

HR B 9571

Suzlon Energy GmbH
Rostock

Annual Financial Statements
and Management Report
as at 31 March 2010

Balance Sheet as at 31 March 2010
(Business Year from 1 April 2009 to 31 March 2010)

ASSETS

	EUR	EUR	EUR	31.3.2009 EUR
A. Fixed assets				
I. Intangible assets				
Concessions, licences and similar rights and values and licences to such rights and values		405,315,26		624,615,00
II. Tangible assets				
1. Plant and machinery	553,113,04			399,694,00
2. Other plant, factory and office equipment	594,456,93			844,627,00
3. Plant under construction	1,055,650,24			478,860,03
		2,203,220,21		1,723,121,03
III. Financial assets				
Shares in group companies		2,000,000,00		2,000,000,00
		4,608,535,47		4,347,736,03
B. Current assets				
I. Stocks				
1. Work-in-progress	18,026,316,58			20,696,664,01
2. Prepayments received	0,00			16,712,00
		18,026,316,58		20,713,376,01
II. Debtors and other assets				
1. Trade debtors	116,64			21,557,10
2. Amounts owed by group companies	15,041,104,09			6,383,600,75
3. Amounts owed by undertakings in which participations are held	23,565,22			17,367,34
4. Other assets	384,630,70			417,747,91
		15,449,416,65		6,840,273,10
III. Cash and bank balances				
		157,790,97		272,607,93
				27,826,257,04
C. Prepayments and deferred charges				
		155,494,88		86,322,93

EQUITY AND LIABILITIES

	EUR	EUR	EUR	31.3.2009 EUR
A. Equity				
I. Subscribed capital				
		25,000,00		25,000,00
II. Capital reserve				
		26,778,951,77		26,778,951,77
III. Profit brought forward				
		+		597,461,56
IV. Profit for the year (+)/ Loss for the year (-)				
		+		634,275,84
			27,691,242,23	26,840,766,05
B. Accruals				
1. Tax accruals		389,838,28		185,934,45
2. Other accruals		1,060,440,00		1,204,882,79
			1,450,278,28	1,390,817,24
C. Creditors				
1. Trade creditors		763,062,49		298,520,86
2. Amounts owed to group companies		8,411,055,70		3,464,763,33
3. Other creditors		81,915,85		265,448,52
			9,256,034,04	4,028,732,71
				38,397,554,55
				32,260,316,00

Profit and Loss Account
for the year ending 31 March 2010

	EUR	EUR	EUR	1.4.2008 to 31.3.2009 EUR
1. Turnover	21.746.205,58			19.091.966,06
2. Increase in stock of finished goods and work-in-progress	<u>- 2.670.347,44</u>	19.075.858,14		2.820.582,21
3. Other own work capitalised		357.979,00		413.946,00
4. Other operating income		<u>355.422,40</u>		<u>121.717,35</u>
			19.789.259,54	22.448.211,62
5. Cost of materials				
a) Cost of raw materials, supplies, consumables and purchased merchandise	- 4.984,19			- 5.017.901,58
b) Cost of services	<u>- 4.051.828,05</u>			- 2.964.450,53
		- 4.056.812,24		
6. Staff costs				
a) Wages and salaries	- 8.269.877,56			- 7.894.719,52
b) Social security and pension costs	<u>- 1.459.342,07</u>			- 1.176.809,27
		- 9.729.219,63		
7. Depreciation on tangible and intangible fixed assets		- 744.759,86		- 694.067,13
8. Other operating expenses		<u>- 3.584.335,42</u>	<u>- 18.115.127,15</u>	<u>- 3.629.277,10</u>
			1.674.132,39	1.070.986,49
9. Other interest and similar income		1.537,53		9.036,53
10. Interest and similar charges		<u>- 112.006,57</u>	<u>- 110.469,04</u>	<u>- 105.774,88</u>
11. Profit (+) / Loss (-) from ordinary activities			+ 1.563.663,35	+ 974.248,14
12. Taxes on income			<u>- 713.187,17</u>	<u>- 339.972,30</u>
13. Profit(+)/Loss(-) for the year			<u>+ 850.476,18</u>	<u>634.275,84</u>

Suzlon Energy GmbH

Rostock

Notes to the Financial Statements for the year ending 31st March 2010

I. General

The financial statements as at March 31st 2010 of Suzlon Energy GmbH, Rostock, have been prepared in compliance with the accounting provisions of the German commercial code (HGB) applicable to corporations. Our company is a 'medium-sized' company within the meaning of section 267 (2) HGB.

All asset and liability balances from the previous financial year (1st April 2008 to 31st March 2009) have been taken into account on the 1st of April 2009. There was no change in the accounting and valuation methods as compared to the previous period.

