ANNUAL REPORT 2011 - 12

EMPOWERING
GREEN ECONOMIES

SUZLON
POWERING A GREENER TOMORROW

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tulsi R.Tanti	Chairman & Managing Director
Mr. Vinod R.Tanti (ceases to be Executive Director w.e.f. June 1, 2012)	Non-Executive Director
Mr. Girish R.Tanti	Non-Executive Director
Mr. V.Raghuraman	Non-Executive Independent Director
Mrs. Mythili Balasubramanian (a nominee of IDBI Bank Limited)	Non-Executive Independent Director
Mr. Rajiv Ranjan Jha (a nominee of Power Finance Corporation Limited)	Non-Executive Independent Director
Mr. Marc Desaedeleer (appointed w.e.f. April 1, 2012)	Non-Executive Independent Director
Mr. Ajay Relan (resigned w.e.f. April 1, 2012)	Non-Executive Independent Director
Mr. Ashish Dhawan (resigned w.e.f. May 25, 2012)	Non-Executive Independent Director

COMPANY SECRETARY

Mr. Hemal A.Kanuga

AUDITORS

SNK & Co.
Chartered Accountants
E-2-B, The Fifth Avenue,
Dhole Patil Road, Near Regency Hotel,
Pune - 411001, India

S.R.Batliboi & Co.
Chartered Accountants
C-401, 4th Floor, Panchshil Tech Park,
Yerawada,
Pune - 411006, India

BANKERS / INSTITUTIONS

- Axis Bank Limited
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Central Bank of India
- Citibank, N.A.
- Corporation Bank
- Dena Bank
- Export Import Bank of India
- ICICI Bank Limited
- IDBI Bank Limited
- Indian Overseas Bank
- Life Insurance Corporation of India
- Oriental Bank of Commerce
- Power Finance Corporation Limited
- Punjab National Bank
- State Bank of Bikaner and Jaipur
- State Bank of India
- State Bank of Patiala
- The Saraswat Co-operative Bank Limited
- Union Bank of India
- Yes Bank Limited

REGISTERED OFFICE

"Suzlon", 5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura, Ahmedabad - 380009, India
Tel.: +91.79.6604 5000 / +91.79.2640 7141
Fax: +91.79.2656 5540 / +91.79.2644 2844
Email: investors@suzlon.com; Website: www.suzlon.com

CORPORATE OFFICE

One Earth, Hadapsar,
Pune - 411 028, India
Tel.: +91.20.6702 2000 / +91.20.6135 6135
Fax.: +91.20.6702 2100 / +91.20.6702 2200

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081, India
Tel: +91.40.4465 5000; Fax: +91.40.2342 0814; Toll Free No. 1800-3454-001
Email: einward.ris@karvy.com; Website: www.karvy.com

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Suzlon wind farm in Penamacor, Portugal

Letter from the Chairman

"I believe our performance, particularly in a market where our peers faced considerable challenges, is proof of both our turnaround and the strong fundamentals of the business."

Dear Shareholders,

I am sure you will recall that we entered this last financial year, FY2011-12, with the clear goal of returning our business to a position of strength.

While our sector continues to face unprecedented competitive pressures and policy uncertainties, I am very pleased to report back that we have made substantive progress; indeed, over the fiscal we were one of the strongest performers in the wind sector.

Where we are today

We ended the year on a positive note, delivering on our guidance with revenues of Rs 21,082 Crore, an industry best-in-class EBIT margin of 5.5 per cent, along with a cash profit of Rs 418 Crore. However, we posted a negative profit-after-tax, primarily due to high interest rates, forex losses, deferred tax and other non-cash items.

This performance was achieved against an extremely challenging economic environment and dynamic market landscape. While global markets reverberated from developments in the Eurozone, and the Rupee depreciated significantly, we acted both quickly and decisively to position our business in high margin / high growth geographies, such as Brazil, South Africa and Canada, while maintaining our market positions in India, the US, the UK, Germany and France. We also continued to grow our offshore business, where our subsidiary REpower is widely acknowledged as the second leading player.

Our customer mix is dominated by utilities and financial investors with wind energy at the core of their long term vision. The Suzlon Group supplies 10 of the top 15 wind power investors in the world today, who bring with them strong financial backing and aggressive expansion plans in wind. This is evidenced by our firm order book of over Rs 41,500 crore / US$ 7.4 bn, giving us clear visibility into FY2012-13 and beyond. Our reach expanded across the world with our Group presence now in 33 countries and installations in 28. Our global fleet approached 20,000 MW in installed capacity, delivering uptime levels above the industry average of 97 per cent.

I believe our performance, particularly in a market where our peers faced considerable challenges, is proof of both our turnaround and the strong fundamentals of the business.

FY2011-12: A landmark year

We made substantial progress on our acquisition and inorganic growth strategy in FY2011-12. We completed the final stage of our strategic roadmap with Hansen Transmissions. Suzlon acquired Hansen Transmissions in 2006 with clear priorities: secure our supply chain, unlock gearbox supplies in a highly constrained market, and accelerate value creation through the acquisition. I am very pleased to report that we successfully achieved those strategic goals with the expansion of Hansen Transmissions in low-cost countries, its successful listing on the London Stock Exchange and, finally, Suzlon's exit from Hansen at an attractive, profitable valuation.

The Group's acquisition of REpower Systems SE also crossed a critical milestone with the successful completion of the squeeze-out process and subsequent delisting of the company from the Frankfurt Stock Exchange, making it a wholly-owned subsidiary of the Suzlon Group.

The 100 per cent acquisition of REpower sets the stage for the next phase of growth in what has already been a highly successful acquisition for Suzlon. Since our initial investment into REpower in 2007, we have been a catalyst for the company's growth: working closely with the management team to drive revenues up by five times, and profitability by a factor of nine – in just five years.

We have made significant progress in bringing together the companies at strategic and operational levels over the course of the fiscal. We combined Group operations in Australia and realigned European marketing operations, unlocking operational efficiencies in these regions. Additionally, production in India of REpower's MM92 commenced at the Group's manufacturing facilities in Padubidri, Karnataka, targeted at meeting the demand spill-over from REpower's facilities in Europe. We have increased collaboration in R&D, and are making rapid progress in driving synergies across the supply chain and sourcing with Suzlon's well established low-cost component manufacturing and supply base in Asia.

Our strategic priorities

However, our work is not yet done. We have set out clear priorities for the next financial year, namely – addressing our near term repayment obligations, balancing debt appropriately across the Group, reducing interest costs, lowering our working capital intensity, and delivering on the Group's guidance.

We have set an ambitious but achievable target for the new fiscal, with a guidance of Rs 27,000 – 28,000 Crore in revenues, along with a six per cent EBIT margin. The guidance – which translates to approximately 30 per cent growth over the fiscal – underscores both our ambition and our vision of the future.

If last year's goal was to return the Group to a position of strength, this year's is to convert that strength into sector leadership.

The road to market leadership

We will achieve leadership by leveraging our strengths – quality engineering, proven technology, a robust and comprehensive product portfolio, and customized solutions. To build on a solid foundation, we are as a Group working towards reducing cost, removing duplication and increasing synergies, while maintaining an uncompromising focus on quality, reliability, safety and customer-centricity.

A key component of our vision is technology leadership. We believe that cost competitiveness, alongside quality and energy output, are the key to market leadership and our customers achieving satisfactory and sustainable returns on their investments. I am pleased to report a major leap forward with the successful launch of key new turbine platforms. The Suzlon S8X – 1.5 MW, the S9X and S111 – 2.1 MW turbines, and the REpower 3XM – 3 MW and MM100 – 2 MW platforms will lead our offering into the growth markets of the future, delivering on our target to meet the needs of every customer in every market the world over.

However, to be competitive in the future we must also deliver the lowest cost per unit of energy – which will hold the key to market leadership not only within wind, but in the energy space at large. These new platforms, as some of the most competitive turbines in their class globally, are an important step forward in this direction. We have a strategic focus on reducing the cost of energy through innovation and technology, and are targeting a further reduction of up to 15 per cent over a five year horizon.

More than a business

The Suzlon Group is rightly acknowledged as both a business and as cause. It is seen as company that is dedicated to a delivering greener tomorrow; harnessing wind to create a more sustainable world for generations to come.

A central plank of this is how we conduct business in India. With the majority of wind projects located in rural parts of the country, Suzlon has taken a pioneering approach in the way it works with local communities. Over 65 per cent of Suzlon's workforce in India is based in non-urban centers, working across over 100 sites and manufacturing locations in eight states and two Union Territories. We have built an active program of hiring local talent, creating with it skilling opportunities that would otherwise would not be available in these regions. In addition, large wind farm projects play the role of development catalysts; generating direct and indirect employment, creating access to markets, driving rural electrification – and helping improve quality of life.

This works in parallel with our CSR effort, led by the Suzlon Foundation. In FY2011-12, the Foundation reached out to 770 villages, 110,143 families, 896 schools and 48,547 students. In headline terms, programs were undertaken for the treatment and vaccination of 133,846 heads of livestock; 81,361 trees were planted and 1,136 hectares of land rejuvenated; 2,253 women's self-help groups supported by Suzlon Foundation saved Rs 51.22 million; bi-lingual e-learning systems were deployed to 54 schools, and nearly 500 solar lights were distributed to those in need.

Our efforts reflect what is a global need and far reaching vision. In late 2011, the UN Secretary-General, Ban Ki-moon, announced a vision statement aimed at 'Sustainable Energy for All'. The vision noted that one of the most urgent challenges facing the world today is energy; that one out of every five people on the Earth lives without access to electricity, and nearly twice as many – approximately three billion people – have to use wood, coal, charcoal or animal waste to cook their meals and heat their homes.

I believe this is one of the most critical issues that face nations like India. This is a country where nearly 350 million people live without regular access to power and, crucially, where wind has the potential to make the vision of 'energy for all' a reality. We are already on the way. India today has over 17,000 MW of wind power capacity, and I am proud to say that nearly half of this has been built by the Suzlon Group; and every day we add more.

However, none of this would be possible without you – the shareholder. I firmly believe that the vision of a business is guided by its stakeholders, and on behalf of the 13,000 employees of the Suzlon Group, I thank you for your support. Today we re-commit ourselves to restoring shareholder value and making the world a better, more sustainable place for future generations.

Warm regards,

Tulsi Tanti

Chairman, Suzlon Group

Pune, May 25, 2012

Financial Highlights

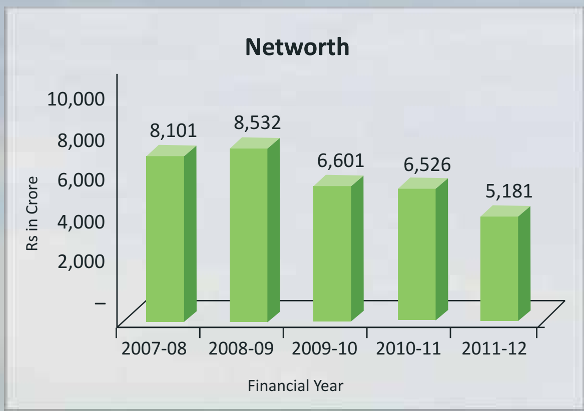
Suzlon Energy Limited and its subsidiaries

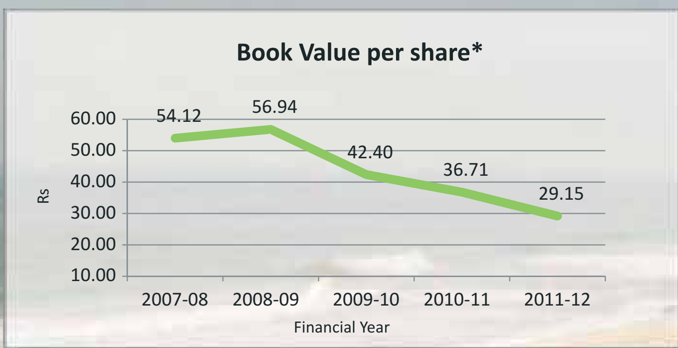
Rs in Crore

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Revenue from operations	21,082	17,879	20,620	26,082	13,679
EBIDTA	1,821	1,047	943	2,816	2,051
Interest	1,379	1,136	1,195	901	532
Depreciation	661	657	663	573	289
Net profit / (loss)	(479)	(1,324)	(983)	236	1,030
Equity share capital	355	355	311	300	299
Net worth	5,181	6,526	6,601	8,532	8,101
Gross fixed assets	15,161	13,265	11,951	17,086	6,720
Net fixed assets	12,602	11,332	10,574	15,265	5,688
Total assets	32,630	29,220	29,205	37,806	26,575
Book value per share* - Rs	29.1	36.7	42.4	56.9	54.1
Turnover per share* - Rs	118.6	100.6	132.5	174.1	91.4
Earning per share* - Rs	(2.7)	(7.8)	(6.4)	1.6	7.1
EBIDTA / Gross turnover (%)	8.6	5.9	4.6	10.8	15.0

* Figures have been adjusted for the issue of bonus shares allotted in June 2005 and stock split in January 2008 wherever applicable.

Figures for FY 2009-10, FY 2008-09 and FY 2007-08 are as per pre-revised Schedule VI





REpower wind farm in Hudong, China

Leading global player in wind energy

Approaching 20 GW of installed base and over 1,800 customers with presence in 33 countries across six continents

(Suzlon Energy Ltd., REpower & SE Forge combined figures)

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REpower offshore wind farm in Thornton Bank, Belgium

Suzlon Wind farm in Dhule, India

Directors' report

Dear Shareholders,

The Directors present the Seventeenth Annual Report of your Company together with the audited financial statements for the financial year ended March 31, 2012.

1. Financial performance:

The standalone and consolidated audited financial results for the year ended March 31, 2012 are as under:

Particulars	Standalone				Consolidated			
	Rs in Crore		USD in Million*		Rs in Crore		USD in Million*	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue from operations	6,853.52	4,357.55	1,347.13	977.14	21,082.37	17,879.13	4,143.95	4,009.22
Other operating income	17.69	8.84	3.48	1.98	276.84	211.10	54.42	47.34
Earnings before interest, tax, depreciation and amortization (EBITDA)	569.79	260.33	112.00	58.38	1,821.20	1,047.24	357.98	234.83
Less: Depreciation and amortization expense	182.68	156.89	35.91	35.18	661.23	657.40	129.97	147.42
Earnings before interest and tax (EBIT)	387.11	103.44	76.09	23.20	1,159.97	389.84	228.01	87.41
Add: Finance income	347.06	331.67	68.22	74.37	125.74	106.60	24.72	23.90
Less: Finance costs	884.02	658.32	173.76	147.62	1,654.74	1,374.78	325.26	308.28
Loss before tax before exceptional items	(149.85)	(223.21)	(29.45)	(50.05)	(369.03)	(878.34)	(72.53)	(196.97)
Less: Exceptional items	348.92	37.28	68.58	8.36	(227.24)	253.28	(44.67)	56.80
Loss before tax	(498.77)	(260.49)	(98.03)	(58.41)	(141.79)	(1,131.62)	(27.86)	(253.77)
Less: Current tax (Net of earlier years tax and MAT credit entitlement)	6.61	(19.19)	1.30	(4.30)	95.43	146.90	18.76	32.94
Less: Deferred tax	–	(55.64)	–	(12.48)	235.37	38.37	46.26	8.60
Loss after tax	(505.38)	(185.66)	(99.33)	(41.63)	(472.59)	(1,316.89)	(92.88)	(295.31)
Add : Share in associate's profit/(loss) after tax	N.A.	N.A.	N.A.	N.A.	(33.29)	(27.83)	(6.54)	(6.24)
Less: Share of loss / (profit) of minority	N.A.	N.A.	N.A.	N.A.	27.30	20.75	5.37	4.65
Net loss for the year	(505.38)	(185.66)	(99.33)	(41.63)	(478.58)	(1,323.97)	(94.05)	(296.90)
Add: Balance brought forward	200.34	386.00	39.38	86.56	(553.16)	943.03	(108.73)	211.47
Add: Additions due to merger	191.00	N.A.	37.54	N.A.	(31.26)	-	(6.14)	-
Profit (loss) available for appropriations	(114.04)	200.34	(22.41)	44.93	(1,063.00)	(380.94)	(208.92)	(85.43)
Less: Transfer to legal and statutory reserve	–	–	–	–	–	142.22	-	31.89
Less: Transfer to capital redemption reserve	–	–	–	–	–	30.00	-	6.73
Surplus carried to balance sheet	(114.04)	200.34	(22.41)	44.93	(1,063.00)	(553.16)	(208.92)	(124.05)

1 US$ = Rs 50.875 as on March 31, 2012 (1 US$ = Rs 44.595 as on March 31, 2011)

2. **Operations review:**

On a standalone basis, the Company achieved revenue from operations of Rs 6,853.52 Crores and EBIT of Rs 387.11 Crores as against Rs 4,357.55 Crores and Rs 103.44 Crores respectively in the previous year. Net loss after tax is Rs 505.38 Crores as compared to net loss after tax of Rs 185.66 Crores in the previous year. Though the volume and performance improved compared to previous year, there is increase in loss compared to previous year, primarily due to provision for diminution in value of investment in subsidiaries of Rs 348.92 Crores, foreign exchange loss and increase in finance cost.

On consolidated basis, the Group achieved revenue from operations of Rs 21,082.37 Crores and EBIT of Rs 1,159.97 Crores as against Rs 17,879.13 Crores and Rs 389.84 Crores respectively in the previous year. Net loss for the year is Rs 478.58 Crores as compared to loss of Rs 1,323.97 Crores in the previous year. During the year, there is decrease in loss compared to previous year primarily due to increase in sales volume resulting to higher EBIT. Also during the year, sale of Hansen stake and reversal of provision towards diminution in investment in Hansen contributed gain of Rs 227.24 Crores while in previous year provision towards diminution in investment in Hansen resulted into loss of Rs 216.00 Crores.

3. **Dividend:**

In view of losses incurred during the year 2011-12, the Board of Directors do not recommend any dividend for the year under review.

4. **Capital:**

Authorised and paid-up share capital - During the year under review there was no change in the Authorised Share Capital and Paid-up Share Capital. As on date, the Authorised Share Capital of the Company is Rs 700,00,00,000/- divided into 350,00,00,000 equity shares of Rs 2/- each and the paid-up capital of the Company is Rs 355,47,31,294/- divided into 177,73,65,647 equity shares of Rs 2/- each.

Global Depository Receipts ("GDRs") - The outstanding GDRs as on March 31, 2012 are 7,93,099 representing 31,72,396 equity shares of Rs 2/- each. Each GDR represents four underlying equity shares in the Company.

Foreign Currency Convertible Bonds ("FCCBs") - On April 12, 2011, the Company made an issue of 875, 5% Foreign Currency Convertible Bonds of US$ 200,000 each for a total consideration of US$ 175,000,000. The Bonds are convertible at any time on and after May 23, 2011 up to the close of business on April 6, 2016 by holders of the Bonds into fully paid equity shares with full voting rights with a par value of Rs 2/- each of the Company at an initial conversion price of Rs 54.01 per share with a fixed rate of exchange on conversion of Rs 44.5875 to US$1.00

Post March 31, 2012, the Company has issued separate notices, each dated May 18, 2012, to convene meetings of the holders of the US$ 300,000,000 Zero Coupon Convertible Bonds due 2012 and the US$ 35,592,000 7.5% Convertible Bonds due 2012 (the "Bonds") for extension of the maturity date (i.e. June 12, 2012) of the Bonds by 45 days i.e. until July 27, 2012. The meetings of the holders of the Bonds are proposed to be held on June 11, 2012. The extension has been requested to allow the Company to obtain requisite approvals and finalise documentation for raising up to US$ 300,000,000 under new facilities from the Company's senior secured lenders, which will allow the Company to meet its redemption obligations under the outstanding Bonds in full.

5. **Particulars of conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo:**

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has been provided in an Annexure which forms part of the Directors' Report.

6. **Subsidiaries:**

As on March 31, 2012, the Company has 86 subsidiaries, a list of which is given in the notes to the financial statements.

Companies which became subsidiaries during the year under review -

Sr. no.	Name of the entity	Country
1.	Eólica Faísa S.A.	Brazil
2.	Eólica Faísa I – Geração E Comercialização De Energia S.A.	Brazil
3.	Eólica Faísa II – Geração E Comercialização De Energia S.A.	Brazil
4.	Eólica Faísa III – Geração E Comercialização De Energia S.A.	Brazil
5.	Eólica Faísa IV – Geração E Comercialização De Energia S.A.	Brazil
6.	Eólica Faísa V – Geração E Comercialização De Energia S.A.	Brazil
7.	REpower Systems India Private Limited	India
8.	REpower Systems Northern Europe A/S	Denmark
9.	Suzlon Energy Chile Limitada	Chile
10.	Suzlon Project VIII LLC	USA
11.	Suzlon Wind Energy (Lanka) Pvt. Limited	Sri Lanka
12.	Yorke Peninsual Wind Farm Project Pty. Ltd.	Australia

Companies which ceased to be subsidiaries during the year under review -

Sr. no.	Name of the entity	Remarks
1.	Rep Ventures - Portugal S.A.	Liquidated
2.	Suzlon Infrastructure Services Limited	Merged with the Company
3.	Suzlon Towers and Structures Limited	Merged with the Company
4.	Suzlon Windpark Management GmbH	Liquidated
5.	Windpark Olsdorf Watt GmbH & Co. KG	Merged with Suzlon Energy GmbH

Change of name of subsidiaries during the year under review -

Sr. no.	Previous name	New name
1.	Age Parque Eolico El Almendro S.L	Parque Eolico El Almendro S.L.
2.	REpower Systems AG	REpower Systems SE
3.	SE Composites Limited	SE Blades Limited
4.	Suzlon Blade Technology B.V.	SE Blades Technology B.V.

Updates on REpower - The Company through AE-Rotor Holding BV, The Netherlands ('AERH'), a step down wholly owned subsidiary of the Company was holding more than 95% of the registered share capital of REpower Systems SE ('REpower'). Under the German Stock Corporation Act, a shareholding of 95% 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 September 21, 2011 at the Annual General Meeting of the REpower, the shareholders approved the transfer of the shares of the minority shareholders of REpower 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 October 27, 2011.

By the registration of the squeeze-out resolution with the commercial register, all shares of the minority shareholders of REpower were transferred to AERH and consequently REpower became a step down wholly owned subsidiary of the Company. Subsequently the shares of REpower were delisted from the German Stock Exchange on November 9, 2011.

Updates on amalgamation and demerger - The Honourable High Court of Gujarat and the Honourable High Court of judicature at Bombay have approved the Composite Scheme of Arrangement and Restructuring (De-merger And Amalgamation) ('Scheme') of the Company and its certain wholly owned subsidiaries and accordingly effective October 10, 2011:

- Power Generation Division of Suzlon Towers And Structures Limited stands de-merged and transferred to Suzlon Engitech Limited;
- Project Execution Division of Suzlon Infrastructure Services Limited stands de-merged and transferred to Suzlon Gujarat Wind Park Limited;
- Suzlon Towers And Structures Limited stands amalgamated with the Company (after the above referred de-merger); and
- Suzlon Infrastructure Services Limited stands amalgamated with the Company (after the above referred de-merger).

All the above takes effect from the appointed date i.e. April 1, 2010.

7. Consolidated financial statements:

In terms of Section 212(8) of the Companies Act, 1956 read with the General Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, general exemption has been provided to companies from compliance of the provisions of Section 212(1) of the Companies Act, 1956 subject to compliance with conditions as referred to in the said General Circular No.2/2011 dated February 8, 2011. The Board of Directors of the Company, accordingly, has given its consent for not attaching the balance-sheet of the subsidiaries and accordingly, the balance sheet, statement of profit and loss and other documents of the subsidiary companies are not being attached with the balance sheet of the Company. However, some key information of the subsidiary companies as required to be provided in terms of the said circular, is disclosed under “Section 212 Report” forming part of this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company / its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Company's Registered Office and Corporate Office and that of the respective subsidiary companies.

The Annual Report of the Company contains the consolidated audited financial statements prepared pursuant to Clause 41 of the Listing Agreement entered into with the stock exchanges and prepared in accordance with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

8. **Particulars of employees:**

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Directors' Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

9. **Directors:**

Re-appointment of directors retiring by rotation - Mr. Tulsi R.Tanti and Mr. V.Raghuraman, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Appointment of new directors - Post March 31, 2012, Mr. Marc Desaedeleer has been appointed as an Additional Director of the Company with effect from April 1, 2012. In terms of Section 260 of the Companies Act, 1956, Mr. Marc Desaedeleer holds office up to the ensuing Annual General Meeting of the Company and being eligible offers himself for appointment as the Director of the Company.

Resignation of directors - Post March 31, 2012, Mr. Ajay Relan and Mr. Ashish Dhawan, the Independent Directors resigned from the directorship of the Company with effect from April 1, 2012 and May 25, 2012 respectively. The Board expresses its appreciation for the valuable services rendered and matured advice provided by Mr. Ajay Relan and Mr. Ashish Dhawan during their association with the Company.

Change in designation of directors - Post March 31, 2012, Mr. Vinod R.Tanti having been appointed as Chief Operating Officer of REpower Systems SE, Germany, has resigned as the Executive Director of the Company; however continues as a Non-Executive Director with effect from June 1, 2012. The Board expresses its appreciation for the valuable services rendered and matured advice provided by him during his association with the Company as an Executive Director.

Profile of directors seeking appointment / re-appointment - Profile of the directors seeking appointment / re-appointment as required to be given in terms of Clause 49(IV)(G)(i) of the Listing Agreement forms part of the Notice convening the ensuing Annual General Meeting of the Company.

10. **Directors' responsibility statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm to the best of their knowledge and belief that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss of the Company for the year ended on that date;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

11. **Public deposits:**

During the year under review, the Company did not accept any deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956.

12. **Management discussion and analysis:**

The Management Discussion and Analysis Report on the operations and financial position of the Company has been provided in a separate section which forms part of this Annual Report.

13. **Corporate governance:**

As required under Clause 49 (VI) of the Listing Agreement entered into by the Company with the stock exchanges, a detailed report on corporate governance has been provided in a separate section which forms part of this Annual Report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. The auditors' certificate on compliance with corporate governance requirements by the Company is attached to the Corporate Governance Report.

14. **Employees Stock Option Plans (“ESOPs”):**

As required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the information pertaining to various Employee Stock Option Plans (ESOPs) of the Company has been provided in an Annexure which forms part of the Directors' Report.

15. Auditors and auditors' observation:

Statutory auditors - M/s. SNK & Co., Chartered Accountants, Pune (Firm Registration No. : 109176W) and M/s. S.R. Batliboi & Co., Chartered Accountants, Pune (Firm Registration No. : 301003E), the joint statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting of the Company. Both the statutory auditors have confirmed their eligibility and willingness to accept office, if re-appointed.

Auditors' observations and management's response to auditors' observations - The Directors refer to the auditors' observation in the Auditors' Report and as required under Section 217(3) of the Companies Act, 1956, provide their explanation as under:

(i) In respect of Note 4 of standalone financial statements and Note 3 of consolidated financial statements regarding use of going concern assumption for the preparation of financial statements due to existence of certain liabilities on account of FCCBs which are due for redemption during June 2012 and October 2012.

The Company has certain FCCBs which are due for redemption during June 2012 and October 2012 having redemption value of US$ 568.96 Million (Rs 2,694.58 Crore). In order to meet the redemption obligations, the management is actively pursuing various options, which includes raising of additional finance in the form of debt, high yield bonds, equity, sale of non critical assets, etc. Discussions on each of these options is in process and the management is confident that the Company will be able to generate the required funds for redemption within the agreed period and accordingly the financial statements have been prepared on the basis that the Company is a going concern.

(ii) In respect of Note 4 of consolidated financial statements regarding non provision of Infrastructure Development Charges (‘IDC’) aggregating to Rs 64.80 Crores.

The Indian Wind Energy Association (‘InWEA’) of which the Company is a member has filed a civil appeal in the Supreme Court against an order of the Appellate Tribunal for Electricity in regard to levy of Infrastructure Development Charges (‘IDC’) by Tamil Nadu State Electricity Board. The matter is pending the hearing of the Supreme Court. The Group has obtained a legal opinion which states that InWEA / Group has a strong case and accordingly the Group has shown it as contingent liability.

(iii) In respect of auditors’ observation in standalone financial statements regarding certain default in repayment of dues to financial institutions and banks.

It is clarified that the delay in payment of dues was temporary in nature arising from mismatches in cash flows which are attributable to delay in timely realization of receivables from our customers and prevailing uncertain economic environment that adversely impacted business volumes.

(iv) In respect of auditors' observation in standalone financial statements regarding delay in a few cases in depositing statutory dues.

It is clarified that the same arose on account of mismatches in cash flows and transactional complexity which were all subsequently rectified.

(v) In respect of auditors’ observation in standalone financial statements regarding cash losses incurred by the Company during the previous year.

It is clarified that the same was mainly attributable to lower absorption of fixed overheads, adverse foreign exchange movement, higher finance charges and provision for diminution in investments in subsidiaries.

Cost auditors - In terms of Notification F.No.52/26/CAB-2010 dated January 24, 2012 issued by the Ministry of Corporate Affairs, Government of India, the Company is required to appoint a Cost Auditor for the audit of Cost Accounting Records for the financial year 2012-13 within 90 (Ninety) days from the close of the financial year 2011-12. The Company is in process of appointing a Cost Auditor and shall make necessary application to the Central Government for seeking its approval to the appointment of Cost Auditor within prescribed time.

16. Acknowledgement:

The directors wish to place on record their appreciation for the co-operation and support received from the government and semi-government agencies, especially from the Ministry of New and Renewable Energy (MNRE), Government of India, all state level nodal agencies and all state electricity boards.

The directors are thankful to all the bankers and financial institutions for their support to the Company. The Board places on record its appreciation for continued support provided by the esteemed customers, suppliers, bankers, financial institutions, consultants, bond holders and shareholders.

The directors also acknowledge the hard work, dedication and commitment of the employees. Their enthusiasm and unstinting efforts have enabled the Company to emerge stronger than ever, enabling it to maintain its position as one of the leading players in the wind industry, in India and around the world.

For and on behalf of the Board of Directors

Place : Pune
Date : May 25, 2012

Tulsi R.Tanti
Chairman & Managing Director

Particulars of conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo –

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out hereunder.

A. Conservation of energy

- Energy conservation measures taken - The Company's Corporate Headquarter in Pune, India named 'ONE EARTH' is an environmental-friendly campus, with a minimal carbon footprint on the surrounding environment. As already informed in the previous year, the Campus has been awarded the coveted LEED (Leadership in Energy and Environmental Design) Platinum rating and GRIHA (Green Rating for Integrated Habitat Assessment) green building certifications for its approach towards sustainability and green practices towards infrastructure.

  The Company continues its efforts to reduce and optimise the use of energy consumption at its manufacturing facilities by installing hi-tech energy monitoring and conservation systems to monitor usage, minimise wastage and increase overall efficiency at every stage of power consumption. The energy conservation measures taken are given as under:

Sr. no.	Measures taken
1.	Use of on-site wind-solar hybrid installation for renewable energy at Corporate Headquarter
2.	100% renewable energy powered communication server at Corporate Headquarter
3.	Use of off-site renewable energy for Corporate Headquarter

  As the Company along with its subsidiaries is in the business of selling and installing wind turbine generators, it is very active in promoting renewable sources of energy and supporting conservation.

- Additional investments and proposals being implemented for reduction of consumption of energy are given as under -

Sr. no.	Measures to be implemented
1.	Replace halogen light fixtures with LED light fixtures

- Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods - The impact of above measures undertaken by the Company result in optimisation of energy consumption, savings in energy cost and environment protection.

- Total energy consumption and energy consumption per unit of production is given as under:

Sr. no.		Particulars		2011-12	2010-11
A.	**Power and fuel consumption**				
	1.	Electricity			
	a.	Purchased units		13,800,242	11,524,219
		Total amount (Rs)		70,332,277	50,452,468
		Rate / unit (Rs)		5.10	4.38
	b.	Own generation			
		i) through diesel generator			
		Units		1,080,232	1,143,890
		Units per litre of diesel oil		3.23	2.99
		Cost / unit (Rs)		16.85	13.20
		ii) through steam turbine / generator		N.A.	N.A.
	2.	Coal (specify quality and where used)		N.A.	N.A.
	3.	Furnace Oil		N.A.	N.A.
	4.	Others / internal generation		N.A.	N.A.
B.	**Consumption per unit of production**				
	Products (with details) unit		**Standards, if any**	**2011-12**	**2010-11**
	1.	Electricity	N.A.	10,896.26	10,940.12
	2.	Furnace Oil	N.A.	N.A.	N.A.
	3.	Coal (specify quantity)	N.A.	N.A.	N.A.
	4.	Others (specify)	N.A.	N.A.	N.A.

B. Technology absorption

Research & Development (R & D) -

- Specific areas in which R & D is carried out by the Company - The Company and its subsidiaries operate world class research and testing centres in India and overseas locations relating to wind turbine technology. Its Blade testing centre at Baroda, India, R&D centres at Germany, Netherlands and Denmark along with joint research centre with REpower (RETC - Renewable Energy Technology Centre) continues to drive its R&D programme.

- Benefits derived as a result of the above R & D - In the previous year, the Company has launched 3 (Three) new products, viz., S88 (Mark II), S95 and S97. This benefit has been achieved through introduction of new DFIG technology, improved rotor blades and increased hub height. While S95 has been developed for Wind Class II, S97 has been developed for Wind Class III. These have helped the Company to maintain its market share across all wind regimes.

- Future plan of action - The Company and its subsidiaries continue to drive its R&D programme towards developing future cost efficient and reliable wind turbine technology by harnessing latest technologies.

- Expenditure on R & D -

Sr. no.	Particulars	2011-12 (Rs in Crores)	2010-11 (Rs in Crores)
a.	Capital	36.59	50.99
b.	Recurring	65.71	25.41
c.	Total	102.30	76.40
d.	Total R&D expenditure as a % of total turnover	1.49	1.75

Technology absorption, adaption and innovation – The efforts made towards technology absorption, adaption and innovation and benefits derived are given as under:

- Initiatives like Kaizen, Six Sigma, O&M studies have improved productivity, reduced quality problems and have also helped in harnessing the creative capabilities of the employees.

- Product development group within India has been implemented during the year under review and has hastened the process of technology absorption and will also bring down the cost of development in the long run. The Company has also undertaken an aggressive programme to establish a full-fledged R&D Centre in India over the coming two to three years and is aggressive on hiring and training of qualified people.

- Design Change Management process has started resulting in better control on cost benefit analysis and prioritization of the design changes to ensure that the Company derives the maximum benefit from the limited resources. This process has been made more robust during the year under review and effort to reduce cycle time of each implementation is now on.

- An India specific product on 1.5 MW platform namely S8X has also been launched during the year under review and is a substantial improvement over its predecessor.

- Continuous research is undertaken in the areas of new material, new technology and alternate sourcing to be applied in development of new products. Cost Management Drive is running in the Company and has resulted in substantial cost savings.

C. Foreign exchange earnings and outgo

- Activities pertaining to exports - During the year under review, South African market has developed and the Company took active part in auctions. The Company also took part in auctions in Brazil and negotiations are ongoing with potential customers. Since there is localisation content requirement in emerging markets, the Company has decided to have local manufacturing facilities based on the requirements.

