of erection subject to a specified termination date. If the owner/buyer is executing the erection works, the coverage is limited to activities provided by the Company, such as supervision, testing or commissioning. It also includes an extended maintenance cover of 12 months. Such warranty claims are in general self-insured.

All of the Group's insurance relating to office premises and manufacturing units in India and relating to the transit of goods contain "Agreed Bank Clauses" which provide that any payments made under such policies are made to certain banks and financial institutions that have provided financing for the same.

The Group maintains insurance against any claim that may be made against each of its Directors and officers in their capacity as such.

The Group provides all its employees in India with group personal accident insurance. The Group also provides medical insurance coverage for all employees in India, including self, spouse and dependent children. The Company has also taken "key man" insurance for one of its Directors.

The Group's insurance policies generally have a term of one year.

Human Resources

The Group believes that a combination of its position as a leading wind energy solutions provider, its working environment and competitive compensation packages allow it to attract and retain talent and personnel. In line with its human resource strategy, the Group has also implemented various initiatives such as training programmes in order to build better organisational capability that the Group believes will enable it to sustain competitiveness in the global market. The Group believes its relationship with its employees is generally good. However, in the past, the Group has occasionally experienced work stoppages of production facilities because of labour issues. Other than the employees at the Group's centres at Coimbatore, Pondicherry and Satara and those employed by Senvion, none of its employees belongs to a union.

The following table shows the number of people employed by the Group:

	As of 31 March		
	2012	2013	2014
Total number of employees	13,799	12,267	10,563

The reduction in total employees in Fiscal Years 2013 and 2014 was primarily due to retrenchment as a result of lower utilisation at the Group's manufacturing facilities and other cost reduction exercises in response to the Group's liquidity issues.

The Group's compensation policy is performance based and the Group believes it is competitive with industry standards. The Group's compensation packages are generally adjusted annually based on industry salary correction, compensation surveys and individual performance. From time to time, employees who have met or exceeded performance standards are awarded bonuses. The Group also awards long-service bonuses to employees who have completed at least five years of service.

The Group provides residential, medical, recreational and communications facilities, as part of the wind farm infrastructure, for employees forming part of the Group's O&M teams and who are based in remote wind farm sites.

The Company has instituted stock option plans to reward and help retain its employees and to enable them to participate in the Group's future growth and financial success. The stock option plan includes provision for the grant of options to employees of the Company and its Subsidiaries (except the Group's Subsidiaries in the United States). See "Risk Factors — The loss of the services of the Company's Chairman and Managing Director, or of its key senior management personnel, could adversely affect its business." and "Risk Factors - The Group may be unable to hire and retain sufficient numbers of the qualified professional personnel that it needs."

Real Estate and Real Property

The Group's corporate office is located at its Indian headquarters in Pune (Suzlon Campus). The Group's manufacturing facilities are located at Maharashtra, Gujarat, Diu, Daman, Karnataka, Tamil Nadu and Pondicherry (India), Oliveira de Frades and Vagos (Portugal) and Minnesota (United States). Senvion's manufacturing facilities are located in Trampe, Husum, Bremerhaven and Osterrönfeld (Germany).

As at 30 April 2014, the Group had approximately 24 properties located across India that it uses for the purpose of its factories and godowns. There are approximately 200 properties located across India that the Group uses as office premises or guesthouses, of which it owns approximately 12 and leases the rest. The Group owns the properties located in Germany, Portugal and the United States that it uses for the purpose of its factories and other units. The Group also leases properties across India and outside India for the purpose of temporary accommodation for its employees.

Safety, Health and Environmental Regulations

The Group is subject to extensive, evolving and increasingly stringent occupational safety, health and environmental laws and regulations governing its manufacturing processes and facilities. Such laws and regulations address, among other things, air emissions (particularly volatile organic compounds), waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. The Group has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, the Group has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. The Group believes it is in compliance in all material respects with all applicable safety, health and environmental laws and regulations. However, the Group continues to bear certain risks in this regard.

See "Risk Factors — Risks Relating to the Group's Business — The construction and operation of wind energy projects is subject to regulation, including environmental controls, and changes in these regulations could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations" of this Information Memorandum.

The Group is committed to maintaining a safe and healthy working environment. The Group has also been awarded an across-the-company single Integrated Management System (ISO: 9001, ISO: 14001 & OHSAS:18001) certification as an umbrella concept. This has replaced the independent company certifications of the different segments leading to synergies in the supply chain, and bringing all manufacturing business units under a single certification programme. The Group also has a dedicated, qualified, experienced internal audit team for assessing and evaluating quality, environment and safety management system performance.

Corporate Social Responsibility (“CSR”)

The Promoter Group has specially formed “Suzlon Foundation”, a non-profit company under Section 25 of the Companies Act, 1956, to facilitate inclusive development throughout the Group’s business operations. It is determined to go beyond charitable and philanthropic acts. The Suzlon Foundation considers issues such as making money in a responsible way, looking at the Group’s business cycle as a whole, and planning inclusive development to guarantee the future of the Group’s business. Using the five essential features of good business — financial, natural, social, human and physical capital — the Company seeks to minimise the negative impacts of its business and promote the positive impacts through sustaining the environment, the community and its business simultaneously. Therefore, CSR is an integral process and not something that is done in addition to business at the Company. The Company has identified three levels of CSR: transformative projects to develop the Group’s business practices internally; responsive projects to react to impacts and opportunities in the communities in which the Group operates; and projects actively to address global issues beyond the Group’s business. An example of an ongoing project is the People’s Empowerment for a Holistic Community and Health Actions and Network (PEHCHAN) project. With a presence in 102 villages across four states, the project focuses on improving the health status of the target group, with a focus on health and nutrition of pregnant and lactating women, children and adolescents. The project also focuses on HIV/AIDS prevention, family planning, prevention and cure of common diseases.

Product Warranties

The Group provides its customers with various types of warranties and guarantees. These include: (i) free operations and maintenance warranties and performance guarantees other than damage due to lightning, over-voltage and normal wear and tear, subject to full payment being made; (ii) absolute unit guarantees on the minimum number of units of electricity that will be generated by the WTG, subject to grid availability and outage due to force majeure conditions (subject to fluctuations in wind speed); and (iii) 95 per cent. machine availability after an initial stabilisation period. Until March 2007, the Group provided absolute unit guarantees to most of its WTG customers in India. Since March 2007, the Group has been providing absolute unit guarantees on a case-by-case basis. For the Fiscal Year 2014 the Group paid customers ₹1,194.82 million arising from performance guarantee claims.

CORPORATE DEBT RESTRUCTURING PACKAGE

The description of the CDR package in this section is a summary only. The final terms of the CDR package have been set out in the MRA. There are several risks relating to the implementation of the CDR package. See “Risk Factors — Risks Relating to Corporate Debt Restructuring” of this Information Memorandum.

The global financial crisis and the subsequent debt crisis in the Eurozone, along with changes in fiscal incentives that reduced the attractiveness of investing in wind power generation, adversely impacted the demand for wind turbines in certain of the Company’s key markets, such as the United States, India and Europe. The resultant slowdown in business for the Company created several challenges in terms of managing the Group’s operations and capital structure.

A weak business environment, an extended working capital cycle and impending debt repayments, including payments in respect of the U.S.\$300 million zero coupon convertible bonds due June 2012 and U.S.\$35.592 million 7.5 per cent. convertible bonds due June 2012, resulted in a severe liquidity crisis for the Company in the first half of Fiscal Year 2013. Due to the liquidity shortfall, the Company sought the approval of the holders of its 2012 Bonds to extend the maturity of the 2012 Bonds by four months. However, a sufficient majority of the holders of the 2012 Bonds did not approve the extension in one series and the resolution did not pass in the other series of 2012 Bonds, and the Company could neither extend the maturity nor repay the 2012 Bonds on their maturity date. This triggered cross defaults across the Company’s other debt facilities, including the 2014 Bonds and the 2016 Bonds. Hence, in late October 2012, pursuant to the default under the terms of the Existing Bonds, the Company, in consultation with its senior secured lenders, took the decision to undertake a comprehensive liability management exercise to address its domestic senior secured facilities, overseas senior secured facilities and the Existing Bonds. Since Fiscal Year 2012, the Joint Auditors have placed emphasis in their audit reports as to the ability of the Company to continue as a going concern.

As a first step, the Company initiated a debt restructuring of its Indian Rupee indebtedness pursuant to the CDR Mechanism of the RBI in late October 2012. The CDR Mechanism is a voluntary non-statutory system based on the borrower and those of its creditors that consent to the CDR entering into a debtor-creditor agreement and such creditors entering into an inter-creditor agreement. The Company’s CDR proposal was approved by the CDR EG in December 2012 and a master restructuring agreement was subsequently entered into by the Company, along with certain domestic subsidiaries, and its senior secured Indian Rupee lenders that consented to the CDR. The approved CDR package provides *inter alia* concessions to the Company such as an extension of the maturity period by 10 years, enhanced working capital facilities, a reduction in interest rates, a two year moratorium on term debt principal repayments, conversion of term debt interest during moratorium into equity. A description of this package is set out below.

The Existing Bonds and certain other financing facilities do not fall within the scope of the Company’s CDR package.

The following table details the Group's (excluding Senvion and SE Forge) CDR and non-CDR debt as at 31 March 2014:

	As at 31 March 2014
	(in ₹ million)
Onshore	
Secured Debt	90,166
Total Secured Debt⁽¹⁾	90,166
Unsecured Debt	1,016
Total Onshore Debt	91,182
	(in U.S.\$ million)
Offshore	
Existing Bonds (unsecured)	577
AEHR Credit Enhanced Bonds (secured by SBLC from SBI)	647
Other	124
Total Offshore Debt	1,348

(1) Approximately 90 per cent. of the total onshore secured debt of the Group (excluding Senvion and SE Forge) is covered under CDR.

The following table details the Group's (excluding Senvion and SE Forge) scheduled debt⁽¹⁾ repayment profile for the next five Fiscal Years⁽²⁾:

Fiscal Year	As at 31 March 2014
	(in ₹ million)
Onshore	
2015	1,166
2016	3,497
2017	4,663
2018	6,994
2019	6,994
Total Onshore Repayments	23,314
	(in U.S.\$ million)
Offshore	
2015	—
2016	—
2017	95
2018 ⁽³⁾	647
2019 ⁽⁴⁾	484
Total Offshore Repayments	1,226

Notes:

- (1) Includes secured domestic terms loans, AERH credit enhanced bonds and FCCBs only and does not consider unscheduled prepayment under CDR including prepayment of U.S.\$1.158.
- (2) Assuming the Existing Bonds (other than the 2016 Bonds) are substituted by the Bonds and that 50 per cent. of holders of the 2016 Bonds choose to retain the 2016 Bonds.
- (3) In relation to the AERH credit enhanced bonds.

- (4) In relation to the Existing Bonds.

Restructuring terms

Summary of certain terms of the CDR are provided below:

- Repayment of restructured term loans (“**RTL**”) is required to be after moratorium of two year from 1 October 2012 (the “**Cut Off Date**”) in 32 structured quarterly instalments commencing from December 2014 to September 2022.
- Prepayment of U.S.\$1.158 billion of debt to the CDR Lenders.
- Conversion of various irregular/outstanding/devolved financial facilities into working capital term loan (“**WCTL**”). The repayment of WCTL shall be after moratorium of two years from the Cut Off Date in 32 structured quarterly instalments commencing from December 2014 to September 2022, subject to mandatory prepayment obligation on realisation of proceeds from certain asset sale and capital infusion.
- Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- Interest accrued but not paid on certain financial facilities till Cut Off Date are required to be converted into funded interest term loan (“**FITL**”). The interest payable on RTL and WCTL during moratorium period of two years from Cut Off Date also shall be converted to FITL. FITL is to be considered as convertible facilities which shall be converted into equity shares or compulsorily convertible debentures in accordance with MRA.
- Waiver of existing events of defaults, penal interest and charges in accordance with MRA.
- Right of recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR guidelines and MRA.
- The Company to issue equity shares in lieu of sacrifice of the CDR Lenders for the first three years from Cut Off Date, if demanded by CDR Lenders.

The Shares allotted to the CDR lenders pursuant to the terms of the MRA are required to be lock-in for a period of one year from the date of trading approval.

Mr. Tulsi R. Tanti and members of the Tanti family, who are shareholders of the Company, are required to, directly or indirectly, through friends, relatives, family members or business associates, invest ₹2,500 million in two tranches as promoter contribution, on the implementation of the CDR package, or as directed by the CDR EG. Further, existing unsecured loans of ₹1,450 million made by the Promoters to the Borrowers shall also be converted into compulsorily convertible debentures and/or equity shares. The Company has complied with the condition of promoter contribution and is currently in compliance with the requirement of loan conversion.

Rate of interest

The principal amounts of the restructured term debt and working capital term loan bear an interest rate of 11 per cent. per annum. This interest rate shall be reset in accordance with the terms of the MRA, or as directed by the CDR EG. The interest payable on the restructured term loan and the working capital term loan for the period between 1 October 2012 and 30 September 2014 (the “**Moratorium Period**”) has been converted into a funded interest term loan of approximately ₹15,374.3 million.

Prepayment

The Borrowers are entitled to, upon giving 15 days' written notice, prepay the CDR lenders on a pro-rata basis. The Borrowers are also required to sell, or divest of, their stake in key subsidiaries and/or raise fresh equity, in one or more tranches, by March 2016 at the latest and use the proceeds to prepay the debt servicing obligations in the manner specified in the MRA.

Security

The facilities under the MRA, including, without limitation, the principal amount thereof, together with all interest, commission, liquidated damages, fees, costs, expenses and all other fees, costs, charges, expenses and/or other monies whatsoever stipulated or payable to the CDR lenders are secured by:

- a first charge on all movable assets of the Borrowers;
- a first charge on all immovable assets of the Borrowers (excluding certain identified properties);
- a first charge on the present and future current assets of the Borrowers;
- a pledge by Mr. Tulsi R. Tanti and members of his family, who are shareholders of the Company, of 404.70 million Shares, 80 million Shares or, on or prior to 31 March 2013, all Shares issued by the Company in favour of Mr. Tulsi R. Tanti and members of his family, pursuant to the conversion of loans, in the amount of ₹1,250 million towards their contribution, and all Shares to be issued by the Company in favour of such persons, pursuant to the conversion of loans in the amount of ₹1,450 million;
- a pledge by the Company of 100 per cent. of the equity share capital of Suzlon Power Infrastructure Limited, Suzlon Gujarat Wind Park Limited, SE Electricals Limited, Suzlon Wind International Limited and SE Blades Limited and 75 per cent. of the equity share capital of Suzlon Structures Limited and Suzlon Generators Limited;
- a first charge over the trust and retention account of the Borrowers;
- personal guarantees by Mr. Tusli R. Tanti and Mr. Kalpesh Kalthia (restricted to the outstanding loans of Suzlon Structures Limited);
- a guarantee by SE Drive Technik GmbH (“**SED**T”);
- a negative lien over the shares in SE Forge Limited held by the Company;
- a pledge by SEDT, RPW Investments SGPS, S.A. (“**RPW**”), Suzlon Windenergie GmbH (“**SWG**”) and AERH of approximately 95.29 per cent. of the equity shares in Senvion;
- a pledge by AERH of 100 per cent. of the equity share capital of SEDT;
- a pledge by SEDT of 100 per cent. of the equity share capital of RPW;
- a pledge by SEDT of 100 per cent. of the fully paid equity share capital of SWG;
- a pledge over the shares held by the Company in Suzlon Energy Limited, Mauritius (“**SELM**”); and
- a negative lien over the shares held by SELM in Suzlon Wind Energy Limited, UK and the shares held by Suzlon Wind Energy Limited, UK in AERH.

Negative Covenants

The MRA requires a Borrower to obtain the prior approval of the CDR lenders before undertaking certain actions, other than as provided for in the CDR documents. Approval is required, *inter alia*, for a Borrower to:

- incur any financial indebtedness, other than indebtedness permitted under the MRA;
- undertake or permit any merger/demerger, stake sale, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction, without the prior approval of the CDR EG;
- undertake any capital expenditure, other than normal capital expenditure permitted under the CDR package, without the prior approval of the CDR EG;
- enter into any joint venture, merger and acquisition deals, sale of investment and fixed assets, hiving off of divisions or substantial parts of its normal business or any such deal of a similar nature;
- declare or pay any dividend on equity shares, unless otherwise approved by the CDR EG;
- pay any commission to its promoters, directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities, or for undertaking any other liability in connection with any financial assistance;
- create, or permit to subsist, any security interest in, or any type of preferential arrangement in relation to, any of the assets, in favour of any bank, financial institution, person or company;
- escrow present or future cash flows or create any charge, lien or interest of whatever nature on such cash flows, without prior approval of the CDR EG;
- buy back, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any share capital, or set aside any funds for such purposes;
- sell, assign, mortgage, transfer, grant, lease, or otherwise dispose of or deal with, all or any of its assets, properties or investments in the shares of any of its subsidiaries without the prior recommendation of the monitoring committee and approval of the CDR EG and/or asset sale committee under the MRA, except for any permitted security interest or permitted disposal;
- issue any further share capital, whether on a preferential basis or otherwise, or change its capital structure in any manner whatsoever;
- make any amendments or modifications to its memorandum or articles of association which has a material adverse effect; or
- acquire fixed assets using its cash flows, except those indicated in the 'funds flow statements' submitted to the CDR lenders from time to time.

Nominee Director

The CDR lenders collectively have the right to appoint two nominee directors on the board of directors of the Borrowers.

Events of Default

The CDR lenders, with the approval of the CDR EG, have a right to revoke the CDR package on the occurrence of an event of default. Events of default under the MRA include failure to pay principal

amounts or interest, default in the performance of any covenant, condition, representation, warranty, agreement or obligation under the CDR documents, supply of misleading information or withholding of material information from the CDR lenders, which is detrimental to the interest of the CDR lenders, except as provided in the MRA, sale, assignment, disposal or creation of an encumbrance on any of the assets of the Borrowers without the prior approval of the asset sale committee, any change in the general nature or scope of the business, operations, management or ownership of the Borrowers, from the date of the CDR documents, which, in the opinion of the CDR EG or the monitoring institution, could have a material adverse effect, use of facilities for any purpose other than that for which they were sanctioned and any other event as decided by the CDR EG. The events of default as specified in the existing loan agreements also continue to apply, except to the extent modified under the CDR package.

If an event of default continues beyond any cure period provided by the monitoring committee, the CDR lenders have the right to reverse any waivers or sacrifices that have been granted as part of the CDR package and a right to revoke all, or part of, the restructuring of the existing facilities. If an event of default occurs, the CDR lenders may declare the principal and all accrued interest under the MRA and the other CDR documents due and the security created under the MRA and the other CDR documents enforceable.

In the event the Borrowers default in repayment of the facilities or interest, the CDR lenders shall, after the expiry of the cure period, have the right to convert, at their option, the whole, or part of, the outstanding obligations into fully paid up Shares at a price determined in accordance with applicable law.

If any event of default remains uncured after expiry of the cure period, or if, in the opinion of the CDR lenders, the business of the Borrowers is conducted in a manner opposed to public policy or in a manner prejudicial to the interest of the CDR lenders, the CDR lenders shall have the right to review the management set-up or organisation of the Borrowers and to require the Borrowers to restructure to the extent considered necessary by the CDR lenders, including the formation of management committees with such powers and functions as may be considered suitable by the CDR lenders.

Right of recompense

The CDR lenders have a right of recompense in relation to the reliefs and sacrifices extended by them, including concessional interest rates on the facilities and extension of time for repayment. The aggregate value of the outstanding sacrifice made by CDR lenders up to 31 March 2014 pursuant to the MRA is approximately ₹2,819.3 million in relation to the Company and ₹3,653.3 million in relation to the Company and its identified Indian Subsidiaries. The CDR lenders shall have the right to renegotiate the terms of the restructuring, including accelerating the repayment schedule in the event of the Borrowers outperforming projections, with the approval of the CDR EG.

MANAGEMENT AND CORPORATE GOVERNANCE

The Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be 12. Currently, the Company has nine Directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its Shareholders.

Not less than two-thirds of the total number of Directors shall be elected Directors who retire by rotation. At the Company's annual general meeting, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring Director is eligible for re-election. The Articles of Association permit certain financial institutions which are its lenders to appoint executive or non-executive Directors to the Board while any amount is outstanding to them from the Company. The quorum for meetings of the Board is one-third of the total number of Directors, subject to a minimum of two Directors.

Board of Directors

The following table sets forth details regarding the Board of Directors as at the date of this Information Memorandum:

	Name	Director Identification	Nationality	Designation
		Number (DIN)		
1	Mr. Tulsi R. Tanti	00002283	Indian	Chairman & Managing Director
2	Mr. Girish R. Tanti	00002603	Indian	Non-Executive Director
3	Mr. Vinod R. Tanti	00002266	Indian	Non-Executive Director
4	Mr. Rajiv Ranjan Jha	03523954	Indian	Nominee Director
5	Mr. Marc Desaeleer	00508623	Belgian	Independent Director
6	Mr. Ravi Uppal	00025970	Indian	Independent Director
7	Mr. V. Raghuraman	00411489	Indian	Independent Director
8	Mrs. Medha Joshi	00328174	Indian	Nominee Director
9	Mrs. Bharati Rao	01892516	Indian	Nominee Director

Brief Biography of the Directors

Mr. Tulsi R. Tanti

Mr. Tulsi R. Tanti is the founder of the Company and has been the Chairman & Managing Director since its inception in 1995. Mr. Tulsi R. Tanti is a Commerce graduate and holds a diploma in Mechanical Engineering. Mr. Tulsi R. Tanti is from Rajkot, Gujarat, where he started his first venture, which was in textiles. He set up two wind turbines to supply electricity to his textile units in Gujarat. As his textile business flourished on sustainable power supplied by the wind turbines, he recognised the potential wind energy offered and this led to the creation of the Company in 1995. Under his stewardship, the Company has grown to be a leading wind turbine manufacturer in the world.

Mr. Tulsi R. Tanti is responsible for the overall strategic direction of the Company and has led the Company to rank among the top five global wind producers in terms of MW installations. He has received a number of awards, including the "Champion of the Earth 2009" award by the United Nations Environment Programme; "Global Indian Award 2009" by the Canada India Foundation; "Hero of the Environment Award" by TIME Magazine; "Rajiv Gandhi Award 2007" for the most successful industrialist in India; "Ernst & Young Entrepreneur of the Year 2006" award by Ernst & Young; "India Business Leader Award 2006" by the television channel CNBC TV18 in the category "The most promising entrant into the big league"; "Terialumni Award" for outstanding

“Entrepreneurship in Energy — Environment Technologies 2006” by the Terialumni Trust; “Best Renewable Man of the Decade”, which is a lifetime achievement award from the Foundation of Indian Industry and Economists in 2005; “World Wind Energy Award 2003” by World Wind Energy Association and “Business Leadership Award 2002” by Solar Energy Society of India.

Mr. Girish R. Tanti

Mr. Girish R. Tanti is one of the founding members of the Company. Mr. Girish R. Tanti is an Electronics Engineer with a Management graduation from the Business School at Cardiff University (United Kingdom). He brings to the Company a unique blend of understanding the dynamics of technology and strong business acumen. He has played many roles in helping create the global corporation that the Company is today. Over the years he has led the International Business Development, Human Resources, Information Technology, Communications and Corporate Social Responsibility functions in the Company. In his current role, as Director, he provides strategic direction and oversight towards the long-term objectives of the Group.

Mr. Vinod R. Tanti

Mr. Vinod R. Tanti holds a degree in Civil Engineering and has been associated with the Company since its inception. In his 27 years of industry experience, he has handled diverse portfolios, largely on a Conceive — Design — Build — Operate and Transfer model. He contributes both experience of the entire wind value chain segments as well as process centricity and innovation. His focus areas are creating alignment and deriving synergy within and between value chain components.

Mr. Rajiv Ranjan Jha

Mr. Rajiv Ranjan Jha has been working with Power Finance Corporation Limited (“PFC”) since March 1997. He holds a Bachelors degree in Science (Mechanical Engineering) from NIT Jamshedpur of Ranchi University and a diploma in Management from IGNOU. Mr. Jha has approximately 26 years of experience and is presently holding the position of General Manager (Projects), PFC and is handling the entire loan portfolio in Consortium Lending with PFC. Previously, Mr. Jha handled the entire Renewable Energy Loan Portfolio of PFC. Mr. Jha has also worked on Project Appraisal (especially of independent private power projects) and ultra mega power projects at PFC. Before joining PFC, he worked with the Visakhapatnam steel plant from November 1988 to February 1997 and dealt with the operation and maintenance of their coal based captive power plant and was also involved in material planning.

Mr. Marc Desaeleleer

Mr. Marc Desaeleleer was the Chief Investment Officer of Citi Venture Capital International (“CVCI”). Mr. Desaeleleer holds an M.B.A. degree from Carnegie Mellon University and Masters in Science degrees from the University of Louvain (Belgium). Prior to his current role, Mr. Desaeleleer led CVCI’s business in CEEMEA and India. Prior to this he was a senior manager of Citibank’s Corporate Banking business in over 20 countries focusing on Central Europe and Russia. In prior positions within Citigroup, Mr. Desaeleleer was the Business Manager for Citibank’s Corporate and Investment Banking business in France; managed several international businesses within Citibank’s Investment Banking group including ADRs; and was responsible for Citibank’s strategy in Global Equities. Before joining Citigroup, Mr. Desaeleleer worked for several international companies including Sulzer (Switzerland) and Lisnave (Portugal).

Mr. Ravi Uppal

Mr. Ravi Uppal is the Managing Director and Group CEO of the Jindal Steel & Power Limited (“JSPL”) Group. He has a wide-range of business experience, spanning over 36 years, in the engineering and infrastructure segments in India and abroad. Before joining JSPL, he served as the whole-time director and President & CEO (Power) at Larsen & Toubro (“L&T”). Previously, he held various positions in the ABB Group including President of Global Markets, Member of Group Executive Committee, President of ABB in the Asia Pacific Region and Chairman & Managing Director of ABB India. He has also been the Founding Managing Director of Volvo in India.

Mr. Uppal has been awarded the Royal Order of the Polar Star by the King of Sweden that named him Knight of this Order in recognition of his invaluable services to the Kingdom of Sweden. He was also conferred with the Marketing Award 2005 by the Institute of Marketing Management, India and named among ‘India’s Best of the Best’ by Smart Manager magazine.

Mr. Uppal holds a degree in Mechanical Engineering from the Indian Institute of Technology, Delhi, which has honoured him as a Distinguished Alumni. He is also an alumnus of the Indian Institute of Management, Ahmedabad. He has also completed his Advanced Management Programme from Wharton Business School, United States. Mr. Uppal is actively involved in several industry forums and academic institutions and holds a keen interest in social and community development initiatives.

Mr V. Raghuraman

Mr V. Raghuraman has a post graduate degree in Chemical Engineering. He has over 40 years experience as a consultant, trainer and chief executive with specialisations in combustion, fuel efficiency, in-depth industrial consulting and training activities in Energy Conservation, Energy Management and National Productivity Council (1966-1992). He pioneered “energy audit methodology” in India and was involved with Inter-Ministerial working groups on Utilisation and Conservation of Energy (1981-1983). He co-ordinated 200 Energy Audits for projecting the potential of energy savings in the Indian economy.

As Principal Adviser (Energy) to the Confederation of Indian Industries (CII), Mr. Raghuraman worked with policymakers, Indian Government ministries and other national and international bodies on energy sector issues. Mr. Raghuraman has served as Deputy Director General of the National Productivity Council and subsequently as Secretary General of ASSOCHAM. He was also the Chairman of the World Energy Efficiency Association in Washington, DC (1994-98). Mr. Raghuraman helped set up the Petroleum Conservation Association after the oil crisis in 1973 and was the Deputy Project Manager (1976-77) and Joint Project Manager (1981-83). His responsibilities included organising petroleum conservation activities such as field studies in industry on furnace oil conservation, diesel conservation in transport fleet and agricultural pumpsets. Mr. Raghuraman was the Chairman of the SAREC Board and director on the board of Orissa Sponge Iron Limited, Cosmos International and presently he is on the board of the Company. Mr. Raghuraman was a member of the Energy Research & Development Advisory Committees of ICICI. He is a former member of the Research Council of the Indian Institute of Petroleum, the Board of Governors of the National Institute of Industrial Engineering, PACER, ICICI, the EMCAT Advisory Committee, IDBI and the All-India Council for Technical Education.

Mrs. Medha Joshi

Mrs. Medha Joshi started her career with the ICICI Projects and Follow up Department in Mumbai. She then joined IDBI as Chief General Manager. Mrs. Joshi has always worked in corporate finance and related areas, such as project appraisal and follow up and merchant banking. Mrs. Joshi is presently serving as CGM-Retail Banking (Corporate Centre) and is responsible for overall policy formulation and product guidelines for the retail vertical of IDBI. Mrs. Joshi holds a Masters degree in Commerce and a Masters in Business Administration. She is also a Certified Associate of the Indian Institute of Bankers.

Mrs. Bharati Rao

Mrs. Bharati Rao has a M.A. in Economics and has over 40 years of experience in the banking and financial sector, having joined the State Bank of India, the largest bank in India, in 1972. Since then she has held both domestic and international positions and titles, covering areas such as project finance, credit and risk management, development of foreign offices, human resources and mergers and acquisitions. In 2008 and 2009, she played a key role in the planned merger between the State Bank of India and the State Bank of Indore (which completed in 2010) and also the merger of the State Bank of Saurashtra. Presently, she acts as a director on the boards, and a member of committees, of various State Bank of India subsidiaries and Vijaya Bank and acts as an advisor to a number of companies and other corporate entities, including EXIM Bank and Brickworks Ratings Company.

Note: Mr. Tulsi R. Tanti, Mr. Girish R. Tanti and Mr. Vinod R. Tanti are brothers.

Corporate Governance

There are six Board level committees in the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the listing agreements entered into by the Company with the NSE and the BSE (the “**Listing Agreements**”): (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders Relationship Committee; (iv) Securities Issue Committee; (v) ESOP Committee; and (vi) Corporate Social Responsibility Committee. The Company is in compliance with the corporate governance requirements under the Listing Agreements.

Details of each committee, its scope, composition as at the date of this Information Memorandum and meetings held in the Fiscal Year 2014 is given below:

Audit Committee

Members

- Mr. V. Raghuraman
- Mr. Vinod R. Tanti
- Mrs. Medha Joshi
- Mrs. Bharati Rao

Terms of Reference

The broad terms of reference include the following:

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, remuneration and terms of appointment of the statutory auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and the auditors’ report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the directors’ responsibility statement to be included in the Board’s report in terms of section 134(3)(c) of the Companies Act, 2013;

- (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of the audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (including a public issue, rights issue, or preferential issue), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.
 7. Reviewing and monitoring the auditor's independence and performance, and the effectiveness of the audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutinising inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 14. Discussion with the internal auditors of any significant findings and follow-up thereon.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 16. Discussion with the statutory auditors, before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, Shareholders (in case of non-payment of declared dividends) and creditors.
 18. To review the functioning of the whistle-blower mechanism.
 19. Approving the appointment of the Chief Financial Officer (i.e. the whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience and background of the candidate.

20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Meetings in Fiscal Year 2014

The Audit Committee met four times during the Fiscal Year 2014.

Nomination and Remuneration Committee

Members

- Mr. V. Raghuraman
- Mr. Marc Desaeleer
- Mrs. Medha Joshi

Terms of Reference

The broad terms of reference include the following:

1. To determine the remuneration of the directors of the Company.
2. For effective implementation and operation of various existing and future employee stock option plans/employee stock purchase schemes of the Company, to do all such acts, deeds, matters and things including but not limited to:
 - (a) determining the number of options/shares to be granted/offered to each employee and in the aggregate and the times at which such grants/offers shall be made;
 - (b) determining the eligible employee(s) to whom options/shares may be granted/offered;
 - (c) determining the eligibility criteria for grant of options/shares;
 - (d) determining the performance criteria, if any, for the eligible employees;
 - (e) laying down the conditions under which options/shares vested in optionees/grantees may lapse in case of termination of employment for misconduct, etc.;
 - (f) determining the exercise price which the optionee/grantee should pay to exercise the options/shares;
 - (g) determining the vesting period;
 - (h) determining the exercise period within which the optionee/grantee should exercise the options/apply for shares and that options/shares would lapse on failure to exercise the same within the exercise period;
 - (i) specifying the time period within which the optionee/grantee shall exercise the vested options/offered shares in the event of termination or resignation of the optionee/grantee;
 - (j) laying down the procedure for making a fair and reasonable adjustment to the number of options/shares and to the exercise price in case of rights issues, bonus issues, sub-division, consolidation and other corporate actions;
 - (k) providing for the right to an optionee/grantee to exercise all the options/shares vested in him at one time or at various points of time within the exercise period;

- (l) laying down the method for satisfaction of any tax obligation arising in connection with the options/shares;
- (m) laying down the procedure for cashless exercise of options/shares, if any; and
- (n) providing for the grant, vesting and exercise of options/shares in the case of employees who are on long leave or whose services have been seconded to any other Company or who have joined any other subsidiary or other company at the instance of the employer company.

Meetings in Fiscal Year 2014

The Nomination and Remuneration Committee met once during the Fiscal Year 2014.

Stakeholders Relationship Committee

Members

- Mr. V. Raghuraman
- Mr. Tulsi R. Tanti
- Mr. Vinod R. Tanti

Terms of Reference

The broad terms of reference include the following:

1. Redressing grievances of shareholders, debentureholders, deposit holders and any other security holders including but not limited to transfer of Shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends and any other related grievances.
2. Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of Shares.
3. Such other acts, deeds, matters and things as may be stipulated in the Companies Act, 2013 and the Listing Agreements and/or such other regulatory provisions as the Board of Directors may think fit for the effective and efficient redressal of security holders of the Company.

Meetings in Fiscal Year 2014

The Stakeholders Relationship Committee met four times during the Fiscal Year 2014.

Securities Issue Committee

Members

- Mr. Tulsi R. Tanti
- Mr. Vinod R. Tanti
- Mr. V. Raghuraman

Terms of Reference

The broad terms of reference include the following:

1. Approval of issuance of fresh issue of shares, GDRs, ADRs, FCCBs, SPNs and/or such other securities convertible into or linked to shares.
2. To take initiatives for liability management including debt reduction initiatives.
3. To allot Shares as may be required to be allotted on the exercise of conversion rights to bondholders of various series of bonds issued by the Company and/or as may be issued by the Company, from time to time, including, but not limited to, the Existing Bonds.
4. To allot Shares, as may be required to be allotted, to lenders, Promoters and others by way of preferential allotment or otherwise, as part of the CDR package or otherwise.
5. To do all such other acts, deeds, matters and things as already delegated and/or as may be delegated by the Board, from time to time.
6. To do all such other acts, deeds, matters and things as may be incidental and ancillary to one or more of the above.
7. To sign deeds, documents, forms, letters and such other papers as may be necessary, desirable and expedient.

Meetings in Fiscal Year 2014

The Securities Issue Committee met six times during the Fiscal Year 2014.

ESOP Committee

Members

- Mr. Tulsi R. Tanti
- Mr. Vinod R. Tanti

Terms of Reference

The broad terms of reference of the ESOP Committee include allotment of Shares, as may be required to be allotted, to employees of the Company and its Subsidiaries pursuant to the exercise of options granted in terms of various employee stock option plans, to such employees in terms of various plans/schemes of the Company, including, but not limited to, ESOP-2007, Special ESOP-2007, ESOP-Perpetual-I, Special ESOP 2014, ESPS-2014 and such other future employee stock option plans/stock purchase schemes of the Company as may be declared, from time to time.

Meetings in Fiscal Year 2014

The ESOP Committee was not required to meet during the Fiscal Year 2014.

Corporate Social Responsibility Committee

Members

- Mr. Tulsi R. Tanti
- Mr. Girish R. Tanti

- Mr. V. Raghuraman

Terms of Reference

The broad terms of reference include the following:

1. Formulate and recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013, read with the rules framed thereunder;
2. Recommend the amount of expenditure to be incurred on such activities; and
3. Monitor the corporate social responsibility policy of the Company, from time to time.

Meetings in Fiscal Year 2014

The Corporate Social Responsibility Committee was constituted on 30 May 2014.

Compensation of the Company's Directors

The following tables set forth all compensation paid by the Company to the Directors for the Fiscal Year 2014.

(A) Non-Executive Directors

The non-executive Directors are not paid any remuneration except sitting fees for attending the meetings of the Board and/or committees thereof which is within the limits prescribed by the Companies Act. The details of the sitting fees paid and stock options granted to the non-executive Directors during Fiscal Year 2014 is set out in the table below:

Name of Directors	Sitting Fees (₹)	Number of Options
Mr. Girish R. Tanti	100,000	—
Mr. Vinod R. Tanti ¹	360,000	—
Mr. V. Raghuraman	340,000	—
Mr. Rajiv Ranjan Jha ²	100,000	—
Mr. Marc Desaeleer ³	80,000	—
Mrs. Bharti Rao	120,000	—
Mr. Ravi Uppal	60,000	—
Mr. Ravi Kumar ⁴	100,000	—
Mrs. Medha Joshi ⁵	N.A.	—
Mrs. Mythili Balasubramanian ⁶	20,000	—

Note:

1. Mr. Vinod R. Tanti also holds Shares in his capacity as karta of HUF jointly with others.
2. Sitting fees paid to PFC.
3. Sitting fees paid to Citicorp International Finance Corporation/TRG Management LP, USA as stated by Mr. Desaeleer.
4. Sitting fees paid to IDBI Bank Limited; ceased to be a Director with effect from 3 May 2014.
5. Appointed on the Board with effect from 3 May 2014.
6. Ceased to be a Director with effect from 20 July 2013.

Transactions with Non-Executive Directors

The Company does not have material pecuniary relationship or transactions with its non-executive directors except the following transactions which are covered under related party transactions in accordance with the Accounting Standard — 18:

- Payment of rent to the HUF of Mr. Girish R. Tanti to the extent of ₹60,000.00 during the Fiscal Year 2014; and
- Receipt of charges as consideration for sale of services in the nature of operation and maintenance of windmills owned by Mr. Girish R. Tanti and Mr. Vinod R. Tanti to the extent of ₹1,784,484.00 and ₹1,784,515.00, respectively, during Fiscal Year 2014.

(B) Executive Directors

Terms of appointment of Mr. Tulsi R. Tanti, Chairman and Managing Director

In terms of the recommendation of the Nomination and Remuneration Committee and the Board, at their respective meetings held on 14 February 2014, and as approved by the Shareholders by way of postal ballot, the results of which were declared on 27 March 2014, Mr. Tulsi R. Tanti has been re-appointed with effect from 1 April 2014 for a further period of three years in his position as Chairman and Managing Director.

Remuneration and perquisites of Mr. Tulsi R. Tanti

The Shareholders at a Shareholder meeting dated 27 March 2014, held by way of postal ballot, authorised a salary for Mr. Tulsi R. Tanti of ₹30,000,000 per annum plus certain perquisites/reimbursements of actual expenses (such as medical benefits and insurance) incurred for performance of his duties or for the purpose of the business of the Company. The payment of the remuneration is subject to prior approval by the Central Government.

Shareholding of the Directors

The following table details the shareholding of the Directors in their personal capacity as at the date of this Information Memorandum.

Name of Directors	Number of Shares
1 Mr. Tulsi R. Tanti	3,905,000
2 Mr. Girish R. Tanti	100,019,000
3 Mr. Vinod R. Tanti	11,367,000
4 Mr. Marc Desaedeleer	Nil
5 Mr. V. Raghuraman	Nil
6 Mr. Ravi Uppal	1,000
7 Mr. Rajiv Ranjan Jha	Nil
8 Mrs. Bharti Rao	Nil
9 Mrs. Medha Joshi	Nil

Note:

- (1) Mr. Tulsi R. Tanti and Mr. Vinod R. Tanti also hold Shares in their capacity as karta of HUFs and jointly with others.

Loans and guarantees to Directors

There is no loan granted to any Director.

Unusual transactions

There have been no transactions during the last audited financial year of the Company between any of the Directors, or the key executives listed below, and the Company which, because of their unusual nature or the circumstances in which they have been entered into, are or will be required to be disclosed in the Company's accounts or approved by the Shareholders.

Borrowing Powers of the Board

The Articles of Association authorise the Board to borrow moneys and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. The Shareholders at a Shareholder meeting dated 27 March 2014, held by way of postal ballot, authorised the Board to borrow to an extent of ₹200,000 million over and above the aggregate of the paid-up capital and free reserves of the Company.

Senior Management Personnel of the Group

The details of the Senior Management Personnel of the Group are as follows:

Name	Designation
Mr. Frans Visscher	Group Head, Human Resources
Mr. Amit Agarwal	Chief Financial Officer, Suzlon Energy Limited
Mr. Rohit Modi	Chief Executive Officer, India and Emerging Markets
Mr. Kirti Vagadia	Group Head, Finance
Dr. V.V. Rao	Chief Human Resource Officer and Chief Quality Officer
Mr. Duncan Koerbel	Chief Executive Officer, United States and Canada
Mr. Andreas Neun	Chief Executive Officer, Senvion
Mr. Lars Rytter	Chief Supply Chain Officer, Senvion
Mr. Marcus Wassenberg	Chief Financial Officer, Senvion
Mr. Russell Stoddart	Chief Technology Officer, Senvion
Mr. Jens Henker	Head, Technology
Mr. Ishwar Mangal	Chief Sales Officer, India and Emerging Markets

The following Senior Management Personnel of the Group are permanent employees of the Group:

Mr. Frans Visscher — Group Head — Human Resources

Mr. Frans Visscher was previously Managing Director of Korn/Ferry International. During his career, spanning over 30 years, he has held senior management positions globally at Reed Elsevier and Shell International. He started his working life as a career officer with the Royal Netherlands Marine Corps.

Mr. Amit Agarwal — Chief Financial Officer, Suzlon Energy Limited

Mr. Amit Agarwal was previously the Chief Financial Officer of Essar Steel and, before that, Chief Financial Officer of Essar's North American operations and Chief Financial Officer at Arcelor Mittal Long Carbon, Europe segment. He has worked in several countries in North America and Europe, and his experience includes corporate finance, treasury management, complex business restructuring, financial planning, business development and strategy. Mr. Agarwal is a Chartered Accountant by training with a Commerce degree from the University of Calcutta and a graduate of the University of Pennsylvania's Wharton School of Business executive programme.

Mr. Rohit Modi — Chief Executive Officer India and Emerging Markets

Mr. Rohit Modi has been the Chief Executive Officer of the Company's Indian and emerging markets operations since September 2012. Mr. Modi previously served as Deputy Managing Director of Gammon India Limited from 7 June 2009 to 30 May 2012. Mr. Modi joined the Indian Administrative Services ("IAS") in 1985 and served as an IAS Officer until 1999. From 1999 to 2006, he served as the Chief Executive Officer of Tamil Nadu Road Development Corporation and as Managing Director of Road Infrastructure Development Corporation of Rajasthan. He also served as the head of India Business Operations at the Group and a director at IL&FS Transportation Networks Limited. Until 31 May 2012, he served as a director of Gammon India Limited. Mr. Modi received a Bachelor of Economics (Hons.) from Sri Ram College of Commerce in 1983 and a Masters in Economics from the Delhi School of Economics in 1985.

Mr. Kirti Vagadia — Group Head — Finance

Mr. Vagadia is a Chartered Accountant with over 20 years of experience in the areas of corporate finance, accounting, mergers and acquisitions and taxation. He is a key member of the senior management team of the Group and the Group's Supervisory Counsel.

Dr. V.V. Rao — Chief Human Resource Officer and Chief Quality Officer

Dr. Rao has over 18 years of experience in the field of practical business solutions, specialising in enterprise resource planning, IT strategy, human resources and quality management. Dr. Rao has developed such systems for approximately 60 companies during his career.

Mr. Duncan Koerbel — Chief Executive Officer — United States and Canada

Mr. Koerbel was previously the Head of Global Services and is currently Chief Executive Officer for United States and Canada. Prior to his employment by the Group, Mr. Koerbel was the President of Adam Aircraft Industries, Inc. and held several senior management positions in engineering, production and programme management at Raytheon Aircraft, Fairchild Dornier, Lockheed and Bombardier. Mr. Koerbel is a graduate of Penn State with a Bachelors of Science degree in Aerospace Engineering and also holds a MBA from Wichita State University.

Mr. Andreas Neun — Chief Executive Officer, Senvion

Mr. Neun has been the Chief Executive Officer of Senvion since 1 July 2010. Mr. Neun studied Mechanical Engineering in Duisburg and Business Administration at the Open University Hagen. He previously worked at Siemens from 1991 onwards. Mr. Neun first worked as a project manager in the gas and steam turbine business, before taking over sales tasks for fossil power plants in India and Europe-wide sales activities in 1996. During that time, he worked in London, Frankfurt and Erlangen. From 2002 to 2004, he took over the responsibility for Strategy and Corporate Communication within the power generation business unit of Siemens. After Siemens had acquired the Danish wind turbine manufacturer Bonus Energy A/S in 2004, he built up the wind energy business of the group as Chief Executive Officer of Siemens Wind Power A/S.

Mr. Lars Rytter — Chief Supply Chain Officer, Senvion

Mr. Rytter holds a Master of Administration in Business Management. Since April 2008, he has been Chief Supply Chain Officer of Senvion. Mr. Rytter has worked in the wind power industry since 1995 and was responsible for logistics and purchasing at Micon A/S. On the merger of NEG Micon and Vestas in 2004, Mr. Rytter became the Vice President, Strategic Purchasing and Logistics at Vestas Wind Systems A/S, the merged entity. In 2006, he moved to the Company as COO. From 1 April 2008 until 30 September 2010 he was responsible for the areas of production, purchasing and logistics at Senvion in his role as Chief Supply Chain Officer. Before Mr. Rytter returned to Senvion, he had been Chief Procurement Officer at Nordex for two years.

Mr. Marcus Wassenberg — Chief Financial Officer, Senvion

Mr. Wassenberg has been Chief Financial Officer of Senvion since 1 June 2012. Mr. Wassenberg graduated with a degree in Economics from Ruhr University in Bochum in 1993. He started his professional career on a project for development and structure with the Treuhand Privatisation Agency in East Germany. Mr. Wassenberg then worked as an auditor for various companies, including the BDO Deutsche Warentreuhand AG. Until 2002, he was the Chief Financial Officer of a leading PR agency and later Chief Financial Officer and deputy Chief Executive Officer of the German subsidiary of an American company. In 2006, Mr. Wassenberg took over the management of the CIRRUS Group Holding and of other operating companies of a medium-sized aviation group. In this role, he was responsible in particular for the restructuring of divisions.

Mr. Russell Stoddart — Chief Technology Officer, Senvion

Mr. Stoddart has been Chief Technology Officer (“CTO”) of Senvion since 12 August 2013. Mr. Stoddart received a Bachelor of Mechanical Engineering in 1986 from Sheffield University, Great Britain and started his career as a Product Engineer at Cummins Turbo Technologies. He subsequently completed a MBA at Huddersfield University, Great Britain, and moved to Honeywell Turbo Technologies, where, over 13 years, he rose from aerodynamicist to Vice President Engineering & Technology. He was, among other things, responsible for Technology Development and New Product Launch as well as the implementation of new standards such as Lean Six Sigma. He joined the Wood Group as Vice President Engineering & Technology in 2006, where he was responsible for development of O&M products for gas and steam turbines. In 2009, he became the Senior Vice President, Engineering at Vestas Wind Systems, where he led the Design, Development and New Product Launch. After a year as Vice President Engineering & Sales at international automobile supplier BorgWarner Turbo Systems he took over his post as CTO at Senvion.

Mr. Ishwar Mangal — Chief Sales Officer, India and Emerging Markets

Mr. Ishwar Mangal serves as the Company’s Chief Sales Officer, India and Emerging Markets and has been with the Company for over 18 years. Mr. Mangal served as the Company’s Head of India Business Development. He has previously worked with the Rana Group and the Ganesh Group prior to joining the Company in 1996. Mr. Mangal is a Mechanical Engineer and holds a diploma in Export-Import Management.

Mr. Jens Henker — Head, Technology

Mr. Jens Henker joined the Company in 2009 and leads the Company’s technology group with 400 engineers in centres across India, the Netherlands, Denmark and Germany. Mr. Henker is also serving as the Managing Director of the Group’s research and development company in Germany (SEG). Prior to joining the Company, Mr. Henker worked with Airbus.

Stock options granted to the Company’s Senior Management Personnel of the Group

The Company has granted the Senior Management Personnel under the employee stock option scheme an aggregate of 928,402 options.

TERMS AND CONDITIONS OF THE BONDS

The following, other than the words in italics, is the text of the Terms and Conditions of the Bonds which will (subject to completion) appear on the reverse of each of the definitive certificates evidencing the Bonds.

The issue of U.S.\$[●] Step Up Convertible Bonds due 2019 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 16 and consolidated and forming a single series with the Bonds) of Suzlon Energy Limited (the “**Issuer**”), was authorised by resolutions of the Board of Directors of the Issuer on 3 May 2014 and by the shareholders of the Issuer on 20 September 2013. The Bonds are constituted by a trust deed (as amended or supplemented from time to time) (the “**Trust Deed**”) dated on or about [●] 2014 and made between the Issuer and The Bank of New York Mellon, London Branch as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer has entered into a paying, conversion and transfer agency agreement (as amended or supplemented from time to time, (the “**Agency Agreement**”) dated on or about [●] 2014 with The Bank of New York Mellon, London Branch as principal paying, conversion and transfer agent (the “**Principal Agent**”), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the “**Registrar**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**”, “**Transfer Agent**” (references to which shall include the Registrar) and together with the Registrar and the Principal Agent, the “**Agents**” (which shall, where applicable, include the Singapore Agent (as defined in Condition 18)) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds. The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection during normal business hours at the registered office of the Trustee being at the date hereof at One Canada Square, 40th Floor, London, E14 5AL, United Kingdom and at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

2 Form, Denomination and Title

2.1 Form and Denomination

The Bonds are issued in registered form in the denomination of U.S.\$1,000 each and integral multiples thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number, which will be recorded on the relevant Certificate and in the Register (as defined in Condition 3.1) of Bondholders which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by Global Certificates deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global

Certificates. Except in the limited circumstances described in the Global Certificates, owners of interests in Bonds represented by the Global Certificates will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

3 Transfers of Bonds; Issue of Certificates

3.1 Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the “**Register**”).

Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

3.2 Transfers

Subject to Conditions 3.5 and 3.6 and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by a Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of New Certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days (at the place of the relevant specified office) of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in the limited circumstances described in the Global Certificates, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

3.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted or redeemed, a new Certificate in respect of the Bonds not so transferred, exchanged, converted or redeemed will, within seven business days of delivery of the original Certificate to the Registrar or other

relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted or redeemed (but free of charge to the holder) to the address of such holder appearing on the Register.

- 3.3.3 For the purposes of these Conditions (except for Condition 4.3, Condition 7, Condition 8.5 and Condition 8.7), “**business day**” shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

3.4 *Formalities Free of Charge*

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

3.5 *Restricted Transfer Periods*

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any principal on the Bonds; (ii) after a Conversion Notice (as defined in Condition 6.2) has been delivered with respect to a Bond; (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 8.4) has been deposited in respect of such a Bond; (iv) after a Delisting Put Notice (as defined in Condition 8.5) has been deposited in respect of such a Bond; (v) after the Non-Permitted Conversion Price Adjustment Event Purchase Right (as defined in Condition 8.7) has been exercised in respect of such Bonds; or (vi) during the period of seven days ending on (and including) any record date in respect of any payment of interest on the Bonds, each such period being a “**Restricted Transfer Period**”.

3.6 *Regulations*

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the holder and at the Issuer’s expense) by the Registrar to any Bondholder upon request.

