

**AUDITORS' REPORT  
TO THE MEMBERS OF  
SE SOLAR LIMITED (Previously known as SE Solar Private Limited)**

1. We have audited the attached Balance Sheet of **SE Solar Limited (Previously known as SE Solar Private Limited)** ("the company") as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO), issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments referred to in paragraph 3 above, we report that:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, in so far as they apply to the Company; and
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Registration No. 117366W

**HEMANT M. JOSHI**  
Partner  
Membership No.38019

Place: Pune  
Date:

## **ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph 3 of our report of even date)**

Having regard to the nature of the Company's business/activities during the year, clauses (i), (ii), (vi), (viii), (x), (xi), (xiii), (xiv), (xvi) of CARO are not applicable.

- (i) The company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (ii) The Company has not purchased any fixed assets and inventory and there is no sale of goods and services during the year under audit.
- (iii) To the best of our knowledge and belief and according to the information and explanations given to us there are no contracts or arrangements with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (v) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. The Company was not required to deposit any amounts with the Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty.
  - (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Service tax, Cess and other material statutory dues outstanding, as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us, there are no dues in respect of Income tax, Service tax, and Cess which have not been deposited as on 31<sup>st</sup> March 2010 on account of any dispute.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (vii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

- (viii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (ix) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (x) According to the information and explanations given to us, the Company has not issued any secured debentures.
- (xi) According to the information and explanations given to us, the Company has not raised any money by public issue.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117366W)

Hemant M. Joshi  
Partner  
(Membership No: 38019)

Place: Pune  
Date:

**SE Solar Limited (Formerly known as SE Solar Private Limited)**

**Balance sheet as at March 31, 2010**

All amounts in rupees unless otherwise stated

|            | Particulars   | Schedule | As at<br>March 31, 2010 | As at<br>March 31, 2009 |
|------------|---|----------|-------------------------|-------------------------|
| <b>I.</b>  | <b>SOURCES OF FUNDS</b>                               |          |                         |                         |
|            | <b>Shareholders' funds</b>                            |          |                         |                         |
|            | Share capital   | A        | 9,967,500               | 9,467,500               |
|            | Reserves and surplus                                  | B        | 9,467,500               | 8,967,500               |
|            | <b>Loan funds</b>                                     |          |                         |                         |
|            | Unsecured loans                                       | C        | 200,000                 | -                       |
|            | <b>TOTAL</b>  |          | <b>19,635,000</b>       | <b>18,435,000</b>       |
| <b>II.</b> | <b>APPLICATION OF FUNDS</b>                           |          |                         |                         |
|            | <b>Preoperative expenses</b>                          | D        | -                       | 19,264,127              |
|            | <b>Current assets, loans and advances</b>             |          |                         |                         |
|            | Cash and bank balances                                | E        | 93,047                  | 56,796                  |
|            | Loans and advances                                    | F        | 16,900                  | 16,900                  |
|            |   |          | 109,947                 | 73,696                  |
|            | <b>Less : Current liabilities and provisions</b>      | G        |                         |                         |
|            | Current liabilities                                   |          | 120,601                 | 1,066,773               |
|            | Provisions  |          | 15,000                  | 15,000                  |
|            |   |          | 135,601                 | 1,081,773               |
|            | <b>Net current assets/(liabilities)</b>               |          | <b>(25,654)</b>         | <b>(1,008,077)</b>      |
|            | <b>Miscellaneous expenditure</b>                      | H        | -                       | 178,950                 |
|            | <b>Profit &amp; loss account</b>                      |          | 19,660,654              | -                       |
|            | <b>TOTAL</b>  |          | <b>19,635,000</b>       | <b>18,435,000</b>       |
|            | Significant accounting policies and notes to accounts | L        |                         |                         |

The schedules referred to above and the notes to accounts form an integral part of the balance sheet.