- Total foreign exchange used and earned is given as under:

Sr. no.	Particulars	2011-12 (Rs in Crores)	2010-11 (Rs in Crores)
1.	Total Foreign Exchange Earned	230.95	215.07
2.	Total Foreign Exchange Used	2,885.16	2,354.67

Employee Stock Option Plans (ESOPs)

The Company has introduced Employees Stock Option Plan-2005 (ESOP-2005), Employees Stock Option Plan-2006 (ESOP-2006), Employees Stock Option Plan-2007 (ESOP-2007), Special Employee Stock Option Plan-2009 (forming part of ESOP Perpetual-I) (Special ESOP-2009) and Special Employees Stock Option Plan-2007 (Special ESOP-2007) for its employees and employees of its Subsidiaries. The details of options granted under various ESOPs of the Company as required to be provided in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI ESOP Guidelines) are given as under:

Sr. no.	Particulars	ESOP-2005	ESOP-2006	ESOP-2007	Special ESOP-2009 forming part of ESOP Perpetual-I					Special ESOP-2007	Special ESOP-2009 forming part of ESOP Perpetual-I	
					(Tranche-I)	(Tranche-II)	(Tranche-III)	(Tranche-IV)	(Tranche-V)		(Tranche-VI)	(Tranche-VII)
		Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI
1	Options granted under the Plan as at March 31, 2012 (Nos.)	4,605,000	519,500	1,878,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000
2	Pricing formula	50% of final issue price determined in the IPO of the Company	The average of daily weighted average price of Company's shares listed on BSE for the period from October 19, 2005 to March 31, 2006	The closing price of the Equity Shares of the Company on BSE as on date of grant	For all Employees (except US) - 20% Discount to the closing price of the Equity Shares of the Company on BSE as on date of grant; For US Employees – the closing price of the Equity Shares of the Company on BSE as on date of grant			20% Discount to the closing price of the Equity Shares of the Company on BSE as on date of grant	The closing price of the Equity Shares of the Company on BSE as on date of grant	The closing price of the Equity Shares of the Company on BSE as on date of grant	The closing price of the Equity Shares of the Company on BSE as on date of grant	The closing price of the Equity Shares of the Company on BSE as on August 1, 2011
3	Options outstanding as at April 1, 2011 (Nos.)	340,000	332,000	1,368,000	7,828,889	135,000	175,000	50,000	75,000	11,212,500	Nil	Nil
4	Options granted during the year ended March 31, 2012 (Nos.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	50,000	65,000
5	Options Vested during the year ended March 31, 2012 (Nos.)	Nil	Nil	333,500	1,896,865	33,750	87,500	25,000	37,500	3,737,500	Nil	Nil
6	Options exercised during the year ended March 31, 2012 (Nos.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7	Total number of shares arising as a result of exercise of options (Nos.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	Options forfeited / lapsed / cancelled / expired during the year ended March 31, 2012 (Nos.)	340,000 Refer Note 1	15,500	111,000	725,571	Nil	75,000	Nil	Nil	2,548,500	Nil	Nil
9	Options in force as at March 31, 2012 (Nos.)	Nil	316,500	1,257,000	7,103,318	135,000	100,000	50,000	75,000	8,664,000	50,000	65,000
10	Variation of terms of options during the year ended March 31, 2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11	Money realised by exercise of options (Rs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Sr. no.	Particulars	ESOP-2005	ESOP-2006	ESOP-2007	Special ESOP-2009 forming part of ESOP Perpetual-I					Special ESOP-2007	Special ESOP-2009 forming part of ESOP Perpetual-I	
					(Tranche-I)	(Tranche-II)	(Tranche-III)	(Tranche-IV)	(Tranche-V)		(Tranche-VI)	(Tranche-VII)
		Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX	Scheme X	Scheme XI
12	Employee wise details of options granted to:											
i)	Senior Managerial Personnel	Refer Note 2										
ii)	Employees receiving 5% or more of the total number of options granted during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Refer Note 3	Refer Note 3
iii)	Employees granted options equal to or exceeding 1% of the issued capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
13	Diluted EPS on issue of shares on exercise calculated in accordance with AS 20 (Rs)	(2.84)										
14	Difference between the employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company	The Company has provided Rs (0.28) Crore (Rs 0.57 Crore) at the rate of Rs 182.60 per option under Scheme II, Rs 5.15 Crore (Rs 0.01 Crore) at the rate of Rs 2.20 per option under Scheme III, Rs 17.64 Crore (Rs 5.19 Crore) at the rate of Rs 22.25 per option and Rs 4.75 per option under Scheme IV-Tranche I, Rs 0.15 Crore (Rs 0.07 Crore) at the rate of Rs 15.45 per option and Rs Nil per option under Scheme V-Tranche II, Rs 0.16 Crore (Rs 0.08 Crore) at the rate of Rs 12.29 per option and Rs 0.60 per option under Scheme VI – Tranche III and Rs 0.10 Crore (Rs 0.02 Crore) at the rate of Rs 11.09 per option under scheme VII– Tranche IV, Rs 0.08 (Nil) at the rate of Rs 0.50 per option under Scheme X – Tranche VI for the year ended March 31, 2012. The value of option is calculated as a difference between intrinsic value of options and exercise price. Had the company adopted the fair value method based on 'Black-Scholes' model for pricing and accounting the options, the cost would have been Rs Nil (Rs 51.84) per option for Scheme I, Rs 249.11 (Rs 231.32) per option for Scheme II, Rs 43.32 (Rs 46.31) per option for Scheme III, Rs 49.28 (Rs 39.75) per option and Rs 42.54 (Rs 46.25) per option for Scheme IV-Tranche-I, Rs 39.95 (Rs 35.91) per option, Rs 34.27 (Rs 41.39) per option for Scheme V-Tranche-II, Rs 30.73 (Rs 22.76) per option, Rs 26.39 (Rs 28.13) per option for Scheme VI-Tranche-III, Rs 28.68 (Rs 28.09) per option for Scheme VII – Tranche IV and Rs 21.16 (Rs 22.48) per option for Scheme VIII – Tranche V, Rs 29.12 (Rs 29.53) per option for Scheme IX, Rs 24.50 (Nil) per option for Scheme X – Tranche VI and Rs 22.67 (Nil) per option for Scheme XI – Tranche VII and accordingly the loss after tax would have been higher by Rs 22.66 Crore (Rs 34.33 Crore).										
15	Weighted average exercise price and weighted average fair value of options, exercise price of which is less than the market price on the date of grant:											
i)	Weighted average exercise price (Rs)	51.00	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
ii)	Weighted average fair value (Rs)	Nil	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
16	Significant assumptions used to estimate fair values of options granted during the year:											
i)	Risk free interest rate	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%
ii)	Expected life (years)	6	6	6	5	5	5	5	5	4	5	5
iii)	Expected volatility	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%	48.90%
iv)	Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
v)	The price of the underlying share in market at the time of option grant (Rs)	N.A.	374.80	92.70	92.25	77.25	59.05	55.45	47.70	71.85	54.85	52.40

The Securities and Exchange Board of India (SEBI) has issued Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. This is effective for all stock option schemes established after June 19, 1999. In accordance with these guidelines, the excess of the market price of the underlying equity shares as of the date of grant over the exercise price of the option, including upfront payments, if any, is to be recognised and amortised on a straight line basis over the vesting period.

Post March 31, 2012, the remuneration committee of the Board of Directors of the Company has granted 25,000 options in terms of Special ESOP-2009 on May 25, 2012 to the eligible employee of the Company. Since the options under Special ESOP-2009 have been granted post March 31, 2012, the details required to be provided under SEBI ESOP Guidelines have not been provided.

The equity shares issued / to be issued under the ESOP-2005, ESOP-2006, ESOP-2007, Special ESOP-2009 and Special ESOP-2007 of the Company shall rank pari passu in all respects including dividend with the existing equity shares of the Company.

Notes:

1. In terms of ESOP-2005, all vested options had to be exercised on or before June 16, 2011 i.e. within five years from the date of first vesting. Accordingly 340,000 unexercised options as on June 16, 2011 have lapsed.

2. The details of options granted to senior managerial personnel of the Company under various ESOPs are given as under:

Name of senior managerial personnel	**Designation**	**No. of stock options granted**				
		***Under ESOP-2005**	***Under ESOP-2006**	**Under ESOP-2007**	**Under Special ESOP-2007**	**Under Special ESOP-2009**
Kirti Vagadia	Chief Financial Officer	200,000	43,000	50,000	Nil	500,000
Dr. V. V. Rao	Chief Quality Officer	Nil	23,500	Nil	Nil	85,572
Andris E. Cukurs**	Chief Executive Officer – USA	Nil	Nil	50,000	Nil	500,000
Dan Kofoed Hansen**	Chief Executive Officer - Australia & New Zealand	Nil	Nil	50,000	Nil	500,000
Frans Visscher	Chief Executive Officer – Europe and Chief Human Resource Officer	Nil	Nil	Nil	Nil	500,000
Robin Banerjee**	Chief Financial Officer	Nil	Nil	Nil	Nil	500,000
Duncan Koerbel	President Global Services	Nil	Nil	Nil	Nil	139,402
Sundar Rajagopalan	Chief Legal Officer	Nil	Nil	Nil	Nil	100,119
John O' Halloran	Chief Technology Officer	Nil	Nil	Nil	Nil	60,000
Arthur Laveri	Chief Executive Officer – Brazil	Nil	Nil	Nil	Nil	40,000
Richard He	Chief Executive Officer – China	Nil	Nil	Nil	Nil	75,000
Silas Zimu	Chief Executive Officer – South Africa	Nil	Nil	Nil	Nil	50,000

* The figures for number of options granted under ESOP-2005 and ESOP-2006 have been adjusted for the impact of share split and have accordingly been restated as per par value of Rs 2 per share.

** Since resigned

3. During the year under review, the Company has granted total 115,000 options under Special ESOP-2009 (Tranche VI and VII). The list of employees who have received a grant in any one year exceeding 5% or more of the options granted during the year under Special ESOP-2009 is given as under:

Name of the employee	**Designation**	**Name of the Company / subsidiary**	**Number of stock options granted during the year**
Silas Zimu	Chief Executive Officer	Suzlon Wind Energy S.A.,Pty. Ltd.	50,000
Ramesh Gopalakrishnan	Chief Operating Officer	SE Blades Limited	40,000
Derek Lim Soo	Vice President - Sales	Suzlon Wind Energy Corporation	25,000

4. The Company had on April 27, 2011 granted 226,500 stock options under the Special ESOP-2007 to the eligible employees of the Company's subsidiary in Australia, namely Suzlon Energy Australia Pty. Ltd., subject to obtaining certain regulatory approvals from authorities in Australia. However, since the requisite approvals have not yet been received, these stock options are not in force as on date. Accordingly, the details under the SEBI ESOP Guidelines have not been provided in relation to these stock options.

Management Discussion and Analysis

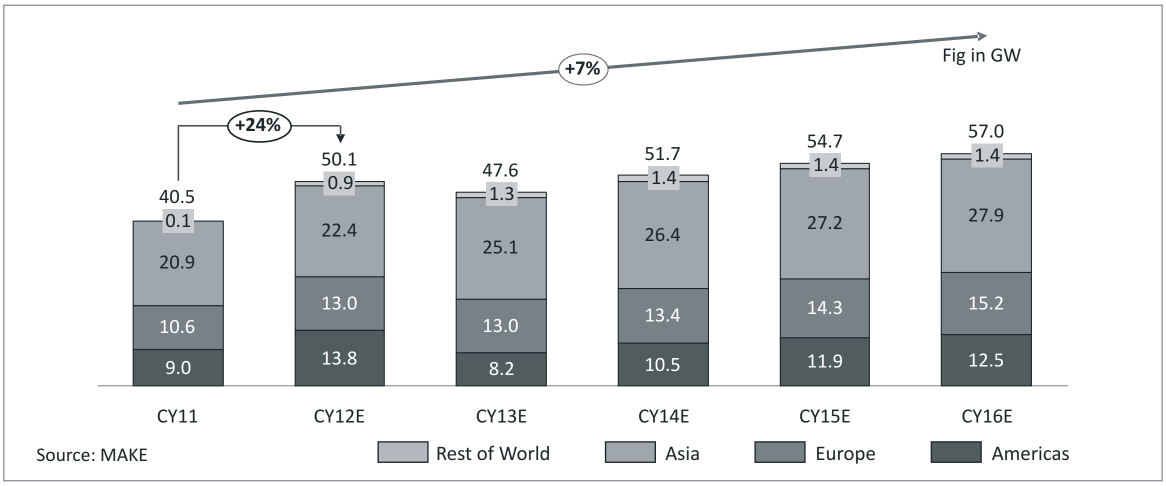
Global markets and outlook

Despite serious macro-economic turbulence in calendar year 2011, the wind market continued its strong growth momentum, with new capacity addition growing by more than six per cent with 41,713 MW of installations worldwide. Suzlon Group's key markets delivered an even stronger performance, with Canada growing by 84 per cent, Brazil by 79 per cent, India by 54 per cent and Germany by 29 per cent, in terms of annual wind capacity additions. (Source: BTM Consult ApS March 2012)

We believe several forces will continue to play a key role in shaping the future course of wind power development. While on the one hand global economic turmoil has precipitated a slowdown in investment across the board, long-term factors such as energy security concerns, climate change mitigation, global treaties like the Kyoto Protocol and national / regional targets, and - most important - the increasingly competitive cost of wind energy, will continue to drive considerable positive momentum in the sector.

2012 is projected by industry analysts to be one of the strongest years for the sector, with installations independently estimated to grow by over 20 per cent year-on-year. Markets are expected to grow at a rate of over seven per cent CAGR in the next four year period, between 2012 and 2016; and the share of wind power in global electricity generation is projected to increase to nearly eight per cent by 2020, up from the current 2.3 per cent.

Industry estimate for annual installations



Looking beyond the five year horizon, the key growth factors are stronger than ever: increasing population and urbanization will drive rapid growth in energy consumption, and climate change challenges will demand concerted global action. We believe the key to future competitiveness and growth lies in providing highly cost competitive solutions; providing consumers with sustainable and affordable wind energy which is comparable to or cheaper than conventional fuel prices, even as technological advances allow utilities to rely more and more on wind as a mainstay power source. At Suzlon Group, we are driving a focused strategy to develop technology, products and solutions that are ahead of the curve and positioned to meet emerging demands of the market.

Group outlook

The Suzlon Group continued its push into high growth / high margin markets, with an exceptionally strong firm order book of over US$ 7.4 bn as on date – representing 30 per cent growth year-on-year. The order book, standing at over 5,700 MW in terms of delivery volumes, saw broad based contributions across markets including the Americas, Europe, India and offshore; with a strong customer base of robust financial investors and large global utilities. With new order intakes of 3,628 MW over the past year, the Group order book underscores strong market momentum and our pace of execution.

The Group's long-term frame agreements stood at 4.5 GW, of which nearly 17 per cent have already been converted into firm orders. The agreements, with some of the largest utilities and independent power producers in the world, give additional long term business visibility for the Group.

The Group's global installations approached 20,000 MW at the end of the fiscal, with it creating a growing service order backlog. With a firm outlook of approximately US$ 2 bn over a 15 year horizon, service orders create stable, contractual cash flows for the business with EBITDA margins as strong as 20 per cent. As the Group's global fleet continues to grow, global OMS revenue streams are expected to continue to rise.

Products and technology

Our order book has been built on a foundation of robust, reliable technology and tailored end-to-end solutions offerings. The Group's global fleet, across 28 countries, delivered uptime levels above the industry standard of 97 per cent. The Group continued its research and development drive, maintaining investments at approximately two per cent of Group revenues.

The past year saw the launch of four new platforms – The Suzlon S8X – 1.5 MW, the S9X – 2.1 MW, the REpower 3XM – 3 MW, and MM100 platforms. The new offerings reflect our philosophy of 'progressive optimization', driving research and innovation to meet the evolving needs of markets and our customers.

The innovation and engineering driving our technology program is centered on a core of over 500 highly qualified engineers and scientists at centers in India, Germany and the Netherlands. The program builds on extensive feedback from customers to design products that meet their precise requirements. Our success is clearly seen with order flows exceeding 1,000 MW each for the S9X and 3XM platforms in less than one year after launch.

With these new turbines adding to our comprehensive product portfolio, the Suzlon Group has a turbine for every customer, market and wind site anywhere in the world.

Group updates

We made significant progress in bringing together Suzlon and REpower at strategic and operational levels over the course of the fiscal. With a complementary product portfolio and numerous market synergies, the Group gives customers the most comprehensive choice of products and service offerings in the global market place.

Internally, we are making rapid progress in driving synergies in supply chain and sourcing. With our well established low-cost component sourcing in Asia, we have the opportunity to bring major savings – reducing COGS, even as we maintain an uncompromising focus on quality.

The Group also recently announced the appointment of Mr Vinod Tanti to the role of COO for REpower Systems SE, where he will apply his extensive experience and expertise from heading the supply chain function at Suzlon.

The companies, through the joint-venture Renewable Energy Technology Center, increased collaboration in R&D, working together to create a strategic roadmap for the next generation of wind power solutions.

The companies combined operations in Australia and realigned European marketing operations, unlocking operational efficiencies in these regions. Additionally, production in India of REpower's MM92 commenced at the Group's manufacturing facilities in Padubidri, Karnataka, targeted at meeting demand spill over from REpower facilities in Europe.

Key initiatives

The management team has laid out clear plans to address key priorities this year, namely –

1. Delivering on guidance; leveraging synergies between Suzlon and REpower to achieve this;
2. Addressing near-term repayment obligations; disposing of non-critical assets, focus on core businesses;
3. Reducing interest cost;
4. Reducing working capital intensity;
5. Balancing debt more effectively across the Group, and
6. Maintain total focus on on-time delivery, quality, health and safety.

With these focus areas, the management team believes that the Suzlon Group is ideally positioned to resume its growth trajectory and deliver significant value to our stakeholders.

Business risks and mitigation

Suzlon Group has an active risk management and mitigation strategy, taking a 360 degree view of the internal and external environment to proactively address challenges. Key elements of the program are summarized below:

Operational risks

Technology: Wind turbine technology is continuously evolving. The market witnessed a gradual shift towards direct drive turbines, particularly in large multi–MW turbines. The promoters of direct drive concept claim that it is a simpler mechanism – no gearbox means less maintenance and fewer components, and that it will become competitive with traditional drive train machines in the future.

However, the Suzlon Group believes that traditional drive-train designs are a proven technology and with progressive optimization are effectively future-proofed for many years to come. The Group's fleet uptime average of more than 97 per cent is testimony to the strength of this technology.

The risk of investments in innovation projects are addressed by periodic structured reviews of all programs and investments by the senior management, with centres in Germany, India, and the Netherlands driving development focused on the next generation of turbines suited to meet the evolving needs of the market.

Supply chain risk: An increase in commodity prices will place further pressure on margins. In addition, a shortage of critical components like gearboxes, slew rings, pitch bearings, towers, control panels, glass fibre etc. may affect timely delivery of wind turbines. The Group has mitigated the risk to its supply chain through its backward integration strategy, rate negotiation with vendors, alternative sourcing, indigenisation of critical components, and value-engineering driven initiatives.

Financial risks

Foreign exchange risk: A significant part of the Suzlon Group's revenue, costs, assets and liabilities are denominated in foreign currencies. Un-hedged trade and financial exposure thus creates potential to adversely impact our projects and overall profitability. The Group's presence across geographies helps in providing a natural currency hedge by offsetting purchase and sales transactions amongst various currencies. Risks are recognized at the contractual juncture and are hedged progressively at various stages of project life cycle, depending upon the nature of the transactions and in accordance with the hedging policy of the company. During the year, risk management practices continued to focus on minimising the economic impact on company profitability arising from fluctuations in exchange rates.

Interest rate risk: We are exposed to high interest rates as well as rate fluctuations at the Group level. The Group's Corporate Finance team is continuously involved in computing interest rate sensitivity and strategies to mitigate interest rate risks with mix of various financial instruments. Based on signs of interest rates peaking out, there is a strong possibility of reduction in benchmark interest rates. The same would help in reduction of interest outgo to that extent.

Credit risk: Externally, with increased interest rates and a credit squeeze across the globe, funding for wind projects remains a challenge for wind investors in general. Our consistent product performance contributes considerably to making our turbines a 'bankable' choice for our customers. Internally, focus on cost reduction, improved operational efficiencies and reduction in working capital intensity is projected to help reduce credit risk to the company.

Internal control systems and their adequacy

Our internal management audit team periodically undertakes independent reviews of risks, controls, operations and procedures, identifying control and process gaps and recommending business solutions for risk mitigation. An initiative named "Project Evolution" which was launched by management to assess, evaluate, strengthen and institutionalise our value system from the standpoint of ethical business, has been further strengthened by establishing in-house Risk and Misconduct management unit. A stage gate system has been established along with a regular reporting mechanism. Complaints received under whistle-blower policy are evaluated on a regular basis.

The Audit Committee of the Board periodically reviews the company's management audit reports, audit plans and recommendations of the auditors and management's response to those recommendations. The Audit Committee met four times during the year.

Corporate social responsibility

At Suzlon Group, we hold sustainable development at the core of our identity and purpose. This embraces all parts of our business, including out interface with the individuals and communities that we live and work with. The Group implements its corporate social responsibility initiatives through the Suzlon Foundation, an autonomous not-for-profit body. The Foundation works in five key areas – financial, natural, social, human and physical capital – towards balanced and inclusive growth. The Foundation has pioneered an approach emphasizing partnership with community-based organizations and stakeholder ownership, and today runs successful programs in eight states and two Union Territories in India.

Financial capital: Over the past year, the Foundation-led programs treated and vaccinated 133,846 heads of livestock – reducing livestock mortality by 94 per cent in Rajasthan, and facilitated Rs 30.8 million in credit facilities to community based organizations.

Natural capital: In FY2011-12 The Foundation treated 1,136 hectares of land under fodder development, tree plantation and seed broadcasting programs – 81,361 trees were planted; and over 55,000 saplings were planted around our various facilities. In addition, rain water harvesting and water conservation efforts succeeded in conserving nearly 66,000 cubic-meters of water.

Social capital: Today, a majority of Foundation projects are implemented through community based organizations (CBOs), and building capacities in CBOs is a major part of our programs. Our success is clearly seen in the last fiscal, where 2,253 women's self-help groups supported by Suzlon Foundation saved Rs 51.22 million, becoming a key catalyst to self-empowerment in the regions.

Human capital: The Foundation launched its most significant education initiative last year, introducing e-learning systems across 54 schools in English and Marathi languages, with a direct improvement in student attendance and engagement.

Physical capital: Significant progress was made in projects to improve basic infrastructure in the communities that we work with. Increased / rejuvenated drinking water sources enabled 15 villages became self sufficient in meeting their water needs. Nearly 500 solar lights / systems were installed, 440 toilets constructed and 100 special tricycles were provided to differently-abled, making a significant and direct impact towards improving the quality of life of thousands of individuals.

Measuring success: In making make this happen, 2,838 employees contributed 2,050 man-days to CSR activities. Funds totaling Rs 29.3 million were leveraged in cash and in kind support of Suzlon Foundation-led initiatives by communities and agencies. The Suzlon Foundation's programs received a satisfaction score of over 80 per cent in a multi-stakeholder review; and the Foundation's success was recognized by the Bombay Chamber of Commerce with the 'Civic Award for Social Development 2010-11'.

Sustainability

We believe that climate change is a serious environmental challenge that requires credible action. While our wind energy solutions contribute to mitigating the risk of climate change, it is our endeavour to create a sustainable value chain. Recognizing this we look at all aspects of health, safety and environment (HSE) across the organization, with an added emphasis on sustainability in supply chain activities.

Focus areas

Our focus areas for environmental sustainability have been defined as:

- Energy efficiency
- Waste management
- Packaging material reuse
- Strengthening the Environment Management System ISO 14001

Non-financial indicators for FY 2011-12

Indicator	CO_2e*
Direct emissions[1]	6,473 (tonnes)
Indirect emissions from electricity consumption[2]	29,541 (tonnes)
Emissions avoided by renewable energy generation (by Group owned turbines) in the year[3]	1,09,855 (tonnes)
Emissions avoided by reusing of packaging material[4]	10,553 (tonnes)
Emissions avoided by waste co-processing[5]	9,462 (tonnes)
Emissions avoided over the life time on the MW produced and shipped in FY11-12[6]	83.52 (million tonnes)
Emissions avoided annually by Suzlon Group powered turbines (Global)[7]	31.74 (million tonnes)

Notes:

**Carbon dioxide equivalent or CO_2e, refers to a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.*

[1] *Emissions emitted data is limited to Direct Emissions Scope 1 (as defined in the Greenhouse Gas Protocol, Corporate Accounting Standard) for Suzlon Group excluding REpower Systems, Suzlon Blade Technology, Blade Testing Centre (India), Mould Manufacturing Unit (India), SE Forge Ltd. (India), SWECO and China business unit (wind farms & Beijing Office).*

[2] *Emissions emitted data is limited to Indirect Emissions Scope 2 (as defined in the Greenhouse Gas Protocol, Corporate Accounting Standard) for SEL excluding REpower Systems, SE Forge Ltd. and marketing offices in India.*

[3] *Refers to carbon emissions avoided by Suzlon Group owned turbines, as on 31st March 2012, excluding REpower Systems and SE Forge Ltd.*

[4] *Refers to carbon emissions avoided by re-using packaging materials for WTG dispatch instead of using virgin material/fresh purchase during FY 11-12, for SEL excluding REpower Systems and SE Forge Ltd.*

[5] *Refers to carbon emissions avoided at co-processor's facility by replacing coal with the waste for fuel in their cement kilns in FY 11-12 for Blade Manufacturing Units, India only.*

[6] *Refers to carbon emissions avoided by the Suzlon Group powered turbines produced and shipped in FY 11-12, over their lifetime of 20 years.*

[7] *Refers to carbon emissions avoided by Suzlon Group powered turbines based on installation summary as on 31st March 2012, calculated on the basis of average capacity factor sourced from BTM Consult – A part of Navigant Consulting, March 2012*

Highlights of consolidated results:

A. Sources of funds

1. Share capital

Rs in Crore

Particulars	March 31, 2012	March 31, 2011
Authorised share capital	700	700
Issued share capital	359	359
Subscribed and fully paid-up share capital	355	355

There is no change in share capital base as compared to March 31, 2011.

2. Reserves and surplus

Rs in Crore

Particulars	March 31, 2012	March 31, 2011
Capital reserve	42	–
Capital reserve on consolidation	0*	0*
Capital redemption reserve	15	45
Legal and statutory reserve	142	142
Unrealised gain on dilution	160	160
Securities premium account	4,477	5,306
Employee stock options outstanding	19	20
Foreign currency translation reserve	220	137
General reserve	851	951
Minority share of losses	(38)	(38)
Statement of profit and loss	(1,063)	(553)
Total	**4,825**	**6,170**

*Less than Rs 1 Crore

(a) Capital reserve

On receiving the approval from Honourable High Court of Gujarat at Ahmedabad and Honourable Bombay High Court, the Composite Scheme of Arrangement and Restructuring ('Scheme') between the Company and its certain wholly owned subsidiaries ('WOS') has become effective during the year.

Amalgamation of WOS 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. Accordingly there is an addition of Rs 42 Crore in capital reserve during the year.

(b) Capital redemption reserve (CRR)

Pursuant to the Scheme, there is reduction of Rs 30 Crore in CRR during the year.

(c) Securities premium account

While the securities premium account increased by Rs 115 Crore pursuant to the Scheme, it reduced by Rs 931 Crore as a result of charge on account of premium payable on redemption of FCCBs. It further reduced by Rs 13 Crore due to expenses incurred on issue of FCCB.

(d) Foreign currency translation reserve (FCTR)

The change in FCTR is due to exchange fluctuation resulting from translation of the accounts of overseas subsidiaries into reporting currency of the parent company i.e. INR.

(e) General reserve

During the year there is an addition of Rs 2 Crore in general reserve as a result of transfer from employee stock option outstanding. It reduced by Rs 101 Crore pursuant to the Scheme.

3. Loan funds

a. Long-term borrowings

Rs in Crore

Particulars	**March 31, 2012**	**March 31, 2011**
Secured loans	5,826	6,365
Unsecured loans	1,539	2,403
Total – non current portion	**7,365**	**8,768**
Current maturities of long-term borrowings	3,086	888
Total	**10,451**	**9,656**

The Group has availed long term borrowings of Rs 999 Crore and has repaid Rs 899 Crore during the year. The balance increase is due to steep adverse movement in exchange rates. Long term borrowings of Rs 3,086 Crore due for repayment in next financial year are disclosed as 'current maturities of long-term borrowings' in other current liabilities and it primarily includes repayment obligation of FCCBs and term loans

b. Short-term borrowings

Rs in Crore

Particulars	**March 31, 2012**	**March 31, 2011**
Secured loans	3,381	1,999
Unsecured loans	203	586
Total	**3,584**	**2,585**

The increase of Rs 999 Crore in short term borrowing is primarily towards increased working capital requirements.

4. Deferred tax liability, net

Deferred tax liability stands at Rs 464 Crore as at March 31, 2012 (Rs 294 Crore as at March 31, 2011) and deferred tax assets stands Rs 22 Crore as at March 31, 2012 (Rs 161 Crore as at March 31, 2011). Net increase in deferred tax liability of Rs 309 Crore is primarily on account of deferred tax charge for changes in temporary allowances and disallowances calculated as per the tax regulations applicable to respective entities within the group and reversal of some deferred tax assets.

B. Application of funds

1. Fixed assets

a. Movement in gross block and capital work in progress

Rs in Crore

Particulars	March 31, 2012	March 31, 2011
Gross block (tangible and intangible assets)	14,792	12,852
Less: Accumulated depreciation / amortisation	2,559	1,933
Net block	**12,233**	**10,919**
Capital work-in-progress	369	413
Total	**12,602**	**11,332**

Major additions to the gross block are on account of following:

1. Net addition in goodwill of Rs 465 Crore primarily due to acquisition of balance stake in REpower and PowerBlades GmbH.
2. Net additions in plant & machinery of Rs 273 Crore and technology related design and drawings of Rs 364 Crore.
3. Net increase of Rs 630 Crore on account of foreign currency translation.

b. Capital commitments

Capital commitment stands at Rs 89 Crore as at March 31, 2012 as compared to Rs 106 Crore as at March 31, 2011.

2. Investments

Rs in Crore

	Non-current		Current	
Particulars	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
Investments in associates	–	–	–	807
Non-trade investments	33	22	14	–
Investments in Government or trust securities	0*	0*	–	–
Investments in Mutual Funds	–	–	50	138
Total	**33**	**22**	**64**	**945**

Reduction in investments during the year is mainly due to disposal of the entire balance stake in Hansen Transmissions International NV ('Hansen') and movement in mutual funds.

*Less than Rs 1 Crore

3. Non-current and current assets

Rs in Crore

Particulars	Non-current		Current		Total	
	March 31, 2012	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
Inventories	–	–	5,580	5,352	5,580	5,352
Trade receivables	25	894	5,315	3,356	5,340	4,250
Cash and bank balance	272	435	2,632	2,686	2,904	3,121
loans and advances	904	852	1,912	1,347	2,816	2,199
Due from customers	–	–	2,861	1,679	2,861	1,679
Other current assets	96	107	109	53	205	160
Total	**1,297**	**2,288**	**18,409**	**14,473**	**19,706**	**16,761**

a. Inventories

During the year inventory has gone up by 4% as compared to last year while the sales from operation during the year has gone up by 18% resulting into reduction of inventory holding period. The increase in the inventory is basically to meet the growing business plan as Suzlon Group expects the first half of FY13 to be heavier than usual due to front ended delivery schedules. Fully developed Asia centric supply chain has helped the Group to put control on its inventory and the direct cost. In addition to that continuous efforts of Supply Chain Management by reduction in lead time and proper production planning and forecasting has helped us to manage inventory.

b. Trade receivables

Trade receivables have gone up to Rs 5,340 Crore, as against Rs 4,250 Crore as at the end of previous financial year. This is primarily on account of tight monitory conditions globally, delayed realisation from certain customers and increased volume.

c. Cash and bank balance

As of March 31, 2012, the cash and bank balance stands at Rs 2,904 Crore as compared to Rs 3,121 Crore in previous year. Corporate Treasury places the temporary surplus funds with banks and asset management companies for short term maturities.

d. Loans and advances

Short-term loans and advances stood up at Rs 2,816 Crore as at March 31, 2012 as against Rs 2,199 Crore as at March 31, 2011 primarily due to increased business requirements.

e. Due from customers

Due from customers represents unbilled revenue in relation to construction contracts which has gone up to Rs 2,861 Crore as at March 31, 2012 as compared to Rs 1,679 Crore as at March 31, 2011 due to increased volume and ongoing contract billing milestones.

f. Other current assets

Other current assets stood up at Rs 205 Crore as at March 31, 2012 as compared to Rs 160 Crore as at March 31, 2011.

4. Liabilities and provisions

Rs in Crore

Particulars	Non-current		Current		Total	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Trade payables	–	–	5,807	4,537	5,807	4,537
Other payables	43	–	936	1,202	979	1,202
Due to customers	–	–	309	157	309	157
Advance from customers	100	100	3,022	2,471	3,122	2,571
Interest accrued on borrowings	–	–	112	50	112	50
Provisions	260	132	2,274	1,201	2,534	1,333
Total	**403**	**232**	**12,460**	**9,618**	**12,863**	**9,850**

a. Increase in trade and other payables is on account of higher purchases to meet the demand of increased business volumes.

b. Increase in advance from customers is on account of signing of new contracts during the year.

c. Increase in provisions is due to provision made towards premium payable on redemption of FCCBs of Rs 931 Crore and increase in provision towards guarantee and warranty obligations and employee benefits.

C. Cash flow

Net cash inflow from operating activities amounted to Rs 839 Crore is mainly due to earning of operating profit of Rs 2,147 Crore as reduced by increase in working capital of Rs 1,308 Crore. Net cash used in investing activities amounting to Rs 648 Crore primarily consists of cash of Rs 877 Crore generated from sale of balance stake in Hansen and cash used in purchase of fixed assets of Rs 850 Crore and acquisition of stake in subsidiaries of Rs 695 Crore. Net cash used in financing activities amounting to Rs 249 Crore primarily consists of net borrowing of Rs 1,097 Crore and cash used towards payment of interest of Rs 1,339 Crore.

D. Results of operations

Rs in Crore

Particulars	March 31, 2012	March 31, 2011
Revenue from operations	21,082	17,879
Other operating income	277	211
EBIDTA	1,821	1,047
Depreciation and amortisation	661	657
EBIT	1,160	390
Finance costs	1,655	1,375
Finance income	126	107
Loss before tax and exceptional items	(369)	(878)
Exceptional items (Gain)/loss	(227)	253
Tax	331	186
Loss after tax	(473)	(1,317)

Principal components of results of operation

1. **Revenue from operations**

   Revenue from operations increased by 18% from Rs 17,879 Crore in March 31, 2011 to Rs 21,082 Crore in March 31, 2012.

2. **Other operating income**

   Other operating income increased by 31% from Rs 211 Crore in March 31, 2011 to Rs 277 Crore in March 31, 2012. The increase was primarily due to reversal of certain accruals and provisions.

3. **Cost of goods sold (COGS)**

   COGS as a percentage of sales declined to 66.8% in March 31, 2012 from 69.7% in March 31, 2011. This reduction was primarily due to continuous efforts of Supply Chain Management by value engineering, identification of alternative sources and indigenisation of critical components that has helped to cut down on the cost and change.

4. **Other expenses**

   The other expenses rose by Rs 543 Crore from Rs 2,913 Crore in March 31, 2011 to Rs 3,456 Crore in March 31, 2012. There is increase freight cost by Rs 191 Crore due to higher volumes. There is exchange loss of Rs 59 Crore during the year compared to exchange gain of Rs 53 Crore in previous year. The increase in balance operating expenses is due to increased business requirements.

5. **Employee benefit expense**

   Employee benefit expense in terms of percentage to sales is almost static, however in absolute terms it has increased by 19.8% from Rs 1,676 Crore in March 31, 2011 to Rs 2,009 Crore in March 31, 2012. There has been rebalancing of the employees across the geographies. This costs factors in relatively higher increment costs in emerging markets.

6. **Finance cost**

   Finance cost in terms of percentage to sales is almost static, however in absolute terms it has increased by 20.4% from Rs 1,375 Crore in March 31, 2011 to Rs 1,655 Crore in March 31, 2012. The increase is due to higher interest rates and increase in debt due to higher working capital requirement to support future growth.

7. **Depreciation and amortisation**

   The Group provided a sum of Rs 661 Crore and Rs 657 Crore towards depreciation and amortisation for the year ended March 31, 2012 and March 31, 2011 respectively.

8. **Profit / Loss**

   The consolidated EBITDA has increased by 73.9% from Rs 1,047 Crore in March 31, 2011 to Rs 1,821 Crore in March 31, 2012. The same can be attributed party to higher volumes and partly to better operational efficiencies in the business.

   The consolidated EBIT has increased from 2.2% of sales in March 31, 2011 to 5.5% of sales in March 31, 2012. In absolute terms the EBIT has increased by 197.4% from Rs 390 Crore in March 31, 2011 to Rs 1,160 Crore.

   Loss before tax and exceptional items reduced from Rs 878 Crore in March 31, 2011 to Rs 369 Crore in March 31, 2012, representing 1.8% and 4.9% of sales respectively.

   Net gain on account of exceptional items stood at Rs 227 Crore in March 31, 2012 as against loss of Rs 253 Crore in FY 2010-11. During the year, sale of Hansen stake and reversal of provision towards diminution in investment in Hansen contributed gain of Rs 227 Crore while in previous year provision towards diminution in investment in Hansen resulted into loss of Rs 216 Crore and there was loss of Rs 37 Crore towards cost incurred for reset of conversion price of certain series of FCCBs.

   Tax expenses increased from Rs 186 Crore to Rs 331 Crore in March 31, 2012.

   Loss after tax reduced from Rs 1,317 Crore as at March 31, 2011 to Rs 473 Crore as at March 31, 2012.

   Losses attributable to minority are Rs 27 Crore in March 31, 2012 as against Rs 21 Crore in March 31, 2011 and share of the associate loss recorded at Rs 33 Crore in March 31, 2012 as against Rs 28 Crore in March 31, 2011.