4 **Negative Pledge and Security**

- 4.1 So long as any Bond remains outstanding (as defined in the Trust Deed):

- (i) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below), or to secure any guarantee or indemnity in respect of any International Investment Securities;
- (ii) the Issuer will procure that no Subsidiary (as defined below) or other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues, present or future, of that Subsidiary or other person to secure any of the Issuer’s or any Subsidiary’s International Investment Securities, or to secure any guarantee of or indemnity in respect of any of the Issuer’s or any Subsidiary’s International Investment Securities; and

- (iii) the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Issuer's or any Subsidiary's International Investment Securities,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Provided however that, the following Security shall be excluded from the terms of this Condition 4.1:

- (i) the Second Lien (as defined below);
- (ii) the Issuer or any Subsidiary may create or permit to subsist Security upon the whole or any part of its undertaking, assets or revenues, present or future to secure a guarantee or indemnity or credit enhancement provided by a non-Group (as defined in the Trust Deed) third party in respect of International Investment Securities issued by the Issuer or any Subsidiary for the purpose of using the proceeds from any such issuance in the following order:
 - (a) **first**, in or towards the repayment or prepayment of any of its existing senior debt or debt with an original maturity prior to the Maturity Date (as defined in Condition 8.1) with a new maturity beyond the Maturity Date provided that such repayment or prepayment is to the CDR (as defined in Condition 6.3) lenders under the CDR Scheme (as defined below) (such debt, the "**CDR Debt**") in order to meet the Security Conditions (as defined below) or the refinancing of such CDR Debt (provided that such refinancing does not impair the Bondholders' rights to a springing Second Lien as set out in Condition 4.2 below); and
 - (b) **secondly**, in or towards the repayment or prepayment of any of its existing senior debt or debt with an original maturity prior to the Maturity Date with a new maturity beyond the Maturity Date (such debt, the "**Other Senior Debt**") or the refinancing of such Other Senior Debt (provided that such refinancing does not impair the Bondholders' rights to a springing Second Lien as set out in Condition 4.2 below).
- (iii) any funds made available to the Issuer or any of its Subsidiaries by any member of the Senvion Group (as defined below), from the proceeds of an issuance of International Investment Securities by a member of the Senvion Group, raised by creating or permitting to subsist Security upon the whole or any part of the undertaking, assets or revenues, present or future of such member of the Senvion Group to secure a guarantee or indemnity or credit enhancement provided by a non-Group third party in respect of such International Investment Securities, for the purpose of the Issuer or its Subsidiaries using the proceeds from any such issuance in the following order:
 - (a) **first**, in or towards the repayment or prepayment of any of its CDR Debt in order to meet the Security Conditions or the refinancing of such CDR Debt (provided that such refinancing does not impair the Bondholders' rights to a springing Second Lien as set out in Condition 4.2 below); and
 - (b) **secondly**, in or towards the repayment or prepayment of any of its Other Senior Debt or the refinancing of such Other Senior Debt (provided that such refinancing does not impair the Bondholders' rights to a springing Second Lien as set out in Condition 4.2 below).

- 4.2 Subject to receipt of regulatory approvals, the Issuer shall execute a springing second lien (the “**Second Lien**”) in favour of a suitably qualified security trustee of national or international repute appointed by the Issuer (in prior consultation with the Trustee) (the “**Security Trustee**”) acting on behalf of the Bondholders over all the domestic assets of the Issuer and its Indian Subsidiaries (as defined below) that are secured for the benefit of the Issuer’s Secured Lenders (as defined below) in accordance with the requirements of the master restructuring agreement dated 28 March 2013 in respect of the CDR Scheme and any other financing documents signed by non-CDR lenders in accordance with Condition 4.3 and, subject to (a) the written consent of the Secured Lenders, and (b) the Issuer:
- (i) prepaying of an amount of approximately U.S\$1.158 billion to the CDR lenders under the CDR Scheme; and
 - (ii) achieving a minimum Asset Coverage Ratio (as defined below) in excess of 1.33:1.
- ((i) and (ii) together, the “**Security Conditions**”).
- 4.3 Subject to the Conditions set out in Condition 4.2 being fulfilled (without prejudice to Condition 10.1.4), the springing Second Lien will be implemented as follows:
- (i) the Issuer shall notify the Monitoring Institution and the Trustee in writing within 5 business days of the Security Conditions having been complied with;
 - (ii) the Issuer shall also inform the Trustee of the receipt of the written approval of the Secured Lenders within 5 business days of receipt of the same; and
 - (iii) the Issuer shall create the Second Lien within 90 days from the date on which all the Conditions set out in Condition 4.2 have been satisfied (the “**Springing Second Lien Implementation Date**”).
- 4.4 On or prior to the Springing Second Lien Implementation Date, the Security Trustee and the Secured Lenders or any duly authorised agent of the Secured Lenders will enter into an intercreditor agreement in form and substance satisfactory to all the parties thereto (the “**Intercreditor Agreement**”).

The Intercreditor Agreement, which will be governed by Indian law, will establish the subordination of the security held pursuant to the Second Lien only to the first-ranking security held by the Secured Lenders and which may be amended from time to time to add other Secured Lenders or parties representing such Secured Lenders. The Intercreditor Agreement will not include (i) any financial covenants in relation to the Issuer for the benefit of the Bondholders; (ii) any covenants in relation to security except as set out in these Conditions; or (iii) any voting rights for Bondholders in relation to any determination, consent or waiver to be made by the Secured Lenders with respect to the secured assets.

The Intercreditor Agreement will also include waiver of the Bondholders’ right to enforce the security before the Secured Lenders. The Security Trustee will deliver a no objection certificate at the time of signing the Intercreditor Agreement to the Secured Lenders, consenting to any potential asset sales in accordance with the CDR Scheme.

For the purposes of these Conditions:

“**Asset Coverage Ratio**” means the result, expressed as a fraction, obtained by dividing the aggregate of tangible fixed assets (excluding revaluation reserves) and capital work-in-progress and current assets, which have been secured on first *pari passu* charge basis, by the aggregate loans (both fund based and non-fund based) (which are secured on first *pari passu* charge basis against such tangible fixed assets and capital work-in-progress and current assets), of the Issuer

and its Indian Subsidiaries. The book value of the assets shall be calculated on the basis of the latest annual audited financial statements submitted by the Issuer and its Indian Subsidiaries to the Monitoring Institution in accordance with generally accepted accounting principles in India (“**Indian GAAP**”) and the Asset Coverage Ratio shall accordingly be tested annually.

“**business day**” shall mean a day on which commercial banks are open for business in New York City, London and Mumbai.

“**Indian Subsidiaries**” means, collectively, Suzlon Structures Limited, Suzlon Power Infrastructure Limited, Suzlon Generators Limited, Suzlon Gujarat Wind Park Limited, SE Electricals Limited, Suzlon Wind International Limited and SE Blades Limited or any other entity, each of which, together with the Issuer, are, or become, borrowers under the master restructuring agreement dated 28 March 2013 entered into with the CDR lenders (the “**CDR Scheme**”).

“**International Investment Securities**” means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which (i) are denominated in a currency other than Rupees or are by their terms payable, or confer a right to receive payment, in any currency other than Rupees, or are denominated or payable in Rupees and more than 50% of the aggregate principal amount thereof is initially distributed outside India, and (ii) are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market.

“**Monitoring Institution**” means the bank appointed as the monitoring institution under the CDR Scheme.

“**Secured Lenders**” means the CDR lenders and any senior lenders that have the benefit of the security over the assets of the Issuer and its Indian Subsidiaries.

“**Senvion Group**” means Senvion SE and its subsidiaries.

“**Subsidiary**” means any company or other business entity of which the Issuer owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which the Issuer recognises in its consolidated accounts as a subsidiary, jointly controlled entity or associated company under Indian law, regulations or generally accepted accounting principles from time to time, or which should have its accounts consolidated with those of the Issuer.

Provided that, for the purpose of this Condition 4, no member of the Senvion Group will be considered a Subsidiary.

5 Interest

5.1 Interest Rate

The Bonds bear interest (i) at the rate of 3.25% per annum, from (and including) [●] 2014 (the “**Closing Date**”) up to (but excluding) [18 MONTHS AFTER THE CLOSING DATE], calculated by reference to the principal amount thereof and payable semi-annually in arrear on [●] and [●] in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on [●] (the “**First Interest Payment Date**”) and the last payment of interest at such rate will be made on [●], in respect of the period from (and including) the Closing Date to (but excluding) [●]; and (ii) at the rate of 5.75% per annum, from (and including) [18 MONTHS AFTER THE CLOSING DATE] to the Maturity Date, calculated by reference to the principal amount and payable semi-annually in arrear on

each Interest Payment Date, commencing with the Interest Payment Date falling on [●] except that the last payment of interest will be made on the Maturity Date in respect of the period from (and including) [●] to (but excluding) the Maturity Date, and such final payment of interest will amount to U.S.\$[●] per U.S.\$1,000 principal amount of Bonds.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

“Interest Period” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

5.2 Accrual of Interest

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6.2.4) or (ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in these Conditions.

6 Conversion

6.1 Conversion Right

6.1.1 Conversion Period

- (i) Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into Shares is called the **“Conversion Right”**.

Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time (subject to Condition 6.1.1(ii)) on and after [41st DAY AFTER THE CLOSING DATE] 2014 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on [7 DAYS PRIOR TO THE MATURITY DATE] 2019 (but, except as provided in Conditions 6.1.4 and 10, in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven business days (at the place aforesaid) prior to the date fixed for redemption thereof (the **“Conversion Period”**).

- (ii) Conversion Rights may not be exercised in relation to any Bond during the period (each, a **“Closed Period”**) commencing on: (a) the date falling 21 days prior to the date of the Issuer’s annual general shareholders’ meeting and ending on the date of that meeting, (b) the date falling 30 days prior to an extraordinary shareholders’ meeting and ending on the date of that meeting, (c) the date that the Issuer notifies BSE Limited (the **“BSE”**) or National Stock Exchange of India Limited (the **“NSE”** and together with the BSE, the **“Indian Exchanges”**) of the record date for determination of the shareholders entitled to receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits; (d) on such date and for such period as determined by Indian law applicable from time to time that the Issuer is required to close its stock transfer books; or (e) in circumstances where the exercise of the Conversion Right would fall during the period

commencing on a record date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive). The Issuer will give notice of any such period to the Trustee, the Bondholders and the Conversion Agent at the beginning of each such period.

The Issuer shall provide to the Trustee, the Bondholders and the Conversion Agent notice of any meeting of the Issuer's board of directors which is convened to consider the declaration of any dividends, subscription of shares due to capital increase or other benefits, at the same time notice of such meeting is announced in India.

Conversion Rights may not be exercised (a) in respect of a Bond where the Bondholder shall have exercised its right to require the Issuer to redeem such Bond pursuant to Condition 8.4 or 8.5; or (b) except as provided in Condition 6.1.4 and Condition 10, in each case following the giving of notice by the Trustee pursuant to Condition 10.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Rupees at the fixed rate of ₹60.225 = U.S.\$1.00 (the "**Fixed Exchange Rate**")) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined).

A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Upon exercise of Conversion Rights in relation to any Bond and the fulfilment by the Issuer of all its obligations in respect thereof, the relevant Bondholder shall have no further rights in respect of such Bond and the obligations of the Issuer in respect thereof shall be extinguished.

6.1.2 Fractions of Shares:

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Shares by operation of law or otherwise occurring after the Closing Date which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars by means of a U.S. dollar cheque drawn on a bank in New York City) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds U.S.\$10.00 (which sum shall be translated into U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than 14 business days in Mumbai after the relevant Conversion Date by transfer to a U.S. dollar account with a bank in New York City specified in the relevant Conversion Notice.

However, if upon mandatory conversion pursuant to Condition 8.2 or if the Conversion Right in respect of more than one Bond is exercised at any one time such that shares to be issued on conversion are to be registered in the same name, the number of such shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being converted and rounded down to the nearest whole number of Shares.

6.1.3 Conversion Price and Conversion Ratio:

The price at which Shares will be issued upon conversion, as adjusted from time to time, (the "**Conversion Price**") will initially be ₹15.46 but will be subject to adjustment in the manner provided in Condition 6.3.

The “**Conversion Ratio**” is equal to the principal amount of the Bonds divided by the then Conversion Price translated into U.S. dollars at the Fixed Exchange Rate.

6.1.4 *Revival and/or survival after Default:*

Notwithstanding the provisions of Condition 6.1.1, if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 10 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6.2.1(iii)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

6.1.5 *Meaning of “Shares”:*

As used in these Conditions, the expression “**Shares**” means (1) shares of the class of share capital of the Issuer which, at the date of the Trust Deed, are designated as equity shares of the Issuer with full voting rights, together with shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer; and (2) fully-paid and non-assessable shares of any class or classes of the share capital of the Issuer authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Issuer; provided that, subject to the provisions of Condition 11, shares to be issued on conversion of the Bonds means only “**Shares**” as defined in sub-clause (1) above.

6.2 *Conversion Procedure*

6.2.1 *Conversion Notice:*

- (i) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense between 9.00 a.m. and 3.00 p.m. (local time on any business day) at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the Republic of India or the jurisdiction in which the specified office of such Conversion Agent shall be located. A Conversion Notice deposited outside the hours of 9.00 a.m. to 3.00 p.m. or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the normal business hours on the next business day following such business day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside of the

Conversion Period. A Bondholder exercising its Conversion Right for Shares will be required to open a depository account with a depository participant under the Depositories Act, 1996 of India (the “**1996 Depositories Act**”), for the purposes of receiving the Shares.

- (ii) The holder of any Bond which is to be mandatorily converted pursuant to Condition 8.2 shall deliver a Conversion Notice relating to its holding of Bonds and deposit it, together with the relevant Certificate and in the manner aforesaid, no later than the business day before the end of the Mandatory Conversion Notice Period (as defined in Condition 8.2) for the Bonds.
- (iii) The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.4) and will be deemed to be the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

6.2.2 Stamp Duty etc.:

A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in India and, if relevant, in the place of the Alternative Stock Exchange (as defined below), by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Indian Exchanges on conversion) (the “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares (“**Share Transfer Agent**”) in connection with conversion. The Trustee and the Agent are under no obligation to determine whether a Bondholder or the Issuer is liable to pay or has paid any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.2.2 and shall not be liable for any failure by any Bondholder or the Issuer to make such payment to the relevant authorities or determine the sufficiency or insufficiency of any amount so paid.

6.2.3 Delivery of Shares:

- (i) Upon exercise by a Bondholder of its Conversion Right for Shares, the Issuer will, on or with effect from the relevant Conversion Date, enter the name of the relevant Bondholder or his/their nominee in the register of members of the Issuer in respect of such number of Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will, as soon as practicable, and in any event not later than 40 days after the Conversion Date, cause the relevant securities account of the Bondholder exercising his Conversion Right or of his/their nominee, to be credited with such number of relevant Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and shall further cause the name of the concerned Bondholder or its nominee to be registered accordingly, in the record of the beneficial holders of shares, maintained by the depository registered under the 1996 Depositories Act with whom the Issuer has entered into a depository agreement and, subject to any applicable limitations then imposed by Indian laws and regulations, shall procure the Share Transfer Agent to, as soon as practicable, and in any event within 14 business days in Mumbai of

the Conversion Date, despatch or cause to be despatched to the order of the person named for that purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), a U.S. dollar cheque drawn on a branch of a bank in New York City in respect of any cash payable pursuant to Condition 6.1.2 required to be delivered on conversion and such assignments and other documents (if any) as required by law to effect the transfer thereof.

The crediting of the Shares to the relevant securities account of the converting Bondholder will be deemed to satisfy the Issuer's obligation to pay the principal, premium (if any) and interest (including default interest (if any)) on the Bonds.

- (ii) In the case of Bonds mandatorily converted in accordance with Condition 8.2 in respect of which Conversion Notices have not been received by a Conversion Agent or the Principal Agent on the business day immediately following the Mandatory Conversion Notice Period, the Issuer will, as soon as reasonably practicable thereafter, register, or procure the registration of, an agent of the Issuer, located in Mumbai in accordance with Condition 8.2, as holder of the relevant number of Shares in the Issuer's share register and will make a certificate or certificates for the relevant Shares available for collection at the office of the Issuer's share registrar (as specified herein), together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.
- (iii) If the Conversion Date in relation to any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective as at such Conversion Date immediately after the relevant record date and in such event and in respect of such Additional Shares references in Conditions 6.2.3(i) and (iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).
- (iv) The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully-paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.
- (v) Save as provided in Condition 6.2.2, no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

6.2.4 Interest on Conversion:

If any notice requiring the redemption of any of the Bonds is given pursuant to Condition 8.2 on or after the fifteenth business day prior to a record date (a “**Share Distribution Record Date**”) which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such Share Distribution Record Date, interest shall accrue at the rate provided in Condition 5.1 on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such Share Distribution Record Date and on or prior to the Interest Payment Date next following such Share Distribution Record Date, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

6.3 Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events set out in Condition 6.3.1 to Condition 6.3.14.

Provided however, that no adjustment will be made to the Conversion Price for a CDR Preferential Issue:

“**CDR**” means corporate debt restructuring.

“**CDR Preferential Issue**” means issuances of Shares or compulsorily convertible debentures (“**CCDs**”) to the CDR lenders undertaken pursuant to the terms of the master restructuring agreement dated 28 March 2013 between the CDR lenders, the Issuer, the Indian Subsidiaries, the Issuer (as the borrowers’ agent) and the State Bank of India (as the monitoring institution), which amount and/or number of Shares or CCDs shall not exceed the amount and/or the number of Shares or CCDs set out below and shall not have an issue price of less than ₹18.51:

Details	Amount	No. of Shares or CCDs
	(₹ in million)	(approximately) (in million)
CDR lenders	4,500	243.2

6.3.1 Free distribution, bonus issue, division, consolidation and re-classification of Shares:

Adjustment: If the Issuer shall (a) make a free distribution of Shares (other than by way of a dividend in Shares), (b) make a bonus issue of its Shares, (c) divide its outstanding Shares, (d) consolidate its outstanding Shares into a smaller number of Shares, or (e) re-classify any of its Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 6.3.1, shall be entitled to receive the number of Shares and/or other securities of the Issuer which such holder would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.1 shall become effective immediately on the relevant event referred to above becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.2 Declaration of dividend in Shares:

Adjustment: If the Issuer shall issue Shares as a dividend in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under Indian GAAP (including, but not limited to, capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N}{N + n} \right]$$

where:

NCP	=	the Conversion Price after such adjustment.
OCP	=	the Conversion Price before such adjustment.
N	=	the number of Shares outstanding, at the time of issuance of such dividend and/or distribution (or at the close of business in Mumbai on such record date as the case may be).
n	=	the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.2 shall become effective immediately on the relevant event referred to in this Condition 6.3.2 becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a dividend in Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders of the Issuer or be approved at a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.3 Concurrent adjustment events:

If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

- (a) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 6.3.5, 6.3.6 or 6.3.7;
- (b) the day immediately before the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.9;

- (c) the day immediately before the date of grant, offer or issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 6.3.10;
- (d) the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 6.3.11; or
- (e) determined by the Issuer and notified to the Trustee in writing to be the relevant date for an event or circumstance which requires an adjustment to the Conversion Price pursuant to Condition 6.3.13.

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 6.3.1 and 6.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under Conditions 6.3.1 and 6.3.2, but in lieu thereof an adjustment shall be made under Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10, 6.3.11 or 6.3.13 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

6.3.4 Capital Distribution:

Adjustment:

- (i) If the Issuer shall pay or make to its shareholders any Dividend (as defined below), then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- | | | |
|-----|---|---|
| CMP | = | the Current Market Price (as defined in Condition 6.3.15 below) per Share on the date on which the relevant Dividend is first publicly announced. |
| fmv | = | the portion of the Fair Market Value (as defined below), with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Shares or any receipts or certificates representing shares by or on behalf of the Issuer, by the number of Shares in issue immediately prior to such purchase), of the Dividend distribution attributable to one Share. |

Effective date of adjustment: Any adjustment pursuant to this Condition 6.3.4 shall become effective immediately after the record date for the determination of shareholders entitled to receive the relevant Dividend; provided that (a) in the case of such a Dividend which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such Dividend may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such Dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of the relevant Dividend cannot be determined until the record date fixed for the determination of shareholders entitled to receive the relevant Dividend, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

If such Dividend is not so paid, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such Dividend had not been approved.

For the purposes of this Condition:

“Dividend” means any dividend or distribution of cash or other property or assets or evidences of the Issuer’s indebtedness, whenever paid or made and however described provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash Dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalisation (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such cash Dividend;
- (b) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded; and
- (c) a purchase or redemption of ordinary share capital by or on behalf of the Issuer shall not constitute a Dividend unless, in the case of purchases of Shares by or on behalf of the Issuer, the Volume Weighted Average Price per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price per Share by more than 5% either (1) on that day (or if such day is not a Trading Day, the immediately preceding Trading Day), or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of shareholders of the Issuer or any notice convening such a meeting of shareholders) has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend (but not a cash Dividend) to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by or on behalf of the Issuer exceeds the product of (i) the Current Market Price per Share determined as aforesaid and (ii) the number of Shares so purchased.

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Institution provided, that (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be equal to such cash amount; (iii) where shares, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Independent Financial Institution) the fair market value of such shares, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such shares, options, warrants or other rights are publicly traded; and in the case of (i) translated into Rupees (if declared or paid in a currency other than Rupees) at the rate of exchange used to determine the amount payable to shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Rupees; and in any other case, converted into Rupees (if expressed in a currency other than Rupees) at such rate of exchange as may be determined in good faith by an Independent Financial Institution to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

“Independent Financial Institution” means an independent or commercial bank of international repute selected by the Issuer (at the expense of the Issuer) and notified to the Trustee in writing.

“Volume Weighted Average Price” or **“VWAP”** means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price appearing on or derived from Bloomberg (or any successor service) page SUEL IN or such other source as shall be determined to be appropriate by an Independent Financial Institution on such Trading Day, or series of Trading Days, provided that on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

“cash Dividend” means (i) any Dividend which is to be paid in cash and (ii) any Dividend determined to be a cash Dividend pursuant to paragraph (a) of the definition **“Dividend”**, and for the avoidance of doubt, a Dividend falling within paragraph (c) of the definition **“Dividend”** shall be treated as not being a cash Dividend.

6.3.5 *Rights Issues to Shareholders:*

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights at the said consideration being (aa) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

Rights not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.6 Warrants issued to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration, then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (i) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (ii) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but in all cases retroactively to immediately after the record date mentioned above.

Warrants not subscribed for by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in (a) and (b) of this Condition 6.3.6, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.7 *Issues of rights or warrants for equity-related securities to Shareholders:*

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (aa) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities which the underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (x) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (y) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (x).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (a) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (b) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

Rights or warrants not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 6.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares or rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.8 Other distributions to Shareholders:

Adjustment: If the Issuer shall distribute to the holders of Shares of capital stock of the Issuer (other than Shares), assets (excluding any Dividends), evidences of its indebtedness or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6 and 6.3.7), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price per Share on the record date for the determination of shareholders entitled to receive such distribution.
fmv = the fair market value (as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court) of the portion of the equity share capital shares of capital stock, assets, rights or warrants so distributed applicable to one Share less any consideration payable for the same by the relevant shareholder.

Effective date of adjustment: Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. Provided that (a) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the fair market value of the shares of capital stock, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such fair market value being determined, become effective retroactively to immediately after such record date.

6.3.9 Issue of convertible or exchangeable securities other than to Shareholders:

Adjustment: If the Issuer shall issue any securities convertible into or exchangeable for Shares (other than the Bonds, or in any of the circumstances described in Condition 6.3.7 and Condition 6.3.11) or grant such rights in respect of any existing securities and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.
- n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.
- v = the number of Shares which the aggregate consideration receivable by the Issuer would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

6.3.10 *Other issues of Shares:*

Adjustment: If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in any preceding provision of this Condition 6.3) for cash, for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.
- n = the number of additional Shares issued as aforesaid.
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

6.3.11 *Issue of equity-related securities:*

Adjustment: If the Issuer shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6, 6.3.7 and 6.3.8) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.
- n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion or exchange of such convertible or exchangeable securities at the said consideration.
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

6.3.12 *Tender or exchange offer:*

Adjustment: In case a tender or exchange offer made by the Issuer or any Subsidiary for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Share having a Fair Market Value at the last time (the “**Expiration Date**”) tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N \times CMP}{fmv + [(N + n) \times CMP]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (including any tendered or exchanged Shares) on the Expiration Date.
- CMP = Current Market Price per Share as of the Expiration Date.
- fmv = the Fair Market Value of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the “**Purchased Shares**”).
- n = the number of Purchased Shares.

Effective date of adjustment: Such adjustment shall become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

Tender or exchange offer not completed: If the Issuer is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

6.3.13 Analogous events and modifications:

If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase Shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities as originally issued) or (b) the Issuer determines that any other event or circumstance has occurred which has or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Issuer, taken as a class which is analogous to any of the events referred to in Conditions 6.3.1 to 6.3.12, then, in any such case, the Issuer shall promptly notify the Trustee in writing thereof and the Issuer shall consult with an Independent Financial Institution as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of Bondholders and will make any such adjustment. All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of any Independent Financial Institution appointed under the Conditions shall be borne by the Issuer.

6.3.14 Simultaneous issues of different classes of Shares:

In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

shall be restated as:

$$NCP = OCP \times \left[\frac{N + v1 + v2 + v3}{N + n1 + n2 + n3} \right]$$

where v1 and n1 shall have the same meanings as “v” and “n” but by reference to one class of Shares, v2 and n2 shall have the same meanings as “v” and “n” but by reference to a second class of Shares, v3 and n3 shall have the same meanings as “v” and “n” but by reference to a third class of Shares and so on.

6.3.15 Certain Definitions:

For the purposes of these Conditions:

the “**Closing Price**” of the Shares for each Trading Day shall be the last reported transaction price of the Shares on the BSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on the BSE selected from time to time by the Issuer and notified to the Trustee in writing for the purpose.

“**Current Market Price**” per Share on any date means the average of the daily Closing Prices of the relevant Shares for the five consecutive Trading Days (as defined below) ending on and including the Trading Day immediately preceding such date. If the Issuer has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said five Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

“**Trading Day**” means a day when the BSE is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

If the Shares are no longer listed on the BSE but are still listed on the NSE, references in the above definitions to the BSE shall be deemed to be the NSE, and if the Shares are no longer listed on the BSE or the NSE and have been listed on another stock exchange as required by Condition 6.4.1, references in the above definitions to the BSE will be taken as references to the Alternative Stock Exchange.

6.3.16 Consideration receivable by the Issuer:

For the purposes of any calculation of the consideration receivable by the Issuer pursuant to Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10 and 6.3.11 above, the following provisions shall be applicable:

- (a) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash;
- (b) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;
- (c) in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the consideration received by the Issuer for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;
- (d) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for any such rights or warrants plus the additional consideration to be received by the Issuer upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price;

- (e) if any of the consideration referred to in any of the preceding paragraphs of this Condition 6.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between the Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 6.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through U.S. dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid;
- (f) in the case of the issue of Shares (including, without limitation, to employees under any employee bonus or profit sharing arrangements) credited as fully paid out of retained earnings or capitalisation of reserves at their par value, the aggregate consideration receivable by the Issuer shall be deemed to be zero (and accordingly the number of Shares which such aggregate consideration receivable by the Issuer could purchase at the relevant Current Market Price per Share shall also be deemed to be zero); and
- (g) in making any such determination, no deduction shall be made for any commissions or any expenses paid or incurred by the Issuer.

6.3.17 Cumulative adjustments:

If, at the time of computing an adjustment (the “**later adjustment**”) of the Conversion Price pursuant to any of Conditions 6.3.2, 6.3.5, 6.3.6, 6.3.9, 6.3.10 and 6.3.11 above, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 6.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

6.3.18 Minor adjustments:

No adjustment of the Conversion Price shall be required if the adjustment would be less than 1% of the then current Conversion Price; provided that any adjustment which by reason of this Condition 6.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6.3.18) in any subsequent adjustment. All calculations under this Condition 6.3 shall be made to the nearest ₹0.01 with ₹0.005 being rounded up to the next ₹0.01. Except as otherwise set out in Condition 6.3.19, the Issuer may reduce the Conversion Price (but is not obliged to do so) at any time in its absolute discretion, subject to compliance with all applicable Indian laws.

6.3.19 Minimum Conversion Price:

Notwithstanding the provisions of this Condition, the Issuer covenants that:

- (a) the Conversion Price shall not be reduced below the par value of the Shares (₹2 at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares; and
- (b) it will not take any corporate or other action which might result in the Conversion Price being reduced pursuant to Conditions 6.3.1 to 6.3.14 below the level permitted by applicable Indian laws and regulations from time to time (if any) or (ii) applicable Indian regulatory authorities.

6.3.20 *Reference to “fixed”:*

Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.3.21 *Upward adjustment:*

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares, as referred to in Condition 6.3.1.

6.3.22 *Trustee not obliged to monitor:*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists under this Condition 6.3 and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

The Trustee and the Agents shall be under no obligation to calculate, determine or verify the number of Shares to be issued upon conversion of the Bonds or verify the Issuer’s or the Independent Financial Institution’s determination of such number of Shares or method used in such determination and neither the Trustee nor the Agents shall be responsible to Bondholders or any other person for any loss arising from any failure to do so or for any delay of the Issuer or the Independent Financial Institution in making such determination or any erroneous determination by the Issuer or the Independent Financial Institution.

6.3.23 *Approval of Trustee:*

The Issuer shall within 3 days of the adjustment event send the Trustee a certificate setting out particulars relating to adjustment of the Conversion Price. The Issuer shall also cause a notice containing the same information to be sent to Bondholders, such notice to be provided to the Trustee in writing before it is given to Bondholders.

6.3.24 *Independent Financial Institution:*

If the Issuer fails to select an Independent Financial Institution when required in this Condition 6.3, the Trustee may (at its absolute discretion) select such an Independent Financial Institution at the expense of the Issuer.

6.3.25 *Depository Receipts:*

If the Issuer shall have outstanding a depository receipt facility programme or facility in respect of its Shares (a “**DR Facility**”) on the date of conversion of any Bonds, then, subject to the terms and conditions of the relevant facility or programme and to applicable laws and regulations and to such amendments to these Conditions as the Issuer and the Trustee shall consider to be appropriate, each Bondholder will have the right in respect of the exercise of Conversion Rights to elect (a “**DR Election**”) that the Shares to be issued on conversion be represented by depository receipts (“**DRs**”) and to receive DRs instead of such Shares. A DR Election shall be made in the relevant Conversion Notice in such form as the Issuer may require. The number of DRs to be issued on exercise of Conversion Rights in respect of which the relevant Bondholder shall have duly made a DR Election shall be determined by dividing the principal amount of the relevant Bond to be converted by the Conversion Price in effect on the relevant Conversion Date and dividing the resulting number by the number of Shares represented by each DR on such Conversion Date.

Fractions of a DR will not be issued and neither will a Share (where at the relevant time a DR represents more than one Share) or any fraction of a Share be issued and no cash payment or adjustment will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that DRs are to be issued to the same person, the number of such DRs to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of DRs.

Where DRs are to be issued, the Issuer will, as soon as practicable, and in any event not later than 30 days after the relevant Conversion Date (i) cause the name of the depositary in respect of the relevant DR Facility (the “**DR Depositary**”), or its custodian, to be registered in the record of the depositors maintained by the depositary registered under the 1996 Depositories Act with whom the Issuer has entered into a depositary agreement and (ii) cause the relevant number of DRs to be issued by the DR Depositary pursuant to the relevant DR Facility to the relevant Bondholder or his/their nominee.

DRs will be issued in book-entry form or in certificated form as provided in the relevant DR Facility, and may bear such legends and be subject to such restrictions on transfer as the Issuer shall determine to be necessary to comply with applicable laws and regulations.

A Bondholder exercising Conversion Rights and making a DR Election must deliver at its expense to the specified office of any Conversion Agent all and any certificates and other documents as may be required pursuant to the relevant DR Facility in respect of the deposit of the relevant Shares pursuant to such DR Facility.

The Issuer will pay all expenses, charges and fees of the custodian for the DR Depositary and of the DR Depositary in connection with the deposit of the relevant Shares and issue of the DRs on conversion.

If a Retroactive Adjustment shall occur in relation to the exercise of Conversion Rights in relation to any Bond in respect of which a DR Election shall have been duly made, the Issuer shall, conditional upon the relevant adjustment becoming effective procure that there shall be issued to the relevant Bondholder (or in accordance with instructions contained in the Conversion Notice) such additional number DRs (if any) (the “**Additional DRs**”) as, together with the DRs issued or to be issued on conversion of the relevant Bond is equal to the number of DRs which would have been required to be issued on conversion of such Bond (together with any fraction of a DR not so issued) if the relevant adjustment to the Conversion Price had been made and become effective on and as of the relevant Conversion Date.

DRs issued upon conversion of the Bonds will in all respects rank *pari passu* with all other DRs under the relevant DR Facility then in issue on the relevant Conversion Date, except that the DRs or, as the case may be, the Additional DRs so issued will not rank for any right where the record date or other due date for the establishment of entitlement in respect of the Shares represented by such DRs or, as the case may be, Additional DRs falls prior to the relevant Conversion Date.

If the Issuer determines that it would be contrary to applicable laws or regulations or would be contrary to the terms of the relevant DR Facility (including any provisions thereof relating to the deposit of Shares) to issue Shares to be represented by DRs upon conversion of Bonds in respect of which a DR Election shall have been made, such DR Election shall be ineffective and there shall be issued to such Bondholder (or as specified in the relevant Conversion Notice) Shares as if such DR Election had not been made.

The Issuer is under no obligation to establish and/or maintain any depositary facility or programme in respect of the Shares or, if it does, to enable the Shares to be eligible for deposit pursuant thereto.

The Issuer shall be entitled to impose such conditions and restrictions on the deposit of Shares pursuant to any such facility or programme as it may determine, and may agree with the Trustee such changes to these Conditions as may be appropriate in respect of or relating to the deposit of Shares pursuant to any such facility or programme.

6.3.26 *Employee Share Option Scheme:*

No adjustment will be made to the Conversion Price where Shares or options to subscribe or acquire Shares are issued, offered, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors) of the Issuer or its Subsidiaries or any associated company of the Issuer (as set out in the relevant employee stock option plan), or persons related to such employees or former employees (including directors) or former employees, directly or indirectly, pursuant to any employee stock option scheme or plan approved by shareholders in general meeting and otherwise adopted in accordance with and complying with all applicable provisions of relevant Indian laws and regulations and official guidelines of any relevant governmental or official body except to the extent that such issues in any period of 12 months amount to, or entitle such persons to receive Shares in excess of 3% of the average number of Shares outstanding during such period of 12 months.

6.4 *Undertakings*

6.4.1 The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders or with the prior written consent of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

- (i) it will use its best endeavours (a) to obtain and maintain a listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**”), (b) to maintain a listing for all the issued Shares on the Indian Exchanges, (c) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Indian Exchanges, and (d) if the Issuer is unable to obtain or maintain such listings, or maintenance of such listings is unduly onerous to obtain and maintain a listing for all the Bonds and the Shares issued on the exercise of the Conversion Rights, on an alternative stock exchange as the Issuer may from time to time (with the prior written consent of the Trustee) determine (the “**Alternative Stock Exchange**”) and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares or the Bonds (as a class) by any of such stock exchanges;
- (ii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds without breaching any foreign ownership restrictions in India applicable to the Shares and will ensure that all such Shares will be duly and validly issued as fully-paid;
- (iii) it will pay the expenses of the issue or delivery of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds;
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);
- (v) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law;

- (vi) it will not take any corporate or other action pursuant to Conditions 6.3.1 to 6.3.14 that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law or subject to approval from the Reserve Bank of India, the Ministry of Finance of the Indian Government and/or any other governmental/regulatory authority in India. The Issuer also covenants that prior to taking any action which would cause an adjustment to the Conversion Price, the Issuer shall provide the Trustee with an opinion of a legal counsel in India of international repute, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance of the Indian Government and/or any other governmental/regulatory authority in India (the “**Price Adjustment Opinion**”). To the extent that an event triggering an adjustment to the Conversion Price occurs and the Issuer is unable to provide the Trustee with a Price Adjustment Opinion, the Issuer shall give notice to Bondholders of their Non-Permitted Conversion Price Adjustment Event Repurchase Right, as defined in and pursuant to Condition 8.7;
- (vii) it will not acquire or retire for value any Shares;
- (viii) it will not retire for value prior to its repayment or maturity date any loans and/or securities *pari passu* with or subordinated to the Bonds (provided that, for the purpose of this Condition 6.4.1(viii), the Bonds will be presumed to be in unsecured form throughout their term); and
- (ix) it will not declare or pay any dividends or make any payments or repayments of any kind to its shareholders, for so long as any Bonds are outstanding.

6.4.2 The Issuer undertakes that so long as any Bond remains outstanding it shall provide to the Trustee:

- (a) on an annual basis and in addition to its regular stock exchange reporting requirements, the details of amounts prepaid to the CDR lenders and the Asset Coverage Ratio in order to enable the Trustee to monitor the Security Conditions;
- (b) (i) its semi-annual financial information prepared in accordance with Clause 41 of the listing agreements entered into with the Indian Exchanges in respect of each semi-annual fiscal period within 3 months of the end of the relevant semi-annual fiscal period, and (ii) its annual report containing audited financial statements in respect of each fiscal year within 6 months from the end of the relevant fiscal year reported on by the auditors and prepared in accordance with Indian GAAP and if so requested, certified by two directors of the Issuer (in each case in English language); and
- (c) a copy of all publicly available notices, statements and documents which are issued to its Shareholders or its creditors as soon as practicable (but not later than 30 days) after their date of issue.

6.4.3 The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

The Shares issued upon conversion of the Bonds are expected to be listed on the NSE and the BSE and will be tradable on such stock exchange once listed thereon, which is expected to occur within 40 days after the relevant Conversion Date. The Issuer will make due application in respect of such listing within five days following the relevant Conversion Date. If there is any delay in obtaining the approval of the NSE and the BSE to list such Shares, they shall not be tradable on the BSE and the NSE until the listing occurs.

6.5 Notice of Change in Conversion Price

The Issuer shall give notice to the Bondholders in accordance with Condition 17 and, for so long as the Bonds are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Issuer shall also give notice to the Singapore Stock Exchange, of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

6.6 Conversion upon Change of Control

If a Change of Control (as defined below) shall have occurred during the Conversion Period, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c/t)}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2. For the avoidance of doubt, OCP for the purposes of this Condition 6.6 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 6.6.

Conversion Premium (“CP”)	=	10% expressed as a fraction.
c	=	the number of days from and including the first day of the Change of Control Conversion to but excluding [Maturity Date] 2019
t	=	the number of days from and including [Issue Date] 2014 to but excluding [Maturity Date] 2019

provided that the Conversion Price shall not be reduced pursuant to this Condition 6.6 below the level permitted by applicable Indian laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of a Closed Period.

For the purposes of this Condition 6.6 and Condition 8.4,

“**control**” means (a) the acquisition or control of more than 50% of the Voting Rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a “**Change of Control**” occurs when:

- (a) any person or persons (excluding the Promoter Group), acting together, acquires control, directly or indirectly, of the Issuer; or

- (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person or persons, acting together;

a **"person"** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's Board of Directors or any other governing board and does not include the Issuer's 100% owned direct or indirect Subsidiaries;

"Promoter Group" means Tulsi R. Tanti, Tanti Holdings Limited, Gita T. Tanti, Tulsi R. Tanti (as karta of Tulsi Ranchhodbhai HUF), Tulsi R. Tanti (as karta of Ranchhodbhai Ramjibhai HUF) and jointly by Tulsi R. Tanti, Vinod R. Tanti and Jitendra R. Tanti, Vinod R. Tanti, Jitendra R. Tanti, Sangita V. Tanti, Lina J. Tanti, Girish R. Tanti, Rambhaben Ukabhai, Vinod R. Tanti (as karta of Vinod Ranchhodbhai HUF), Jitendra R. Tanti (as karta of Jitendra Ranchhodbhai HUF), Pranav T. Tanti, Nidhi T. Tanti, Radha G. Tanti, Aarav G. Tanti (through guardian Girish R. Tanti), Aanya G. Tanti (through guardian Girish R. Tanti), Rajan V. Tanti, Brij J. Tanti, Trisha J. Tanti, Girish R. Tanti (as karta of Girish Ranchhodbhai HUF), Suruchi Holdings Private Limited, Sugati Holdings Private Limited and Samanvaya Holdings Private Limited; and

"Voting Rights" means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

7 Payments

7.1 Principal and Interest

- (i) Payment of principal, interest and premium (if any) will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with provisions of the Agency Agreement. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) paid.
- (ii) Interest on the Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th day before the due date for the payment of interest (the **"Interest Record Date"**). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with the terms of the Agency Agreement.

7.2 Registered Accounts

For the purposes of this Condition, a Bondholder's **"registered account"** means the U.S. dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

7.3 Applicable Laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

7.5 *Default Interest and Delay in Payment*

- (i) If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 5.94% per annum (being the yield to maturity plus default interest) from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

RBI regulations may require the Issuer to obtain the prior approval of the RBI before making any such default interest payments. Such approval may or may not be forthcoming.

- (ii) Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.6 *Business Day*

In this Condition, “**business day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Mumbai, New York City and London and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

8 **Redemption, purchase and cancellation**

8.1 *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem the Bonds at their principal amount on [●] 2019 (the “**Maturity Date**”) together with accrued interest, if any, calculated in accordance with Condition 5.1. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8.2 or 8.3 below (but without prejudice to Condition 10).

8.2 *Mandatory Conversion at the Option of the Issuer*

- 8.2.1 On or at any time after the date falling [24 MONTHS FROM THE CLOSING DATE] 2016, and on or prior to [42 MONTHS FROM THE CLOSING DATE] (the “**First Phase**”), the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Trustee and the Principal Agent (such notice the “**Mandatory Conversion Notice**” and such period the “**Mandatory Conversion Notice Period**”) which notice shall be irrevocable, mandatorily convert the Bonds in part (but subject to not converting more than [U.S.\$[[ONE THIRD OF THE INITIAL ISSUED AMOUNT OF BONDS]] pursuant to a single Mandatory Conversion Notice, into Shares at the then prevailing Conversion Price. The Issuer may deliver a Mandatory Conversion Notice only if the Volume Weighted Average Price (converted into U.S. dollars at the Prevailing Rate) of the Shares on each day during a period of not less than 30 Trading Days prior to the date on which such Mandatory Conversion Notice is delivered, was at least 175% of the applicable Conversion Price (converted into U.S. dollars at the Fixed Exchange Rate). Such notice may not be given more than 14 days after the end of such period of 30 Trading Days.

8.2.2 On or at any time after [42 MONTHS FROM THE CLOSING DATE] and on or prior to [60 DAYS PRIOR TO THE MATURITY DATE] (the “**Second Phase**”), the Issuer may, having provided a Mandatory Conversion Notice in accordance with the Mandatory Conversion Notice Period to the Bondholders, the Trustee and the Principal Agent, which notice shall be irrevocable, mandatorily convert the Bonds in part (but subject to not converting more than [U.S.\$[ONE THIRD OF THE INITIAL ISSUED AMOUNT OF BONDS]]) pursuant to a single Mandatory Conversion Notice, into Shares at the then prevailing Conversion Price. The Issuer may deliver a Mandatory Conversion Notice only if the Volume Weighted Average Price (converted into U.S. dollars at the Prevailing Rate) of the Shares on each day during a period of not less than 30 Trading Days prior to the date on which such Mandatory Conversion Notice is delivered, was at least 150% of the applicable Conversion Price (converted into U.S. dollars at the Fixed Exchange Rate). Such notice may not be given more than 14 days after the end of such period of 30 Trading Days.

If the Issuer exercises its option to exercise the mandatory conversion more than once during the term of the Bonds, there must be a six month period between the delivery of any two Mandatory Conversion Notices.

In the case of mandatory conversion in accordance with this condition, the Bonds to be converted will be converted on a *pro rata* basis (which will result in the face value of each Bond being marked down in part) or otherwise in accordance with the rules of Euroclear and Clearstream, Luxembourg in the case of mandatory conversion of the Bonds represented by Global Certificates.

Any Mandatory Conversion Notice shall specify (i) the expiry date of the Mandatory Conversion Notice Period; (ii) the Cut-Off Date (as defined herein); (iii) a confirmation that the conditions to a mandatory conversion in accordance with this Condition have been satisfied; and (iv) the then applicable Conversion Price. The Mandatory Conversion Notice shall also specify further details of the conversion, including instructions to Bondholders regarding the time period in which Bondholders must deposit and surrender their respective Certificates and the duly signed and completed Conversion Notice at the specified office of the relevant Conversion Agent or the Principal Agent.

The Issuer’s right to mandatorily convert under this Condition 8.2 does not affect a holder’s right to exercise its Conversion Right hereunder (which shall remain in full force and effect during the Mandatory Conversion Notice Period) provided that in no event shall the Conversion Date fall after the date for mandatory conversion hereunder. Upon the expiry of the Mandatory Conversion Notice Period, the Issuer will be bound (subject to and in accordance with Condition 6) to convert the Bonds to which such notice relates into Shares and the date of expiry of such period shall be deemed to be the Conversion Date. The holders of the Bonds to be so converted shall be deemed to have exercised their Conversion Rights and the provisions of Condition 6 apply *mutatis mutandis*.

If on the business day immediately following the Mandatory Conversion Notice Period (the “**Cut-Off Date**”), Conversion Notices have not been received by the relevant Conversion Agent or the Principal Agent in respect of any Bonds outstanding (“**Relevant Bonds**”), the Relevant Bonds shall be converted into Shares in accordance with these Conditions at the applicable Conversion Price and such Shares shall be delivered to an agent of the Issuer located in Mumbai (the “**Share Agent**”). Certificates for such Shares will be issued by the Issuer in the name of an agent of the Issuer and deposited at the office of the Share Agent and the Issuer will be responsible for all fees and charges for the issue of such Certificate or Certificates. All of the Shares delivered, or to be delivered, on such conversion shall be sold by, or on behalf of, the Share Agent as soon as practicable, and (subject to any necessary consents being obtained, and to the deduction by the Share Agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration duties (if any) and any costs incurred by the Share Agent in connection with the transfer, delivery and sale thereof) the net proceeds of sale together with accrued interest (if any) payable under

Condition 6, and any cash in lieu of fractions and any other amount payable by the Issuer in respect of the relevant exercise in respect of the Relevant Bonds (the “**Net Proceeds**”) shall be held by the Share Agent for the benefit of the Bondholders so entitled and distributed rateably to the holders of such Relevant Bonds.

Immediately following the sale of Shares by the Share Agent, the Issuer shall forthwith notify Bondholders of such sale and provide details of the Net Proceeds available for distribution to Bondholders so entitled. The Issuer’s obligation to pay the principal and interest on the Bonds shall not be satisfied unless and until the relevant Shares or Net Proceeds (as applicable) attributable to the Bonds converted pursuant to Condition 8.2 shall have been delivered to the applicable Bondholder.

The Trustee shall not be required to take any steps to ascertain or verify whether any of the events described in Conditions 8.2.1 and 8.2.2 has occurred. The Trustee and the Issuer shall have no responsibility to any person for the manner in which such sale is effected or if the aggregate sale proceeds fall short of the principal amount of the Relevant Bonds. The Trustee shall have no liability in respect of the exercise or non-exercise of the right of the Issuer to mandatorily convert any Bonds pursuant to this Condition 8.2 or the timing of such exercise or in respect of any such sale of Shares whether for the timing of any such sale or the price at which any such Shares are sold, or the inability to sell any such Shares or otherwise.

- 8.2.3 If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 16), the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at their Early Redemption Amount (as defined below) together with accrued but unpaid interest to such date, on the date fixed for redemption. The Issuer will give at least 30 days’ but not more than 60 days’ prior notice to the holders for such redemption.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.3 Redemption for Taxation Reasons

- 8.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at their Early Redemption Amount together with accrued but unpaid interest to such date, on the date fixed for redemption (“**Tax Redemption Date**”), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (taking reasonable measures available to it); and an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders.

- 8.3.2 Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at their Early Redemption Amount together with accrued but unpaid interest to such date, on the Tax Redemption Date.
- 8.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 8.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Indian Government or any authority thereof or therein having power to tax. For the avoidance of doubt, any additional amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the Indian Government or any authority thereof or therein having power to tax prior to the Closing Date will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election (the “**Bondholder’s Tax Election Notice**”), in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.4 **Redemption for Change of Control**

- 8.4.1 Following the occurrence of a Relevant Event (as defined below) and to the extent permitted by applicable law, each Bondholder will have the right at such Bondholder’s option to require the Issuer to redeem in whole but not in part such Bondholder’s Bonds on the Relevant Event Put Date at their Early Redemption Amount together with accrued but unpaid interest to such date. To exercise such right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (“**Relevant Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.
- 8.4.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.
- 8.4.3 The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be responsible or liable to Bondholders for any loss arising from any failure by it to do so.
- 8.4.4 No later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 17) stating: (i) the Relevant Event Put Date; (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event; (iii) the date by which the Relevant Event Put Exercise Notice (as defined above) must be given; (iv) the redemption amount and the method by which such amount will be paid; (v) the names and specified offices of all Paying Agents; (vi) briefly, the Conversion Right and the then current Conversion Price; (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of this Condition 8:

- (i) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s Board of Directors or any other governing board and does not include the Issuer’s 100% owned direct or indirect Subsidiaries;
- (ii) “**Relevant Event**” occurs when there has been a Change of Control (as defined in Condition 6.6) in the Issuer; and
- (iii) “**Early Redemption Amount**” of a Bond, for each U.S.\$1,000 principal amount of the Bonds, is determined so that it represents (i) in the case of a redemption of Bonds on the Maturity Date, 100% of the principal amount of such Bonds, or (ii) in the case of a redemption of the Bonds pursuant to Condition 8 or if the Bonds become due and payable pursuant to Condition 10, the amount which is determined to be the amount which, together with unpaid accrued interest from the immediately preceding Interest Payment Date, or, if none, the Closing Date, and after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) for the Bondholder a gross yield of 4.94% per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each U.S.\$1,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Interest Payment Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Interest Payment Date):

$$\begin{aligned} \text{Early Redemption Amount} &= \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - \text{AI} \\ \text{Previous Redemption Amount} &= \text{the Early Redemption Amount for each U.S.\$1,000 principal amount on the Interest Payment Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to [FIRST INTEREST PAYMENT DATE], U.S.\$1,000)} \end{aligned}$$

Interest Payment Date	Early Redemption Amount
[●] 2015	U.S.\$[●]
[●] 2015	U.S.\$[●]
[●] 2016	U.S.\$[●]
[●] 2016	U.S.\$[●]
[●] 2017	U.S.\$[●]
[●] 2017	U.S.\$[●]
[●] 2018	U.S.\$[●]
[●] 2018	U.S.\$[●]
[●] 2019	U.S.\$[●]

- r = 4.94 %, expressed as a fraction.
- d = number of days from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Closing Date) to, but excluding, the Determination Date, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.
- p = 180

AI = the accrued interest on a Bond in the principal amount of U.S.\$1,000 from and including the immediately preceding Bonds Interest Payment Date (or if the Determination Date is before the first Bonds Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

If the Early Redemption Amount payable in respect of any Bond upon its redemption pursuant to Condition 8 or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Bond shall be the Early Redemption Amount of such Bond as described above, as though references to the Determination Date had been replaced by references to the Tax Redemption Date or Put Date or Non-Permitted Conversion Price Adjustment Date, as applicable, and interest shall accrue at the rate provided for in Condition 5.1 on the principal amount of such Bond to such date. The calculation of the Early Redemption Amount in accordance with this Condition will continue to be made (as well after as before judgment) until the Tax Redemption Date or Put Date or Non-Permitted Conversion Price Adjustment Date, as applicable, unless such date falls on or after the Maturity Date, in which case the amount due and payable shall be 100% of the principal amount of the Bonds together with interest thereon (inclusive of interest payable pursuant to Condition 5) at the rate of 5.94% per annum from and including the Maturity Date to but excluding the Tax Redemption Date or Put Date or Non-Permitted Conversion Price Adjustment Date, as applicable.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.5 **Delisting Put Right**

8.5.1 In the event the Shares cease to be listed or admitted to trading on the BSE or NSE (a “**Delisting**”), each Bondholder shall have the right (the “**Delisting Put Right**”), at such Bondholder’s option, to require the Issuer to redeem all (but not less than all) of such Bondholder’s Bonds on the twentieth business day after notice has been given to Bondholders regarding the Delisting referred to under Condition 8.5.2 below or, if such notice is not given, the twentieth business day after the Delisting (the “**Delisting Put Date**”) at their Early Redemption Amount together with accrued interest but unpaid to such date (the “**Delisting Put Price**”).

8.5.2 Promptly after becoming aware of a Delisting, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to Bondholders (in accordance with Condition 17) stating:

- (i) the Delisting Put Date;
- (ii) the date of such Delisting and, briefly, the events causing such Delisting;
- (iii) the date by which the Delisting Put Notice (as defined below) must be given;
- (iv) the Delisting Put Price and the method by which such amount will be paid;
- (v) the names and specified offices of all Paying Agents;
- (vi) the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and

(viii) that a Delisting Put Notice, once validly given, may not be withdrawn.