For more clarity the 'thereof remarks' are presented in these notes instead of the balance sheet and profit and loss account. The profit and loss account has been created in the total expenditure format. The data provided in brackets represent previous year's figures.

II. Comments on the individual items shown on the balance sheet as at 31st March 2010

Fixed Assets

For the composition and development of fixed assets for the period from 1st of April 2009 to 31st of March 2010, we refer to the fixed assets' movement schedule shown in Annex 1 in the Appendix.

Tangible and intangible fixed assets are shown as cost less scheduled depreciation. They are depreciated and amortized on a straight-line basis over the asset depreciation range. The compound items have formed as stated in sec. 6 (2a) EStG.

The **financial assets** include shares of the Windpark Olsdorf Watt GmbH & Co. KG, which are evaluated with the enclosed lower cost and market value. A list of shareholdings is shown in Annex 2.

Stocks are stated at the lower cost and market value.

Debtors and other assets are stated at their nominal amounts.

Amounts owed by group companies of TEUR 15.041 (TEUR 6.384) are trade debtors. Other assets include debtors which are due after more than a year to the amount of TEUR 54 (TEUR 54).

The **subscribed capital** is fully paid.

Other accruals account for all recognizable risks and uncertain liabilities. They include mainly accruals for staff costs of TEUR 840 (TEUR 1.031) for outstanding holidays, overtime and tantièmes.

Creditors are stated as the amounts to be repaid. All creditors are due for payment within one year.

Amounts owed to group companies include trade creditors to the amount of TEUR 2.867 (TEUR 1.908). **Other creditors** are amounts owed to the tax authorities of TEUR 0 (TEUR 137) and social security costs of TEUR 3 (TEUR 3).

III. Comments on items from the profit & loss account for the year ending 31st March 2010 (Business year from 1st of April 2009 to 31st of March 2010)

For the calculation of **turnover**, we refer to the Management Report.

Staff costs include TEUR 45 (TEUR 34) for pension costs.

Interest and similar items are interest paid to group companies to the amount of TEUR 106 (TEUR 100).

IV. Other information

Other commitments from long-term lease and other agreements amount to a total of TEUR 3.514 of which TEUR 790 relate to the following business year.

The audit fee agreed for the 2009/2010 business year amounts to TEUR 18.

The **average number of employees** during the business year was 168 (144).

During the business year, 1st of April 2009 to 31st of March 2010, there has been a change in management. During the period of 1st of April 2009 to 28th of October 2009, Thomas Flower has been the managing director. With effect from the 29th of October 2009, John O'Halloran has accepted the role as the new managing director of Suzlon Energy GmbH. Therefore the **managing director** for the financial statement date is John O'Halloran, Columbus (Indiana)/USA.

The company made use of the exemption under sec. 286 (4) HGB.

Rostock, 29th of April 2010

THE MANAGEMENT

Fixed Assets' Movement Schedule as at 31 March 2010
(Business year from 1 April 2009 to 31 March 2010)

	At		At Cost				At				Book value	
	1.4.2009	31.3.2010	Additions	Disposals	Transfers	31.3.2010	1.4.2009	Additions	Disposals	Transfers	31.3.2010	31.3.2010
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible Assets												
Concessions, licences and similar rights and values and licences to such rights and values	1.431.345,28	140.171,80	140.171,80	21.918,18	0,00	1.549.598,90	806.730,28	359.471,54	21.918,18	0,00	1.144.283,64	405.315,26
II. Tangible fixed assets:												
1. Plant and machinery	447.544,40	114.441,28	114.441,28	309,50	138.109,61	699.785,79	47.910,40	76.319,24	309,50	22.752,61	146.672,76	553.113,04
2. Fixtures and fittings	1.701.101,28	174.156,01	174.156,01	117.018,92	138.109,61	1.620.126,76	856.474,28	308.969,08	117.018,92	-	1.025.671,83	594.456,93
3. Plant under construction	478.860,03	576.790,21	576.790,21	0,00	0,00	1.055.650,24	0,00	0,00	0,00	0,00	0,00	1.055.650,24
	2.627.505,71	865.387,50	865.387,50	117.328,42	0,00	3.375.564,79	904.384,68	385.288,32	117.328,42	0,00	1.172.344,59	2.203.220,21
III. Financial assets:												
Shares in group companies	3.107.500,00	0,00	0,00	0,00	0,00	3.107.500,00	1.107.500,00	0,00	0,00	0,00	1.107.500,00	2.000.000,00
Total fixed assets	7.186.350,98	1.005.559,30	1.005.559,30	139.246,60	0,00	8.032.663,69	2.818.614,96	744.759,86	139.246,60	0,00	3.424.128,22	4.608.535,47