   As a result of the foregoing factors, net loss decreased from Rs 1,324 Crore in March 31, 2011 to Rs 479 Crore in March 31, 2012.

   Cautionary statement

   Suzlon Group has included statements in this discussion, that contain words or phrases such as “will”, “aim”, “will” likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Suzlon Group's expectations include:

- Variation in the demand for electricity;
- Changes in the cost of generating electricity from wind energy and changes in wind patterns;
- Changes in or termination of policies of state governments in India that encourage investment in power projects;
- General economic and business conditions in India and other countries;
- Suzlon's ability to successfully implement it's strategy, growth and expansion plans and technological initiatives;
- Changes in the value of the INR and other currencies;
- Potential mergers, acquisitions or restructurings and increased competition;
- Changes in laws and regulations;
- Changes in political conditions;
- Changes in the foreign exchange control regulations; and
- Changes in the laws and regulations that apply to the wind energy industry, including tax laws.

Corporate Governance Report

[As required under Clause 49 of the Listing Agreement with the Stock Exchanges ("Listing Agreement")]

1. Company's Philosophy on Corporate Governance

The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. The Company's philosophy on corporate governance is to achieve business excellence and maximise shareholder value through ethical business conduct which also includes building partnerships with all stakeholders, employees, customers, vendors, service providers, local communities and government.

The Company is in compliance with the requirements of the corporate governance code as per Clause 49 of the Listing Agreement.

2. Board of Directors (the Board): The Board is entrusted and empowered to oversee the management, direction and performance of the Company with a view to protect interest of the stakeholders and enhance value for shareholders. The Board monitors the strategic direction of the Company.

Composition - As on March 31, 2012, the Board consisted of eight directors, out of which two were executive directors, five were independent directors and one was a non-executive director. The Chairman of the Board was an executive director and more than half of the Board comprised of independent directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement as on March 31, 2012. Post March 31, 2012, following changes took place in the composition of the Board of the Company:

- Mr. Ajay Relan, independent director resigned from directorship of the Company w.e.f. April 1, 2012.
- Mr. Marc Desaedeleer has been appointed as an independent director on the Board w.e.f. April 1, 2012.
- Mr. Ashish Dhawan, independent director resigned from directorship of the Company w.e.f. May 25, 2012.
- Mr. Vinod R.Tanti has resigned as an executive director of the Company with effect from June 1, 2012; however continues as the non-executive director.

After the aforesaid changes and as on date of this report, the Board comprises of seven directors, out of which the Chairman is an executive director, four are independent directors and two are non-executive directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement as on date of this report.

All the directors have certified that they are not members of more than ten mandatory committees and do not act as chairman of more than five mandatory committees in terms of the Listing Agreement across all companies in which they are directors.

Board Procedure - The Board meets at regular intervals and apart from regular Board business, it discusses policies and strategy matters. All the necessary documents and information pertaining to the matters to be considered at each Board and Committee meetings, is made available to enable the Board and Committee members to discharge their responsibilities effectively.

Meetings held during the financial year 2011-12 - During the financial year 2011-12, the Board met four times on May 14, 2011, July 30, 2011, October 22, 2011 and February 11, 2012. The gap between any two board meetings did not exceed four months. Apart from the physical meetings, the Board also considered and approved certain matters by circular resolutions, which were as a matter of good corporate practice ratified at the next meeting of the Board.

Attendance, Directorships and Committee Positions - The names and categories of the directors on the Board, their attendance record, the number of directorships and committee positions as on March 31, 2012, are noted below:

Name of the director	Category	Attendance at meetings during the financial year 2011-12		Total no. of directorships as on March 31, 2012	Total no. of membership of the committees of Board as on March 31, 2012		Total no. of chairmanship of the committees of Board as on March 31, 2012	
		Board (out of 4)	Sixteenth AGM on September 27, 2011		Membership in audit/investors' grievance committees	Membership in other committees	Chairmanship in audit/investors' grievance committees	Chairmanship in other committees
Mr. Tulsi R.Tanti, Promoter	Chairman & Managing Director	4	Yes	1	1	2	–	2
Mr. Vinod R.Tanti , Promoter[1]	Executive Director	4	Yes	11	8	2	5	–
Mr. Girish R.Tanti, Promoter[2]	Non-Executive Director	4	Yes	2	–	–	–	–
Mr. Ajay Relan[3]	Independent Director	3	No	1	1	1	–	–
Mr. Ashish Dhawan[4]	Independent Director	3	No	2	2	2	2	2
Mr. V. Raghuraman	Independent Director	4	Yes	1	2	1	1	–
Mrs. Mythili Balasubramanian, a nominee of IDBI Bank Limited	Independent Director	2	No	1	–	–	–	–
Mr. Rajiv Ranjan Jha, a nominee of Power Finance Corporation Limited [5]	Independent Director	4	No	1	–	–	–	–
Mr. Marc Desaedeleer[6]	Independent Director	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

[1] ceases to be an executive director w.e.f. June 1, 2012, however continues as a non-executive director.

[2] ceased to be an executive director w.e.f. July 30, 2011, however continues as a non-executive director.

[3] resigned from directorship w.e.f. April 1, 2012.

[4] resigned from directorship w.e.f. May 25, 2012.

[5] appointed as an independent director w.e.f. April 28, 2011.

[6] appointed as an independent director w.e.f. April 1, 2012.

Notes:

- While considering the total number of directorships, directorships in private companies, foreign companies and Section 25 companies have been excluded.
- In terms of Clause 49(IV)(G)(ia) of the Listing Agreement, it is hereby disclosed that Mr. Tulsi R.Tanti, Chairman & Managing Director, is brother of Mr. Vinod R.Tanti and Mr. Girish R.Tanti, the non-executive directors. Except for the relationship between Mr. Tulsi R.Tanti, Mr. Vinod R.Tanti and Mr. Girish R.Tanti, there is no other inter-se relationship amongst other directors.

Code of Ethics - The Company has prescribed a Code of Ethics for its directors and senior management. The Code of Ethics of the Company has been posted on its website www.suzlon.com. The declaration from the Chairman & Managing Director in terms of Clause 49(I)(D)(ii) of the Listing Agreement stating that as of March 31, 2012, the Board members and Senior Management Personnel have affirmed compliance with the Code of Ethics laid down by the Company has been included in this report.

3. **Committees of Board**: The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each committee of the Board functions according to its scope that defines its composition, power and role in accordance with the Companies Act, 1956 and the Listing Agreement. The composition, meetings, attendance and the detailed terms of reference of various committees of the Board are noted below:

(i) **Audit Committee -** The Audit Committee of the Board has been constituted as per the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Composition - As on March 31, 2012, the Audit Committee consisted of three members all of whom including the Chairman were independent directors. The composition of the Audit Committee is in compliance with the requirements of Clause 49(II)(A) of the Listing Agreement as on March 31, 2012. Post March 31, 2012, following changes took place in the constitution of the Audit Committee:

- Mr. Ajay Relan resigned from the Board and consequently ceased to be a member of Audit Committee w.e.f. April 1, 2012.
- Mr. Marc Desaedeleer was inducted as member of Audit Committee w.e.f. April 1, 2012; however he ceased to be a member of Audit Committee w.e.f. May 25, 2012.

- Mr. Ashish Dhawan resigned from the Board and consequently ceased to be a member of Audit Committee w.e.f. May 25, 2012.
- Mrs. Mythili Balasubramanian was inducted as member of Audit Committee w.e.f. May 25, 2012.
- Mr. Vinod R.Tanti was inducted as member of Audit Committee w.e.f. May 25, 2012.
- Mr. V.Raghuraman was appointed as Chairman of Audit Committee w.e.f. May 25, 2012.

After aforesaid changes and as on date of this report, the Audit Committee comprises of three members out of which two are independent directors and one is a non-executive director. The Chairman of the Audit Committee is an independent director. The composition of the Audit Committee is in compliance with the requirements of Clause 49(II)(A) of the Listing Agreement as on date of this report. The Chairman & Managing Director, Chief Financial Officer, representatives of the statutory auditors and senior officials of the Company are invited to attend the meetings of the Audit Committee from time to time. The Company Secretary of the Company acts as the secretary to the Audit Committee.

Meetings and Attendance - During the financial year 2011-12, the Audit Committee met four times on May 14, 2011, July 30, 2011, October 22, 2011 and February 11, 2012. The gap between any two Audit Committee meetings did not exceed four months. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings held	No. of meetings attended
Mr. Ashish Dhawan[1]	Chairman	4	2
Mr. V. Raghuraman[2]	Chairman[2]	4	4
Mr. Ajay Relan[3]	Member	4	3
Mr. Marc Desaedeleer[4]	Member	N.A.	N.A.
Mrs. Mythili Balasubramanian[5]	Member	N.A.	N.A.
Mr. Vinod R.Tanti[6]	Member	N.A.	N.A.

[1] resigned from Board and consequently ceased to be member w.e.f. May 25, 2012.

[2] appointed as Chairman w.e.f. May 25, 2012.

[3] resigned from Board and consequently ceased to be member w.e.f. April 1, 2012.

[4] inducted as member w.e.f. April 1, 2012; however ceased to be member w.e.f. May 25, 2012.

[5] inducted as member w.e.f. May 25, 2012.

[6] inducted as member w.e.f. May 25, 2012.

Terms of Reference - The broad terms of reference includes the following as is mandated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956:

(a) 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;

(b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956,
  - Changes, if any, in accounting policies and practices and reasons for the same,
  - Major accounting entries involving estimates based on the exercise of judgement by management,
  - Significant adjustments made in the financial statements arising out of the audit findings,
  - Compliance with listing and other legal requirements relating to financial statements,
  - Disclosure of any related party transactions,
  - Qualifications in the draft audit report;

(e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(h) 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;

(i) Discussion with internal auditors any significant findings and follow-up thereon;

(j) Review 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;

(k) Discussion with 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;

(l) 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;

(m) To review the functioning of the Whistle Blower mechanism;

(n) Approval of appointment of CFO (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, etc. of the candidate;

(o) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(ii) Investors' Grievance Committee - The Investors' Grievance Committee has been constituted as per the requirements of Clause 49 of the Listing Agreement.

Composition - As on March 31, 2012, the Investors' Grievance Committee of the Board consisted of three members out of whom the Chairman was a non-executive independent director and other two members were executive directors. The composition of the Investors' Grievance Committee is in compliance with the requirements of Clause 49(IV)(G)(iii) of the Listing Agreement as on March 31, 2012.

Post March 31, 2012, Mr. Vinod R.Tanti has resigned as an executive director with effect from June 1, 2012; however continues as a non-executive director and accordingly the Investors' Grievance Committee after aforesaid change comprises of three members out of whom two are non-executive directors and one is an executive director. The Chairman of the Investors' Grievance Committee is a non-executive independent director. The composition of the Investors' Grievance Committee is in compliance with the requirements of Clause 49(IV)(G)(iii) of the Listing Agreement as on date of this report.

Meetings and Attendance - During the financial year 2011-12, the Investors' Grievance Committee met four times on May 14, 2011, July 30, 2011, October 22, 2011 and February 11, 2012. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings held	No. of meetings attended
Mr. V.Raghuraman[1]	Chairman	4	4
Mr. Tulsi R.Tanti	Member	4	4
Mr. Girish R.Tanti[2]	Member	1	1
Mr. Vinod R.Tanti[3]	Member	3	3

[1] inducted as member and chairman w.e.f. May 14, 2011.

[2] ceased to be member w.e.f. July 30, 2011.

[3] inducted as member w.e.f. July 30, 2011.

Terms of Reference - The broad terms of reference includes the following:

(a) Redressal of shareholder and investors complaints including, but not limiting to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.;

(b) Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company;

(c) And such other acts, deeds, matters and things as may be stipulated in terms of the Listing Agreement with the Stock Exchanges and / or such other regulatory provisions and as also as the Board of Directors may consider think fit for effective and efficient redressal of shareholders and / or investors' grievances.

Name, designation and contact details of the Compliance Officer - Mr. Hemal A.Kanuga, Company Secretary, is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Registered Office of the Company at:

"Suzlon", 5, Shrimali Society,
Near Shri Krishna Complex, Navrangpura,
Ahmedabad-380009, Gujarat, India
Tel.: +91.79.6604 5000 / +91.79.2640 7141
Fax: +91.79.2656 5540 / +91.79.2644 2844
Email: investors@suzlon.com; Website: www.suzlon.com.

Separate email-id for redressal of investors' complaints - As per Clause 47(f) of the Listing Agreement, the Company has designated a separate email id (investors@suzlon.com) exclusively for redressal of investors' complaints.

Status of investors' complaints as on March 31, 2012:

Particulars	Opening balance as on April 1, 2011	Received during financial year 2011-12	Disposed during financial year 2011-12	Pending as on March 31, 2012
Non Receipt of Refund Orders	–	1	1	–
Non Receipt of Electronic Credit of Shares	–	1	1	–
Non Receipt of Dividend Warrants	–	19	19	–
Non Receipt of Annual Reports	–	14	14	–
Complaints from Stock Exchanges	–	2	2	–
Complaints from SEBI / SCORES	–	5	5	–
Total	**–**	**42**	**42**	**–**

There were no complaints pending for more than seven days. There were no pending requests for transfer of shares of the Company as on March 31, 2012.

(iii) Remuneration Committee - The Remuneration Committee of the Board has been constituted as per the non-mandatory requirements of the Listing Agreement.

Composition - As on March 31, 2012, the Remuneration Committee comprised of three members, all of whom were non-executive independent directors. Post March 31, 2012, following changes took place in the constitution of Remuneration Committee:

- Mr. Ajay Relan resigned from the Board and consequently ceased to be a member of Remuneration Committee w.e.f. April 1, 2012.
- Mr. Marc Desaedeleer was inducted as member of Remuneration Committee w.e.f. April 1, 2012.
- Mr. Ashish Dhawan resigned from the Board and consequently ceased to be a member of Remuneration Committee w.e.f. May 25, 2012.
- Mr. V.Raghuraman was appointed as Chairman of Remuneration Committee w.e.f. May 25, 2012.
- Mrs. Mythili Balasubramanian was inducted as member of Remuneration Committee w.e.f. May 25, 2012.

After aforesaid changes and as on date of this report, the Remuneration Committee comprises of three members, all of whom (including the Chairman) are non-executive independent directors.

Meetings and Attendance - During the financial year 2011-12, the Remuneration Committee met once on July 30, 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings held	No. of meetings attended
Mr. Ashish Dhawan[1]	Member	1	1
Mr. V. Raghuraman[2]	Chairman[2]	1	1
Mr. Ajay Relan[3]	Member	1	–
Mr. Marc Desaedeleer[4]	Member	N.A.	N.A.
Mrs. Mythili Balasubramanian[5]	Member	N.A.	N.A.

[1] resigned from Board and consequently ceased to be member w.e.f. May 25, 2012.

[2] appointed as Chairman w.e.f. May 25, 2012.

[3] resigned from Board and consequently ceased to be member w.e.f. April 1, 2012.

[4] inducted as member w.e.f. April 1, 2012.

[5] inducted as member w.e.f. May 25, 2012.

Terms of Reference - The broad terms of reference include the following:

(a) to determine the remuneration of the directors of the Company;

(b) for effective implementation and operations of various existing and future employee stock option plans of the Company to do all such acts, deeds, matters and things including but not limiting to:

  - determining the number of options to be granted to each employee and in the aggregate and the times at which such grants shall be made;
  - determining the eligible employee(s) to whom options be granted;
  - determining the eligibility criteria(s) for grant of options;

- determining the performance criteria(s), if any for the eligible employees;
- laying down the conditions under which options vested in optionees may lapse in case of termination of employment for misconduct, etc.;
- determining the exercise price which the optionee should pay to exercise the options;
- determining the vesting period;
- determining the exercise period within which the optionee should exercise the options and that options would lapse on failure to exercise the same within the exercise period;
- specifying the time period within which the optionee shall exercise the vested options in the event of termination or resignation of the optionee;
- laying down the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues, sub-division, consolidation and other corporate actions;
- providing for the right to an optionee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- laying down the method for satisfaction of any tax obligation arising in connection with the options or such shares;
- laying down the procedure for cashless exercise of options, if any;
- providing for the grant, vesting and exercise of options in 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.

Remuneration policy and remuneration to directors:

Executive directors - The remuneration being paid to the executive directors in terms of recommendations of the Remuneration Committee and the Board at their respective meetings held on July 30, 2011 and approval granted by the shareholders of the Company at the Sixteenth Annual General Meeting held on September 27, 2011 is as under:

Name of the Executive Director	Salary (Rs)	Retirement benefits (Rs)	Gratuity (Rs)	Bonus/ Commission/ Stock options	Total (Rs)	Service Contract	Notice Period
Mr. Tulsi R.Tanti	1,84,88,004	10,80,000	4,32,000	–	2,00,00,004	Three years up to March 31, 2014	–
Mr. Vinod R.Tanti	1,10,92,800	6,48,000	2,59,200	–	1,20,00,000	Three years up to October 31, 2013	–

However in terms of the special resolution passed by the shareholders, in case of loss or inadequacy of profits, the aforesaid remuneration shall be restricted to the limits as prescribed under Section II (B) of Part II of Schedule XIII to the Companies Act, 1956. Since the Company has incurred losses for the financial year 2011-12, the excess remuneration beyond the limits specified in Section II (B) of Part II of Schedule XIII to the Companies Act, 1956 has been recovered from the executive directors and accordingly the remuneration paid to executive directors after the refund of excess amount stands reduced as under:

Name of the Executive Director	Salary (Rs)	Retirement benefits (Rs)	Gratuity (Rs)	Bonus/ Commission/ Stock options	Total (Rs)	Service Contract	Notice Period
Mr. Tulsi R.Tanti	48,00,000	5,76,000	–	–	53,76,000	Three years up to March 31, 2014	–
Mr. Vinod R.Tanti[1]	48,00,000	5,76,000	–	–	53,76,000	Three years up to October 31, 2013	–

[1]Mr. Vinod R.Tanti ceases to be an executive director w.e.f. June 1, 2012; however continues as a non-executive director.

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, 1956. The details of the sitting fees paid, stock options granted and shares held by the non-executive directors during the financial year 2011-12 are as under:

Name of the non-executive director	Sitting fees (Rs)	Stock options granted	Shareholding in the Company
Mr. Girish R.Tanti[1]	40,000	–	11,60,82,000
Mr. Ajay Relan[2,3]	–	–	–
Mr. Ashish Dhawan[4]	1,20,000	–	–
Mr. V. Raghuraman	2,60,000	–	–
Mrs. Mythili Balasubramanian[5]	40,000	–	–
Mr. Rajiv Ranjan Jha[6]	80,000	–	–
Mr. Marc Deseadeleer[7]	N.A.	–	–
Mr. Vinod R.Tanti[8]	N.A.	–	1,13,67,000

[1] being paid sitting fees for meetings held after July 30, 2011 as a non-executive director of the Company.

[2] voluntarily agreed not to accept sitting fees for attending Board / Committee meetings.

[3] resigned from Board w.e.f. April 1, 2012.

[4] resigned from Board w.e.f. May 25, 2012.

[5] sitting fees is being paid to IDBI Bank Limited.

[6] sitting fees is being paid to Power Finance Corporation Limited.

[7] appointed on Board w.e.f. April 1, 2012.

[8] ceases to be executive director w.e.f. June 1, 2012; however continues as a non-executive director and is entitled to sitting fees for meetings to be held on or after June 1, 2012. Mr. Vinod R.Tanti also holds shares in the capacity as karta of HUF, as guardian of minor son and jointly with others.

Transactions with the non-executive directors - The Company does not have material pecuniary relationship or transactions with its non-executive directors except following transactions which are covered under related party transactions as per Accounting Standard-18 forming part of notes to financial statements:

- Payment of rent to the HUF of Mr. Girish R.Tanti to the extent of Rs 60,000/- during the financial year 2011-12.
- 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 Rs 4,19,630/- and Rs 4,19,629/- respectively during the financial year 2011-12.

(iv) Securities Issue Committee

Composition - As on March 31, 2012, the Securities Issue Committee of the Board consisted of two members who were executive directors.

Post March 31, 2012, Mr. Vinod R.Tanti has resigned as an executive director with effect from June 1, 2012; however continues as a non-executive director and accordingly the Securities Issue Committee after aforesaid change comprises of two members out of whom, the Chairman is an executive director and the other member is a non-executive director.

Meetings and Attendance - During the financial year 2011-12, the Securities Issue Committee met once on April 12, 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings held	No. of meetings attended
Mr. Tulsi R.Tanti	Chairman	1	1
Mr. Girish R.Tanti[1]	Member	1	1
Mr. Vinod R.Tanti[2]	Member	N.A.	N.A.

[1] ceased to be member w.e.f. July 30, 2011.

[2] inducted as a member w.e.f. July 30, 2011.

Terms of Reference - The broad terms of reference includes the following:

(a) to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets and / or domestic market, representing such number of Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs) and / or Fully Convertible Debentures and / or Non Convertible Debentures with warrants or any Other Financial Instruments (OFIs) convertible into or linked to equity shares and / or any other instruments and / or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the equity shares or otherwise, in registered or bearer form (hereinafter collectively referred to as the 'Securities') or any combination of Securities to any person including foreign / resident investors, whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise, Foreign Institutional Investors, Promoters, Indian and / or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, employees of the Company and / or any other categories of investors, whether they be holders of shares of the Company or not through public issue(s) by prospectus, rights issue(s), private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices and on such terms and conditions including security, rate of interest, etc. as may be thought fit in its absolute discretion;

(b) to take initiatives for liability management including debt reduction initiatives;

(c) to allot equity shares of the Company as may be required to be allotted on exercise of the conversion rights to such 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 limiting to US$ 300 million Zero Coupon Foreign Currency Convertible Bonds due 2012, US$ 200 million Zero Coupon Foreign Currency Convertible Bonds due 2012, US$ 35,592,000 7.5% Foreign Currency Convertible Bonds due 2012, US$ 20,796,000 7.5% Foreign Currency Convertible Bonds due 2012, US$ 90 million Zero Coupon Foreign Currency Convertible Bonds due 2014, US$ 175 million 5% Zero Coupon Foreign Currency Convertible Bonds due 2016;

(d) to do all such other acts, deeds, matters and things as already delegated and / or as may be delegated by the Board of Directors from time to time;

(e) to do all such other acts, deeds, matters and things as may be incidental and ancillary to one or more of the above and / or to such other acts as already delegated and / or as may be delegated by the Board of Directors from time to time;

(f) to sign deeds, documents, forms, letters and such other papers as may be necessary, desirable and expedient.

(v) ESOP Committee

Composition - As on March 31, 2012, the ESOP Committee of the Board consisted of two members who were executive directors.

Post March 31, 2012, Mr. Vinod R.Tanti has resigned as an executive director with effect from June 1, 2012; however continues as a non-executive director and accordingly the ESOP Committee after aforesaid change comprises of two members out of whom, the Chairman is an executive director and the other member is a non-executive director.

Meetings and Attendance - During the financial year 2011-12, no meeting of the ESOP Committee was required to be held. The composition of members is noted below:

Name of the member	Chairman / Member	No. of meetings held	No. of meetings attended
Mr. Tulsi R.Tanti	Chairman	–	–
Mr. Girish R.Tanti[1]	Member	–	–
Mr. Vinod R.Tanti[2]	Member	–	–

[1] ceased to be member w.e.f. July 30, 2011.

[2] inducted as a member w.e.f. July 30, 2011.

Terms of Reference - The broad terms of reference includes allotment of equity shares of the Company as may be required to be allotted to such employees of the Company and its subsidiaries arising on exercise of options granted to such employees of the Company and its subsidiaries in terms of various employee stock option plans of the Company including but not limiting to ESOP-2005, ESOP-2006, ESOP-2007, Special ESOP-2007, ESOP-Perpetual-I and such other future employee stock option plans of the Company.

4. General Body Meetings:

(i) **Details of last three annual general meetings ("AGM")** - The details of the last three AGMs of the Company are noted below:

Year & AGM No.	Venue	Day, Date and Time	Special Resolution
2008-09 Fourteenth AGM	Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006	Thursday, August 13, 2009 at 11.00 a.m.	i) Create, offer, issue and allot equity shares, GDR,ADR FCCB, FCD, NCD with warrants, OFI convertible into or linked to equity shares and / or any other instruments and / or combination of instruments with or without detachable warrants to an extent of Rs 5,000 Crores; ii) Increase in the ceiling limit on total holdings of FII, SEBI approved sub-account of FII from 24% to 49% of the paid-up equity share capital of the Company pursuant to the provisions of Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India), Regulations 2000; iii) To issue equity shares of the Company to the eligible employees of the Company in terms of ESOP-Perpetual-I; iv) To issue equity shares of the Company to the eligible employees of the Company's subsidiary companies in terms of ESOP-Perpetual-I.
2009-10 Fifteenth AGM	Bhikaka Bhawan, Law College Road, Ahmedabad - 380 006	Friday, August 13, 2010 at 11.00 a.m.	i) Modification in terms of Special ESOP-2007 scheme for Employees of the Company; ii) Modification in terms of Special ESOP-2007 scheme for Employees of the Company's subsidiary Companies; iii) Appointment of Mr. Pranav T.Tanti, son of the Managing Director of the Company in a subsidiary of the Company.
2010-11 Sixteenth AGM	J.B. Auditorium, AMA Complex ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015	Tuesday, September 27, 2011 at 11.00 a.m.	i) To ratify and approve appointment of Mr. Tulsi R.Tanti as Managing Director; ii) To ratify and approve appointment of Mr. Vinod R.Tanti as Wholetime Director; iii) Issue of Securities to the extent of Rs 5,000 Crores.

(ii) **Details of resolution passed by way of Postal Ballot** – No Postal Ballot was conducted by the Company during the financial year 2011-12. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed through Postal Ballot.

5. Disclosures:

(i) Subsidiary Companies - None of the Company's Indian subsidiary companies fall under the definition of "material non-listed Indian subsidiary". The requirements with respect to subsidiaries as specified in the Listing Agreement have been complied with.

(ii) Disclosure on materially significant related party transactions - Besides the transactions mentioned elsewhere in the financial statements, there were no other materially significant related party transactions during the financial year 2011-12 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard-18 forms part of the notes to the financial statements.

(iii) Disclosure of accounting treatment - The Company follows accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and in the preparation of financial statements and in the opinion of the Company, it has not adopted a treatment different from that prescribed in any accounting standard.

(iv) Board disclosures-risk management - The risk assessment and minimisation procedures are in place and the Audit Committee of the Board is regularly informed about the business risks and the steps taken to mitigate the same.

(v) Proceeds from public issues, rights issues, preferential issues, etc. - The proceeds raised in previous years from Initial Public Offering (IPO), Qualified Institutional Placement (QIP), private placement of Non-Convertible Debentures, Global Depository Receipts (GDRs) and Rights Issue have been fully utilised in terms of the objects of the issue as stated in the respective Offering Documents.

(vi) Management Discussion and Analysis Report - The Management Discussion and Analysis Report on the operations and financial position of the Company has been provided in a seperate section which forms part of this Annual Report.

(vii) Profile of directors seeking appointment / re-appointment - Profile of the directors seeking appointment / re-appointment as required to be given in terms of Clause 49(IV)(G)(i) of the Listing Agreement forms part of the Notice convening the ensuing Annual General Meeting of the Company.

(viii) Certification from Managing Director and Chief Financial Officer - The requisite certification from the Chairman & Managing Director and Chief Financial Officer for the financial year 2011-12 required to be given under Clause 49(V) of the Listing Agreement was placed before the Board of Directors of the Company at its meeting held on May 25, 2012.

(ix) Details of non-compliance with regard to capital market - With regards to the matters related to capital markets, the Company has complied with the requirements of the Listing Agreement as well as SEBI regulations and guidelines. There were no penalties imposed or strictures passed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years.

(x) Payment of fees to stock exchanges / depositories - The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2012-13 in terms of Clause 38 of the Listing Agreement.

(xi) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement with the stock exchanges - The Company has complied with all the mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the statutory auditors of the Company to this effect has been included in this report. Besides mandatory requirements, the Company has constituted a Remuneration Committee to consider and recommend the remuneration to the executive directors and approval and administration of Employee Stock Option Plans (ESOPs).

(xii) Whistle Blower Policy - The Company has adopted a whistle blower policy, which is available on its website www.suzlon.com. The employees are free to express their concerns through e-mail, telephone, fax or any other method to the persons as mentioned in the policy.

With a view to support its corporate governance philosophy, the Company has 'Project Evolution – a project on integrity values' which assesses, evaluates, strengthens and institutionalises integrity as a value, supports ethical business practices and formalises good corporate governance processes.

(xiii) Means of Communication -

(a) Quarterly / Annual Results - The quarterly / annual results and notices as required under Clause 41 of the Listing Agreement are normally published in the 'The Financial Express' (English & Gujarati editions).

(b) Posting of information on the website of the Company - The annual / quarterly results of the Company, shareholding pattern, the official news releases, notifications to the stock exchanges and the presentations made by the Company to analysts and institutional investors are regularly posted on its website www.suzlon.com. The Company is in compliance of Clause 54 of the Listing Agreement.

(xiv) Details of unclaimed shares in terms of Clause 5A(I) of the Listing Agreement - In terms of Clause 5A(I) of the Listing Agreement, the details of equity shares allotted pursuant to the Initial Public Offering (IPO) which are unclaimed and are lying in demat suspense account are given below:

Particulars	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the financial year i.e. as on April 1, 2011	112	9,800
Number of shareholders who approached to Issuer / Registrar for transfer of shares from suspense account during the financial year 2011-12	3	200
Number of shareholders to whom shares were transferred from suspense account during the financial year 2011-12	3	200
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the financial year i.e. as on March 31, 2012	109	9,600

The voting rights on these shares lying in the demat suspense account shall remain frozen till the rightful owners of such shares claim the shares.

6. General Shareholder Information

(i) Annual General Meeting : Seventeenth Annual General Meeting
Day and date : Monday, August 13, 2012
Time : 11.00 a.m.
Venue : J.B.Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015

(ii) Financial calendar for 2012-13 **(tentative schedule)**
Financial year : April 1 to March 31

Board meetings for approval of quarterly results :
1st Quarter ended on June 30, 2012 : within 45 days from the close of quarter
2nd Quarter ended on September 30, 2012 : within 45 days from the close of quarter
3rd Quarter ended on December 31, 2012 : within 45 days from the close of quarter
4th Quarter ended on March 31, 2013 : within 45 days from the close of quarter

Annual results for financial year ended March 31, 2013 (audited) : Within 60 days from the close of financial year

Annual General Meeting for the year 2012-13 : In accordance with Section 166 of Companies Act, 1956

(iii) Book closure date : Saturday, August 4, 2012 to Monday, August 13, 2012 (both days inclusive)

(iv) Dividend payment date : N.A.

(v) Listing on stock exchanges and Stock Codes:

Securities	Name of Stock Exchanges on which listed	Stock Codes
Equity Shares	National Stock Exchange of India Limited (NSE), "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400051	SUZLON
	BSE Limited (BSE), P.J. Towers, Dalal Street, Mumbai-400001	532667
GDRs*	Luxembourg Stock Exchange, 11, av de la Porte-Neuve. L-2227 Luxembourg	US86960A1043
	London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS	SUEL
FCCBs	Singapore Exchange Securities Trading Limited, 2, Shenton Way, Suite 19-00, SGX Centre 1, Singapore, 068804	As per details given below

* GDRs are listed on Luxembourg Stock Exchange only, however are traded both on Luxembourg Stock Exchange and London Stock Exchange.

(vi) International Securities Identification Number (ISIN):

Security	ISIN
Equity Shares	INE040H01021
GDRs	US86960A1043
FCCBs:	
USD 300,000,000 Zero Coupon Convertible Bonds Due 2012	XS0302069249
USD 200,000,000 Zero Coupon Convertible Bonds Due 2012	XS0323163526
USD 35,592,000 7.5% Convertible Bonds Due June 2012	XS0426740105
USD 20,796,000 7.5% Convertible Bonds Due October 2012	XS0426742572
USD 90,000,000 Zero Coupon Convertible Bonds Due 2014	XS0441902656
USD 175,000,000 5% Convertible Bonds Due 2016	XS0614325156

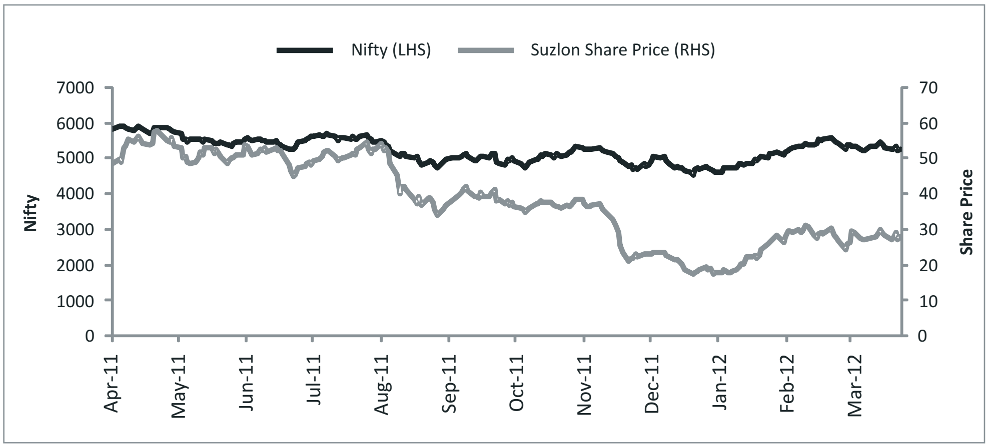
(vii) Corporate Identification Number : L40100GJ1995PLC025447

(viii) Market Price Data: Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2011-12 at NSE and BSE are noted below:

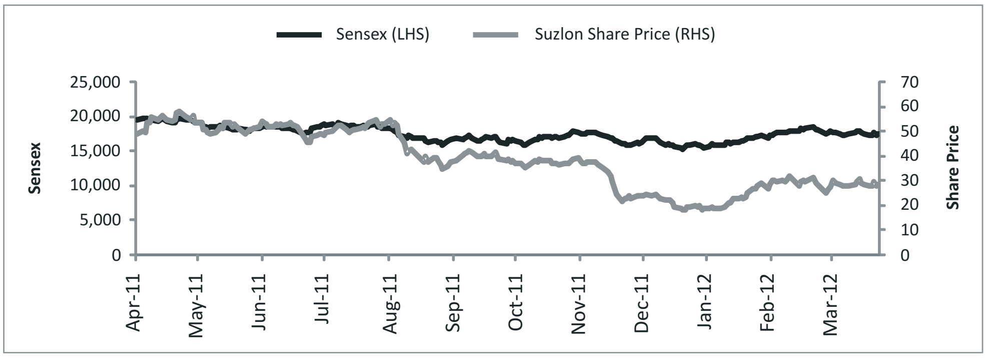
Stock Exchange	NSE			BSE		
Month	**High**	**Low**	**No. of shares traded**	**High**	**Low**	**No. of shares traded**
Apr-11	58.45	44.80	53,68,10,814	58.45	44.65	11,60,03,961
May-11	55.25	46.15	35,62,96,439	55.15	46.50	8,01,91,776
Jun-11	54.35	43.85	26,55,36,764	54.35	43.85	5,27,35,560
Jul-11	55.80	48.20	29,61,31,296	55.80	45.00	6,20,93,574
Aug-11	54.90	34.00	50,40,32,443	54.95	34.00	10,55,40,517
Sep-11	42.55	36.05	30,52,42,416	42.50	36.20	5,87,26,245
Oct-11	39.10	34.60	17,22,03,122	39.10	34.65	3,30,48,764
Nov-11	38.60	21.00	55,10,24,095	38.60	21.10	11,67,97,214
Dec-11	24.50	17.45	40,33,10,488	24.40	17.50	8,82,14,097
Jan-12	29.10	17.20	63,15,30,398	29.05	17.25	13,89,51,895
Feb-12	32.40	24.10	63,99,87,329	32.35	24.15	15,90,99,741
Mar-12	30.80	24.90	68,38,05,886	30.75	25.00	15,69,75,445

(ix) Performance of share price of the Company in comparison with broad-based indices

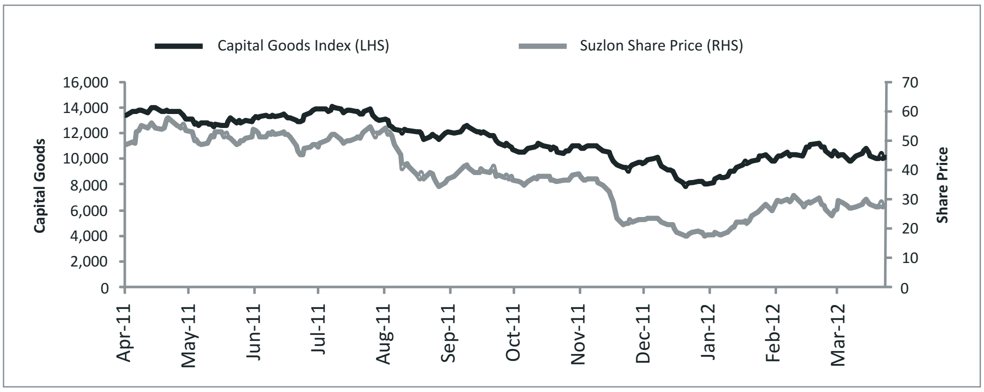
(a) Comparison of the Company's share price with NSE Nifty



(b) Comparison of the Company's share price with BSE Sensex



(c) Comparison of the Company's share price with BSE capital goods index



(x) Registrar and share transfer agents :

Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081
Tel: +91.40.4465 5000; Fax: +91.40.2342 0814;
Toll Free No. 1800-3454-001; Website: www.karvy.com
Email: einward.ris@karvy.com

Contact person: Mr. V.K.Jayaraman, General Manager and Mr. S. Krishnan, Senior Manager

(xi) Share transfer system: The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of thirty days from the date of lodgement subject to documents being valid and complete in all respect. In order to expedite the process of share transfer in line with corporate governance requirements, the Company has delegated the power of share transfer to registrar and share transfer agent - Karvy Computershare Private Limited.