- 8.5.3 To exercise its rights to require the Issuer to redeem its Bonds, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a “**Delisting Put Notice**”), in the then current form obtainable from the specified office of any Paying Agent, to any Paying Agent on any business day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 10 business days prior to the Delisting Put Date.
- 8.5.4 A Delisting Put Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Delisting Put Notices delivered as aforesaid on the Delisting Put Date.
- 8.5.5 The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to the occurrence of a Delisting has occurred and shall not be responsible or liable to Bondholders for any loss arising from any failure by it to do so.
- 8.5.6 For the purposes of this Condition 8.5, “**business day**” shall mean a day on which commercial banks are open for business in New York City, London and Mumbai.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.6 Redemption Following Exercise of a Put Option

Upon the exercise of any put option specified in Condition 8.4 or 8.5, payment of the applicable redemption amount shall be conditional upon (i) the Issuer obtaining all approvals required by law and (ii) delivery of the Bondholder’s Certificate (together with any necessary endorsements) to any Paying Agent on any business day (in the location of the relevant Paying Agent) together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Paying Agent holds on the Put Date (as defined below) money sufficient to pay the applicable redemption monies of Bonds for which notices have been delivered in accordance with the provisions hereof upon exercise of such right, then, whether or not such Certificate is delivered to the Paying Agent, on and after such Put Date, (a) such Bond will cease to be outstanding; (b) such Bond will be deemed paid; and (c) all other rights of the Bondholder shall terminate (other than the right to receive the applicable redemption monies). “**Put Date**” shall mean the Relevant Event Put Date or the Delisting Put Date, as applicable.

8.7 Non-Permitted Conversion Price Adjustment Event Repurchase Right

To the extent permitted by applicable law, unless the Bonds have been previously redeemed, converted or purchased and cancelled, if the Issuer is unable to provide the Trustee with a Price Adjustment Opinion as set forth in Condition 6.4.1(vi) prior to the occurrence of an event triggering an adjustment to the Conversion Price (a “**Non-Permitted Conversion Price Adjustment Event**”), the Issuer shall, within 10 business days after the occurrence of the relevant event triggering such adjustment, notify the Bondholders and the Trustee of such Non-Permitted Conversion Price Adjustment Event, and each Bondholder shall have the right (the “**Non-Permitted Conversion Price Adjustment Event Repurchase Right**”), at such Bondholder’s option, to require the Issuer to repurchase all (or any portion of the principal amount thereof which is U.S.\$1,000 and any integral multiple thereof) of such Bondholder’s Bonds at a price equal to their Early Redemption Amount (the “**Non-Permitted Conversion Price Adjustment Event Repurchase Price**”), on the date set by the Issuer for such repurchase (the “**Non-Permitted Conversion Price Adjustment Date**”), which shall be not less than 30 days nor more than 60 days following the date on which the Issuer notifies the Bondholders of the Non-Permitted Conversion Price Adjustment.

For the purposes of this Condition 8.7, “**business day**” shall mean a day on which commercial banks are open for business in New York City, London and Mumbai.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.8 Future Equity Issuances

The net proceeds of any equity or equity-linked issuance by the Issuer (“**Equity Issuance Proceeds**”) after the satisfaction of the Security Conditions will be utilised by the Issuer (subject to compliance with prevalent RBI regulations or subject to obtaining RBI approval) to make an offer to Bondholders to repurchase all or a part of their Bonds, on a *pro rata* basis, as follows:

- 8.8.1 if a fresh convertible bond offering or an offering of any other similar unsecured convertible instrument is undertaken by the Issuer at any time during the term of the Bonds, 100% to repurchase the Bonds at the Early Redemption Amount, if approved by the RBI or permitted under the applicable Indian regulations, or, failing which, such price that is lower than the Early Redemption Amount as the RBI may approve;
- 8.8.2 if a straight equity issuance is undertaken by the Issuer within six to twelve months from the Maturity Date, at least 75% to repurchase the Bonds at the Early Redemption Amount, if approved by the RBI or permitted under the applicable Indian regulations or, failing which, such price that is lower than the Early Redemption Amount as the RBI may approve; and
- 8.8.3 if a straight equity issuance is undertaken by the Issuer within six months from the Maturity Date, 100% to repurchase the Bonds at the Early Redemption Amount, if approved by the RBI or permitted under the applicable Indian regulations, or, failing which, such price that is lower than the Early Redemption Amount as the RBI may approve.

The Issuer shall utilise the Equity Issuance Proceeds to make an offer to the Bondholders to repurchase the Bonds on a *pro rata* basis in accordance with the applicable RBI regulations. If required, the Issuer shall seek approval of the RBI to utilise the Equity Issuance Proceeds.

On receipt of RBI approval to utilise the Equity Issuance Proceeds in the manner provided in this Condition 8.8, the Issuer shall, having given not less than 30 nor more than 60 days’ notice to Bondholders, the Trustee and the Principal Agent (which notice shall be irrevocable), repurchase the Bonds, in accordance with applicable regulations, in whole or in part. Upon the expiry of any such notice, the Issuer will be bound to repurchase the Bonds at the Early Redemption Amount, if approved by the RBI or permitted under the applicable Indian regulations, or, failing which, such price that is lower than the Early Redemption Amount as the RBI may approve.

The offer to repurchase using the Equity Issuance Proceeds shall be made to all Bondholders and each Bondholder may accept such offer at its option.

If RBI approval is not obtained or if any Equity Issuance Proceeds remains after the Issuer’s offer, the Equity Issuance Proceeds will be pre-approved by the CDR lenders for payment to Bondholders on the Maturity Date.

Upon receipt of the Equity Issuance Proceeds by the Issuer, they will be placed into an account secured for the benefit of the Bondholders. On the Maturity Date, the Equity Issuance Proceeds will be applied in redeeming the Bonds without the need for procuring CDR lenders’ approval.

8.9 *Purchases*

The Issuer or any of its Subsidiaries may, if permitted under the laws of India, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Issuer or the relevant Subsidiary is required to submit to the Registrar for cancellation any Bonds so purchased. If purchases are made by tender, the tender must be available to all Bondholders alike.

8.10 *Cancellation*

All Bonds which are redeemed or converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

8.11 *Redemption Notices*

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 17, and specify the Conversion Price as at the date of the relevant notice, the closing price of the Shares (as quoted on the BSE) as at the latest practicable date prior to the publication of the notice, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

No notice of redemption given under Condition 8.2 or Condition 8.3 shall be effective if it specifies a date for redemption which falls during a Closed Period or within 15 days following the last day of a Closed Period.

8.12 *Multiple Notices*

If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Condition 8.2 or Condition 8.3, any Relevant Event Put Exercise Notice or Delisting Put Notice given by a Bondholder pursuant to Condition 8.4 or 8.5 and any relevant notice given by a Bondholder pursuant to Condition 8.7) is given pursuant to this Condition 8, the first of such notices to be given shall prevail.

9 **Taxation**

- 9.1 All payments of principal, premium (if any) and interest (including default interest (if any)) made in respect of the Bonds by the Issuer will be made free from any restriction or Condition and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.
- 9.2 Where such withholding or deduction is in respect of Indian withholding tax on premium or interest payments at the rate of up to 10.00% (plus applicable surcharge on such tax payable, education cess and higher and secondary education cess on the income tax and surcharge) the Issuer will increase the amount of premium or interest paid by it to the extent required so that the amount of premium or interest received by Bondholders (without prejudice to Condition 7.3) amounts to the relevant amount of the premium or interest payable pursuant to Condition 5 or 8.

- 9.3 In the event that any such withholding or deduction in respect of principal or any such additional withholding or deduction in excess of 10.00% (plus applicable surcharge on such tax payable, education cess and higher and secondary education cess on the income tax and surcharge) in respect of premium or interest is required, the Issuer will pay such additional amounts by way of principal, premium or interest as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such additional amount shall be payable in respect of any Bond:
- 9.3.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with India otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- 9.3.2 (in the case of a payment of principal or premium) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or
- 9.3.3 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 to 27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- 9.3.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent or Conversion Agent in a Member State of the European Union.
- 9.4 For the purposes hereof, “**Relevant Date**” means the date on which such payment first becomes due except that if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.
- 9.5 References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8.3.

10 Events of Default

- 10.1 The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded by the Bondholders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount together with accrued interest (if any) to the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the following events (each an “**Event of Default**”) has occurred:
- 10.1.1 a default is made in the payment of any amounts due in respect of the Bonds and is subsisting for a period of more than seven days;

- 10.1.2 failure by the Issuer to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond;
- 10.1.3 failure by the Issuer to perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 15 days after written notice of such default shall have been given to the Issuer by the Trustee.
- 10.1.4 failure to implement the springing Second Lien within 90 days once the Security Conditions have been satisfied, subject to regulatory approvals;
- 10.1.5 any security, once created, ceases to be in full force and effect or does not create the security which it purports to create with the ranking and priority it is expressed to have;
- 10.1.6 occurrence of an event of default in respect of making required payments when due or, as the case may be, within any applicable grace period in respect of any present or future indebtedness for or in respect of monies borrowed or raised by the Issuer or any of its Material Subsidiaries, and if such default is subsisting for a period of more than 30 days, or acceleration on obligations, in an aggregate amount greater than U.S.\$25,000,000;
- 10.1.7 other than pursuant to the ongoing CDR Scheme, or in accordance with the terms of an agreement with its senior lenders prior to the Closing Date (or any future amendment to the CDR Scheme or such agreement with its senior lenders), the Issuer or any Material Subsidiary is (or is, or could be, declared by a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or a particular type of) its debts, proposes or makes an agreement for the deferral, rescheduling or other readjustment of all of (or a particular type of) its debts (or of any part which it will or might otherwise be unable to pay), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries;
- 10.1.8 legal process is levied and an adverse order is passed and enforced against a material part of the property, assets or revenues of the Issuer or any Material Subsidiary and such process has not been stayed within a period of 45 days;
- 10.1.9 (i) an order for winding up has been passed in respect of the Issuer or any Material Subsidiary and no appeal against such order has been filed by the Issuer or the Material Subsidiary, as the case may be, within a period of 60 days from the date of the order; or (ii) insolvency proceedings against the Issuer or any Material Subsidiary have commenced and an official liquidator is appointed;
- 10.1.10 an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries (as the case may be) and is not discharged within 90 days;
- 10.1.11 it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed;
- 10.1.12 any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Subsidiaries; or
- 10.1.13 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of this Condition 10:

“Material Subsidiary” means:

- (a) any Subsidiary of the Issuer that meets the following two tests, each determined under Indian GAAP:
 - (i) whose gross revenues, as shown by the then latest accounts (consolidated where applicable) of such Subsidiary, constitute at least 5% of the consolidated gross revenues of the Issuer, as shown by the then latest consolidated accounts of the Issuer; and
 - (ii) whose gross assets, as shown by the then latest accounts (consolidated where applicable) of such Subsidiary, constitute at least 5% of the total consolidated gross assets of the Issuer, as shown by the then latest consolidated accounts of the Issuer;

provided that:

in the case of a Subsidiary acquired, or a company becoming a Subsidiary, (A) after the end of the financial period to which the latest consolidated accounts of the Issuer relates, the reference to the then latest consolidated accounts of the Issuer for the purposes of the calculation above shall, until consolidated accounts of the issuer for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated accounts of the Issuer adjusted (on a pro forma basis if required) to consolidate the latest accounts of all such subsequently acquired Subsidiaries in such accounts; or (B) prior to the end of the financial period to which the latest consolidated accounts of the Issuer relates, the reference to the then latest consolidated accounts of the Issuer for the purposes of the calculation above shall be deemed to be a reference to the then latest consolidated accounts of the Issuer adjusted (on a pro forma basis if required) to consolidate the latest accounts of all such acquired Subsidiaries in such accounts as if such companies had been Subsidiaries for the whole of the financial period to which the latest consolidated accounts of the Issuer relates; or

- (b) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary.

10.2 Notwithstanding receipt of any payment after the acceleration of the Bonds, a Bondholder may exercise its Conversion Right by depositing a Conversion Notice with a Conversion Agent or Paying Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10.1.2 (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10 in the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer will deliver Shares (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given) in accordance with the Conditions, except that the Issuer shall have 10 business days (as defined in Condition 7.6) before it is required to

register the converting Bondholder (or its designee) in its register of members as the owner of the number of Shares to be delivered pursuant to this Condition and an additional five business days (as defined in Condition 7.6) from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer shall, at the request of the converting Bondholder subject to regulatory approval, pay to such Bondholder an amount in United States dollars (converted from Rupees at the Prevailing Rate) (the “**Default Cure Amount**”), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholders’ Conversion Notice and (y) the Closing Price of the Shares on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10, the amount of such payment shall be deducted from the Default Cure Amount.

The “**Prevailing Rate**” shall be the arithmetic average of the spot rates for the purchase of U.S. dollars with Rupees quoted by the State Bank of India on each of the relevant Trading Days or if such rate is not available on such Trading Day, such rate prevailing on the immediately preceding day on which such rate is so available.

The “**Share Price**” means the Closing Price of the Shares on the Conversion Date.

11 Consolidation, amalgamation or merger

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a “**Merger**”), unless:

- (i) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer;
- (ii) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom; and
- (iii) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds.

12 Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal and premium (if any)) and five years (in the case of interest) from the relevant date for payment. Neither the Trustee nor the Agents will be responsible or liable for any amounts so prescribed.

13 **Enforcement**

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14 **Meetings of Bondholders, modification, waiver and substitution**

14.1 *Meetings*

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50% in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, premium or interest (including default interest) payable in respect of the Bonds (including the Early Redemption Amount or method of calculation thereof), (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights or the put options specified in Condition 8, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75%, or at any adjourned such meeting not less than 25%, in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

14.2 *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 14.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

14.3 *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a

substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. In such event, the Issuer shall give notice to Bondholders in accordance with Condition 17.

14.4 *Interests of Bondholders*

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

14.5 *Certificates/Reports*

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, in the Trustee's opinion, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof. The Trustee shall not be responsible for any loss occasioned by acting on or refraining from acting in reliance on such certificate or report.

15 Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16 Further issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the written consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

17 Notices

All notices to Bondholders shall be validly given if mailed to them at the Issuer's expense at their respective addresses in the register of Bondholders maintained by the Registrar or published at the Issuer's expense in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Such notices shall be deemed to have been given on the later of the date of such publications. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by Global Certificates and such Global Certificates is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of Global Certificates), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18 Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (i) a Principal Agent, (ii) a Registrar outside the United Kingdom, (iii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require (and such agent in Singapore shall be a Paying, Transfer and Conversion Agent and shall be referred to in these Conditions as the “**Singapore Agent**”) and (iv) a Paying Agent and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive (2003/48/EC) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 17 and in any event not less than 45 days' notice will be given.

So long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require, in the event that the Global Certificates are exchanged for Certificates in definitive form, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificates is exchanged Certificates in definitive form, announcement of such exchange shall be made through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of Certificates in definitive form, including details of the Singapore agent.

19 Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit.

20 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999.

21 **Governing law**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds, the Issuer has in the Trust Deed irrevocably submitted to the courts of England and in relation thereto has appointed Suzlon Wind Energy Limited, now at Global House, 5A Sandy's Row, London E1 7HW, United Kingdom as its agent for service of process in England. Nothing shall affect the right to serve process in any other manner permitted by law.

AMENDED TERMS AND CONDITIONS OF THE 2016 BONDS

The Terms and Conditions of the Bonds shall be amended by amending and restating the Terms and Conditions with the Terms and Conditions set out below (deletions are shown as a ~~strikethrough~~; additions are shown in underline). A full legend explaining changes is set out at the end of these Terms and Conditions.

The text of such amended Terms and Conditions of the Bonds will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The issue of U.S.\$150,000,000 5.00% Convertible Bonds due 2016 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any additional Bonds issued pursuant to the option to increase the principal amount of the Bonds (the “**Optional Bonds**”) and any further Bonds issued in accordance with Condition 16 and consolidated and forming a single series with the Bonds) of Suzlon Energy Limited (the “**Issuer**”), was authorised by resolutions of the Board of Directors of the Issuer on 11 October 2010 and by the shareholders of the Issuer on 16 November 2010. The Bonds are constituted by a trust deed (as amended or supplemented from time to time) (the “**Trust Deed**”) dated on or about 12 April 2011 and made between the Issuer and Deutsche Trustee Company Limited as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer has entered into a paying, conversion and transfer agency agreement (as amended or supplemented from time to time, (the “**Agency Agreement**”) dated on or about 12 April 2011 with the Trustee as principal paying, conversion and transfer agent (the “**Principal Agent**”), Deutsche Bank Luxembourg S.A. as registrar (the “**Registrar**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**”, “**Transfer Agent**” (references to which shall include the Registrar) and together with the Registrar and the Principal Agent, the “**Agents**” (which shall, where applicable, include the Singapore Agent (as defined in Condition 18)) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds. The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection at the registered office of the Trustee being at the date hereof at Winchester House, 1 Great Winchester Street, London EC2N 2DB, and at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

2 Form, Denomination and Title

2.1 Form and Denomination

The Bonds are issued in registered form in the denomination of U.S.\$200,000 each or in integral multiples thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number, which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

3 Transfers of Bonds; Issue of Certificates

3.1 Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the “**Register**”).

Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

3.2 Transfers

Subject to Conditions 3.5 and 3.6 and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by a Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of New Certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days (at the place of the relevant specified office) of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

3.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted or redeemed, a new Certificate in respect of the Bonds not so transferred, exchanged, converted or redeemed will, within seven business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted or redeemed (but free of charge to the holder) to the address of such holder appearing on the Register.

3.3.3 For the purposes of these Conditions (except for Condition 7 and Condition 8.5.6), “**business day**” shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

3.4 *Formalities Free of Charge*

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

3.5 *Restricted Transfer Periods*

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any principal on the Bonds; (ii) after a Conversion Notice (as defined in Condition 6.2) has been delivered with respect to a Bond; (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 8.4) has been deposited in respect of such a Bond; (iv) after a Delisting Put Notice (as defined in Condition 8.5) has been deposited in respect of such a Bond; or (v) during the period of seven days ending on (and including) any record date in respect of any payment of interest on the Bonds, each such period being a “**Restricted Transfer Period**”.

3.6 *Regulations*

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed by the Registrar to any Bondholder upon request.

4 **Negative pledge**

4.1 So long as any Bond remains outstanding (as defined in the Trust Deed):

- (i) ~~4.1~~ the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below), or to secure any guarantee or indemnity in respect of any International Investment Securities;
- (ii) ~~4.2~~ the Issuer will procure that no Subsidiary (as defined below) or other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues, present or future, of that Subsidiary or other person to secure any of the Issuer’s or any Subsidiary’s International Investment Securities, or to secure any guarantee of or indemnity in respect of any of the Issuer’s or any Subsidiary’s International Investment Securities; and

- (iii) ~~4.3~~ the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Issuer's or any Subsidiary's International Investment Securities,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (~~as defined in the Trust Deed~~) of the Bondholders.

~~For the purposes of these Conditions:~~

Provided however that, the following Security shall be excluded from the terms of this Condition 4.1

- (i) the Issuer or any Subsidiary may create or permit to subsist Security upon the whole or any part of its undertaking, assets or revenues, present or future to secure a guarantee or indemnity or credit enhancement provided by a non-Group third party in respect of International Investment Securities issued by the Issuer or any Subsidiary for the purpose of using the proceeds from any such issuance in the following order:
- (a) **first**, in or towards the repayment or prepayment of any of its existing senior debt or debt with an original maturity prior to the Maturity Date with a new maturity beyond the Maturity Date provided that such repayment or prepayment is to the CDR lenders under the CDR Scheme (as defined in Condition 10) (such debt, the "CDR Debt") or the refinancing of such CDR Debt; and
- (b) **secondly**, in or towards the repayment or prepayment of any of its existing senior debt or debt with an original maturity prior to the Maturity Date with a new maturity beyond the Maturity Date (such debt, the "Other Senior Debt") or the refinancing of such Other Senior Debt;
- (ii) any funds made available to the Issuer or any of its Subsidiaries by any member of the Servion Group (as defined below), from the proceeds of an issuance of International Investment Securities by a member of the Servion Group, raised by creating or permitting to subsist Security upon the whole or any part of the undertaking, assets or revenues, present or future of such member of the Servion Group to secure a guarantee or indemnity or credit enhancement provided by a non-Group third party in respect of such International Investment Securities, for the purpose of the Issuer or its Subsidiaries using the proceeds from any such issuance in the following order:
- (a) **first**, in or towards the repayment or prepayment of any of its CDR Debt or the refinancing of such CDR Debt; and
- (b) **secondly**, in or towards the repayment or prepayment of any of its Other Senior Debt or the refinancing of such Other Senior Debt;

"International Investment Securities" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which (i) are denominated in ~~a~~ currency other than Rupees or are by their terms payable, or confer a right to receive payment, in ~~any~~ currency other than Rupees, or are denominated or payable in Rupees and more than 50% of the aggregate principal amount thereof is initially distributed outside India, and (ii) are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market.

5-“Senvion Group” means Senvion SE and its subsidiaries.

“Subsidiary” means any company or other business entity of which the Issuer owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which the Issuer recognises in its consolidated accounts as a subsidiary, jointly controlled entity or associated company under Indian law, regulations or generally accepted accounting principles from time to time, or which should have its accounts consolidated with those of the Issuer.

Provided that, for the purpose of this Condition 4, no member of the Senvion Group will be considered a Subsidiary.

5 Interest

5.1 Interest Rate

The Bonds bear interest from (and including) 12 April 2011 (the “**Closing Date**”) at the rate of 5.00% per annum calculated by reference to the principal amount thereof and payable in arrear on 13 April and 13 October in each year (each an “**Interest Payment Date**”). The first payment of interest will be made on 13 October 2011 in respect of the period from (and including) the Closing Date to (but excluding) 13 October 2011.

The amount of interest payable on any Interest Payment Date shall be U.S.\$5,000 in respect of each Bond of U.S.\$200,000 denomination save for the first payment of interest which will be calculated in accordance with the following provisions.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

“**Interest Period**” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

5.2 Accrual of Interest

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6.2.4) or (ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in these Conditions.

6 Conversion

6.1 Conversion Right

6.1.1 Conversion Period:

- (i) Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”.

Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time (subject to Condition 6.1.1(ii)) on and after 23 May 2011 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on 6 April 2016 (but, except as provided in Conditions 6.1.4 and 10, in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven business days (at the place aforesaid) prior to the date fixed for redemption thereof (the “**Conversion Period**”).

- (ii) Conversion Rights may not be exercised in relation to any Bond during the period (each, a “**Closed Period**”) commencing on: (a) the date falling 21 days prior to the date of the Issuer’s annual general shareholders’ meeting and ending on the date of that meeting, (b) the date falling 30 days prior to an extraordinary shareholders’ meeting and ending on the date of that meeting, (c) the date that the Issuer notifies the Bombay Stock Exchange (the “**BSE**”) or the National Stock Exchange of India Limited (the “**NSE**” and together with the BSE, the “**Indian Exchanges**”) of the record date for determination of the shareholders entitled to receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits; (d) on such date and for such period as determined by Indian law applicable from time to time that the Issuer is required to close its stock transfer books; or (e) in circumstances where the exercise of the Conversion Right would fall during the period commencing on a record date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive). The Issuer will give notice of any such period to the Bondholders and the Conversion Agent at the beginning of each such period.

The Issuer shall provide to the Trustee, the Bondholders and the Conversion Agent notice of any meeting of the Issuer’s board of directors which is convened to consider the declaration of any dividends, subscription of shares due to capital increase or other benefits, at the same time notice of such meeting is announced in India.

Conversion Rights may not be exercised (a) in respect of a Bond where the Bondholder shall have exercised its right to require the Issuer to redeem such Bond pursuant to Condition 8.4 or 8.5; or (b) except as provided in Condition 6.1.4 and Condition 10, in each case following the giving of notice by the Trustee pursuant to Condition 10.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Rupees at the fixed rate of Rs.44.5875 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined).

A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Upon exercise of Conversion Rights in relation to any Bond and the fulfilment by the Issuer of all its obligations in respect thereof, the relevant Bondholder shall have no further rights in respect of such Bond and the obligations of the Issuer in respect thereof shall be extinguished.

6.1.2 Fractions of Shares:

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Shares by operation of law or otherwise occurring after the Closing Date which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars by means of a U.S. dollar cheque drawn on a bank in New York) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds U.S.\$10.00 (which sum shall be translated into U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than 14 business days in Mumbai after the relevant Conversion Date by transfer to a U.S. dollar account with a bank in New York City specified in the relevant Conversion Notice.

However, if upon mandatory conversion or if the Conversion Right in respect of more than one Bond is exercised at any one time such that shares to be issued on conversion are to be registered in the same name, the number of such shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being converted and rounded down to the nearest whole number of Shares.

6.1.3 Conversion Price and Conversion Ratio:

The price at which Shares will be issued upon conversion, as adjusted from time to time, (the “**Conversion Price**”) will initially be Rs.54.01 but will be subject to adjustment in the manner provided in Condition 6.3.

The “**Conversion Ratio**” is equal to the principal amount of the Bonds divided by the then Conversion Price translated into U.S. dollars at the Fixed Exchange Rate.

6.1.4 Revival and/or survival after Default:

Notwithstanding the provisions of Condition 6.1.1, if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 8.1) by reason of the occurrence of any of the events referred to in Condition 10 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6.2.1(iii)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

6.1.5 *Meaning of “Shares”:*

As used in these Conditions, the expression “Shares” means (1) shares of the class of share capital of the Issuer which, at the date of the Trust Deed, are designated as equity shares of the Issuer with full voting rights, together with shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer; and (2) fully-paid and non-assessable shares of any class or classes of the share capital of the Issuer authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Issuer; provided that, subject to the provisions of Condition 11, shares to be issued on conversion of the Bonds means only “Shares” as defined in sub-clause (1) above.

6.2 *Conversion Procedure*

6.2.1 *Conversion Notice:*

- (i) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with (a) the relevant Certificate; (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the Republic of India or the jurisdiction in which the specified office of such Conversion Agent shall be located; and (c) any amounts required to be paid by the Bondholder under Condition 6.2.2. A Conversion Notice deposited outside the normal business hours or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the normal business hours on the next business day following such business day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside of the Conversion Period. A Bondholder exercising its Conversion Right for Shares will be required to open a depository account with a depository participant under the Depositories Act, 1996 of India (the “**1996 Depositories Act**”), for the purposes of receiving the Shares.
- (ii) The holder of any Bond which is to be mandatorily converted pursuant to Condition 8.2 shall deliver a Conversion Notice relating to its holding of Bonds and deposit it, together with the relevant Certificate and any amount required to be paid by the Bondholder under this Condition 6.2.1 and in the manner aforesaid, no later than the business day before the end of the Mandatory Conversion Notice Period for the Bonds (as defined in Condition 8.2).
- (iii) The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.4) and will be deemed to be the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

6.2.2 Stamp Duty etc.:

A Bondholder delivering a Certificate in respect of a Bond for conversion must pay to the relevant Conversion Agent any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in India and, if relevant, in the place of the Alternative Stock Exchange (as defined below), by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Indian Exchanges on conversion) (the “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares (“**Share Transfer Agent**”) in connection with conversion. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Shares are to be issued) must provide the Agent with details of the relevant tax authorities to which the Agent must pay monies received in settlement of Taxes payable pursuant to this Condition 6.2.2. The Agent is under no obligation to determine whether a Bondholder is liable to pay any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.2.2.

6.2.3 Delivery of Shares:

- (i) Upon exercise by a Bondholder of its Conversion Right for Shares, the Issuer will, on or with effect from the relevant Conversion Date, enter the name of the relevant Bondholder or his/their nominee in the register of members of the Issuer in respect of such number of Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will, as soon as practicable, and in any event not later than 40 days after the Conversion Date, cause the relevant securities account of the Bondholder exercising his Conversion Right or of his/their nominee, to be credited with such number of relevant Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and shall further cause the name of the concerned Bondholder or its nominee to be registered accordingly, in the record of the beneficial holders of shares, maintained by the depository registered under the 1996 Depositories Act with whom the Issuer has entered into a depository agreement and, subject to any applicable limitations then imposed by Indian laws and regulations, shall procure the Share Transfer Agent to, as soon as practicable, and in any event within 14 business days in Mumbai of the Conversion Date, despatch or cause to be despatched to the order of the person named for that purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), a U.S. dollar cheque drawn on a branch of a bank in New York City in respect of any cash payable pursuant to Condition 6.1.2 required to be delivered on conversion and such assignments and other documents (if any) as required by law to effect the transfer thereof.

The crediting of the Shares to the relevant securities account of the converting Bondholder will be deemed to satisfy the Issuer’s obligation to pay the principal and premium on the Bonds.

- (ii) In the case of Bonds mandatorily converted in accordance with Condition 8.2 in respect of which Conversion Notices have not been received by a Conversion Agent or the Principal Agent on the business day immediately following the Mandatory Conversion Notice Period (as defined in Condition 8.2), the Issuer will, as soon as reasonably practicable thereafter, register, or procure the registration of, an agent of the Issuer, located in Mumbai in accordance with Condition 8.2, as holder of the relevant number of Shares in the Issuer’s share register and will make a certificate or certificates for the relevant Shares available for collection at the office of the Issuer’s share registrar (as specified herein), together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (iii) If the Conversion Date in relation to any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition (a “**Retroactive Adjustment**”), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares (“**Additional Shares**”) as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective as at such Conversion Date immediately after the relevant record date and in such event and in respect of such Additional Shares references in Conditions 6.2.3(i) and (iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).
- (iv) The Shares issued upon conversion of the Bonds will in all respects rank pari passu with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully-paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.
- (v) Save as provided in Condition 6.2.2, no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

6.2.4 *Interest on Conversion:*

If any notice requiring the redemption of any of the Bonds is given pursuant to Condition 8.2 on or after the fifteenth business day prior to a record date (a “**Share Distribution Record Date**”) which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such Share Distribution Record Date, interest shall accrue at the rate provided in Condition 5.1 on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such Share Distribution Record Date and on or prior to the Interest Payment Date next following such Share Distribution Record Date, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

6.3 *Adjustments to Conversion Price*

The Conversion Price will be subject to adjustment in the following events: set out in Condition 6.3.1 to Condition 6.3.14.

Provided however that no adjustment will be made to the Conversion Price for a CDR Preferential Issue.

“CDR” means corporate debt restructuring.

“CDR Preferential Issue” means issuances of Shares or compulsorily convertible debentures (“CCDs”) to the CDR lenders undertaken pursuant to the terms of the master restructuring agreement dated 28 March 2013 between the CDR lenders, the Issuer, the Indian Subsidiaries, the Issuer (as the borrowers’ agent) and the State Bank of India (as the monitoring institution), which amount and/or number of Shares or CCDs shall not exceed the amount and/or the number of Shares or CCDs set out below and shall not have an issue price of less than ₹18.51:

<u>Details</u>	<u>Amount</u>	<u>No. of Shares or CCDs</u>
	<u>(₹ in million)</u>	<u>(approximately)</u> <u>(in million)</u>
CDR lenders	4,500	243.2

6.3.1 *Free distribution, bonus issue, division, consolidation and re-classification of Shares:*

Adjustment: If the Issuer shall (a) make a free distribution of Shares (other than by way of a dividend in Shares), (b) make a bonus issue of its Shares, (c) divide its outstanding Shares, (d) consolidate its outstanding Shares into a smaller number of Shares, or (e) re-classify any of its Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 6.3.1, shall be entitled to receive the number of Shares and/or other securities of the Issuer which such holder would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.1 shall become effective immediately on the relevant event referred to above becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.2 *Declaration of dividend in Shares:*

Adjustment: If the Issuer shall issue Shares as a dividend in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under Indian GAAP (including, but not limited to, capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N}{(N + n)} \right]$$

where:

NCP = the Conversion Price after such adjustment.
OCP = the Conversion Price before such adjustment.

- N = the number of Shares outstanding, at the time of issuance of such dividend and/or distribution (or at the close of business in Mumbai on such record date as the case may be).
- n = the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.2 shall become effective immediately on the relevant event referred to in this Condition 6.3.2 becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a dividend in Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders of the Issuer or be approved at a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.3 *Concurrent adjustment events:*

If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

- (a) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 6.3.5, 6.3.6 or 6.3.7;
- (b) the day immediately before the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.9;
- (c) the day immediately before the date of grant, offer or issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 6.3.10;
- (d) the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 6.3.11; or
- (e) determined by the Issuer and notified to the Trustee in writing to be the relevant date for an event or circumstance which requires an adjustment to the Conversion Price pursuant to Condition 6.3.13.

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 6.3.1 and 6.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under Conditions 6.3.1 and 6.3.2, but in lieu thereof an adjustment shall be made under Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10, 6.3.11 or 6.3.13 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

6.3.4 *Capital Distribution:*

Adjustment:

- (i) If the Issuer shall pay or make to its Shareholders any Dividend (as defined below), then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- CMP = the Current Market Price (as defined in Condition 6.3.15 below) per Share on the date on which the relevant Dividend is first publicly announced.
- fmv = the portion of the Fair Market Value (as defined below), with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Shares or any receipts or certificates representing shares by or on behalf of the Issuer, by the number of Shares in issue immediately prior to such purchase), of the Dividend distribution attributable to one Share.

Effective date of adjustment: Any adjustment pursuant to this Condition 6.3.4 shall become effective immediately after the record date for the determination of Shareholders entitled to receive the relevant Dividend; provided that (a) in the case of such a Dividend which must, under applicable law of India, be submitted for approval to a general meeting of Shareholders or be approved by a meeting of the Board of Directors of the Issuer before such Dividend may legally be made and is so approved after the record date fixed for the determination of Shareholders entitled to receive such Dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of the relevant Dividend cannot be determined until the record date fixed for the determination of Shareholders entitled to receive the relevant Dividend, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

If such Dividend is not so paid, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such Dividend had not been approved.

For the purposes of this Condition:

“Dividend” means any dividend or distribution of cash or other property or assets or evidences of the Issuer’s indebtedness, whenever paid or made and however described provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash Dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalisation (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such cash Dividend;
- (b) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded; and
- (c) a purchase or redemption of ordinary share capital by or on behalf of the Issuer shall not constitute a Dividend unless, in the case of purchases of Shares by or on behalf of the Issuer, the Volume Weighted Average Price per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price per Share by more than 5% either (1) on that day (or if such day is not a Trading Day, the immediately preceding Trading Day), or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of shareholders of the Issuer or any notice convening such a meeting of

shareholders) has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend (but not a cash Dividend) to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by or on behalf of the Issuer exceeds the product of (i) the Current Market Price per Share determined as aforesaid and (ii) the number of Shares so purchased.

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Institution provided, that (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be equal to such cash amount; (iii) where shares, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Independent Financial Institution) the fair market value of such shares, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such shares, options, warrants or other rights are publicly traded; and in the case of (i) translated into Rupees (if declared or paid in a currency other than Rupees) at the rate of exchange used to determine the amount payable to shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Rupees; and in any other case, converted into Rupees (if expressed in a currency other than Rupees) at such rate of exchange as may be determined in good faith by an Independent Financial Institution to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

“Independent Financial Institution” means an independent or commercial bank of international repute selected by the Issuer (at the expense of the Issuer) and approved in writing by the Trustee.

“Volume Weighted Average Price” means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page SUEL IN or such other source as shall be determined to be appropriate by an Independent Financial Institution on such Trading Day, or series of Trading Days, provided that on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

“cash Dividend” means (i) any Dividend which is to be paid in cash and (ii) any Dividend determined to be a cash Dividend pursuant to paragraph (a) of the definition “Dividend”, and for the avoidance of doubt, a Dividend falling within paragraph (c) of the definition “Dividend” shall be treated as not being a cash Dividend.

6.3.5 *Rights Issues to Shareholders:*

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- OCP = the Conversion Price before such adjustment.
- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights at the said consideration being (aa) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

Rights not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.6 Warrants issued to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or

- (b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration, then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (i) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (ii) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but in all cases retroactively to immediately after the record date mentioned above.

Warrants not subscribed for by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in (a) and (b) of this Condition 6.3.6, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.7 *Issues of rights or warrants for equity-related securities to Shareholders:*

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

- (a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or
- (b) at a consideration per Share receivable by the Issuer (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (a) above) on such record date or (in a case within (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (aa) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities which the underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (x) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (y) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (x).
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (a) or, as the case may be, (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (a) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (b) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

Rights or warrants not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 6.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares or rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.8 *Other distributions to Shareholders:*

Adjustment: If the Issuer shall distribute to the holders of Shares of capital stock of the Issuer (other than Shares), assets (excluding any Dividends), evidences of its indebtedness or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6 and 6.3.7), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{CMP - fmv}{CMP} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- | | | |
|-----|---|--|
| CMP | = | the Current Market Price per Share on the record date for the determination of shareholders entitled to receive such distribution. |
| fmv | = | the fair market value (as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court) of the portion of the equity share capital shares of capital stock, assets, rights or warrants so distributed applicable to one Share less any consideration payable for the same by the relevant Shareholder. |

Effective date of adjustment: Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. Provided that (a) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the fair market value of the shares of capital stock, assets, rights or warrants

so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such fair market value being determined, become effective retroactively to immediately after such record date.

6.3.9 *Issue of convertible or exchangeable securities other than to Shareholders:*

Adjustment: If the Issuer shall issue any securities convertible into or exchangeable for Shares (other than the Bonds (including any Optional Bonds), or in any of the circumstances described in Condition 6.3.7 and Condition 6.3.11) or grant such rights in respect of any existing securities and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.
- n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.
- v = the number of Shares which the aggregate consideration receivable by the Issuer would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

6.3.10 *Other issues of Shares:*

Adjustment: If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the *Bonds*) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in any preceding provision of this Condition 6.3), for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.
- n = the number of additional Shares issued as aforesaid.
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

6.3.11 *Issue of equity-related securities:*

Adjustment: If the Issuer shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6, 6.3.7 and 6.3.8) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

- N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.
- n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion or exchange of such convertible or exchangeable securities at the said consideration
- v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

6.3.12 *Tender or exchange offer:*

Adjustment: In case a tender or exchange offer made by the Issuer or any Subsidiary (as defined below) for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Share having a Fair Market Value at the last time (the “**Expiration Date**”) tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N \times CMP}{fmv + [(N - n) \times CMP]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N	=	the number of Shares outstanding (including any tendered or exchanged Shares) on the Expiration Date.
CMP	=	Current Market Price per Share as of the Expiration Date.
fmv	=	the Fair Market Value of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the “ Purchased Shares ”).
n	=	the number of Purchased Shares.

Effective date of adjustment: Such adjustment shall become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

Tender or exchange offer not completed: If the Issuer is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

6.3.13 Analogous events and modifications:

If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase Shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities as originally issued) or (b) the Issuer determines that any other event or circumstance has occurred which has or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Issuer, taken as a class which is analogous to any of the events referred to in Conditions 6.3.1 to 6.3.12, then, in any such case, the Issuer shall promptly notify the Trustee in writing thereof and the Issuer shall consult with an Independent Financial Institution as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of Bondholders and will make any such adjustment. All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of any Independent Financial Institution appointed under the Conditions shall be borne by the Issuer.

6.3.14 Simultaneous issues of different classes of Shares:

In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula:

$$NCP = OCP \times \left[\frac{N + v}{N + n} \right]$$

shall be restated as:

$$NCP = OCP \times \left[\frac{N + v1 + v2 + v3}{N + n1 + n2 + n3} \right]$$

Where v1 and n1 shall have the same meanings as “v” and “n” but by reference to one class of Shares, v2 and n2 shall have the same meanings as “v” and “n” but by reference to a second class of Shares, v3 and n3 shall have the same meanings as “v” and “n” but by reference to a third class of Shares and so on.

6.3.15 *Certain Definitions:*

For the purposes of these Conditions:

the “**Closing Price**” of the Shares for each Trading Day shall be the last reported transaction price of the Shares on the BSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on the BSE selected from time to time by the Issuer and approved by the Trustee in writing for the purpose.

“**Current Market Price**” per Share on any date means the average of the daily Closing Prices (as defined below) of the relevant Shares for the five consecutive Trading Days (as defined below) ending on and including the Trading Day immediately preceding such date. If the Issuer has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said five Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

“**Trading Day**” means a day when the BSE is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

If the Shares are no longer listed but are still listed on the NSE, references in the above definitions to the BSE shall be deemed to be the NSE, and if the Shares are no longer listed on the BSE or the NSE and have been listed on another stock exchange as required by Condition 6.4.1, references in the above definitions to the BSE will be taken as references to the Alternative Stock Exchange.

6.3.16 *Consideration receivable by the Issuer:*

For the purposes of any calculation of the consideration receivable by the Issuer pursuant to Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10 and 6.3.11 above, the following provisions shall be applicable:

- (a) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash;
- (b) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;

- (c) in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the consideration received by the Issuer for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;
- (d) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for any such rights or warrants plus the additional consideration to be received by the Issuer upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price;
- (e) if any of the consideration referred to in any of the preceding paragraphs of this Condition 6.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between the Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 6.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through U.S. dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid;
- (f) in the case of the issue of Shares (including, without limitation, to employees under any employee bonus or profit sharing arrangements) credited as fully paid out of retained earnings or capitalisation of reserves at their par value, the aggregate consideration receivable by the Issuer shall be deemed to be zero (and accordingly the number of Shares which such aggregate consideration receivable by the Issuer could purchase at the relevant Current Market Price per Share shall also be deemed to be zero); and
- (g) in making any such determination, no deduction shall be made for any commissions or any expenses paid or incurred by the Issuer.

6.3.17 *Cumulative adjustments:*

If, at the time of computing an adjustment (the “**later adjustment**”) of the Conversion Price pursuant to any of Conditions 6.3.2, 6.3.5, 6.3.6, 6.3.9, 6.3.10 and 6.3.11 above, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 6.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

6.3.18 Minor adjustments:

No adjustment of the Conversion Price shall be required if the adjustment would be less than 1% of the then current Conversion Price; provided that any adjustment which by reason of this Condition 6.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6.3.18) in any subsequent adjustment. All calculations under this Condition 6.3 shall be made to the nearest Rs.0.01 with Rs.0.005 being rounded up to the next Rs.0.01. Except as otherwise set out in Condition 6.3.19, the Issuer may reduce the Conversion Price (but is not obliged to do so) at any time in its absolute discretion, subject to compliance with all applicable Indian laws.

6.3.19 Minimum Conversion Price:

Notwithstanding the provisions of this Condition, the Issuer covenants that:

- (a) the Conversion Price shall not be reduced below the par value of the Shares (Rs.2 at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares; and
- (b) it will not take any corporate or other action which might result in the Conversion Price being reduced pursuant to Conditions 6.3.1 to 6.3.14 below the level permitted by applicable Indian laws and regulations from time to time (if any) or (ii) applicable Indian regulatory authorities.

6.3.20 Reference to “fixed”:

Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.3.21 Upward adjustment:

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares, as referred to in Condition 6.3.1.

6.3.22 Trustee not obliged to monitor:

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists under this Condition 6.3 and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

6.3.23 Approval of Trustee:

The Issuer shall send the Trustee a certificate setting out particulars relating to adjustment of the Conversion Price. The Issuer shall also cause a notice containing the same information to be sent to Bondholders, such notice to be approved by the Trustee in writing before it is given to Bondholders.

6.3.24 Independent Financial Institution:

If the Issuer fails to select an Independent Financial Institution when required in this Condition 6.3, the Trustee may (at its absolute discretion) select such an Independent Financial Institution at the expense of the Issuer.

6.3.25 *Depository Receipts:*

If the Issuer shall have outstanding a depository receipt facility programme or facility in respect of its Shares (a “**DR Facility**”) on the date of conversion of any Bonds, then, subject to the terms and conditions of the relevant facility or programme and to applicable laws and regulations and to such amendments to these Conditions as the Issuer and the Trustee shall consider to be appropriate, each Bondholder will have the right in respect of the exercise of Conversion Rights to elect (a “**DR Election**”) that the Shares to be issued on conversion be represented by depository receipts (“**DRs**”) and to receive DRs instead of such Shares. A DR Election shall be made in the relevant Conversion Notice in such form as the Issuer may require. The number of DRs to be issued on exercise of Conversion Rights in respect of which the relevant Bondholder shall have duly made a DR Election shall be determined by dividing the principal amount of the relevant Bond to be converted by the Conversion Price in effect on the relevant Conversion Date and dividing the resulting number by the number of Shares represented by each DR on such Conversion Date.

Fractions of a DR will not be issued and neither will a Share (where at the relevant time a DR represents more than one Share) or any fraction of a Share be issued and no cash payment or adjustment will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that DRs are to be issued to the same person, the number of such DRs to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of DRs.

Where DRs are to be issued, the Issuer will, as soon as practicable, and in any event not later than 30 days after the relevant Conversion Date (i) cause the name of the depository in respect of the relevant DR Facility (the “**DR Depository**”), or its custodian, to be registered in the record of the depositors maintained by the depository registered under the 1996 Depositories Act with whom the Issuer has entered into a depository agreement and (ii) cause the relevant number of DRs to be issued by the DR Depository pursuant to the relevant DR Facility to the relevant Bondholder or his/their nominee.

DRs will be issued in book-entry form or in certificated form as provided in the relevant DR Facility, and may bear such legends and be subject to such restrictions on transfer as the Issuer shall determine to be necessary to comply with applicable laws and regulations.

A Bondholder exercising Conversion Rights and making a DR Election must deliver at its expense to the specified office of any Conversion Agent all and any certificates and other documents as may be required pursuant to the relevant DR Facility in respect of the deposit of the relevant Shares pursuant to such DR Facility.

The Issuer will pay all expenses, charges and fees of the custodian for the DR Depository and of the DR Depository in connection with the deposit of the relevant Shares and issue of the DRs on conversion.

If a Retroactive Adjustment shall occur in relation to the exercise of Conversion Rights in relation to any Bond in respect of which a DR Election shall have been duly made, the Issuer shall, conditional upon the relevant adjustment becoming effective procure that there shall be issued to the relevant Bondholder (or in accordance with instructions contained in the Conversion Notice) such additional number DRs (if any) (the “**Additional DRs**”) as, together with the DRs issued or to be issued on conversion of the relevant Bond is equal to the number of DRs which would have been required to be issued on conversion of such Bond (together with any fraction of a DR not so issued) if the relevant adjustment to the Conversion Price had been made and become effective on and as of the relevant Conversion Date.

DRs issued upon conversion of the Bonds will in all respects rank *pari passu* with all other DRs under the relevant DR Facility then in issue on the relevant Conversion Date, except that the DRs or, as the case may be, the Additional DRs so issued will not rank for any right where the record date or other due date for the establishment of entitlement in respect of the Shares represented by such DRs or, as the case may be, Additional DRs falls prior to the relevant Conversion Date.

If the Issuer determines that it would be contrary to applicable laws or regulations or would be contrary to the terms of the relevant DR Facility (including any provisions thereof relating to the deposit of Shares) to issue Shares to be represented by DRs upon conversion of Bonds in respect of which a DR Election shall have been made, such DR Election shall be ineffective and there shall be issued to such Bondholder (or as specified in the relevant Conversion Notice) Shares as if such DR Election had not been made.

The Issuer is under no obligation to establish and/or maintain any depository facility or programme in respect of the Shares or, if it does, to enable the Shares to be eligible for deposit pursuant thereto. The Issuer shall be entitled to impose such conditions and restrictions on the deposit of Shares pursuant to any such facility or programme as it may determine, and may agree with the Trustee such changes to these Conditions as may be appropriate in respect of or relating to the deposit of Shares pursuant to any such facility or programme.

6.3.26 Employee Share Option Scheme:

No adjustment will be made to the Conversion Price where Shares or options to subscribe or acquire Shares are issued, offered, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors) of the Issuer or its Subsidiaries or any associated company of the Issuer (as set out in the relevant employee stock option plan), or persons related to such employees or former employees (including directors) or former employees, directly or indirectly, pursuant to any employee stock option scheme or plan approved by Shareholders in general meeting and otherwise adopted in accordance with and complying with all applicable provisions of relevant Indian laws and regulations and official guidelines of any relevant governmental or official body except to the extent that such issues in any period of 12 months amount to, or entitle such persons to receive Shares in excess of 3% of the average number of Shares outstanding during such period of 12 months.

6.4 Undertakings

6.4.1 The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the written approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

- (i) it will use its best endeavours (a) to obtain and maintain a listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**”), (b) to maintain a listing for all the issued Shares on the Indian Exchanges, (c) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Indian Exchanges, and (d) if the Issuer is unable to obtain or maintain such listings, or maintenance of such listings is unduly onerous to obtain and maintain a listing for all the Bonds and the Shares issued on the exercise of the Conversion Rights, on an alternative stock exchange as the Issuer may from time to time (with the prior written consent of the Trustee) determine (the “**Alternative Stock Exchange**”) and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares or the Bonds (as a class) by any of such stock exchanges;
- (ii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds without breaching any foreign ownership restrictions in India applicable to the Shares and will ensure that all such Shares will be duly and validly issued as fully-paid;
- (iii) it will pay the expenses of the issue or delivery of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds;

- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);
- (v) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law; ~~and~~
- (vi) it will not take any corporate or other action pursuant to Conditions 6.3.1 to 6.3.14 that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law or subject to approval from the Reserve Bank of India, the Ministry of Finance of the Indian Government and/or any other governmental/regulatory authority in India. The Issuer also covenants that prior to taking any action which would cause an adjustment to the Conversion Price, the Issuer shall provide the Trustee with an opinion of a legal counsel in India of international repute, approved by the Trustee in writing, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance of the Indian Government and/or any other governmental/regulatory authority in India (the “**Price Adjustment Opinion**”). To the extent that an event triggering an adjustment to the Conversion Price occurs and the Issuer is unable to provide the Trustee with a Price Adjustment Opinion, the Issuer shall give notice to Bondholders of their Non-Permitted Conversion Price Adjustment Event Repurchase Right, as defined in and pursuant to Condition 8.7;
- (vi) it will not acquire or retire for value any Shares;
- (vii) will not retire for value prior to its repayment or maturity date any loans and/or securities *pari passu* with or subordinated to the Bonds; and
- (viii) it will not declare or pay any dividends or make any payments or repayments of any kind to its shareholders, for so long as any Bonds are outstanding.

6.4.2 The Issuer undertakes that so long as any Bond remains outstanding (as defined in the Trust Deed):

- (i) the Issuer will not create any Security upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Promoter Group Loans (as defined below), or to secure any guarantee or indemnity in respect of any Promoter Group Loans;
- (i) the Issuer will procure that no Subsidiary or other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues, present or future, of that Subsidiary or other person to secure any of the Issuer’s or any Subsidiary’s Promoter Group Loans or to secure any guarantee of or in respect of any of the Issuer’s or any Subsidiary’s Promoter Group Loans; and

the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Issuer’s or any Subsidiary’s Promoter Group Loans, unless, at the same time or prior thereto, the Issuer’s obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

For the purposes of this Condition:

“Promoter Group” means Tulsi R. Tanti, Tanti Holdings Limited, Gita T. Tanti, Tulsi R. Tanti (as karta of Tulsi Ranchhodbhai HUF), Tulsi R. Tanti (as karta of Ranchhodbhai Ramjibhai HUF) and jointly by Tulsi R. Tanti, Vinod R. Tanti and Jitendra R. Tanti, Vinod R. Tanti, Jitendra R. Tanti, Sangita V. Tanti, Lina J. Tanti, Girish R. Tanti, Rambhaben Ukabhai, Vinod R. Tanti (as karta of Vinod Ranchhodbhai HUF), Jitendra R. Tanti (as karta of Jitendra Ranchhodbhai HUF), Pranav T. Tanti, Nidhi T. Tanti, Radha G. Tanti, Aarav G. Tanti (through guardian Girish R. Tanti), Aarya G. Tanti (through guardian Girish R. Tanti), Rajan V. Tanti (through guardian Vinod R. Tanti), Brij J. Tanti (through guardian Jitendra R. Tanti), Trisha J. Tanti (through guardian Jitendra R. Tanti), Girish R. Tanti (as karta of Girish Ranchhodbhai HUF), Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Sanman Holdings Private Limited and Samanvaya Holdings Private Limited.

“Promoter Group Loans” means any present or future indebtedness whether in the form of, or represented by, bonds, debentures, notes or other investment securities or bilateral or syndicated loans which are availed by the Issuer or its subsidiaries from any member of the Promoter Group;

6.4.3 The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

The Shares issued upon conversion of the Bonds are expected to be listed on the NSE and the BSE and will be tradable on such stock exchange once listed thereon, which is expected to occur within 40 days after the relevant Conversion Date. The Issuer will make due application in respect of such listing within five days following the relevant Conversion Date. If there is any delay in obtaining the approval of the NSE and the BSE to list such Shares, they shall not be tradable on the BSE and the NSE until the listing occurs.