As per our report attached  
For Deloitte Haskins & Sells

For and on behalf of the Board of Directors of  
SE Solar Limited

Chartered Accountants

**Girish R. Tanti**  
Director

**Hemant M. Joshi**  
Partner  
M. No. 38019

**Balrajsinh A. Parmar**  
Director

Place: Pune  
Date : May 05, 2010

Place: Pune  
Date : May 05, 2010

**SE Solar Limited (Formerly known as SE Solar Private Limited)**

**Profit and loss account for the year ended March 31, 2010**

All amounts in rupees unless otherwise stated

| Particulars   | Schedule | For year ended<br>March 31, 2010 | March 25, 2008<br>to March 31, 2009 |
|---|----------|----------------------------------|-------------------------------------|
| <b>INCOME</b>   |          |                                  |                                     |
| Other income  | I        | 47,067                           | -                                   |
| <b>TOTAL</b>  |          | <b>47,067</b>                    | <b>-</b>                            |
| <b>EXPENDITURE</b>  |          |                                  |                                     |
| Operating and other expenses                                      | J        | 253,230                          | -                                   |
| Financial charges   | K        | 10,301                           | -                                   |
| Preliminary expenses written off                                  | H        | 178,950                          | -                                   |
| Preoperative expenses written off                                 | D        | 19,264,127                       | -                                   |
| <b>TOTAL</b>  |          | <b>19,706,608</b>                | <b>-</b>                            |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                                   |          | <b>(19,659,541)</b>              | <b>-</b>                            |
| Current tax   |          | -                                | -                                   |
| Income tax - prior years  |          | 1,113                            | -                                   |
| <b>NET PROFIT/(LOSS)</b>  |          | <b>(19,660,654)</b>              | <b>-</b>                            |
| Balance brought forward   |          | -                                | -                                   |
| <b>Deficit carried to balance sheet</b>                           |          | <b>(19,660,654)</b>              | <b>-</b>                            |
| Earning/ (loss) per share (in Rs.) [See schedule L, note III (d)] |          |                                  |                                     |
| Basic (Face value of Rs. 10)                                      |          | (20.72)                          | -                                   |
| Diluted (Face value of Rs. 10)                                    |          | (20.72)                          | -                                   |
| Significant accounting policies and notes to accounts             | L        |                                  |                                     |

The schedules referred to above and the notes to accounts form an integral part of the profit and loss account.

As per our report attached  
For Deloitte Haskins & Sells

For and on behalf of the Board of Directors of  
SE Solar Limited

Chartered Accountants

**Hemant M. Joshi**  
Partner  
M. No. 38019

Place: Pune  
Date : May 05, 2010

**Girish R. Tanti**  
Director

**Balrajsinh A. Parmar**  
Director

Place: Pune  
Date : May 05, 2010

**SE Solar Limited (Formerly known as SE Solar Private Limited)**  
**Schedules forming part of balance sheet as at March 31, 2010**

| Particulars   | As at<br>March 31, 2010 | As at<br>March 31, 2009 |
|---|-------------------------|-------------------------|
| <b><u>SCHEDULE- A : SHARE CAPITAL</u></b>   |                         |                         |
| <b><u>Authorised</u></b>  |                         |                         |
| 1,000,000 equity shares of Rs 10/- each   | 10,000,000              | 10,000,000              |
|   | <b>10,000,000</b>       | <b>10,000,000</b>       |
| <b><u>Issued, subscribed and paid up</u></b>  |                         |                         |
| 996,750 equity shares of Rs 10/- each fully paid up<br>(All the above shares are held by Suzlon Wind International Limited, which is subsidiary of Suzlon Energy Limited, the ultimate holding co.) | 9,967,500               | 9,467,500               |
|   | <b>9,967,500</b>        | <b>9,467,500</b>        |
| <b><u>SCHEDULE- B : RESERVES AND SURPLUS</u></b>  |                         |                         |
| <b><u>Securities premium</u></b>  |                         |                         |
| As at beginning of the period   | 8,967,500               |                         |
| Additions during the period   | <u>500,000</u>          | 8,967,500               |
|   | <b>9,467,500</b>        | <b>8,967,500</b>        |
| <b><u>SCHEDULE- C : UNSECURED LOANS</u></b>   |                         |                         |
| ICD from Suzlon Wind International Limited  | 200,000                 | -                       |
|   | <b>200,000</b>          | -                       |
| <b><u>SCHEDULE- D : PREOPERATIVE EXPENSES</u></b>   |                         |                         |
| Opening balance   | 19,264,127              | -                       |
| Additions : During the period   | -                       | 19,264,127              |
| Less: Written off during the period   | 19,264,127              | -                       |
|   | -                       | <b>19,264,127</b>       |
| <b><u>SCHEDULE- E: CASH AND BANK BALANCES</u></b>   |                         |                         |
| Cash on hand  | 12,627                  | 4,252                   |
| Balances with scheduled banks   |                         |                         |
| In current accounts   | 80,420                  | 52,544                  |
| In fixed deposits   | -                       | -                       |
|   | <b>93,047</b>           | <b>56,796</b>           |
| <b><u>SCHEDULE- F: LOANS AND ADVANCES</u></b>   |                         |                         |
| (Unsecured and considered good)   |                         |                         |
| Advance FBT   | 16,900                  | 16,900                  |
|   | <b>16,900</b>           | <b>16,900</b>           |