All communications regarding change of address, transfer of shares and change of mandate (if the shares are held in physical form) can be addressed to Karvy Computershare Private Limited, Hyderabad, our Registrar and Share Transfer Agent.

(xii) Distribution of shareholding as on March 31, 2012:

(a) Distribution of shareholding as per nominal value of shares held as on March 31, 2012:

Nominal value of shares held	No. of Shareholders	% to total Shareholders	Total no. of shares held	Nominal amount of shares held	% to total shares
Up to 5000	9,61,650	97.69%	25,75,94,845	51,51,89,690	14.50%
5001-10000	13,866	1.41%	4,99,96,224	9,99,92,448	2.81%
10001-20000	5,291	0.54%	3,83,90,221	7,67,80,442	2.16%
20001-30000	1,282	0.13%	1,60,38,784	3,20,77,568	0.90%
30001-40000	682	0.07%	1,22,41,161	2,44,82,322	0.69%
40001-50000	323	0.03%	73,37,955	1,46,75,910	0.41%
50001-100000	604	0.06%	2,18,22,597	4,36,45,194	1.23%
100001 & above	704	0.07%	137,39,43,860	274,78,87,720	77.30%
Total	**9,84,402**	**100.00%**	**177,73,65,647**	**355,47,31,294**	**100.00%**

(b) Shareholding pattern as on March 31, 2012:

Category of shareholders	No. of shares of Rs 2 each	% of total shares
Promoters (including persons acting in concert)	93,77,41,588	52.76%
Foreign Institutional Investors	18,49,20,875	10.40%
Non-resident Indians/Overseas Corporate Bodies/Foreign Nationals	2,46,24,981	1.39%
Mutual Funds, Financial Institutions and Banks	6,46,04,489	3.63%
Private Corporate Bodies	12,26,21,329	6.90%
Resident Indians	43,96,79,989	24.74%
GDRs	31,72,396	0.18%
Total	**177,73,65,647**	**100.00%**

(xiii) Dematerialisation of shares: The equity shares of the Company are compulsorily traded in dematerialised form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) of the Company under Depository System is INE040H01021. Number of shares held in dematerialised and physical mode as on March 31, 2012 are noted below:

Particulars	No. of shares of Rs 2 each	% of total shares
Shares held in dematerialised form with NSDL	161,82,70,114	91.05%
Shares held in dematerialised form with CDSL	15,90,72,651	8.95%
Shares held in physical form	22,882	0.00%
Total	**177,73,65,647**	**100.00%**

(xiv) Outstanding GDRs or any other convertible instruments, conversion date and likely impact on equity:

(a) Global Depository Receipts (GDRs): The outstanding GDRs as on March 31, 2012 are 7,93,099 representing 31,72,396 equity shares of Rs 2/- each. Each GDR represents four underlying equity shares in the Company.

(b) Foreign Currency Convertible Bonds (FCCBs): The outstanding balances of the FCCBs as on March 31, 2012 under various series are noted below:

Series	Outstanding Amount (USD)	Exchange Rate	Convertible on or before	Conversion Price
USD 300,000,000 Zero Coupon Convertible Bonds Due 2012	21,13,02,000	44.6000	June 5, 2012	97.26
USD 200,000,000 Zero Coupon Convertible Bonds Due 2012	12,13,68,000	44.6000	October 4, 2012	97.26
USD 35,592,000 7.5% Convertible Bonds Due June 2012	3,55,73,000	49.8112	June 5, 2012	76.6755
USD 20,796,000 7.5% Convertible Bonds Due October 2012	2,07,96,000	49.8112	October 4, 2012	76.6755
USD 90,000,000 Zero Coupon Convertible Bonds Due 2014	9,00,00,000	48.1975	July 18, 2014	90.38
USD 175,000,000 5% Convertible Bonds Due 2016	17,50,00,000	44.5875	April 6, 2016	54.01
Total outstanding FCCBs as on March 31, 2012	65,40,39,000	–	–	–

The shares to be allotted on conversion of the FCCBs will aggregate to 17.68 % of the post conversion equity base of the Company based on equity base of March 31, 2012.

Post March 31, 2012, the Company has issued separate notices, each dated May 18, 2012, to convene meetings of the holders of the US$ 300,000,000 Zero Coupon Convertible Bonds due 2012 and the US$ 35,592,000 7.5% Convertible Bonds due 2012 (the "Bonds") for extension of the maturity date (i.e. June 12, 2012) of the Bonds by 45 days i.e. until July 27, 2012. The meetings of the holders of the Bonds are proposed to be held on June 11, 2012. The extension has been requested to allow the Company to obtain requisite approvals and finalise documentation for raising up to US$ 300,000,000 under new facilities from the Company's senior secured lenders, which will allow the Company to meet its redemption obligations under the outstanding Bonds in full.

(xv) Factory Locations:

Plot No.H-24 & H-25, M.G. Udyognagar Indl. Estate, Dabhel, Daman-396210	Plot No.77, 13, Opp.GDDIC, Vanakbara Road, Village Malala, Diu-362520
Plot No.306/1 & 3, Bhimpore, Nani Daman, Daman-396210	Survey No.86/3-4, 87/1-3-4, 88/1-2-3, 89/1-2, Kadaiya Road, Daman-396210
Survey No.42/2 & 3, 54, 1 to 8, Bhenslore Road, Dunetha, Daman-396210	Plot No.4, OIDC, M.G.Udhyog Nagar, Dabhel, Nani Daman, Daman-396210
RS.No.9/1A,9/1B,9/3,9/1C,9/210/1,10/3/58/1,9/4A,9/4B,57/3,58/2,58/5,58/6, 57/4, 59, Thiruvandralkoil, Opp. Whirlpool India Ltd., Pondicherry – 605107	Block No. 93, Opp. Gayatri Petroleum, National Highway No.8, Village Vadsala-Varnama, Vadodara-391242
Survey No.588, Paddar, Bhuj-370105	Survey No.282, Chhadvel (Korde), Sakri, Dhule-424305
Technical Service Centre - Plot No. H-24 & H-25, M.G. Udyognagar Indl. Estate, Dabhel, Daman – 396210	

(xvi) Address for correspondence:

Registered Office: "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380009, Gujarat, India
Tel.: +91.79.6604 5000 / +91.79.2640 7141 Fax: +91.79.2656 5540 / +91.79.2644 2844
Email: investors@suzlon.com; Website: www.suzlon.com.

For and on behalf of the Board of Directors

Place : Pune
Date : May 25, 2012

Tulsi R.Tanti
Chairman & Managing Director

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF ETHICS OF THE COMPANY AS PER CLAUSE 49(1)(D)(ii) OF THE LISTING AGREEMENT

May 23, 2012.

The Board of Directors of
Suzlon Energy Limited,
''Suzlon'', 5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura,
Ahmedabad-380009.

Dear Sirs,

Sub.: Declaration regarding compliance with the Code of Ethics of the Company.

Ref.: Clause 49(I)(D)(ii) of the Listing Agreement.

I, Tulsi R.Tanti, Chairman & Managing Director of Suzlon Energy Limited hereby declare that, as of March 31 2012, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Ethics laid down by the Company.

Thanking you,

Yours faithfully,
For Suzlon Energy Limited

-sd-

Tulsi R.Tanti,
Chairman & Managing Director.

Auditors' certificate

To,

The Members of Suzlon Energy Limited,

We have examined the compliance of conditions of corporate governance by Suzlon Energy Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SNK & Co.
Firm Registration No.109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292
Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration No.301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802
Place : Pune
Date : May 25, 2012

Standalone Financial Statements

Auditors' Report

To,
The Members of Suzlon Energy Limited

1. We have audited the attached Balance Sheet of Suzlon Energy Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

    i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

    ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

    iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

    v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

    vi. Without qualifying our opinion we draw attention to Note 4 of the accompanying financial statements regarding the existence of certain liabilities on account of foreign currency convertible bonds ('FCCB') which are due for redemption during June 2012 and October 2012 having an aggregate redemption value of USD 568.96 Million (Rs. 2,894.58 Crore). The Company is in the process of tying up funds for redemption of these FCCB Liabilities and consequently, there exists a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which is dependent on generating the required funds before the redemption date. Management's plans for raising funds for such redemption have been more fully discussed in Note 4 to the accompanying financial statements, in view of which the accompanying financial statements have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts;

    vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India;

        a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

        b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

        c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SNK & Co
Firm registration number: 109176W
Chartered Accountants

per Sanjay N Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S. R. Batliboi & Co
Firm registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Suzlon Energy Limited

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

   (b) All fixed assets have not been physically verified by management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

   (c) There was no substantial disposal of fixed assets during the year.

2. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

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

   (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the CARO are not applicable.

   (b) The Company has taken a loan from a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of the loan taken from such party was Rs. 145.00 crores.

   (c) In our opinion and according to the information and explanations given to us, the rate of interest, and other terms and conditions for such loan are prima facie not prejudicial to the interest of the Company.

   (d) The loan taken by the company is a long term loan. According to the information and explanations given to us, no repayment was due in respect of the principal portion till the balance sheet date. The payment of interest has been regular.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

5. (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the CARO are not applicable.

7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

9. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in some cases*.

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

   (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount Rs	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	13,641,256	2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	615,628	2009-10	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax on Consulting Engineer along with penalty and interest	32,358,885	1999-2000 to 2000-2003	CESTAT

10. The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth *but it has incurred cash losses in the current and immediately preceding financial year*.

11. Based on our audit procedures and as per the information and explanations given by management, *the Company has defaulted in repayment of dues to Financial Institutions and Banks in respect of Letters of Credit/Buyers' Credit/Bills Discounting, Term Loan and Interest Liabilities. The following are the details of the defaults :*

(Rs in Crore)

Particulars	*Delay up to 30 days*	*Delay 31-60 days*	*Delay above 60 days*	*Total Amount (Rs Crore)*
Letters of Credit/Buyers' Credit/Bill Discounting	*417.57*	*73.73*	*11.18*	*502.18*
Term Loan	*54.35*	*12.60*	*-*	*66.95*
Interest Liabilities	*173.91*	*25.07*	*6.76*	*205.74*

Approximately Rs 121.25 Crore in respect of Letters of Credit/Buyers' Credit/Bill Discounting and Rs 38.59 Crore in respect of term loans were in arrears as of the Balance Sheet date.

The company did not have any debentures outstanding during the year.

12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the CARO are not applicable.

13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the CARO are not applicable.

14. In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the CARO are not applicable.

15. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are prima-facie not prejudicial to the interests of the Company.

16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the CARO are not applicable.

19. No debentures have been issued by the Company during the year. Further, the Company has unsecured Foreign Currency Convertible Bonds outstanding during the year on which no security or charge is required to be created.

20. We have verified that the end use of money raised from foreign currency convertible bonds is as disclosed in the notes to the financial statements.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For SNK & Co
Firm registration number: 109176W
Chartered Accountants

per Sanjay N Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S. R. Batliboi & Co
Firm registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

Balance sheet as at March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
I Equity and liabilities			
1 Shareholders' funds			
(a) Share capital	5	355.47	355.47
(b) Reserves and surplus	6	5,268.51	6,439.01
		5,623.98	**6,794.48**
2 Non-current liabilities			
(a) Long term borrowings	7	4,527.46	5,356.85
(b) Other long term liabilities	8	100.00	100.00
(c) Long term provisions	9	228.80	79.51
		4,856.26	**5,536.36**
3 Current liabilities			
(a) Short term borrowings	10	1,888.76	1,175.52
(b) Trade payables		4,145.56	3,256.21
(c) Other current liabilities	11	2,985.61	395.58
(d) Short term provisions	9	1,249.20	312.18
		10,269.13	5,139.49
Total		**20,749.37**	**17,470.33**
II Assets			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	851.25	746.20
(ii) Intangible assets	12	116.03	116.97
(iii) Capital work-in-progress		13.03	37.04
(b) Non-current investments	13	8,702.98	7,794.93
(c) Foreign currency monetary item translation difference account		126.07	–
(d) Deferred tax assets (net)	14	–	55.64
(e) Long-term loans and advances	15	2,515.40	3,439.55
(f) Trade receivables	16.1	23.27	–
(g) Other non-current assets	16.2	287.35	389.08
		12,635.38	**12,579.41**
2 Current assets			
(a) Current investments	13	112.64	50.14
(b) Inventories	17	1,465.94	1,014.95
(c) Trade receivables	16.1	3,414.66	2,297.46
(d) Cash and bank balances	18	262.65	129.64
(e) Short-term loans and advances	15	2,778.73	1,340.79
(f) Other current assets	16.2	79.37	57.94
		8,113.99	**4,890.92**
Total		**20,749.37**	**17,470.33**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Suzlon Energy Limited

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

Tulsi R. Tanti
Chairman & Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Statement of profit and loss for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	March 31, 2012	March 31, 2011
Income			
Revenue from operations	19	6,853.52	4,357.55
Other operating income		17.69	8.84
Total revenue		**6,871.21**	**4,366.39**
Expenses			
Cost of materials consumed	20	4,488.64	2,947.45
Purchases of traded goods	20	66.84	23.00
(Increase)/decrease in inventories of finished goods work-in-progress and stock-in-trade	20	(96.23)	(223.70)
Employee benefits expense	21	337.43	215.23
Other expenses	22	1,504.74	1,144.08
Total expenses		**6,301.42**	**4,106.06**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**569.79**	**260.33**
Depreciation and amortization expense	12	182.68	156.89
Earnings before interest and tax (EBIT)		**387.11**	**103.44**
Finance costs	23	884.02	658.32
Finance income	24	347.06	331.67
Loss before exceptional items and tax		**(149.85)**	**(223.21)**
Exceptional items	25	348.92	37.28
Loss before tax		**(498.77)**	**(260.49)**
Tax expense			
Deferred tax		–	(55.64)
Earlier year tax		6.61	(19.19)
Loss for the year		**(505.38)**	**(185.66)**
Earnings / (loss) per share (in Rs)	26		
Basic and diluted (Nominal value of share Rs 2/-)		(2.84)	(1.09)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No.: 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No.: 89802

Place : Pune
Date : May 25, 2012

For and on behalf of the Board of Directors of Suzlon Energy Limited

Tulsi R. Tanti
Chairman & Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Cash Flow Statement for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	March 31, 2012	March 31, 2011
Cash flow from operating activities		
Loss before tax and exceptional items	(149.85)	(223.21)
Adjustments for:		
Depreciation / amortisation	182.68	156.89
(Profit) / loss on assets sold / discarded, net	4.88	2.93
(Profit) / loss on sale of investments, net	–	0.01
Interest income	(346.67)	(292.74)
Interest expenses	784.32	578.04
Dividend income	(0.39)	(38.93)
Provision for dimunition of investments	–	6.91
Provision for operation, maintenance and warranty	80.44	134.97
Provision for performance guarantee	25.09	118.91
Provision for liquidated damages	80.08	41.36
Bad debts written off	1.98	2.29
Provision for doubtful debts and advances	13.59	10.47
Employee stock option scheme	0.41	4.80
Exchange differences, net	92.23	(4.11)
Wealth-tax	0.01	(0.02)
Operating profit before working capital changes	**768.80**	**498.57**
Movements in working capital		
(Increase) / decrease in trade receivables and unbilled revenue	(688.51)	696.30
(Increase) / decrease in inventories	(216.05)	(217.15)
(Increase) / decrease in loans and advances and other current assets	(112.65)	(106.33)
Increase / (decrease) in trade payables, current liabilities and provisions	800.97	(177.56)
Cash generated from operations	552.56	693.83
Direct taxes (paid) / refunded (net)	(8.20)	68.30
Net cash generated from operating activities	**544.36**	**762.13**
Cash flow from investing activities		
Purchase of fixed assets	(130.60)	(142.95)
Proceeds from sale of fixed assets	1.58	9.36
Investments in subsidiaries	(1,504.55)	(147.31)
Sale / Redemption of Investments in subsidiaries	–	29.87
Redemption of investments in mutual funds	46.02	50.00
Repayment of inter corporate deposits	–	2.04
Loans granted to subsidiaries	(2,212.62)	(2,126.64)
Repayments of loans by subsidiaries	2,284.29	1,249.00
Interest received	338.54	286.18
Dividend received	0.39	38.93
Net cash used in investing activities	**(1,176.95)**	**(751.52)**
Cash flow from financing activities		
Proceeds from rights issue	–	1.01
Convertible bond and share issue expenses	(13.09)	(9.30)
Proceeds from long term borrowings	956.27	993.56
Expenses incurred towards restructuring of FCCB (shown under exceptional items)	–	(37.28)
Repayment of long term borrowings	(118.29)	(12.88)
Proceeds from short term borrowings, net	642.15	(708.00)
Interest paid	(727.13)	(578.02)
Net cash (used in) / generated from financing activities	**739.91**	**(350.91)**

Cash Flow Statement for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	March 31, 2012	March 31, 2011
Effect of exchange difference on cash and cash equivalents	–	0.62
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**107.32**	**(339.68)**
Cash and cash equivalents at the beginning of the year	129.64	469.32
Add: Acquired on account of merger	25.69	–
Cash and cash equivalents at the end of the year	**262.65**	**129.64**

Particulars	As at March 31, 2012	As at March 31, 2011
Components of cash and cash equivalents		
Cash on hand	0.32	0.17
Cheque/ draft on hand	24.89	35.70
With scheduled banks in current account*	236.87	93.25
With non-scheduled banks in current account	0.57	0.52
	262.65	**129.64**

Summary of significant accounting policies 2

Notes

1 The figures in brackets represent outflows.

2 Previous periods' figures have been regrouped / reclassified, whereever necessary, to confirm to current year presentation.

*Includes a balance of Rs 0.19 Crore (Rs 0.19 Crore) not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

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For and on behalf of the Board of Directors of Suzlon Energy Limited

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Chief Financial Officer

Place : Pune
Date : May 25, 2012

Notes to financial statements for the year ended March 31, 2012
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.

Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention; except in case of assets for which provision for impairment is made and revaluation is carried out.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2. **Summary of significant accounting policies**

a. **Change in accounting policy**

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Act has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary companies (see below), the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Dividend income from investments in subsidiary companies

Till the year ended March 31, 2011, the company, in accordance with the pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI, applicable for financial years commencing on or after 1 April 2011, does not contain this requirement. Hence, to comply with AS 9 'Revenue Recognition', the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date.

There is no impact on current year's profits due to the change in accounting policy.

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 revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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.

From accounting periods commencing on or after December 7, 2006, 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.

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 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') unless otherwise stated, 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 in schedule XIV to the Companies Act, 1956, whichever is higher:

The Company has used the following rates to provide depreciation on its fixed assets:

Type of asset	Rate (%)	
Office building	5.00	
Factory building	10.00	
Moulds	13.91	or useful life based on usage
Plant and machinery		
- Single Shift	13.91	
- Double Shift	20.87	
- Triple Shift	27.82	
Patterns	30.00	or useful life based on usage
Plugs for moulds	50.00	or useful life based on usage
Wind research and measuring Equipment	50.00	
Computers	40.00	
Office equipment	13.91	
Furniture and fixtures	18.10	
Motor car and others	25.89	
Trailers	30.00	

Leasehold land is amortized on a straight line basis over the period of lease i.e. up to 99 years depending upon the period of lease.

e. Intangible 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.

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 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 Company 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.

A summary of amortization policies applied to the Company's intangible assets is as below:

Type of asset	Basis
Design and drawings	Straight line basis over a period of five years
SAP and other software	Straight line basis over a period of five years

f. **Leases**

Where the Company 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.

Where the Company is lessor

Leases in which the Company 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, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 Company 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 Company 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 grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company 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 lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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 comprises sale of WTGs and wind power systems; service income; interest; dividend and royalty. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The company collects sales taxes, service tax, value added taxes (VAT) as applicable on behalf of the government and therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Revenue is disclosed, net of trade discounts and excise duty.

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 self-constructed 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 supply, as per the terms of the respective sale order for the wind power systems. 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 maintenance contracts are recognized pro-rata over the period of the contract as 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 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.

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

From accounting periods commencing on or after December 7, 2006, the Company 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. For this purpose, the Company treats a foreign 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.

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.

3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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.

n. Derivative Instruments

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

Defined contributions to provident fund and employee state insurance are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective statutory authorities.

Defined contributions to superannuation fund are charged to the statement of profit and loss on accrual basis.

Retirement benefits in the form of gratuity 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 Company presents the entire leave 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 the 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company 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 Company 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 Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period in future.

q. Employee stock options

Employees of the Company 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 Company'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 Company has a present obligation as a result of past events; 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 Company 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 Company 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 for the purpose of 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 to the Companies Act, 1956, the Company 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 Company does not include depreciation and amortisation expense, finance cost, finance income, exceptional and extraordinary items and tax expense. The Company reduces depreciation and amortisation expense from EBITDA to measure EBIT.

3. 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 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.

Accordingly, all the assets and liabilities of Power Generation Division of STSL and Project Execution Division of SISL are considered to be transferred and vested with Suzlon Engitech Limited and Suzlon Gujarat Wind Park Limited ('Resulting Companies') respectively, Resulting Companies have issued equity shares to the shareholder of STSL and SISL and thereafter both the companies, viz., STSL and SISL ('Transferor Companies') have been amalgamated with the Company ('Transferee Company') on appointed date i.e. with effect from April 1, 2010 as per the Scheme.

c. 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. Accordingly, all the assets, liabilities and reserves of STSL and SISL (after the de-merger of Power Generation Division of STSL and Project Execution Division of SISL as per the Scheme) as at April 1, 2010 have been taken over at their book values. The inter se holding of the shares of the Transferor Companies held by the Transferee Company is cancelled. Loan and advances and other dues outstanding between Transferee Company and Transferor Companies are cancelled. After giving above mentioned effect, 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.

d. The net impact of incomes accruing and expenses incurred by the Transferor Companies from the appointed date i.e. April 1, 2010 to March 31, 2011 is directly made to statement in profit and loss shown under Note 6 Reserves and Surplus. The incomes accruing and expenses incurred by the Transferor Companies from April 1, 2011 till the date of High Court Order have been incorporated in the statement of profit and loss drawn for the current financial year, as the Transferor Companies carried on the existing business in "trust" on behalf of the Company and all the vouchers, documents, etc. for that period were made in the name of the Transferor Companies i.e. STSL and SISL respectively.

e. Pursuant to the Scheme of Arrangement and Restructuring, no new shares have been issued by the Transferee Company to the share holders of the Transferor Companies since the Transferor Companies are Wholly Owned Subsidiaries of the Transferee Company and on account of the scheme being effective, the shares of Transferor Companies as held by the Transferee Company have got cancelled.

f. In view of the aforesaid amalgamation, the figures of current year are not comparable to those of the previous year.

4. The Company has certain foreign currency convertible bonds ('FCCBs') having an aggregate face value of USD 389.04 Million (Rs 1,979.24 crore) due for redemption in June 2012 and October 2012. The redemption value of these FCCBs on respective redemption dates would aggregate to approximately USD 568.96 Million (Rs 2,894.58 Crore). In order to meet the redemption obligations, the management is actively pursuing various options, which include raising of additional finance in the form of debt, high yield bonds, equity etc. Discussions on each of these options is in process and the management is confident that the Company will be able to generate the required funds for redemption within the agreed period. Accordingly, the above results have been prepared on the basis that the Company is a going concern, and no adjustments are considered necessary in the values of the assets and liabilities of the Company.

5. **Share capital**

Authorised

	March 31, 2012	March 31, 2011
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, 2012	March 31, 2011
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, 2012	March 31, 2011
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 reporting period

	March 31, 2012		March 31, 2011	
	Number of Shares (Crore)	Rs in Crore	Number of Shares (Crore)	Rs in Crore
At the beginning of the year	177.74	355.47	155.67	311.35
Issued during the year	–	–	22.07	44.12
Outstanding at the end of the year	**177.74**	**355.47**	**177.74**	**355.47**

On July 12, 2010, the Company raised Rs 1,188.39 crore pursuant to a Rights Issue of equity shares. The Company allotted 188,633,322 equity shares of Rs 2 each at a premium of Rs 61 per equity share on a rights basis to the existing equity shareholders of the Company in the ratio of 2 equity shares for every 15 fully paid-up equity shares held by then existing equity shareholders on the record date.

On receipt of shareholders' approval by way of Postal Ballot, on November 16, 2010, the Company issued and allotted 31,992,582 equity shares of Rs 2 each at a price of Rs 60 per share on preferential basis to 'IDFC Trustee Company Ltd. A/c IDFC Infrastructure Fund 3 A/c IDFC Private Equity Fund III' (IDFC PE) as a consideration for acquisition of 41,254,125 equity shares of Rs 10 each in SE Forge Limited (SEFL), a subsidiary of the Company. Consequent to acquisition of IDFC PE's stake in SEFL, SEFL became a wholly owned subsidiary of the Company.

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 GDRs have no voting rights with respect to the equity shares represented by the GDRs. Deutsche Bank Trust Company Americas (the 'Depositary'), 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 depositary facility and transferred on the Company's register of members to a person other than the Depositary, ICICI Bank Limited (the "Custodian") or a nominee of either the Depositary or the Custodian may be voted by the holders thereof.

As regard the shares, which did not have voting rights as on March 31, 2012 are GDRs – 793,099 (equivalent shares 3,172,396) and as on March 31, 2011 are GDRs – 1,064,641 (equivalent shares – 4,258,564).

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, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2012	March 31, 2011
	Number of shares (Crore)	Number of shares (Crore)
Equity shares allotted as fully paid up pursuant to arrangement for consideration other than cash	3.20	3.20

In addition, the Company has issued 2,573,500 shares (March 31, 2011 3,740,500 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 note no 28.

For details of shares reserved for issue on conversion of FCCBs, please refer note no 7(II) for terms of conversion / redemption.

e. **Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares (Crore)	% holding	Number of shares (Crore)	% holding
(Equity shares of Rs 2 each fully paid) Mr. Girish R. Tanti	11.61	6.53%	11.61	6.53%
Sanman Holdings Private Limited**	–	–	17.27	9.72%
Tanti Holdings Private Limited **	23.73	13.35%	13.03	7.33%

Note a:**The shareholding of Tanti Holdings Private Limited for the financial year ended on March 31, 2012 includes shares held by Sanman Holdings Private Limited which has since been merged with Tanti Holdings Private Limited by virtue of orders passed by the Honourable High Courts. The scheme has become effective from the appointed date i.e. April 1, 2010.

Note b: 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.

6. **Reserves and surplus**

	March 31, 2012	March 31, 2011
a. **Capital reserve** (refer note 3)	23.30	–
b. **Capital redemption reserve**	**15.00**	**15.00**
c. **Securities premium account**		
As per last balance sheet	5,306.09	3,979.09
Add : Additions during the year	–	1,336.30
Add : Additions on account of merger (refer note 3)	115.17	–
	5,421.26	**5,315.39**
Less: Proportionate premium payable on redemption of FCCBs	(930.57)	–
Less : Expenses on issue of FCCB / right shares	(13.09)	(9.30)
	4,477.60	**5,306.09**
d. **Employee stock options outstanding**		
Employee stock options outstanding	19.72	23.46
Less: Deferred employee stock compensation outstanding	(0.61)	(3.03)
	19.11	**20.43**
e. **General reserve**		
As per last balance sheet	897.15	897.15
Add : Transfer from employee stock option outstanding	1.73	–
Less : Deduction pursuant to merger (refer note 3)	(51.34)	–
	847.54	**897.15**
f. **Surplus/(deficit) in the statement of profit and loss**		
As per last balance sheet	200.34	386.00
Less: Loss for the year	(505.38)	(185.66)
Add : Additions on account of merger (refer note 3)	191.00	–-
Net surplus/(deficit) in the statement of profit and loss	**(114.04)**	**200.34**
Total reserves and surplus	**5,268.51**	**6,439.01**

7. **Long-term borrowings**

	March 31, 2012	March 31, 2011
Secured		
(i) Term loans from		
- Banks	1,632.14	1,703.72
- Financial institutions	1,402.06	1,369.92
- Others	–	1.94
	3,034.20	3,075.58
(ii) Vehicle Loans	0.07	–
	3,034.27	**3,075.58**
Unsecured		
(i) Foreign currency convertible bonds	1,348.19	2,136.27
(ii) Loans and advances from related parties	145.00	145.00
	1,493.19	**2,281.27**
	4,527.46	**5,356.85**

I. **Details of security**

The Company along with its Indian subsidiaries, collectively referred as "Suzlon Entities" executed a debt consolidation and refinancing arrangement (the 'Arrangement') on February 5, 2010 with a consortium comprising of various banks and financial institutions ('Consortium') lead by the State Bank of India as the Facility Agent and SBI Cap Trustee Company Limited as the Security Trustee.

The entities covered under the arrangement includes Suzlon Energy Limited ('SEL'), Suzlon Towers and Structures Limited ('STSL')**, Suzlon Infrastructure Services Limited ('SISL')**, 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'), SE Blades Limited ('SEBL'), Suzlon Engitech Limited ('SENL') (hereinafter collectively referred to as the 'Suzlon Entities' or individually as the 'Borrower').

** refer note 3 for Scheme of Arrangement and Restructuring for Merger and De-merger.

a. Term loans from banks and financial institutions of Rs 3,348.00 Crore (Rs 3,201.71 Crore) of which Rs 3,034.20 Crore (Rs 3,073.64 Crore) has been classified as long term borrowing and Rs 313.80 Crore (Rs 128.07 Crore) as current maturities of long term borrowings, and working capital facilities from banks of Rs 1,888.76 Crore (Rs 1,175.51 Crore) availed under debt consolidation and refinancing arrangement are secured by first charge on all present and future tangible/intangible movable assets of each of the Borrowers, first charge on all 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") of the Borrowers, pledge of equity shares held by SEL in its 10 Indian subsidiaries forming part of the Suzlon Entities, pledge on equity shares of certain overseas subsidiaries held by step down overseas subsidiaries of SEL including REpower Systems SE ("REpower"), pledge of certain equity shares of SEL held by it's promoters, guarantee of overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of director of SSL.

b. Term loan from others of Rs 2.21 Crore (Rs 5.64 Crore), of which Rs Nil (Rs 1.94 Crore) has been classified as long term borrowing and Rs 2.21 Crore (Rs 3.70 Crore) classified as current portion of long term borrowing, is secured by specific term deposit.

c. Vehicle loan of Rs 0.21 Crore (Rs Nil), of which Rs 0.07 Crore has been classified as long term borrowing and Rs 0.14 Crore classified as current portion of long term borrowing is secured against vehicle under hire purchase contract.

d. Working capital loans from banks aggregating to Rs 1,888.76 Crore (Rs 1,175.52 Crore) are also part of debt consolidation and refinancing arrangement. Accordingly all the securities mentioned in 7(I)(a) above are also extended to the working capital facilities.

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]

The key terms of these bonds at the time of issue were as follows:

Particulars	Phase I	Phase II	Phase III
Issue size (USD)	300 million	200 million	90 million
Face value per bond (in USD)	1,000	1,000	1,000
No. of equity shares per bond	113.50	107.30	533.28
Initial conversion price per share (Rs)	359.68	371.55	90.38
Fixed exchange rate (Rs/USD)	40.83	39.87	48.20
Redemption amount as a % of principal amount (%)	145.23	144.88	134.20
Maturity date	June 12, 2012	October 11, 2012	July 18, 2014

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;

(a) Buyback of bonds @ 54.55% of the face value of US $ 1000 per bond.

(b) 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 old Phase I and Phase II bonds.

(c) 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:

Amount in USD

Particulars	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 and disclosed under exceptional items in the statement of profit and loss for the year ended March 31, 2011.

c. Issue of New Bonds during the year

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 term of which are as follows:

i. convertible by the holders at any time on and after May 23, 2011 but prior to close of business on April 6, 2016. Each bond will be converted into 165,108.3133 fully paid up equity shares with face value of Rs 2 per share at an initial conversion price of Rs 54.01 per equity share of Rs 2 each at a fixed exchange rate conversion of Rs 44.5875 = USD 1.

ii. redeemable in whole but not in part at the option of the Company if less than 10 percent of the aggregate principal amount of the Bonds originally issued is outstanding, subject to satisfaction of certain conditions.

iii. redeemable on maturity date April 13, 2016 at 108.70% of its principal amount, if not redeemed or converted earlier.

The Company has incurred Rs 13.09 Crore during the year on account of issue expenses towards the issue of Phase IV Bonds which have been adjusted against securities premium

Statement showing the use of proceeds from 5% Foreign Currency Convertible Bonds up to March 31, 2012

Sr. No	Particulars	As at March 31, 2012
I	Sources of funds	
	Proceeds from issue	776.83
	Issue expenses	(13.09)
	Net proceeds	763.74
II	Utilisation of funds	
	Investment in subsidiary	763.74
III	Unutilised funds	–

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 circulars and hence have been designated as a monetary liability.

As of March 31, 2011, the management believed that the redemption of the likelihood of bonds could not be ascertained; hence the redemption premium of Rs 579.21 Crore was shown as a contingent liability in the financial statements as of and for the year ended March 31, 2011. However, during the year ended March 31, 2012 the Company has provided for the proportionate redemption premium of 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	March 31, 2012	March 31, 2011
Phase I	463.77	309.57
Phase II	242.99	159.12
Phase I (new)	83.43	43.22
Phase II (new)	48.94	25.40
Phase III	78.43	41.90
Phase IV	13.01	–
Total	**930.57**	**579.21**

III. The Company has made certain defaults in repayment of loans and interest. The details of continuing defaults as at March 31, 2012 are as follow :

Particulars	Amount (Rs Crore)	Period of delay as of March 31, 2012
Repayment of term loan	38.67	1 day
Letters of credit / buyers' credit / bills discounting	121.25	Up to 30 days

IV. The details of repayment of long term borrowings are as follow :

Particulars	Up to 1 Year	2 to 5 Years	Above 5 Years	Total
Secured loans	316.15	2,482.60	551.67	3,350.42
Unsecured loans	1,979.24	1,348.19	145.00	3,472.43
Total	**2,295.39**	**3,830.79**	**696.67**	**6,822.85**

The rate of interest on the long term borrowings ranges between 13.25% 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.

8. Other long-term liabilities

	March 31, 2012	March 31, 2011
Advance from customers	100.00	100.00
Total	**100.00**	**100.00**

9. **Provisions**

	Long-term		Short-term	
	March 31, 2012	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
Gratuity, superannuation, leave encasement and other employee benefits	40.20	11.35	27.49	17.61
Performance guarantee, operation, maintenance and warranty and liquidated damages	97.17	68.16	382.57	294.57
Provision for FCCB redemtion	91.43	–	839.14	–
Total	**228.80**	**79.51**	**1,249.20**	**312.18**

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**	**Provision for liquidated damages**
Opening balance	**129.53**	**163.73**	**69.47**
	(85.04)	(99.55)	(35.28)
Additions during the year	**25.09**	**160.24**	**80.08**
	(118.91)	(134.97)	(41.36)
Addition due to merger	**7.94**	**–**	**–**
	(–)	(–)	(–)
Utilisation	**23.54**	**87.86***	**44.94**
	(74.42)	(70.79)	(7.17)
Closing balance	**139.02**	**236.11**	**104.61**
	(129.53)	(163.73)	(69.47)

*includes expenditure booked under various expenditure heads by their nature.

The provision for 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.

The provision for 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.

Provision for liquidated damages ('LD') represents the expected claims which the Company 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.

10. **Short-term borrowings**

	March 31, 2012	**March 31, 2011**
Secured		
Working capital loans from banks	1,888.76	1,175.52
Total	**1,888.76**	**1,175.52**

The rate of interest on the working capital loans from banks ranges between 13.25% 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 security given for short term borrowings, refer note 7(I)(d) above.