6.5 Notice of Change in Conversion Price

The Issuer shall give notice to the Bondholders in accordance with Condition 17 and, for so long as the Bonds are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Issuer shall also give notice to the Singapore Stock Exchange, of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

6.6 Conversion upon Change of Control

If a Change of Control (as defined below) shall have occurred during the Conversion Period, the Issuer shall give notice of that fact to the Bondholders (the **“Change of Control Notice”**) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the **“Change of Control Conversion Period”**), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c/t)}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2. For the avoidance of doubt, OCP for the purposes of this Condition 6.6 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 6.6.

Conversion Premium (“CP”) = 10.00% expressed as a fraction.

c = the number of days from and including the first day of the Change of Control Conversion to but excluding 13 April 2016

t = the number of days from and including 12 April 2011 to but excluding 13 April 2016

provided that the Conversion Price shall not be reduced pursuant to this Condition 6.6 below the level permitted by applicable Indian laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of a Closed Period.

For the purposes of this Condition 6.6,

“**control**” means (a) the acquisition or control of more than 50% of the Voting Rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a “**Change of Control**” occurs when:

- (a) any person or persons (excluding the Promoter Group), acting together, acquires control, directly or indirectly, of the Issuer; or
- (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person or persons, acting together;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s Board of Directors or any other governing board and does not include the Issuer’s 100% owned direct or indirect subsidiaries; and

“**Voting Rights**” means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

7 Payments

7.1 Principal, Interest and Premium

7.1.1 Payment of principal, interest and premium (if any) will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with provisions of the Agency Agreement. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) paid.

7.1.2 Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with the terms of the Agency Agreement.

7.2 *Registered Accounts*

For the purposes of this Condition, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank in New York, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

7.3 *Applicable Laws*

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

7.5 *Default Interest and Delay in Payment*

7.5.1 If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 7.50% per annum (being the yield to maturity plus default interest) from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

RBI regulations may require the Issuer to obtain the prior approval of the RBI before making any such default interest payments. Such approval may or may not be forthcoming.

7.5.2 Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.6 *Business Day*

In this Condition, “**business day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City and London and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8 Redemption, purchase and cancellation

8.1 Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem the Bonds at 108.70% of their principal amount on 13 April 2016 (the “**Maturity Date**”) together with accrued interest, if any, calculated in accordance with Condition 5.1. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8.2 or Condition 8.3 below (but without prejudice to Condition 10).

8.2 Mandatory Conversion at the Option of the Issuer

8.2.1 On or at any time after the date falling 36 months from the Closing Date, the Issuer may, having given not less than 30 or more than 60 days’ (the “**Mandatory Conversion Notice Period**”) notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), mandatorily convert the Bonds in whole but not in part into Shares on the date fixed for mandatory conversion, provided that no such mandatory conversion may be made unless the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate (as defined below)) for each of the 25 consecutive Trading Days prior to the date upon which notice of such mandatory conversion is given pursuant to Condition 17, was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio. If there shall occur an event giving rise to a change in the Conversion Price during any such 25 consecutive Trading Day period or during the Mandatory Conversion Notice Period, appropriate adjustments for the relevant days approved by two investment banks (acting as experts) selected by the Issuer and approved in writing by the Trustee shall be made for the purpose of calculating the Closing Price for such days. The “**Prevailing Rate**” for the translation of the Closing Prices shall be the arithmetic average of the spot rates for the purchase of U.S. dollars with Rupees quoted by the State Bank of India on each of the relevant Trading Days or if such rate is not available on such Trading Day, such rate prevailing on the immediately preceding day on which such rate is so available.

The Issuer’s right to mandatorily convert under this Condition 8.2 does not affect a holder’s right to exercise its Conversion Right hereunder (which shall remain in full force and effect during the Mandatory Conversion Notice Period) provided that in no event shall the Conversion Date fall after the date for mandatory conversion hereunder. Upon the expiry of the Mandatory Conversion Notice Period, the Issuer will be bound (subject to and in accordance with Condition 6) to convert the Bonds to which such notice relates into Shares and the date of expiry of such period shall be deemed to be the Conversion Date. The holders of the Bonds to be so converted shall be deemed to have exercised their Conversion Rights and the provisions of Condition 6 apply *mutatis mutandis*.

If on the business day immediately following the Mandatory Conversion Notice Period, Conversion Notices *have* not been received by the relevant Conversion Agent or the Principal Agent in respect of any Bonds outstanding (“**Relevant Bonds**”), the Relevant Bonds shall be converted into Shares in accordance with these Conditions at the applicable Conversion Price and such Shares shall be delivered to an agent of the Issuer located in Mumbai (the “**Share Agent**”). Certificates for such Shares will be issued by the Issuer in the name of an agent of the Issuer and deposited at the office of the Share Agent and the Issuer will be responsible for all fees and charges for the issue of such Certificate or Certificates. All of the Shares delivered, or to be delivered, on such conversion shall be sold by, or on behalf of, the Share Agent as soon as practicable, and (subject to any necessary consents being obtained, and to the deduction by the Share Agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration duties (if any) and any costs incurred by the Share Agent in connection with the transfer, delivery and sale thereof) the net proceeds of sale together with accrued interest (if any) payable under Condition 6, and any cash in lieu of fractions and any other amount payable by the Issuer in respect of the relevant exercise in respect of the Relevant Bonds (the “**Net Proceeds**”) shall be held by the Share Agent for the benefit of the Bondholders so entitled and distributed rateably to the holders of such Relevant Bonds.

Immediately following the sale of Shares by the Share Agent, the Issuer shall forthwith notify Bondholders of such sale and provide details of the Net Proceeds available for distribution to Bondholders so entitled. The Issuer's obligation to pay the principal, interest and premium (if any) on the Bonds shall not be satisfied unless and until the relevant Shares or Net Proceeds (as applicable) attributable to the Bonds converted pursuant to Condition 8.2 shall have been delivered to the applicable Bondholder.

The Trustee and the Issuer shall have no responsibility to any person for the manner in which such sale is effected or if the aggregate sale proceeds fall short of the principal amount of the Relevant Bonds. The Trustee shall have no liability in respect of the exercise or non-exercise of its discretion pursuant to this Condition 8.2 or the timing of such exercise or in respect of any such sale of Shares whether for the timing of any such sale or the price at which any such Shares are sold, or the inability to sell any such Shares or otherwise.

- 8.2.2 If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 16), the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at their Early Redemption Amount together with accrued but unpaid interest to such date, on the date fixed for redemption. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders for such redemption.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.3 **Redemption for Taxation Reasons**

- 8.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at their Early Redemption Amount together with accrued but unpaid interest to such date, on the date fixed for redemption ("**Tax Redemption Date**"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (taking reasonable measures available to it); and an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders.
- 8.3.2 Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at their Early Redemption Amount together but unpaid interest with accrued interest to such date, on the Tax Redemption Date.

8.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 8.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Indian Government or any authority thereof or therein having power to tax. For the avoidance of doubt, any additional amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the Indian Government or any authority thereof or therein having power to tax prior to the Closing Date will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election (the “**Bondholder’s Tax Election Notice**”), in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.4 **Redemption for Change of Control**

8.4.1 Following the occurrence of a Relevant Event (as defined below) and to the extent permitted by applicable law, each Bondholder will have the right at such Bondholder’s option to require the Issuer to redeem in whole but not in part such Bondholder’s Bonds on the Relevant Event Put Date at their Early Redemption Amount together with accrued but unpaid interest to such date. To exercise such right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (“**Relevant Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

8.4.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.

8.4.3 The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred.

8.4.4 No later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 17) stating: (i) the Relevant Event Put Date; (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event; (iii) the date by which the Relevant Event Put Exercise Notice (as defined above) must be given; (iv) the redemption amount and the method by which such amount will be paid; (v) the names and addresses of all Paying Agents; (vi) briefly, the Conversion Right and the then current Conversion Price; (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of this Condition 8:

- (i) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s Board of Directors or any other governing board and does not include the Issuer’s 100% owned direct or indirect subsidiaries;
- (ii) “**Relevant Event**” occurs when there has been a Change of Control in the Issuer;
- (iii) “**Early Redemption Amount**” of a Bond, for each U.S.\$200,000 principal amount of the Bonds, is determined so that it represents (i) in the case of a redemption of Bonds on the Maturity Date, 108.70% of the principal amount of such Bonds, or (ii) in the case of a redemption of the Bonds pursuant to Condition 8.3 or 8.4 or if the Bonds become due and payable pursuant to Condition 10, the amount which is determined to be the amount which, together with unpaid accrued interest from the immediately preceding Interest Payment Date, or, if none, the Closing Date, and after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) for the Bondholder a gross yield of 6.50% per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each U.S.\$200,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Interest Payment Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Interest Payment Date):

$$\begin{aligned} \text{Early Redemption Amount} &= \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - \text{AI} \\ \text{Previous Redemption Amount} &= \text{the Early Redemption Amount for each U.S.\$200,000} \\ &\quad \text{principal amount on the Interest Payment Date} \\ &\quad \text{immediately preceding the date fixed for redemption} \\ &\quad \text{as set out below (or if the Bonds are to be redeemed} \\ &\quad \text{prior to 13 October 2011, U.S.\$200,000)} \end{aligned}$$

Interest Payment Date	Early Redemption Amount
13 October 2011	201,508.92
13 April 2012	203,057.96
13 October 2012	204,657.34
13 April 2013	206,308.70
13 October 2013	208,013.74
13 April 2014	209,774.18
13 October 2014	211,591.84
13 April 2015	213,468.58
13 October 2015	215,406.31

- r = 6.50%, expressed as a fraction.
- d = number of days from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Closing Date) to, but excluding, the Determination Date, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.
- p = 180

AI = the accrued interest on a Bond in the principal amount of U.S.\$200,000 from and including the immediately preceding Bonds Interest Payment Date (or if the Determination Date is before the first Bonds Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

If the Early Redemption Amount payable in respect of any Bond upon its redemption pursuant to Condition 8.3 or 8.4 or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Bond shall be the Early Redemption Amount of such Bond as described above, as though references to the Determination Date had been replaced by references to the Tax Redemption Date or Relevant Event Put Date, as applicable, and interest shall accrue at the rate provided for in Condition 5.1 on the principal amount of such Bond to such date. The calculation of the Early Redemption Amount in accordance with this Condition will continue to be made (as well after as before judgment) until the Tax Redemption Date or Relevant Event Put Date, as applicable, unless such date falls on or after the Maturity Date, in which case the amount due and payable shall be 108.70% of the principal amount of the Bonds together with interest thereon (inclusive of interest payable pursuant to Condition 5) at the rate of 7.50% per annum from and including the Maturity Date to but excluding the Tax Redemption Date or Relevant Event Put Date, as applicable.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.5 Delisting Put Right

8.5.1 In the event the Shares cease to be listed or admitted to trading on the BSE and NSE (a “**Delisting**”), each Bondholder shall have the right (the “**Delisting Put Right**”), at such Bondholder’s option, to require the Issuer to redeem all (but not less than all) of such Bondholder’s Bonds on the twentieth business day after notice has been given to Bondholders regarding the Delisting referred to under Condition 8.5.2 below or, if such notice is not given, the twentieth business day after the Delisting (the “**Delisting Put Date**”) at their Early Redemption Amount together with accrued interest but unpaid to such date (the “**Delisting Put Price**”).

8.5.2 Promptly after becoming aware of a Delisting, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to Bondholders (in accordance with Condition 17) stating:

- (i) the Delisting Put Date;
- (ii) the date of such Delisting and, briefly, the events causing such Delisting;
- (iii) the date by which the Delisting Put Notice (as defined below) must be given;
- (iv) the Delisting Put Price and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and
- (viii) that a Delisting Put Notice, once validly given, may not be withdrawn.

- 8.5.3 To exercise its rights to require the Issuer to redeem its Bonds, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a “**Delisting Put Notice**”), in the then current form obtainable from the specified office of any Agent, to any Paying Agent on any business day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 10 business days prior to the Delisting Put Date.
- 8.5.4 A Delisting Put Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Delisting Put Notices delivered as aforesaid on the Delisting Put Date.
- 8.5.5 The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to the occurrence of a Delisting has occurred.
- 8.5.6 For the purposes of this Condition, “**business day**” shall mean a day on which commercial banks are open for business in London and Mumbai.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.6 Redemption Following Exercise of a Put Option

Upon the exercise of any put option specified in Condition 8.4 or 8.5, payment of the applicable redemption amount shall be conditional upon (i) the Issuer obtaining all approvals required by law and (ii) delivery of the Bondholder’s Certificate (together with any necessary endorsements) to any Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Paying Agent holds on the Put Date (as defined below) money sufficient to pay the applicable redemption monies of Bonds for which notices have been delivered in accordance with the provisions hereof upon exercise of such right, then, whether or not such Certificate is delivered to the Paying Agent, on and after such Put Date, (a) such Bond will cease to be outstanding; (b) such Bond will be deemed paid; and (c) all other rights of the Bondholder shall terminate (other than the right to receive the applicable redemption monies). “**Put Date**” shall mean the Relevant Event Put Date or the Delisting Put Date, as applicable.

8.7 Non-Permitted Conversion Price Adjustment Event Repurchase Right

To the extent permitted by applicable law, unless the Bonds have been previously redeemed, converted or purchased and cancelled, if the Issuer is unable to provide the Trustee with a Price Adjustment Opinion as set forth in Condition 6.4.1(vi) prior to the occurrence of an event triggering an adjustment to the Conversion Price (a “**Non-Permitted Conversion Price Adjustment Event**”), the Issuer shall, within 10 business days after the occurrence of the relevant event triggering such adjustment, notify the Bondholders and the Trustee of such Non-Permitted Conversion Price Adjustment Event, and each Bondholder shall have the right (the “**Non-Permitted Conversion Price Adjustment Event Repurchase Right**”), at such Bondholder’s option, to require the Issuer to repurchase all (or any portion of the principal amount thereof which is U.S.\$200,000 or any integral multiple thereof) of such Bondholder’s Bonds at a price equal to their Early Redemption Amount (the “**Non-Permitted Conversion Price Adjustment Event Repurchase Price**”), on the date set by the Issuer for such repurchase (the “**Non-Permitted Conversion Price Adjustment Date**”), which shall be not less than 30 days nor more than 60 days following the date on which the Issuer notifies the Bondholders of the Non-Permitted Conversion Price Adjustment.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date, such approval may or may not be forthcoming.

8.8 *Purchases*

The Issuer or any of its Subsidiaries may, if permitted under the laws of India, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Issuer or the relevant Subsidiary is required to submit to the Registrar for cancellation any Bonds so purchased. If purchases are made by tender, the tender must be available to all Bondholders alike.

8.9 *Cancellation*

All Bonds which are redeemed or converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

8.10 *Redemption Notices*

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 17, and specify the Conversion Price as at the date of the relevant notice, the closing price of the Shares (as quoted on the BSE) as at the latest practicable date prior to the publication of the notice, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

No notice of redemption given under Condition 8.2 or Condition 8.3 shall be effective if it specifies a date for redemption which falls during a Closed Period or within 15 days following the last day of a Closed Period.

8.11 *Multiple Notices*

If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Condition 8.2 and 8.3 and any Relevant Event Put Exercise Notice or Delisting Put Notice given by a Bondholder pursuant to Condition 8.4 or 8.5) is given pursuant to this Condition 8, the first of such notices to be given shall prevail.

9 *Taxation*

- 9.1 All payments of principal and interest made in respect of the Bonds by the Issuer will be made free from any restriction or Condition and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.
- 9.2 Where such withholding or deduction is in respect of Indian withholding tax on premium or interest payments at the rate of up to 10.00% (plus applicable surcharge on such tax payable, education cess and higher and secondary education cess on the income tax and surcharge) the Issuer will increase the amount of premium or interest paid by it to the extent required so that the amount of premium or interest received by Bondholders (without prejudice to Condition 7.3) amounts to the relevant amount of the premium or interest payable pursuant to Condition 8, in the case of premium, and Condition 5, in the case of interest.
- 9.3 In the event that any such withholding or deduction in respect of principal or any such additional withholding or deduction in excess of 10.00% (plus applicable surcharge on such tax payable, education cess and higher and secondary education cess on the income tax and surcharge) in respect of premium or interest is required, the Issuer will pay such additional amounts by way of principal, premium or interest as will result in the receipt by the Bondholders of the amounts

which would otherwise have been receivable in the absence of such withholding or deduction, except that no such additional amount shall be payable in respect of any Bond:

- 9.3.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with India otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
 - 9.3.2 (in the case of a payment of principal or premium) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or
 - 9.3.3 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 to 27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - 9.3.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent or Conversion Agent in a Member State of the European Union.
- 9.4 For the purposes hereof, “Relevant Date” means the date on which such payment first becomes due except that if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.
- 9.5 References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8.3.

10 Events of Default

- 10.1 The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded by the Bondholders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount together with accrued interest (if any) to the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the following events (each an “**Event of Default**”) has occurred:
- 10.1.1 a default is made in the payment of any amounts due in respect of the Bonds and is subsisting for a period of more than seven days;
 - 10.1.2 failure by the Issuer to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond;
 - 10.1.3 failure by the Issuer to perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 15 days after written notice of such default shall have been given to the Issuer by the Trustee;

- ~~10.1.4~~ 10.1.4 legal process is levied, and an adverse order is passed and enforced against a material part of the property, assets or revenue of the Issuer or any Material Subsidiary (as defined below) and such process has not been stayed within a period of 45 days;
- 10.1.5 occurrence of an event of default in respect of making required payments when due or, as the case may be, within any applicable grace period in respect of any present or future indebtedness for or in respect of monies borrowed or raised by the Issuer or any of its Material Subsidiaries, and if such default is subsisting for a period of more than 30 days, or acceleration on obligations, in an aggregate amount greater than U.S.\$25,000,000;
- 10.1.6 (i) an order for winding up has been passed in respect of the Issuer or any Material Subsidiary and no appeal against such order has been filed by the Issuer or the Material Subsidiary, as the case may be, within a period of 60 days from the date of the order; or (ii) insolvency proceedings against the Issuer or any Material Subsidiary have commenced and an official liquidator is appointed;
- ~~10.1.4~~
- 10.1.7 other than pursuant to the ongoing corporate debt restructuring pursuant to the CDR mechanism and the master restructuring agreement entered into with the CDR lenders (the “CDR Scheme”) or in accordance with the terms of an agreement with its senior lenders prior to [CLOSING DATE OF THE NEW BONDS] (or any future amendment to the CDR Scheme or such agreement with its senior lenders), the Issuer or any Material Subsidiary is (or is, or could be, ~~deemed~~ declared by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts, proposes or makes ~~any~~ an agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay ~~when due~~), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries;
- ~~10.1.5 (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10.1.5 have occurred equals or exceeds U.S.\$10 million or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Trustee on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);~~
- ~~10.1.6 a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 45 days;~~
- ~~10.1.7 an order is made or an effective resolution passed for the winding up or dissolution, judicial management or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction,~~

~~amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;~~

~~10.1.8 40.1.8 it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Bonds or the Trust Deed;~~

~~10.1.5~~

~~10.1.9 an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries (as the case may be) and is not discharged within 30-90 days;~~

~~10.1.9 it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed;~~

~~10.1.6~~

~~10.1.10 40.1.10 any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Subsidiaries; or~~

~~10.1.7~~

~~10.1.11 40.1.11 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs;~~

~~provided that in the case of Conditions 10.1.4, 10.1.5, 10.1.6, 10.1.7, 10.1.8 and 10.1.10, as they relate to Subsidiaries only, the Trustee shall have certified that in its opinion such Event of Default is materially prejudicial to the interests of the Bondholders.~~

~~“Subsidiary” or “subsidiary” means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which that person recognises in its consolidated financial statements as a subsidiary, jointly controlled entity or associated company under Indian law, regulations or generally accepted accounting principles from time to time, or which should have its accounts consolidated with those of that person.~~

~~10.2 “Material Subsidiary” means:~~

~~(a) any Subsidiary of the Issuer that meets the following two tests, each determined under Indian GAAP:~~

~~(i) whose gross revenues, as shown by the then latest accounts (consolidated where applicable) of such Subsidiary, constitute at least 5% of the consolidated gross revenues of the Issuer, as shown by the then latest consolidated accounts of the Issuer; and~~

~~(ii) whose gross assets, as shown by the then latest accounts (consolidated where applicable) of such Subsidiary, constitute at least 5% of the total consolidated gross assets of the Issuer, as shown by the then latest consolidated accounts of the Issuer;~~

provided that:

in the case of a Subsidiary acquired, or a company becoming a Subsidiary, (A) after the end of the financial period to which the latest consolidated accounts of the Issuer relates, the reference to the then latest consolidated accounts of the Issuer for the purposes of the calculation above shall, until consolidated accounts of the issuer for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated accounts of the Issuer adjusted (on a pro forma basis if required) to consolidate the latest accounts of all such subsequently acquired Subsidiaries in such accounts; or (B) prior to the end of the financial period to which the latest consolidated accounts of the Issuer relates, the reference to the then latest consolidated accounts of the Issuer for the purposes of the calculation above shall be deemed to be a reference to the then latest consolidated accounts of the Issuer adjusted (on a pro forma basis if required) to consolidate the latest accounts of all such acquired Subsidiaries in such accounts as if such companies had been Subsidiaries for the whole of the financial period to which the latest consolidated accounts of the Issuer relates; or

- (b) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary.

10.2 Notwithstanding receipt of any payment after the acceleration of the Bonds, a Bondholder may exercise its Conversion Right by depositing a Conversion Notice with a Conversion Agent or Paying Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10.1.2 (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10 in the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer will deliver Shares (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given) in accordance with the Conditions, except that the Issuer shall have 10 business days before it is required to register the converting Bondholder (or its designee) in its register of members as the owner of the number of Shares to be delivered pursuant to this Condition and an additional five business days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer shall, at the request of the converting Bondholder, pay to such Bondholder an amount in United States dollars (converted from Rupees at the Prevailing Rate) (the "**Default Cure Amount**"), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the

Issuer pursuant to such Bondholders' Conversion Notice and (y) the Closing Price of the Shares on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10, the amount of such payment shall be deducted from the Default Cure Amount.

The "**Share Price**" means the Closing Price of the Shares on the Conversion Date.

11 Consolidation, amalgamation or merger

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "**Merger**"), unless:

- (i) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer;
- (ii) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom; and
- (iii) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds.

12 Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal and premium) and five years (in the case of interest) from the relevant date for payment.

13 Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14 Meetings of Bondholders, modification, waiver and substitution

14.1 Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50% in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal or interest (including default interest) or premium payable in respect of the Bonds (including the Early Redemption Amount or method of calculation thereof), (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights or the put options specified in Condition 8, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75%, or at any adjourned such meeting not less than 25%, in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

14.2 Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 14.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

14.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. In such event, the Issuer shall give notice to Bondholders in accordance with Condition 17.

14.4 Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

14.5 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, in the Trustee's opinion, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

15 Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16 Further issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the written consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

17 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Such notices shall be deemed to have been given on the later of the date of such publications. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18 Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (i) a Principal Agent, (ii) a Registrar outside the United Kingdom, (iii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require (and such agent in Singapore shall be a Paying, Transfer and Conversion Agent and shall be referred to in these Conditions as the “**Singapore Agent**”) and (iv) a Paying Agent and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive (2003/48/EC) or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 to 27, 2000. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 17 and in any event not less than 45 days’ notice will be given.

So long as the Bonds are listed on the Singapore Stock Exchange and the rules of that exchange so require, in the event that a Global Certificate is exchanged for Certificates in definitive form, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that a Global Certificate is exchanged Certificates in definitive form, announcement of such exchange shall be made through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of Certificates in definitive form, including details of the Singapore agent.

19 Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit.

20 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999.

21 Governing law

The Bonds, the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the courts of England and in relation thereto has appointed Hackwood Secretaries Limited, now at One Silk Street, London EC2Y 8HQ, United Kingdom, as its agent for service of process in England.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Option Plan

The Company has provided various employee stock option and purchases schemes to its employees. During the year ended 31 March 2014 the following schemes were in operation:

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)	ESPS 2014
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII	Scheme XIII
Grant date	23 November 2007	21 May 2009	5 October 2009	30 January 2010	28 July 2010	30 October 2010	21 February 2011	1 April 2010	27 April 2011	31 July 2011	25 May 2012	31 March 2014
Board/ Remuneration Committee approval date	29 January 2007	15 April 2008	16 June 2008	16 June 2008	16 June 2008	16 June 2008	16 June 2008	15 April 2008	16 June 2008	16 June 2008	16 June 2008	14 February 2014
Shareholder approval date	10 March 2007	22 May 2008	13 August 2009	13 August 2009	13 August 2009	13 August 2009	13 August 2009	22 May 2008	13 August 2009	13 August 2009	13 August 2009	27 March 2014
Options granted (Nos)	519,500	1,878,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000	25,000	12,301,100
Exercise Price (Rs.)	192.20	90.50	70.00/87.50	61.80/77.25	46.76/58.45	44.36	47.70	72.70	54.35	54.15	20.85	8.10
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period												
Tranche 1.	23 November 2008	21 May 2010	5 October 2010	30 January 2011	28 July 2011	30 October 2011	21 February 2012	1 April 2011	27 April 2012	1 August 2012	26 May 2013	15 April 2014
Tranche 2.	23 November 2009	21 May 2011	5 October 2011	30 January 2012	28 July 2012	30 October 2012	21 February 2013	1 April 2012	27 April 2013	1 August 2013	26 May 2014	N.A.
Tranche 3.	23 November 2010	—	5 October 2012	30 January 2013	28 July 2013	30 October 2013	21 February 2014	1 April 2013	27 April 2014	1 August 2014	26 May 2015	N.A
Vesting %												
Tranche 1.	50%	75%	50%	50%	50%	50%	50%	33.33%	50%	50%	50%	100%
Tranche 2.	25%	25%	25%	25%	25%	25%	25%	33.33%	25%	25%	25%	N.A
Tranche 3.	25%	—	25%	25%	25%	25%	25%	33.34%	25%	25%	25%	N.A
Exercise period	Till 23 November 2013	Till 21 May 2015	Till 5 October 2014	Till 30 January 2015	Till 28 July 2015	Till 30 October 2015	Till 21 February 2016	Till 31 March 2014	Till 27 April 2016	Till 31 July 2016	Till 25 May 2017	Till 15 April 2014

The movement in the stock options during the year ended 31 March 2014 was as per the table below:

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)	ESPS 2014
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme IX	Scheme X	Scheme XI	Scheme XII	Scheme XIII
Opening balance	225,500	996,000	4,793,654	135,000	100,000	50,000	7,099,500	50,000	40,000	25,000	—
Granted during the year	—	—	—	—	—	—	—	—	—	—	12,301,100
Forfeited/cancelled during the year	—	131,100	1,006,573	100,000	65,000	50,000	1,180,500	50,000	30,000	12,500	—
Exercised during the year	—	—	—	—	—	—	—	—	—	—	—
Expired during the year	225,500	—	—	—	—	—	5,919,000	—	—	—	—
Closing balance	—	865,000	3,787,081	35,000	35,000	—	—	—	10,000	12,500	12,301,100
Exercisable at the end of the year (Included in closing balance of option outstanding)	—	865,000	3,787,081	35,000	35,000	—	—	—	7,500	6,250	—

PRINCIPAL SHAREHOLDERS

The shareholding pattern of the Company as at 16 May 2014 was as follows:

Category of Shareholders	Shareholding as at 16 May 2014	
	No. of Shares	Percentage of Shareholding
Promoters and Promoter Group	1,052,784,456	38.80
Banks, Financial Institutions, Insurance Companies	608,417,706	22.43
Foreign Institutional Investors	157,114,392	5.79
Mutual Funds/UTI	28,702,944	1.06
Private Corporate Bodies	159,487,670	5.88
Indian Public	644,237,860	23.75
NRIs/Foreign Nationals/Foreign Body Corporate/Qualified Foreign Investor	44,255,158	1.63
Clearing Members	8,233,262	0.30
Trusts	2,663,975	0.10
Shares held by Custodians and against which Depository Receipts have been issued.	7,164,712	0.26
Total	2,713,062,135	100.00

Details of the shareholding of the Promoters and the Promoter Group in the Company as at 16 May 2014 are as follows:

Name of the Promoter/entity forming part of Promoter Group	No. of shares held	Percentage of Shareholding
Tulsi R.Tanti	3,905,000	0.14
Gita T.Tanti	64,512,000	2.38
Tulsi R.Tanti as karta of Tulsi Ranchhodbhai HUF	18,000,000	0.66
Tulsi R.Tanti as karta of Ranchhodbhai Ramjibhai HUF.	42,570,000	1.57
Tulsi R.Tanti J/w. Vinod R.Tanti J/w. Jitendra R.Tanti	42,660,000	1.57
Tanti Holdings Private Limited	154,626,093	5.70
Vinod R.Tanti	11,367,000	0.42
Jitendra R.Tanti	12,400,000	0.46
Sangita V.Tanti.	70,182,000	2.59
Lina J.Tanti	70,182,000	2.59
Rambhaben Ukabhai.	3,000	0.00
Vinod R.Tanti as karta of Vinod Ranchhodbhai HUF	18,900,000	0.70
Jitendra R.Tanti as karta of Jitendra Ranchhodbhai HUF	12,723,000	0.47
Pranav T.Tanti	59,067,000	2.18
Nidhi T.Tanti	3,052,000	0.11
Rajan V.Tanti	16,605,000	0.61
Brij J.Tanti	37,117,000	1.37
Trisha J.Tanti.	15,120,000	0.56
Girish R.Tanti	100,019,000	3.69
Suruchi Holdings Private Limited	4,275,000	0.16
Sugati Holdings Private Limited	262,497,868	9.68
Samanvaya Holdings Private Limited.	33,001,495	1.22
TOTAL	1,052,784,456	38.80

DESCRIPTION OF THE SHARES

Set out below is certain information relating to the Company's share capital, including brief summaries of certain provisions of the Memorandum and Articles of Association of the Company, the Companies Act, the Securities Contracts (Regulation) Act, 1956 (the "SCRA") and certain related legislation of India, all as currently in effect relating to the rights attached to the Shares.

Description of the Shares

The following description of capital is subject to and qualified in its entirety by the Memorandum and Articles of Association of the Company and by the provisions of the Companies Act, which governs its affairs, and other applicable provisions of Indian law.

The Company's authorised share capital comprises ₹11,000,000,000/- divided into 5,500,000,000 Shares of ₹2/- each. The Shares are listed on the BSE and the NSE. As at the date of the Information Memorandum, 2,731,994,112 Shares are issued and 2,713,062,135 Shares are paid up.

For the purposes of this section, "Shareholder" means a Shareholder who is registered as a member in the register of members of the Company. The Shares are in registered physical form as well as in non-physical (dematerialised) form.

Dividends

Pursuant to the Companies Act read together with the Companies (Declaration and Payment of Dividend) Rules, 2014, a company may declare dividends only from profits for the year after providing for depreciation, out of profits of previous years after providing for depreciation or from free reserves, after taking into account any loss or depreciation not provided for in previous years. Subject to certain conditions contained in the Companies Act, dividends may also be payable out of moneys provided by the Central Government or State Government for payment of dividends in pursuance of a guarantee given by that government.

Under the Articles of Association, the Shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. The dividend recommended by the Board and approved by the Shareholders at a general meeting is distributed and paid to Shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. In addition, as is permitted by the Articles of Association, the Board may declare and pay interim dividends. No Shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her Shares is outstanding. The Shares to be issued upon the conversion of the Bonds will be fully paid up when delivered.

Certain loan agreements entered into by the Company require it to obtain the consent of lenders before making dividend payments when sums due under those loan agreements remain unpaid by the Company. The Shares issued upon conversion of the Bonds will rank, subject to listing, with the existing Shares of the Company in all respects including entitlement to dividends declared, where the record date falls on or after the Conversion Date.

Bonus shares

In addition to permitting dividends to be paid, the Companies Act permits a company to issue fully-paid up bonus shares to its members out of its free reserves, the securities premium account or the capital redemption reserve account, subject to the conditions prescribed. Bonus shares are distributed to shareholders in the proportion of the number of shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to guidelines issued by SEBI.

The Articles of Association provide that, by a resolution of the Shareholders in a general meeting to resolve, in certain circumstances, that certain amounts standing to the credit of any reserves or the profit and loss account or securities premium account or otherwise available for distribution can be capitalised and distributed by way of bonus shares or by crediting shares not fully paid-up with the whole or part of any sum outstanding. Bonus issues must be issued pro rata to the amount of capital paid up on existing shareholdings.

Consolidation and Subdivision of Shares

The Companies Act and the Articles of Association of the Company permit the Company to split or combine/consolidate the par value of the Shares, provided such split or combination/ consolidation is not made in fractions. Shareholders on record on a fixed record date are entitled to receive a split or combination.

Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. Such increase in the share capital shall be subject to compliance with the provision of the Companies Act and of any other laws that may be in force. New shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as are consistent with provisions of the Companies Act and which the general meeting, resolving upon the creation thereof shall direct and if no direction be given, as the Board of Directors shall determine, and in particular such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting, subject to the conditions prescribed under the Companies Act, 2013.

The Articles of Association provide that the Company may in a general meeting, from time to time, increase its capital by the creation of new Shares, consolidate or sub-divide its share capital, convert all or any of its fully paid-up Shares into stock and reconvert that stock into fully paid-up Shares and cancel Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital.

The Articles of Association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied with the consent in writing of the holders of three-quarters of the issued Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.

General Meetings of Shareholders

There are two types of general meetings of shareholders: (i) annual general meetings, and (ii) extraordinary general meetings.

The Company must hold its annual general meeting each year within 15 months of the previous annual general meeting and in any event not later than six months after the end of each accounting year unless extended by the Registrar of Companies at the request of the Company for any special reason for a period not exceeding three months.

The Board of Directors may in accordance with the Articles of Association convene an extraordinary general meeting of Shareholders when necessary or at the request of a Shareholder or Shareholders holding in the aggregate not less than 10 per cent. of the paid-up capital of the Company (carrying a right to vote on the date of the deposit of the requisition).

Not less than 21 days' clear notice in writing of the general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the members entitled to vote and in case of any other meetings, with the consent of members holding not less than 95 per cent. of such part of the

paid-up Share capital of the Company which gives a right to vote at the meeting. An explanatory statement shall be annexed to every notice of a general meeting. The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act 2013, and no business is to be transacted at the general meeting unless the requisite quorum is present at the commencement of the same. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place.

A listed company intending to pass a resolution relating to matters such as, but not limited to, alteration in the objects clause of the memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Companies Act, giving loans or extending guarantees or providing security in excess of limits prescribed under the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in its Company's general meeting. A notice to all the Shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of dispatch of the notice. Shareholders may exercise their right to vote at general meetings or through postal ballot by voting through e-voting facilities in accordance with the circular dated 17 April 2014 issued by SEBI and the Companies Act, 2013.

Voting Rights

Every member present in person shall have one vote on a show of hands, and on poll, the members present in person or by proxy shall have one vote for each Share held by them, subject to any rights or restrictions for the time being attached to any class of shares.

Voting is by a show of hands, unless a poll is ordered by the chairman of the meeting. In addition, the Central Government may prescribe the class or classes of companies and manner in which a shareholder may exercise his right to vote by the electronic means.

A Shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A Shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of Shareholders. A corporate Shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings, subject to the necessary resolution having been passed by the corporate Shareholder. No proxy shall be entitled to vote on a show of hands.

No member is entitled to be present or to vote on any question either personally or by proxy or as proxy for another member at any general meeting or upon a poll or to be reckoned in a quorum while any call or other sum payable to the Company in respect of any of the Shares of such member shall remain unpaid, and no member is entitled to be present or to vote at any general meeting in respect of any Share that he has acquired by transfer unless his name is entered as the registered holder of the Share in respect of which he claims to vote, but this shall not affect Shares acquired under a testamentary disposition or by succession to an intestate or under an insolvency or liquidation.

Directors

The Articles of Association provide that the number of Directors shall not be less than three and not be more than 12. The Directors shall be appointed by the Company in the general meeting subject to the provisions of the Companies Act and the Articles of Association. The Directors have the power to appoint any other persons as an addition to the Board but any Director so appointed shall hold office only up to the date of the next following annual general meeting of the Company and the total number

of Directors shall not at any time exceed the maximum strength prescribed under the Articles of Association. The Board shall also have the power to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held.

The Board is required to meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

Transfer of shares

An application for registration of a transfer of the Shares may be made either by the transferor or the transferee. Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. A notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered in the ordinary course of post.

The Company is required to comply with the rules, regulations and requirements of the stock exchange or the rules made under the Companies Act, or the rules made under the SCRA, or any other law or rules applicable, relating to the transfer or transmission of Shares or debentures.

Buy-back

The Company may buy back its own Shares or other specified securities subject to the provisions of the Companies Act and any related guidelines issued in connection therewith.

Liquidation Rights

In the event that the Company is wound up, and the assets available for distribution among the members as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital at the commencement of the winding up the excess shall be distributed amongst the members but this shall be without prejudice to the rights of member registered in respect of Shares issued upon special terms and conditions.

INDIAN GOVERNMENT AND OTHER APPROVALS

This Consent Solicitation is being made entirely outside of India. This Information Memorandum may not be distributed directly or indirectly in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each acquirer of the Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not acquiring for, or for the account or benefit of, any such person, and understands that the Bonds may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of such persons, unless the Company may determine otherwise in compliance with applicable law.

Pursuant to the RBI notification dated 31 January 2004 on external commercial borrowings also applicable to FCCBs, read with the Ministry of Finance Circular dated 31 August 2005 and the Master Circular, the RBI has permitted eligible Indian companies to issue FCCBs up to U.S.\$750 million under the automatic route (without the prior approval of the RBI) subject to certain conditions specified therein, including the minimum maturity period, use of proceeds and “all in cost” ceiling.

The RBI has, by its letter dated 13 June 2014, approved the substitution of the Existing Bonds, including accreted amount plus unpaid interest, if any, and default interest, with the Bonds, subject to conditions specified in the letter including receipt of consent from the holders of the Existing Bonds, there being no adverse impact on the lenders participating in the CDR, the Bonds being in compliance with applicable guidelines (including compliance with the all-in-cost ceilings), the regulatory floor price and initial conversion price being in compliance with FCCB Scheme and the authorised dealer is required to ensure that the Company put in place an appropriate option hedging strategy. The RBI has also approved the creation of a springing second lien on the domestic assets of the Company and its identified Indian subsidiaries in favour of the Trustee of the Bonds.

The Company is required to make certain post-issue filings with the RBI. However, as stated elsewhere in this Information Memorandum, under the current regulations of the RBI, any repayment of the Bonds prior to maturity as a result of early redemption pursuant to the Terms and Conditions or acceleration of the Bonds pursuant to the Terms and Conditions upon an event of default would require the prior approval of the RBI. Conversion of the FCCBs into Shares does not require the prior approval of the RBI.

The Company has undertaken to apply to the Indian Stock Exchanges to seek listing and trading of the Shares to be issued on conversion of the Bonds.

TAXATION

The following is a summary of the principal Indian tax consequences for non-resident investors of the Bonds and the Shares. The summary is based on the taxation law and practice in force at the time of this Information Memorandum and is subject to change. Further, it only addresses the tax consequences for persons who are “non-resident” as defined in the Income Tax Act who acquire the Bonds or Shares pursuant to this Information Memorandum and who hold such Bonds or Shares as capital assets, and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the person continues to remain a non-resident when the income by way of dividends and capital gains are earned.

Each acquirer of the Bonds is advised to consult its tax advisers about the particular tax consequences to it of acquiring the Bonds.

The Income Tax Act is the law relating to taxes on income in India. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. The following discussion describes the material Indian income tax and stamp duty consequences of the acquisition, ownership and disposal of the Bonds and the Shares. The summary is based on the provisions of the Income Tax Act, without reference to any double taxation avoidance agreements, and the FCCB Scheme. The rates mentioned below are as per the Finance Bill, 2013. The Finance Bill, 2014 as presented to the Parliament of India, did not propose any amendments to the Income Tax Act but may be amended prior to enactment.

This summary is not intended to constitute a complete analysis of the tax consequences or a legal opinion under Indian law of the acquisition, ownership and sale of the Bonds or Shares by non-resident investors. Potential acquirers should, therefore, consult their own tax advisers on the consequences of such acquisition, ownership and sale including specifically tax consequences under Indian law, the laws of the jurisdiction of their residence and any tax treaty between India and their country of residence or the country of residence of the Overseas Depository Bank, as applicable

Taxation of Interest, Premium and Dividend

In terms of the provisions of Sections 4, 5, 6 and 9 of the Income Tax Act, income received, accruing or arising in India or deemed to have been received or accrued or to have arisen in India is liable to be taxed in India. Pursuant to Section 5 read with Section 9(1)(v)(b) of the Income Tax Act, the amount of interest paid by a resident in India to a non-resident person in respect of funds borrowed and used for the purpose of business outside India or source of income outside India is not liable to tax in India, since no income accrues or arises or is deemed to be accrued or arise in India.

However, if the Income Tax Department of the Indian Government holds that it is liable for tax in India, then in terms of Section 115AC of the Income Tax Act, payment of interest, if any, on the Bonds paid to non-resident holders of the Bonds will be subject to withholding tax at the rate of 10 per cent., plus surcharge, as applicable, on the income tax and education cess on income tax and surcharge at the rate of 3 per cent.. The Income Tax Act requires such tax to be withheld at source. In that case, if tax is required to be deducted or withheld, the Company will gross up the taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable on such amounts subject to the requirement of a permanent account number (PAN) under Section 206AA and other requisite documents as prescribed under Section 90 or 90A(4) and (5) read with rule 21AB of the Income Tax Act.

The redemption premium may be treated as interest and consequently the taxability shall be the same as that of interest as above. However, if the same is characterised as capital gain, then, as per Section 115AC of the Income Tax Act, the premium payable by the Company on redemption of the Bonds will be taxed at the concessional rate of 10 per cent., plus surcharge as applicable and education cess at the rate of 3 per cent. on income tax and surcharge, if the Bond is a long-term capital asset. However, if the Bond is a short-term capital asset, the premium will be taxed at the rate of 40 per cent., plus surcharge as applicable, and education cess on income tax and surcharge at the rate of 3 per cent.. The Company will be under an obligation to deduct tax at source from the premium amount at the applicable rate. Determination of the applicable rate will be subject to the availability of details of holdings.

However, in terms of Section 195(7) of the Income Tax Act, the Central Board of Direct Taxes may notify a specific class of persons or cases, whereby the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the Income Tax Act, shall be required to make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of the sum chargeable, and upon such determination, tax shall be deducted on that proportion of the sum which is so chargeable.

The Company is liable to pay a “dividend distribution tax” currently at the rate of 16.995 per cent. (inclusive of surcharge and education cess) on the total amount distributed as dividend and dividends are not taxable in India in the hands of the recipient.

“Residence” for the purpose of the Income Tax Act

For the purpose of the Income Tax Act, an individual is said to be resident in India if, in any year ended 31 March, the individual: (i) is in India for 182 days or more, or (ii) having been in India for 365 days or more during the four years preceding that year ended 31 March, is in India for 60 days or more in that year ended 31 March. However, in the case of an Indian citizen or a person of Indian origin who is not resident in India and visits India during the Fiscal Year or an Indian citizen who leaves India as member of a crew of an Indian ship or for the purpose of employment outside India during the year ended 31 March, the 60-day period in (ii) above is extended to 182 days.

A company is resident in India in any year ended 31 March if it is an Indian company or if during that year the control and management of its affairs is situated wholly in India.

An Indian company means a company incorporated and registered under the Companies Act and includes a company incorporated and registered under any law relating to companies formerly in force in India or a corporation established by or under a central, state or provincial Act of India or an institution, association or a body declared by the Central Board of Direct Taxes of India to be a company for the purpose of the Income Tax Act; provided that the registered office or, as the case may be, the principal office of the company, corporation, institution, association or body is in India.

A firm or other association of persons, and every other person is regarded as resident in India except where, during the year ended 31 March the control and the management of its affairs is situated wholly outside India.

Taxation of Bonus Shares and Rights Shares

Distribution to non-residents of additional Shares without any consideration (“**Bonus**”) is not liable to Indian tax at the time of issuance. Similarly a right to subscribe for additional shares (“**Rights**”) offered with respect to existing shares is not subject to Indian tax at the time of subscription by the holder. However, on the sale of such bonus shares, the cost of bonus shares will be nil and in the case of rights shares, the cost will be the amount paid by the shareholder to acquire such rights. The shareholders will be subject to capital gains tax liability as per the provisions of the Income Tax Act

on the transfer of rights shares or bonus shares. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

Taxation on Acquisition of Shares upon Conversion of Bonds

The acquisition by a non-resident holder of Shares upon conversion of Bonds does not constitute a taxable event for Indian income tax purposes.

Taxation of Capital Gains

Under Section 47(viia) read with Section 115AC of the Income Tax Act, a transfer of Bonds by a non-resident holder to another non-resident holder outside India is not regarded as a transfer for the purpose of capital gains tax and accordingly the gain, if any, realised on the transfer of Bonds is not subject to Indian capital gains tax and the capital losses, if any, arising from such transfer will not be available for set off or carry forward against other capital gains or any other income. Section 115AC of the Income Tax Act does not specify whether capital gains derived from the sale of Rights to subscribe by a non-resident holder to another non-resident holder outside India will be subject to Indian capital gains tax.

Capital gains arising to the non-resident on the transfer of Shares (whether in India or outside India to a non-resident) will be liable for income tax under the provision of Income Tax Act. Any gain realised to a non-resident on the sale of the listed shares held for more than 12 months (long-term gain) is not subject to Indian capital gains tax if the STT is paid on the transaction. The STT is levied on and collected by a domestic stock exchange on which equity shares are sold, in the case of a contract for delivery or transfer of the shares, at the rate of 0.10 per cent. from both the seller and the purchaser on the total price at which the equity shares are sold. No surcharge or education cess is payable on STT.

Any long-term gain realised on the sale of shares on which no STT has been paid will be subject to capital gains tax at the rate of 20 per cent., plus surcharge as applicable and education cess at the rate of 3 per cent on income tax and surcharge. Capital gain realised in respect of shares held for 12 months or less (short-term gain) on which no STT has been paid is subject to tax at normal rates of income tax applicable to non-residents under the provisions of the Income Tax Act at the rate of 40 per cent., plus surcharge as applicable and an education cess at the rate of 3 per cent. on the income tax and surcharge. In the event that STT is paid, short-term gain is subject to tax at the rate of 15 per cent., plus surcharge as applicable and education cess at the rate of 3 per cent. on income tax and surcharge. The actual rate of tax on short-term gains depends on a number of factors, including the legal status of the non-resident holder and the type of income chargeable in India.

Capital gains arising to non-resident investors on the transfer of the shares in India will be subject to a withholding tax at applicable rates. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

There is uncertainty under Indian law about the tax regime applicable to FIIs that hold shares. FIIs are urged to consult with their Indian legal and tax advisers. Registered FIIs are generally subject to tax under Section 115AD of the Income Tax Act. In the case of joint holders of bonds, the stated benefit is available only to the first named holder.

Tax Treaties

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. This will be applicable to all the existing provisions of the Income Tax Act set out in this section. During the period of fiduciary ownership of shares in the hands of the Overseas Depository Bank, the provisions of the Double Taxation Avoidance Agreement entered into by the Indian Government with the country of residence of the Overseas Depository Bank will be applicable in the matter of taxation of capital gains on shares. However, for availing treaty benefit, certain documents as prescribed by Sections 90 and 90A, as well as PAN as required under Section 206AA of the Act, is to be provided to the Company.

Currently, dividend income is not subject to tax in India in the hands of the holder of the shares. If any shares are held by a non-resident investor following withdrawal thereof from the depository facility under the Deposit Agreement, the provisions of any double taxation treaty entered into by India with the country of residence of such non-resident investor will be applicable to taxation of any capital gains.

Taxation on buy-back of Shares

If the Shares held by the investor are purchased by the Company from the investor, the investor will be liable to income tax in respect of the capital gains arising on such buy-back as per the provisions of the Income Tax Act. Capital gains tax arising therefrom will be withheld at source before repatriation of sale proceeds from India. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

Taxation on Payment on Liquidation or Reduction of Capital

If any distribution is made by the Company to the Shareholders on its liquidation or on the reduction of capital, to the extent to which the distribution is attributable to the accumulated profits, the same will be treated as deemed dividend income in the hands of the Shareholders and will be subject to tax under the Income Tax Act. However, tax on such deemed dividend will be paid by the Company. Any gains accruing to the Shareholders on liquidation or reduction of capital, in excess of such accumulated profits, will be liable to income tax as capital gains in the hands of the Shareholders as per the provisions of the Income Tax Act.

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Indian Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

Stamp Duty

Under Indian law, the issue and transfer of Shares upon conversion of the Bonds will not be liable to Indian stamp duty, as they are issued outside India. Purchasers of Shares who seek to register such Shares on the share register of the Company are required to pay Indian stamp duty at the rate of ₹0.25 for every ₹100 or part thereof of the market value of such Shares on the trade date, and such stamp duty is customarily borne by the transferee, that is, the purchaser. In order to register a transfer of Shares in physical form with the Company, it is necessary to present a stamped deed of transfer. An acquisition of Shares in physical form from the Depository in exchange for such Shares will not render

an investor liable to Indian stamp duty but the Company will be required to pay stamp duty at the applicable rate on the share certificate. However, since the Shares are compulsorily deliverable in dematerialised form (except for trades of up to 500 Shares which may be delivered in physical form), no stamp duty is payable on the acquisition or transfer of Shares in dematerialised form. There is no stamp duty liability on sale or transfer of Bonds outside India.

Wealth Tax/Gift Tax/Estate Duty

At present there are no taxes on wealth, gifts and inheritances, which apply to the Bonds and the Shares issuable upon conversion of the Bonds.

Tax Credit

A non-resident investor would be entitled to tax credit with respect to any withholding tax paid by the Company or any other person for its account in accordance with the laws of the applicable jurisdiction.

Disclosure of Information as to Subscribers to the Issue

In terms of Section 94A of the Income Tax Act, the Indian Government has the power to notify any country or territory outside India, having regard to the lack of effective exchange of information by it with India, as a notified jurisdictional area. In the case of Bondholders belonging to such notified jurisdictional areas certain compliance requirements including as below, shall be applicable:

- (a) transfer pricing regulations shall apply to any transaction where one of the parties to the transaction is a person located in a notified jurisdictional area;
- (b) deduction in respect of any payment made to any financial institution shall be allowed only if the assessee authorises the income tax authority to seek relevant information from the said financial institution;
- (c) deduction in respect of any other expenditure or allowance (including depreciation) arising from a transaction with a person located in a notified jurisdictional area shall be allowed only if he maintains such documents and information as may be prescribed;
- (d) the onus is on the assessee to satisfactorily explain the source of any sum received from a person located in the notified jurisdictional area and in case of his failure to do so, the amount shall be deemed to be the income of the assessee; and
- (e) any payment made to a person located in the notified jurisdictional area shall be liable to deduction of tax at the higher of the rates specified in the relevant provision of the Income Tax Act or rate or rates in force or a rate of 30 per cent..

In view of the aforesaid, each Bondholder shall be required to furnish such information and explanation which may be deemed necessary to the Company from time to time.

Direct Taxes Code

The Indian Government has proposed to replace the Income Tax Act with a new Direct Taxes Code (“DTC”). To this end, the Indian Government has introduced a Direct Taxes Code Bill, 2013 in the Indian Parliament. If enacted in the present form, the DTC could possibly have a significant impact on the Indian taxation regime.

DISTRIBUTION RESTRICTIONS

General

The distribution of this Information Memorandum or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Information Memorandum or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Information Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken in any jurisdiction by the Consent Solicitation Agent or the Company that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Company or the Consent Solicitation Agent, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Company or the Consent Solicitation Agent.

United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Consent Solicitation Agent has represented and warranted that it has not offered or sold, and agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Shares. Terms used in this paragraph have the meaning given to them by Regulation S.