SE Solar Limited (Formerly known as SE Solar Private Limited)  
Schedules forming part of balance sheet as at March 31, 2010

| Particulars  | As at<br>March 31, 2010 | As at<br>March 31, 2009 |
|--|-------------------------|-------------------------|
| <b><u>SCHEDULE- G : CURRENT LIABILITIES AND PROVISIONS</u></b> |                         |                         |
| <b>Current liabilities</b>                                     |                         |                         |
| <b>Sundry creditors</b>  |                         |                         |
| For goods & services   | 99,270                  | 958,628                 |
| Other liabilities  | 21,331                  | 108,145                 |
|  | <b>120,601</b>          | <b>1,066,773</b>        |
| <b>Provisions</b>  |                         |                         |
| Provision for fringe benefit tax                               | 15,000                  | 15,000                  |
|  | <b>15,000</b>           | <b>15,000</b>           |
| <b><u>SCHEDULE - H : MISCELLANEOUS EXPENDITURE</u></b>         |                         |                         |
| <b><u>(To the extent not adjusted or written off)</u></b>      |                         |                         |
| <b>PRELIMINARY EXPENDITURE</b>                                 |                         |                         |
| Opening balance  | 178,950                 | -                       |
| Add: Addition during the year                                  | -                       | 178,950                 |
| Less: Written off during the period                            | 178,950                 | -                       |
|  | -                       | <b>178,950</b>          |



**SE Solar Limited (Formerly known as SE Solar Private Limited)**  
**Schedules forming part of the profit and loss account for the year ended March 31, 2010**

| Particulars   | For year ended<br>March 31, 2010 | March 25, 2008<br>to March 31, 2009 |
|---|----------------------------------|-------------------------------------|
| <b><u>SCHEDULE - I : OTHER INCOME</u></b>                 |                                  |                                     |
| Exchange differences, net                                 | 47,067                           | -                                   |
|   | <b>47,067</b>                    | <b>-</b>                            |
| <b><u>SCHEDULE - J : OPERATING AND OTHER EXPENSES</u></b> |                                  |                                     |
| Auditors' remuneration                                    | 110,300                          | -                                   |
| Miscellaneous expenses                                    | 3,468                            | -                                   |
| Legal expenses  | 22,493                           | -                                   |
| Recruitment charges                                       | 106,423                          | -                                   |
| Domestic consultancy charges                              | 8,825                            | -                                   |
| Bank charges  | 1,721                            | -                                   |
|   | <b>253,230</b>                   | <b>-</b>                            |
| <b><u>SCHEDULE - K : FINANCIAL CHARGES</u></b>            |                                  |                                     |
| Interest on inter corporate deposits                      | 10,301                           | -                                   |
|   | <b>10,301</b>                    | <b>-</b>                            |

## SCHEDULE 'L': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(All amounts in Rupees, unless otherwise stated)

### I. Company overview:

SE Solar Limited ('SESL' or 'the Company') was incorporated on 25<sup>th</sup> March, 2008. The company is a wholly owned subsidiary of Suzlon Wind International Limited, which is subsidiary of Suzlon Energy Limited, the ultimate holding co.