11. **Other current liabilities**

	March 31, 2012	**March 31, 2011**
Current maturities of long-term borrowings	2,295.39	131.77
Interest accrued but not due on borrowings	66.54	17.79
Interest accrued and due on borrowings	21.63	13.19
Unclaimed dividend	0.19	0.19
Advance from customer	334.74	79.42
Others*	267.12	153.22
Total	**2,985.61**	**395.58**

* Primarily includes statutory dues, refundable deposits and accruals.

12. Tangible assets and Intangible assets

ASSETS	Gross block					Depreciation / amortisation					Net block	
	As at April 1, 2011	Addition on account of merger	Additions	Deductions / adjustments	As at March 31, 2012	As at April 1, 2011	Addition on account of merger	Additions	Deductions / adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangibles assets												
Freehold land	101.94	0.72	0.01	-	102.67	-	-	-	-	-	102.67	101.94
Leasehold land	0.96	0.75	0.44	-	2.15	0.12	0.03	0.03	-	0.18	1.97	0.84
Buildings	437.49	30.27	10.90	-	478.66	107.61	10.10	26.21	-	143.92	334.74	329.88
Plant and machinery	366.97	136.05	52.10	44.36	510.76	235.11	55.70	53.32	38.49	305.64	205.12	131.86
Wind research & measuring equipments	14.14	28.35	26.99	5.27	64.21	13.00	9.81	13.48	4.78	31.51	32.70	1.14
Computers and office equipments	145.52	15.38	22.89	0.11	183.68	68.18	8.28	22.55	0.01	99.00	84.68	77.34
Furniture & fixtures	146.89	6.10	2.48	0.12	155.35	45.59	3.67	19.05	0.08	68.23	87.12	101.30
Vehicles	7.36	2.48	0.12	0.17	9.79	5.46	1.44	0.77	0.13	7.54	2.25	1.90
Total Tangible assets	**1,221.27**	**220.10**	**115.93**	**50.03**	**1,507.27**	**475.07**	**89.03**	**135.41**	**43.49**	**656.02**	**851.25**	**746.20**
Previous year	1,178.87	-	73.79	31.39	1,221.27	379.13	-	115.06	19.12	475.07	746.13	-
Intangible assets												
Designs and drawings	195.36	-	42.72	-	**238.08**	84.76	-	43.61	-	128.37	109.71	110.60
SAP and other software	22.89	-	3.61	-	**26.50**	16.52	-	3.66	-	20.18	6.32	6.37
Total Intangible assets	**218.25**	**-**	**46.33**	**-**	**264.58**	**101.28**	**-**	**47.27**	**-**	**148.55**	**116.03**	**116.97**
Previous year	176.87	-	41.38	-	218.25	59.45	-	41.83	-	101.28	116.97	-

i) Depreciation charge for the current year includes balances taken over on account of merger of SISL and STSL which amounts to Rs 25.74 Crore (Rs Nil).

13. Investments

Particulars	March 31, 2012	March 31, 2011
Non current investments		
Unquoted		
Non-trade investments (valued at cost unless stated otherwise)		
Government and other securities (non trade)		
Security deposit with government departments	0.01	0.01
	0.01	**0.01**
Trade investment in subsidiaries**		
Indian		
14,524,600 (14,524,600) Equity Shares of Rs 10 each of Suzlon Structures Limited	17.80	17.80
Nil (40,000,000) Equity Shares of Rs 10 each of Suzlon Towers and Structures Limited***	–	77.80
Nil (23,000,000) Equity Shares of Rs 10 each of Suzlon Infrastructure Services Limited***	–	118.26
46,882,430 (26,226,800) Equity Shares of Rs 10 each of Suzlon Generators Limited	46.88	26.23
241,254,125 (241,254,125) Equity shares of Rs 10 each of SE Forge Limited	391.96	391.96
45,915,359 (2,000,000) Equity Shares of Rs 10 each of Suzlon Gujarat Windpark Limited	45.92	2.00
Less: Provision for diminution in value of investment	(45.92)	(2.00)
3,010,000 (3,010,000) Equity Shares of Rs 10 each of Suzlon Power Infrastructure Limited	3.01	3.01
Less: Provision for diminution in value of investment	(3.01)	(3.01)
10,000,000 (10,000,000) Equity Shares of Rs 10 each of SE Electrical Limited	10.00	10.00
10,000,000 (10,000,000) Equity Shares of Rs 10 each of Suzlon Wind International Limited	10.00	10.00
15,000,000 (15,000,000) Equity Shares of Rs 10 each of SE Blades Limited (formerly SE Composites Limited)	15.00	15.00
Less: Provision for diminution in value of investment	(15.00)	–
50,000 (Nil) Equity Shares of Rs 10 each of SISL Green Infra Limited	0.05	–
Nil (1,500,000) Equity Shares of Rs 10 each of Suzlon Engitech Limited	–	1.50
Nil (900,000) 10% Cumulative Redeemable Preference Shares of Rs 100 each of Suzlon Infrastructure Services Limited***	–	9.00
Nil (5,000,000) 1% Cumulative Redeemable Preference Shares of Rs 100 each of Suzlon Infrastructure Services Limited***	–	50.00
Nil (3,500,000) 7% Optional Convertible redeemable Preference shares of Rs 100 each of Suzlon Infrastructure Services Limited***	–	35.00
750,000 (750,000) 8% Cumulative Redeemable Preference Shares of Rs 100 each of Suzlon Structures Limited	7.50	7.50
19,329,550 (19,329,550) 9% Cumulative Redeemable Preference Shares of Rs 100 each of Suzlon Wind International Ltd	193.30	193.30
8,590,000 (8,590,000) 9% Cumulative Redeemable Preference Shares of Rs 100 each of SE Electrical Limited	85.90	85.90
52,398,000 (22,398,000) 9% Cumulative Redeemable Preference Shares of Rs 100 each of SE Blades Limited (formerly SE Composites Limited)	523.98	223.98
Less: Provision for diminution in value of investment	(90.00)	–
10,327,817 (Nil) 3% Complusory Convertible Preference Shares of Rs 10 each of Suzlon Generators Limited	10.32	–
20,000,000 (Nil) 9% Cumulative Redeemable Preference Shares of Rs 100 each of Suzlon Gujarat Windpark Limited	200.00	–
Less: Provision for diminution in value of investment	(200.00)	–
	1,207.69	**1,273.23**

Particulars	March 31, 2012	March 31, 2011
Overseas		
244,000 (244,000) Equity Shares of 10 Euro each of AE Rotor Holding B.V., The Netherlands	13.15	13.15
Nil (1,422,137) Equity Shares of 100 DKK each of Suzlon Energy A/S, Denmark (DKK 437,604,350 (DKK 437,604,350) invested as additional paid in capital)	–	503.72
Less: Provision for diminution in value of investment	–	(503.72)
1,000 (1,000) Equity shares of 1 USD each of Suzlon Rotor Corporation, USA (USD 27,999,000 (USD 27,999,000) invested as additional paid in capital)	116.47	116.47
Less: Provision for diminution in value of investment	(116.47)	(116.47)
Suzlon Energy (Tianjin) Limited, China	233.30	233.30
4,890,621,979 (4,284,695,253) Equity shares of 10 MUR each of Suzlon Energy Limited, Mauritius	7,245.62	6,275.24
Suzlon Wind Energy Equipment Trading (Shanghai) Co. Limited , China	10.11	6.91
Less: Provision for diminution in value of investment	(6.91)	(6.91)
	7,495.27	**6,521.69**
Other than subsidiaries		
7,550 (2,550) Equity Shares of Rs 10 each of Saraswat Co-operative Bank Ltd	0.01	0.00*
30 (30) Equity Shares of Rs 10 of Godrej Millenium Condominium*	0.00	0.00
	0.01	–
Total non current investment	**8,702.98**	**7,794.93**
* Amount below Rs 0.01 crore		
Current investments		
Trade investment in subsidiaries** Current portion of long term investments 62,615,785 (Nil) Equity Shares of Rs 10 each of Suzlon Engitech Limited	62.62	–
1,422,137 (Nil) Equity Shares of 100 DKK each of Suzlon Energy A/S, Denmark (DKK 437,604,350 (DKK 437,604,350) invested as additional paid in capital)	503.72	–
Less: Provision for diminution in value of investment	(503.72)	–
Total unquoted investment	**62.62**	–
Quoted		
SBI Mutual Fund	50.02	50.14
Total quoted investment	**50.02**	**50.14**
Total current investment	**112.64**	**50.14**
Aggregate amount of quoted investments [Market value: Rs 50.02 Crore (Rs 50.14 Crore)]	50.02	50.14
Aggregate amount of unquoted investments	8,765.60	7,794.93
Aggregate provision for diminution in value of investment	981.03	632.11

** Refer note 7(I)(a) pledge of investment in certain subsidiaries for loans availed

***Refer note 3 for Scheme of Arrangement and Restructuring for Merger and De-merger

14. Deferred tax assets (net)

	March 31, 2012	March 31, 2011
Deferred tax assets:		
Unabsorbed losses and depreciation	–	55.64
Deferred tax liabilities	**–**	**–**
Deferred tax asset, net	**–**	**55.64**

Reconciliation of deferred tax asset / (liabilities), net

	March 31, 2012	March 31, 2011
Opening balance	55.64	–
Income/(expenses) recognized in statement of profit and loss	–	55.64
Utilisation on account of merger	(55.64)	–
Closing balance	**–**	**55.64**

15. Loans and advances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Capital advances				
Unsecured, considered good	2.84	1.12	–	–
(a)	**2.84**	**1.12**	**–**	**–**
Security deposits				
Unsecured, considered good - others	40.14	20.46	9.74	10.00
(b)	**40.14**	**20.46**	**9.74**	**10.00**
Loans and advances to related parties*				
Unsecured loans to subsidiaries	2,142.67	3,072.13	2,154.93	1,035.11
Unsecured, security deposits	64.47	59.50	–	–
Advance for goods and services	50.00	–	176.28	86.12
(c)	**2,257.14**	**3,131.63**	**2,331.21**	**1,121.23**
Advances recoverable in cash or in kind				
Secured, considered good	–	–	6.05	–
Unsecured, considered good	43.39	107.62	326.66	175.85
Unsecured, considered doubtful	19.00	17.75	–	–
	62.39	**125.37**	**332.71**	**175.85**
Less : Allowance for bad and doubtful advances	19.00	17.75	–	–
(d)	**43.39**	**107.62**	**332.71**	**175.85**
Other loans and advances				
Unsecured, considered good				
Advance income tax (net of provisions)	12.64	5.62	13.59	5.67
MAT credit entitlement	156.46	161.88	–	–
Other assets	2.79	11.22	91.48	28.04
(e)	**171.89**	**178.72**	**105.07**	**33.71**
Total (a+b+c+d+e)	**2,515.40**	**3,439.55**	**2,778.73**	**1,340.79**

*Refer note 32

16. Trade receivables and other assets

16.1 Trade receivable

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured				
Outstanding for a period exceeding six months from due date				
Considered good*	0.20	-	1,094.79	1,305.55
Considered doubtful	39.73	22.75	-	-
	39.93	**22.75**	**1,094.79**	**1,305.55**
Other receivable	23.07	-	2,319.87	991.91
	63.00	**22.75**	**3,414.66**	**2,297.46**
Provision for doubtful receivables	39.73	22.75	-	-
Total	**23.27**	**-**	**3,414.66**	**2,297.46**

*Current trade receivables include balances receivables from subsidiaries Rs 825.17 Crore (Rs 1,208.70 Crore)

16.2 Other assets

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good unless stated otherwise				
Non-current bank balances	207.46	301.42	–	–
Ancillary cost of arranging the borrowings	64.66	78.16	13.49	14.40
Other current assets	–	–	56.33	37.09
Interest receivable	15.23	9.50	9.55	6.45
Total	**287.35**	**389.08**	**79.37**	**57.94**

17. Inventories (valued at lower of cost and net realisable value)

	March 31, 2012	March 31, 2011
Raw materials [including goods in transit of Rs 178.73 Crore (Rs 137.32 Crore)]	885.79	543.65
Semi finished goods and work- in- progress(including goods in transit of Rs 36.86 Crore (Rs Nil)	525.29	424.89
Land and land lease rights	20.67	24.85
Stores and spares	34.19	21.56
Total	**1,465.94**	**1,014.95**

18. Cash and bank balances

	March 31, 2012	March 31, 2011
Current		
Balances with banks:		
In current accounts	236.68	93.07
Cheques/ draft on hand	24.89	35.70
Unpaid dividend	0.19	0.19
Other bank balances	0.57	0.51
Cash on hand	0.32	0.17
Total	**262.65**	**129.64**

19. Revenue from operations

	March 31, 2012	March 31, 2011
Sale of wind turbines and other components	6,334.09	4,310.44
Excisable sales	8.32	12.33
Less : excise duty	0.78	1.11
	7.54	11.22
Sale of services	498.14	28.04
Scrap sales	13.75	7.85
Revenue from operations	**6,853.52**	**4,357.55**

Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

	March 31, 2012	March 31, 2011
Contract revenue recognised during the period	906.03	169.31
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	458.40	–
Amount of customer advances outstanding for contracts in progress up to the reporting date	–	–
Retention amount due from customers for contract in progress up to the reporting date	–	–
Due from customers	–	–
Due to customers	–	–

20. Cost of raw material and components consumed

		March 31, 2012	March 31, 2011
Consumption of raw materials (including project business)			
Opening inventory		543.65	547.87
Add : Acquisition on account of merger		196.41	–
Add : Purchases including bought out components		4,634.37	2,943.23
		5,374.43	**3,491.10**
Less : Closing inventory		885.79	543.65
		4,488.64	**2,947.45**
Purchase of traded goods		66.84	23.00
Changes in inventories of finished goods, work-in-progress and stock-in-trade (Increase) / decrease in stocks:			
Opening inventory			
Semi finished goods and work- in- progress		424.89	203.30
Land and land lease rights		24.85	22.75
	(A)	**449.74**	**226.05**
Closing inventory			
Semi finished goods and work- in- progress		525.30	424.90
Finished goods		20.67	24.85
	(B)	**545.97**	**449.75**
(Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(C) = (A) - (B)**	**(96.23)**	**(223.70)**
Total		**4,459.25**	**2,746.75**

21. Employee benefits expense

	March 31, 2012	March 31, 2011
Salaries, wages, allowances and bonus	299.27	190.90
Contribution to provident fund	12.26	7.19
Contribution to other fund	7.34	4.39
Employee Stock Option Scheme	0.41	4.80
Staff welfare expenses	18.15	7.95
Total	**337.43**	**215.23**

22. **Other expenses**

	March 31, 2012	March 31, 2011
Stores and spares consumed	38.67	30.44
Power and fuel	8.85	5.05
Factory and site expenses	27.57	15.09
Repairs and maintenance:		
Plant and machinery	2.48	1.57
Building	2.67	2.69
Others	12.56	6.08
Operation and maintenance charges	78.15	225.50
Design change and technical up gradation charges	72.21	66.83
Rent	19.01	9.92
Rates and taxes	3.27	0.68
Performance guarantee expenditure		
Expenses incurred during the year	23.54	74.42
Provision made during the year	25.09	118.91
Less: Amount withdrawn from provision	(23.54)	(74.42)
Liquidated damages expenditure		
Expenses incurred during the year	44.94	7.17
Provision made during the year	80.08	41.36
Less: Amount withdrawn from provision	(44.94)	(7.17)
Operation, maintenance and warranty expenditure		
Expenses incurred during the year	87.86	70.79
Provision made during the year	80.44	134.97
Less: Amount withdrawn from provision	(87.86)	(70.79)
Quality assurance expenses	111.33	85.77
R & D, certification and product development	65.71	25.41
Insurance	8.54	4.45
Advertisement and sales promotion	31.62	16.08
Infrastructure development expenses	4.67	24.56
Freight outward and packing expenses	230.94	110.55
Sales commission	18.65	5.09
Travelling, conveyance and vehicle expenses	59.58	27.38
Communication expenses	12.27	10.00
Auditors' remuneration and expenses (refer details below)	2.58	2.37
Consultancy charges	80.56	88.39
Charity and donations	2.38	–
Corporate social welfare expense	1.52	0.35
Miscellaneous expenses	114.93	49.27
Exchange differences, net	287.96	12.71
Bad debts written off	1.98	2.29
Provision for doubtful debts and advances	13.59	10.47
Loss on sale of investments, net	–	0.01
Provision for diminution of investments	–	6.91
Loss on assets sold / discarded, net	4.88	2.93
Total	**1,504.74**	**1,144.08**

Payment to auditor:

	March 31, 2012	March 31, 2011
As auditor:		
Statutory audit fees	1.86	1.84
Tax audit fees	0.08	0.06
In other capacities:		
Taxation matters	–	–
Certification and advisory services*	0.77	0.85
Reimbursement of out of pocket expenses	0.06	0.01
Total	**2.77**	**2.76**

*Includes Rs 0.19 Crore (Rs 0.39 Crore) paid for agreed upon procedures with regard to issue of debt and equity of the Company and adjusted from securities premium account.

23. Finance costs

	March 31, 2012	March 31, 2011
Interest		
Fixed loans	498.81	404.73
Others	285.51	173.31
Bank charges	65.75	27.40
Amortization of ancillary borrowing costs	14.51	31.22
Exchange difference to the extent considered as an adjustment to borrowing costs	19.44	21.66
Total	**884.02**	**658.32**

24. Finance income

	March 31, 2012	March 31, 2011
Interest income		
From banks on fixed deposits	21.79	17.41
From others	324.88	275.33
Dividend Income	0.39	38.93
Total	**347.06**	**331.67**

25. Exceptional items

	March 31, 2012	March 31, 2011
Provision for diminution in value of investments	348.92	–
Expenditure on restructuring and refinancing of financial facilities	–	37.28
Total	**348.92**	**37.28**

a. Diminution, other than temporary, of the value of investment in certain subsidiaries aggregating Rs 348.92 Crore (Rs Nil)

b. Expenditure on restructuring and refinancing of financial facilities including consent fees, expenses of merchant bankers, etc in aggregating Rs Nil (Rs 37.28 Crore) (refer note 7(II)).

26. Earnings per share (EPS)

	March 31, 2012	March 31, 2011
Basic		
Net profit/(loss) after tax	(505.38)	(185.66)
Weighted average number of equity shares	1,777,365,647	1,704,579,510
Basic earnings/(loss) per share of Rs 2 each	(2.84)	(1.09)
Diluted		
Net profit/(loss) after tax	(505.38)	(185.66)
Add: Interest on foreign currency convertible bonds (net of tax)	41.16	12.88
Adjusted net loss after tax	(464.22)	(172.78)
Weighted average number of equity shares	1,777,365,647	1,704,579,510
Add: Equity shares for no consideration arising on grant of share options	–	19,411
Add: Potential weighted average equity shares that could arise on conversion of foreign currency convertible bonds	377,292,708	237,164,922
Weighted average number of equity shares for diluted EPS	2,154,658,355	1,941,763,843
Diluted earnings/(loss) per share (Rs) of face value of Rs 2 each [see note below]*	(2.84)	(1.09)

*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.

27. Post employment benefits

The Company 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.

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

	March 31, 2012	March 31, 2011
Opening defined benefit obligation	13.58	10.68
Interest cost	1.49	0.82
Current service cost	4.13	2.56
Benefits paid	(1.46)	(1.40)
Actuarial (gains)/losses on obligation	1.28	0.92
Acquisition cost	5.27	–
Closing defined benefit obligation	24.29	13.58

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

	March 31, 2012	March 31, 2011
Opening fair value of plan assets	11.87	9.47
Expected return	0.72	0.87
Contributions by employer*	0.01	2.95
Benefits paid	(1.46)	(1.40)
Actuarial gains / (losses)	0.43	(0.02)
Acquisition Adjustment	1.54	–
Closing fair value of plan assets	13.11	11.87

* The contribution made by the employer during the year was Rs 0.01 Crore (Rs 3.11 Crore) of which Rs 0.01 Crore (Rs 2.95 Crore) was paid towards approved fund and Rs Nil Crore (Rs 0.16 Crore) was towards OYRGTA premium. The actual return on plan assets during the year was Rs 1.14 Crore (Rs 0.84 Crore).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2012	March 31, 2011
Investments in approved fund	100%	100%

Details of defined benefit obligation

		March 31, 2012	March 31, 2011
Defined benefit obligation	(A)	24.29	13.58
Fair value of plan assets	(B)	13.11	11.87
Present value of unfunded obligations	(C=A-B)	11.18	1.71
Less: Unrecognised past service cost	(D)	–	–
Plan liability/(asset)	(E=C-D)	11.18	1.71

Net employees benefit expense recognised in the statement of profit and loss:

	March 31, 2012	March 31, 2011
Current service cost	4.13	2.56
Interest cost on benefit obligation	1.49	0.82
Expected return on plan assets	(0.72)	(0.87)
Net actuarial (gain) / loss recognised in the year	0.84	0.94
Past service cost	Nil	Nil
Net benefit expense	5.74	3.45

Amounts for the current and previous periods are as follows:

	March 31,				
	2012	2011	2010	2009	2008
Defined benefit obligation	24.29	13.58	10.68	9.15	4.49
Plan assets	13.11	11.87	9.47	7.12	4.81
Surplus/(deficit)	(11.18)	(1.71)	(1.21)	(2.03)	0.32
Experience adjustments on plan liabilities	(2.36)	(0.92)	0.95	(1.61)	–
Experience adjustments on plan assets	0.43	(0.02)	0.05	(0.35)	–

The principal assumptions used in determining defined benefit obligation are shown below:

	March 31, 2012	March 31, 2011
Discount rate	8.60%	8.20%
Expected rate of return on plan assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%
Attrition rate	10% at younger ages and reducing to 1% at older age according to graduated scale	10% at younger ages and reducing to 1% at older age according to graduated scale

The estimated future salary increase considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

28. Employee stock option plans

The Company has provided various Employee Stock Option Schemes to its employees. During the year ended March 31, 2012 the following schemes were in operation:

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
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
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-08	16-Jun-08	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
Options granted (Nos)	4,605,000	519,500	1,878,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000
Exercise Price (Rs)	51.00	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
Method of settlement	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
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
Tranche 3	16-Jun-08	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
Vesting %											
Tranche 1	30%	50%	75%	50%	50%	50%	50%	50%	33.33%	50%	50%
Tranche 2	30%	25%	25%	25%	25%	25%	25%	25%	33.33%	25%	25%
Tranche 3	40%	25%	-	25%	25%	25%	25%	25%	33.34%	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-July-2015	Till 30-Oct-2015	Till 21-Feb-2016	Till 31-Mar-2014	Till 27-Apr-2016	Till 31-Jul-2016

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 II)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (TrancheVII)
	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	–	–

The movement in the stock options during the year ended March 31, 2011 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 II)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007
	Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX
Opening balance	348,000	383,000	1,699,000	10,204,496	135,000	–	–	–	–
Granted during the year	–	–	–	–	–	175,000	50,000	75,000	14,143,500
Forfeited/cancelled during the year	–	51,000	331,000	2.375.607	–	–	–	–	2,931,000
Exercised during the year	8,000	–	–	–	–	–	–	–	–
Expired during the year	–	–	–	–	–	–	–	–	–
Closing balance	340,000	332,000	1,368,000	7,828,889	135,000	175,000	50,000	75,000	11,212,500
Exercisable at the end of the year (Included in closing balance of option outstanding)	340,000	332,000	1,026,000	3,914,445	67,500	–	–	–	–

During the year no Options have been exercised. Weighted average share price during the previous year ended March 31, 2011 was approximately Rs 55.20 per share.

Fair value of the options

The Company applies intrinsic value based method of accounting for determining compensation cost for Scheme I to Scheme IX. Following are the details of th amounts charged to the statement of profit and loss, rate per option, and cost per option calculated based on 'Black-Scholes' Model.

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
				Non-US	US	Non-US	US	Non-US	US					
Charge to profit and loss account	Nil	Nil	0.005	1.98		0.02		0.03		0.03	Nil	Nil	0.001	Nil
	(Nil)	(0.57)	(0.01)	(5.18)		(0.07)		(0.08)		(0.02)	(Nil)	(Nil)	-	-
Rate per option (Rs)	51.00	182.60	2.20	22.25	4.75	15.45	Nil	12.29	0.60	11.09	Nil	Nil	0.50	Nil
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
	(51.84)	(231.32)	(46.31)	(46.25)	(39.75)	(41.39)	(35.91)	(28.13)	(22.76)	(28.09)	(22.48)	(29.53)	-	-

If the cost per option was calculated based on the 'Black-Scholes' model, the loss after tax would have been higher by Rs 22.66 Crore (Rs 34.33 Crore)

Consequently the basic and diluted earnings / (loss) per share after factoring the above impact would be as follows:

Earnings per share	March 31, 2012	March 31, 2011
- Basic	(2.97)	(1.29)
- Diluted	(2.97)	(1.29)

29. **Operating leases**

a. **Premises**

The Company has taken certain premises under cancellable operating leases. The total rental expense under cancellable operating leases during the period was Rs 13.25 Crore (Rs 8.65 Crore). The Company has also taken furnished/unfurnished offices and certain other premises under non-cancellable operating lease agreement. The lease rental charge during the year is Rs 5.76 Crore (Rs 1.27 Crore) and maximum obligations on long–term non-cancellable operating lease payable as per the rentals stated in respective agreement are as follows:

Obligation on non-cancellable operating leases	March 31, 2012	March 31, 2011
Not later than one year	0.72	0.79
Later than one year and not later than five years	2.22	0.08
Later than five years	2.35	0.08

b. **WTG's**

Assets given on lease (Windmills):

The Company 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:

Particulars	March 31, 2012	March 31, 2011
Lease rental income recognized in statement of profit and loss for the period	2.60	–
Gross carrying amount	30.00	–
Accumulated depreciation	22.28	–
Depreciation charged to statement of profit and loss for the period	1.40	–

Sublease rental income recognised in the statement of profit and loss is Rs Nil (Rs 2.41 Crore)

30. **Capitalisation of expenditure**

During the year, the Company has capitalised the following expenses of revenue nature in connection with the self-manufactured assets .Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	March 31, 2012	March 31, 2011
Employee remuneration and benefits	8.06	11.75
Operating and other expenditure	5.46	5.85

31. **Segment information**

As permitted by paragraph 4 of Accounting Standard-17 (AS-17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS-17 are given in consolidated financial statements.

32. **Related party disclosures**

As per Accounting Standard – 18 (AS-18) – 'Related Party Disclosure', as notified by the Rules, the disclosures of transactions with the related parties as defined in the accounting standard are given below:

a. List of related parties and nature of relationships where control exists

Name of the party	Nature of relationship
AE-Rotor Holding B.V.	Subsidiary Company
Cannon Ball Wind Energy Park-1, LLC	Subsidiary Company
Eólica Faísa S.A.	Subsidiary Company
Eólica Faísa I – Geração E Comercialização De Energia S.A.	Subsidiary Company
Eólica Faísa II – Geração E Comercialização De Energia S.A.	Subsidiary Company
Eólica Faísa III – Geração E Comercialização De Energia S.A.	Subsidiary Company
Eólica Faísa IV – Geração E Comercialização De Energia S.A.	Subsidiary Company
Eólica Faísa V – Geração E Comercialização De Energia S.A.	Subsidiary Company
Parque Eolico El Almendro S.L.(earlier Age Parque Eolico El Almendro S.L.)	Subsidiary Company
PowerBlades GmbH	Subsidiary Company
PowerBlades SA	Subsidiary Company
Renewable Energy Contractors Australia Pty Ltd	Subsidiary Company

Name of the party	Nature of relationship
Rep Ventures - Portugal S.A.*	Subsidiary Company
REpower Australia Pty Ltd.	Subsidiary Company
REpower Benelux b.v.b.a.	Subsidiary Company
REpower Betriebs – und Beteiligungs GmbH	Subsidiary Company
REpower Diekat S.A.**	Subsidiary Company
REpower Espana S.L.	Subsidiary Company
REpower Geothermie GmbH	Subsidiary Company
REpower Investitions - und Projektierungs GmbH & Co. KG	Subsidiary Company
REpower Italia s.r.l	Subsidiary Company
REpower North (China) Ltd.	Subsidiary Company
REpower Portugal - Sistemas Eolicos, S.A.	Subsidiary Company
REpower S.A.S.	Subsidiary Company
REpower Systems GmbH	Subsidiary Company
REpower Systems Inc	Subsidiary Company
REpower Systems India Private Limited	Subsidiary Company
REpower Systems Northern Europe A/S	Subsidiary Company
REpower Systems Polska Sp.zo.o	Subsidiary Company
REpower Systems Scandinavia AB	Subsidiary Company
REpower Systems SE (earlier REpower Systems AG)	Subsidiary Company
REpower UK Ltd.	Subsidiary Company
REpower USA Corp .	Subsidiary Company
REpower Wind Systems Trading Inc.	Subsidiary Company
REpower Windpark Betriebs GmbH	Subsidiary Company
RETC Renewable Energy Technology Centre	Subsidiary Company
RiaBlades S.A.	Subsidiary Company
RPW Investments SGPS,SA	Subsidiary Company
SE Blades Limited (Earlier SE Composites Limited)	Subsidiary Company
SE Blades Technology B.V. (Earlier Suzlon Blade Technology B.V.)	Subsidiary Company
SE Drive Technik GmbH	Subsidiary Company
SE Electricals Limited	Subsidiary Company
SE Forge Limited	Subsidiary Company
SE Solar Limited	Subsidiary Company
SISL Green Infra Limited	Subsidiary Company
Sure Power LLC	Subsidiary Company
Suzlon Energia Elocia do Brazil Ltda	Subsidiary Company
Suzlon Energy (Tianjin) Limited	Subsidiary Company
Suzlon Energy A/S	Subsidiary Company
Suzlon Energy Australia CYMWFD Pty Ltd	Subsidiary Company
Suzlon Energy Australia Pty. Ltd.	Subsidiary Company
Suzlon Energy Australia RWFD Pty Ltd	Subsidiary Company
Suzlon Energy B.V.	Subsidiary Company
Suzlon Energy Chile Limitada	Subsidiary Company
Suzlon Energy GmbH	Subsidiary Company
Suzlon Energy Korea Co., Ltd.	Subsidiary Company
Suzlon Energy Limited	Subsidiary Company
Suzlon Engitech Limited	Subsidiary Company
Suzlon Generators Limited	Subsidiary Company
Suzlon Gujarat Wind Park Limited	Subsidiary Company
Suzlon Infrastructure Services Limited***	Subsidiary Company
Suzlon North Asia Ltd	Subsidiary Company
Suzlon Power Infrastructure Limited	Subsidiary Company
Suzlon Project VIII LLC	Subsidiary Company
Suzlon Rotor Corporation	Subsidiary Company
Suzlon Structures Limited	Subsidiary Company
Suzlon Towers and Structures Limited***	Subsidiary Company

Name of the party	Nature of relationship
Suzlon Wind Energy (Lanka) Pvt Limited	Subsidiary Company
Suzlon Wind Energy A/S	Subsidiary Company
Suzlon Wind Energy BH	Subsidiary Company
Suzlon Wind Energy Bulgaria EOOD	Subsidiary Company
Suzlon Wind Energy Corporation	Subsidiary Company
Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.	Subsidiary Company
Suzlon Wind Energy Espana, S.L	Subsidiary Company
Suzlon Wind Energy Italy s.r.l.	Subsidiary Company
Suzlon Wind Energy Limited	Subsidiary Company
Suzlon Wind Energy Nicaragua Sociedad Anonima	Subsidiary Company
Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda	Subsidiary Company
Suzlon Wind Energy Romania SRL	Subsidiary Company
Suzlon Wind Energy South Africa (PTY) Ltd	Subsidiary Company
Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	Subsidiary Company
Suzlon Wind International Limited	Subsidiary Company
Suzlon Windenergie GmbH	Subsidiary Company
Suzlon Windpark Management GmbH*	Subsidiary Company
Tarilo Holding B.V.	Subsidiary Company
Valum Holding B.V.	Subsidiary Company
Ventipower S.A.	Subsidiary Company
WEL Windenergie Logistik GmbH	Subsidiary Company
Windpark Blockland GmbH & Co KG	Subsidiary Company
Windpark Olsdorf Watt Gmbh & Co. KG#	Subsidiary Company
Yorke Peninsual Wind Farm Project Pty Ltd (Ceres)	Subsidiary Company

*Liquidated in current year.
**In liquidation as on March 31, 2012
*** De-merged and merged (refer note 3 for Scheme of Arrangement and Restructuring for Merger and De-merger.)
#Merged with Suzlon Energy GmbH

b. Other related parties with whom transactions have taken place during the year:

I. Associate:

ZF Wind Power Antwerpen NV (earlier Hansen Transmission International NV) (ceased to be an associate w.e.f. October 1, 2011)

ii. Entities where key management personnel ('KMP')/relatives of key management personnel ('RKMP') have significant influence:

Sarjan Realities Limited, 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,

iii. Key management personnel of Suzlon Energy Limited:

Tulsi R. Tanti, Vinod R. Tanti*

iv. Relatives of key management personnel of Suzlon Energy Limited:

Jitendra R. Tanti, Nidhi T. Tanti, Girish R. Tanti**

v. Employee funds:

Suzlon Energy Limited – Superannuation Fund.

Suzlon Energy Limited – Employees Group Gratuity Scheme.