United Kingdom

The Consent Solicitation Agent has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

The Consent Solicitation Agent has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (“**Companies Ordinance**”) or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong (who will not, in contravention of, *inter alia*, the Companies Ordinance, sell, offer or market the Bonds to persons who are public in Hong Kong, or who are not within the definition of “professional investors”) or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

The Consent Solicitation Agent has acknowledged that the Information Memorandum will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Consent Solicitation Agent has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;

- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The Consent Solicitation Agent has acknowledged that the Bonds have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, the Consent Solicitation Agent represents and agrees that the Bonds which it subscribes will be subscribed by it as principal and that, in connection with the offering of the Bonds, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company or the Consent Solicitation Agent or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchanges Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the Indian Government acting through the MoF (Capital Markets Division) pursuant to *inter alia* the SCRA, the SCRR, the SEBI Act, the Depositories Act, the Companies Act, and various rules and regulations framed thereunder. The SCRR, along with the rules, by-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members.

On 20 June 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which regulate, *inter alia*, the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SEBI Act grants SEBI powers to protect the interests of investors in securities and to promote the development of, and to regulate the business of, Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading, and regulate substantial acquisitions of shares and takeovers of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI and the listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend trading of or dealings in a listed security for non compliance or breach of company's obligations under such listing agreement or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25 per cent.. In this regard, SEBI has amended the listing agreement and has provided several mechanisms to comply with this requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Indian Government under the SCRA. As at 30 May 2014, the one month average daily traded value of the capital market segment was approximately ₹43.87 billion. As at 16 June 2014 there were 3,069 scrips traded on the BSE and the estimated market capitalisation of stocks trading on the BSE as at 16 June 2014 was approximately ₹88,090.94 billion. (Source: www.bseindia.com)

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on 22 April 1996 and the Mid-cap Index on 1 January 1996. The securities in the NSE 50 Index are highly liquid.

On 30 May 2014, the average daily traded value of the capital market segment was approximately ₹207.63 billion. As at 30 May 2014, there were 1,692 listed companies trading on the NSE. As at 30 May 2014, the estimated market capitalisation of stock trading on the NSE was approximately ₹82,513.46 billion. (Source: www.nseindia.com)

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or “**BOLT**”) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or “**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Since the Company is an Indian listed company, the provisions of the Takeover Regulations apply to the Company.

Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The SEBI Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of “insider” includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, which provide, *inter alia*, for the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February, 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

General

With effect from 1 June 2000, foreign investments in Indian securities issued by Indian companies are regulated by the FEMA, and the rules, regulations, notifications and press notes issued thereunder. A person resident outside India is permitted to subscribe to, acquire or transfer any security of an Indian company or any other security to an Indian resident only in accordance with the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI. An Indian entity is permitted to issue securities to a person resident outside India or record in its books any transfer of securities from or to such person only in the manner specified in the FEMA and the rules and regulations made thereunder, or as permitted by the RBI or the Indian government through the FIPB.

The RBI issued the FEM Transfer Regulations to regulate the issue and transfer of Indian securities by persons resident outside India.

Foreign Direct Investment (“FDI”)

In 1991, the Indian Government formulated the Industrial Policy, which, as amended, contains the policies relating to FDI in Indian companies engaged in business in various sectors of Indian industry. The Indian Government, pursuant to its liberalisation policy, set up the FIPB to regulate, together with the RBI, FDI into various sectors/activities in India. The FEM Transfer Regulations, the Consolidated FDI Policy and the Master Circular on Foreign Investments, effective from 1 July 2013, in India set out the limits for FDI in each sector/activity subject to applicable laws, regulations and other conditions.

Indirect Foreign Investment

The FEM Transfer Regulations and the Consolidated FDI Policy prescribe guidelines for the calculation of total foreign investment in an Indian company and in this regard investments by FIIs, FPIs, QFIs, NRIs, and investments made by way of ADRs, GDRs, FCCBs, fully, compulsorily and mandatorily convertible preference shares and fully, compulsorily and mandatorily convertible debentures together with FDI are required to be taken together for calculating foreign investment in a company.

Pricing of FCCBs

The MoF has pursuant to a notification dated 27 November 2008, notified that the pricing for FCCBs issues should not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date. For the purpose of computation of the price, the “relevant date” means the date of the meeting in which the board of the company or the committee of directors duly authorised by the board of the company decides to open the proposed issue.

Investment by FPIs, FIIs and QFIs

SEBI has recently notified the SEBI FPI Regulations which has merged FIIs, sub-accounts and QFIs under a single investor class termed as “FPIs”. In accordance with the terms of the SEBI FPI Regulations, purchase of equity shares of each company by a single FPI or an investor group shall be below 10 per cent. of the post issue paid up capital of the company. Further, in terms of the FEM Transfer Regulations, the total holding of each FPI shall be below 10 per cent. of the total paid-up equity share capital of the company and the aggregate holding of all FPIs shall be below 24 per cent. of the paid-up equity share capital of the company. The aggregate investment limit of 24 per cent. may be increased up to the sectoral cap by way of a resolution passed by the board of directors of the company followed by a special resolution passed by the shareholders of the company.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Additionally, in terms of the SEBI FPI Regulations, an FII or sub-account may, subject to payment of specified conversion fees, continue to buy, sell or otherwise deal in securities, subject to the SEBI FPI Regulations, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. An FPI may purchase and sell shares and convertible debentures of an Indian company through registered brokers on recognised stock exchanges in India. It is also permitted to purchase such shares or convertible debentures subject to prescribed limits, of an Indian company either through:

- (a) a public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents; and
- (b) a private placement, where the price of the shares to be issued is not less than the price arrived at in terms of the SEBI guidelines or not less than the fair price worked out as per the discounted free cash flow method duly certified by a SEBI registered merchant banker or chartered accountant, as applicable.

An FII or SEBI approved sub-accounts of FIIs shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI may also continue to buy, sell or otherwise deal in securities, subject to the SEBI FPI Regulations, for a period of one year from the date of commencement of the SEBI FPI Regulations or until it obtains a certificate of registration as FPI, whichever is earlier.

Portfolio Investment by Non-Resident Indians

Under the portfolio investment scheme, each NRI can purchase up to five per cent. of the paid-up value of the share capital issued by an Indian company (both on a re-patriation and non re-patriation basis), subject to the condition that the aggregate paid-up value of shares of an Indian company purchased by all NRIs through portfolio investments cannot exceed 10 per cent. (both on a re-patriation and non re-patriation basis). The 10 per cent. limit may be raised to 24 per cent. of the paid-up share capital (both on a re-patriation and non re-patriation basis) if a special resolution is passed by the shareholders of the company. In addition to portfolio investments in Indian companies, NRIs may also make foreign direct investments in Indian companies under the FDI route.

Transfer of shares and convertible debentures of an Indian company by a person resident outside India

Until recently, the sale of shares of an Indian company from a person resident outside India to a resident required RBI approval, unless the sale was made on a stock exchange through a registered stockbroker at the market price.

RBI has pursuant to its circular dated 4 November 2011 liberalised the policy and procedures for the transfer of shares from non-resident to residents and *vice versa*. Pursuant to the said circular, RBI approval will not be required for transfer of shares between non-resident and resident if (i) the original and resultant investment is in compliance with the FDI policy and provisions of the FEMA; (ii) the pricing is in compliance with the applicable the SEBI regulations/guidelines; and (iii) a certificate from chartered accountant confirming compliance with the SEBI regulations/guidelines is attached to the form FC-TRS to be filed with the authorised dealer.

A person resident outside India (other than NRI and erstwhile OCB) may transfer, by way of sale or gift, the shares or convertible debentures held by him to any other non-resident including a Non-Resident Indian, without the prior approval of the RBI. Reporting of transfer of shares between residents and non-residents is to be made in Form FC-TRS. The FC-TRS should be submitted to the

AD Category-I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the form FC-TRS within the given timeframe would be on the transferor/ transferee, resident in India or the investee company in specified cases. However, in certain cases of transfers, the prior permission of the Indian Government or the RBI will be required.

Further, an NRI may, by way of sale or gift, transfer the shares or convertible debentures held by him to another NRI without the prior approval of the RBI. A person resident outside India may transfer any security held by him to a person resident in India by way of gift, or may sell the same on a stock exchange in India through a stock broker registered with stock exchange or a merchant banker registered with SEBI.

Issue of Foreign Currency Convertible Bonds (“FCCBs”)

The MoF, through the FCCB Scheme and the Master Circular, has allowed Indian companies to issue FCCBs. The FCCB Scheme has been amended from time to time by the Ministry of Finance, and certain relaxations in the FCCB Scheme have also been notified by the RBI.

The relevant regulations provide that an Indian company may issue FCCBs to recognised lenders, which include, *inter alia*, international banks, international capital markets and multilateral financial institutions subject to the approval of the RBI in certain cases. Any Indian company issuing FCCBs is required to comply with certain reporting requirements prescribed by the RBI. The Master Circular provides the following:

- An eligible Indian company can raise funds up to U.S.\$750 million under the automatic route in one financial year for permissible end use and above U.S.\$750 million with the approval of the RBI.
- FCCBs up to U.S.\$20 million are required to have a minimum average maturity period of three years and FCCBs above U.S.\$20 million and up to U.S.\$750 million are required to have a minimum average maturity of five years.
- the issue of FCCBs shall be subject to the foreign direct investment sectoral caps prescribed by the Ministry of Finance;
- FCCBs cannot be issued with attached warrants;
- the “all in cost” ceiling for FCCBs having a minimum average maturity period of three years up to five years should not exceed six month LIBOR for the respective currency borrowing or the applicable benchmark rate plus 350 basis points, and in the case of FCCBs having a minimum average maturity period of more than five years, should not exceed six month LIBOR for the respective currency borrowing or the applicable benchmark rate plus 500 basis points;
- FCCB proceeds must be used, *inter alia*, for investment purposes (such as the import of capital goods, new projects, modernisation/expansion of existing production units) in the real sector, industrial sector, including small and medium enterprises, and infrastructure sector. Utilisation of the FCCB proceeds is also permitted in certain other instances mentioned in the Master Circular. For any use of proceeds, other than those set out above or as specified under the automatic route of the Master Circular, the prior permission of the RBI would be required;
- FCCB proceeds are not permitted to be used, *inter alia*, for general corporate purposes, including working capital purposes (other than in case of the approval route for companies and subject to prescribed conditions);

- FCCB proceeds may not be used for on-lending (other than the infrastructure sector where holding companies/core investment companies could raise external commercial borrowings, under the approval or automatic route, as the case may be, for project use in special purpose vehicles subject to prescribed conditions) and investment in capital markets and real estate (other than permitted development of integrated townships), or acquiring a company (or part thereof) in India by a corporate;
- an Indian company which is not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by the SEBI will not be eligible to issue FCCBs; and

OCBs (as defined under FEMA) and entities that are prohibited from buying, selling or dealing in securities by the SEBI are not eligible to subscribe to FCCBs.

LEGAL PROCEEDINGS

Except as described below, the Company and its Subsidiaries is not involved in any material legal proceedings, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, properties, financial condition or operations of the Company. The Company believes that the number of proceedings in which the Company is involved is not unusual for a company of its size in the context of doing business in India.

I. Litigation in India

1. Alltronix has filed a petition before the Gujarat High Court under Sections 433 and 434 of the Companies Act, 1956 for winding up of the Company. The petitioner has alleged that the Company has unpaid dues of ₹43,466,285.06 along with interest being amounts due under purchase orders for supply of lugs and associated parts of wind operated electricity generators. The petitioner has sought that the Company be wound up under the directions of the court and an official liquidator or some fit and proper person be appointed as a liquidator of all the business, assets, properties and books of accounts of the Company. The petitioner has also sought that pending disposal of the petition the official liquidator or some other fit and proper person be appointed as a provisional liquidator of the Company. The matter is currently pending.
2. Galpetri Tech S. R. L. has filed a petition before the Gujarat High Court under Sections 433, 434 and 439 of the Companies Act, 1956 for winding of the Company. The petitioner has claimed that the Company has unpaid dues of Euro 517,980 and interest thereon being amounts due under purchase orders for slewing rings/bearing. The petitioner has sought that the Company be wound up under the directions of the court and an official liquidator be appointed to take charge of the assets, books of account and properties of the Company. The petitioner has also sought that pending disposal of the petition the official liquidator or some other fit and proper person be appointed as a provisional liquidator of the Company. The Company has filed an affidavit in reply disputing the claim and contends that the petition is liable to be rejected. The matter is currently pending.
3. Cytec Process Materials (Keighley) Limited has filed a petition before the Gujarat High Court under Sections 433, 434 and 439 of the Companies Act, 1956 for winding up of Company. The petitioner has alleged that the Company has unpaid dues of Euros 415,296.04 along with interest being amounts due under purchase orders for supply of materials used in manufacture of rotor blade. The petitioner has sought that the Company be wound up and an official liquidator be appointed. The petitioner has also sought that pending disposal of the petition the official liquidator be appointed as a provisional liquidator. The matter is currently pending.
4. Kirby Building Systems India Limited has filed a petition before the Gujarat High Court under Sections 433, 434 and 439 of the Companies Act, 1956 for winding up of SE Forge, a wholly owned Subsidiary of the Company. The petitioner has claimed that SE Forge Limited has unpaid dues of ₹112,606,207 being amount due to petitioner for carrying out work for supply and erection of pre-engineered steel building at SE Forge's plant. The petitioner has sought that SE Forge be wound up and an official liquidator be appointed. The parties have filed consent terms with the Gujarat High Court whereby the parties have agreed for the petition to be settled at ₹62,868,758 to be paid by SE Forge Limited in 18 monthly instalments and the petitioner is to withdraw the petition. The matter is currently pending.
5. Gannon Dunkerly and Company Limited has filed a petition before the Gujarat High Court under Sections 433, 434 and 439 of the Companies Act, 1956 for winding up of SE Forge. The petitioner has claimed that SE Forge Limited has unpaid dues of ₹36,464,983 plus interest being amount due to petitioner for non payment of civil works in SE Forge's foundry and machining unit. The petitioner has sought that SE Forge be wound up and an official liquidator be appointed. The Company has filed an affidavit in reply disputing the claim and contends that the petition is liable to be rejected. The matter is currently pending.

6. The Indian Wind Energy Association (“**InWEA**”) has filed a petition before the Tamil Nadu Electricity Regulatory Commission (“**State Commission**”) challenging *inter alia* the legality of the infrastructure development cost (the “**IDC**”) being levied by the Tamil Nadu State Electricity Board (the “**TNEB**”) for infrastructure in relation to evacuation facilities. The State Commission by an order in 2008 ruled in favour of the InWEA stating that TNEB has no jurisdiction to issue circular imposing IDC and that TNEB had not approached the State Commission for levy of IDC. The TNEB filed an appeal against this order before the Appellate Tribunal for Electricity (“**Tribunal**”). The Tribunal by an order dated 8 January 2010 ruled in favour of TNEB. The InWEA filed a civil appeal before the Supreme Court against the order of the Tribunal. The matter is currently pending. The Company has provided an aggregate of ₹648 million as part of its contingent liabilities.
7. Shah Promoters and Developers (“**SPD**”) has initiated two arbitration proceedings against the Company and others for shortfall in generation of power and losses due to late commissioning of their wind turbines at Sangli and Dhule district in Maharashtra. SPD had claimed ₹94,305,665 with interest and ₹75,494,081 with interest in arbitration proceedings as compensation due to losses suffered in relation to the wind turbines at Sangli and Dhule respectively. The Company has challenged both claims. The matter is currently pending.
8. Kandhari Beverages Private Limited (“**KBPL**”) has initiated an arbitration proceeding against the Company for recovery of certain amounts. The Company supplied wind turbine generators to KBPL and KBPL has sought recovery of *inter alia* ₹47,856,301 on account of a shortfall in minimum guaranteed generation during the period from 1 May 2006 to 30 April 2008, ₹4,562,466 for a delay in commissioning, a claim for loss of profit, interest and damages of ₹500 million. KBPL has also sought payments on account of shortfall of minimum guaranteed generation for the periods May 2008 to March 2010 and April 2010 to March 2012. KBPL is seeking to recover ₹43,340,076 and ₹52,544,698 being amounts due towards loss suffered on account of shortfall of minimum guaranteed generation for the period from May 2008 to March 2010 and April 2010 to March 2012, respectively and loss of profit and damages of ₹ 500 million for each of the aforementioned periods. The Company has challenged the matter and prayed that the claim be dismissed. The matter is currently pending.
9. Godrej Industries Limited and Godrej Agrovet Limited (the “**Claimants**”) have initiated arbitration proceedings against the Company and others claiming a sum of ₹264,736,639 on account of shortfall in generation of power, ₹212,155,384 towards shortfall in generation of power and interest thereon. The Company has disputed the claim on the ground of non maintainability in light of the contractual terms agreed between the parties. The Company has filed a written statement and sought the dismissal of the claim. The matter is currently pending.

II. **Litigation outside India**

1. Trinity Structural Towers, Inc. (“**Trinity**”) has filed a suit before the District Court of Dallas County, Texas against SWECO, an indirectly owned Subsidiary of the Company. Trinity has entered into a tower supply agreement and has claimed that the alleged failure of SWECO to purchase the number of towers as agreed in terms of the aforementioned agreement constitutes breach of contract. U.S.\$164 million. Trinity has claimed damages of U.S.\$164 million. In April 2012, Trinity filed an amended petition to include the Company as a party to the suit. The matter is currently at the document discovery stage.
2. During Fiscal Year 2014, Suzlon Energia Elocia do Brazil Ltda, one of the Company’s Subsidiaries, received notice from tax authorities in Brazil in relation to alleged tax violations (including penalties thereon) aggregating approximately U.S.\$154.8 million in relation to fiscal years 2008, 2009 and 2010. The violation allegedly arose as a result of a revenue recognition method followed by the company. The company is yet to file responses to the violation notices in the matter.

GENERAL INFORMATION

1. The Company is incorporated in India under the Corporate Identity Number (CIN) — L40100GJ1995PLC025447. The Company's registered office is "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad 380 009, India and its corporate office is One Earth, Hadapsar, Pune 411 028, India.
2. The issue of the Bonds and the Shares issuable on conversion of the Bonds was authorised by Shareholders of the Company on 20 September 2013. The proposed restructuring of the Existing Bonds including the issuance of the Bonds was approved by a resolution of the Board of Directors passed on 3 May 2014. The Floor Price for the conversion of the Bonds is ₹14.05.
3. Application has been made to each of the NSE and the BSE to list the Shares issuable upon conversion of the Bonds and application shall be made for the listing of and quotation for the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000, or its equivalent in other currencies, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption in the event that a Global Certificate is exchanged for Certificates in definitive form. In addition, in the event that a Global Certificate is exchanged for Certificates in definitive form, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.
4. Copies of the Memorandum and Articles of Association and copies of the Trust Deed and the Agency Agreement will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) at the Company's registered office and at the specified office of the Trustee.
5. The Company's audited consolidated financial statements as at and for the Fiscal Years 2013 and 2014 have been jointly audited by SNK & Co., Chartered Accountants and S.R. Batliboi & Co. LLP, Chartered Accountants as stated in their joint auditors' reports appearing herein. Copies in English of the Company's audited consolidated financial statements as at and for the Fiscal Years 2013 and 2014, prepared in accordance with Indian GAAP, may be obtained during usual business hours at the office of the Principal Agent, subject to provision of such financial statements by the Company to the Principal Agent.
6. The Company has obtained all consents, approvals and authorisations in India required in connection with the issue of the Bonds.
7. Other than as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Company since 31 March 2014 and no material adverse change in the financial position or prospects of the Company since 31 March 2014.

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Notes:

- (1) The financial statements attached to the Auditor's Reports are expressed in Indian Rupees crores.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Suzlon Energy Limited

1. We, SNK & Co. and S. R. BATLIBOI & Co. LLP, have audited the accompanying consolidated financial statements of Suzlon Energy Limited (the "Company") and its subsidiaries as described in Note 2.2 (together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a Summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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Panchshil Tech Park
Yerwada
Pune 411 006

Emphasis of Matter

5. We draw attention to Note 4 of the accompanying consolidated financial statements which indicates that the Company has defaulted in redemption of foreign currency convertible bonds ('FCCBs'), has overdue amounts payable to vendors and has been facing liquidity issues. These conditions alongwith other matters as set forth in Note 4, indicate the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.
6. We draw attention to Note 5 to Note 7 of the consolidated financial statements in respect of various contingencies and litigations, the outcome of which is materially uncertain and cannot be determined currently. Our opinion is not qualified in respect of these matters.

Other Matters

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 12,981.65 Crore as at March 31, 2014, total revenue of Rs. 16,746.63 Crore and total cash flows of Rs. 580.87 Crore for year ended March 31, 2014. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.
8. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 669.06 Crore as at March 31, 2014, total revenue of Rs. 250.18 Crore and total cash flows of Rs. 9.75 Crore for year ended March 31, 2014. These financial statements and other financial information have been certified by Management and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on such Management certified financial statements. Our opinion is not qualified in respect of this matter.
9. We did not audit the financial statements of a joint venture included in the consolidated financial statements, Group's share of whose financial statements reflect total assets of Rs. 30.47 Crore as at March 31, 2014, total revenue of Rs. 0.69 Crore and total cash flows of Rs. 0.43 Crore for year ended March 31, 2014. These financial statements and other financial information have been certified by Management and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on such Management certified financial statements. Our opinion is not qualified in respect of this matter.

For SNK & CO.
Chartered Accountants
Firm registration number: 109176W

For S. R. BATLIBOI & Co. LLP
Chartered Accountants
Firm registration number: 301003E

per Sanjay Kapadia
Partner
Membership No.: 38292

per Paul Alvares
Partner
Membership No.: 105754

Place: Pune
Date: May 30, 2014

Place: Pune
Date: May 30, 2014

Suzlon Energy Limited
Consolidated balance sheet as at March 31, 2014
All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
Equity and Liabilities			
Shareholders' funds			
(i) Share capital	9 (i)	497.63	355.47
(ii) Reserves and surplus	10	(1,041.48)	(35.06)
		(543.85)	320.41
Share application money, pending allotment	9 (ii)	162.02	581.67
Preference shares issued by subsidiary company		5.94	5.94
Minority Interest		58.35	78.11
Non-current liabilities			
(i) Long-term borrowings	11	11,640.92	10,857.66
(ii) Deferred tax liabilities (net)	19	792.33	558.50
(iii) Other long-term liabilities	12	80.64	109.27
(iv) Long-term provisions	13	274.07	264.72
		12,787.96	11,790.15
Current liabilities			
(i) Short-term borrowings	14	3,523.35	2,834.69
(ii) Trade payables		5,284.73	4,650.94
(iii) Other current liabilities	15	6,624.60	7,280.72
(iv) Due to customers	23	210.87	200.15
(v) Short-term provisions	13	2,200.82	1,473.28
		17,844.37	16,439.78
		30,314.79	29,216.06
Assets			
Non-current assets			
(i) Fixed assets			
(a) Tangible assets	16	3,278.64	3,431.09
(b) Intangible assets	16	10,235.88	8,644.59
(c) Capital work-in-progress		433.41	306.27
(ii) Investments	17	3.72	35.69
(iii) Deferred tax assets (net)	19	54.28	9.94
(iv) Loans and advances	18	518.05	672.22
(v) Trade receivables	20.1	0.15	713.09
(v) Other non-current assets	20.2	320.47	523.13
		14,844.60	14,336.02
Current assets			
(i) Investments	17	702.96	-
(ii) Inventories	21	4,032.90	5,263.83
(iii) Trade receivables	20.1	2,686.85	2,732.36
(iv) Cash and bank balance	22	2,448.01	1,959.12
(v) Loans and advances	18	1,844.97	1,548.88
(vi) Due from customers	23	3,258.54	2,936.41
(vii) Other current assets	20.2	495.96	439.44
		15,470.19	14,880.04
		30,314.79	29,216.06
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For SNK & Co.
Chartered Accountants
ICAI Firm Registration number: 109176W

For S.R.Batilbhai & Co. LLP
Chartered Accountants
ICAI Firm Registration number: 301003E

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

per Sanjay Kapadia
Partner
Membership No. : 38292

per Paul Alvares
Partner
Membership No. : 105754

Tulsi R.Tanti
Chairman and Managing Director
DIN:- 00002283

Vinod R.Tanti
Director
DIN:- 00002266

Amit Agarwal
Chief Financial Officer
Membership No. : 056880

Hemal A.Kanuga
Company Secretary
Membership No. : F4126

Place : Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Suzlon Energy Limited
Statement of consolidated profit and loss for the year ended March 31, 2014
All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	March 31, 2014	March 31, 2013
Income			
Revenue from operations	23	20,211.58	18,743.14
Other operating income		191.28	170.39
		20,402.86	18,913.53
Expenses			
Cost of raw materials and components consumed	24	13,375.84	14,136.60
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	1,059.57	(496.99)
Employee benefits expense	25	2,231.37	2,132.70
Other expenses	26	3,825.08	4,437.71
Prior period expense	13	52.09	-
		20,543.95	20,210.02
Earnings/ (loss) before interest, depreciation, tax and exceptional items (EBITDA)		(141.09)	(1,296.49)
Depreciation / amortisation	16	776.88	740.47
Earnings/ (loss) before interest, tax and exceptional items (EBIT)		(917.97)	(2,036.96)
Finance costs	27	2,069.96	1,854.85
Finance income	28	71.48	152.16
Earnings/ (loss) before tax before exceptional items		(2,916.45)	(3,739.65)
Less : Exceptional items	29	487.30	642.98
Profit/ (loss) before tax		(3,403.75)	(4,382.63)
Loss from continuing operations before tax		(3,260.61)	(4,218.68)
Tax expense	30	144.43	349.32
Profit / (Loss) from continuing operations after tax		(3,405.04)	(4,568.00)
Share of loss of minority		28.21	7.99
Net profit / (loss) from continuing operations	(A)	(3,376.83)	(4,560.01)
Loss from discontinuing operations before tax	31	(143.14)	(163.95)
Tax expense		-	-
Profit / (Loss) from discontinuing operations after tax	(B)	(143.14)	(163.95)
Net profit/ (loss) for the year	C = (A)+(B)	(3,519.97)	(4,723.96)
Earnings/ (loss) per equity share:			
- Basic and diluted [Nominal value of share Rs 2 (Rs 2)]	32	(15.71)	(26.58)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For SNK & Co.
Chartered Accountants
ICAI Firm Registration number: 109176W

For S.R.Batliloi & Co. LLP
Chartered Accountants
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For and on behalf of the Board of Directors of
Suzlon Energy Limited

per Sanjay Kapadia
Partner
Membership No. : 38292

per Paul Alvares
Partner
Membership No. : 105754

Tulsi R.Tanti
Chairman and Managing Director
DIN:- 00002283

Vinod R.Tanti
Director
DIN:- 00002266

Amit Agarwal
Chief Financial Officer
Membership No. : 056880

Hemal A.Kanuga
Company Secretary
Membership No. : F4126

Place : Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Suzlon Energy Limited
Consolidated cash flow statement for the year ended March 31, 2014
All amounts in Rupees Crore unless otherwise stated

Particulars	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Loss before tax and exceptional items	(2,916.45)	(3,739.65)
Adjustments for:		
Depreciation / amortisation	776.88	740.47
Loss on assets sold / discarded, net	26.63	23.17
Loss on sale of investments, net	-	-
Interest income	(71.48)	(152.14)
Interest expenses	1,792.47	1,518.36
Dividend income	-	(0.02)
Compensation in lieu of bank sacrifice	45.66	22.83
Amortization of ancillary borrowing costs	72.42	60.92
Operation, maintenance and warranty expenditure	448.27	258.19
Prior period expense	52.09	-
Liquidated damages expenditure	272.21	192.17
Performance guarantee expenditure	53.05	101.26
Bad debts written off	1.37	6.49
Provision for doubtful debts and advances	67.31	143.84
Adjustments for consolidation*	365.88	8.66
Exchange differences, net	(60.52)	348.11
Employee stock option scheme	(4.55)	1.59
Wealth-tax	-	0.02
Operating profit / (loss) before working capital changes	921.24	(465.73)
Movements in working capital		
(Increase) / decrease in trade receivables and due from customers	(743.92)	1,312.54
Decrease / (increase) in inventories	1,263.39	315.97
Decrease / (increase) in loans and advances and other assets	(299.02)	(193.77)
(Decrease) / increase in trade payables, current liabilities and provisions	(591.64)	(431.18)
Cash used in operating activities	550.05	537.83
Direct taxes paid (net of refunds)	17.81	17.86
Net cash generated from operating activities (A)	567.86	555.69
Cash flow from investing activities		
Payment for purchase of fixed assets including capital work in progress and capital advances	(690.53)	(689.99)
Sale of fixed assets	33.83	41.86
Proceeds on sale of stake in subsidiary	116.55	173.42
Purchase of investments	(50.87)	-
Sale / redemption of investments	-	63.97
Inter-corporate deposits granted	57.68	(35.78)
Interest received	60.45	117.35
Dividend received	-	0.02
Net cash used in from investing activities (B)	(472.89)	(329.15)
Cash flow from financing activities		
Proceeds from issuance of share capital including premium	203.00	-
Proceeds from covered bonds	-	3,512.83
Share application money**	9.00	22.00
Proceeds from long term borrowings	452.30	2,302.16
Repayment of long term borrowings	(365.31)	(2,903.26)
Proceeds / (repayment) from short term borrowings, net	808.10	(684.60)
Repayment of long FCCB	-	(1,371.33)
Premium paid on FCCB	-	(630.15)
Convertible bond and share issue expenses	-	(36.14)
Interest paid	(747.09)	(1,112.68)
Net cash used in from financing activities (C)	360.00	(901.17)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	454.97	(674.63)
Cash and bank balances adjusted on stake sale of subsidiary	(3.03)	(0.62)
Add/(less): Effect of exchange difference on cash and cash equivalents	36.95	1.89
Total	488.89	(673.36)
Cash and cash equivalents at the beginning of year	1,959.12	2,632.48
Cash and cash equivalents at the end of year	2,448.01	1,959.12

Suzlon Energy Limited
Consolidated cash flow statement for the year ended March 31, 2014
All amounts in Rupees Crore unless otherwise stated

Components of cash and cash equivalents	As at March 31, 2014	As at March 31, 2013
Cash on hand	4.46	1.20
With scheduled and non scheduled banks		
In current accounts***	546.83	883.21
In term deposits	1,896.72	1,074.71
	2,448.01	1,959.12

Summary of significant accounting policies

2.1

Notes:

1 The figures in brackets represent outflows.

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

* Primarily includes impact of foreign currency translation in non-integral operations.

** Out of total share application money Rs 9.00 Crore (Rs 22.00 Crore) has been received in cash and the balance is through conversion of liabilities.

*** Includes a balance of Rs. 0.16 Crore (Rs. 0.17 Crore) not available for use by the Group as they represent corresponding unpaid dividend liabilities.

**** The proceeds were received in the form of loan from promoters and were subsequently converted into equity share capital including share premium as per the terms of CDR.

As per our report of even date

For SNK & Co.
Chartered Accountants
ICAI Firm Registration number: 109176W

For S.R.Batiloi & Co. LLP
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For and on behalf of the Board of Directors of
Suzlon Energy Limited

per Sanjay Kapadia
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Director
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Amit Agarwal
Chief Financial Officer
Membership No. : 056880

Hemal A.Kanuga
Company Secretary
Membership No. : F4126

Place : Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

1. Corporate information

Suzlon Energy Limited ('SEL' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ('the Act'). Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the business of manufacturing of wind turbine generators ('WTGs') and related components of various capacities.

2. Basis of preparation

The consolidated financial statements comprise the financial statements of Suzlon Energy Limited ('SEL' or 'the Company') and its subsidiaries, associates and joint venture (together referred to as 'Suzlon' or 'the Group'). The consolidated financial statements are prepared under the historical cost convention, on accrual basis of accounting except in case of assets for which provision for impairment is made 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 read with section 133 of the Companies Act 2013 and General Circular No.8/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

2.1 Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 – 'Consolidated Financial Statements', Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' as notified by the Rules.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its standalone financial statements.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as Capital reserve.

The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interest's share of net assets is presented separately in the balance sheet.

If the losses attributable to the minority in a consolidated subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- b) derecognises the carrying amount of any minority interest;
- c) derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
- d) recognises the value of the consideration received;
- e) recognises the value of any investment retained;
- f) recognises any surplus or deficit in profit or losses;

Associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of provision for diminution as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of profit and loss.

Joint venture

The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified by the Rules. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

b. Use of estimates

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

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The manufacturing costs of internally generated assets comprise direct costs and attributable overheads.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. Assets held for disposal are stated at the lower of net book value and the estimated net realisable value.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are gross differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognized in the statement of profit and loss when the asset is derecognised.

d. Depreciation on tangible fixed assets

Depreciation is provided on the written down value method ('WDV'), pro-rata to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or at rates specified by respective statutes, whichever is higher. Leasehold land is amortized on a straight line basis over the period of lease.

Some of the subsidiaries of the Group provide depreciation on straight-line method ('SLM').

e. Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognized in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- ii) Its intention to complete the asset.
- iii) Its ability to use or sell the asset.
- iv) How the asset will generate future economic benefits.
- v) The availability of adequate resources to complete the development and to use or sell the asset.
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortized on a straight line basis over the estimated useful economic life which generally does not exceed five years.

f. Leases

I. Where the Group is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

II. Where the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

g. Borrowing costs

Borrowing cost primarily includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of profit and loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimates of recoverable amount. The carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

i. Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

j. Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements at the lower of cost and fair value, determined on an individual investment basis.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Long-term investments other than in associates are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Investments in associates are accounted for using the equity method.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

k. Inventories

Inventories of raw materials including stores; spares and consumables; packing materials; semi-finished goods; work-in-progress, project work-in-progress and finished goods are valued at the lower of cost and estimated net realisable value. Cost is determined on weighted average basis.

The cost of work-in-progress, project work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and a proportion of manufacturing overheads.

Stock of land and land lease rights is valued at lower of cost and estimated net realisable value. Cost is determined on weighted average basis. Net realisable value is determined by management using technical estimates.

l. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and that the revenue can be reliably measured. Revenue comprises of sale of goods and services and is disclosed, net of trade discounts, excise duty, sales tax, service tax, VAT or other taxes, as applicable.

Sales

Revenue from sale of goods is recognised in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, the income can be measured reliably and is expected to be received.

Fixed price contracts to deliver wind power systems (turnkey and projects involving installation and/or commissioning apart from supply) are recognised in revenue based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered.

Due from customers, if any, are measured at the selling price of the work performed based on the stage of completion less interim billing and expected losses. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. The value of components is recognised in 'Contracts in progress' upon dispatch of the complete set of components which are specifically identified for a customer and are within the scope of contract, or on completion of relevant milestones, depending on the type of contracts. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

Where the selling price of a contract cannot be estimated reliably, the selling price is measured only on the expenses incurred to the extent that it is probable that these expenses will be recovered. Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the statement of profit and loss as incurred.

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Operation and maintenance income

Revenues from operation and maintenance contracts are recognised pro-rata over the period of the contract and when services are rendered.

Project execution income

Revenue from services relating to project execution is recognised on completion of respective service, as per terms of the respective sales order.

Power generation income

Power generation income is recognised based on electrical units generated and sold, net of wheeling and transmission loss, as applicable, as disclosed in the power generation reports issued by the concerned authorities.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

Royalty and license income

Royalty and license income is recognised on accrual basis in accordance with the terms of the relevant agreements.

m. Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

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

(iii) Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

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2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item. It is presented as a part of "Reserves and surplus".
3. The Group treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
4. All other exchange differences are recognized as income or as expense in the period in which they arise.

In case of exchange differences adjusted to the cost of fixed assets or arising on long-term foreign currency monetary items, the Group does not consider exchange differences as an adjustment to the interest cost.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

(v) Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

In translating the financial statements of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at average exchange rates (Average rates approximates the rate on the date of transaction) prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

n. Derivatives

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

o. Retirement and other employee benefits

Employee benefits in the nature of defined contributions are charged to the statement of profit and loss of the year, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective statutory authorities.

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

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Retirement benefits in the form of gratuity and pension are defined benefit obligations and are provided for on the basis of an actuarial valuation, using projected unit credit method as at each balance sheet date.

Short-term compensated absences are provided based on estimates. Long term compensated absences and other long-term employee benefits are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each balance sheet date. The entire leave is presented as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Actuarial gains/losses are taken to statement of statement of profit and loss and are not deferred.

p. Taxes on income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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All amounts in Rupees Crore, unless otherwise stated

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period in future.

q. Employee stock options

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Employee stock options outstanding" account in 'Reserves and surplus'. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

r. Earnings / (loss) per share

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors for the purpose of calculating diluted earnings/(loss) per share. The net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

s. Provisions

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. 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 estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow is remote.

u. Cash and cash equivalents

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

v. Measurement of EBITDA and EBIT

As permitted by the Guidance Note on the Revised Schedule VI, the Group has elected to present earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT') as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Group does not include depreciation and amortisation expense, finance cost, finance income, exceptional and extraordinary items and tax expense. The Group reduces depreciation and amortisation expense from EBITDA to measure EBIT.

2.2 List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2014	2013
AE-Rotor Holding B.V.	The Netherlands	100.00%	100.00%
Parque Eolico El Almendro S.L.	Spain	100.00%	100.00%
PowerBlades GmbH	Germany	100.00%	100.00%
PowerBlades Industries Inc. ⁽⁴⁾	Canada	100.00%	100.00%
PowerBlades SA	Portugal	100.00%	100.00%
RECA Holdings Pty Ltd.	Australia	100.00%	100.00%
REpower Betriebs – und Beteiligungs GmbH	Germany	100.00%	100.00%
REpower Investitions – und Projektierungs GmbH & Co. KG	Germany	100.00%	100.00%
REpower North China Ltd.	China	54.42%	54.42%
REpower Systems India Limited	India	100.00%	100.00%
REpower Systems Northern Europe A/S	Denmark	100.00%	100.00%
REpower Wind Systems Trading Inc.	China	100.00%	100.00%
REpower Windpark Betriebs GmbH	Germany	100.00%	100.00%
RETC Renewable Energy Technology Centre	Germany	100.00%	100.00%
RiaBlades S.A. ⁽³⁾	Portugal	3.00%	3.00%
RPW Investments, SGPS, S.A.	Portugal	100.00%	100.00%
SE Blades Limited	India	100.00%	100.00%

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All amounts in Rupees Crore, unless otherwise stated

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2014	2013
SE Blades Technology B.V.	The Netherlands	100.00%	100.00%
SE Drive Technik GmbH	Germany	100.00%	100.00%
SE Electricals Limited	India	100.00%	100.00%
SE Forge Limited	India	100.00%	100.00%
SE Solar Limited	India	100.00%	100.00%
Senvion Australia Pty Ltd. (formerly REpower Australia Pty Ltd.)	Australia	100.00%	100.00%
Senvion Austria GmbH	Austria	100.00%	-
Senvion Benelux b.v.b.a. (formerly REpower Benelux b.v.b.a.)	Belgium	100.00%	100.00%
Senvion Canada Inc. (formerly REpower Systems Inc)	Canada	100.00%	100.00%
Senvion Deutschland GmbH (formerly REpower Systems GmbH)	Germany	100.00%	100.00%
Senvion Espana S.L. (formerly REpower Espana S.L.) ⁽¹⁾	Spain	-	100.00%
Senvion France S.A.S. (formerly REpower S.A.S.)	France	100.00%	100.00%
Senvion Italia s.r.l (formerly REpower Italia s.r.l)	Italy	100.00%	100.00%
Senvion Portugal S.A. (formerly REpower Portugal - Sistemas Eolicos, S.A.)	Portugal	100.00%	100.00%
Senvion Romania SRL (formerly REpower Systems DTE Romania SRL)	Romania	100.00%	100.00%
Senvion SE (formerly REpower Systems SE)	Germany	100.00%	100.00%
Senvion Systems Polska Sp.z o.o (formerly REpower Systems Polska Sp.z o.o)	Poland	100.00%	100.00%
Senvion Systems Scandinavia AB (formerly REpower Systems Scandinavia AB)	Sweden	100.00%	100.00%
Senvion UK Ltd. (formerly REpower UK Ltd.)	United Kingdom	100.00%	100.00%
Senvion USA Corp. (formerly REpower USA Corp.)	USA	100.00%	100.00%
Sure Power LLC	USA	100.00%	100.00%
Suzlon Energia Eloica do Brasil Ltda	Brazil	100.00%	100.00%
Suzlon Energy (Tianjin) Limited ⁽²⁾	China	25.00%	100.00%
Suzlon Energy A/S	Denmark	100.00%	100.00%
Suzlon Energy Australia CYMWFD Pty Ltd. ⁽¹⁾	Australia	100.00%	100.00%
Suzlon Energy Australia Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy Australia RWFD Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy B.V.	The Netherlands	100.00%	100.00%
Suzlon Energy Chile Limitada ⁽¹⁾	Chile	100.00%	100.00%
Suzlon Energy GmbH	Germany	100.00%	100.00%
Suzlon Energy Korea Co., Ltd.	Republic of South Korea	100.00%	100.00%
Suzlon Energy Limited	Mauritius	100.00%	100.00%
Suzlon Generators Limited	India	75.00%	75.00%
Suzlon Global Services Limited (formerly SISL Green Infra Limited)	India	100.00%	100.00%

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All amounts in Rupees Crore, unless otherwise stated

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2014	2013
Suzlon Gujarat Wind Park Limited	India	100.00%	100.00%
Suzlon North Asia Ltd ⁽¹⁾	Hong Kong	100.00%	100.00%
Suzlon Power Infrastructure Limited	India	100.00%	100.00%
Suzlon Project VIII LLC	USA	100.00%	100.00%
Suzlon Rotor Corporation	USA	100.00%	100.00%
Suzlon Structures Limited	India	75.00%	75.00%
Suzlon Wind Energy (Lanka) Pvt Limited	Sri Lanka	100.00%	100.00%
Suzlon Wind Energy bH	Bosnia and Herzegovina	100.00%	100.00%
Suzlon Wind Energy Bulgaria EOOD	Bulgaria	100.00%	100.00%
Suzlon Wind Energy Corporation	USA	100.00%	100.00%
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Ltd.	China	100.00%	100.00%
Suzlon Wind Energy Espana, S.L	Spain	100.00%	100.00%
Suzlon Wind Energy Italy s.r.l.	Italy	100.00%	100.00%
Suzlon Wind Energy Limited	United Kingdom	100.00%	100.00%
Suzlon Wind Energy Nicaragua Sociedad Anonima	Nicaragua	100.00%	100.00%
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda	Portugal	100.00%	100.00%
Suzlon Wind Energy Romania SRL	Romania	100.00%	100.00%
Suzlon Wind Energy South Africa (PTY) Ltd	South Africa	80.00%	80.00%
Suzlon Wind Energy Uruguay SA	Uruguay	100.00%	-
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Turkey	100.00%	100.00%
Suzlon Wind International Limited	India	100.00%	100.00%
Suzlon Windenergie GmbH	Germany	100.00%	100.00%
Tarilo Holding B.V.	The Netherlands	100.00%	100.00%
Valum Holding B.V.	The Netherlands	100.00%	100.00%
Ventipower S.A ⁽³⁾	Portugal	3.00%	3.00%
WEL Windenergie Logistik GmbH	Germany	100.00%	100.00%
Windpark Blockland GmbH & Co KG	Germany	100.00%	100.00%
Yorke Peninsula Wind Farm Project Pty Ltd	Australia	80.00%	80.00%

(1) Liquidated/ under liquidation during the year

(2) Sale of stake during the year (Refer Note 29b)

(3) REpower holds 3% stakes in RiaBlades S.A and Ventipower S.A and obtained control on February 03, 2011 as part of purchase agreement for the remaining stake in 'REpower Portugal'.

(4) This subsidiary was not consolidated during the year ended March 31, 2013 based on materiality. However the same has been consolidated during the year ended March 31, 2014.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

2.3 List of subsidiaries which are not included in the consolidation based on materiality or where control is intended to be temporary:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2014	2013
Avind Desenvolvimento De Projetos De Energia Ltda	Brazil	100.00%	100.00%
Big Sky Wind LLC (refer Note 29c)	USA	100.00%	-

2.4 In respect of the following components of consolidated financial statements, it is not practicable to align the accounting policies followed by the subsidiary companies:

Components of consolidated financial statements	Particulars	Amount as at March 31, 2014	Proportion of the total component
Depreciation	Some of the subsidiaries have provided depreciation on straight line method as against the written down value method followed by the Company	488.65 (408.63)	62.90% (55.19%)
Accumulated depreciation	Some of the subsidiaries have provided depreciation on straight line method as against the written down value method followed by the Company	2,320.94 (1,846.39)	56.50% (56.94%)
Employee compensation expenses for stock option	Some of the subsidiaries have accounted stock options granted to employees using the fair value method as against the intrinsic value method followed by the Company	Nil (0.99)	Nil (62.08%)

3. Corporate debt restructuring

During the financial year ended March 31, 2013, the Company along with its 7 identified domestic subsidiaries viz : Suzlon Structures Limited ('SSL'), Suzlon Power Infrastructure Limited ('SPIL'), Suzlon Generators Limited ('SGL'), Suzlon Gujarat Wind Park Limited ('SGWPL'), SE Electricals Limited ('SEEL'), Suzlon Wind International Limited ('SWIL') and SE Blades Limited ('SEBL') hereinafter collectively referred to as the 'Borrowers' and individually as the 'Borrower', had availed various financial facilities from the secured lenders under the Corporate Debt Restructuring Proposal, which was approved by the CDR Empowered Group ('CDR EG'). The Master Restructuring Agreement ('MRA') between the Borrowers and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cut off date of October 01, 2012.

The key features of the CDR Proposal are as follows:

- Repayment of Restructured Term Loans ('RTL') after moratorium of 2 years from cut off date in 32 structured quarterly instalments commencing from December 2014 to September 2022.
- Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 years from cut off date in 32 structured quarterly instalments commencing from December 2014 to September 2022, subject to mandatory prepayment obligation on realisation of proceeds from certain asset sale and capital infusion.

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All amounts in Rupees Crore, unless otherwise stated

- c. Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- d. Interest accrued but not paid on certain financial facilities till cut off date shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL and WCTL during moratorium period of 2 years from cut off date shall also be converted to FITL. FITL shall be considered as convertible facilities which shall be converted into equity shares or compulsorily convertible debentures (CCDs) in accordance with MRA.
- e. The rate of interest on RTL, WCTL, FITL and fund based working capital facilities shall be 11% with reset option in accordance with MRA.
- f. Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA.
- g. Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.
- h. The Company to issue equity shares in lieu of sacrifice of the CDR Lenders for the first three years from cut off date at the price agreed in compliance with Securities and Exchange Board of India, if demanded by CDR Lenders.
- i. Contribution of Rs 250.00 Crore in the Company by promoters, their friends and relatives and business associates in lieu of bank sacrifice in the form of equity shares / CCDs including conversion of existing promoter's loan of Rs 145.00 Crore into equity shares / CCDs at the price agreed in compliance with Securities and Exchange Board of India.

In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

Expenditure on restructuring and refinancing of earlier financial facilities aggregating Rs 99.90 Crore has been charged off and disclosed under exceptional items during the financial year ended March 31, 2013.

During the year ended March 31, 2014, pursuant to approval of CDR EG, the borrowers approached CDR and non-CDR lenders seeking financial assistance to bridge the shortfall in working capital facilities assessed during preparation of CDR Proposal, by offering priority repayment against the specific receivables being financed by them along with sharing of securities under CDR Package, and accordingly the Company has availed loans against project specific receivables.

During the year ended March 31, 2014, the Company agreed a restructuring proposal with Power Finance Corporation ('PFC') which is a non- CDR lender, subject to CDR EG approval. As per the restructuring, the Company converted certain portion of interest accrued to FITL - I and FITL - II. Repayment of outstanding term loan and FITL - I to PFC shall be in accordance with the CDR proposal and MRA. Repayment of FITL - II shall be made in 12 quarterly instalments from December 2022 to September 2025.

4. The Company defaulted in repayment of amounts aggregating approximately USD 209 million (Rs 1,250.44 Crore) in respect of its unsecured FCCBs which were due in October 2012 ("October 2012 FCCBs"). This default triggered a cross default under the Company's other existing unsecured FCCBs aggregating USD 90 million (Rs 539.24 Crore) and USD 175 million (Rs 1,048.51 Crore), (which otherwise fall due in 2014 and 2016 respectively) (the "2014 and 2016 FCCBs") and accordingly these triggered potential acceleration of payments, if were demanded by a specified proportion of the 2014 and/or 2016 FCCB holders. The Trustees for the 2014 and 2016 FCCB holders have not issued any acceleration notice in respect of the 2014 and 2016 FCCBs and accordingly USD 175 million (Rs 1,048.51 Crore) has been classified as non-current liability. The Company also has overdue amounts payable to creditors and certain lenders as at March 31, 2014.

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All amounts in Rupees Crore, unless otherwise stated

On May 03, 2014, the Company entered into a standstill agreement with an adhoc committee of FCCB holders for a cashless exchange of its existing October 2012 FCCB's, 2014 FCCB's and 2016 FCCB's. The new FCCB's are expected to have maturity period of five years and a conversion price of Rs 15.46. Further, the new FCCB's will be interest bearing and no premium will be payable on redemption. However this agreement is subject to various approvals, including approval of Reserve Bank of India. The Company is in the process of restructuring of FCCBs. The Company is also taking various other steps to reduce costs, improve efficiencies to make its operations profitable and to arrange sufficient funds for its operations. Pending the final outcome of restructuring, though there exists material uncertainty these consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, and no adjustments have been made to the carrying values or classification of assets and liabilities.

5. The MRA executed by the Borrowers and the CDR lenders during the financial year ended March 31, 2013 as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, the CDR Lenders have a right to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. Further, as mentioned in Note 3 to the financial statements, the company has an obligation to issue equity shares in lieu of the sacrifice for the first three years from cut off date, if demanded by CDR lenders. In case of CDR lenders who have exercised this right, the value of equity shares issued has been shown as equity share capital / share application money received, and this cost is amortised over the period of sacrifice. In case of CDR lenders who have not exercised this right, the amount has been shown as contingent liability. The aggregate outstanding sacrifice made by CDR Lenders as per the MRA is approximately Rs 281.93 Crore (Rs 103.06 Crore) for the Company and Rs 365.33 Crore (Rs 129.32 Crore) for the borrowers.
6. The Tamil Nadu State Electricity Board ('TNEB') through a circular has been charging Infrastructure Development Charges ('IDC') to Wind Energy Developers towards recovery of cost by TNEB towards infrastructure facilities provided to the wind energy generators to evacuate their power till the state grid. After the enactment of the Electricity Act, 2003 Indian Wind Energy Association ('InWEA') approached the Tamil Nadu Electricity Regulatory Commission ('State Commission') challenging the legality of the IDC levied by TNEB. The State Commission ruled in favour of the InWEA and by order dated September 9, 2008 ruled that TNEB has no jurisdiction to issue such a circular imposing IDC and that charging IDC is in contravention of section 32(3) of the Act especially when TNEB had not approached the State Commission for levy of IDC. TNEB appealed against this order of the State Commission to the Appellate Tribunal for Electricity ('Tribunal'). The Tribunal ruled in favour of TNEB vide its order dated January 8, 2010. The InWEA filed a Civil Appeal against the order of the Tribunal in the Supreme Court and the matter is pending the hearing of the Supreme Court. The Group has obtained a legal opinion which states that InWEA (and consequently the Group) has a strong case. The amount under dispute as at March 31, 2014 aggregates to Rs 64.80 Crore (Rs 64.80 Crore).
7. One of the subsidiaries of the Company is required to comply with the provisions of Rule 53 of Special Economic Zones Rules, 2006 ("SEZ Rules") which requires the Company to achieve positive Net Foreign Exchange ("NFE") during the year ending March 31, 2014. The subsidiary on its application, received an extension of six months from Development Commissioners ("DC") for achieving positive NFE. Since the ultimate outcome of the matter cannot be presently ascertained the same has been considered as a contingent liability.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

8. On March 29, 2014, the Company sold its Operation and Maintenance ("OMS") Business Undertaking to one of its subsidiary Suzlon Global Services Limited ('SGSL') on a slump sale basis as part of its strategic reorganisation and its initiatives for realising business efficiencies. The referred transaction does not have any impact on the consolidated financial statements. The CDR lenders continue to have a charge on the transferred assets, though SGSL is not a part of the Borrowers.