With effect from 16<sup>th</sup> October, 2009 the name of the Company has been changed from SE Solar Private Limited to SE Solar Limited.

The company is proposed to engage in the solar energy plantation. The company has not started its business activities as at balance sheet date.

The company is currently in the process of exploring various locations for a suitable site for its project.

### II. Significant accounting policies:

The company is in the process of formulating its accounting policies. Hence significant accounting policies have been disclosed below to the extent applicable to the company:

#### a. Basis of accounting:

The accounts have been prepared under historical cost convention, in conformity in all material aspects with the generally accepted accounting principles in India, the accounting standards issued by the Institute of chartered accountants of India & the relevant presentational requirements of the companies act, 1956. The company follows mercantile system of accounting and recognizes all items of income and expenditure on accrual basis.

#### b. Fixed assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

#### c. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the period during which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

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

Exchange differences arising as a result of the above are recognized as income or expense in the profit and loss account.

### III. Notes to accounts:

- a. Considering the business plans, the management has decided to write off the preoperative expenses of Rs 19,264,127/- in the profit & loss account.

- b. Payments to auditors

| Particulars                            | 2009-10        | 2008-09        |
|--|----------------|----------------|
| (i) Audit fees (including service tax) | 110,300        | 110,300        |
| (ii) Other certification work          | Nil            | Nil            |
| (iii) Any other matter                 | Nil            | Nil            |
| <b>Total</b>                           | <b>110,300</b> | <b>110,300</b> |

- c. Micro, small and medium enterprises development act, 2006 (the 'MSMED act')

Based on the information available with the company, none of the vendors fall under the definition of micro, small & medium enterprises. This information has been relied upon by the auditors.

- d. Earnings per share

(Amount in Rs. except no. of share)

| Particulars  | 2009-10        |
|--|----------------|
| <b>Basic &amp; diluted earnings per share</b>                    |                |
| Net profit after tax (a)   | (19,660,654)   |
| Weighted average no. of equity shares of face value – Rs. 10 (b) | 948,950        |
| <b>Basic &amp; diluted earnings per share (a) / (b)</b>          | <b>(20.72)</b> |

- e. As per accounting standard 18 (AS-18) "related party disclosures" issued by ICAI, the disclosures of transactions with the related parties as defined in AS-18 are given below:

- (i) List of related parties:

Holding company: Suzlon Wind International Limited  
Ultimate holding company: Suzlon Energy Limited

Key management personnel of the company:

- a) Girish R. Tanti  
b) Balrajsinh A. Parmar  
c) Vinod R. Tanti

Relatives of key management personnel with whom transactions had taken place during the previous year:

- a) Tulsi R. Tanti

(ii) Transactions with the related parties during the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 are as follows:

| Related party                        | Particulars  | 2009-10   | 2008-09    |
|--------------------------------------|--|-----------|------------|
| <b>a) Transactions</b>               |  |           |            |
| i) Suzlon Wind International Limited | Issue of equity shares   | 1,000,000 | 18,435,000 |
|                                      | Inter corporate deposit taken  | 200,000   | Nil        |
|                                      | Interest on ICD  | 10,301    | Nil        |
| ii) Tulsi R. Tanti                   | Reimbursement of preliminary expenditure incurred on company's behalf              | Nil       | 178,950    |
|                                      | Allotment of equity shares to subscriber to the memorandum/articles of association | Nil       | 50,000     |
| iii) Girish R. Tanti                 | Allotment of equity shares to subscriber to the memorandum/articles of association | Nil       | 50,000     |
| <b>b) Closing balances</b>           |  |           |            |
| i) Suzlon Wind International Limited | Inter corporate deposit payable  | 200,000   | Nil        |
|                                      | Interest on inter corporate deposit payable  | 9,271     | Nil        |

f. Capital commitments: NIL

For and on behalf of the Board of Directors of  
SE Solar Limited

Girish R. Tanti  
Director

Balrajsinh A. Parmar  
Director

Place: Pune  
Date : May 05, 2010