* Appointed as whole time director w.e.f November 01, 2010. Transactions entered into before such appointment 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* Resigned as whole time director and continued as non-executive director w.e.f. July 30, 2011

c. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2012:

Particulars	Subsidiary	Associate	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee funds
Transactions						
Purchase of fixed assets	5.23	–	0.95	–	–	–
(including intangibles)	(67.44)	(–)	(0.02)	(–)	(–)	(–)
Sale of fixed assets	0.38	–	–	–	–	–
	(8.58)	(–)	(0.01)	(–)	(–)	(–)
Issue of equity shares	–	–	–	–	–	–
(including securities premium)	(–)	(–)	(1,187.38)	(–)	(–)	(–)
Subscription to/purchase	510.33	–	–	–	–	–
of preference share	(–)	(–)	(–)	(–)	(–)	(–)
Subscription to/purchase	1,099.26	–	–	–	–	–
of equity share	(339.27)	(–)	(–)	(–)	(–)	(–)
Redemption of	–	–	–	–	–	–
preference shares	(30.00)	(–)	(–)	(–)	(–)	(–)
Loans taken	–	–	–	–	–	–
	(–)	(–)	(145.00)	(–)	(–)	(–)
Loans given	1,882.42	–	–	–	–	–
	(1,945.56)	(–)	–	(–)	(–)	(–)
Sale of goods (net of returns)	195.32	–	0.32	0.20	0.28	–
	(140.39)	(–)	(–)	(–)	(–)	(–)
Purchase of goods	1,811.78	–	5.56	–	–	–
and services	(841.64)	(0.16)	(5.53)	(-)	(-)	(-)
Reimbursement of other	32.07	–	–	–	–	–
expenses receivable	(17.02)	(–)	(–)	(–)	(–)	(–)
Reimbursement of	205.99	–	–	–	–	–
expense payable**	(455.00)	(–)	(–)	(–)	(–)	(–)
Corporate social	–	–	0.60	–	–	–
welfare expense	(–)	(–)	(0.35)	(–)	(–)	(–)
Interest expense	0.27	–	13.08	–	–	–
	(–)	(–)	(20.87)	(–)	(–)	(–)
Interest income	317.02	–	5.00	–	–	–
	(264.53)	(–)	(5.00)	(–)	(–)	(–)
Dividend income	–	–	–	–	–	–
	(36.02)	(–)	(–)	(–)	(–)	(–)
Lease rent income	0.54	–	–	–	–	–
	(0.54)	(–)	(–)	(–)	(–)	(–)
Rent expense	–	–	0.67	–	–	–
	(0.03)	(–)	(0.19)	(–)	(–)	(–)
Miscellaneous income	0.84	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Guarantees given	523.65	–	–	–	–	–
	(431.81)	(–)	(–)	(–)	(–)	(–)
Remuneration paid	–	–	–	1.08	0.01	–
	(–)	(–)	(–)	(2.06)	(0.01)	(–)
Contribution to various funds	–	–	–	–	–	0.24
	(–)	(–)	(–)	(–)	(–)	(3.36)

Particulars	Subsidiary	Associate	Entities where KMP /RKMP has significant influence	KMP	RKMP	Employee funds
Outstanding balances						
Investments	1,021.00	–	–	–	–	–
	(604.68)	(–)	(–)	(–)	(–)	(–)
Advance from customers	32.45	–	–	0.11	–	–
	(20.64)	(–)	(–)	(1.13)	(0.37)	(–)
Trade receivables	860.36	–	0.76	–	0.26	–
	(1,248.93)	(–)	(–)	(–)	(–)	(–)
Loans outstanding	4,297.60	–	–	–	–	–
(including interest)	(4,107.24)	(–)	(–)	(–)	(–)	(–)
Deposits outstanding	–	–	64.48	–	–	–
(including interest)	(–)	(–)	(59.50)	(–)	(–)	(–)
Unsecured loan	–	–	145.00	–	–	–
(including interest)	(–)	(–)	(145.32)	(–)	(–)	(–)
Advances to suppliers	224.44	–	1.86	–	–	–
and other receivables	(86.12)	(–)	(–)	(–)	(–)	(–)
Trade payables	2,402.08		6.18	–	–	–
	(1,963.84)	(35.74)	(0.64)	(–)	(–)	(–)
Corporate guarantees	3,259.08	–	–	–	–	–
	(3,302.75)	(–)	(–)	(–)	(–)	(–)

** Reimbursement of expenses relates to amount payable to subsidiaries on account of guarantee and warranty obligations arising out of WTG Sale

Note: Certain subsidiaries and group companies have been allowed to make free of charge use of SAP software and office premises owned by the Company.

d. Disclosure of significant transactions with related parties:

Type of Transaction	Type of relationship	Name of the entity/person	March 31, 2012	March 31, 2011
Purchase of fixed assets	Subsidiary	SE Blades Technology B.V.	–	21.65
(including intangibles)	Subsidiary	Suzlon Energy Gmbh	–	34.64
	Subsidiary	SE Blades Limited	3.48	9.46
	Subsidiary	Suzlon Gujarat Windpark Limited	1.33	–
	Entities where KMP/ RKMP has significant influence	Shubh Realities (South) Private Limited	0.93	–
Sale of fixed assets	Subsidiary	SE Electricals Limited	0.35	0.10
	Subsidiary	SE Blades Limited	–	0.90
	Subsidiary	Suzlon Structures Limited	–	7.16
Subscription to / purchase of preference	Subsidiary	SE Blades Limited	300.00	–
shares	Subsidiary	Suzlon Gujarat Windpark Limited	200.00	–
Subscription to /	Subsidiary	Suzlon Energy Limited, Mauritius	970.38	145.00
purchase of equity shares	Subsidiary	SE Forge Limited	–	191.96
Loan taken	Entities where KMP/ RKMP has significant influence	Tanti Holdings Private Limited	–	145.00
Loans given	Subsidiary	SE Blades Limited	–	362.15
	Subsidiary	AE Rotor Holding B.V.	–	397.67
	Subsidiary	Suzlon Wind International Limited	671.05	666.48
	Subsidiary	Suzlon Power Infrastructure Limited	209.63	–
	Subsidiary	Suzlon Gujarat Windpark Limited	521.66	–

Type of Transaction	Type of relationship	Name of the entity/person	March 31, 2012	March 31, 2011
Sale of goods and services	Subsidiary	Suzlon Energy (Tianjin) Limited	–	23.88
	Subsidiary	Suzlon Wind International Limited	–	38.56
	Subsidiary	Suzlon Energy Australia Pty. Limited	–	2.14
	Subsidiary	Suzlon Wind Energy Corporation	–	5.06
	Subsidiary	Suzlon Structure Limited	39.83	–
	Subsidiary	Suzlon Energia Eolica Do Brasil Ltd	36.55	–
	Subsidiary	SE Blades Limited	58.05	–
Purchase of goods and services	Subsidiary	SE Electricals Limited	379.87	206.99
	Subsidiary	SE Forge Limited	143.26	167.55
	Subsidiary	SE Blades Limited	223.01	–
	Subsidiary	Suzlon Structure Limited	475.05	–
Reimbursement of expenses payable	Subsidiary	Suzlon Wind Energy Corporation	128.38	262.13
	Subsidiary	Suzlon Energy Australia Pty. Ltd.	54.36	141.61
Reimbursement of expenses receivable	Subsidiary	Suzlon Generators Limited	29.90	–
Corporate social welfare expenses	Entities where KMP/ RKMP has significant influence	Suzlon Foundation	0.60	0.35
Interest income	Subsidiary	AE Rotor Holding B.V.	179.44	144.89
	Subsidiary	SE Blades Limited	35.14	49.70
	Subsidiary	Suzlon Wind International Limited	45.29	45.81
Interest expense	Entities where KMP/ RKMP has significant influence	SE Energy Park Limited	–	4.02
		Sanman Holdings Private Limited*	–	16.50
		Tanti Holdings Private Limited	13.08	–
Dividend income	Subsidiary	Suzlon Energy (Tianjin) Limited	–	36.02
Lease rent income	Subsidiary	SE Electricals Limited	0.54	0.54
Rent expense	Entities where KMP/ RKMP has significant influence	Sanman Holdings Private Limited*	–	0.06
		Tanti Holdings Private Limited	0.18	–
		Samanvaya Holdings Private Limited	0.12	–
		Suruchi Holdings Private Limited	0.18	0.06
		Sugati Holdings Private Limited	0.18	0.06
Miscellaneous Income	Subsidiary	SE Blades Limited	0.25	–
	Subsidiary	SE Forge Limited	0.59	–
Remuneration paid	KMP	Tulsi R. Tanti	0.54	(1.46)
	KMP	Vinod R. Tanti	0.54	–
	KMP	Girish R. Tanti	–	(0.60)
	RKMP	Nidhi T. Tanti	0.01	–
Contribution to various funds	Employee funds	Suzlon Energy Limited - Superannuation Fund	0.18	0.25
	Employee funds	Suzlon Energy Limited - Employees Group Gratuity Scheme	0.06	3.11
Guarantees given on behalf of	Subsidiary	Suzlon Wind Energy Corporation	101.75	–
	Subsidiary	Suzlon Energy A/S	117.69	379.07
	Subsidiary	Suzlon Energy B.V.	152.63	–
	Subsidiary	Suzlon Energia Elocia do Brazil Ltda	136.06	52.74
Expenses	Subsidiary	Suzlon Generators Limited	–	17.02

* refer note 5(e)

Disclosures as required by Clause 32 of the Listing Agreement with Stock Exchanges

Type of relationship	Name	Amount outstanding as at March 31, 2012	Maximum amount outstanding during the year
Subsidiaries	Suzlon Power Infrastructure Limited	132.48	139.79
	Suzlon Gujarat Wind Park Limited	206.32	237.41
	SE Forge Limited	0.19	0.19
	SE Blades Limited	221.76	590.00
	Suzlon Wind International Limited	181.52	581.38
	SE Electricals Limited	41.74	149.53
	Suzlon Rotor Corporation	12.31	12.31
	AE Rotor Holding B.V.	3,001.29	3,001.29
	Suzlon Energy A/S	84.35	84.35
	Suzlon Engitech Limited	99.74	171.04
	SISL Green Power Limited	0.23	0.23
Companies in which directors are interested	Synefra Engineering & Construction Limited	50.00	50.00

Note :

a. All the above balances of loans are excluding accrued interest aggregating Rs 315.70 Crore (Rs 266.35 Crore) and are payable on demand/as per agreement.

b. No loans have been granted by the Company to any person for the purpose of investing in the shares of Suzlon Energy Limited or any of its subsidiaries.

33. Capital and other commitments

Particulars	March 31, 2012	March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	288.90	156.00

Note: The Company has given various letter of supports, which otherwise is not a guarantee, towards financing operations of its overseas subsidiaries and maintaining their financial creditworthiness, as and when required during the last fiscal year; the amount of which are not determinable as at Balance Sheet date.

34. Contingent liabilities

	March 31, 2012	March 31, 2011
Guarantees given on behalf of subsidiaries in respect of loans granted to them by banks/financial institutions	3,259.08	3,302.75
Premium on redemption of convertible bonds (refer note 7(II))	–	579.21
Claims against the Company not acknowledged as debts*	–	41.95
Income tax matters pending in appeal**	41.70	21.96
Others	5.79	3.84

* includes claims raised on the Company by vendors of goods, which have not been accepted by the Company as liabilities.

** includes demand from income-tax authorities for various matters. The Company / 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.

35. Derivative instruments and unhedged foreign currency exposure

a. Derivative instruments

i. Forward contract outstanding as at balance sheet date:

	Purpose
Buy Euro 3,138,888 (Euro 4,000,000) Buy USD 1,703,433 (USD Nil) Sell USD Nil (USD Nil)	Hedge of forex Euro liabilities Hedge of forex USD liabilities Hedge of forex USD receivable

ii. **Principal only currency swaps contracts outstanding as at balance sheet date:**

	Purpose
USD 19,290,889 (USD 46,665,379) EUR 50,386,523 (EUR 18,948,075)	Hedge of forex USD receivable Hedge of forex EUR loan given

b. **Unhedged foreign currency exposure**

	March 31, 2012	March 31, 2011
Current liabilities	3,596.97	3,240.77
Foreign currency convertible bonds	3,327.42	2,136.27
Loans payable	516.28	299.64
Debtors	866.25	1,178.79
Loans receivable	3,248.79	2,840.85
Bank balance in current and term deposit accounts	7.47	12.05
Investments in overseas subsidiaries	8,122.38	7,148.79

36. **Details of dues to micro and small enterprises as defined under MSMED Act, 2006**

Particulars	March 31, 2012	March 31, 2011
Principal amount remaining unpaid to any supplier as at the end of the year	8.08	6.70
Interest due on the above amount	0.37	0.12
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006	–	–
Amounts of payment made to the suppliers beyond the appointed day during the year	50.34	18.75
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	1.95	3.84
Amount of interest accrued and remaining unpaid at the end of the year*	–	–
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	2.32	3.96

*Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development, 2006, for the year is Rs 2.32 Crore (Rs 3.96 Crore). The same has not been accrued in the books of the company as amount is not contractually payable.

37. **Additional information pursuant to the provisions of paragraph 5 (viii) (a), (b), (c), (d) and (e) of part II of the revised Schedule VI of the Companies Act, 1956**

a. **Value of imports calculated on CIF basis**

	March 31, 2012	March 31, 2011
Raw materials	2,356.00	1,744.81
Stores and spares	19.40	0.96
Capital goods	16.20	60.66
Total	**2,391.60**	**1,806.43**

b. **Expenditure in foreign currency (accrual basis)**

Particulars	March 31, 2012	March 31, 2011
Consultancy	42.22	13.68
R & D, certification and product development and quality assurance	167.07	97.38
Interest and bank charges	78.17	53.51
Design change and technical up gradation charges	69.89	62.26
Performance guarantee expenses	1.10	75.84
Liquidated damage	–	0.92
Operations & maintenance charges	97.46	190.77
Consent fee paid to foreign currency convertible bond holders	–	27.10
Expenses incurred towards issue of debt and equity of the Company	11.35	1.72
Others	25.61	25.06
Total	**492.87**	**548.24**

c. **Imported and indigenous raw materials, components and spare parts consumed**

	Raw materials				Stores and spares			
	March 31, 2012		March 31, 2011		March 31, 2012		March 31, 2011	
	Amount	%	Amount	%	Amount	%	Amount	%
Imported	2,341.85	52.17	1,910.92	64.83	4.04	10.45	2.14	7.02
Indigenous	2,146.79	47.83	1,036.52	35.17	34.63	89.55	28.30	92.98
Total	**4,488.64**	**100.00**	**2,947.44**	**100.00**	**38.67**	**100.00**	**30.44**	**100.00**

d. **Details of raw material consumed**

	March 31, 2012	March 31, 2011
Gear Box	614.35	640.53
Others	3,874.29	2,306.91
Total	**4,488.64**	**2,947.44**

e. **Details of raw material inventory**

	March 31, 2012	March 31, 2011
Gear Box	52.26	70.06
Others	833.53	473.30
Total	**885.79**	**543.36**

f. **Earnings in foreign currency (accrual basis)**

	March 31, 2012	March 31, 2011
FOB value of exports	45.90	32.78
Interest on loans	185.05	146.27
Dividend received	–	36.02
Total	**230.95**	**215.07**

38. **Deferral 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 46 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 gains aggregating Rs 217.69 Crore (gain of Rs 136.90 Crore) on long term foreign currency monetary items has been adjusted in the foreign currency monetary item translation difference account during the year. Further, foreign exchange loss aggregating Rs 91.62 Crore (gain of Rs 3.50 Crore) have been amortised during the year.

39. **Figures in the brackets are in respect of the previous year.**

As per our report of even date

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

For and on behalf of the Board of Directors of Suzlon Energy Limited

Tulsi R. Tanti
Chairman & Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

SECTION 212 REPORT

Statement pursuant to Section 212(8) of the Companies Act, 1956 related to Subsidiary Companies

(Amount Rs in Crore)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Issued and subscribed share capital	Reserves	Total assets	Total liabilities	Investments (other than in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation & deferred tax	Profit/ (loss) after taxation	Proposed dividend equity	Country
1	AE-Rotor Holding B.V.	EURO	4,314.66	1,733.45	11,112.39	11,112.39	-	-	34.58	3.71	30.87	-	The Netherlands
2	Cannon Ball Wind Energy Park-1, LLC	USD	0.01	0.08	0.08	0.08	-	-	0.81	-	0.81	-	USA
3	Eólica Faísa S.A.	BRL	11.30	(2.24)	9.08	9.08	-	-	(2.24)	-	(2.24)	-	Brazil
4	Eólica Faísa I - Geração E Comercialização De Energia S.A.	BRL	0.14	(1.17)	48.42	48.42	-	-	(1.17)	-	(1.17)	-	Brazil
5	Eólica Faísa II – Geração E Comercialização De Energia S.A.	BRL	0.14	(1.19)	44.81	44.81	-	-	(1.19)	-	(1.19)	-	Brazil
6	Eólica Faísa III – Geração E Comercialização De Energia S.A.	BRL	0.14	(1.15)	41.70	41.70	-	-	(1.15)	-	(1.15)	-	Brazil
7	Eólica Faísa IV – Geração E Comercialização De Energia S.A.	BRL	0.14	(1.15)	41.57	41.57	-	-	(1.15)	-	(1.15)	-	Brazil
8	Eólica Faísa V – Geração E Comercialização De Energia S.A.	BRL	0.14	(1.21)	47.90	47.90	-	-	(1.21)	-	(1.21)	-	Brazil
9	Parque Eolico El Almendro S.L.	EURO	0.02	-	0.02	0.02	-	-	-	-	-	-	Spain
10	PowerBlades GmbH	EURO	4.24	(90.30)	168.89	168.89	-	231.14	(78.18)	0.71	(78.89)	-	Germany
11	PowerBlades SA	EURO	0.34	21.24	169.52	169.52	0.00	23.18	4.49	1.26	3.23	-	Portugal
12	Renewable Energy Contractors Australia Pty Ltd	AUD	-	(40.93)	108.13	108.13	-	145.25	(40.93)	-	(40.93)	-	Australia
13	REpower Australia Pty Ltd.	AUD	0.00	22.58	130.70	130.70	84.15	55.94	5.09	0.36	4.73	-	Australia
14	REpower Benelux b.v.b.a.	EURO	0.17	3.37	4.86	4.86	-	12.21	1.64	0.55	1.09	-	Belgium
15	REpower Betriebs – und Beteiligungs GmbH	EURO	0.17	3.85	6.48	6.48	0.01	-	6.42	0.96	5.46	-	Germany
16	REpower Diekat S.A.	EURO	0.68	(0.62)	0.14	0.14	-	-	-	-	-	-	Greece
17	REpower Espana S.L.	EURO	2.33	4.78	0.57	0.57	0.03	-	(0.31)	(0.11)	(0.20)	-	Spain
18	REpower Geothermie GmbH	EURO	-	-	-	-	-	-	-	-	-	-	Germany
19	REpower Investitions - und Projektierungs GmbH & Co. KG	EURO	0.01	(0.27)	0.08	0.08	-	-	(0.08)	-	(0.08)	-	Germany
20	REpower Italia s.r.l	EURO	0.34	10.45	23.97	23.97	-	62.74	17.22	6.40	10.82	-	Italy
21	REpower North (China) Ltd.	RMB	122.53	(5.68)	159.44	159.44	-	10.35	8.52	3.10	5.42	-	PR China
22	REpower Portugal - Sistemas Eolicos, S.A.	EURO	0.68	53.06	70.06	70.06	0.00	29.33	0.32	(0.43)	0.75	-	Portugal
23	REpower S.A.S.	EURO	22.85	21.61	63.05	63.05	1.29	113.56	13.83	6.65	7.18	-	France
24	REpower Systems GmbH	EURO	0.17	16.98	53.04	53.04	-	158.30	1.38	0.16	-	-	Germany
25	REpower Systems Inc	Can-$	0.00	(6.35)	122.39	122.39	16.15	37.65	3.02	1.23	1.79	-	Canada
26	REpower Systems India Private Limited	INR	0.25	0.04	0.31	0.31	-	-	0.02	0.02	-	-	India
27	REpower Systems Northern Europe A/S	DKK	0.48	(6.37)	7.44	7.44	-	-	(8.49)	(2.12)	(6.37)	-	Denmark
28	REpower Systems Polska Sp.zo.o	EURO	0.18	2.01	2.40	2.40	-	2.64	0.75	0.16	0.59	-	Poland
29	REpower Systems Scandinavia AB	SEK	0.07	0.59	1.86	1.86	-	3.79	0.33	0.09	0.24	-	Sweden
30	REpower Systems SE	EURO	62.61	2,665.26	9,361.00	9,361.00	439.55	7,937.69	193.28	61.76	131.52	-	Germany
31	REpower UK Ltd.	GBP	0.97	18.13	32.66	32.66	-	99.04	8.97	2.61	6.36	-	United Kingdom
32	REpower USA Corp .	USD	1.21	8.23	434.65	434.65	-	70.39	3.80	2.06	1.74	-	USA
33	REpower Wind Systems Trading (China) Ltd.	RMB	0.35	0.07	1.03	1.03	-	3.27	0.20	0.19	0.01	-	PR China
34	REpower Windpark Betriebs GmbH	EURO	0.17	-	0.19	0.19	-	-	0.02	-	0.02	-	Germany
35	RETC Renewable Energy Technology Centre	EURO	0.17	13.16	16.52	16.52	-	-	0.86	0.03	0.83	-	Germany
36	RiaBlades S.A.	EURO	0.34	(35.20)	246.25	246.25	-	176.51	(23.90)	0.74	(24.64)	-	Portugal
37	RPW Investments SGPS, SA	EURO	2.56	611.46	622.62	622.62	-	-	70.24	-	70.24	-	Portugal
38	SE Blades Limited	INR	538.98	(208.62)	1,182.75	1,182.75	-	307.17	(27.99)	0.03	(28.02)	-	India
39	SE Blade Technology B.V.	EURO	0.12	(6.21)	237.28	237.28	-	63.64	6.29	-	6.29	-	The Netherlands
40	SE Drive Technik GmbH	EURO	0.17	2,484.70	9,347.35	9,347.35	-	-	(519.93)	-	(519.93)	-	Germany
41	SE Electricals Limited	INR	95.90	18.70	454.32	454.32	-	435.70	6.12	2.94	3.18	-	India
42	SE Forge Limited	INR	241.25	(75.35)	983.58	983.58	0.00	309.30	(119.60)	-	(119.60)	-	India
43	SE Solar Limited	INR	1.00	(1.03)	0.01	0.01	-	-	(0.01)	(0.00)	(0.01)	-	India
44	SISL Green Infra Limited	INR	0.05	(0.27)	0.05	0.05	-	-	(0.03)	-	(0.03)	-	India
45	Sure Power LLC	USD	-	(0.18)	13.11	13.11	-	-	(0.63)	-	(0.63)	-	USA
46	Suzlon Energia Elocia do Brazil Ltda	BRL	1.03	(87.44)	944.84	944.84	-	67.66	(226.90)	-	(226.90)	-	Brazil
47	Suzlon Energy (Tianjin) Limited	RMB	329.84	77.41	939.61	939.61	-	529.13	2.91	0.61	2.30	-	PR China
48	Suzlon Energy A/S	EURO	129.79	(639.02)	1,069.64	1,069.64	8.83	77.08	(164.33)	2.73	(167.06)	-	Denmark
49	Suzlon Energy Australia CYMWFD Pty Ltd	AUD	0.00	(0.11)	0.56	0.56	-	-	(0.10)	-	(0.10)	-	Australia
50	Suzlon Energy Australia Pty. Ltd.	AUD	29.37	(228.42)	1,001.55	1,001.55	-	724.81	(21.24)	-	(21.24)	-	Australia
51	Suzlon Energy Australia RWFD Pty Ltd	AUD	0.00	(6.77)	1.86	1.86	-	-	(3.36)	-	(3.36)	-	Australia
52	Suzlon Energy B.V.	USD	36.67	(68.47)	567.56	567.56	-	-	(84.65)	-	(84.65)	-	The Netherlands

(Amount Rs in Crore)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Issued and subscribed share capital	Reserves	Total assets	Total liabilities	Investments (other than in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation & deferred tax	Profit/ (loss) after taxation	Proposed dividend equity	Country
53	Suzlon Energy Chile Limitada	CLP	0.49	(2.62)	0.13	0.13	-	-	(2.62)	-	(2.62)	-	Chile
54	Suzlon Energy GmbH	EURO	0.17	199.19	370.30	370.30	-	63.10	12.65	6.42	6.23	-	Germany
55	Suzlon Energy Korea Co., Ltd.	KRW	0.44	(0.44)	0.44	0.44	-	-	-	-	-	-	South Korea
56	Suzlon Energy Limited	EURO	8,087.38	(47.83)	8,045.61	8,045.61	-	-	79.91	-	79.91	-	Mauritius
57	Suzlon Engitech Limited	INR	62.62	11.47	304.56	304.56	-	82.28	(9.02)	-	(9.02)	-	India
58	Suzlon Generators Limited	INR	76.28	(33.47)	124.86	124.86	-	123.80	(28.28)	-	(28.28)	-	India
59	Suzlon Gujarat Wind Park Limited	INR	245.92	(285.50)	885.52	885.52	0.00	910.85	(239.75)	-	(239.75)	-	India
60	Suzlon North Asia Ltd	HKD	0.30	(0.29)	0.02	0.02	-	-	(0.04)	-	(0.04)	-	Hong Kong
61	Suzlon Power Infrastructure Limited	INR	3.01	(24.60)	368.45	368.45	-	221.78	(13.70)	-	(13.70)	-	India
62	Suzlon Project VIII LLC	USD	-	(0.73)	45.01	45.01	-	0.65	(0.73)	-	(0.73)	-	USA
63	Suzlon Rotor Corporation	USD	0.01	(72.43)	87.89	87.89	-	11.03	(23.59)	-	(23.59)	-	USA
64	Suzlon Structures Limited	INR	29.37	33.64	257.84	257.84	0.00	488.38	1.67	0.73	0.94	-	India
65	Suzlon Wind Energy (Lanka) Pvt Limited	LKR	-	-	-	-	-	-	-	-	-	-	Sri Lanka
66	Suzlon Wind Energy BH	BAM	0.01	(0.21)	0.26	0.26	-	-	(0.09)	-	(0.09)	-	Bosnia
67	Suzlon Wind Energy Bulgaria EOOD	BGN	0.00	0.51	6.99	6.99	-	3.85	0.39	0.06	0.33	-	Bulgaria
68	Suzlon Wind Energy Corporation	USD	0.01	304.67	2,159.18	2,159.18	-	639.21	59.75	2.06	57.69	-	USA
69	Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.	RMB	12.03	(13.06)	4.21	4.21	-	6.28	1.26	-	1.26	-	PR China
70	Suzlon Wind Energy Espana, S.L	EURO	0.02	42.34	656.64	656.64	-	43.64	(6.21)	0.07	(6.28)	-	Spain
71	Suzlon Wind Energy Italy s.r.l.	EURO	0.07	0.89	16.85	16.85	-	4.47	(3.68)	-	(3.68)	-	Italy
72	Suzlon Wind Energy Limited	EURO	6,491.04	(7.16)	6,603.51	6,603.51	-	-	(5.61)	-	(5.61)	-	United Kingdom
73	Suzlon Wind Energy Nicaragua Sociedad Anonima	EURO	0.00	(4.68)	21.08	21.08	-	3.21	(0.16)	0.01	(0.17)	-	Nicaragua
74	Suzlon Wind Energy Portugal Energia Elocia Unipessoal Lda	EURO	15.28	(34.69)	136.14	136.14	-	15.21	0.58	0.07	0.51	-	Portugal
75	Suzlon Wind Energy Romania SRL	RON	0.00	0.89	5.25	5.25	-	3.44	(0.63)	0.10	(0.73)	-	Romania
76	Suzlon Wind Energy South Africa (pty) Ltd	ZAR	0.00	(7.57)	1.87	1.87	-	-	(9.77)	-	(9.77)	-	Africa
77	Suzlon Wind Enerji Sanayi Ve Ticaret Limited Sirketi	TRY	0.01	1.72	20.32	20.32	-	12.90	2.17	0.26	1.91	-	Turkey
78	Suzlon Wind International Limited	INR	203.30	641.92	2,609.08	2,609.08	0.00	284.64	(11.99)	0.73	(12.72)	-	India
79	Suzlon Windenergie GmbH	EURO	0.17	2,345.52	2,378.21	2,378.21	-	-	-	-	-	-	Germany
80	Tarilo Holding B.V.	EURO	0.12	192.92	198.17	198.17	-	-	(4.04)	-	(4.04)	-	The Netherlands
81	Valum Holding B.V	EURO	0.12	(1.62)	44.90	44.90	32.32	-	(1.52)	-	(1.52)	-	The Netherlands
82	Ventipower S.A.	EURO	0.34	1.71	77.72	77.72	-	136.83	(1.85)	(0.74)	(1.11)	-	Portugal
83	WEL Windenergie Logistik GmbH	EURO	0.17	1.50	3.47	3.47	-	3.71	(0.56)	(0.13)	(0.43)	-	Germany
84	Windpark Blockland GmbH & Co KG	EURO	(0.05)	8.94	27.75	27.75	-	38.42	6.18	0.93	5.25	-	Germany
85	Yorke Peninsual Wind Farm Project Pty Ltd (Ceres)	AUD	8.07	(5.35)	4.64	4.64	-	-	(5.03)	-	(5.03)	-	Australia

0.00 represents amount below Rs 0.01 crore

Note:

The Exchange rates as on March 31, 2012 - (USD 1.00 = Rs 50.875 = AUD 1.00 = Rs 52.9176, DKK 1.00 = Rs 9.1267, EURO 1.00 = Rs 67.9003, BRL 1.00 = Rs 27.9096, KRW(Korea) 1.00 = Rs 0.0449, GBP 1.00 = Rs 81.5399, RMB (China) 1.00 = Rs 8.078, TRY 1.00 = Rs 28.5654, HKD 1.00 = Rs 6.5527, RON 1.00 = Rs 15.4906, Can $ 1.00 = Rs 51.0358, BAM 1.00 = Rs 34.8221, ZAR 1.00 = Rs 6.6267, CLP 1.00 = Rs 0.1045, SEK 1.00 = Rs 7.6747, PLN 1.00 = Rs 16.3323, BGN 1.00 = Rs 34.7199, LKR 1.00 = Rs 0.3967)

For and on behalf of the Board of Directors of Suzlon Energy Limited

Tulsi R. Tanti
Chairman & Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Consolidated Financial Statements

Auditors' Report

The Board of Directors
Suzlon Energy Limited

1. We SNK & Co. and S. R. Batliboi & Co. have audited the accompanying Consolidated Balance Sheet of Suzlon Energy Limited ('SEL' or the 'Company') and its subsidiaries as described in Note 2.2 (together referred to as the 'Group') as at March 31, 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto ("Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of SEL's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose audited financial statements, reflect Group's share of total assets of Rs 53,842.20 Crore as at March 31, 2012, Group's share of the total revenue of Rs 13,080.45 Crore and Group's share of total cash flows amounting to Rs (195.09) Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect Group's share of total assets of Rs 1,904.14 Crore as at March 31, 2012, Group's share of total revenues of Rs 169.58 Crore and Group's share of total cash flows amounting to Rs 128.72 Crore for the year then ended. These financial statements and other financial information have been certified by management and our opinion is based solely on these management certified accounts.

5. Without qualifying our opinion we draw attention to Note 3 of the Consolidated Financial Statements regarding the existence of certain liabilities on account of foreign currency convertible bonds ('FCCB') which are due for redemption during June 2012 and October 2012 having an aggregate redemption value of USD 568.96 Million (Rs 2,894.58 Crore). The Company is in the process of tying up funds for redemption of these FCCB Liabilities and consequently, there exists a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which is dependent on generating the required funds before the redemption date. Management's plans for raising funds for such redemption have been more fully discussed in Note 3 of the Consolidated Financial Statements, in view of which the Consolidated Financial Statements have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

6. Without qualifying our opinion, we draw attention to Note 4 of the Consolidated Financial Statements. The Indian Wind Energy Association ('InWEA') of which the Company is a member has filed a civil appeal in the Supreme Court against an order of the Appellate Tribunal for Electricity in regard to levy of Infrastructure Development Charges by Tamil Nadu State Electricity Board. The ultimate outcome of this matter cannot be presently ascertained due to it being highly technical and legalistic in nature. The Group has obtained a legal opinion which states that the InWEA/Group has a strong case and we have placed reliance on this opinion.

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that 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, 2012;

   (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.

For SNK & Co
Firm registration number: 109176W
Chartered Accountants

per Sanjay N Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S. R. Batliboi & Co
Firm registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

Consolidated balance sheet as at March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
Equity and liabilities			
Shareholders' funds			
(i) Share capital	7	355.47	355.47
(ii) Reserve and surplus	8	4,825.37	6,170.11
		5,180.84	**6,525.58**
Preference shares issued by subsidiary company		**5.94**	**2.50**
Minority interest		**82.78**	**306.73**
Non-current liabilities			
(i) Long-term borrowings	9	7,364.72	8,767.84
(ii) Deferred tax liabilities		463.55	294.39
(iii) Other long term liabilities	10	143.07	100.00
(iv) Long-term provisions	11	259.70	131.79
		8,231.04	**9,294.02**
Current liabilities			
(i) Short-term borrowings	12	3,583.54	2,585.07
(ii) Trade payables		5,806.57	4,536.85
(iii) Other current liabilities	13	7,156.05	4,611.18
(iv) Due to customers		309.43	157.08
(v) Short-term provisions	11	2,273.80	1,200.82
		19,129.39	**13,091.00**
Total		**32,629.99**	**29,219.83**
Assets			
Non-current assets			
(i) Fixed assets	14		
(a) Tangible assets		3,918.81	3,816.13
(b) Intangible assets		8,313.91	7,102.63
(c) Capital work-in-progress		369.37	412.80
(ii) Non-current investments	15	33.27	21.77
(iii) Deferred tax assets		21.61	160.54
(iv) Long-term loans and advances	16	903.60	851.59
(v) Long-term trade receivables	18.1	24.92	894.25
(vi) Other non-current assets	18.2	368.47	542.54
		13,953.96	**13,802.25**
Current assets			
(i) Current investments	15	63.98	945.12
(ii) Inventories	19	5,579.80	5,351.56
(iii) Trade receivables	18.1	5,315.29	3,355.97
(iv) Cash and bank balance	20	2,632.48	2,685.96
(v) Short-term loans and advances	16	1,912.20	1,347.04
(vi) Due from customers		2,860.77	1,678.75
(vii) Other current assets	18.2	108.80	53.18
		18,473.32	**15,417.58**
Foreign currency monetary item translation difference account		**202.71**	**–**
Total		**32,629.99**	**29,219.83**
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 and on behalf of the Board of Directors of Suzlon Energy Limited

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

Tulsi R. Tanti
Chairman and Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Statement of consolidated profit and loss for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Particulars	Notes	March 31, 2012	March 31, 2011
Revenue			
Revenue from operations	21	21,082.37	17,879.13
Other operating income		276.84	211.10
Total revenue		**21,359.21**	**18,090.23**
Expenses			
Cost of materials consumed	22	13,623.46	11,872.08
Purchases of traded goods		-	4.88
Increase/decrease in inventories of finished goods, work-in-progress and stock-in-trade		450.27	577.07
Employee benefits expense	23	2,008.61	1,676.44
Other expenses	24	3,455.67	2,912.52
Total expense		**19,538.01**	**17,042.99**
Earnings before interest, depreciation, tax and exceptional items (EBITDA)		**1,821.20**	**1,047.24**
Depreciation / amortisation (including impairment losses)	14	661.23	657.40
Earnings before interest and tax (EBIT)		**1,159.97**	**389.84**
Finance costs	25	1,654.74	1,374.78
Finance income	26	125.74	106.60
Loss before tax before exceptional items		**(369.03)**	**(878.34)**
Less : Exceptional items	27	(227.24)	253.28
Loss before tax		**(141.79)**	**(1,131.62)**
Tax expense:			
Current tax		91.81	164.95
Deferred tax charge / (credit)		235.37	38.37
MAT credit entitlement		(0.49)	(0.47)
Earlier years tax		4.11	(17.58)
Loss after tax		**(472.59)**	**(1,316.89)**
Add : Share in associate's profit/(loss) after tax		(33.29)	(27.83)
Less: Share of loss/(profit) of minority		27.30	20.75
Net loss for the year		**(478.58)**	**(1,323.97)**
Earnings/ (loss) per equity share:	28		
- Basic and diluted [Nominal value of share Rs 2]		**(2.69)**	(7.77)
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 and on behalf of the Board of Directors of Suzlon Energy Limited

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
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per Arvind Sethi
Partner
Membership No. : 89802

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Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Consolidated cash flow statement for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Sr. no.	Particulars	March 31, 2012	March 31, 2011
A	**Cash flow from operating activities**		
	Profit / (loss) before tax	**(369.03)**	**(878.34)**
	Adjustments for:		
	Depreciation / amortisation	661.23	657.40
	Loss on assets sold / disposed, net	9.92	6.68
	(Profit) / loss on sale of investments, net	2.20	0.01
	Interest income	(124.74)	(102.78)
	Interest expenses	1,379.12	1,135.67
	Dividend income	(1.00)	(3.82)
	Provision for operation, maintenance and warranty	172.23	124.62
	Provision for performance guarantee	86.42	179.63
	Provision for liquidated damages	104.26	58.10
	Bad debts written off	7.25	4.87
	Provision for doubtful debts and advances	125.02	76.28
	Adjustments for consolidation***	(45.00)	(79.80)
	Exchange differences, net	134.92	6.38
	Employee stock option scheme	3.86	12.56
	Wealth-tax*	0.01	–
	Operating profit / (loss) before working capital changes	**2,146.67**	**1,197.46**
	Movements in working capital		
	(Increase) / decrease in trade receivables and unbilled revenue	(2,417.83)	271.18
	(Increase) / decrease in inventories	(228.24)	793.78
	(Increase) / decrease in loans and advances and other assets	(244.68)	(645.08)
	Increase / (decrease) in trade payables, current liabilities and provisions	1,670.89	(345.73)
	Cash used in operating activities	**926.81**	**1,271.61**
	Direct taxes paid (net of refunds)	(88.16)	(57.48)
	Net cash (used in) / generated from operating activities	**838.65**	**1,214.13**
B	**Cash flow from investing activities**		
	Payment for purchase of fixed assets	(894.72)	(822.74)
	Sale of fixed assets	50.68	124.25
	Paid for acquisition of subsidiaries	(694.50)	(273.61)
	Proceeds on sale of stake in associates	876.68	–
	Purchase of investments	(25.46)	(46.61)
	Sale / redemption of investments	88.22	–
	Inter-corporate deposits repaid / (granted)	(130.24)	97.93
	Interest received	80.16	89.31
	Dividend received	1.00	3.82
	Net cash (used in) / generated from investing activities	**(648.18)**	**(827.65)**

Consolidated cash flow statement for the year ended March 31, 2012

All amounts in Rupees Crore unless otherwise stated

Sr. no.	Particulars	March 31, 2012	March 31, 2011
C	**Cash flow from financing activities**		
	Proceeds from rights issue	–	1.01
	Proceeds received from minority	10.33	–
	Proceeds from long term borrowings	998.61	1,599.00
	Repayment of long term borrowings	(898.81)	(151.15)
	Proceeds / (repayment) from short term borrowings, net	997.45	(726.00)
	Expenses incurred towards restructuring and refinancing of financial facilities	–	(37.28)
	Convertible bond and share issue expenses	(13.09)	(9.30)
	Interest paid	(1,339.07)	(1,132.28)
	Dividend paid	(4.42)	(8.41)
	Net cash (used in) / generated from financing activities	**(249.00)**	**(464.41)**
D	**Net increase in cash and cash equivalents (A+B+C)**	**(58.53)**	**(77.93)**
	Add: Cash and bank balances taken over on acquisition of subsidiary	–	22.53
	Add / (less): Effect of exchange difference on cash and cash equivalents	5.06	2.04
	Total	**(53.48)**	**(53.36)**
	Cash and cash equivalents at the beginning of year	**2,685.96**	**2,739.32**
	Cash and cash equivalents at the end of year	**2,632.48**	**2,685.96**

Components of cash and cash equivalents	As at March 31,2012	As at March 31,2011
Cash on hand	1.41	0.89
Cheques on hand	33.26	66.35
With scheduled and non scheduled banks		
In current accounts**	1,474.11	2,548.96
In term deposits	1,123.70	69.76
	2,632.48	**2,685.96**

Summary of significant accounting policies 2.1

Notes :

1. The figures in brackets represent outflows.
2. Previous period's figures have been regrouped / reclassified, whereever necessary to confirm to current year presentation.