9. i) Share capital

Authorised

	March 31, 2014	March 31, 2013
5,500,000,000 (3,500,000,000) equity shares of Rs 2/- each	1,100.00	700.00
	1,100.00	700.00

Issued

	March 31, 2014	March 31, 2013
2,507,078,158 (1,796,297,624) equity shares of Rs 2/- each	501.42	359.26
	501.42	359.26

Subscribed and fully paid-up

	March 31, 2014	March 31, 2013
2,488,146,181 (1,777,365,647) equity shares of Rs 2/- each	497.63	355.47
	497.63	355.47

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the financial year

	March 31, 2014		March 31, 2013	
	Number of shares (Crore)	Rs in Crore	Number of shares (Crore)	Rs in Crore
At the beginning of the year	177.74	355.47	177.74	355.47
Issued during the year	71.07	142.16	-	-
Outstanding at the end of the year	248.81	497.63	177.74	355.47

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 2 each. Each holder of equity shares is entitled to one vote per share except for the underlying depository shares held against the Global Depository Receipts ('GDRs').

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All amounts in Rupees Crore, unless otherwise stated

Holders of the GDR have no voting rights with respect to the equity shares represented by the GDRs. Deutsche Bank Trust Company Americas (the 'Depository'), which is the shareholder on record in respect of the equity shares represented by the GDRs, will not exercise any voting rights in respect of the equity shares against which GDRs are issued, unless it is required to do so by law. Equity shares which have been withdrawn from the Depository facility and transferred on the Company's register of members to a person other than the Depository, ICICI Bank Limited (the 'Custodian') or a nominee of either the Depository or the Custodian may be voted by the holders thereof.

As regard the shares, which did not have voting rights as on March 31, 2014 are GDRs – 1,791,178 / (equivalent shares – 7,164,712) and as on March 31, 2013 are GDRs – 1,023,173 / (equivalent shares – 4,092,692).

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2014	March 31, 2013
	Number of shares	Number of
	(Crore)	shares (Crore)
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	3.20	3.20

In addition, the Company has issued 32,000 shares (March 31, 2013: 1,393,000 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Note 34(b), under heading of "Closing balance".

For details of shares reserved for issue on conversion of FCCBs, refer Note 11 (II) (a) for terms of conversion / redemption.

For details of shares reserved for issue on conversion of Funded Interest Term Loan into equity shares or compulsory convertible debentures and issue of equity shares in lieu of sacrifice of the CDR Lenders, refer Note 3(d) for terms of conversion.

For details of shares reserved for issue on conversion of existing promoter loans and promoter contribution in lieu of bank sacrifice and to certain vendors, refer Note 3(i).

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

e. Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	March 31, 2014	
	Number of shares (Crore)	% holding
Equity shares of Rs 2/- each fully paid-up		
IDBI Bank Ltd.	16.26	6.53%
Sugati Holdings Private Limited	18.47	7.42%
Tanti Holdings Private Limited	15.46	6.21%

Name of the shareholder	March 31, 2013	
	Number of shares (Crore)	% holding
Equity shares of Rs 2/- each fully paid-up		
Mr. Girish R. Tanti	10.00	5.63%
Tanti Holdings Private Limited	15.46	8.70%
Morgan Stanley Asia (Singapore) PTE	12.27	6.90%

Note: As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

ii) Share application money, pending allotment

Sr. No.	Allottee	No. of shares (Crore)	Amount per share	Aggregate amount
1	CDR lenders	6.92 (30.24)	18.51 (18.51)	128.04 (559.67)
2	Specified vendors	3.24 (-)	10.48 (-)	33.98 (-)
3	Samimeru Windfarm Private Limited	- (1.19)	- (18.51)	- (22.00)

iii) Issue of shares/CCDs post March 31, 2014

Apart from the amount shown as share application money as on March 31, 2014, the Company issued following equity shares/CCDs post March 31, 2014 on preferential basis:

Sr. No.	Allottee	No. of shares (Crore)	Amount per share	Aggregate amount
1	Samimeru Windfarm Private Limited	1.53	10.48	16.00
2	Specified vendor	2.02	10.48	21.15
3	Promoters	4.29	10.48	45.00
4	Promoters (arising out of conversion of CCDs)	3.48	13.49	47.00
5	Specified employees (arising out of ESPS 2014)	1.01	8.10	8.18

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

10. Reserves and surplus

	March 31, 2014	March 31, 2013
a. Capital reserve		
As per last balance sheet	23.30	41.64
Less: Reduction due to sale of subsidiary (refer Note 29a)	-	(18.34)
	23.30	23.30
b. Capital reserve on consolidation	0.03	0.03
c. Capital redemption reserve	15.00	15.00
d. Legal and statutory reserve		
As per last balance sheet	143.33	142.22
Add: Additions during the year	-	1.11
Less: Deductions during the year	(10.61)	-
	132.72	143.33
e. Unrealised gain on dilution	160.09	160.09
f. Securities premium account		
As per last balance sheet	4,269.47	4,477.60
Add: Additions during the year	1,034.59	-
Less : Proportionate premium payable on redemption of FCCBs	(110.95)	(208.13)
	5,193.11	4,269.47
g. Employee stock options outstanding		
Employee stock options outstanding	9.54	14.10
Less: Deferred employee stock compensation outstanding	-	(0.01)
	9.54	14.09
h. Foreign currency translation reserve		
As per last balance sheet	458.08	219.80
Movement during the year	1,119.14	238.28
	1,577.22	458.08
i. Foreign currency monetary item translation difference account	334.43	(149.99)
j. General reserve		
As per last balance sheet	856.76	851.14
Add : Transfer from employee stock option outstanding	-	5.62
Less: Reduction during the year	(1.51)	-
	858.27	856.76
k. Minority share of losses	(38.26)	(38.26)

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

I. Statement of profit and loss

As per last balance sheet	(5,786.96)	(1,063.00)
Add : Loss for the year	(3,519.97)	(4,723.96)
Net deficit in the statement of profit and loss	(9,306.93)	(5,786.96)
Total	(1,041.48)	(35.06)

11. Long-term borrowings

	March 31, 2014	March 31, 2013
a. Secured		
(i) Term loans from banks and financial institutions	6,689.92	5,871.09
(ii) Covered bonds	3,876.50	3,512.83
	10,566.42	9,383.92
b. Unsecured		
(i) Foreign currency convertible bonds	1,048.51	1,438.75
(ii) Loans from banks and financial institutions	25.99	34.99
	1,074.50	1,473.74
Total	11,640.92	10,857.66

I. The details of security for the secured loans are as follows:

- In case of financial facilities from CDR lenders in accordance with MRA and non-CDR lenders, RTL, WCTL, FITL aggregating Rs 6,050.62 Crore (Rs 5,690.06 Crore) of which Rs 5,783.65 Crore (Rs 5,430.21 Crore) classified as long term borrowing and Rs 266.97 Crore (Rs 259.85 Crore) classified as current maturities of long term borrowing, fund based working capital facilities of Rs 2,980.96 Crore (Rs 2,282.16 Crore) and non fund based working capital facilities are secured by first pari passu charge on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, pledge on shares of Suzlon Energy Limited, Mauritius ('SELM') held by SEL, pledge of shares of certain other overseas subsidiaries held by SEL's step down overseas subsidiaries including pledge of shares of Senvion SE ("Senvion"), negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, guarantee of an overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL.
- During the year, one of the subsidiaries restructured its existing financial facilities under CDR mechanism. Term loan of Rs 488.84 Crore (Rs 306.41 Crore) and working capital loans of Rs 52.97 Crore (Rs 32.61 Crore) secured by way of first charge on all plant and machinery and other fixed assets and second charge on all current assets and corporate guarantee of a Group Company.
- Rs 447.30 Crore (Rs Nil) secured by way of priority repayment against the specific receivables being financed by certain lenders along with sharing of securities under CDR Package.

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

- iv) A.E. Rotor Holding B.V. (AERH), a wholly owned subsidiary of the Company, issued covered bonds of USD 647 million on March 26, 2013. The Bonds are secured by an unconditional and irrevocable Stand-by Letters of Credit ("SBI SBLC") issued by State Bank of India. The SBI SBLC is backed by Stand-by Letters of Credit issued by certain Indian lenders (Indian Lenders SBLCs) and Stand-by Letters of Credit issued by certain overseas branches of domestic lenders (Offshore SBLCs) (Indian Lenders SBLCs and Offshore SBLCs collectively referred to as "Participating SBLCs") and such Participating SBLCs are secured by first ranking pari passu charge, in terms of the respective agreements, on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the carve out properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, pledge on shares of Suzlon Energy Limited, Mauritius ('SELM') held by SEL, pledge of shares of certain other overseas subsidiaries held by SEL's step down overseas subsidiaries including pledge of shares of Senvion, negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, pledge of certain equity shares of SEL held by its promoters on exclusive basis to SBI, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL. The Indian Lenders SBLCs is secured by guarantee of an overseas subsidiary and the Offshore SBLCs is guaranteed by the Borrowers.

II. Foreign currency convertible bonds

a) Initial terms of issue

Following are initial key terms of bonds at the time of issue:

Particulars	Phase II	Phase II (new)	Phase III	Phase IV
Issue date	October 10, 2007	October 10, 2007	July 24, 2009	April 12, 2011
Issue size (USD)	200 million	20.80 million	90 million	175 million
Issue size (Rs in Crore)	786.20	81.75	452.64	776.83
Face value per bond (in USD)	1,000	1,000	1,000	2,00,000
No. of equity shares per bond	458.56	458.56	533.28	165,108.31
Conversion price per share(Rs)	97.26	97.26	90.38	54.01
Fixed exchange rate (Rs/USD)	44.60	44.60	48.20	44.59
Redemption amount as a % of principal amount (%)	144.88	157.72	134.20	108.70
Maturity date	October 11, 2012	October 11, 2012	July 18, 2014	April 06, 2016

b) Recent development

On May 03, 2014, the Company entered into a standstill agreement with an ad-hoc committee of FCCB holders for a cashless exchange of its existing Phase II, Phase II (new), Phase III and Phase IV bonds for a new proposed FCCB. The new FCCB's are expected to have maturity period of five years and a conversion price of Rs 15.46. Further, the new FCCB's will be interest bearing and no premium will be payable on redemption. However, this agreement is subject to various approvals, including approval of Reserve Bank of India.

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All amounts in Rupees Crore, unless otherwise stated

c) Redemption premium:

The Phase II, Phase II (new), Phase III and Phase IV bonds are redeemable subject to satisfaction of certain conditions mentioned in the respective offering circular and hence have been designated as monetary liability.

During the year ended March 31, 2014, the Company provided for the proportionate redemption premium of Rs 110.95 Crore (March 31, 2013: Rs 208.13 Crore) by adjusting the same against the securities premium account. Following are the scheme-wise details of the redemption premium as of the year end date:

Phase	Rs in Crore	
	March 31, 2014	March 31, 2013
Phase II	326.59	295.95
Phase II (new)	72.08	65.31
Phase III	171.18	118.36
Phase IV	49.66	28.94
Total	619.51	508.56

III. The details of repayment of long term borrowing are as follows:

Particulars	Up to 1 year	2 to 5 years	Above 5 years	Total
Secured loans*	354.22 (441.18)	7,963.27 (7,280.67)	2,603.15 (2,103.25)	10,920.64 (9,825.10)
Unsecured loans	1,534.83 (1,057.28)	1,074.50 (1,473.70)	- (-)	2,609.33 (2,530.98)
Total	1,889.05 (1,498.46)	9,037.77 (8,754.37)	2,603.15 (2,103.25)	13,529.97 (12,356.08)

* For repayment details of term loans from banks and financial institutions which are part of CDR, refer Note 3.

12. Other long-term liabilities

	March 31, 2014	March 31, 2013
Other long-term payables	80.64	99.27
Advance from customers	-	10.00
Total	80.64	109.27

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

13. Provisions

	Long-term		Short-term	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Employee benefits	64.86	56.53	33.33	41.17
Performance guarantee, operation, maintenance and warranty and liquidated damages	159.55	60.89	1,994.36	1,427.12
Provision for FCCB redemption premium	49.66	147.30	171.18	-
Provision for taxation	-	-	1.95	4.99
Total	274.07	264.72	2,200.82	1,473.28

In pursuance of Accounting Standard-29 (AS-29) 'Provisions, contingent liabilities and contingent assets', the provisions required have been incorporated in the books of account in the following manner:

Particulars	Performance guarantee	Operation, maintenance and warranty	Liquidated damages
Opening balance	155.06 (149.65)	1,078.27 (1,038.67)	254.68 (154.02)
Additions during the year	128.66 (101.26)	1,028.27** (567.18)	272.21 (192.17)
Utilisation	119.49 (95.85)	412.38* (403.91)*	89.81 (91.51)
Deduction due to stake sale	(-) (-)	40.12 (-)	12.66 (-)
Reversal	75.61 -	13.17 (123.67)	- (-)
Closing balance	88.62 (155.06)	1,640.87 (1,078.27)	424.42 (254.68)

* Includes expenditure booked under various expenditure heads by their nature.

** This includes amount of Rs 52.09 Crore towards prior period expenses. Also, the amount includes impact of movement in exchange rates.

Performance guarantee ('PG') represents the expected outflow of resources against claims for performance shortfall expected in future over the life of the guarantee assured. The period of performance guarantee varies for each customer according to the terms of contract. The key assumptions in arriving at the performance guarantee provisions are wind velocity, plant load factor, grid availability, load shedding, historical data, wind variation factor etc.

Operation, maintenance and warranty ('O&M') represents the expected liability on account of field failure of parts of WTG and expected expenditure of servicing the WTGs over the period of free operation, maintenance and warranty, which varies according to the terms of each sales order.

Liquidated damages ('LD') represents the expected claims which the Group may need to pay for non fulfilment of certain commitments as per the terms of the sales order. These are determined on a case to case basis considering the dynamics of each sales order and the factors relevant to that sale.

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The figures shown against 'Utilisation' represent withdrawal from provisions credited to statement of profit and loss to offset the expenditure incurred during the year and debited to statement of profit and loss.

14. Short-term borrowings

	March 31, 2014	March 31, 2013
a. Secured		
Working capital facilities from banks	3,290.72	2,787.63
b. Unsecured		
(i) From banks and financial institutions	-	0.09
(ii) From others	232.63	46.97
	232.63	47.06
Total	3,523.35	2,834.69

The rate of interest on the working capital loans from banks ranges between 11% p.a. to 15.00% p.a. depending upon the prime lending rate of the banks and financial institutions, wherever applicable, and the interest rate spread agreed with the banks. For details of security given for short term borrowings, refer Note 11 (I) above.

15. Other current liabilities

	March 31, 2014	March 31, 2013
Current maturities of long-term borrowings	1,889.05	1,498.42
Interest accrued but not due on borrowings	42.36	37.58
Interest accrued and due on borrowings	104.38	45.60
Unclaimed dividend	0.16	0.17
Advance from customer	2,409.18	3,957.52
Statutory dues	283.39	248.09
Premium payable on redemption of FCCBs	398.67	361.26
Others*	1,497.41	1,132.08
Total	6,624.60	7,280.72

* Primarily includes refundable deposits and accruals

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

16. Tangible and Intangible assets

Fixed Assets	Gross block						Depreciation / amortisation						Net block	
	As at April 1, 2013	Additions	Translation adjustment	Deductions/ Adjustments	Sale of subsidiary	As at March 31, 2014	As at April 1, 2013	For the year	Translation adjustment	Deductions/ Adjustments	Sale of subsidiary	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
a. Tangible Assets														
Land	195.16	3.10	5.70	-	18.86	185.10	24.03	1.50	0.33	-	2.92	22.94	162.16	171.13
Buildings	1,986.73	84.51	178.99	2.16	150.85	2,097.22	622.78	107.57	35.59	0.23	48.00	717.71	1,379.51	1,363.95
Site development	105.25	-	-	-	-	105.25	21.75	6.50	-	-	-	28.25	77.00	83.50
Plant and Machinery	2,831.64	186.96	179.14	171.98	142.46	2,883.30	1,423.77	303.77	92.81	119.22	117.82	1,583.31	1,299.99	1,407.87
Wind research and measuring equipments	88.32	3.08	2.61	9.25	-	84.76	56.99	17.63	1.65	6.83	-	69.44	15.32	31.33
Computer and office equipments	315.52	2.32	13.86	3.00	6.49	322.21	210.81	29.13	10.26	2.34	6.24	241.62	80.59	104.71
Furniture and fixtures	662.98	45.02	86.02	38.08	13.57	742.37	398.95	79.21	51.97	34.55	13.67	481.91	260.46	264.03
Vehicles	22.27	1.05	0.18	1.16	0.37	21.97	17.70	1.95	0.16	1.08	0.37	18.36	3.61	4.57
	6,207.87	326.04	466.50	225.63	332.60	6,442.18	2,776.78	547.26	192.77	164.25	189.02	3,163.54	3,278.64	3,431.09
Previous year	6,042.75	413.93	98.39	104.05	243.15	6,207.87	2,123.94	716.94	40.69	52.51	52.28	2,776.78	3,431.09	-
b. Intangible Assets														
Goodwill on consolidation	7,727.59	-	1,420.26	-	-	9,147.85	-	-	-	-	-	-	9,147.85	7,727.59
Design and drawings	1,240.53	248.99	177.99	-	-	1,667.51	468.56	217.40	48.38	-	-	734.34	933.17	771.97
Software	326.84	12.31	39.32	13.98	-	364.49	181.81	11.76	30.02	13.96	-	209.63	154.86	145.03
	9,294.96	261.30	1,637.57	13.98	-	11,179.85	650.37	229.16	78.40	13.96	-	943.97	10,235.88	8,644.59
Previous year	8,749.23	347.96	197.81	0.04	-	9,294.96	435.32	208.73	6.36	0.04	-	650.37	8,644.59	-

- i) The depreciation / amortisation (including impairment losses) charged in the statement of profit and loss account amounting to Rs 776.88 (Rs 911.84 Crore) includes Rs 0.46 Crore (Rs 0.47 Crore) for depreciation charged on capital work-in-progress.
- ii) Deductions to gross block and accumulated depreciation are on account of sale of stake in Suzlon Energy Tianjin Ltd, China ("SETL") which amounts to Rs 332.60 Crore and Rs 189.02 Crore respectively (refer Note 29b).
- iii) During the financial year ended March 31, 2013, the Group had identified certain assets as held for sale and recognised impairment loss of Rs 184.73 Crore on write-down value of certain assets to the recoverable amount based on its expected net selling price and the same has been disclosed under exceptional items.
- iv) Gross block includes Rs 939.84 Crore (Rs 926.66 Crore) and accumulated depreciation includes Rs 293.18 Crore (Rs 245.58 Crore) towards assets of discontinued operations (refer Note 31).

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Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Assets	As at March 31, 2014			Depreciation for the year
	Gross block	Accumulated depreciation	Net block	
a. Tangible assets				
Buildings	150.91	25.56	125.35	4.91
Site development	58.35	12.61	45.74	3.89
Plant and machinery	714.94	244.19	470.75	36.89
Computers and office equipments	4.55	3.40	1.15	0.59
Furniture & fixtures	4.27	1.41	2.86	0.27
Vehicles	1.48	0.90	0.58	0.17
Total tangible assets	934.50	288.07	646.43	46.72
Previous year	(921.32)	(241.36)	(679.96)	(46.70)
b. Intangible assets				
Design and drawings	3.54	3.44	0.10	0.81
Software	1.80	1.67	0.13	0.08
Total Intangible assets	5.34	5.11	0.23	0.89
Previous year	(5.34)	(4.22)	(1.12)	(0.99)
Grand total	939.84	293.18	646.66	47.61
Previous year	(926.66)	(245.58)	(681.08)	(47.69)

17. Investments

	Non-current investments		Current investments	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non-trade investments (valued at cost unless stated otherwise)				
Non-trade investments in shares (unquoted)	3.70	35.67	659.84*	-
Investments in Government or trust securities (unquoted)	0.02	0.02	-	-
Investments in debentures (unquoted)	-	-	43.12	-
Total	3.72	35.69	702.96	-

* Includes investment in Big Sky Wind LLC of Rs 620.12 Crore (refer Note 29c)

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

18. Loans and advances

		Non-current		Current	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital advances					
Unsecured, considered good	(a)	17.64	3.49	-	
Security deposits					
Unsecured, considered good	(b)	148.37	192.04	46.89	12.63
Advances recoverable in cash or in kind					
Secured, considered good		-	-	-	-
Unsecured, considered good		122.18	235.75	1,071.17	582.54
Unsecured, considered doubtful		31.67	92.49	16.31	-
		153.85	328.24	1,087.48	582.54
Less : Allowance for bad and doubtful advances		31.67	92.49	16.31	-
	(c)	122.18	235.75	1,071.17	582.54
Other loans and advances					
Unsecured, considered good					
Advance income tax (net of provisions)		101.71	98.64	60.38	138.01
MAT credit entitlement		0.06	1.50	-	-
Inter-corporate deposits		108.89	121.00	53.53	99.10
Other assets		19.20	19.80	613.00	716.60
	(d)	229.86	240.94	726.91	953.71
Total (a + b + c + d)		518.05	672.22	1,844.97	1,548.88

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

19. Deferred tax

	March 31, 2014	March 31, 2013
Deferred tax assets:		
Unabsorbed losses and depreciation	136.22	125.87
Employee benefits	1.19	0.88
Provision for guarantee and warranty	13.62	25.46
Provision for doubtful debts	5.02	12.74
Others	27.16	25.09
	183.21	190.04
Deferred tax liabilities		
Difference in depreciation of fixed assets as per books	253.74	258.19
Accounts receivable / liabilities from contract orders	667.52	479.44
Others	-	0.97
	921.26	738.60
Deferred tax liabilities (net)	738.05	548.56

20. Trade receivables and other assets

20.1 Trade receivables

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Secured				
Other receivables*	-	1,114.50	-	-
Less : Provision for doubtful receivables	-	401.60	-	-
(a)	-	712.90	-	-
Unsecured				
Outstanding for a period exceeding six months from due date				
Considered good	-	-	1,067.18	1,211.18
Considered doubtful	56.66	78.04	156.06	98.32
	56.66	78.04	1,223.24	1,309.50
Other receivables	0.15	0.19	1,619.67	1,521.18
	56.81	78.23	2,842.91	2,830.68
Provision for doubtful receivables	56.66	78.04	156.06	98.32
(b)	0.15	0.19	2,686.85	2,732.36
Total (a + b)	0.15	713.09	2,686.85	2,732.36

*Trade receivable secured by wind farm assets of a customer (refer Note 29c).

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

20.2 Other assets

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Unsecured, considered good unless stated otherwise				
Non-current bank balances	181.96	228.90	-	-
Prepaid compensation in lieu of bank sacrifice	22.83	68.49	45.66	45.66
Ancillary cost of arranging the borrowings	37.69	37.50	9.22	9.22
Interest receivable	-	101.48	7.48	7.94
Infrastructure development asset	77.43	86.76	294.81	311.93
Others	0.56	-	138.79	64.69
Total	320.47	523.13	495.96	439.44

21. Inventories

	March 31, 2014	March 31, 2013
Raw materials	2,424.04	2,574.43
Finished goods, semi finished goods and work- in- progress	1,340.20	2,393.26
Stores and spares	170.89	191.86
Land and lease rights	97.77	104.28
Total	4,032.90	5,263.83

22. Cash and bank balances

	March 31, 2014	March 31, 2013
Balances with banks:		
In current accounts	546.67	883.12
In term deposits	1,896.72	1,074.63
Unpaid dividend	0.16	0.17
Cash on hand	4.46	1.20
Total	2,448.01	1,959.12

23. Revenue from operations

	March 31, 2014	March 31, 2013
Revenue from sale, installation and commissioning of WTG	17,516.34	16,780.16
Income from operation and maintenance service	2,695.24	1,962.98
Total	20,211.58	18,743.14

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

	March 31, 2014	March 31, 2013
Contract revenue recognised during the period	14,317.66	10,867.52
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	12,370.35	9,485.98
Amount of customer advances outstanding for contracts in progress up to the reporting date	1,262.57	2,926.33
Retention amount due from customers for contract in progress up to the reporting date	-	-
Due from customers	3,258.54	2,936.41
Due to customers	210.87	200.15

24. Cost of raw material and components consumed

	March 31, 2014	March 31, 2013
Consumption of raw materials (including project business)		
Opening inventory	2,574.43	3,386.91
Add : Purchases including bought out components	13,225.45	13,324.12
	15,799.88	16,711.03
Less : Closing inventory	2,424.04	2,574.43
	13,375.84	14,136.60
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade		
(Increase) / decrease in stocks:		
Opening inventory		
Finished, semi finished goods and work- in- progress	2,393.26	1,901.74
Land and land lease rights	104.28	98.81
(A)	2,497.54	2,000.55
Closing inventory		
Finished, semi finished goods and work- in- progress	1,340.20	2,393.26
Land and land lease rights	97.77	104.28
(B)	1,437.97	2,497.54
(Increase) / decrease in stocks	(C) = (A) - (B)	(496.99)

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

25. Employee benefits expense

	March 31, 2014	March 31, 2013
Salaries, wages, allowances and bonus	1,829.70	1,734.91
Contribution to provident and other funds	344.31	308.64
Employee stock option scheme	(4.55)	1.59
Staff welfare expenses	61.91	87.56
Total	2,231.37	2,132.70

26. Other expenses

	March 31, 2014	March 31, 2013
Stores and spares consumed	55.03	83.03
Power and fuel	65.34	62.36
Factory and site expenses	39.55	40.73
Repairs and maintenance	76.41	79.65
Operation and maintenance charges	11.36	117.48
Design change and technical upgradation charges	6.91	20.35
Rent	149.17	146.80
Rates and taxes	28.93	23.68
Performance guarantee expenditure	53.05	101.26
Liquidated damages expenditure	272.21	192.17
Operation, maintenance and warranty expenditure	448.27	258.19
R & D, certification and product development and quality assurance expenses	208.28	279.26
Insurance	32.73	69.15
Advertisement and sales promotion	46.57	63.13
Infrastructure development expenses	15.29	9.17
Freight outward and packing expenses	1,086.84	1,275.14
Sales commission	6.30	4.01
Travelling, conveyance and vehicle expenses	249.22	292.51
Communication expenses	140.69	80.83
Auditors' remuneration and expenses	15.88	10.90
Consultancy charges	234.54	361.35
CSR, charity and donations	5.59	14.45
Exchange differences, net	255.79	306.83
Bad debts written off	1.37	6.49
Provision for doubtful debts and advances	67.31	143.84
Loss on assets sold / discarded, net	26.63	23.17
Miscellaneous expenses	225.82	371.78
Total	3,825.08	4,437.71

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

27. Finance costs

	March 31, 2014	March 31, 2013
Interest		
Fixed loans	876.23	820.38
Others	916.24	697.98
Bank charges	149.81	205.49
Amortization of ancillary borrowing costs	72.42	60.92
Compensation in lieu of bank sacrifice	45.66	22.83
Exchange difference to the extent considered as an adjustment to borrowing costs	9.60	47.25
Total	2,069.96	1,854.85

28. Finance income

	March 31, 2014	March 31, 2013
Interest income		
From banks on fixed deposits	50.85	33.07
From others	20.63	119.07
Dividend income	-*	0.02
Total	71.48	152.16

* Amount less than Rs 0.01 Crore

29. Exceptional items

	March 31, 2014	March 31, 2013
Reversal towards diminution in investments and profit on sale of investment (refer Note 29a)	-	(43.25)
Expenditure on restructuring and refinancing of financial facilities (refer Note 3)	-	99.90
Provision / (reversal) for impairment in tangible assets (refer Note 29b)	(37.62)	184.73
Provision for doubtful debts (refer Note 29c)	216.58	401.60
Restructuring cost (refer Note 29d)	308.34	-
Total	487.30	642.98

- a) On June 28, 2012, the Company entered into share purchase agreement with a buyer for the sale of equity shares of its wholly owned subsidiary Suzlon Engitech Limited ('SENL'). Consequently, SENL ceased to be a subsidiary of a Company. The profit on sale of investment in SENL has been shown under exceptional item during the year ended March 31, 2013.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

- b) During the financial year ended March 31, 2013, the Group had identified certain assets as held for sale and recognised impairment loss of Rs 184.73 Crore on write-down value of certain assets to the recoverable amount based on its expected net selling price and the same has been disclosed under exceptional items. Those assets pertain to 'Sale of WTG' segment. Further, during the year, the Company sold 75% of its stake in Suzlon Energy Tianjin Ltd, China ("SETL") and thus SETL ceased to be a wholly owned subsidiary of the Company. The Company holds 25% stake in SETL as on March 31, 2014 and has accounted it as a joint venture. Accordingly the consolidated financial statements for the year ended March 31, 2014 inter alia include the financial figures of SETL till November 30, 2013 as subsidiary and subsequently as a joint venture. The provision for impairment made in tangible assets of SETL during the financial year ended March 31, 2013 has been adjusted to the extent of loss incurred in the transaction and the balance has been disclosed as gain under exceptional items in the consolidated financial statements.

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

Balance sheet	March 31, 2014	Profit and loss account	December 01, 2013 to March 31, 2014
Share capital	98.45	Sales	0.77
Reserves and surplus	(15.92)	Other income	-
Total sources of funds	82.53	Total income	0.77
Fixed assets	27.70	Cost of goods sold	0.16
Inventories	14.78	Employee's remuneration and benefits	0.55
Sundry debtors	113.54	Operating and other expenses	1.25
Cash and bank balances	2.51	Depreciation/amortisation	0.75
Loans and advances	3.13	Financial charges	0.25
Total current assets	133.96	Total expenditure	2.96
Current liabilities and provisions	79.13	Loss before tax	(2.19)
Net current assets	54.83	Tax	-
Total application of funds	82.53	Loss after tax	(2.19)

- c) Suzlon Wind Energy Corporation, USA ("SWECO"), a wholly owned subsidiary of the Company had receivables from Big Sky Wind LLC ("Big Sky"), against the supply of WTG's and the same was secured against the primary security of the Wind Farm ("Asset") owned by Big Sky. During the year, SWECO acquired 100% equity stake of Big Sky from Edison Mission Midwest II, Inc and also entered into a definitive agreement with EverPower for sale of 100% stake of Big Sky. The sale of Big Sky to EverPower was completed in May 2014. The net loss of Rs 216.58 Crore in the transaction for the year ended March 31, 2014 is after considering provision of Rs 401.60 Crore done during the financial year ended March 31, 2013 and accordingly the same has been disclosed as an exceptional item in the consolidated financial statements.
- d) As part of the ongoing cost optimisation plan of the Group, an overseas subsidiary along with its step-subsiidiaries had undertaken an "organisational redesign", and in this connection incurred cost towards lay-off and other related costs of Rs 308.34 Crore during year ended March 31, 2014 and the same is disclosed under exceptional items.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

30. Tax expense

	March 31, 2014	March 31, 2013
Current tax	18.68	28.30
Deferred tax charge	89.28	158.61
MAT credit entitlement	1.44	160.17
Earlier years tax	35.03	2.24
	144.43	349.32

31. Discontinuing operation

As part of the Group's long-term strategy to focus its activities in the areas of manufacturing and sale of Wind Turbine Generators and also as per the terms of CDR MRA along with part of its initiatives for liability management, it has been proposed to divest certain non-critical assets. Accordingly, the Group proposes to divest the business of SE Forge Limited ("SEFL"), which is engaged in manufacturing and machining of large forging and casting products and the said operations have been considered as discontinued operations.

Operating results of the Group's discontinued operations (before eliminations) are summarized as follows:

The carrying amounts of the total assets and liabilities to be disposed of at March 31, 2014 are as follows:

	March 31, 2014	March 31, 2013
Total assets	824.73	873.20
Total liabilities	787.55	867.88
Net assets	37.18	5.32

The revenue and expenses in respect of ordinary activities attributable to the discontinuing operations:

	March 31, 2014	March 31, 2013
Revenues	125.90	128.39
Cost and expenses	269.04	292.34
Operating losses before taxes	(143.14)	(163.95)
Tax expenses	-	-
Loss from discontinued operations	(143.14)	(163.95)

The net cash flows attributable to the Foundry and Forging business are as follows:

	March 31, 2014	March 31, 2013
Operating activities	7.23	139.48
Investing activities	1.86	3.67
Financing activities	(4.41)	(144.57)
Net cash outflows/ (inflow)	4.68	(1.41)

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

32. Earnings per share (EPS)

	March 31, 2014	March 31, 2013
Basic		
Net loss after share of profit of associates and minority interest	(3,519.97)	(4,723.96)
Less: Preference dividend and tax thereon	(0.35)	(0.35)
Loss attributable to equity shareholders	(3,520.32)	(4,724.31)
Weighted average number of equity shares	2,239,949,868	1,777,365,647
Basic earnings /(loss) per share of Rs 2 each	(15.71)	(26.58)
Diluted		
Loss attributable to equity shareholders	(3,520.32)	(4,724.31)
Add: Interest on foreign currency convertible bonds (net of tax)	37.94	36.51
Interest on loan from promoters (net of tax)	12.36	13.63
Interest on share application money (net of tax)	-	0.43
Employee stock purchase scheme	1.77	-
Adjusted net loss after tax	(3,468.25)	(4,673.74)
Weighted average number of equity shares	2,239,949,868	1,777,365,647
Add: Potential weighted average equity shares that could arise on		
conversion of foreign currency convertible bonds**	261,629,546	398,746,880
conversion of loans from promoters	177,455,650	89,485,069
conversion of share application money	633,705	152,978,513
conversion of FITL	12,438	3,168,710
conversion of employee stock purchase scheme	12,301,100	-
Weighted average number of equity shares for diluted EPS	2,691,982,307	2,421,744,819
Diluted earnings / (loss) per share (Rs) of face value of Rs 2 each [see note below]*	(15.71)	(26.58)

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

** This does not include the impact of possible conversion of foreign currency convertible bonds arising out of the standstill agreement entered into with the bond holders as explained in Note 11 (II b).

33. Post employment benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary based on last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Net employees benefit expense recognised in the statement of profit and loss:

	March 31, 2014	March 31, 2013
Current service cost	6.00	6.85
Interest cost on benefit obligation	2.54	2.59
Expected return on plan assets	(1.98)	(1.75)
Net actuarial (gain) / loss recognised in the year	(4.83)	(3.87)
Net benefit expense	1.73	3.82

Details of defined benefit obligation

	March 31, 2014	March 31, 2013
Defined benefit obligation	33.12	34.12
Fair value of plan assets	21.59	25.52
Present value of unfunded obligations	11.53	8.60
Plan liability / (asset)	11.53	8.60

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

	March 31, 2014	March 31, 2013
Opening defined benefit obligation	34.12	31.99
Interest cost	2.54	2.58
Current service cost	5.99	6.85
Benefits paid	(5.43)	(3.96)
Actuarial (gains) / losses on obligation	(4.10)	(3.34)
Closing defined benefit obligation	33.12	34.12

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

	March 31, 2014	March 31, 2013
Opening fair value of plan assets	25.52	17.46
Expected return	1.98	1.75
Contributions by employer*	0.11	9.58
Benefits paid	(5.43)	(3.79)
Actuarial gains / (losses)	(0.59)	0.52
Closing fair value of plan assets	21.59	25.52

Major category of plan assets pertains to investment in approved funds.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Amounts for the current and previous periods are as follows:

	March 31,				
	2014	2013	2012	2011	2010
Defined benefit obligation	33.12	34.12	31.99	23.39	17.22
Plan assets	21.59	25.52	17.46	17.71	12.44
Surplus / (deficit)	11.54	8.60	14.53	5.68	4.78
Experience adjustments on plan liabilities	1.42	5.41	(3.95)	(2.18)	(0.14)
Experience adjustments on plan assets	0.57	0.01	0.43	0.01	0.07

The principal assumptions with respect to discount rate, expected return on plan assets, salary escalation rate and attrition rate used in determining the defined benefit plan obligations differ from subsidiary to subsidiary. The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

34. Employee stock option plans

a) The Company has provided various Employee Stock Option and Purchase Schemes to its employees. During the year ended March 31, 2014, the following schemes were in operation:

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)	ESPS 2014
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII	Scheme XIII
Grant date	23-Nov-07	21-May-09	5-Oct-09	30-Jan-10	28-Jul-10	30-Oct-10	21-Feb-11	1-Apr-10	27-Apr-11	31-Jul-11	25-May-12	31-Mar-14
Board approval date	29-Jan-07	15-Apr-08	16-Jun-08	16-Jun-08	16-Jun-08	16-Jun-08	16-Jun-08	15-Apr-08	16-Jun-08	16-Jun-08	16-Jun-08	14-Feb-14
Shareholder approval	10-Mar-07	22-May-08	13-Aug-09	13-Aug-09	13-Aug-09	13-Aug-09	13-Aug-09	22-May-08	13-Aug-09	13-Aug-09	13-Aug-09	27-Mar-14
Options granted (Nos)	519,500	1,878,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000	25,000	12,301,100
Exercise Price (Rs)	192.20	90.50	70.00/87.50	61.80/77.25	46.76/58.45	44.36	47.70	72.70	54.35	54.15	20.85	8.10
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period												15-Apr-14
Tranche 1	23-Nov-08	21-May-10	5-Oct-10	30-Jan-11	28-Jul-11	30-Oct-11	21-Feb-12	1-Apr-11	27-Apr-12	1-Aug-12	26-May-13	-
Tranche 2	23-Nov-09	21-May-11	5-Oct-11	30-Jan-12	28-Jul-12	30-Oct-12	21-Feb-13	1-Apr-12	27-Apr-13	1-Aug-13	26-May-14	-
Tranche 3	23-Nov-10	-	5-Oct-12	30-Jan-13	28-Jul-13	30-Oct-13	21-Feb-14	1-Apr-13	27-Apr-14	1-Aug-14	26-May-15	-
Vesting %												100%
Tranche 1	50%	75%	50%	50%	50%	50%	50%	33.33%	50%	50%	50%	-
Tranche 2	25%	25%	25%	25%	25%	25%	25%	33.33%	25%	25%	25%	-
Tranche 3	25%	-	25%	25%	25%	25%	25%	33.34%	25%	25%	25%	-
Exercise period (end date)	Till 23-Nov-2013	Till 21-May-2015	Till 5-Oct-2014	Till 30-Jan-2015	Till 28-Jul-2015	Till 30-Oct-2015	Till 21-Feb-2016	Till 31-Mar-2014	Till 27-Apr-2016	Till 31-Jul-2016	Till 25-May-2017	Till 15-April-2014

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

b) The movement in the stock options during the year ended March 31, 2014 was as per the table below:

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)	ESPS 2014
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII	Scheme XIII
Opening balance	225,500	996,000	4,793,654	135,000	100,000	50,000	-	7,099,500	50,000	40,000	25,000	-
Granted during the year	-	-	-	-	-	-	-	-	-	-	-	12,301,100
Forfeited/cancelled during the year	-	131,000	1,006,573	100,000	65,000	50,000	-	1,180,500	50,000	30,000	12,500	-
Exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	225,500	-	-	-	-	-	-	5,919,000	-	-	-	-
Closing balance	-	865,000	3,787,081	35,000	35,000	-	-	-	-	10,000	12,500	12,301,100
Exercisable at the end of the year (Included in closing balance of option outstanding)	-	865,000	3,787,081	35,000	35,000	-	-	-	-	7,500	6,250	-

c) The movement in the stock options during the year ended March 31, 2013 was as per the table below.

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII
Opening balance	316,500	1,257,000	7,103,318	135,000	100,000	50,000	75,000	8,664,000	50,000	65,000	-
Granted during the year	-	-	-	-	-	-	-	-	-	-	25,000
Forfeited/cancelled during the year	91,000	261,000	2,309,664	-	-	-	75,000	1,564,500	-	25,000	-
Exercised during the year	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-	-	-	-	-
Closing balance	225,500	996,000	4,793,654	135,000	100,000	50,000	-	7,099,500	50,000	40,000	25,000
Exercisable at the end of the year (Included in closing balance of option outstanding)	225,500	996,000	4,793,654	101,250	75,000	37,500	-	4,733,000	25,000	20,000	-

No options were exercised during the year.

d) Fair value of the options

The Company applies intrinsic value based method of accounting for determining compensation cost for Scheme II to Scheme XIII. Following are the details of the amounts that would have been charged to the statement of profit and loss, rate per option, and cost per option calculated based on 'Black-Scholes' Model.

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)		ESOP Perpetual-I (Tranche II)		ESOP Perpetual-I (Tranche III)		ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)	ESPS 2014	
	Scheme II	Scheme III	Scheme IV		Scheme V		Scheme VI		Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme	Scheme	
	Non-US		US	Non-US	US	Non-US	US									
Charge to profit and loss account	Nil	Nil	Nil		Nil		0.05		0.00		Nil	Nil	Nil	Nil	Nil	1.77
	Nil	Nil	(0.58)		(0.01)		(0.01)		(0.01)		Nil	Nil	(0.001)	(Nil)	(Nil)	-
Rate per option (Rs)	182.60	2.20	22.25	4.75	15.45	Nil	12.29	0.60	11.09	Nil	Nil	0.50	Nil	Nil	Nil	1.75
Black Scholes' Model - Cost per option (Rs)	249.11	43.32	42.54	49.28	34.27	39.95	26.39	30.73	28.68	21.16	29.12	24.50	22.67	9.25	1.77	

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

If the cost per option was calculated based on the 'Black-Scholes' model, the loss after tax would have been higher by Rs 0.02 Crore (Rs 17.60 Crore).

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

Earnings per share	March 31, 2014	March 31, 2013
- Basic	(15.71)	(26.68)
- Diluted	(15.71)	(26.68)

35. Operating leases

The Group has taken certain premises under operating leases. Further, there are certain shipping charter agreements for offshore systems.

Expenses under cancellable operating lease and rental contracts during the year is Rs 152.44 Crore (Rs 130.78 Crore).

Expenses under non-cancellable operating lease and rental contracts during the year is Rs 16.16 Crore (Rs 26.04 Crore).

Future minimum rentals payable under non-cancellable operating lease and rental contracts as per the respective agreements are as follows:

Obligation on non-cancellable operating leases	March 31, 2014	March 31, 2013
Not later than one year	129.76	104.48
Later than one year and not later than five years	723.89	404.03
Later than five years	1,942.12	1,796.25

Assets given on lease (Windmills):

As on March 31, 2014, the Group sold some of its WTG's which were let out on operating lease earlier. The lease charges were on the basis of net electricity generated and delivered. Details are as under:

	March 31, 2014	March 31, 2013
Lease rental income recognized in statement of profit and loss for the period	2.60	2.53
Gross carrying amount	-	30.00
Accumulated depreciation	-	23.46
Depreciation charged to statement of profit and loss for the period	1.00	1.18

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

36. Segment information

The Group has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

The Group's operations predominantly relate to sale of WTGs and allied activities including sale/sub-lease of land, project execution; and sale of foundry and forging components. Others primarily include power generation operations.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments allocated on a reasonable basis. Inter segment transfers have been carried out at mutually agreed prices.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

A. Primary business segment

Particulars	March 31, 2014						March 31, 2013					
	Continuing operations			Discontinuing operations*	Elimination	Grand total	Continuing operations			Discontinuing operations*	Elimination	Grand total
	Sale of WTG	Others	Total	Foundry & Forging			Sale of WTG	Others	Total	Foundry & Forging		
Total external sales	20,115.31	11.88	20,127.19	84.39	-	20,211.58	18,651.79	21.23	18,673.02	70.12	-	18,743.14
Add: Inter segment sales	1.33	-	1.33	41.51	(42.84)	-	2.63	-	2.63	58.27	(60.90)	-
Segment revenue	20,116.64	11.88	20,128.52	125.90	(42.84)	20,211.58	18,654.42	21.23	18,675.65	128.39	(60.90)	18,743.14
Segment results before exceptional items	(869.26)	2.21	(867.05)	(51.71)	0.79	(917.97)	(1,964.02)	7.19	(1,956.83)	(76.80)	(3.33)	(2,036.96)
Add/(Less) Items to reconcile with profit as per statement of profit and loss												
Add : Other income						71.48						152.16
Less : Financial charges						(2,069.96)						(1,854.85)
Loss before tax and exceptional items						(2,916.45)						(3,739.65)
Less/ (add) : Exceptional items						487.30						642.98
Loss before tax						(3,403.75)						(4,382.63)
Provision for current tax						18.68						28.30
MAT credit entitlement						1.44						158.61
Deferred tax						89.28						160.17
Earlier year tax						35.03						2.24
Total tax						144.43						349.32
Loss after tax						(3,548.18)						(4,731.95)
Add: Share of loss/(profit) of minority						28.21						7.99
Net loss for the year						(3,519.97)						(4,723.96)
Segment assets	26,222.12	82.84	26,304.96	799.04	-	27,104.00	25,404.64	101.67	25,506.31	856.97	-	26,363.28
Common assets						3,210.79						2,852.78
Enterprise assets						30,314.79						29,216.06
Segment liabilities	11,853.21	-	11,853.21	165.29	-	12,018.50	11,526.71	-	11,526.71	357.20	-	11,883.91
Common liabilities						18,840.14						17,011.74
Enterprise liabilities						30,858.64						28,895.65
Capital expenditure during the year	703.58	-	703.58	10.90	-	714.48	683.33	13.79	697.12	(2.81)	-	694.31
Segment depreciation	721.73	7.55	729.28	47.60	-	776.88	682.13	10.67	692.80	47.67	-	740.47

*refer Note 31

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

B. Geographical business segment

	Year ended March 31, 2014							Year ended March 31, 2013							Rs in crore
	India	Europe	USA & Canada	China	Australia	Others	Total	India	Europe	USA & Canada	China	Australia	Others	Total	
Segment revenue	2,615.87	11,076.56	2,821.09	54.93	1,306.60	2,336.53	20,211.58	1,439.38	11,190.95	5,632.82	68.07	122.70	289.22	18,743.14	
Segment assets	5,910.21	17,985.67	1,663.09	137.28	576.57	831.18	27,104.00	6,806.13	15,305.66	2,008.09	613.48	192.80	1,437.12	26,363.28	
Capital expenditure incurred	30.11	629.23	53.09	-	0.65	1.40	714.48	121.39	550.92	7.78	0.38	2.34	11.50	694.31	

37. Related party disclosures

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

a. Entities where Key Management Personnel ('KMP') / Relatives of Key Management Personnel ('RKMP') have significant influence

Sarjan Realities Limited, Aspen Infrastructures Limited, Shubh Realty (South) Limited, Tanti Holdings Private Limited, Suzlon Foundation, Girish R. Tanti (HUF), Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Synew Steel Limited, Salene Power Infrastructure Limited, Samanvaya Holdings Private Limited and Synefra Infrastructures Limited.

b. Key Management Personnel of Suzlon Energy Limited

Tulsi R. Tanti

c. Relatives of Key Management Personnel of Suzlon Energy Limited

Jitendra R. Tanti, Pranav T. Tanti, Nidhi T. Tanti, Vinod R. Tanti* and Girish R. Tanti

d. Employee funds

SE Blades Limited	Superannuation Fund
SE Blades Limited	Employees Group Gratuity Scheme
SE Electricals Limited	Superannuation Fund
SE Electricals Limited	Employees Group Gratuity Scheme
Suzlon Energy Limited	Superannuation Fund
Suzlon Energy Limited	Employees Group Gratuity Scheme
Suzlon Generators Limited	Superannuation Fund
Suzlon Generators Limited	Employees Group Gratuity Scheme
Suzlon Gujarat Wind Park Limited	Superannuation Fund
Suzlon Gujarat Wind Park Limited	Employees Group Gratuity Scheme
Suzlon Power Infrastructure Limited	Superannuation Fund
Suzlon Power Infrastructure Limited	Employees Group Gratuity Scheme
Suzlon Structures Limited	Employees Group Gratuity Scheme
Suzlon Wind International Limited	Superannuation Fund
Suzlon Wind International Limited	Employees Group Gratuity Scheme
Suzlon Global Services Limited	Employees Group Gratuity Scheme

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

* Resigned as whole time director and continues to be a non-executive director w.e.f. June 01, 2012. Transactions entered into after June 01, 2012 have been disclosed as transactions with the relatives of KMP.

(B) Transactions between the Group and related parties during the year and the status of outstanding balances as at March 31, 2014 :

Particulars	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee Funds
Purchase of fixed assets (including Intangibles)	- (6.68)	- (-)	- (-)	- (-)
Sale of fixed assets	- (0.16)	- (-)	- (-)	- (-)
Purchase of goods and services	39.74 (46.36)	- (-)	- (-)	- (-)
Sale of goods and services	0.24 (0.85)	0.18 (0.17)	0.73 (0.51)	- (-)
CCDs / Shares issued	203.00 (-)	- (-)	- (-)	- (-)
Loans taken	290.65 (138.00)	- (-)	- (-)	- (-)
Interest expense	18.30 (20.17)	- (-)	- (-)	- (-)
Lease rent income	0.54 (0.24)	- (-)	- (-)	- (-)
Lease rent expense	18.71 (16.16)	- (-)	- (-)	- (-)
Donation given	1.52 (1.67)	- (-)	- (-)	- (-)
Managerial remuneration	- (-)	1.45 (0.49)	2.40 (0.10)	- (-)
Contribution to various funds	- (-)	- (-)	- (-)	0.35 (7.81)
Reimbursement of expenses	- (0.72)	- (-)	- (-)	- (-)

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

(C) Outstanding balances

Particulars	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee Funds
Advance from customers	0.84 (0.01)	- -	- -	- -
Trade receivables	2.66 (1.94)	0.36 (0.16)	1.83 (0.77)	- -
Deposits outstanding	129.10 (130.53)	- -	- -	- -
Advance to supplier and other assets	49.75 (0.66)	- -	- -	- -
Trade payables	2.76 (24.70)	- -	- -	- -
Unsecured loan outstanding (including interest)	90.27 (253.84)	- -	- -	- -

(D) Disclosure of significant transactions with related parties

Type of the transaction	Type of relationship	Name of the entity/person	Year ended March 31,	
			2014	2013
Purchase of fixed assets (including intangibles)	Entities where KMP/ RKMP has significant influence	Sarjan Realities Limited Shubh Realty (South) Limited	- -	4.44 2.10
Sale of fixed assets	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited Sarjan Realities Limited	- -	0.12 0.04
Purchase of goods and services	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited	38.05	44.63
Sale of goods and services	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited	0.09	0.12
		Sarjan Realities Limited	0.10	0.70
	KMP	Tulsi R Tanti	0.18	0.17
	RKMP	Girish R Tanti	0.18	0.17
	RKMP	Rambhaben Ukabhai	0.19	0.17
	RKMP	Vinod R Tanti	0.18	0.17
	RKMP	Jitendra R Tanti	0.18	-
Shares issued	Entities where KMP/ RKMP has significant influence	Sugati Holdings Private Limited	203.00	-

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

Type of the transaction	Type of relationship	Name of the entity/person	Year ended March 31,	
			2014	2013
Loans taken	Entities where KMP/RKMP has significant influence	Tanti Holdings Private Limited	-	138.00
		Sugati Holdings Private Limited	290.65	-
Interest expense	Entities where KMP/RKMP has significant influence	Tanti Holdings Private Limited	15.68	20.17
		Sugati Holdings Private Limited	2.62	-
Lease rent income	Entities where KMP/RKMP has significant influence	Synefra Infrastructures Limited	0.54	0.24
Lease rent expense	Entities where KMP/RKMP has significant influence	Aspen Infrastructure Limited	17.93	15.49
Donation given	Entities where KMP/RKMP has significant influence	Suzlon Foundation	1.52	1.67
Remuneration	KMP	Tulsi R. Tanti	1.45	0.49
	RKMP	Vinod R. Tanti	2.25	0.09
	RKMP	Pranav T. Tanti	0.15	0.01
Contribution to various funds	Employee Funds	Suzlon Energy Limited Superannuation Fund	0.11	0.32
		Suzlon Energy Limited Employees Group Gratuity Scheme	-	6.95
		Suzlon Wind International Limited Employee Group Gratuity Scheme	0.09	-
		Suzlon Structures Limited Employees Group Gratuity Scheme	0.14	-
		SE Electricals Limited Employees Group Gratuity Scheme	0.26	0.26

38. Capital and other commitments

	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances	135.43	152.97
Commitment for purchase of goods	3,982.43	4,095.31
Contingent consideration payable	-	34.33

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

39. Contingent liabilities

	March 31, 2014	March 31, 2013
Disputed Infrastructure Development Charges (refer Note 6)	64.80	64.80
Claims against the Group not acknowledged as debts-		
Excise duty, customs duty, service tax and VAT	63.56	58.96
Income-tax*	28.24	30.52
State levies	3.38	6.41
Labour related	2.34	-
Suppliers and service providers	-	0.08
Cumulative preference share dividend of subsidiary payable to minority	6.83	5.27
Interest sacrifice under CDR scheme (refer Note 5)	365.33	129.32
Others	36.08	28.79

* includes demand from tax authorities for various matters. The Group / tax department has preferred appeals on these matters and the same are pending with various appellate authorities. Considering the facts of the matters, no provision is considered necessary by management

A few law suits have been filed on the Company and few subsidiaries of the Company by some of their suppliers for disputes in fulfilment of obligations as per supply agreements. The matters are pending for hearing before respective courts, the outcome of which is uncertain. The management has provided for an amount as a matter of prudence which it believes shall be the probable outflow of resources .