Suzlon Energy GmbH
Rostock

Annex 2 to the Notes

List of shareholdings under sec. 285 No. 11 HGB as at 31 March 2010
(Business year from 1 April 2009 to 31 March 2010)

<u>Name of the company</u>	<u>Seat</u>	<u>Share in capital %</u>	<u>Company's equity EUR'000</u>	<u>Company's profit(+)/loss(-) EUR'000</u>
Windpark Olsdorf Watt GmbH & Co. KG	Rostock	100	2.688	92

Suzlon Energy GmbH

Rostock

Management Report for the 2009/2010 Business Year

I. General economic framework

Suzlon Energy GmbH is active in the field of research and development in the wind energy sector. The company develops complete wind energy systems consisting of a hub, nacelle and tower including all electrical systems within the power range from 350kW to 2.1MW.

The overall economic situation in the wind energy sector in Germany has been getting better within the last 12 months despite the financial crisis. The global market also slowly recovers. Still the financial crisis has had a negative impact on the realisation of wind energy projects in the U.S over the past 12 months. However, despite these conditions, liabilities within the Group could be fulfilled.

A major event in the business year was the integration of business segments of Suzlon Energy GmbH and Suzlon Windkraft GmbH, which resulted from the merger in the previous business year.

II. Profit situation

The turnover in 2009/2010 is composed as follows:

	2009/2010	2008/2009	Changes	
	TEUR	TEUR	TEUR	%
Sales of Merchandise	0	5.511	-5.511	-100
Income from research projects	21.557	13.190	8.367	63,4
Other	189	391	-202	-51,7
	<u>21.746</u>	<u>19.092</u>	<u>2.654</u>	<u>13,9</u>

The turnover generated by Suzlon Energy GmbH increased to TEUR 21.746. This is related to the increased number of closed and also charged projects.

The following results further illustrate the company's profit situation:

	2009/2010	2008/2009	Changes	
	TEUR	TEUR	TEUR	%
Operating result	1.673	1.071	602	56,2
Financial result	-110	-97	-13	13,4
Taxes in income	-713	-340	-373	109,7
Profit/Loss (-) for the year	850	634	216	34,1

The operating result has increased by TEUR 602 compared to the previous year. Main reason for this positive development is the over proportional increase in turnover compared to expenses.

In the 2009/2010 business year the financial loss has slightly increased to TEUR 110. This negative decrease resulted from an increase in interest expenses.

All in all the company the profit increases by TEUR 216.

iii. Net asset position

The stock ratio has decreased by 17,3% to 46,9% in comparison to the previous business year. This means that the company was able to enter and sell a larger number of design projects.

The debtor ratio has increased by 19,8% to 39,2%. This change is due to the company having charged more wind turbine designs to group companies, especially to Suzlon Energy Ltd, Pune, India.

IV. Financial position

The equity ratio on the basis of the equity as calculated on the balance sheet is 72,1% and is considered as being appropriate. The cash flow from operating activities of Suzlon Energy GmbH is 533.

V. Research and development

Suzlon Energy GmbH concentrated its development activities on optimizing the design of existing types of systems (e.g. S52, S64, S82, S88, S9X) and on developing new systems for the next generation. For this purpose especially software tools are developed further in order to ensure that future development processes will be more profitable. Research and development activities are growing more and more important for Suzlon each year, especially with the cumulative growth of its fleet and expansion to new markets (e.g. Brazil and China).

VI. Post – balance sheet events

There were no significant post-balance sheet events.

VII. Risk report

Suzlon Energy GmbH entirely depends on the financial development of Suzlon Energy Limited. We are unable to evaluate the business risks to which Suzlon Energy Limited may be exposed. For our company we do not see any particular risks apart from the usual risks involved in price changes, uncollectible debts, liquidity and cash flow fluctuations.

VIII. Future development

The management of Suzlon Energy GmbH expect further growth with regard to the number of staff and turnover in the business year 2010/2011. This evaluation is based on the following facts:

- That both Suzlon Energy Limited (Pune, India) and AE Rotor Holding (Amsterdam, Netherlands) will also in future be able to pay the amounts owed to SEG.
- The development programme presented to the Suzlon Energy Limited management board in December 2009 will be granted and implemented
- A potential merger with Repower AG will have no negative effect on the order volume of SEG as it is today

Rostock, 29th April 2010

THE MANAGEMENT

Suzlon Energy GmbH
Rostock

Auditor's Opinion

We have audited the annual financial statements, comprising the balance sheet, the profit and loss account and the notes to the annual financial statements, together with the bookkeeping system and the management report of Suzlon Energy GmbH for the business year from 1 April 2009 to 31 March 2010. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB [German commercial code] and the German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Rostock, 30 April 2010

PKF FASSELT SCHLAGE

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Warlich
Wirtschaftsprüfer

Dr. Harms
Wirtschaftsprüfer