* Amount below Rs 0.01 crore

** Includes a balance of Rs 0.19 crore (Rs 0.19 crore) not available for use by the Group as they represent corresponding unpaid dividend liabilities.

*** Primarily includes impact of foreign currency translation in non-integral operations and other consolidation adjustments.

As per our report of even date

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
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per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
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For and on behalf of the Board of Directors of Suzlon Energy Limited

Tulsi R. Tanti
Chairman and Managing Director

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Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Notes to consolidated financial statements for the year ended March 31, 2012

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. Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the Act, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. 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.

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.

c. 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

d. 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.

From accounting periods commencing on or after December 7, 2006, 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.

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.

e. 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').

f. **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 life.

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.

g. **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.

h. **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

i. **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

j. 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.

k. 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 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 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.

l. 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.

m. 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 self-constructed 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 supply, as per the terms of the respective sale order for the wind power systems. 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.

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.

n. 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.

(iii) Exchange differences

From accounting periods commencing on or after December 7, 2006, 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. For this purpose, the Group treats a foreign 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.
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.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(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 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.

o. 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.

p. 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 the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective statutory authorities.

Retirement benefits in the form of gratuity 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.

Actuarial gains / losses are taken to statement of profit and loss and are not deferred.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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

v. 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.

w. 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,	
		2012	**2011**
AE-Rotor Holding B.V.	The Netherlands	100.00%	100.00%
Cannon Ball Wind Energy Park-I, LLC	USA	100.00%	100.00%
Parque Eolico El Almendro S.L.	Spain	100.00%	100.00%
PowerBlades GmbH	Germany	100.00%	47.31%
PowerBlades SA	Portugal	100.00%	92.77%
Renewable Energy Contractors Australia Pty Ltd (1)	Australia	100.00%	-
Rep Ventures Portugal S.A. (2)	Portugal	-	92.77%
REpower Australia Pty Ltd.	Australia	100.00%	92.77%
REpower Benelux b.v.b.a.	Belgium	100.00%	92.77%
REpower Betriebs – und Beteiligungs GmbH	Germany	100.00%	92.77%
REpower Diekat S.A. (3)	Greece	-	55.66%
REpower Espana S.L.	Spain	100.00%	92.77%
REpower Investitions – und Projektierungs GmbH & Co. KG	Germany	100.00%	92.77%
REpower Italia s.r.l	Italy	100.00%	92.77%
REpower North China Ltd.	China	54.42%	50.48%
REpower Portugal - Sistemas Eolicos, S.A.	Portugal	100.00%	92.77%
REpower S.A.S.	France	100.00%	92.77%
REpower Systems GmbH	Germany	100.00%	92.77%
REpower Systems Inc	Canada	100.00%	92.77%
REpower Systems Northern Europe A/S (1)	Denmark	100.00%	-
REpower Systems Polska Sp.zo.o	Poland	100.00%	92.77%
REpower Systems Scandinavia AB	Sweden	100.00%	92.77%
REpower Systems SE (earlier REpower Systems AG) (refer note 6)	Germany	100.00%	92.77%
REpower UK Ltd.	United Kingdom	100.00%	92.77%
REpower USA Corp.	USA	100.00%	92.77%
REpower Windpark Betriebs GmbH	Germany	100.00%	92.77%
REpower Wind Systems Trading Inc.	China	100.00%	92.77%
RETC Renewable Energy Technology Centre	Germany	100.00%	96.39%
RiaBlades S.A. (4)	Portugal	-	-
RPW Investments, SGPS, S.A.	Portugal	100.00%	100.00%
SE Blades Limited (earlier SE Composites Limited)	India	100.00%	100.00%
SE Blades Technology B.V. (earlier Suzlon Blade 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 (1)	Australia	100.00%	-
Suzlon Energy Australia Pty. Ltd.	Australia	100.00%	100.00%
Suzlon Energy Australia RWFD Pty. Ltd.	Australia	100.00%	100.00%

Name of the subsidiary	Country of incorporation	Effective ownership in subsidiaries as at March 31,	
		2012	2011
Suzlon Energy B.V.	The Netherlands	100.00%	100.00%
Suzlon Energy Chile Limitada [1]	Chile	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	India	100.00%	100.00%
Suzlon Generators Limited	India	75.00%	75.00%
Suzlon Gujarat Wind Park Limited	India	100.00%	100.00%
Suzlon Infrastructure Services Limited [6]	India	-	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 [1]	USA	100.00%	-
Suzlon Rotor Corporation	USA	100.00%	100.00%
Suzlon Structures Limited	India	75.00%	75.00%
Suzlon Towers and Structures Limited [6]	India	-	100.00%
Suzlon Wind Energy (Lanka) Pvt Limited [1]	Sri Lanka	100.00%	-
Suzlon Wind Energy A/S	Denmark	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%	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%
Suzlon Windpark Management GmbH [2]	Germany	-	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%	90.50%
Windpark Blockland GmbH & Co KG	Germany	100.00%	90.50%
Windpark Olsdorf Watt Gmbh & Co. KG [5]	Germany	-	100.00%
Yorke Peninsula Wind Farm Project Pty Ltd [1]	Australia	100.00%	-

(1) Consolidated in current year
(2) Liquidated in current year
(3) In liquidation as on March 31, 2012
(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'.
(5) Merged with Suzlon Energy GmbH in current year.
(6) Refer note 5

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,	
		2012	2011
REpower Geothermie GmbH	Germany	100.00%	92.77%
Renewable Energy Contractors Australia Pty Ltd	Australia	–	100.00%
Suzlon Energy Australia CYMWFD Pty Ltd	Australia	–	100.00%
REpower Systems India Private Limited	India	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%	–

2.4 Details of the Company's ownership interest in associate, which have been included in the consolidation are as follows :-

Name of Company	% shares held	Original cost of investment	Goodwill / (capital reserve)	Accumulated profit / (loss) as at March 31, 2012	Provision for diminution	Carrying amount of investments as at March 31, 2012
Hansen Transmissions International NV	– (26.06)	– (1,034.60)	– (509.21)	– (-11.72)	– (216.00)	– (806.88)

On October 6, 2011, AE-Rotor Holding B.V. ('AERH'), a step-down wholly owned subsidiary of the Company has disposed of its entire stake in Hansen. Accordingly, the Company has discontinued the accounting of Hansen as an associate from September 30, 2011 onwards. The provision for diminution in value of investment in associate was reversed during the year ended March 31, 2012.

2.5 In respect of the following components of consolidated financial statements, the accounting policies followed by the subsidiary companies are different from that of the Company:

Components of consolidated financial statements	Particulars	Amount as at March 31, 2012	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	386.58 (413.53)	58.46% (62.90%)
Accumulated depreciation	Some of the subsidiaries have provided depreciation on straight line method as against the written down value method followed by the Company	1,475.68 (1,147.61)	57.51% (59.36%)
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	3.45 (7.76)	89.37% (61.78%)

3. The Company has certain foreign currency convertible bonds ('FCCBs') having an aggregate face value of USD 389.04 Million (Rs 1,979.24 Crore) due for redemption in June 2012 and October 2012. The redemption value of these FCCBs on respective redemption dates would aggregate to approximately USD 568.96 Million (Rs 2,894.58 Crore). In order to meet the redemption obligations, the management is actively pursuing various options, which include raising of additional finance in the form of debt, high yield bonds, equity etc. Discussions on each of these options are in process and the management is confident that the Company will be able to generate the required funds for redemption within the agreed period. Accordingly, the above results have been prepared on the basis that the Company Group is a going concern, and no adjustments are considered necessary in the values of the assets and liabilities of the Company.

4. 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, 2012 aggregates to Rs 64.80 crore (Rs 64.80 crore).

5. Scheme of Arrangement and Restructuring for Merger and De-merger

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.

a. During the 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.

b. 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.

6. Pursuant to the Squeeze-out of shares of REpower Systems SE ('REpower') initiated by AERH and the passing of the resolution on September 21, 2011, the Squeeze-out was officially registered with the commercial registrar in Germany on October 27, 2011. There were no material litigation claims filed against the validity of the resolution in the courts by the minority shareholders of REpower. Total compensation of around EUR 62 Million was paid to the minority shareholders at the rate of EUR 142.77 per no-par value share, as determined by the independent valuation agents. Some of the former minority shareholders have initiated the so-called special valuation proceedings in the course of which the courts will analyse the adequacy of the cash compensation. In case the courts come to the conclusion that, in their view, the cash compensation is not adequate, it may be increased by way of a court ruling. Currently it is unclear whether or not the courts will confirm the adequacy of the cash compensation or determine an increased compensation by way of court ruling. The REpower shares were delisted on November 9, 2011.

7. Share capital

Authorised

	March 31, 2012	March 31, 2011
3,500,000,000 (3,500,000,000) equity shares of Rs 2/- each	700.00	700.00
	700.00	**700.00**

	March 31, 2012	March 31, 2011
Issued		
1,796,297,624 (1,796,297,624) equity shares of Rs 2/- each	359.26	359.26
	359.26	**359.26**

	March 31, 2012	March 31, 2011
Subscribed and fully paid-up		
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 reporting period

	March 31, 2012		March 31, 2011	
	Number of shares (Crore)	Rs in Crore	Number of shares (Crore)	Rs in Crore
At the beginning of the year	177.73	355.47	155.67	311.35
Issued during the year	–	–	22.06	44.12
Outstanding at the end of the year	**177.73**	**355.47**	**177.73**	**355.47**

On July 12, 2010, the Company raised Rs 1,188.39 Crore pursuant to a Rights Issue of equity shares. The Company allotted 188,633,322 equity shares of Rs 2 each at a premium of Rs 61 per equity share on a rights basis to the existing equity shareholders of the Company in the ratio of 2 equity shares for every 15 fully paid-up equity shares held by then existing equity shareholders on the record date.

On receipt of shareholders' approval by way of Postal Ballot, on November 16, 2010, the Company issued and allotted 31,992,582 equity shares of Rs 2 each at a price of Rs 60 per share on preferential basis to 'IDFC Trustee Company Ltd. A/c IDFC Infrastructure Fund 3 A/c IDFC Private Equity Fund III' (IDFC PE) as a consideration for acquisition of 41,254,125 equity shares of Rs 10 each in SE Forge Limited (SEFL), a subsidiary of the Company. Consequent to acquisition of IDFC PE's stake in SEFL, SEFL became a wholly owned subsidiary of the Company.

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 'Depositary'), 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 Depositary facility and transferred on the Company's register of members to a person other than the Depositary, ICICI Bank Limited (the 'Custodian') or a nominee of either the Depositary or the Custodian may be voted by the holders thereof.

As regard the shares, which did not have voting rights as on March 31, 2012 are GDRs – 793,099 / shares – 3,172,396 and as on March 31, 2011 are GDRs – 1,064,641 / shares – 4,258,564.

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, 2012	March 31, 2011
	Number of shares (Crore)	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 2,573,500 shares (March 31, 2011: 3,740,500 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 note no.30

For details of shares reserved for issue on conversion of FCCBs, please refer note no 9 (II) for terms of conversion / redemption.

e. Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2012		March 31, 2011	
Name of shareholder	Number of shares (Crore)	% holding in the class	Number of shares (Crore)	% holding in the class
Equity shares of Rs 2 each fully paid				
Mr. Girish R. Tanti	11.61	6.53%	11.61	6.53%
Sanman Holdings Private Limited*	–	–	17.27	9.72%
Tanti Holdings Private Limited*	23.73	13.35%	13.03	7.33%

* The shareholding of Tanti Holdings Private Limited for the financial year ended on March 31, 2012 includes shares held by Sanman Holdings Private Limited which has since been merged with Tanti Holdings Private Limited by virtue of orders passed by the Honourable High Courts. The scheme has become effective from the appointed date i.e. April 1, 2010.

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.

8. Reserves and surplus

		March 31, 2012	March 31, 2011
a.	**Capital reserve (refer note 5)**	**41.64**	**–**
b.	**Capital reserve on consolidation**	**0.03**	**0.03**
c.	**Capital redemption reserve**		
	As per last balance sheet	45.00	15.00
	Add : Transfer from statement of profit and loss	–	30.00
	Less : Reversal due to merger (refer note 5)	(30.00)	–
		15.00	**45.00**
d.	**Legal and statutory reserve**	**142.22**	**142.22**
e.	**Unrealised gain on dilution**		
	As per last balance sheet	159.67	295.13
	Less : Deduction on account increase in stake in subsidiary	–	135.46
		159.67	159.67
	Add: Additions during the year	0.42	–
		160.09	**159.67**
f.	**Securities premium account**		
	As per last balance sheet	5,306.09	3,979.09
	Add : Additions during the year	–	1,336.30
	Add : Additions due to merger (refer note 5)	115.17	–
		5,421.26	5,315.39
	Less : Premium payable on redemption of FCCBs (refer note 9)	(930.57)	–
	Expenses on issue of FCCB / right shares	(13.09)	(9.30)
		4,477.60	**5,306.09**
g.	**Employee stock options outstanding**		
	Employee stock options outstanding	19.72	23.46
	Less: Deferred employee stock compensation outstanding	(0.61)	(3.03)
		19.11	**20.43**
h.	**Foreign currency translation reserve**		
	As per last balance sheet	137.17	91.43
	Movement during the year	82.63	45.74
		219.80	**137.17**
j.	**General reserve**		
	As per last balance sheet	950.50	950.50
	Add : Transfer from employee stock option outstanding	1.73	–
	Less : Deduction due to merger (refer note 5)	(101.09)	–
		851.14	**950.50**
k.	**Minority share of losses**		
	As per last balance sheet	(37.84)	–
	Add : Additions during the year	(0.42)	(37.84)
		(38.26)	**(37.84)**
l.	**Statement of profit and loss**		
	As per last balance sheet	(553.16)	943.03
	Add : Profit / (loss) for the year	(478.58)	(1,323.97)
	Additions due to merger (refer note 5)	(31.26)	–
	Less : Appropriations		
	Transfer to legal and statutory reserve	–	142.22
	Transfer to capital redemption reserve	–	30.00
	Net surplus / (deficit) in the statement of profit and loss	**(1,063.00)**	**(553.16)**
Total reserves and surplus		**4,825.37**	**6,170.11**

9. Long-term borrowings

	March 31, 2012	March 31, 2011
Secured		
(I) Term loans from		
- Banks and financial institutions	5,826.14	6,358.73
- Others	–	4.65
(ii) Vehicle loans	0.07	1.12
	5,826.21	**6,364.51**
Unsecured		
(I) Foreign currency convertible bonds	1,348.19	2,136.27
(ii) Loans from		
- Banks and financial institutions	45.32	53.19
- Related parties	145.00	145.00
- Others	–	5.44
(iii) Capital from profit participation rights	–	63.43
	1,538.51	**2,403.33**
Total long-term borrowings	**7,364.72**	**8,767.84**

(I) Details of security for major long-term borrowings, current maturities of long-term borrowings and short-term borrowings

The Company along with its 10 Indian subsidiaries, collectively referred as "Suzlon Entities" executed a debt consolidation and refinancing arrangement (the 'Arrangement') on February 5, 2010 with a consortium comprising of various banks and financial institutions ('Consortium') lead by the State Bank of India as the Facility Agent and SBI Cap Trustee Company Limited as the Security Trustee.

The entities covered includes Suzlon Energy Limited ('SEL'), Suzlon Structures Limited ('SSL'), Suzlon Tower and Structures limited ('STSL'), Suzlon Infrastructure Services Limited ('SISL') Suzlon Power Infrastructure Limited ('SPIL'), Suzlon Generators Limited ('SGL'), Suzlon Gujarat Wind Park Limited ('SGWPL'), SE Electricals Limited ('SEEL'), Suzlon Wind International Limited ('SWIL'), SE Blades Limited ('SEBL'), Suzlon Engitech Limited ('SENL') (hereinafter collectively referred to as the 'Suzlon Entities' or individually as the 'Borrower').

** refer note 5 for Scheme of Arrangement and Restructuring for Merger and De-merger.

(i) Term loans from banks and financial institutions of Rs 4,246.78 Crore (Rs 4,351.05 Crore) and working capital facilities from banks of Rs 2,801.90 Crore (Rs 1,896.79 Crore) availed under debt consolidation and refinancing arrangement are secured by first charge on all present and future tangible/intangible movable assets of each of the Borrowers, first charge on all 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") of the Borrowers, pledge of equity shares held by SEL in its Indian subsidiaries forming part of the Suzlon Entities, pledge on equity shares of certain overseas subsidiaries held by step down overseas subsidiaries of SEL including REpower Systems SE ("REpower"), pledge of certain equity shares of SEL held by it's promoters, guarantee of overseas subsidiary, personal guarantee of the managing director of SEL and limited personal guarantee of director of SSL.

(ii) Term loan Rs 1,919.60 Crore (Rs 2,073.67 Crore) secured by pledge of equity shares of certain overseas subsidiaries of the Company including REpower, pari pass charge on all present and future tangible, intangible, moveable, immoveable, chargeable current assets and TRA accounts of the Suzlon Entities, pledge of equity shares of certain domestic subsidiaries of the Company and pledge of certain equity shares of SEL held by it's promoters.

(iii) Rs 435.47 Crore (Rs 409.42 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.

(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).

The key terms of these bonds at the time of issue were as follows:

Particulars	Phase I	Phase II	Phase III
Issue size (USD)	300 million	200 million	90 million
Face value per bond (in USD)	1,000	1,000	1,000
No. of equity shares per bond	113.50	107.30	533.28
Initial conversion price per share (Rs)	359.68	371.55	90.38
Fixed exchange rate (Rs/USD)	40.83	39.87	48.20
Redemption amount as a % of principal amount (%)	145.23	144.88	134.20
Maturity date	June 12, 2012	October 11, 2012	July 18, 2014

(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 old 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:

Amount in USD

Particulars	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

(4) 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 and disclosed under exceptional items in the profit and loss statement for the year ended March 31, 2011.

(c) Issue of new bonds during the year

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 which are as follows:

i. convertible by the holders at any time on and after May 23, 2011 but prior to close of business on April 6, 2016. Each bond will be converted into 165,108.3133 fully paid up equity shares with face value of Rs 2 per share at an initial conversion price of Rs 54.01 per equity share of Rs 2 each at a fixed exchange rate conversion of Rs 44.5875 = USD 1.

ii. redeemable in whole but not in part at the option of the Company if less than 10 percent of the aggregate principal amount of the Bonds originally issued is outstanding, subject to satisfaction of certain conditions.

iii. redeemable on maturity date (i.e 6th April 2016) at 108.70% of its principal amount, if not redeemed or converted earlier.

The Company has incurred Rs 13.09 Crore during the year on account of issue expenses towards the issue of Phase IV Bonds which have been adjusted against Securities Premium.

Statement showing the use of proceeds of from 5% Foreign Currency Convertible Bonds

Sr. no	Particulars	March 31, 2012
I	Sources of funds	
	Proceeds from issue	776.83
	Issue expenses	(13.09)
	Net Proceeds	763.74
II	Utilisation of funds	
	Investment in subsidiary	763.74
III	Unutilised funds	–

d) Redemption Premium:

The Phase I, Phase II, Phase I New, Phase II New, and Phase III bonds are redeemable subject to satisfaction of certain conditions mentioned in the respective offering circular and hence have been designated as monetary liability.

As of March 31, 2011, the management believed that the likelihood of redemption of the bonds could not be ascertained; hence the redemption premium of Rs 579.21 Crore was shown as a contingent liability in the financial statements as of and for the year ended March 31, 2011. However, during the year ended March 31, 2012 the Company has provided for the proportionate redemption premium of 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:

Rs in Crore

Phase	March 31, 2012	March 31, 2011
Phase I	463.77	309.57
Phase II	242.99	159.12
Phase I (new)	83.43	43.22
Phase II (new)	48.94	25.40
Phase III	78.43	41.90
Phase IV	13.01	–
Total	**930.57**	**579.21**

III) REpower Systems AG ('REpower'), a subsidiary of the Company had issued profit participation rights of Euro 10 Million in May 2004. For profit participation rights, a basic interest rate of 7.90% in addition to a variable interest rate dependent on net income is paid. The participation right has a maturity of seven years and the same was repaid in full during the year.

IV) The details of repayment of long term borrowing:

Particulars	Up to 1 Year	2 to 5 Years	Above 5 Years	Total
Secured loans	1,092.87	5,120.32	705.94	6,919.13
Unsecured loans	1,992.85	1,389.18	149.28	3,531.31
Total	**3,085.72**	**6,509.50**	**855.23**	**10,450.44**

10. Other long term liabilities

	March 31, 2012	March 31, 2011
Other long-term payables *	43.07	–
Advance from customers	100.00	100.00
	143.07	**100.00**

* It mainly includes purchase price and other contractual obligation

11. **Provisions**

	Long-term		Short-term	
	March 31, 2012	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
Employee benefits	56.28	22.45	153.23	37.38
Performance guarantee, operation, maintenance and warranty and liquidated damages	111.99	109.34	1,230.35	1,121.55
Provision for FCCB redemption premium	91.43	–	839.14	–
Provision for taxation	–	–	51.08	41.89
Total	**259.70**	**131.79**	**2,273.80**	**1,200.82**

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**	**Provision for liquidated damages**
Opening balance	**150.12** (96.30)	**993.15** (663.60)	**87.62** (62.90)
Additions during the year	**86.42** (179.63)	**402.23** (507.09)	**123.27** (60.39)
Utilisation	**86.89** (265.60)	**193.97*** (190.38)	**37.87** (33.38)
Reversal	**–** (–)	**162.73** (108.62)	**19.01** (2.29)
Closing balance	**149.65** (150.12)	**1,038.67** (993.15)	**154.02** (87.62)

* Includes expenditure booked under various expenditure heads by their nature.

The provision for 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.

The provision for 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.

Provision for 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.

12. **Short-term borrowings**

	March 31, 2012	**March 31, 2011**
a. **Secured**		
Working capital loans from banks	3,380.95	1,998.62
b. **Unsecured**		
(i) From banks and financial institutions	169.54	586.39
(ii) From others	33.05	0.06
	202.59	586.45
Total short-term borrowings	**3.583.54**	**2,585.07**

13. **Other current liabilities**

	March 31, 2012	**March 31, 2011**
Current maturities of long-term borrowings	3,085.72	888.00
Interest accrued but not due on borrowings	76.81	26.92
Interest accrued and due on borrowings	35.21	22.74
Unclaimed dividend	0.19	0.19
Advance from customer	3,022.14	2,470.67
Others*	935.98	1,202.66
	7,156.05	**4,611.18**

* Primarily includes statutory dues, refundable deposits and accruals

14. Tangible assets and Intangible assets

Fixed assets	Gross block						Depreciation / amortisation						Net block	
	As at April 1, 2011	Additions	Acquisition	Translation adjustment	Deductions/ Adjustments	As at March 31, 2012	As at April 1, 2011	For the year	Acquisition	Translation adjustment	Deductions/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
a. Tangible assets														
Land	199.48	1.71	–	4.58	8.39	197.38	5.38	1.67	–	0.33	–	7.38	190.00	194.10
Buildings	1,740.51	49.60	–	84.02	4.36	1,869.77	277.79	95.31	–	11.65	0.04	384.71	1,485.06	1,462.72
Site development	105.25	–	–	–	–	105.25	12.64	2.61	–	–	–	15.25	90.00	92.61
Plant and machinery	2,502.84	377.15	–	83.31	104.04	2,859.26	912.15	285.07	–	41.64	65.15	1,173.71	1,685.55	1,590.69
Wind research and measuring equipments	56.85	28.93	–	–	5.92	79.86	27.56	16.59	–	–	5.32	38.83	41.03	29.29
Computer and office equipments	274.14	41.49	–	9.10	20.66	304.07	136.63	40.51	–	5.48	14.73	167.89	136.18	137.51
Furniture and fixtures	543.76	49.66	–	29.45	19.32	603.55	246.95	74.16	–	15.43	17.01	319.53	284.02	296.81
Vehicles	27.32	0.31	–	1.18	5.20	23.61	14.92	3.06	–	0.49	1.83	16.64	6.97	12.40
Total tangible assets	**5,450.15**	**548.85**	–	**211.64**	**167.89**	**6,042.75**	**1,634.02**	**518.98**	**–**	**75.02**	**104.08**	**2,123.94**	**3,918.81**	**3,816.13**
Previous year	4,837.48	616.18	207.23	77.26	288.00	5,450.15	1,195.01	515.53	–	19.83	96.35	1,634.02	3,816.13	
b. Intangible assets														
Goodwill on consolidation	6,616.31	467.85	–	466.46	2.93	7,547.69	–	–	–	–	–	–	7,547.69	6,616.31
Design and drawings	508.05	363.94	–	29.19	–	901.18	174.59	107.02	–	6.34	–	287.95	613.23	333.46
Software	277.58	19.46	–	12.00	8.68	300.36	124.72	26.65	–	7.89	11.89	147.37	152.99	152.86
Total intangible assets	**7,401.94**	**851.25**	–	**507.65**	**11.61**	**8,749.23**	**299.31**	**133.67**	**–**	**14.23**	**11.89**	**435.32**	**8,313.91**	**7,102.63**
Previous year	6,700.81	416.21	0.01	311.00	26.09	7,401.94	182.20	134.03	–	5.94	22.86	299.31	7,102.63	

i) The depreciation / amortisation (including impairment losses) charged in the statement of profit and loss account amounting to Rs 661.23 Crore (Rs 657.40 Crore) includes Rs 8.58 Crore (Rs 7.84 Crore) for depreciation charged on capital work in progress.

ii) Gross block and Depreciation fund includes Rs 316.22 Crore (Rs 57.13 Crore) and Rs 120.49 Crore (Rs 57.13 Crore) respectively towards assets of subsidiaries which are held for sale.

iii) Borrowing cost amounting to Rs 4.08 Crore (Rs 2.99 Crore) have been capitalised to qualifying assets.

iv) The depreciation charge for the year includes impairment losses of Rs Nil (Rs 50.77 Crore) of REpower North (China) Ltd which was classified as held for sale as on March 31, 2011 and continues to be held for sale as on March 31, 2012.

15. Investments

	Non-current investments		Current investments	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Non-trade investments (valued at cost unless stated otherwise)				
Investments in associates	–	–	–	806.88
Non-trade investments	33.25	21.75	13.96	–
Investments in government or trust securities (unquoted)	0.02	0.02	–	–
Investments in mutual funds (quoted)	–	–	50.02	138.24
Total investments	**33.27**	**21.77**	**63.98**	**945.12**

16. Loans and advances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Capital advances				
Unsecured, considered good **(a)**	**7.97**	**6.80**	**–**	**–**
Security deposits				
Unsecured, considered good **(b)**	**178.84**	**152.89**	**14.89**	**17.75**
Advances recoverable in cash or in kind				
Secured, considered good	–	–	6.05	–
Unsecured, considered good	228.61	140.08	1,017.05	774.01
Unsecured, considered doubtful	22.63	18.20	1.50	–
	251.24	166.28	1,024.60	774.01
Less : Allowance for bad and doubtful advances	22.63	18.20	1.50	–
(c)	**228.61**	**148.08**	**1,023.10**	**774.01**
Other loans and advances				
Unsecured, considered good				
Advance income tax (net of provisions)	130.03	109.70	148.17	104.05
MAT credit entitlement	161.67	166.59	10.90	–
Inter-corporate deposits	131.62	45.43	52.70	8.65
Other assets	64.86	222.10	662.44	442.58
(d)	**488.18**	**543.82**	**874.21**	**555.28**
Total (a + b + c + d)	**903.60**	**851.59**	**1,912.20**	**1,347.04**

17. Deferred tax

	March 31, 2012	March 31, 2011
Deferred tax assets:		
Unabsorbed losses and depreciation	21.81	166.06
Employee benefits	0.89	3.06
Provision for guarantee and warranty	31.19	28.97
Provision for doubtful debts	2.34	14.80
Others	9.43	58.23
	65.66	**271.12**
Deferred tax liabilities		
Difference in depreciation of fixed assets	214.47	220.57
Others	293.13	184.40
	507.60	**404.97**
Deferred tax liabilities (net)	**441.94**	**133.85**

18. Trade receivables and other assets

18.1 Trade receivables

		Non-current		Current	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Secured					
Other receivables*	**(a)**	**–**	**880.70**	**991.10**	**–**
Unsecured					
Outstanding for a period exceeding six months from due date					
Considered good		0.20	13.55	852.88	840.38
Considered doubtful		40.95	22.75	77.26	86.76
		41.15	**36.30**	**930.14**	**927.14**
Other receivables		24.72	–	3,471.31	2,515.59
		65.87	**36.30**	**4,401.45**	**3,442.73**
Provision for doubtful receivables		40.95	22.75	77.26	86.76
	(b)	**24.92**	**13.55**	**4,324.19**	**3,355.97**
Total	**(a + b)**	**24.92**	**894.25**	**5,315.29**	**3,355.97**

*Trade receivable is secured by wind farm assets of a customer and is expected to be received on fulfillment of agreed performance criteria which the management expects to achieve during financial year 2012-2013.

18.2 Other assets

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good unless stated otherwise				
Non-current bank balances	272.12	435.30	–	–
Ancillary cost of arranging the borrowings	81.11	97.74	–	–
Interest receivable	15.24	9.50	59.45	18.36
Others	–	–	49.35	34.82
	368.47	**542.54**	**108.80**	**53.18**

19. Inventories (valued at lower of cost and net realisable value)

	March 31, 2012	March 31, 2011
Raw materials	3,386.91	2,744.85
Finished goods, semi-finished goods and work- in- progress	1,901.74	2,378.23
Stores and spares	192.34	155.89
Land and land lease rights	98.81	72.59
	5,579.80	**5,351.56**

20. Cash and bank balances

	March 31, 2012	March 31, 2011
Balances with banks:		
In current accounts	1,473.92	2,548.77
In term deposits	1,123.70	69.76
Unpaid dividend	0.19	0.19
Cheques / draft on hand	33.26	66.35
Cash on hand	1.41	0.89
	2,632.48	**2,685.96**

21. Revenue from operations

	March 31, 2012	March 31, 2011
Revenue from sale, installation and commissioning of WTG	19,687.20	16,764.62
Income from operation and maintenance service	1,395.17	1,114.51
Revenue from operations	**21,082.37**	**17,879.13**

Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts'

	March 31, 2012	March 31, 2011
Contract revenue recognised during the period	12,790.63	9,736.54
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	9 224.62	5,612.54
Amount of customer advances outstanding for contracts in progress up to the reporting date	2,459.07	329.04
Retention amount due from customers for contract in progress up to the reporting date	–	1.01
Due from customers	2,860.77	1,678.75
Due to customers	309.43	157.08

22. Cost of raw material and components consumed

		March 31, 2012	March 31, 2011
Consumption of raw materials (including project business)			
Opening inventory		2,744.85	2,831.80
Add : Purchases including bought out components		14,265.52	11,785.13
		17,010.37	**14,616.93**
Less : Closing inventory		3,386.91	2,744.85
		13,623.46	**11,872.08**
Purchase of traded goods		**–**	**4.88**
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		2,378.23	2,989.39
Land and land lease rights		72.59	38.50
	(A)	**2,450.82**	**3,027.89**
Closing inventory			
Finished, semi finished goods and work-in-progress		1,901.74	2,378.23
Land and land lease rights		98.81	72.59
	(B)	**2,000.55**	**2,450.82**
(Increase) / decrease in stocks	**(C) = (A) - (B)**	**450.27**	**577.07**

23. Employee benefits expense

	March 31, 2012	March 31, 2011
Salaries, wages, allowances and bonus	1,648.61	1,411.86
Contribution to provident and other funds	261.96	178.33
Employee stock option scheme	3.86	12.56
Staff welfare expenses	94.18	73.69
	2,008.61	**1,676.44**

24. Other expenses

	March 31, 2012	March 31, 2011
Stores and spares consumed	126.77	85.53
Power and fuel	79.55	66.42
Factory and site expenses	71.45	61.54
Repairs and maintenance:		
- Plant and machinery	35.79	34.79
- Building	9.31	12.44
- Others	16.75	12.38
Operation and maintenance charges	158.09	223.52
Design change and technical up gradation charges	72.82	69.66
Rent	139.25	124.99
Rates and taxes	44.01	13.90
Performance guarantee expenditure	86.42	179.63
Liquidated damages expenditure	104.26	58.10
Operation, maintenance and warranty expenditure	172.23	124.62
Quality assurance expenses	69.72	106.70
R & D, certification and product development	135.47	135.81
Insurance	44.71	31.05
Advertisement and sales promotion	74.60	70.73
Infrastructure development expenses	4.83	23.78
Freight outward and packing expenses	779.26	587.79
Sales commission	19.33	5.12
Travelling, conveyance and vehicle expenses	277.11	204.19
Communication expenses	81.62	63.26
Auditors' remuneration and expenses	9.98	9.21
Consultancy charges	278.07	302.03
CSR, charity and donations	30.88	19.65
Miscellaneous expenses	329.73	250.94
Exchange differences, net	59.27	(53.10)
Bad debts written off	7.25	4.87
Provision for doubtful debts and advances	125.02	76.28
Loss on sale of investments, net	2.20	0.01
(Profit) / loss on assets sold / discarded, net	9.92	6.68
	3,455.67	**2,912.52**

25. Finance costs

	March 31, 2012	March 31, 2011
Interest		
Fixed loans	901.69	811.95
Others	477.43	323.72
Bank charges	224.84	167.16
Amortization of ancillary borrowing costs	19.81	41.71
Exchange difference to the extent considered as an adjustment to borrowing costs	30.97	30.24
	1,654.74	**1,374.78**

26. Finance income

	March 31, 2012	March 31, 2011
Interest income		
From banks on fixed deposits	41.51	43.49
From others	83.23	59.29
Dividend income	1.00	3.82
	125.74	**106.60**

27. Exceptional items

	March 31, 2012	March 31, 2011
Provision / (reversal) towards diminution in investments and profit on sale of investment	(227.24)	216.00
Expenditure on restructuring and refinancing of financial facilities	–	37.28
	(227.24)	**253.28**

a) On October 6, 2011, AE-Rotor Holding B.V. ('AERH'), a step-down wholly owned subsidiary of Suzlon Energy Limited ('the Company') has disposed of its entire stake in Hansen. Accordingly, the Company has discontinued the accounting of Hansen as an associate. The provision for diminution in value of investment in associate amounting to Rs 216.00 Crore was reversed during the year.

b) Expenses incurred on restructuring and refinancing of financial facilities including consent fees, expenses of merchant bankers, etc in aggregating Rs Nil (Rs 37.28 Crore) (refer note 9 (II))

28. Earnings per share (EPS)

	March 31, 2012	March 31, 2011
Basic		
Net loss after share of profit of associates and minority interest	(478.58)	(1,323.97)
Less: Preference dividend and tax thereon	0.35	0.23
Profit attributable to equity shareholders	(478.93)	(1.324.20)
Weighted average number of equity shares	1,777,365,647	1,704,579,510
Basic earnings / (loss) per share of Rs 2 each	(2.69)	(7.77)
Diluted		
Net loss after share of profit of associates and minority interest	(478.93)	(1.324.20)
Add: Interest on foreign currency convertible bonds (net of tax)	41.46	12.88
Adjusted net loss after tax	(437.47)	(1,311.32)
Weighted average number of equity shares	1,777,365,647	1,704,579,510
Add: Equity shares for no consideration arising on grant of share options	–	19,411
Add: Potential weighted average equity shares that could arise on conversion of foreign currency convertible bonds	377,292,708	237,164,922
Weighted average number of equity shares for diluted EPS	2,154,658,355	1,941,763,843
Diluted earnings / (loss) per share (Rs) of face value of Rs 2 each [refer note below]*	(2.69)	(7.77)

*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.