One of the subsidiaries of the Company has filed applications for extension of due date for achieving positive Net Foreign Exchange with Development Commissioners. The matter is under approval and the outcome of the same is not ascertainable.

During the year, one of the subsidiaries received tax infraction notices from tax authorities which have been contested by the subsidiary. The management is in the process of filing responses to such infraction notices. The responses will be filed with the tax assessment officers, and the subsidiary will have a right to appeal to various tax and judicial authorities in future, in case the outcome is unfavourable. Though the Group believes that it has a good chance of getting a favourable outcome, the ultimate outcome of the cases, the timing by when the cases would be concluded and the amount that may be payable are presently uncertain.

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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

40. Derivative instruments and unhedged foreign currency exposure

a. Derivative instruments

1. Forward contract outstanding as at balance sheet date:

	Purpose
Buy USD 42,000,000 (USD 40,000,000)	Hedge of forex USD liabilities
Buy CAD 58,000,000 (CAD Nil)	Hedge of forex CAD liabilities
Buy GBP 14,400,000 (GBP 5,700,000)	Hedge of forex GBP liabilities
Buy AUD 16,500,000 (AUD Nil)	Hedge of forex AUD liabilities
Sell SEK Nil (SEK 63,000,000)	Hedge of forex SEK receivables
Sell CAD 55,500,000 (CAD 115,800,000)	Hedge of forex CAD receivables
Sell GBP 3,000,000 (GBP Nil)	Hedge of forex GBP receivables
Sell AUD 54,300,000 (AUD 10,000,000)	Hedge of forex AUD receivables

2. Options as at balance sheet date:

CAD 39,300,000 call option outstanding as at balance sheet date.

b. Unhedged foreign currency exposure

	March 31, 2014	March 31, 2013
Current liabilities	3,889.17	2,615.71
Debtors	4,541.11	3,148.55
Loans given	2,898.22	2,159.00
Loans received	4,210.00	3,820.11
Bank balance in current and term deposit accounts	425.11	255.30
Deposit paid	0.37	1.22
Foreign currency convertible bonds	3,059.03	2,719.15

41. Deferral/ capitalisation of exchange differences

The Group has, consequent to the notification issued by the Ministry of Corporate Affairs on December 29, 2011 giving an option to the companies to amortise the exchange differences pertaining to long term foreign currency monetary items up to March 31, 2020 (from March 31, 2012 earlier), adopted the said option given under paragraph 46A of Accounting Standard 11. Accordingly, the Group has revised the amortisation period for such items to the maturity of the long term foreign currency monetary items (all before March 31, 2020).

Net foreign exchange gain aggregating Rs 506.84 Crore (loss of Rs 270.06 Crore) on long term foreign currency monetary items have been adjusted in the foreign currency monetary item translation difference account during the year. Further, foreign exchange gain aggregating Rs 22.99 Crore (loss of Rs 322.78 Crore) have been amortised during the year.

Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2014

All amounts in Rupees Crore, unless otherwise stated

- 42.** Prior year amounts have been reclassified wherever necessary to conform with current year presentation. Figures in the brackets are in respect of the previous year.

As per our report of even date

For SNK & Co.
Chartered Accountants
ICAI Firm registration number:
109176W

For S.R. Batliboi & Co LLP.
Chartered Accountants
ICAI Firm Registration number:
301003E

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

per Sanjay Kapadia
Partner
Membership No. 38292

per Paul Alvares
Partner
Membership No. 105754

Tulsi R. Tanti
Chairman and Managing
Director
DIN : 00002283

Vinod R. Tanti
Director
DIN : 00002266

Amit Agarwal
Chief Financial Officer
Membership No.: 056880

Hemal A. Kanuga
Company Secretary
Membership No.: F4126

Place : Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

Place: Pune
Date : May 30, 2014

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Yerwada
Pune 411 006

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Suzlon Energy Limited

1. We, SNK & Co. and S. R. BATLIBOI & Co. LLP, have audited the accompanying consolidated financial statements of Suzlon Energy Limited ("the Company") and its subsidiaries as described in Note 2.2 (together referred to as the 'Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

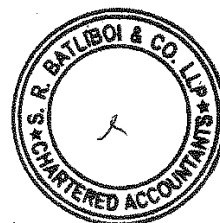
Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter on use of Going Concern assumption

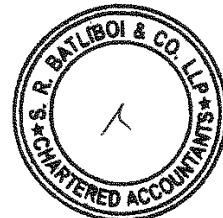
5. We draw attention to Note 4 of the accompanying consolidated financial statements in respect of material uncertainty about the Company's ability to continue as a going concern which is in part dependent on the successful outcome of the discussions with the FCCB holders. Our opinion is not qualified in respect of this matter.

Emphasis of Matter on Contingencies and Litigations

6. We draw attention to Note 5 to Note 7 of the consolidated financial statements in respect of various contingencies and litigations, the outcome of which is materially uncertain and cannot be determined currently. Our opinion is not qualified in respect of these matters.

Other Matters

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 11,181.56 Crore as at March 31, 2013, total revenue of Rs. 15,767.07 Crore and total cash flows of Rs. (298.23) Crore for year ended March 31, 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.



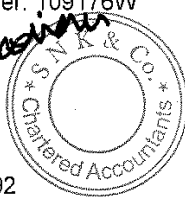
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Yerwada
Pune 411 006

8. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 1,362.35 Crore as at March 31, 2013, total revenue of Rs. 215.08 Crore and total cash flows of Rs. (207.48) Crore for year ended March 31, 2013. These financial statements and other financial information have been certified by Management, and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on such Management certified financial statements. Our opinion is not qualified in respect of this matter.

For SNK & CO.
Chartered Accountants
Firm registration number: 109176W

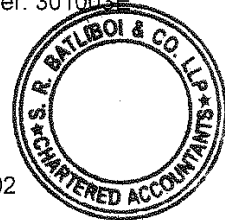
Per Sanjay Kapadia
Partner
Membership No.: 38292



Place: Pune
Date: May 30, 2013

For S. R. BATLIBOI & Co. LLP
Chartered Accountants
Firm registration number: 301003E

per Arvind Sethi
Partner
Membership No.: 89802



Place: Pune
Date: May 30, 2013

Suzlon Energy Limited
Consolidated balance sheet as at March 31, 2013
All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities			
Shareholders' funds			
(i) Share capital	9	355.47	355.47
(ii) Reserves and surplus	10	(35.06)	4,622.66
		320.41	4,978.13
Share application money, pending allotment (refer note 9 (ii))			
		581.67	-
Preference shares issued by subsidiary company			
		5.94	5.94
Minority Interest			
		78.11	82.78
Non-current liabilities			
(i) Long-term borrowings	11	10,857.66	7,364.72
(ii) Deferred tax liabilities (net)		558.50	463.55
(iii) Other long term liabilities	12	89.26	143.07
(iv) Long-term provisions	13	264.72	259.70
		11,770.14	8,231.04
Current liabilities			
(i) Short-term borrowings	14	2,834.69	3,583.54
(ii) Trade payables		4,650.94	5,806.57
(iii) Other current liabilities	15	7,091.57	7,156.05
(iv) Due to customers		200.15	309.43
(v) Short-term provisions	13	1,473.28	2,273.80
		16,250.63	19,129.39
		29,006.90	32,427.28
Assets			
Non-current assets			
(i) Fixed assets	16		
(a) Tangible assets		3,431.09	3,918.81
(b) Intangible assets		8,644.59	8,313.91
(c) Capital work-in-progress		306.27	369.37
(ii) Non-current investments	17	35.69	33.27
(iii) Deferred tax assets (net)		9.94	21.61
(iv) Long-term loans and advances	18	672.22	903.60
(v) Long-term trade receivables	20.1	713.09	24.92
(v) Other non-current assets	20.2	503.12	368.47
		14,316.01	13,953.96
Current assets			
(i) Current investments	17	-	63.98
(ii) Inventories	21	5,263.83	5,579.80
(iii) Trade receivables	20.1	2,732.36	5,315.29
(iv) Cash and bank balance	22	1,959.12	2,632.48
(v) Short-term loans and advances	18	1,548.88	1,664.06
(vi) Due from customers	23	2,936.41	2,860.77
(vii) Other current assets	20.2	250.29	356.94
		14,690.89	18,473.32
		29,006.90	32,427.28

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For SNK & Co.
ICAI Firm Registration number: 199176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

For S.R. Batliboi & Co. LLP
ICAI Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 88502

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

Tulsi R. Tanti
Chairman and Managing
Director

Vinod R. Tanti
Director

H.A. Kanuga
Hermal A. Kanuga
Company Secretary

Amit Agarwal
Chief Financial Officer



Place : Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013

Suzlon Energy Limited
Statement of consolidated profit and loss for the year ended March 31, 2013
All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	March 31, 2013	March 31, 2012
Continuing operations			
Income			
Revenue from operations	23	18,743.14	21,082.37
Other operating income		170.39	276.84
		18,913.53	21,359.21
Expenses			
Cost of materials consumed		14,136.60	13,623.46
Increase/decrease in inventories of finished goods, work-in-progress and stock-in-trade	24	(496.99)	450.27
Employee benefits expense	25	2,132.70	2,008.61
Other expenses	26	4,437.71	3,455.67
		20,210.02	19,538.01
Earnings/ (loss) before interest, depreciation, tax and exceptional items (EBITDA)		(1,296.49)	1,821.20
Depreciation / amortisation	16	740.47	661.23
Earnings/ (loss) before interest, tax and exceptional items (EBIT)		(2,036.96)	1,159.97
Finance costs	27	1,854.85	1,654.74
Finance income	28	152.16	125.74
Earnings/ (loss) before tax before exceptional items		(3,739.65)	(369.03)
Less : Exceptional items	29	642.98	(227.24)
Profit/ (loss) before tax		(4,382.63)	(141.79)
Loss from continuing operations before tax		(4,218.68)	(28.21)
Tax expense	30	349.32	330.80
Loss from continuing operations after tax		(4,568.00)	(359.01)
Share in associate's profit/(loss) after tax		-	(33.29)
Share of loss of minority		7.99	27.30
Net loss from continuing operations	(A)	(4,560.01)	(365.00)
Loss from discontinuing operations before tax (refer note 31)		(163.95)	(113.58)
Tax expense		-	-
Loss from discontinuing operations after tax	(B)	(163.95)	(113.58)
Net profit/ (loss) for the year	C = (A)+(B)	(4,723.96)	(478.58)
Earnings/ (loss) per equity share:			
- Basic and diluted [Nominal value of share Rs 2 (Rs 2)]	29	(26.58)	(2.69)
Summary of significant accounting policies			
	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For SNK & Co.
ICAI Firm Registration number: 169176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

For S.R.Batliloi & Co. LLP
ICAI Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

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

Tulsi R.Tanti
Chairman and Managing
Director

Vinod R.Tanti
Director

H.A.Kanuga
Hermal A.Kanuga
Company Secretary

Amit Agarwal
Chief Financial Officer

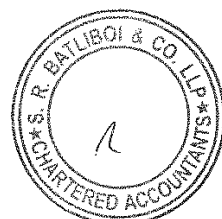
Place : Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013

Suzlon Energy Limited
Consolidated cash flow statement for the year ended March 31, 2013
All amounts in Rupees Crore unless otherwise stated

Particulars	March 31, 2013	March 31, 2012
Cash flow from operating activities		
Loss before tax	(3,739.65)	(369.03)
Adjustments for:		
Depreciation / amortisation	740.47	661.23
Loss on assets sold / discarded, net	23.17	9.92
Loss on sale of investments, net	-	2.20
Interest income	(152.14)	(124.74)
Interest expenses	1,518.36	1,379.12
Dividend income	(0.02)	(1.00)
Compensation in lieu of bank sacrifice	22.83	-
Operation, maintenance and warranty expenditure	258.19	172.23
Liquidated damages expenditure	101.26	104.26
Performance guarantee expenditure	192.17	86.42
Bad debts written off	6.49	7.25
Provision for doubtful debts and advances	143.84	125.02
Adjustments for consolidation*	60.65	(45.00)
Exchange differences, net	348.11	134.92
Employee stock option scheme	1.59	3.86
Wealth-tax	0.02	0.01
Operating profit / (loss) before working capital changes	(474.66)	2,146.67
Movements in working capital		
(Increase) / decrease in trade receivables and unbilled revenue	1,312.54	(2,417.83)
Decrease / (increase) in inventories	315.97	(228.24)
Decrease / (increase) in loans and advances and other assets	76.31	(244.68)
(Decrease) / increase in trade payables, current liabilities and provisions	(640.34)	1,670.89
Cash used in operating activities	589.82	926.81
Direct taxes paid (net of refunds)	(34.13)	(88.16)
Net cash generated from operating activities (A)	555.69	838.65
Cash flow from investing activities		
Payment for purchase of fixed assets	(689.99)	(894.72)
Sale of fixed assets	41.86	50.68
Paid for acquisition of subsidiaries	-	(694.50)
Proceeds on sale of stake in associates	173.42	876.68
Purchase of investments	-	(25.46)
Sale / redemption of investments	63.97	88.22
Inter-corporate deposits granted	(35.78)	(130.24)
Interest received	117.35	80.16
Dividend received	0.02	1.00
Net cash used in from investing activities (B)	(329.15)	(648.18)
Cash flow from financing activities		
Proceeds from covered bonds	3,512.83	-
Share application money**	22.00	-
Proceeds received from minority	-	10.33
Proceeds from long term borrowings	2,302.16	998.61
Repayment of long term borrowings	(2,903.26)	(898.81)
Proceeds / (repayment) from short term borrowings, net	(684.60)	997.45
Repayment of long FCCB	(1,371.33)	-
Premium paid on FCCB	(630.15)	-
Convertible bond and share issue expenses	(36.14)	(13.09)
Interest paid	(1,112.68)	(1,339.07)
Dividend paid	-	(4.42)
Net cash used in from financing activities (C)	(901.17)	(249.00)
Net increase in cash and cash equivalents (A+B+C)	(674.63)	(58.53)
Add: Cash and bank balances taken over on acquisition of subsidiary	(0.62)	-
Add/(less): Effect of exchange difference on cash and cash equivalents	1.89	5.06
Total	(673.36)	(53.48)
Cash and cash equivalents at the beginning of year	2,632.48	2,685.96
Cash and cash equivalents at the end of year	1,959.12	2,632.48



Components of cash and cash equivalents	As at March 31, 2013	As at March 31, 2012
Cash on hand	1.20	1.41
Cheques on hand	-	33.26
With scheduled and non scheduled banks		
In current accounts***	883.21	1,474.11
In term deposits	1,074.71	1,123.70
	1,959.12	2,632.48

Summary of significant accounting policies

2.1

Notes:

1 The figures in brackets represent outflows.

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

* Primarily includes impact of foreign currency translation in non-integral operations.

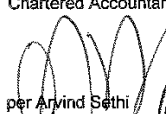
** Out of total share application money of Rs 581.57 Crore, Rs 22.00 Crore has been received in cash and the balance is through conversion of liabilities.

*** Includes a balance of Rs 0.17 crore (Rs 0.19 crore) not available for use by the Group as they represent corresponding unpaid dividend liabilities.

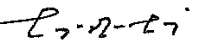
As per our report of even date


For SNK & Co.
ICAI Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

For S.R.BATLIBOI & Co. LLP
ICAI Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89882

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


Tulsi R. Tanti
Chairman and Managing
Director


Vinod R. Tanti
Director


Hemal A. Karaga
Company Secretary


Amit Agarwal
Chief Financial Officer

Place : Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013

Place: Pune
Date : May 30, 2013



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

1. Corporate information

Suzlon Energy Limited ('SEL' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ('the Act'). Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the business of manufacturing of wind turbine generators ('WTGs') and related components of various capacities.

2. Basis of preparation

The consolidated financial statements comprise the financial statements of Suzlon Energy Limited ('SEL' or 'the Company') and its subsidiaries, associates and joint venture (together referred to as 'Suzlon' or 'the Group'). The consolidated financial statements are prepared under the historical cost convention, on accrual basis of accounting except in case of assets for which provision for impairment is made to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

2.1 Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 – 'Consolidated Financial Statements', Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' as notified by the Rules.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as Capital reserve.

The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interest's share of net assets is presented separately in the balance sheet.

If the losses attributable to the minority in a consolidated subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- b) derecognises the carrying amount of any minority interest;
- c) derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
- d) recognises the value of the consideration received;
- e) recognises the value of any investment retained;
- f) recognises any surplus or deficit in profit or losses;

Associates

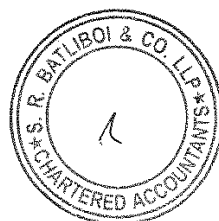
The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of provision for diminution as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of profit and loss.

Joint venture

The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified by the Rules. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

b. Use of estimates

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

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The manufacturing costs of internally generated assets comprise direct costs and attributable overheads.

Capital work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. Assets held for disposal are stated at the lower of net book value and the estimated net realisable value.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognized in the statement of profit and loss when the asset is derecognised.

d. Depreciation on tangible fixed assets

Depreciation is provided on the written down value method ('WDV'), pro-rata to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or at rates specified by respective statutes, whichever is higher. Leasehold land is amortized on a straight line basis over the period of lease.

Some of the subsidiaries of the Group provide depreciation on straight-line method ('SLM').

e. Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognized in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii) Its intention to complete the asset
- iii) Its ability to use or sell the asset
- iv) How the asset will generate future economic benefits
- v) The availability of adequate resources to complete the development and to use or sell the asset
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortized on a straight line basis over the estimated useful economic life which is not exceeding five years.

f. Leases

a. Where the Group is lessee

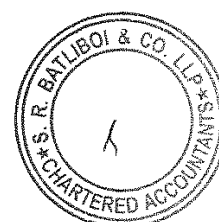
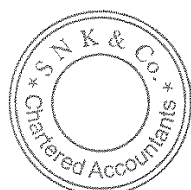
Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

b. Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

g. Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of profit and loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimates of recoverable amount. The carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment

i. Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

j. Investments

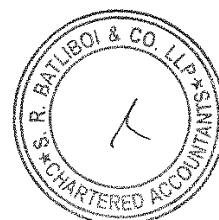
Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements at the lower of cost and fair value, determined on an individual investment basis.

Long-term investments other than in associates are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Investments in associates are accounted for using the equity method.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

k. Inventories

Inventories of raw materials including stores; spares and consumables; packing materials; semi-finished goods; work-in-progress, project work-in-progress and finished goods are valued at the lower of cost and estimated net realisable value. Cost is determined on weighted average basis.

The cost of work-in-progress, project work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and a proportion of manufacturing overheads.

Stock of land and land lease rights is valued at lower of cost and estimated net realisable value. Cost is determined on weighted average basis. Net realisable value is determined by management using technical estimates.

l. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and that the revenue can be reliably measured. Revenue comprises of sale of goods and services and is disclosed, net of trade discounts, excise duty, sales tax, service tax, VAT or other taxes, as applicable.

Sales

Revenue from sale of goods is recognised in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

Fixed price contracts to deliver wind power systems (turnkey and projects involving installation and/or commissioning apart from supply) are recognised in revenue based on the stage of completion of the individual contract using the percentage-of completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered.

Due from customers, if any, are measured at the selling price of the work performed based on the stage of completion less interim billing and expected losses. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. The value of components is recognised in 'Contracts in progress' upon dispatch of the complete set of components which are specifically identified for a customer and are within the scope of contract, or on completion of relevant milestones, depending on the type of contracts. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

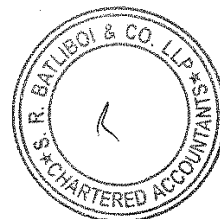
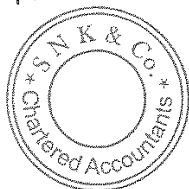
Where the selling price of a contract cannot be estimated reliably, the selling price is measured only on the expenses incurred to the extent that it is probable that these expenses will be recovered. Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Operation and maintenance income

Revenues from operation and maintenance contracts are recognised pro-rata over the period of the contract and when services are rendered.

Project execution income

Revenue from services relating to project execution is recognised on completion of respective service, as per terms of the respective sales order.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

Power generation income

Power generation income is recognised based on electrical units generated and sold, net of wheeling and transmission loss, as applicable, as disclosed in the power generation reports issued by the concerned authorities.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend income

- Dividend income from investments is recognised when the right to receive payment is established.

Royalty and license income

- Royalty and license income is recognised on accrual basis in accordance with the terms of the relevant agreements.

m. Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

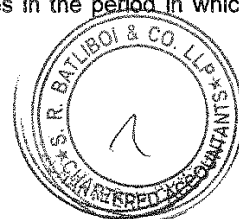
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

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

(iii) Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Group treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item. It is presented as a part of "Reserves and surplus".
- All other exchange differences are recognized as income or as expenses in the period in which they arise.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

In case of exchange differences adjusted to the cost of fixed assets or arising on long-term foreign currency monetary items, the company does not consider exchange differences as an adjustment to the interest cost.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

(v) Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

In translating the financial statements of a non-integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at average exchange rates (Average rates approximates the rate on the date of transaction) prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

n. Derivatives

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

o. Retirement and other employee benefits

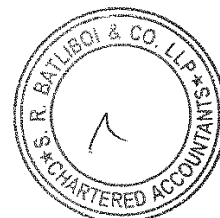
Employee benefits in the nature of defined contributions are charged to the statement of statement of profit and loss of the year, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective statutory authorities.

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

Retirement benefits in the form of gratuity and pension are defined benefit obligations and are provided for on the basis of an actuarial valuation, using projected unit credit method as at each balance sheet date.

Short-term compensated absences are provided based on estimates. Long term compensated absences and other long-term employee benefits are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each balance sheet date. The entire leave is presented as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Actuarial gains/losses are taken to statement of statement of profit and loss and are not deferred.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

p. Taxes on income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period in future.



Suzlon Energy Limited

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All amounts in Rupees Crore, unless otherwise stated

q. Employee stock options

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Employee stock options outstanding" account in reserves and surplus. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

r. Earnings / (loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors for the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

s. Provisions

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. 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 estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow is remote.

u. Cash and cash equivalents

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



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

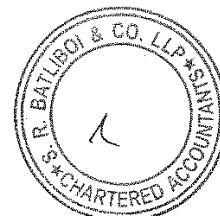
All amounts in Rupees Crore, unless otherwise stated

v. Measurement of EBITDA and EBIT

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT') as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Group does not include depreciation and amortisation expense, finance cost, finance income, exceptional and extraordinary items and tax expense. The Group reduces depreciation and amortisation expense from EBITDA to measure EBIT.

2.2 List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2013	2012
AE-Rotor Holding B.V.	The Netherlands	100.00%	100.00%
Cannon Ball Wind Energy Park-I, LLC ⁽¹⁾	USA	-	100.00%
Parque Eolico El Almendro S.L.	Spain	100.00%	100.00%
PowerBlades GmbH	Germany	100.00%	100.00%
PowerBlades SA	Portugal	100.00%	100.00%
REpower Australia Pty Ltd. (Formerly known as Renewable Energy Contractors Australia Pty Ltd.)	Australia	100.00%	100.00%
RECA Holdings Pty Ltd (Formerly known as REpower Australia Pty Ltd)	Australia	100.00%	100.00%
REpower Benelux b.v.b.a.	Belgium	100.00%	100.00%
REpower Betriebs – und Beteiligungs GmbH	Germany	100.00%	100.00%
REpower Espana S.L.	Spain	100.00%	100.00%
REpower Investitions – und Projektierungs GmbH & Co. KG	Germany	100.00%	100.00%
REpower Italia s.r.l	Italy	100.00%	100.00%
REpower North China Ltd.	China	54.42%	54.42%
REpower Portugal - Sistemas Eolicos, S.A.	Portugal	100.00%	100.00%
REpower S.A.S.	France	100.00%	100.00%
REpower Systems DTE Romania SRL	Romania	100.00%	-
REpower Systems India Limited	India	100.00%	-
REpower Systems GmbH	Germany	100.00%	100.00%
REpower Systems Inc	Canada	100.00%	100.00%
REpower Systems Northern Europe A/S	Denmark	100.00%	100.00%
REpower Systems Polska Sp.z o.o	Poland	100.00%	100.00%
REpower Systems Scandinavia AB	Sweden	100.00%	100.00%
REpower Systems SE	Germany	100.00%	100.00%
REpower UK Ltd.	United Kingdom	100.00%	100.00%
REpower USA Corp.	USA	100.00%	100.00%
REpower Windpark Betriebs GmbH	Germany	100.00%	100.00%
REpower Wind Systems Trading Inc.	China	100.00%	100.00%

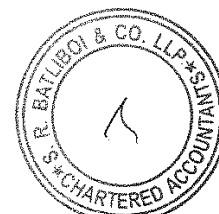


Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2013	2012
RETC Renewable Energy Technology Centre	Germany	100.00%	100.00%
RiaBlades S.A. ⁽⁴⁾	Portugal	-	-
RPW Investments, SGPS, S.A.	Portugal	100.00%	100.00%
SE Blades Limited	India	100.00%	100.00%
SE Blades Technology B.V.	The Netherlands	100.00%	100.00%
SE Drive Technik GmbH	Germany	100.00%	100.00%
SE Electricals Limited	India	100.00%	100.00%
SE Forge Limited	India	100.00%	100.00%
SE Solar Limited	India	100.00%	100.00%
SISL Green Infra Limited	India	100.00%	100.00%
Sure Power LLC	USA	100.00%	100.00%
Suzlon Energia Eloica do Brasil Ltda	Brazil	100.00%	100.00%
Suzlon Energy (Tianjin) Limited	China	100.00%	100.00%
Suzlon Energy A/S	Denmark	100.00%	100.00%
Suzlon Energy Australia CYMWFD Pty Ltd.	Australia	100.00%	100.00%
Suzlon Energy Australia Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy Australia RWFD Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy B.V.	The Netherlands	100.00%	100.00%
Suzlon Energy Chile Limitada	Chile	100.00%	100.00%
Suzlon Energy GmbH	Germany	100.00%	100.00%
Suzlon Energy Korea Co., Ltd.	Republic of South Korea	100.00%	100.00%
Suzlon Energy Limited	Mauritius	100.00%	100.00%
Suzlon Engitech Limited ⁽²⁾	India	-	100.00%
Suzlon Generators Limited	India	75.00%	75.00%
Suzlon Gujarat Wind Park Limited	India	100.00%	100.00%
Suzlon North Asia Ltd	Hong Kong	100.00%	100.00%
Suzlon Power Infrastructure Limited	India	100.00%	100.00%
Suzlon Project VIII LLC	USA	100.00%	100.00%
Suzlon Rotor Corporation	USA	100.00%	100.00%
Suzlon Structures Limited	India	75.00%	75.00%
Suzlon Wind Energy (Lanka) Pvt Limited	Sri Lanka	100.00%	100.00%
Suzlon Wind Energy A/S ⁽³⁾	Denmark	-	100.00%
Suzlon Wind Energy bH	Bosnia and Herzegovina	100.00%	100.00%
Suzlon Wind Energy Bulgaria EOOD	Bulgaria	100.00%	100.00%
Suzlon Wind Energy Corporation	USA	100.00%	100.00%
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Ltd.	China	100.00%	100.00%
Suzlon Wind Energy Espana, S.L	Spain	100.00%	100.00%



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2013	2012
Suzlon Wind Energy Italy s.r.l.	Italy	100.00%	100.00%
Suzlon Wind Energy Limited	United Kingdom	100.00%	100.00%
Suzlon Wind Energy Nicaragua Sociedad Anonima	Nicaragua	100.00%	100.00%
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda	Portugal	100.00%	100.00%
Suzlon Wind Energy Romania SRL	Romania	100.00%	100.00%
Suzlon Wind Energy South Africa (PTY) Ltd	South Africa	80.00%	80.00%
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Turkey	100.00%	100.00%
Suzlon Wind International Limited	India	100.00%	100.00%
Suzlon Windenergie GmbH	Germany	100.00%	100.00%
Tarilo Holding B.V.	The Netherlands	100.00%	100.00%
Valum Holding B.V.	The Netherlands	100.00%	100.00%
Ventipower S.A. ⁽⁴⁾	Portugal	-	-
WEL Windenergie Logistik GmbH	Germany	100.00%	100.00%
Windpark Blockland GmbH & Co KG	Germany	100.00%	100.00%
Yorke Peninsula Wind Farm Project Pty Ltd	Australia	80.00%	80.00%

(1) Liquidated during the year

(2) Sold during the year

(3) Merged with Suzlon Energy A/s during the year

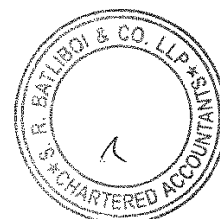
(4) REpower holds 3% stakes in RiaBlades S.A and Ventipower S.A and obtained control on February 03, 2011 as part of purchase agreement for the remaining stake in 'REpower Portugal'.

2.3 List of subsidiaries which are not included in the consolidation based on materiality or where control is intended to be temporary:

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2013	2012
REpower Geothermie GmbH*	Germany	-	100.00%
REpower Systems India Limited	India	-	100.00%
Avind Desenvolvimento De Projetos De Energia Ltda	Brazil	100.00%	-
PowerBlades Industries Inc.	Canada	100.00%	-
Eólica Faísa S.A.**	Brazil	-	99.90%
Eólica Faísa I – Geração E Comercialização De Energia S.A.**	Brazil	-	99.90%
Eólica Faísa II – Geração E Comercialização De Energia S.A.**	Brazil	-	99.90%
Eólica Faísa III – Geração E Comercialização De Energia S.A.**	Brazil	-	99.90%
Eólica Faísa IV – Geração E Comercialização De Energia S.A.**	Brazil	-	99.90%
Eólica Faísa V – Geração E Comercialização De Energia S.A.**	Brazil	-	99.90%

* Liquidated during the year.

** Sold during the year.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

2.4 In respect of the following components of consolidated financial statements, it is not practicable to align the accounting policies followed by the subsidiary companies:

Components of consolidated financial statements	Particulars	Amount as at March 31, 2013	Proportion of the total component
Depreciation	Some of the subsidiaries have provided depreciation on straight line method as against the written down value method followed by the Company	408.63 (386.58)	55.19% (58.46%)
Accumulated depreciation	Some of the subsidiaries have provided depreciation on straight line method as against the written down value method followed by the Company	1,846.39 (1,475.68)	56.94% (57.51%)
Employee compensation expenses for stock option	Some of the subsidiaries have accounted stock options granted to employees using the fair value method as against the intrinsic value method followed by the Company	0.99 (3.45)	62.08% (89.37%)

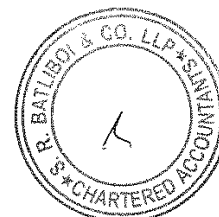
3. Corporate debt restructuring

The Company along with its 7 identified domestic subsidiaries viz : Suzlon Structures Limited ('SSL'), Suzlon Power Infrastructure Limited ('SPIL'), Suzlon Generators Limited ('SGL'), Suzlon Gujarat Wind Park Limited ('SGWPL'), SE Electricals Limited ('SEEL'), Suzlon Wind International Limited ('SWIL') and SE Blades Limited ('SEBL') hereinafter collectively referred to as the 'Borrowers' and individually as the 'Borrower', has availed various financial facilities from the secured lenders.

At the request of the Borrowers, the Corporate Debt Restructuring Proposal ('CDR Proposal') of the Borrowers was referred to Corporate Debt Restructuring Cell ("CDR Cell") by the consortium of senior lenders led by the State Bank of India. The CDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are members of CDR Cell hereinafter referred to as the 'CDR Lenders' was approved by CDR Empowered Group ('CDR EG') on December 31, 2012 and communicated vide Letter of Approval dated January 23, 2013, as amended/modified time to time. The cut off date for CDR Proposal was October 01, 2012. The Master Restructuring Agreement ('MRA') between the Borrowers and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cut off date of October 01, 2012.

The key features of the CDR Proposal are as follows:

- Repayment of Restructured Term Loans ('RTL') after moratorium of 2 years from cut off date in 32 structured quarterly instalments commencing from December 2014 to September 2022.
- Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 year from cut off date in 32 structured quarterly instalments commencing from December 2014 to September 2022, subject to mandatory prepayment obligation on realisation of proceeds from certain asset sale and capital infusion.
- Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- Interest accrued but not paid on certain financial facilities till cut off date shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL and WCTL during moratorium period of 2 years



Suzlon Energy Limited

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All amounts in Rupees Crore, unless otherwise stated

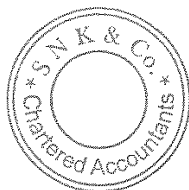
from cut off date also shall be converted to FITL. FITL shall be considered as convertible facilities which shall be converted into equity shares or compulsorily convertible debentures in accordance with MRA.

- The rate of interest on RTL, WCTL, FITL and fund based working capital facilities shall be 11% with annual reset option in accordance with MRA.
- Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA
- Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.
- The Company to issue equity shares in lieu of sacrifice of the CDR Lenders for the first three years from cut off date, if demanded by CDR Lenders.
- Contribution of Rs 250 crore in the Company by promoters in lieu of bank sacrifice in the form of equity shares / CCDs including conversion of existing promoter's loan of Rs 145 crore into equity shares / CCDs.

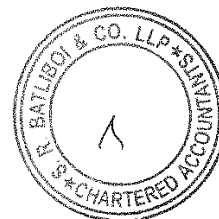
In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

Expenditure on restructuring and refinancing of earlier financial facilities has been charged off and disclosed under exceptional items.

4. The Company defaulted in repayment of amounts aggregating approximately USD 209 million (Rs 1,133.10 Crore) in respect of its unsecured FCCBs which were due in October 2012 ("October 2012 FCCBs"). This default triggers a cross default under the Company's other existing unsecured FCCBs aggregating USD 90 million (Rs 488.63 Crore) and USD 175 million (Rs 950.12 Crore), (which otherwise fall due in 2014 and 2016 respectively) (the "2014 and 2016 FCCBs") and accordingly these trigger acceleration of payments, if demanded by a specified proportion of the 2014 and/or 2016 FCCB holders. The Trustees for the 2014 and 2016 FCCB holders have not issued any acceleration notice in respect of the 2014 and 2016 FCCBs and accordingly USD 265 million (Rs 1,438.75 Crore) has been classified as non-current liability. The Company also has overdue amounts payable to creditors and certain lenders as at March 31, 2013. The Company is in negotiations with the FCCB holders and is working on various solutions with them to ensure settlement of their dues. The Company is also taking various steps to reduce costs and improve efficiencies to make its operations profitable. Pending the final outcome of negotiations, though there exists material uncertainty these consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, and no adjustments have been made to the carrying values or classification of assets and liabilities.
5. As per the MRA executed by the Borrowers and the CDR lenders during the year as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the MRA is approximately Rs 597.87 Crore for the Company and Rs 747.87 Crore for the borrowers.



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

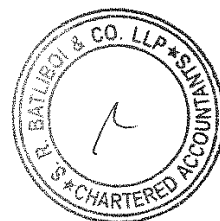
6. The Tamil Nadu State Electricity Board ('TNEB') through a circular has been charging Infrastructure Development Charges ('IDC') to Wind Energy Developers towards recovery of cost by TNEB towards infrastructure facilities provided to the wind energy generators to evacuate their power till the state grid. After the enactment of the Electricity Act, 2003 Indian Wind Energy Association ('InWEA') approached the Tamil Nadu Electricity Regulatory Commission ('State Commission') challenging the legality of the IDC levied by TNEB. The State Commission ruled in favour of the InWEA and by order dated September 9, 2008 ruled that TNEB has no jurisdiction to issue such a circular imposing IDC and that charging IDC is in contravention of section 32(3) of the Act especially when TNEB had not approached the State Commission for levy of IDC. TNEB appealed against this order of the State Commission to the Appellate Tribunal for Electricity ('Tribunal'). The Tribunal ruled in favour of TNEB vide its order dated January 8, 2010. The InWEA filed a Civil Appeal against the order of the Tribunal in the Supreme Court and the matter is pending the hearing of the Supreme Court. The Company has obtained a legal opinion which states that InWEA (and consequently the Company) has a strong case. The amount under dispute as at March 31, 2013 aggregates to Rs 64.80 Crore (Rs 64.80 Crore).
7. One of the subsidiaries of the Company is required to comply with the provisions of Rule 53 of Special Economic Zones Rules, 2006 ("SEZ Rules") which requires the Company to achieve positive Net Foreign Exchange ("NFE") during the year ending March 31, 2014. The subsidiary has filed applications for extension of due date for achieving positive NFE, with Development Commissioners ("DC"). However, decision of Board of Approval on extension application is awaited as on date. Since the ultimate outcome of the matter cannot be presently ascertained the same has been considered as a contingent liability.

8. Scheme of Arrangement and Restructuring for Merger and De-merger

- a. The Company implemented a Scheme of Arrangement and Restructuring ('Scheme'). The 'Appointed Date' fixed for this purpose was April 1, 2010. The following were the salient features of the Scheme.
- De-merger and consequent transfer of (a) Power Generation Division of Suzlon Towers And Structures Limited ('STSL'), a wholly owned subsidiary ('WOS') of the Company to Suzlon Engitech Limited, another WOS of the Company; and (b) Project Execution Division of Suzlon Infrastructure Services Limited ('SISL'), a WOS of the Company to Suzlon Gujarat Wind Park Limited, another WOS of the Company.
 - Amalgamation of STSL and SISL with the Company after giving effect to the above-mentioned de-merger and consequent transfer of their respective division.
- b. During the previous year, the Scheme has been sanctioned by the Hon'ble High Court at Gujarat vide Order dated August 10, 2011 and Hon'ble High Court of Judicature at Bombay vide Order dated September 02, 2011.
- c. A amalgamation of STSL and SISL with the Company has been accounted for under the "Pooling of Interest Method (Amalgamation in the nature of Merger)" as prescribed by Accounting Standard 14 – Accounting for Amalgamations. Pursuant to the scheme, the difference between the excess of the book value of the assets over the book value of liabilities and reserves is adjusted to Capital Reserve and the excess of the book value of the liabilities and reserves over the book value of the assets is adjusted to General Reserve in respective companies as applicable.



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

9. i) Share capital

Authorised

	March 31, 2013	March 31, 2012
3,500,000,000 (3,500,000,000) equity shares of Rs 2/- each	700.00	700.00
	700.00	700.00

Issued

	March 31, 2013	March 31, 2012
1,796,297,624 (1,796,297,624) equity shares of Rs 2/- each	359.26	359.26
	359.26	359.26

Subscribed and fully paid-up

	March 31, 2013	March 31, 2012
1,777,365,647 (1,777,365,647) equity shares of Rs 2/- each	355.47	355.47
	355.47	355.47

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the financial year

	March 31, 2013		March 31, 2012	
	Number of shares (Crore)	Rs in Crore	Number of shares (Crore)	Rs in Crore
At the beginning of the year	177.73	355.47	177.73	355.47
Issued during the year	-	-	-	-
Outstanding at the end of the year	177.73	355.47	177.73	355.47

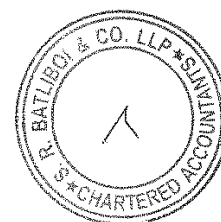
b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 2 each. Each holder of equity shares is entitled to one vote per share except for the underlying depository shares held against the Global Depository Receipts ('GDRs').

Holders of the GDR have no voting rights with respect to the equity shares represented by the GDRs. Deutsche Bank Trust Company Americas (the 'Depository'), which is the shareholder on record in respect of the equity shares represented by the GDRs, will not exercise any voting rights in respect of the equity shares against which GDRs are issued, unless it is required to do so by law. Equity shares which have been withdrawn from the Depository facility and transferred on the Company's register of members to a person other than the Depository, ICICI Bank Limited (the 'Custodian') or a nominee of either the Depository or the Custodian may be voted by the holders thereof.

As regard the shares, which did not have voting rights as on March 31, 2013 are GDRs – 1,023,173 / shares – 4,092,692 and as on March 31, 2012 are GDRs – 793,099 / shares – 3,172,396.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2013 Number of shares (Crore)	March 31, 2012 Number of shares (Crore)
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	3.20	3.20

In addition, the Company has issued 1,393,000 shares (March 31, 2012: 2,573,500 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer table 2 note no 34, under heading of "Closing balance".

For details of shares reserved for issue on conversion of FCCBs, please refer note no 11 (II) for terms of conversion / redemption.

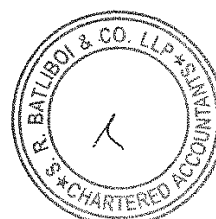
For details of shares reserved for issue on conversion of Funded Interest Term Loan into equity shares or compulsory convertible debentures and issue of equity shares in lieu of sacrifice of the CDR Lenders, please refer note no 3 for terms of conversion.

For details of shares reserved for issue on conversion of existing promoters loan and promoters contribution in lieu of bank sacrifice, please refer note no 3.

e. Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2013		March 31, 2012	
Name of shareholder	Number of shares (Crore)	% holding in the class	Number of shares (Crore)	% holding in the class
Equity shares of 2 each fully paid-up				
Mr. Girish R. Tanti	10.00	5.63%	11.61	6.53%
Tanti Holdings Private Limited	15.46	8.70%	23.73	13.35%
Morgan Stanley Asia (Singapore) PTE	12.27	6.90%	-	-

Note : As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

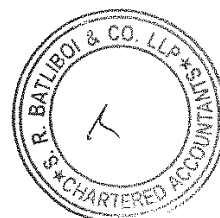
All amounts in Rupees Crore, unless otherwise stated

ii) Share application money, pending allotment

Under CDR package and as per the terms of the MRA, on April 23, 2013, the company has allotted 31,42,46,974 Equity Shares of Rs 2/- each at a premium of Rs 16.51/- per share (Issue price Rs 18.51 per share) on preferential basis under Chapter VII – "Preferential Issue" of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

10. Reserves and surplus

	March 31, 2013	March 31, 2012
a. Capital reserve		
As per last balance sheet	41.64	-
Add : Addition on account of merger (refer note 8)	-	41.64
Less: Reduction due to sale of subsidiary (refer note 27a)	(18.34)	-
	23.30	41.64
b. Capital reserve on consolidation	0.03	0.03
c. Capital redemption reserve		
As per last balance sheet	15.00	45.00
Less : Reduction due to merger (refer note 8)	-	(30.00)
	15.00	15.00
d. Legal and statutory reserve		
As per last balance sheet	142.22	142.22
Add: Additions during the year	1.11	-
	143.33	142.22
e. Unrealised gain on dilution		
As per last balance sheet	160.09	159.67
Add: Additions due to restructuring	-	0.42
	160.09	160.09
f. Securities premium account		
As per last balance sheet	4,477.60	5,306.09
Add: Additions due to merger (refer note 8)	-	115.17
	4,477.60	5,421.26
Less : Proportionate premium payable on redemption of FCCBs	(208.13)	(930.57)
Less : Expenses on issue of FCCB / rights issue	-	(13.09)
	4,269.47	4,477.60
g. Employee stock options outstanding		
Employee stock options outstanding	14.10	19.72
Less: Deferred employee stock compensation outstanding	(0.01)	(0.61)
	14.09	19.11



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

h. Foreign currency translation reserve

As per last balance sheet	219.80	137.17
Movement during the year	238.28	82.63
	458.08	219.80

i. Foreign currency monetary item translation difference account

(149.99)	(202.71)
-----------------	-----------------

j. General reserve

As per last balance sheet	851.14	950.50
Add : Transfer from employee stock option outstanding	5.62	1.73
Less : Deduction due to merger (refer note 8)	-	(101.09)
	856.76	851.14

k. Minority share of losses

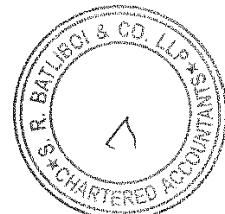
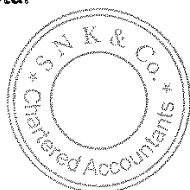
As per last balance sheet	(38.26)	(37.84)
Add : Additions during the year	-	(0.42)
	(38.26)	(38.26)

l. Statement of profit and loss

As per last balance sheet	(1,063.00)	(553.16)
Add : Loss for the year	(4,723.96)	(478.58)
Additions due to merger (refer note 8)	-	(31.26)
Net deficit in the statement of profit and loss	(5,786.96)	(1,063.00)
Total reserves and surplus	(35.06)	4,622.66

11. Long-term borrowings

	March 31, 2013	March 31, 2012
a. Secured		
(i) Term loans from banks and financial institutions	5,871.09	5,826.14
(ii) Covered bonds	3,512.83	-
(ii) Vehicle loans	-	0.07
	9,383.92	5,826.21
b. Unsecured		
(i) Foreign currency convertible bonds	1,438.75	1,348.19
(ii) Loans from		
Banks and financial institutions	34.99	45.32
Related parties	-	145.00
	1,473.74	1,538.51
Total	10,857.66	7,364.72



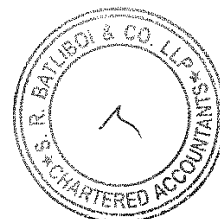
Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

I. The details of security for the secured loans and current maturities of long-term borrowings are as follows:

- i) In case of financial facilities from CDR Lenders in accordance with MRA, RTL of Rs 2,469.70 Crore, WCTL of Rs 1,569.17 Crore, fund based working capital facilities of Rs 1,508.40 Crore, FITL Rs 11.83 Crore and non fund based working capital facilities are secured by first pari passu charge on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, pledge on shares of Suzlon Energy Limited, Mauritius ('SELM') held by SEL, pledge of shares of certain other overseas subsidiaries held by SEL's step down overseas subsidiaries including pledge of shares of REpower Systems SE ("REpower"), negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, guarantee of an overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL.
- ii) In case of financial facilities from non-CDR Lenders, term loans from banks and financial institution of Rs 913.61 Crore of which Rs 774.73 Crore classified as long term borrowing and Rs 138.88 Crore classified as current maturities of long term borrowing and working capital facilities from banks Rs 34.93 Crore and non fund based working capital facilities are secured by first pari passu charge on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, pledge on shares of certain overseas subsidiaries held by SEL and its step down overseas subsidiaries including pledge of shares of REpower Systems SE ("REpower"), negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, guarantee of an overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL.
- iii) Term loans from banks and financial institutions of Rs Nil (Rs 4,246.78 Crore) and working capital facilities from banks of Rs Nil (Rs 2,801.90 Crore) and non fund based working capital securities are secured by first charge on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, pledge on shares of certain overseas subsidiaries held by SEL and its step down overseas subsidiaries including pledge of shares of REpower Systems SE ("REpower"), negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, guarantee of an overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL.
- iv) Rs 306.41 Crore (Rs 376.53 Crore) secured by way of first charge on all plant and machinery and other fixed assets and second charge on all current assets and corporate guarantee of a Group Company.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

- v) A.E. Rotor Holding B.V. (AERH), a wholly owned subsidiary of the Company, has issued covered bonds of USD 647 million on March 26, 2013. The Bonds is secured by an unconditional and irrevocable Stand-by Letter of Credit ("SBI SBLC") issued by State Bank of India. The SBI SBLC is backed by Stand-by Letter of Credits issued by certain Indian lenders (Indian Lenders SBLCs) and Stand-by Letter of Credits issued by certain overseas branches of domestic lenders (Offshore SBLCs) (Indian Lenders SBLCs and Offshore SBLCs collectively referred to as "Participating SBLCs") and such Participating SBLCs are secured by first ranking pari passu charge, in terms of the respective agreements, on all chargeable present and future tangible/intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the carve out properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its 7 Indian subsidiaries which are forming part of the Borrowers, pledge on shares of Suzlon Energy Limited, Mauritius ('SELM') held by SEL, pledge of shares of certain other overseas subsidiaries held by SEL's step down overseas subsidiaries including pledge of shares of REpower, negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, pledge of certain equity shares of SEL held by its promoters on exclusive basis to SBI, personal guarantee of the managing director of SEL and limited personal guarantee of one director of SSL. The Indian Lenders SBLCs is secured by guarantee of an overseas subsidiary and the Offshore SBLCs is guaranteed by the Borrowers. The funds raised through this issue have been primarily used to refinance existing foreign currency debt of few subsidiaries.

II. Foreign currency convertible bonds

a) Initial terms of issue

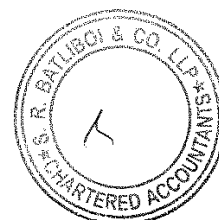
On June 11, 2007 the Company made an issue of zero coupon convertible bonds aggregating USD 300 million (Rs 1,223.70 Crore) [Phase I bonds] and, on October 10, 2007, the Company made another issue of zero coupon convertible bonds aggregating USD 200 million (Rs 786.20 Crore) [Phase II bonds]. Further on July 24, 2009, the Company made an issue of zero coupon convertible bonds aggregating USD 93.87 million (Rs 452.64 Crore) at an issue price of 104.30% of the principal amount of USD 90.00 million (Phase III bonds). Further, on April 12, 2011, the Company made an issue of 875, 5% Foreign Currency Convertible Bonds of USD 200,000 each due 2016 ('Phase IV Bonds') for a total consideration of USD 175.00 million (Rs 776.83 Crore).

The key terms of these bonds at the time of issue were as follows:

Particulars	Phase I	Phase II	Phase III	Phase IV
Issue size (USD)	300 million	200 million	90 million	175 million
Face value per bond (in USD)	1,000	1,000	1,000	2,00,000
No. of equity shares per bond	113.50	107.30	533.28	165,108.31
Initial conversion price per share(Rs)	359.68	371.55	90.38	54.01
Fixed exchange rate (Rs/USD)	40.83	39.87	48.20	44.59
Redemption amount as a % of principal amount (%)	145.23	144.88	134.20	108.70
Maturity date	June 12,2012	October 11,2012	July 18,2014	April 06,2016



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

b) Restructuring of Phase I and Phase II bonds

i. During the year 2009-10, the Company restructured Phase I and Phase II Zero Coupon Convertible Bonds with an approval of the Reserve Bank of India ('RBI') wherein the bondholders were offered the following options as part of the restructuring;

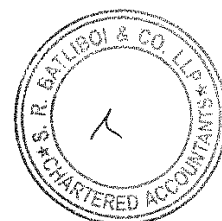
- 1) Buyback of bonds @ 54.55% of the face value of US \$ 1000 per bond.
- 2) Issue of new bonds ('Phase I New Bonds' in case of Phase I Bonds and 'Phase II New Bonds' in case of Phase II Bonds) in place of old bonds at a fixed ratio of 3:5 (60 cents to dollar) bearing a coupon of 7.5 per cent per annum, payable semi-annually. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Phase I New Bond at 150.24 per cent of its principal amount and each Phase II New Bond at 157.72 per cent of its principal amount on the relevant Maturity Date. The conversion price is set at Rs 76.68 per share. These bonds do not have any financial covenants and are of the same maturity as the Phase I Bonds and Phase II Bonds.
- 3) Consent fee of USD15 Million to be paid across both the series, for those bondholders who consent to the relaxation of covenants.