29. 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, 2012	March 31, 2011
Current service cost	5.77	4.55
Interest cost on benefit obligation	1.83	1.33
Expected return on plan assets	(1.01)	(1.12)
Net actuarial (gain) / loss recognised in the year	2.13	2.21
Past service cost	0.58	Nil
Net benefit expense	9.30	6.97

Details of defined benefit obligation

	March 31, 2012	March 31, 2011
Defined benefit obligation (A)	31.99	23.39
Fair value of plan assets (B)	17.46	17.71
Present value of unfunded obligations (C=A-B)	14.53	5.68
Less: Unrecognised past service cost (D)	Nil	Nil
Plan liability / (asset) (E=C-D)	14.53	5.68

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

	March 31, 2012	March 31, 2011
Opening defined benefit obligation	23.39	17.22
Interest cost	1.83	1.33
Current service cost	5.77	4.55
Benefits paid	(1.76)	(1.93)
Actuarial (gains) / losses on obligation	2.76	2.22
Closing defined benefit obligation	31.99	23.39

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

	March 31, 2012	March 31, 2011
Opening fair value of plan assets	17.71	12.44
Expected return	1.22	1.12
Contributions by employer*	0.35	5.86
Benefits paid	(2.25)	(1.72)
Actuarial gains / (losses)	0.43	0.01
Closing fair value of plan assets	17.46	17.71

Amounts for the current and previous periods are as follows:

	March 31,				
	2012	2011	2010	2009	2008
Defined benefit obligation	31.99	23.39	17.22	70.77	54.06
Plan assets	17.46	17.71	12.44	49.36	39.76
Surplus / (deficit)	14.53	5.68	4.76	21.41	14.30
Experience adjustments on plan liabilities	(3.95)	(2.18)	(0.14)	Nil	Nil
Experience adjustments on plan assets	0.43	0.01	0.07	Nil	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

30. Employee stock option plans

The Company has provided various Employee Stock Option Schemes to its employees. During the year ended March 31, 2012 the following schemes were in operation:

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
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
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-08	16-Jun-08	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
Options granted (Nos)	4,605,000	519,500	1,878,000	10,916,787	135,000	175,000	50,000	75,000	14,143,500	50,000	65,000
Exercise Price (Rs)	51.00	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
Method of settlement	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
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
Tranche 3	16-Jun-08	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
Vesting %											
Tranche 1	30%	50%	75%	50%	50%	50%	50%	50%	33.33%	50%	50%
Tranche 2	30%	25%	25%	25%	25%	25%	25%	25%	33.33%	25%	25%
Tranche 3	40%	25%	-	25%	25%	25%	25%	25%	33.34%	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-July-2015	Till 30-Oct-2015	Till 21-Feb-2016	Till 31-Mar-2014	Till 27-Apr-2016	Till 31-Jul-2016

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 II)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007	ESOP Perpetual-I (Tranche VI)	ESOP Perpetual-I (TrancheVII)
	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	–	–

The movement in the stock options during the year ended March 31, 2011 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 II)	ESOP Perpetual-I (Tranche IV)	ESOP Perpetual-I (Tranche V)	Special ESOP 2007
	Scheme I	Scheme II	Scheme III	Scheme IV	Scheme V	Scheme VI	Scheme VII	Scheme VIII	Scheme IX
Opening balance	348,000	383,000	1,699,000	10,204,496	135,000	–	–	–	–
Granted during the year	–	–	–	–	–	175,000	50,000	75,000	14,143,500
Forfeited / cancelled during the year	–	51,000	331,000	2.375.607	–	–	–	–	2,931,000
Exercised during the year	8,000	–	–	–	–	–	–	–	–
Expired during the year	–	–	–	–	–	–	–	–	–
Closing balance	340,000	332,000	1,368,000	7,828,889	135,000	175,000	50,000	75,000	11,212,500
Exercisable at the end of the year (Included in closing balance of option outstanding)	340,000	332,000	1,026,000	3,914,445	67,500	–	–	–	–

During the year no options have been exercised. Weighted average share price during the previous year ended March 31, 2011 was approximately Rs 55.20 per share.

Fair value of the options

The Company applies intrinsic value based method of accounting for determining compensation cost for Scheme I to Scheme IX. 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.

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
				Non-US	US	Non-US	US	Non-US	US					
Charge to profit and loss account	Nil	Nil	0.01	1.98		0.02		0.03		0.03	Nil	Nil	0.00	Nil
	(Nil)	(0.57)	(0.01)	(5.18)		(0.07)		(0.08)		(0.02)	(Nil)	(Nil)	-	-
Rate per option (Rs)	51.00	182.60	2.20	22.25	4.75	15.45	Nil	12.29	0.60	11.09	Nil	Nil	0.50	Nil
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
	(51.84)	(231.32)	(46.31)	(46.25)	(39.75)	(41.39)	(35.91)	(28.13)	(22.76)	(28.09)	(22.48)	(29.53)	-	-

If the cost per option was calculated based on the 'Black-Scholes' model, the loss after tax would have been higher by Rs 22.66 Crore (Rs 34.33 Crore)

Consequently the basic and diluted earnings / (loss) per share after factoring the above impact would be as follows:

Earnings per share	March 31, 2012	March 31, 2011
- Basic	(2.82)	(7.97)
- Diluted	(2.82)	(7.97)

31. 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 121.00 Crore (Rs 75.02 Crore).

Expenses under non-cancellable operating lease and rental contracts during the year is Rs 39.36 Crore (Rs 36.07 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, 2012	March 31, 2011
Not later than one year	92.07	156.60
Later than one year and not later than five years	384.80	365.50
Later than five years	1,673.81	1,545.51

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, 2012	March 31, 2011
Lease rental income recognized in statement of profit and loss for the period	2.60	2.41
Gross carrying amount	30.00	30.00
Accumulated depreciation	22.28	20.88
Depreciation charged to statement of profit and loss for the period	1.40	1.65

32. Details of the Company's share in joint ventures included in the consolidated financial statements are as follows (Before inter-company eliminations):

Balance sheet	As at March 31, 2012	Profit and loss account	April 01, 2011 to March 31, 2012
Share capital	– (–)	Sales	– (21.84)
Reserves and surplus	– (–)	Other income	– (–)
Secured loans	– (–)	Total income	– (21.84)
Total sources of funds	– (–)	Cost of goods sold	– (6.68)
Fixed assets	– (–)	Operating and other expenses	– (11.63)
Cash and bank balances	– (–)	Employee's remuneration and benefits	– (2.02)
Inventories	– (–)	Financial charges	– (1.72)
Sundry debtors	– (–)	Depreciation / amortisation	– (0.47)
Loans and advances	– (–)	Total expenditure	– (22.52)
Total current assets	– (–)	Profit before tax	– (0.68)
Current liabilities	– (–)	Tax	– (0.14)
Net current assets	– (–)	Profit after tax	– (0.54)
Total application of funds	– (–)		

33. 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

Rs in Crore

Particulars	Year ended March 31, 2012					Year ended March 31, 2011				
	Sale of WTG	Foundry & Forging	Others	Elim	Total	Sale of WTG	Foundry & Forging	Others	Elim	Total
Total external sales	20,946.08	93.36	42.93	-	21,082.37	17,756.13	88.97	34.03	-	17,879.13
Add: Inter segment sales	6.43	215.94		(222.37)	-	6.88	268.64		(275.52)	-
Segment revenue	20,952.51	309.30	42.93	(222.37)	21,082.37	17,763.01	357.61	34.03	(275.52)	17,879.13
Segment result before exceptional items	1,174.89	(31.26)	15.71	0.63	1,159.97	425.36	(40.93)	12.03	(6.62)	389.84
Add / (Less) Items to reconcile with profit as per profit and loss account										
Add : Other income					125.74					106.60
Less : Financial charges					(1,654.74)					(1,374.78)
Loss before tax before exceptional items					(369.03)					(878.34)
Less / (add) : Exceptional items					(227.24)					253.28
Loss before tax					(141.79)					(1,131.62)
Provision for current tax					91.81					147.37
MAT credit entitlement					(0.49)					(0.47)
Deferred tax					235.37					38.37
Earlier year tax					4.11					-
Total tax					330.80					185.27
Loss after tax					(472.59)					(1,316.89)
Add : Share in associate's profit / (loss) after tax					(33.29)					(27.83)
Less: Share of loss / (profit) of minority					27.30					20.75
Net loss					(478.58)					(1,323.97)
Segment assets	27,479.67	961.10	327.96	-	28,768.73	23,325.49	926.06	285.17	-	24,536.72
Common assets					3,861.26					4,683.11
Enterprise assets					32,629.99					29,219.83
Segment liabilities	11,607.94	195.54	0.95	-	11,804.43	9,591.80	108.69	57.68	-	9,758.17
Common liabilities					15,644.71					12,936.08
Enterprise liabilities					27,449.15					22,694.25
Capital expenditure during the year	832.29	9.82	47.87		889.98	946.36	20.91	57.79		1,025.06
Segment depreciation	572.98	67.12	21.13	-	661.23	572.03	70.51	14.86	-	657.40

(B) Geographical segment

Rs in Crore

Particulars	Year ended March 31, 2012							Year ended March 31, 2011						
	India	Europe	USA & Canada	China	Aus-tralia	Others	Total	India	Europe	USA & Canada	China	Aus-tralia	Others	Total
Segment revenue	7,801.51	8,184.42	3,480.28	314.47	714.10	587.59	21,082.37	6,506.27	8,520.26	906.60	847.13	1,001.38	97.49	17,879.13
Segment assets	9,420.31	15,269.11	2,197.72	857.15	300.83	723.61	28,768.73	7,481.23	13,276.79	1,413.13	1,192.04	737.95	435.58	24,536.72
Capital expenditure incurred	211.58	617.22	40.39	2.44	15.01	3.34	889.98	285.75	703.07	6.27	17.50	6.50	5.97	1,025.06

* During the year, there is increase in the operations of the Group in Canada market and accordingly the Company has reclassified Canada market from Others segment to USA & Canada segment.

34. Related party disclosures

(A) Related parties with whom transactions have taken place during the year

a. Associate

ZF Wind Power Antwerpen NV (earlier Hansen Transmission International NV) (refer note 2.5)

b. Entities where Key Management Personnel ('KMP') / Relatives of Key Management Personnel ('RKMP') have significant influence

Sarjan Realities Limited, Synefra Engineering & Construction Limited, Shubh Realty (South) Private Limited, Tanti Holdings Private Limited, Suzlon Foundation, Girish R. Tanti (HUF), SE Energy Park Limited, Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Synew Steel Limited, Salene Power Infrastructure Limited

c. Key Management Personnel of Suzlon Energy Limited

Tulsi R. Tanti, Vinod R. Tanti*

d. Relatives of Key Management Personnel of Suzlon Energy Limited

Jitendra R. Tanti, Pranav T. Tanti, Nidhi T. Tanti, Girish R. Tanti**

e. **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

* Appointed as whole time director w.e.f November 01, 2010. Transactions entered into before such appointment 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.

(B) Transactions between the Group and related parties during the year and the status of outstanding balances as at March 31, 2012

Particulars	Associate	Entities where KMP / RKMP has significant influence	KMP	RKMP	Employee funds
Transactions					
Purchase of fixed assets (including intangibles)	–	0.95	–	–	–
	(–)	(0.31)	(–)	(–)	(–)
Sale of fixed assets	–	–	–	–	–
	(–)	(0.01)	(–)	(–)	(–)
Sale of goods and services	–	2.67	0.20	0.28	–
	(–)	(0.33)	(0.45)	(0.08)	(–)
Purchase of goods and services	–	51.69	–	–	–
	(32.46)	(63.54)	(–)	(–)	(–)
Loans given	–	4.15	–	–	–
	(–)	(–)	(–)	(–)	(–)
Loans taken	–	–	–	–	–
	(–)	(145.00)	(–)	(–)	(–)
Issue of equity shares (including securities premium)	–	–	–	–	–
	(–)	(1,187.38)	(–)	(–)	(–)
	(–)	(–)	(–)	(–)	(–)
Interest income	–	5.00	–	–	–
	(–)	(5.00)	(–)	(–)	(–)
Interest expense	–	13.08	–	–	–
	(–)	(20.87)	(–)	(–)	(–)
Lease rent expense	–	17.14	–	–	–
	(–)	(19.26)	(–)	(–)	(–)
Donation given	–	2.66	–	–	–
	(–)	(5.55)	(–)	(–)	(–)
Remuneration	–	–	1.43	0.74	–
	(–)	(–)	(-1.79)	(0.66)	(–)
Contribution to various funds	–	–	–	–	0.63
	(–)	(–)	(–)	(–)	(5.93)

Particulars	Associate	Entities where KMP / RKMP has significant influence	KMP	RKMP	Employee funds
Outstanding balances					
Advances from customers	–	0.03	0.11	–	–
	(–)	(–)	(1.14)	(0.38)	(–)
Trade receivables	–	5.02	–	0.26	–
	(–)	(2.40)	(0.36)	(0.26)	(–)
Deposits outstanding	–	65.35	–	–	–
	(–)	(123.90)	(–)	(–)	(–)
Advances to supplier and other assets	–	58.83	1.83	–	–
	(–)	(1.23)	(–)	(–)	(–)
Trade payables	–	8.33	–	–	–
	(87.14)	(21.37)	(–)	(–)	(–)
Unsecured loan outstanding (including interest)	–	145.00	–	–	–
	(–)	(145.32)	(–)	(–)	(–)

(C) Disclosure of significant transactions with related parties:

Type of the transaction	Type of relationship	Name of the entity / person	Year ended March 31, 2012	2011
Purchase of fixed assets (including intangibles)	Entities where KMP/ RKMP has significant influence	Synefra Engineering & Construction Limited	–	0.01
		Sarjan Realities Ltd.	–	0.28
		Shubh Realty (South) Pvt. Ltd.	0.93	–
Sale of goods and services	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	2.47	0.20
		Sarjan Realities Ltd.	–	0.09
Sale of fixed assets	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	–	0.01
Purchase of goods and services	Associate	ZF Wind Power Antwerpen NV	–	32.46
	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	48.46	61.70
Loans taken	Entities where KMP / RKMP has significant influence	Tanti Holdings Private Limited	–	145.00
Issue of equity shares (including securities premium)	Entities where KMP / RKMP has significant influence	Sanman Holdings Private Limited	–	1,187.38
Deposits given	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	4.15	0.12
Interest income	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	5.00	5.00
Interest expense	Entities where KMP / RKMP has significant influence	Tanti Holdings Private LImited	13.08	0.35
		SE Energy Park Limited (refer note 7e)	–	4.02
		Sanman Holdings Private Limited (refer note 7e)	–	16.50
Rent expense	Entities where KMP / RKMP has significant influence	Synefra Engineering & Construction Limited	16.47	18.44
Donation given	Entities where KMP / RKMP has significant influence	Suzlon Foundation	2.66	5.55

Type of the transaction	Type of relationship	Name of the entity / person	Year ended March 31,	
			2012	2011
Remuneration	KMP	Tulsi R. Tanti	0.89	(1.28)
	KMP	Girish R. Tanti	–	(0.51)
	KMP	Vinod R. Tanti	0.54	0.35
	RKMP	Pranav T. Tanti	0.52	0.30
	RKMP	Vinod R. Tanti	–	0.35
Contribution to various funds	Employee Funds	Suzlon Energy Limited Superannuation Fund	0.18	0.51
		Suzlon Energy Limited Employee Group Gratuity Scheme	0.05	3.11
		Suzlon Infrastructure Services Limited Employees Group Gratuity Scheme	–	2.03
		SE Blades LImited Employees Group Gratuity Scheme	0.06	–
		SE Electricals Limited Employees Group Gratuity Scheme	0.23	–

35. Capital and other commitments

	March 31, 2012	March 31, 2011
Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances	89.23	106.11
Commitment for purchase of goods	6,409.79	3,073.03
Contingent consideration payable	56.61	63.10

36. Contingent liabilities

	March 31, 2012	March 31, 2011
Premium on redemption of zero coupon convertible bonds (refer note 9)	–	579.21
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	12.51	11.28
Income-tax*	41.70	21.96
State levies	11.10	11.50
Labour related	–	0.02
Suppliers and service providers	39.19	42.25
Cumulative preference share dividend of subsidiary payable to minority	0.96	0.70
Others	12.61	9.70

* 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 law suit is filed on one of the subsidiaries of the Group by its supplier for breach of supply agreement. The matter is under legal dispute and the outcome of the same is not ascertainable.

37. Derivative instruments and unhedged foreign currency exposure

a. Derivative instruments

1. Forward contract outstanding as at balance sheet date:

	Purpose
Buy Euro 3,138,888(Euro 4,229,520)	Hedge of forex Euro liabilities
Buy USD 33,703,433 (USD 2,000,000)	Hedge of forex USD liabilities
Buy CAD 26,800,000 (CAD Nil)	Hedge of forex CAD liabilities
Sell CAD 47,900,000 (CAD 218,520)	Hedge of forex CAD liabilities
Sell USD 244,000,000 (USD 18,809,720)	Hedge of forex USD receivable
Sell EURO 2,000,000 (EURO 11,000,000)	Hedge of forex EURO receivable
Sell AUD Nil (AUD 37,000,000)	Hedge of forex AUD receivable

2. **Principal only currency swaps contracts outstanding as at balance sheet date:**

	Purpose
USD 1,9290,889 (USD 46,665,379) Notional Amount	Hedge of forex USD receivable
Euro 5,0386,523 (Euro 18,948,075) Notional Amount	Hedge of forex Euro loan given

b. **Unhedged foreign currency exposure**

	March 31, 2012	March 31, 2011
Current liabilities	4,764.54	3,857.48
Debtors	3,821.30	4,442.18
Loans given	3,248.79	2,840.85
Loans received	2,765.11	2,675.85
Bank balance in current and term deposit accounts	98.32	148.11
Deposit paid	–	0.52
Foreign currency convertible bonds	3,327.42	2,136.27

38. **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 46 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 342.69 Crore (gain of Rs 245.29 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 139.98 Crore (Rs 8.42 Crore) have been amortised during the year.

39. **Figures in the brackets are in respect of the previous years**

As per our report of even date

For SNK & Co.
Firm Registration number: 109176W
Chartered Accountants

per Sanjay Kapadia
Partner
Membership No. : 38292

Place : Pune
Date : May 25, 2012

For S.R. BATLIBOI & Co.
Firm Registration number: 301003E
Chartered Accountants

per Arvind Sethi
Partner
Membership No. : 89802

Place : Pune
Date : May 25, 2012

For and on behalf of the Board of Directors of Suzlon Energy Limited

Tulsi R. Tanti
Chairman and Managing Director

Vinod R. Tanti
Executive Director

Hemal A. Kanuga
Company Secretary

Kirti Vagadia
Chief Financial Officer

Place : Pune
Date : May 25, 2012

Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Suzlon Energy Limited will be held on Monday, August 13, 2012 at 11.00 a.m. at J.B.Auditorium, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 to transact the following businesses:

ORDINARY BUSINESS:

1. **Adoption of Financial Statements, etc. for the financial year 2011-12**

   To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.

2. **Re-appointment of Mr. Tulsi R.Tanti as Director**

   To appoint a director in place of Mr. Tulsi R.Tanti, who retires by rotation and being eligible, offers himself for re-appointment.

3. **Re-appointment of Mr. V.Raghuraman as Director**

   To appoint a director in place of Mr. V.Raghuraman, who retires by rotation and being eligible, offers himself for re-appointment.

4. **Appointment of Statutory Auditors**

   To appoint M/s. SNK & Co., Chartered Accountants, Pune and M/s. S. R. Batliboi & Co., Chartered Accountants, Pune, as Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. **Regularisation of Mr. Marc Desaedeleer as Director**

   To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Marc Desaedeleer, who was appointed as an Additional Director of the Company with effect from April 1, 2012 and holds office up to the ensuing Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company whose period of Office shall be liable to determination by retirement of directors by rotation."

6. **Issue of Securities to the extent of Rs 5,000 Crores**

   To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall include any Committee thereof) consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets and / or domestic market, for a value of up to Rs 5,000 Crores (Rupees Five Thousand Crores Only), representing such number of Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), and / or equity shares through Depository Receipt Mechanism and / or Fully Convertible Debentures (FCDs) and / or Non Convertible Debentures (NCDs) with warrants or any Other Financial Instruments (OFIs) convertible into or linked to equity shares and / or any other instruments and / or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the equity shares or otherwise, in registered or bearer form (hereinafter collectively referred to as the "Securities") or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and / or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, Employees of the Company and / or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "Investors") through public issue(s) by prospectus, private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), approval of the shareholders and the provisions of Chapter VIII of the Securities And Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Board may at its absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares or NCDs with warrants for a value up to the amount of Rs 5,000 Crores (Rupees Five Thousand Crores Only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII of the SEBI ICDR Regulations."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional equity shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed."

"RESOLVED FURTHER THAT:

(a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and

(b) the underlying equity shares shall rank pari passu with the existing equity shares of the Company."

"RESOLVED FURTHER THAT the issue of equity shares underlying the Securities to the holders of the Securities shall, inter alia, be subject to the following terms and conditions:

(a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the equity shares, the number of shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

(b) in the event of the Company making a rights offer by issue of equity shares prior to the allotment of the equity shares, the entitlement to the equity shares shall stand increased in the same proportion as that of the rights offer and such additional equity shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and

(c) in the event of any merger, amalgamation, takeover or any other re-organisation, the number of shares, the price and the time period as aforesaid shall be suitably adjusted."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s)."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such equity shares ranking pari passu with the existing equity shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and / or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s)."

"RESOLVED FURTHER THAT all the aforesaid powers and authorities be and are hereby further sub-delegated to the Securities Issue Committee of the Board and that the said Securities Issue Committee be and is hereby authorised to sign and execute such letters, deeds, documents, writings, etc. and to do all such acts, deeds, matters and things as might be required in connection with the issue of the Securities which in the opinion of the said Securities Issue Committee ought to have been done, executed and performed in relation to issue of the Securities as aforesaid and the matters incidental and ancillary thereto as duly and effectually as the Board could have done without further reference to the Board."

By order of the Board of Directors of Suzlon Energy Limited

Place : Pune
Dated : May 25, 2012

Hemal A.Kanuga,
Company Secretary.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before commencement of the Seventeenth Annual General Meeting of the Company.

3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the aforesaid items of Ordinary and / or Special Business is enclosed herewith.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, August 4, 2012 to Monday, August 13, 2012 (both days inclusive) for the purpose of the Seventeenth Annual General Meeting.

5. Profile of directors seeking appointment / re-appointment as stipulated under Clause 49 of the Listing Agreement is enclosed herewith.

6. Corporate members intending to send their authorised representatives to attend the Seventeenth Annual General Meeting are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.

7. Members desirous of asking any questions at the Seventeenth Annual General Meeting are requested to send in their questions so as to reach the Company's Registered Office at least 7 (Seven) days before the date of the Seventeenth Annual General Meeting so that the same can be suitably replied to.

8. Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.

9. Keeping in view the "Green Initiative in Corporate Governance" of Ministry of Corporate Affairs and in continuation to the practice adopted last year, the Company proposes to continue to send notices / documents including annual reports, etc. to the members in electronic form. Members who have still not registered their email addresses are requested to register their email addresses, in respect of electronic holdings with the Depository through the concerned Depository Participants and in

respect of physical holdings with the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081; email id einward.ris@karvy.com. Those members who have already registered their email addresses are requested to keep their email addresses validated with their Depository Participants to enable servicing of notices / documents / Annual Reports electronically to their email address. Please note that as a valued Member of the Company, you are always entitled to request and receive all such communication in physical form free of cost. Further, the documents served through email are available on the Company's website www.suzlon.com and are also available for inspection at the registered office of the Company during office hours.

10. In terms of provisions of Section 205C of the Companies Act, 1956, the application money received for allotment of shares at the time of Initial Public Offer (IPO) of the Company and due for refund and remaining unclaimed is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly the application moneys received at the time of IPO of the Company in the year 2005 and remaining unclaimed shall be transferred to IEPF after October 13, 2012 within prescribed time. Please note that no claim shall lie against the Company or IEPF for such unclaimed amount once such amount is transferred to IEPF.

11. In terms of provisions of Section 205A read with Section 205C of the Companies Act, 1956, as amended, the amount of dividend remaining unpaid or unclaimed is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. The information pertaining to date of declaration of dividend and corresponding dates after which such unpaid or unclaimed dividends would be transferred to IEPF are given as under:

Financial Year	**Type of Dividend**	**Date of declaration**	**Date after which unclaimed dividend would be transferred to IEPF**
2005-06	Interim	January 30, 2006	January 30, 2013
2005-06	Final	July 18, 2006	July 18, 2013
2006-07	Interim	March 12, 2007	March 12, 2014
2007-08	Final	July 30, 2008	July 13, 2015

Please note that no claim shall lie against the Company or IEPF for such unclaimed dividend once such amount is transferred to IEPF. Members who have not yet encashed their dividend warrants for any of the aforesaid financial years, are therefore requested to contact the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081; email id einward.ris@karvy.com, at the earliest for revalidation.

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Agenda Item No.2:

In terms of provisions of Section 255 of the Companies Act, 1956, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. Further, in terms of the provisions of Section 256 of the Companies Act, 1956, one-third of such of the directors for the time being as are liable to retire by rotation shall retire from office. Thus at any point of time only one-third directors can be non-retiring directors.

Mr. Vinod R.Tanti has been appointed as an Executive Director of the Company with effect from November 1, 2010 for a period of three years in terms of approval granted by the Members of the Company at the Sixteenth Annual General Meeting held on September 27, 2011. Similarly, Mr. Tulsi R.Tanti has been re-appointed as the Managing Director of the Company with effect from April 1, 2011 for a period of three years in terms of approval granted by the Members of the Company at the Sixteenth Annual General Meeting held on September 27, 2011. As per the approval of the Members, Mr. Vinod R.Tanti and Mr. Tulsi R.Tanti are not liable to retire by rotation.

Though Mrs. Mythili Balasubramanian and Mr. Rajiv Ranjan Jha, the nominee directors have been appointed as directors liable to retire by rotation at the Sixteenth Annual General Meeting of the Company, as per the contractual terms with the Company's lenders read with the provisions of the Articles of Association of the Company, they have to be non-retiring.

Thus with a view to comply with the provisions of the Companies Act, 1956, it is proposed to make Mr. Tulsi R.Tanti and Mr. Vinod R.Tanti liable to retire by rotation. However, considering the fact that Mr. Tulsi R.Tanti has been one of the directors who has been longest in office since his last appointment vis-à-vis Mr. Vinod R.Tanti, Mr. Tulsi R.Tanti is liable to retire by rotation at the ensuing Seventeenth Annual General Meeting of the Company and being eligible offers himself for re-appointment.

The details of Mr. Tulsi R.Tanti as required to be given under Clause 49(IV)(G) of the Listing Agreement have been provided separately under Profile of Directors seeking appointment / re-appointment.

In light of above, you are requested to accord your approval to the Ordinary Resolution as set out at Agenda Item No.2 of the accompanying Notice.

Mr. Tulsi R.Tanti himself, Mr. Vinod R.Tanti and Mr. Girish R.Tanti, the non-executive directors may be deemed to be concerned or interested in the said resolution for re-appointment of Mr. Tulsi R.Tanti.

Agenda Item No.5:

Mr. Marc Desaedeleer was appointed as an Additional Director of the Company, with effect from April 1, 2012. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Marc Desaedeleer holds office up to the ensuing Annual General Meeting of the Company. The Company is in receipt of a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Marc Desaedeleer for the office of the Director of the Company.

The details of Mr. Marc Desaedeleer as required to be given in terms of Clause 49(IV)(G) of the Listing Agreement have been provided separately under Profile of Directors seeking appointment / re-appointment.

The Board recommends the appointment of Mr. Marc Desaedeleer as the Director of the Company. In light of above, you are requested to accord your approval to the Ordinary Resolution as set out at Agenda Item No.5 of the accompanying Notice.

No other Director except Mr. Marc Desaedeleer is, in any way, concerned or interested in the said resolution appointing Mr. Marc Desaedeleer as the Director of the Company.

Agenda Item No.6:

The resolution contained in the business of the Notice is an enabling resolution to enable the Company to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, FCDs, NCDs with warrants, OFIs and / or such other securities convertible into or linked to equity shares and / or any other instruments and / or combination of instruments as stated in the resolution (the "Securities") to an extent of Rs 5,000 Crores.

The Special Resolution also seeks to empower the Board of Directors to undertake a qualified institutional placement with qualified institutional buyers as defined by SEBI ICDR Regulations. The Board of Directors may at its discretion adopt this mechanism as prescribed under Chapter VIII of the SEBI ICDR Regulations for raising the funds, without the need for fresh approval from the shareholders.

In view of the expanding operations of the Company, the Company intends to capitalise on its potential. Thus it is proposed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, FCDs, NCDs with warrants, OFIs and / or such other securities convertible into or linked to equity shares and / or any other instruments and / or combination of instruments to the extent of Rs 5,000 Crores in one or another manner and in one or more tranches. Such further issue of such securities would provide a platform to the Company to meet to its fund requirements and improve the financial leveraging strength of the Company.

Similar enabling resolution was passed by the Shareholders at the Sixteenth Annual General Meeting held on September 27, 2011. Since the market conditions have changed since the last approval as also to meet to various regulatory requirements and as a matter of prudent practice, an additional / fresh resolution is proposed to be passed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, FCDs, NCDs with warrants, OFIs and / or such other securities convertible into or linked to equity shares and / or any other instruments and / or combination of instruments to the extent of Rs 5,000 Crores in one or another manner and in one or more tranches.

The detailed terms and conditions for the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The pricing of the international issue(s), if any, will be free market pricing and may be at a premium or discount to the market price in accordance with international practices, subject to applicable Indian laws and guidelines. The same would be the case if the Board of Directors decides to undertake a qualified institutional placement under Chapter VIII of the SEBI ICDR Regulations. As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Securities or shares to be issued. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The Securities issued pursuant to the offering(s) would be listed on the Indian stock exchanges and / or international stock exchange(s) and may be represented by Securities or other Financial Instruments outside India.

The Special Resolution seeks to give the Board the powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and / or individuals or otherwise as the Board may in its absolute discretion deem fit.

The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the equity shares of the Company are listed.

Section 81(1A) of the Companies Act, 1956 and the relevant clause of the Listing Agreement with the Stock Exchanges where the equity shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Special Resolution, if passed, will have the effect of allowing the Board of Directors to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company.

The Board of Directors believes that the issue of Securities is in the interest of the Company and therefore recommends the special resolution as set out at Agenda Item No.6 of the accompanying Notice for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

By order of the Board of Directors of Suzlon Energy Limited

Place : Pune
Dated : May 25, 2012

Hemal A.Kanuga,
Company Secretary.

Profile of Directors seeking appointment / re-appointment at the Seventeenth Annual General Meeting as stipulated under Clause 49 of the Listing Agreement is as under:

Mr. Tulsi R.Tanti

Brief resume - Mr. Tulsi R.Tanti is the founder of the Company and has been the Chairman and Managing Director since its inception in 1995. Under his stewardship, the Company has grown to be a leading global wind turbine manufacturer with a presence in 33 countries. Mr. Tulsi R.Tanti holds a Graduate degree in Commerce and a Diploma in Mechanical Engineering. He is responsible for the overall strategic direction of the Company and has received a number of awards in recognition of his leadership of the wind energy industry, his business achievements, and his stewardship on issues of climate change and renewable energy. The awards include being named a "Champion of the Earth" by United Nations Environment Program; "Hero of the Environment" by TIME Magazine; "Entrepreneur of the Year" award by Ernst & Young, "India Business Leader Award" by CNBC TV18, among several others.

Shareholding - Mr. Tulsi R.Tanti holds 1,09,62,000 equity shares aggregating to 0.62% of the paid-up capital of the Company. He also holds shares in the capacity as karta of HUF and jointly with others.

Interse-relationship - Mr. Tulsi R.Tanti is brother of Mr. Vinod R.Tanti and Mr. Girish R.Tanti, the non-executive directors.

Other Directorships - The details of other directorships and / or committee positions held by Mr. Tulsi R.Tanti are given as under:

Name of the Indian company in which Director	Name of Committee in which member
Suruchi Holdings Private Limited	Nil
Sugati Holdings Private Limited	Nil

Mr. V. Raghuraman:

Brief resume - Mr. V. Raghuraman is a Post graduate in Chemical Engineering. He has over 40 years experience as Consultant, Trainer, Chief Executive and Primary specialisation in combustion, fuel efficiency, in-depth industrial consulting and training activities in Energy Conservation, Energy Management, National Productivity Council 1966-1992. He pioneered Energy Audit Methodology in the Country and was involved with Inter-Ministerial working group on utilisation and Conservation of Energy 1981-83. He coordinated 200 Energy Audits for projecting potential of Energy Savings in the Indian Economy.

As Principal Adviser (Energy) to the Confederation of Indian Industry (CII), Mr. Raghuraman worked with Policymakers, Indian Government Ministries and other National and International bodies on energy sector issues. He has over four decades of experience in energy management, energy conservation and industrial engineering and has served as a consultant, trainer and researcher on projects covering combustion, cogeneration and energy audits.

Mr. Raghuraman has served as Deputy Director General of the National Productivity Council and subsequently Secretary General of ASSOCHAM. He was also 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 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 SAREC Board and Director in the Board of Orissa Sponge Iron Ltd., Cosmos International & currently 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.

Mr. Raghuraman organised Energy Audit studies sponsored by Adviser (Energy Conservation) Cabinet Secretariat (1990-91); led a team for Energy Code for Buildings sponsored by the Ministry of Non-Conventional Energy Sources (1991-92); helped identify ESCO opportunities as a member of EMCAT review committee. Mr. Raghuraman was a member of a cogeneration mission sponsored by USAID in 1988. He is also former member of the Task Force on Biomass Cogeneration constituted by the Ministry of Non-Conventional Energy Sources. He undertook a study for the Advisory Board on Energy (1987-88) on identifying and implementing "Co-generation Projects". He Co-chaired the India –EU Wind Energy Project 2005-2007. As part of his work for CII, Mr. Raghuraman drew up policy recommendations and convened meetings to enhance the conservation of energy, promote the use of renewable energy and preserve the environment. He presented the Indian response to the Kyoto Protocol at the US-Japan Energy policy dialogue meeting held in November 1998. He was associated with the "Integrated Energy Policy" exercise and a signatory of the report. He is a member of The Study Group on Nuclear Energy – An Indian Perspective (2000) of Indian National Academy of Engineering (INAE). He has been Convener of the CII-USIBC Working Group on Civil Nuclear Cooperation. He has served as adviser of the Climate Group, UK Astarc Power Pvt. Ltd., besides other corporates. His publications include "Fuel efficiency in Industrial Practice; case studies in Furnace Oil Conservation; Building a low Carbon Indian Economy; Securing India's Energy Future.

Shareholding - Mr. V.Raghuraman does not hold any shares in the Company.

Interse-relationship – Mr. V.Raghuraman is not related to any of the Directors of the Company.

Other Directorships – Mr. V.Raghuraman does not hold any directorship or any committee position in any other company.

Mr. Marc Desaedeleer

Brief resume - Mr. Marc Desaedeleer is the Chief Investment Officer of Citi Venture Capital International (CVCI). Prior to his current role, he 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. Marc Desaedeleer was Business Manager for Citibank's Corporate and Investment Banking business in France; managed several international businesses within Citbank's Investment Banking group including ADRs; and was responsible for Citibank's strategy in Global Equities. Before joining Citigroup, Mr. Marc Desaedeleer worked for several international companies including Sulzer (Switzerland) and Lisnave (Portugal). Mr. Marc Desaedeleer holds an M.B.A. degree from Carnegie Mellon University and Masters in Science degrees from the University of Louvain (Belgium).

Shareholding - Mr. Marc Desaedeleer does not hold any shares in the Company.

Interse-relationship – Mr. Marc Desaedeleer is not related to any of the Directors of the Company.

Other Directorships - The details of other directorships and / or committee positions held by Mr. Marc Desaedeleer are given as under:

Name of the Indian company in which Director	Name of Committee in which member
Sharekhan Limited	Nil
Globe Capital Market Limited	Nil

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SUZLON ENERGY LIMITED

Registered Office: "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad - 380 009

ATTENDANCE SLIP

Seventeenth Annual General Meeting on Monday, August 13, 2012

DP ID________________________ Folio No/Client ID____________________________

Full name of the shareholder/proxy attending the meeting

____

(First Name) (Second Name) (Surname)

FIRST HOLDER / JOINT HOLDER / PROXY
(Strike out whichever is not applicable)

Full name of first holder____

(If joint holder/proxy attending) (First Name) (Second Name) (Surname)

____
Signature of the Shareholder/proxy

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PROXY FORM

Seventeenth Annual General Meeting on Monday, August 13, 2012

DP ID________________________ Folio No/Client ID____________________________

I/We____of____________________________________

____

being a member(s) of Suzlon Energy Limited hereby appoint ____of

____or failing him/her_______________________________________

of ____ as my/our proxy to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on August 13, 2012, at 11.00 a.m., at J.B.Auditorium, AMA Complex, ATIRA, Dr.Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof.

Signed this___________________day of _____________ 2012.

Affix 15
Paise
Revenue
Stamp

Signature____________________

Note:

1. The proxy need not be a member of the Company.
2. The proxy form duly signed across 15 paise Revenue stamp should reach the Company's Registered Office at least 48 hours before the time of the meeting.

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REGISTERED OFFICE : "Suzlon" 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad - 380 009, India
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