As a result of the restructuring, the outstanding position of the foreign currency convertible bonds is as follows:

Particulars	Amount in USD		
	Phase I Bonds	Phase II Bonds	Total
Old bonds exchanged [A]	59,332,000	34,672,000	94,004,000
New Bonds issued in the ratio of 3:5 [B]	35,592,000*	20,796,000	56,388,000*
Bonds bought back for cash [C]	29,366,000	43,960,000	73,326,000
Cash paid for buyback [D]	16,019,702	23,980,180	39,999,882
Old bonds outstanding [E]	211,302,000	121,368,000	332,670,000
Value of total bonds outstanding [F]=[B]+[E]	246,894,000	142,164,000	389,058,000
Value of old bonds [G]=[A]+[C]+[E]	300,000,000	200,000,000	500,000,000
Consent fee paid	11,846,947	1,869,863	13,716,810
Maturity date	June 12, 2012	October 11, 2012	
Redemption amount as a % of principal amount of New Bonds (%)	150.24	157.72	
Redemption amount as a % of principal amount of Old Bonds carried forward (%)	145.23	144.88	

* 19,000 bonds were converted into equity shares during the year 2009-10.

ii. On April 29, 2010, the Company convened meetings of Bondholders of each of the series, who approved the respective proposed resolutions. Accordingly post receipt of regulatory approvals, the Company changed the conversion price of the Phase I bonds from Rs 359.68 per equity share to Rs 97.26 per equity share and for Phase II bonds from Rs 371.55 to Rs 97.26 per equity share, subject to adjustments in accordance with terms and conditions of the bonds. The floor price for Phase I and Phase II bonds was revised to Rs 74.025 per equity share. The fixed exchange rate was changed to 1USD=Rs 44.60 from 1USD=Rs 40.83 for Phase I bonds and 1USD=Rs 39.87 for Phase II bonds. The Company incurred Rs 37.28 Crore towards consent fee to bondholders and other cost for this restructuring.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

c) Recent development

i. Phase I Bonds and Phase I New Bonds

On June 11, 2012, the Company convened meetings of the holders of the US\$ 300 million Zero Coupon Convertible Bonds due June 2012 and the US\$ 35.59 million 7.5% Convertible Bonds due June 2012 (collectively, the 'Bonds') proposing extraordinary resolutions in relation to extension of the maturity date of each series of the Bonds to July 27, 2012, where the holders of each series of the Bonds had approved the respective extraordinary resolutions put to them. Further on July 27, 2012, the Company redeemed the Bonds in full.

ii. Phase II Bonds and Phase II New Bonds

The Company defaulted in repayment of amounts aggregating approximately USD 209 million (Rs 1,133.10 Crore) in respect of its unsecured FCCBs which were due in October 2012 ("October 2012 FCCBs"). This default triggers a cross default under the Company's other existing unsecured FCCBs aggregating USD 90 million (Rs 488.63 Crore) and USD 175 million (Rs 950.12 Crore), (which otherwise fall due in 2014 and 2016 respectively) (the "2014 and 2016 FCCBs") and accordingly these trigger acceleration of payments, if demanded by a specified proportion of the respective FCCB holders. The Trustees for the 2014 and 2016 FCCB holders have not issued any acceleration notice in respect of the 2014 and 2016 FCCBs. The Company is in negotiations with the FCCB holders and is working on various solutions with them to ensure settlement of their dues.

d) Redemption premium:

The Phase I, Phase II, Phase I (new), Phase II (new), Phase III and Phase IV bonds are redeemable subject to satisfaction of certain conditions mentioned in the respective offering circular and hence have been designated as monetary liability.

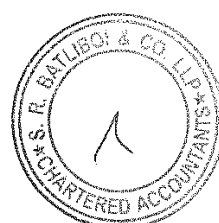
During the year ended March 31, 2013 the Company has provided for the proportionate redemption premium of Rs 208.13 Crore (March 31, 2012: Rs 930.57 Crore) by adjusting the same against the securities premium account. Following are the scheme-wise details of the redemption premium as of the year end date:

Phase	Rs in Crore	
	March 31, 2013	March 31, 2012
Phase I*	-	463.77
Phase II	295.95	242.99
Phase I (new)*	-	83.43
Phase II (new)	65.31	48.94
Phase III	118.36	78.43
Phase IV	28.94	13.01
Total	508.56	930.57

* Fully redeemed as on July 27, 2012.



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

III. The details of repayment of long term borrowing are as follows:

Particulars	Up to 1 Year	2 to 5 Years	Above 5 Years	Total
Secured loans	441.18 (1,092.87)	7,280.67 (5,120.32)	2,103.25 (705.94)	9,825.09 (6,919.13)
Unsecured loans	1,057.28 (1,992.85)	1,473.74 (1,389.18)	- (149.28)	2,530.98 (3,531.31)
Total	1,498.42 (3,085.72)	8,754.41 (6,509.50)	2,103.25 (855.23)	12,356.07 (10,450.44)

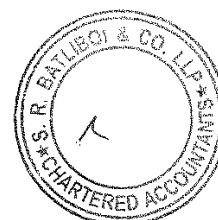
12. Other long-term liabilities

	March 31, 2013	March 31, 2012
Other long-term payables*	79.26	43.07
Advance from customers	10.00	100.00
Total	89.26	143.07

* It mainly includes purchase price and other contractual obligation

13. Provisions

	Long-term		Short-term	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Employee benefits	56.53	56.28	41.17	153.23
Performance guarantee, operation, maintenance and warranty and liquidated damages	60.89	111.99	1,427.12	1,230.35
Provision for FCCB redemption premium	147.30	91.43	-	839.14
Provision for taxation	-	-	4.99	51.08
Total	264.72	259.70	1,473.28	2,273.80



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

In pursuance of Accounting Standard-29 (AS-29) 'Provisions, contingent liabilities and contingent assets', the provisions required have been incorporated in the books of account in the following manner:

Particulars	Performance guarantee	Operation, maintenance and warranty	Liquidated damages
Opening balance	149.65 (150.12)	1,038.67 (993.15)	154.02 (87.62)
Additions during the year	101.26 (86.42)	567.18 (482.03)	192.17 (123.27)
Utilisation	95.85 (86.89)	403.91* (273.77)*	91.51 (37.87)
Reversal	- -	123.67 (162.73)	- (19.01)
Closing balance	155.06 (149.65)	1,078.27 (1,038.67)	254.68 (154.02)

* Includes expenditure booked under various expenditure heads by their nature.

Performance guarantee ('PG') represents the expected outflow of resources against claims for performance shortfall expected in future over the life of the guarantee assured. The period of performance guarantee varies for each customer according to the terms of contract. The key assumptions in arriving at the performance guarantee provisions are wind velocity, plant load factor, grid availability, load shedding, historical data, wind variation factor etc.

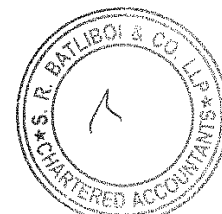
Operation, maintenance and warranty ('O&M') represents the expected liability on account of field failure of parts of WTG and expected expenditure of servicing the WTGs over the period of free operation, maintenance and warranty, which varies according to the terms of each sales order.

Liquidated damages ('LD') represents the expected claims which the Group may need to pay for non fulfilment of certain commitments as per the terms of the sales order. These are determined on a case to case basis considering the dynamics of each sales order and the factors relevant to that sale.

The figures shown against 'Utilisation' represent withdrawal from provisions credited to statement of profit and loss to offset the expenditure incurred during the year and debited to statement of profit and loss.

14. Short-term borrowings

	March 31, 2013	March 31, 2012
a. Secured		
Working capital facilities from banks	2,787.63	3,380.95
b. Unsecured		
(i) From banks and financial institutions	0.09	169.54
(ii) From others	46.97	33.05
	47.06	202.59
Total short-term borrowings	2,834.69	3,583.54



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

The rate of interest on the working capital loans from banks ranges between 11% p.a. to 16.25% p.a. depending upon the prime lending rate of the banks and financial institutions, wherever applicable, and the interest rate spread agreed with the banks. For details of CDR and security given for short term borrowings, refer note 11 above.

15. Other current liabilities

	March 31, 2013	March 31, 2012
Current maturities of long-term borrowings	1,498.42	3,085.72
Interest accrued but not due on borrowings	37.58	76.81
Interest accrued and due on borrowings	45.60	35.21
Unclaimed dividend	0.17	0.19
Advance from customer	3,815.92	3,022.14
Statutory dues	248.09	95.20
Premium payable on redemption of FCCBs	361.26	-
Others*	942.93	840.78
Total	6,949.97	7,156.05

* Primarily includes refundable deposits and accruals

16. Tangible and Intangible assets

Fixed Assets	Gross block						Depreciation / amortisation						Net block	
	As at April 1, 2012	Additions	Translation adjustment	Deductions/ Adjustments	Sale of subsidiary	As at March 31, 2013	As at April 1, 2012	For the year	Translation adjustment	Deductions/ Adjustments	Sale of subsidiary	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
a. Tangible Assets														
Land	197.36	1.93	2.14	-	6.29	195.16	7.38	16.76	0.22	-	0.33	24.03	171.13	190.00
Buildings	1,658.77	79.98	37.40	0.42	-	1,386.73	384.71	239.61	7.45	-	-	622.78	1,363.96	1,485.06
Site development	105.25	-	-	-	-	105.25	15.25	6.50	-	-	-	21.75	83.50	90.00
Plant and Machinery	2,659.26	241.61	43.69	75.97	236.04	2,831.64	1,173.71	312.61	23.67	34.19	51.93	1,423.77	1,407.67	1,695.66
Wind research and measuring equipments	79.86	16.48	0.32	8.34	-	88.32	38.03	24.67	0.13	6.64	-	56.99	31.33	41.03
Computer and office equipments	304.07	16.13	3.16	7.82	0.02	315.52	187.89	44.03	2.32	3.41	0.02	210.81	104.71	136.16
Furniture and fixtures	603.56	57.41	11.65	9.64	-	662.98	319.53	79.11	6.94	5.63	-	399.95	264.03	294.02
Vehicles	23.61	0.39	0.13	1.86	-	22.27	16.64	2.65	0.05	1.64	-	17.70	4.57	6.97
	6,042.75	413.93	96.39	104.05	243.15	6,207.87	2,123.84	716.94	40.69	52.51	52.28	2,776.78	3,431.09	3,518.81
Previous year	5,450.15	518.55	211.64	167.69	-	6,042.75	1,634.02	518.59	75.02	104.08	-	2,123.94	3,918.81	-
b. Intangible Assets														
Goodwill on consolidation	7,547.59	-	179.90	-	-	7,727.59	-	-	-	-	-	-	7,727.59	7,547.59
Design and drawings	981.18	325.94	13.41	-	-	1,240.53	287.56	177.40	3.21	-	-	468.56	771.97	613.23
Software	390.36	22.02	4.50	0.04	-	326.84	147.37	31.33	3.15	0.04	-	181.51	145.03	152.98
	8,749.23	347.96	197.81	0.04	-	9,294.96	435.32	208.73	6.36	0.04	-	550.37	8,644.65	8,313.81
Previous year	7,401.94	851.25	507.65	11.61	-	8,749.23	295.31	133.67	14.23	11.89	-	436.32	8,313.91	-

- The depreciation / amortisation (including impairment losses) charged in the statement of profit and loss account amounting to Rs 911.84 Crore (Rs 661.23 Crore) includes Rs 0.47 Crore (Rs 8.58 Crore) for depreciation charged on capital work-in-progress.
- Borrowing cost amounting to Rs Nil (Rs 4.08 Crore) have been capitalised to qualifying assets.
- In the current year the Group has identified following assets as held for sale and recognised impairment loss of Rs 184.73 Crore (Rs Nil) on write-down value of certain assets to the recoverable amount based on its expected net selling price and the same has been disclosed under exceptional items.



Suzlon Energy Limited

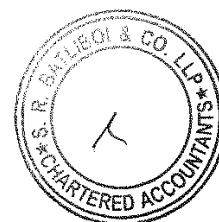
Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

Assets	As at March 31, 2013			Depreciation for the year	Impairment for the year
	Gross block	Accumulated depreciation	Net block		
a. Tangible assets					
Land	36.30	3.19	33.11	0.46	15.16
Buildings	388.47	190.09	198.38	31.08	128.33
Plant and machinery	443.18	351.90	91.28	28.55	40.45
Computers and office equipments	19.07	16.46	2.61	0.97	0.47
Furniture & fixtures	36.58	34.69	1.89	1.76	0.31
Vehicles	1.61	1.38	0.23	0.14	0.01
Total tangible assets	925.21	597.71	327.50	62.96	184.73
b. Intangible assets					
Software	39.84	39.84	-	-	-
Total Intangible assets	39.84	39.84	-	-	-
Grand total	965.05	637.55	327.50	62.96	184.73

iv) Gross block includes Rs 926.66 Crore and accumulated depreciation includes Rs 245.58 Crore towards assets of discontinued operations (refer note 29)

Assets	As at March 31, 2013			Depreciation for the year
	Gross block	Accumulated depreciation	Net block	
a. Tangible assets				
Buildings	50.80	20.65	130.15	4.91
Site development	58.35	8.72	49.63	3.89
Plant and machinery	701.90	207.30	494.60	36.84
Computers and office equipments	4.52	2.81	1.71	0.62
Furniture & fixtures	4.27	1.14	3.13	0.27
Vehicles	1.48	0.74	0.74	0.17
Total tangible assets	921.32	241.36	679.96	46.70
b. Intangible assets				
Design and drawings	3.54	2.62	0.92	0.89
Software	1.80	1.60	0.20	0.10
Total Intangible assets	5.34	4.22	1.12	0.99
Grand total	926.66	245.58	681.08	47.69



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

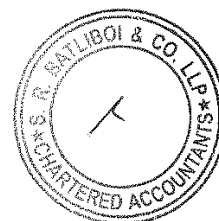
All amounts in Rupees Crore, unless otherwise stated

17. Investments

	Non-current investments		Current investments	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Non-trade investments (valued at cost unless stated otherwise)				
Non-trade investments in shares (unquoted)	35.67	33.25	-	13.96
Investments in Government or trust securities (unquoted)	0.02	0.02	-	-
Investments in Mutual Funds (quoted)	-	-	-	50.02
Total	35.69	33.27	-	63.98

18. Loans and advances

		Non-current		Current	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Capital advances					
Unsecured, considered good	(a)	3.49	7.97	-	-
Security deposits					
Unsecured, considered good	(b)	192.04	178.84	12.63	14.89
Advances recoverable in cash or in kind					
Secured, considered good		-	-	-	6.05
Unsecured, considered good		235.75	228.61	582.54	768.91
Unsecured, considered doubtful		92.49	22.63	-	1.50
		328.24	251.24	582.54	776.46
Less : Allowance for bad and doubtful advances		92.49	22.63	-	1.50
	(c)	235.75	228.61	582.54	774.96
Other loans and advances					
Unsecured, considered good					
Advance income tax (net of provisions)		98.64	130.03	138.01	148.17
MAT credit entitlement		1.50	161.67	-	10.90
Inter-corporate deposits		121.00	131.62	99.10	52.70
Other assets		19.80	64.86	716.60	662.44
	(d)	240.94	488.18	953.71	874.21
Total (a + b + c + d)		672.22	903.60	1,548.88	1,664.06



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

19. Deferred tax

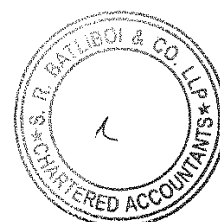
	March 31, 2013	March 31, 2012
Deferred tax assets:		
Unabsorbed losses and depreciation	125.87	21.81
Employee benefits	0.88	0.89
Provision for guarantee and warranty	25.46	31.19
Provision for doubtful debts	12.74	2.34
Others	25.09	9.43
	190.04	65.66
Deferred tax liabilities		
Difference in depreciation of fixed assets	258.19	214.47
Others	480.41	293.13
	738.60	507.60
Deferred tax liabilities (net)	548.56	441.94

20. Trade receivables and other assets

20.1 Trade receivables

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Secured				
Other receivables*	1,114.50	-	-	991.10
Less : Provision for doubtful receivables	401.60	-	-	-
(a)	712.90	-	-	991.10
Unsecured				
Outstanding for a period exceeding six months from due date				
Considered Good	-	0.20	1,211.18	852.88
Considered Doubtful	78.04	40.95	98.32	77.26
	78.04	41.15	1,309.50	930.14
Other receivables	0.19	24.72	1,521.18	3,471.31
	78.23	65.87	2,830.68	4,401.45
Provision for doubtful receivables	78.04	40.95	98.32	77.26
(b)	0.19	24.92	2,732.36	4,324.19
Total (a + b)	713.09	24.92	2,732.36	5,315.29

*Trade receivable is secured by wind farm assets of a customer (refer note 29 c).



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

20.2 Other assets

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Unsecured, considered good unless stated otherwise				
Non-current bank balances	228.90	272.12	-	-
Prepaid compensation in lieu of bank sacrifice	68.49	-	45.66	-
Ancillary cost of arranging the borrowings	37.50	81.11	9.22	-
Interest receivable	101.48	15.24	7.94	59.45
Others	66.75	-	187.47	297.49
Total	503.12	368.47	250.29	356.94

21. Inventories

	March 31, 2013	March 31, 2012
Raw materials	2,574.43	3,386.91
Finished goods, semi finished goods and work- in- progress	2,393.26	1,901.74
Stores and spares	191.86	192.34
Land and lease rights	104.28	98.81
Total	5,263.83	5,579.80

22. Cash and bank balance

	March 31, 2013	March 31, 2012
Balances with banks:		
In current accounts	883.12	1,473.92
In term deposits	1,074.63	1,123.70
Unpaid dividend	0.17	0.19
Cheques / draft on hand	-	33.26
Cash on hand	1.20	1.41
Total	1,959.12	2,632.48

23. Revenue from operations

	March 31, 2013	March 31, 2012
Revenue from sale, installation and commissioning of WTG	16,780.16	19,687.20
Income from operation and maintenance service	1,962.98	1,395.17
Total	18,743.14	21,082.37



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

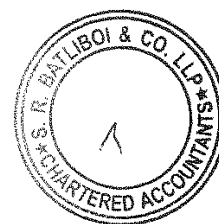
All amounts in Rupees Crore, unless otherwise stated

Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

	March 31, 2013	March 31, 2012
Contract revenue recognised during the period	10,867.52	12,790.63
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	9,485.98	9,224.62
Amount of customer advances outstanding for contracts in progress up to the reporting date	2,926.33	2,459.07
Retention amount due from customers for contract in progress up to the reporting date	-	-
Due from customers	2,936.41	2,860.77
Due to customers	200.15	309.43

24. Cost of raw material and components consumed

	March 31, 2013	March 31, 2012
Consumption of raw materials (including project business)		
Opening inventory	3,386.91	2,744.85
Add : Purchases including bought out components	13,324.12	14,265.52
	16,711.03	17,010.37
Less : Closing inventory	2,574.43	3,386.91
	14,136.60	13,623.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
(Increase) / decrease in stocks:		
Opening inventory		
Finished, semi finished goods and work- in- progress	1,901.74	2,378.23
Land and land lease rights	98.81	72.59
(A)	2,000.55	2,450.82
Closing inventory		
Finished, semi finished goods and work- in- progress	2,393.26	1,901.74
Land and land lease rights	104.28	98.81
(B)	2,497.54	2,000.55
(Increase) / decrease in stocks	(C) = (A) - (B)	
	(496.99)	450.27



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

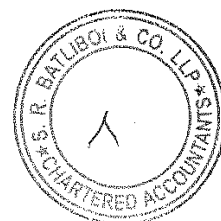
All amounts in Rupees Crore, unless otherwise stated

25. Employee benefits expense

	March 31, 2013	March 31, 2012
Salaries, wages, allowances and bonus	1,734.92	1,648.61
Contribution to provident and other funds	308.64	261.96
Employee stock option scheme	1.58	3.86
Staff welfare expenses	87.56	94.18
Total	2,132.70	2,008.61

26. Other expenses

	March 31, 2013	March 31, 2012
Stores and spares consumed	83.03	126.77
Power and fuel	62.36	79.55
Factory and site expenses	50.27	71.45
Repairs and maintenance	79.65	61.85
Operation and maintenance charges	117.48	158.09
Design change and technical up gradation charges	20.35	72.82
Rent	146.80	139.25
Rates and taxes	23.68	44.01
Performance guarantee expenditure	101.26	86.42
Liquidated damages expenditure	192.17	104.26
Operation, maintenance and warranty expenditure	258.19	172.23
Quality assurance expenses	136.19	69.72
R & D, certification and product development	143.07	135.47
Insurance	69.15	44.71
Advertisement and sales promotion	63.13	74.60
Infrastructure development expenses	9.17	4.83
Freight outward and packing expenses	1,265.60	779.26
Sales commission	4.01	19.33
Travelling, conveyance and vehicle expenses	292.51	277.11
Communication expenses	80.83	81.62
Auditors' remuneration and expenses	10.90	9.98
Consultancy charges	361.35	278.07
CSR, charity and donations	14.45	30.88
Miscellaneous expenses	371.78	329.73
Exchange differences, net	306.83	59.27
Bad debts written off	6.49	7.25
Provision for doubtful debts and advances	143.84	125.02
Loss on sale of investments, net	-	2.20
Loss on assets sold / discarded, net	23.17	9.92
Total	4,437.71	3,455.67



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

27. Finance costs

	March 31, 2013	March 31, 2012
Interest		
Fixed loans	820.38	901.69
Others	697.98	477.43
Bank charges	205.49	224.84
Amortization of ancillary borrowing costs	60.92	19.81
Compensation in lieu of bank sacrifice	22.83	-
Exchange difference to the extent considered as an adjustment to borrowing costs	47.25	30.97
Total	1,854.85	1,654.74

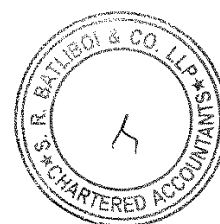
28. Finance income

	March 31, 2013	March 31, 2012
Interest income		
From banks on fixed deposits	33.07	41.51
From others	119.07	83.23
Dividend income	0.02	1.00
Total	152.16	125.74

29. Exceptional items

	March 31, 2013	March 31, 2012
Reversal towards diminution in investments and profit on sale of investment	(43.25)	(227.24)
Expenditure on restructuring and refinancing of financial facilities (refer note 3)	99.90	-
Provision for impairment in tangible assets	184.73	-
Provision for doubtful debts	401.60	-
Total	642.98	(227.24)

- a) On June 28, 2012, the Company entered into share purchase agreement with a buyer for the sale of equity shares of its wholly owned subsidiary Suzlon Engitech Limited ('SENL'). Consequently, SENL ceased to be a subsidiary of the Company. The profit on sale of investment in SENL has been shown under exceptional items.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

- b) The Group is in the process of disposing off its investment in the equity shares of Suzlon Energy (Tianjin) Limited ("SETL"), a wholly owned subsidiary and certain other assets. Based on the likely realisable value of the respective assets identified for disposal, the Group has made an impairment provision of Rs 184.73 Crore in the carrying value of assets in the current year and disclosed the same under exceptional items.
- c) Suzlon Wind Energy Corporation, USA ("SWECO"), a wholly owned subsidiary of the Company and Big Sky Wind LLC ("Big Sky"), a wholly owned subsidiary of Edison Mission Energy entered into a Financing Agreement, wherein Big Sky sought equipment financing from SWECO, to be payable on or before October 2014, subject to certain mandatory prepayment conditions. SWECO believes that the relevant mandatory prepayment conditions have been duly complied with in August 2012 and accordingly the receivables became due for prepayment within six months from August 2012 as per the agreement which Big Sky has disputed. Hence, on September 14, 2012, SWECO filed a complaint for Declaratory Judgment in the Supreme Court of the State of New York. If the complaint is dismissed, the receivables amount is nevertheless due in full on the maturity date, i.e. October 2014. The receivable is secured against the primary security of the Wind Farm ("Asset") owned by Big Sky. The prevailing sale price of power is volatile and low at present in USA where the Asset is located, which may lead to reduction in the value of the Asset and corresponding security available with Group. Accordingly on prudent basis, the Group has made provision of Rs 401.60 Crore and disclosed under exceptional items.

30. Tax

	March 31, 2013	March 31, 2012
Current tax	28.30	91.81
Deferred tax charge	158.61	235.37
MAT credit entitlement	160.17	(0.49)
Earlier years tax	2.24	4.11
	349.32	330.80

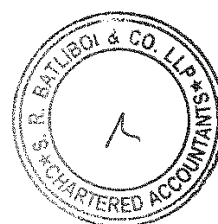
31. Discontinuing operation

As part of the Company's long-term strategy to focus its activities in the areas of manufacturing and sale of Wind Turbine Generators and also as per the terms of CDR MRA along with part of its initiatives for liability management, it has been proposed to divest certain non-critical assets. Accordingly, the Group proposes to divest the business of SE Forge Limited ("SEFL"), which is engaged in manufacturing and machining of large forging and casting products and the said operations have been considered as discontinued operations.

Operating results of the Company's discontinued operations are summarized as follows:

The carrying amounts of the total assets and liabilities to be disposed of at March 31, 2013 are as follows:

	March 31, 2013	March 31, 2012
Total assets	873.20	983.58
Total liabilities	867.88	817.68
Net assets	5.32	165.90



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

The revenue and expenses in respect of ordinary activities attributable to the discontinuing operations:

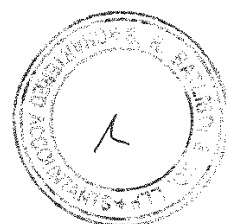
	March 31, 2013	March 31, 2012
Revenues	128.39	309.30
Cost and expenses	288.97	428.90
Operating losses before taxes	(160.58)	(119.60)
Tax expenses	-	-
Operating loss from discontinued operations	(160.58)	(119.60)

The net cash flows attributable to the Foundry and Forging business are as follows:

	March 31, 2013	March 31, 2012
Operating activities	138.95	133.31
Investing activities	1.44	(8.90)
Financing activities	(144.57)	(135.89)
Net cash outflows	(4.18)	(11.48)

32. Earnings per share (EPS)

	March 31, 2013	March 31, 2012
Basic		
Net loss after share of profit of associates and minority interest	(4,723.96)	(478.58)
Less: Preference dividend and tax thereon	0.35	0.35
Profit attributable to equity shareholders	(4,724.31)	(478.93)
Weighted average number of equity shares	1,777,365,647	1,777,365,647
Basic earnings /(loss) per share of Rs 2 each	(26.58)	(2.69)
Diluted		
Net loss after share of profit of associates and minority interest	(4,724.31)	(478.93)
Add: Interest on foreign currency convertible bonds (net of tax)	36.51	41.46
Interest on loan – Tanti Holdings Pvt. Ltd. Loan (net of tax)	13.63	-
Interest on share application money (net of tax)	0.43	-
Adjusted net loss after tax	(4,673.74)	(437.47)
Weighted average number of equity shares	1,777,365,647	1,777,365,647
Add: Potential weighted average equity shares that could arise on		
conversion of foreign currency convertible bonds	398,746,880	377,292,708
conversion of Tanti Holdings Pvt. Ltd. loan	89,485,069	-
conversion of share application money	152,978,513	-
conversion of FITL	3,168,710	-
Weighted average number of equity shares for diluted EPS	2,421,744,818	2,154,658,355
Diluted earnings / (loss) per share (Rs) of face value of Rs 2 each [see note below]*	(26.58)	(2.69)



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

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

33. Post employment benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary based on last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Net employees benefit expense recognised in the statement of profit and loss:

	March 31, 2013	March 31, 2012
Current service cost	6.85	5.77
Interest cost on benefit obligation	2.59	1.83
Expected return on plan assets	(1.75)	(1.01)
Net actuarial (gain) / loss recognised in the year	(3.87)	2.13
Past service cost	-	0.58
Net benefit expense	3.81	9.30

Details of defined benefit obligation

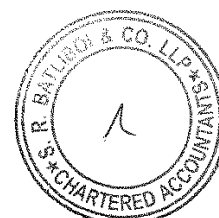
	March 31, 2013	March 31, 2012
Defined benefit obligation (A)	34.12	31.99
Fair value of plan assets (B)	25.52	17.46
Present value of unfunded obligations (C=A-B)	8.60	14.53
Less: Unrecognised past service cost (D)	-	-
Plan liability / (asset) (E=C-D)	8.60	14.53

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

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	31.99	23.39
Interest cost	2.58	1.83
Current service cost	6.85	5.77
Benefits paid	(3.96)	(1.76)
Actuarial (gains) / losses on obligation	(3.34)	2.76
Closing defined benefit obligation	34.12	31.99



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

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

	March 31, 2013	March 31, 2012
Opening fair value of plan assets	17.46	17.71
Expected return	1.75	1.22
Contributions by employer*	9.58	0.35
Benefits paid	(3.79)	(2.25)
Actuarial gains / (losses)	0.52	0.43
Closing fair value of plan assets	25.52	17.46

Amounts for the current and previous periods are as follows:

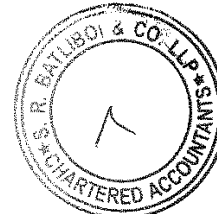
	March 31,				
	2013	2012	2011	2010	2009
Defined benefit obligation	34.12	31.99	23.39	17.22	70.77
Plan assets	25.52	17.46	17.71	12.44	49.36
Surplus / (deficit)	8.60	14.53	5.68	4.76	21.41
Experience adjustments on plan liabilities	5.41	(3.95)	(2.18)	(0.14)	Nil
Experience adjustments on plan assets	0.01	0.43	0.01	0.07	Nil

The principal assumptions with respect to discount rate, expected return on plan assets, salary escalation rate and attrition rate used in determining the defined benefit plan obligations differ from subsidiary to subsidiary. The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors

34. Employee stock option plans

The Company has provided various Employee Stock Option Schemes to its employees. During the year ended March 31, 2013 the following schemes were in operation:

	ESOP 2005	ESOP 2006	ESOP 2007	ESOP Perpetual-I (Tranche I)	ESOP Perpetual-I (Tranche II)	ESOP Perpetual-I (Tranche III)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (Tranche VII)	ESOP Perpetual-I (Tranche VIII)
	Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII
Grant date	16-Jun-05	23-Nov-07	21-May-09	5-Oct-09	30-Jan-10	28-Jul-10	30-Oct-10	21-Feb-11	1-Apr-10	27-Apr-11	31-Jul-11	25-May-12
Board approval date	25-Mar-05	29-Jan-07	15-Apr-08	16-Jun-08	16-Jun-08	16-Jun-08	16-Jun-08	16-Jun-08	15-Apr-09	16-Jun-09	16-Jun-09	16-Jun-08
Shareholder approval	16-Jun-05	10-Mar-07	22-May-08	13-Aug-09	13-Aug-09	13-Aug-09	13-Aug-09	13-Aug-09	22-May-08	13-Aug-09	13-Aug-09	13-Aug-09
Options granted (Nos)	4,605,000	519,500	1,678,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000	25,000
Exercise Price (Rs)	51.00	192.20	90.50	70.90/87.50	61.80/77.25	46.76/58.45	44.36	47.70	72.70	54.35	54.15	20.85
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period												
Tranche 1	16-Jun-06	23-Nov-08	21-May-10	5-Oct-10	30-Jan-11	28-Jul-11	30-Oct-11	21-Feb-12	1-Apr-11	27-Apr-12	1-Aug-12	26-May-13
Tranche 2	16-Jun-07	23-Nov-09	21-May-11	5-Oct-11	30-Jan-12	28-Jul-12	30-Oct-12	21-Feb-13	1-Apr-12	27-Apr-13	1-Aug-13	26-May-14
Tranche 3	16-Jun-09	23-Nov-10	-	5-Oct-12	30-Jan-13	28-Jul-13	30-Oct-13	21-Feb-14	1-Apr-13	27-Apr-14	1-Aug-14	26-May-15
Vesting %												
Tranche 1	30%	50%	75%	50%	50%	50%	50%	50%	33.33%	50%	50%	50%
Tranche 2	30%	25%	25%	25%	25%	25%	25%	25%	33.33%	25%	25%	25%
Tranche 3	40%	25%	-	25%	25%	25%	25%	25%	33.34%	25%	25%	25%
Exercise period (end date)	Till 16-Jun-2011	Till 23-Nov-2013	Till 21-May-2015	Till 5-Oct-2014	Till 30-Jan-2015	Till 28-Jul-2015	Till 30-Oct-2015	Till 21-Feb-2016	Till 31-Mar-2014	Till 27-Apr-2016	Till 31-Jul-2016	Till 25-May-2017



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Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

The movement in the stock options during the year ended March 31, 2013 was as per the table below

Particulars	ESOP 2006	ESOP 2007	ESOP Perpetual- I (Tranche I)	ESOP Perpetual- I (Tranche II)	ESOP Perpetual- I (Tranche III)	ESOP Perpetual- I (Tranche IV)	ESOP Perpetual- I (Tranche V)	Special ESOP 2007	ESOP Perpetual- I (Tranche VI)	ESOP Perpetual- I (Tranche VII)	ESOP Perpetual- I (Tranche VIII)
	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII
Opening balance	316,500	1,257,000	7,103,318	135,000	100,000	50,000	75,000	8,664,000	50,000	65,000	-
Granted during the year	-	-	-	-	-	-	-	-	-	-	25,000
Forfeited/cancelled during the year	91,000	261,000	2,308,664	-	-	-	75,000	1,564,500	-	25,000	-
Exercised during the year	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-	-	-	-	-
Closing balance	225,500	996,000	4,793,654	135,000	100,000	50,000	-	7,099,500	50,000	40,000	25,000
Exercisable at the end of the year (included in closing balance of option outstanding)	225,500	996,000	4,793,654	101,250	75,000	37,500	-	4,733,000	25,000	20,000	-

The movement in the stock options during the year ended March 31, 2012 was as per the table below.

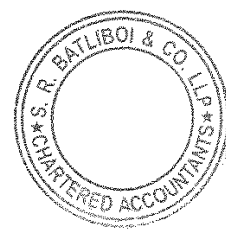
Particulars	ESOP 2005	ESOP 2006	ESOP 2007	ESOP Perpetual- I (Tranche I)	ESOP Perpetual- I (Tranche II)	ESOP Perpetual- I (Tranche III)	ESOP Perpetual- I (Tranche IV)	ESOP Perpetual- I (Tranche V)	Special ESOP 2007	ESOP Perpetual- I (Tranche VI)	ESOP Perpetual- I (Tranche VII)
	Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI
Opening balance	340,000	332,000	1,368,000	7,828,889	135,000	175,000	50,000	75,000	11,212,500	-	-
Granted during the year	-	-	-	-	-	-	-	-	-	50,000	65,000
Forfeited/cancelled during the year	-	15,500	111,000	725,571	-	75,000	-	-	2,548,500	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	340,000	-	-	-	-	-	-	-	-	-	-
Closing balance	-	316,500	1,257,000	7,103,318	135,000	100,000	50,000	75,000	8,664,000	50,000	65,000
Exercisable at the end of the year (Included in closing balance of option outstanding)	-	316,500	1,257,000	5,327,489	101,250	50,000	25,000	37,500	2,888,000	-	-

No options were exercised during the year.

Fair value of the options

The Company applies intrinsic value based method of accounting for determining compensation cost for Scheme I to Scheme XII. Following are the details of the amounts charged to the statement of profit and loss, rate per option, and cost per option calculated based on 'Black-Scholes' Model.

	ESOP 2005	ESOP 2006	ESOP 2007	ESOP Perpetual- I (Tranche I)	ESOP Perpetual- I (Tranche II)	ESOP Perpetual- I (Tranche III)	ESOP Perpetual- I (Tranche IV)	ESOP Perpetual- I (Tranche V)	Special ESOP 2007	ESOP Perpetual- I (Tranche VI)	ESOP Perpetual- I (Tranche VII)	ESOP Perpetual- I (Tranche VIII)
	Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI	Scheme XII
	Non-US	US	Non-US	US	Non-US	US	Non-US	US				
Charge to profit and loss account	Nil	Nil	Nil	0.58	0.01	0.01	0.01	-	-	0.001	-	-
	(Nil)	161	(0.005)	(1.98)	(0.02)	(0.03)	(0.03)	-	-	(0.001)	-	-
Rate per option (Rs)	61.00	182.60	2.20	22.25	4.75	16.45	12.29	0.60	11.09	-	0.60	-
Black Scholes Model - Cost per option (Rs)	-	249.11	43.32	42.64	49.28	34.27	39.85	26.39	30.73	26.88	21.16	29.12



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All amounts in Rupees Crore, unless otherwise stated

If the cost per option was calculated based on the 'Black-Scholes' model, the loss after tax would have been higher by Rs 17.60 Crore (Rs 22.66 Crore).

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

Earnings per share	March 31, 2013	March 31, 2012
- Basic	(26.68)	(2.82)
- Diluted	(26.68)	(2.82)

35. Operating leases

The Group has taken certain premises under operating leases. Further there are certain shipping charter agreements for offshore systems.

Expenses under cancellable operating lease and rental contracts during the year is Rs 130.78 Crore (Rs 121.00 Crore).

Expenses under non-cancellable operating lease and rental contracts during the year is Rs 26.04 Crore (Rs 39.36 Crore).

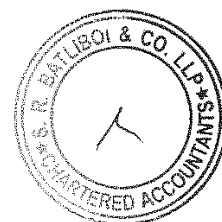
Future minimum rentals payable under non-cancellable operating lease and rental contracts as per the respective agreements are as follows:

Obligation on non-cancellable operating leases	March 31, 2013	March 31, 2012
Not later than one year	104.48	92.07
Later than one year and not later than five years	404.03	384.80
Later than five years	1,796.25	1,673.81

Assets given on lease (Windmills):

The Group has let out some of its Windmills on operating lease. The lease charges are on the basis of net electricity generated and delivered. The said lease is non-cancellable during the primary lease period i.e. for the first five years and extendable for another five years unless any of the party decides to discontinue the same and the details of the same are as under:

	March 31, 2013	March 31, 2012
Lease rental income recognized in statement of profit and loss for the period	2.53	2.60
Gross carrying amount	30.00	30.00
Accumulated depreciation	23.46	22.28
Depreciation charged to statement of profit and loss for the period	1.18	1.40



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All amounts in Rupees Crore, unless otherwise stated

36. Segment information

The Company has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

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

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments allocated on a reasonable basis. Inter segment transfers have been carried out at mutually agreed prices.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

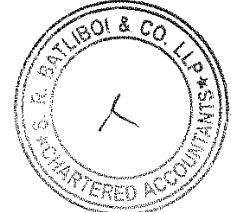
A. Primary business segment

Particulars	March 31, 2013						March 31, 2012					
	Continuing Operations			Discontinuing Operations*	Elim	Grand total	Continuing Operations			Discontinuing Operations*	Elim	Grand total
	Sale of WTG	Others	Total	Foundry & Forging			Sale of WTG	Others	Total	Foundry & Forging		
Total external sales	18,651.79	21.23	18,673.02	70.12	-	18,743.14	20,946.00	42.93	20,989.01	93.36	-	21,082.37
Add: Inter segment sales	2.63	-	2.63	58.27	(60.90)	-	6.43	-	6.43	215.94	(222.37)	-
Segment revenue	18,654.42	21.23	18,675.65	128.39	(60.90)	18,743.14	20,952.51	42.93	20,995.44	309.30	(222.37)	21,082.37
Segment results before exceptional items	(1,964.02)	7.19	(1,956.83)	(76.80)	(3.33)	(2,036.96)	1,174.89	15.71	1,190.60	(31.26)	0.63	1,159.97
Add/(Less) items to reconcile with profit as per statement of profit and loss												
Add: Other income						152.16						125.74
Less: Financial charges						(1,854.85)						(1,654.74)
Loss before tax before exceptional items						(3,739.65)						(369.03)
Less/ (add): Exceptional items						642.98						(227.24)
Loss before tax						(4,382.63)						(141.79)
Provision for current tax						26.30						91.81
MAT credit entitlement						158.61						(0.49)
Deferred tax						160.17						235.37
Earlier year tax						2.24						4.11
Total tax						349.32						330.80
Loss after tax						(4,731.95)						(472.59)
Add: Share in associate's profit/(loss) after tax						-						(33.29)
Less: Share of loss/(profit) of minority						7.99						27.30
Net loss						(4,723.96)						(478.58)
Segment assets	25,195.48	101.67	25,297.15	856.97	-	26,154.12	27,471.70	327.96	27,799.66	969.07	-	28,768.73
Common assets						2,852.78						3,558.55
Enterprise assets						29,006.90						32,427.28
Segment liabilities	11,317.55	-	11,317.55	357.20	-	11,674.75	11,728.84	1.64	11,730.48	73.96	-	11,904.44
Common liabilities						17,011.74						15,644.71
Enterprise liabilities						28,686.49						27,449.15
Capital expenditure during the year	683.33	13.79	697.12	(2.81)	-	694.31	877.22	4.55	881.78	14.99	-	896.77
Segment depreciation	662.13	10.67	672.80	47.67	-	740.47	572.98	21.13	594.11	67.12	-	661.23

*refer note 31

B. Geographical business segment

	Year ended March 31, 2013							Year ended March 31, 2012						
	India	Europe	USA & Canada	China	Australia	Others	Total	India	Europe	USA & Canada	China	Australia	Others	Total
Segment revenue	1,439.38	11,190.95	5,632.82	68.07	122.70	289.22	18,743.14	7,801.51	8,184.42	3,480.28	314.47	714.10	587.59	21,082.37
Segment assets	6,596.97	15,305.66	2,003.09	613.48	192.80	1,437.12	26,154.12	9,420.37	15,269.11	2,197.72	857.15	300.83	723.61	28,768.79
Capital expenditure incurred	121.39	550.92	7.78	0.38	2.34	11.50	694.31	218.37	617.22	40.39	2.44	15.01	3.34	896.77



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

37. Related party disclosures

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

a. Entities where Key Management Personnel ('KMP') / Relatives of Key Management Personnel ('RKMP') have significant influence

Sarjan Realities Limited, Aspen Infrastructures Limited (earlier Synefra Engineering & Construction Limited), Shubh Realities (South) Private Limited, Tanti Holdings Private Limited, Suzlon Foundation, Girish R. Tanti (HUF), Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Synew Steel Limited, Salene Power Infrastructure Limited, Samanvaya Holdings Private Limited, Synefra Infrastructures Limited.

b. Key Management Personnel of Suzlon Energy Limited

Tulsi R. Tanti,

c. Relatives of Key Management Personnel of Suzlon Energy Limited

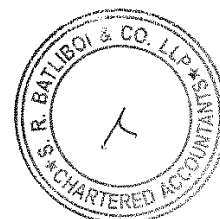
Jitendra R. Tanti, Pranav T. Tanti, Nidhi T. Tanti, Vinod R. Tanti*, Girish R. Tanti**

d. Employee funds

SE Blades Limited	Superannuation Fund
SE Blades Limited	Employees Group Gratuity Scheme
SE Electricals Limited	Superannuation Fund
SE Electricals Limited	Employees Group Gratuity Scheme
Suzlon Energy Limited	Superannuation Fund
Suzlon Energy Limited	Employees Group Gratuity Scheme
Suzlon Generators Limited	Superannuation Fund
Suzlon Generators Limited	Employees Group Gratuity Scheme
Suzlon Gujarat Wind Park Limited	Superannuation Fund
Suzlon Gujarat Wind Park Limited	Employees Group Gratuity Scheme
Suzlon Power Infrastructure Limited	Superannuation Fund
Suzlon Power Infrastructure Limited	Employees Group Gratuity Scheme
Suzlon Structures Limited	Employees Group Gratuity Scheme
Suzlon Wind International Limited	Superannuation Fund
Suzlon Wind International Limited	Employees Group Gratuity Scheme

* Resigned as whole time director and continues to be a non-executive director w.e.f. June 01, 2012. Transactions entered into after June 01, 2012 have been disclosed as transactions with the relatives of KMP.

** Resigned as whole time director and continues to be a non-executive director w.e.f. July 30, 2011. Transactions entered into after July 30, 2011 have been disclosed as transactions with the relatives of KMP



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

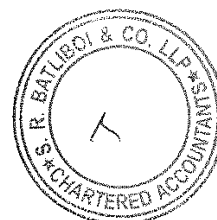
All amounts in Rupees Crore, unless otherwise stated

(B) Transactions between the Group and related parties during the year and the status of outstanding balances as at March 31, 2013 :

Particulars	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee Funds
Purchase of fixed assets (including Intangibles)	6.68 (0.95)	- (-)	- (-)	- (-)
Sale of fixed assets	0.16 (-)	- (-)	- (-)	- (-)
Purchase of goods and services	46.36 (51.69)	- (-)	- (-)	- (-)
Sale of goods and services	0.85 (2.67)	0.17 (0.20)	0.51 (0.28)	- (-)
Loans given	(4.15)	(-)	(-)	(-)
Loans taken	138.00 (-)	- (-)	- (-)	- (-)
Interest income	(5.00)	(-)	(-)	(-)
Interest expense	20.17 (13.08)	- (-)	- (-)	- (-)
Lease rent income	0.24 (-)	- (-)	- (-)	- (-)
Lease rent expense	16.16 (17.14)	- (-)	- (-)	- (-)
Donation given	1.67 (2.66)	- (-)	- (-)	- (-)
Managerial remuneration	- (-)	0.49 (1.43)	0.10 (0.74)	- (-)
Contribution to various funds	- (-)	- (-)	- (-)	7.81 (0.63)
Reimbursement of expenses	0.72 (-)	- (-)	- (-)	- (-)

(C) Outstanding balances

Particulars	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee Funds
Advance from customers	0.01 (0.03)	- (0.11)	- (-)	- (-)
Trade receivables	1.94 (5.02)	0.16 (-)	0.77 (0.26)	- (-)
Deposits outstanding	130.53 (125.64)	- (-)	- (-)	- (-)
Advance to supplier and other assets	0.66 (23.50)	- (1.83)	- (-)	- (-)
Trade payables	24.70 (8.33)	- (-)	- (-)	- (-)
Unsecured loan outstanding (including interest)	253.84 (145.00)	- (-)	- (-)	- (-)



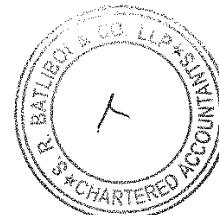
Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

D) Disclosure of significant transactions with related parties

Type of the transaction	Type of relationship	Name of the entity/person	Year ended March 31,	
			2013	2012
Purchase of fixed assets (including intangibles)	Entities where KMP/ RKMP has significant influence	Sarjan Realities Ltd	4.44	-
		Shubh Realty (South) Pvt. Ltd.	2.10	0.93
Sale of fixed assets	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	0.12	-
		Sarjan Realities Ltd	0.04	-
Purchase of goods and services	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	44.63	48.46
Sale of goods and services	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	0.12	2.47
		Sarjan Realities Ltd	0.70	-
	KMP	Tulsi R Tanti	0.17	-
	RKMP	Girish R Tanti	0.17	-
	RKMP	Vinod R Tanti	0.17	-
	RKMP	Jitendra R Tanti	0.17	-
Loans taken	Entities where KMP/ RKMP has significant influence	Tanti Holdings Private Limited	138.00	-
Deposits given	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	-	4.15
Interest income	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	-	5.00
Interest expense	Entities where KMP/ RKMP has significant influence	Tanti Holdings Private Limited	20.17	13.08
Rent income	Entities where KMP/ RKMP has significant influence	Synefra Infrastructures Limited	0.24	-
Rent expense	Entities where KMP/ RKMP has significant influence	Aspen Infrastructure Limited (earlier Synefra Engineering & Construction Limited)	15.49	16.47
Donation given	Entities where KMP/ RKMP has significant influence	Suzlon Foundation	1.67	2.66
Remuneration	KMP	Tulsi R Tanti	0.49	0.89
	KMP	Vinod R. Tanti	0.09	0.54
	RKMP	Pranav T. Tanti	0.01	0.52
Contribution to various funds	Employee Funds	Suzlon Energy Limited Superannuation Fund	0.32	0.18
		Suzlon Energy Limited Employees Group Gratuity Scheme	6.95	0.05
		SE Blades Limited Employees Group Gratuity Scheme	-	0.06
		SE Electricals Limited Employees Group Gratuity Scheme	0.26	0.23



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

38. Capital and other commitments

	March 31, 2013	March 31, 2012
Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances	152.97	89.23
Commitment for purchase of goods	4,095.31	6,409.79
Contingent consideration payable	34.33	56.61

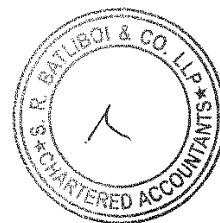
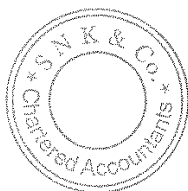
39. Contingent liabilities

	March 31, 2013	March 31, 2012
Disputed Infrastructure Development Charges (refer note 4)	64.80	64.80
Claims against the Group not acknowledged as debts-		
Excise duty, customs duty, service tax and VAT	58.96	12.51
Income-tax*	30.52	41.70
State levies	6.41	11.10
Suppliers and service providers	0.08	39.19
Cumulative preference share dividend of subsidiary payable to minority	5.27	0.96
Interest sacrifice under CDR scheme (refer note 5)	129.32	-
Others	28.79	12.61

* includes demand from tax authorities for various matters. The Group / tax department has preferred appeals on these matters and the same are pending with various appellate authorities. Considering the facts of the matters, no provision is considered necessary by management

A few law suits have been filed on the Company and few subsidiaries of the Company by some of their suppliers for disputes in fulfilment of obligations as per supply agreements. The matters are pending for hearing before respective courts, the outcome of which is uncertain. The management has provided for an amount as a matter of prudence which it believes shall be the probable outflow of resources

One of the subsidiaries of the Company has filed applications for extension of due date for achieving positive Net Foreign Exchange with Development Commissioners. The matter is under approval and the outcome of the same is not ascertainable.



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Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

40. Derivative instruments and unhedged foreign currency exposure

a. Derivative instruments

1. Forward contract outstanding as at balance sheet date:

	Purpose
Buy Euro Nil (Euro 3,138,888)	Hedge of forex Euro liabilities
Buy USD 40,000,000 (USD 33,703,433)	Hedge of forex USD liabilities
Buy CAD Nil (CAD 26,800,000)	Hedge of forex CAD liabilities
Buy GBP 5,700,000 (GBP Nil)	Hedge of forex GBP liabilities
Sell SEK 63,000,000 (SEK Nil)	Hedge of forex SEK receivables
Sell CAD 115,800,000 (CAD 47,900,000)	Hedge of forex CAD receivables
Sell USD Nil (USD 244,000,000)	Hedge of forex USD receivables
Sell EURO Nil (EURO 2,000,000)	Hedge of forex EURO receivables
Sell AUD 10,000,000 (AUD Nil)	Hedge of forex AUD receivables

2. Principal only currency swaps contracts outstanding as at balance sheet date:

	Purpose
USD Nil (USD 19,290,889) Notional Amount	Hedge of forex USD receivable
Euro Nil (Euro 50,386,523) Notional Amount	Hedge of forex Euro loan given

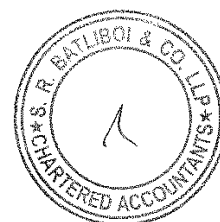
b. Unhedged foreign currency exposure

	March 31, 2013	March 31, 2012
Current liabilities	2,615.71	4,764.54
Debtors	3,148.55	3,821.30
Loans given	2,159.00	3,248.79
Loans received	3,820.11	2,765.11
Bank balance in current and term deposit accounts	255.30	98.32
Deposit paid	1.22	-
Foreign currency convertible bonds	2,719.15	3,327.42

41. Deferral/ capitalisation of exchange differences

The Company has, consequent to the notification issued by the Ministry of Corporate Affairs on December 29, 2011 giving an option to the companies to amortise the exchange differences pertaining to long term foreign currency monetary items up to March 31, 2020 (from March 31, 2012 earlier), adopted the said option given under paragraph 46A of Accounting Standard 11. Accordingly, the Group has revised the amortisation period for such items to the maturity of the long term foreign currency monetary items (all before March 31, 2020).

Net foreign exchange loss aggregating Rs 270.06 Crore (loss of Rs 342.69 Crore) on long term foreign currency monetary items have been adjusted in the foreign currency monetary item translation difference account during the year. Further, foreign exchange losses aggregating Rs 322.78 Crore (Rs 139.98 Crore) have been amortised during the year.



Suzlon Energy Limited

Notes to consolidated financial statements for the year ended March 31, 2013

All amounts in Rupees Crore, unless otherwise stated

42. Prior year amounts have been reclassified wherever necessary to conform with current year presentation.

Figures in the brackets are in respect of the previous year.

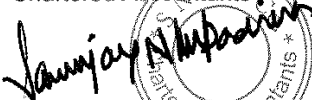
As per our report of even date

For SNK & Co.

ICAI Firm registration number:

109176W

Chartered Accountants


Per Sanjay N. Kapadia
Partner

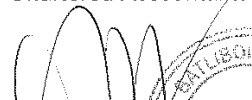
Membership No. 38292

For S.R. BATLIBOI & Co LLP.

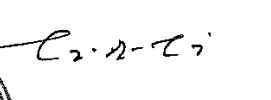
ICAI Firm Registration number:


301003E


Chartered Accountants

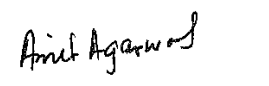

Per Arvind Sethi
Partner
Membership No. 89802

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


Tulsi R. Tanti
Chairman and Managing
Director


Vinod R. Tanti
Director


Hemal A. Kanuga
Company Secretary


Amit Agarwal
Chief Financial Officer

Place : Pune

Date : May 30, 2013

Place: Pune

Date : May 30, 2013

Place: Pune

Date : May 30, 2013



SUZLON ENERGY LIMITED

REGISTERED OFFICE OF THE COMPANY

“Suzlon”, 5, Shrimali Society
Near Shri Krishna Complex
Navrangpura
Ahmedabad 380 009

CORPORATE OFFICE OF THE COMPANY

One Earth, Hadapsar
Pune 411 028
India