

ANNUAL REPORT 2012 - 13

more than 22GW

of wind energy installations worldwide
mean more than just business to us.



The Suzlon Impact



~ **45,000GWh power generated** per year from 22GW installations.



Benefits comparable to planting ~ **3 billion trees** every year.



Lighting up ~ **75 million lives[#]**.



Saving more than **21 million tonnes of coal** per annum.



~ **36 million tonnes** of carbon emissions avoided annually.



Carbon emissions avoided equivalent to ~ **6.1 million cars** taken off the street annually.

Source: [#]In the Indian context

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tulsi R.Tanti	Chairman & Managing Director
Mr. Vinod R.Tanti	Non-Executive Director
Mr. Girish R.Tanti	Non-Executive Director
Mr. V.Raghuraman	Non-Executive Independent Director
Mr. Rajiv Ranjan Jha, (a nominee of Power Finance Corporation Limited)	Non-Executive Independent Director
Mr. Marc Desaeleer	Non-Executive Independent Director
Mrs. Bharati Rao, a nominee of State Bank of India (appointed as additional director w.e.f. August 13, 2012)	Non-Executive Independent Director
Mr. Ravi Uppal (appointed as additional director w.e.f. September 28, 2012)	Non-Executive Independent Director
Mr. Ravi Kumar, a nominee of IDBI Bank Limited (appointed as additional director w.e.f. July 20, 2013)	Non-Executive Independent Director
Mrs. Mythili Balasubramanian, a nominee of IDBI Bank Limited (ceased to be a director w.e.f. July 20, 2013)	Non-Executive Independent Director

CHIEF FINANCIAL OFFICER

Mr. Amit Agarwal

COMPANY SECRETARY

Mr. Hemal A.Kanuga

AUDITORS

SNK & Co.
Chartered Accountants
Firm Registration No. 109176W
E-2-B, 4th Floor, The Fifth Avenue,
Dhole Patil Road,
Pune - 411001, India

S.R.Batliboi & Co., LLP
Chartered Accountants
Firm Registration No. 301003E
C-401, 4th Floor, Panchshil Tech Park,
Yerawada, (Near Don Bosco School),
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

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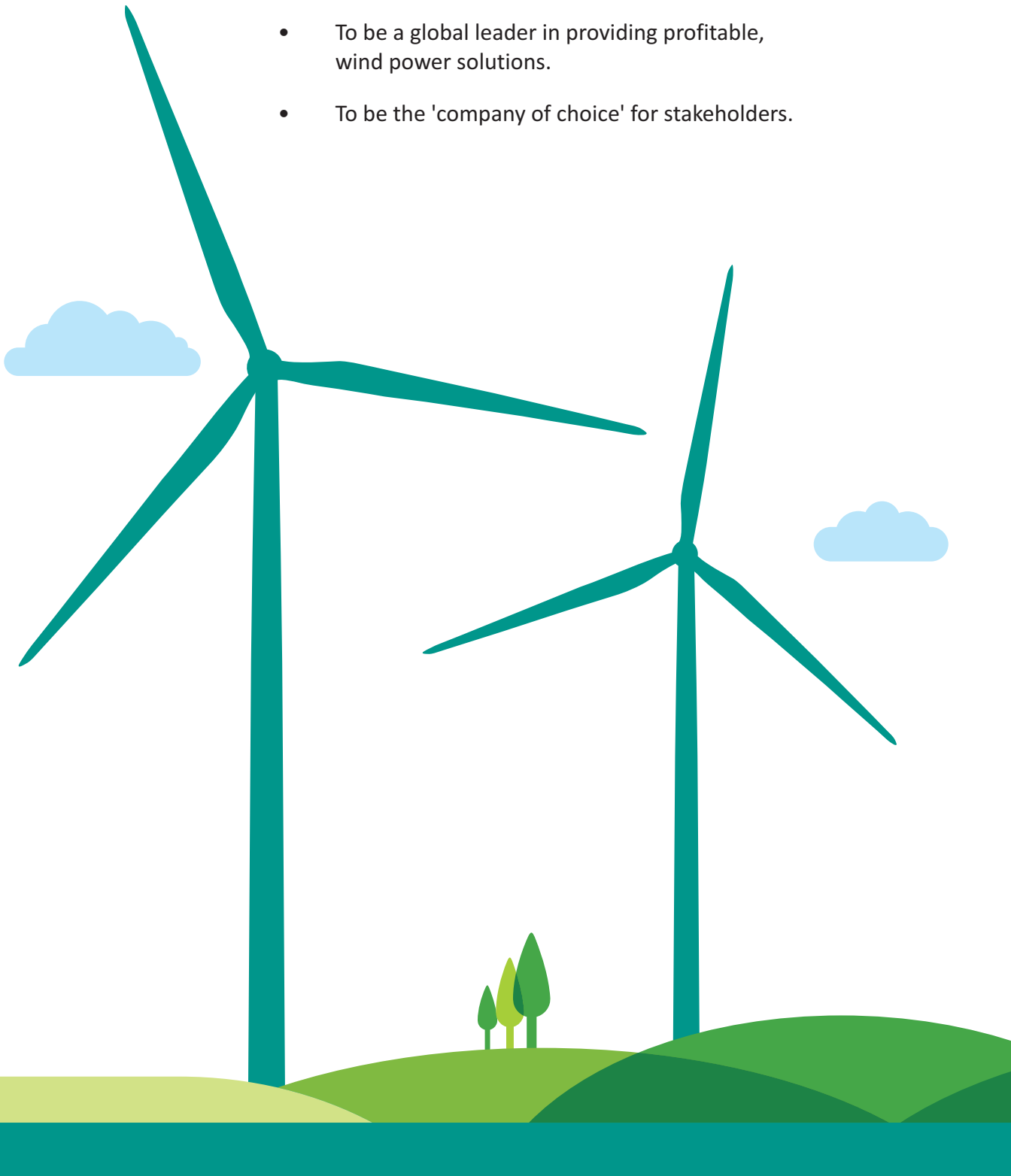
REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
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Email: einward.ris@karvy.com; Website: www.karvycomputershare.com



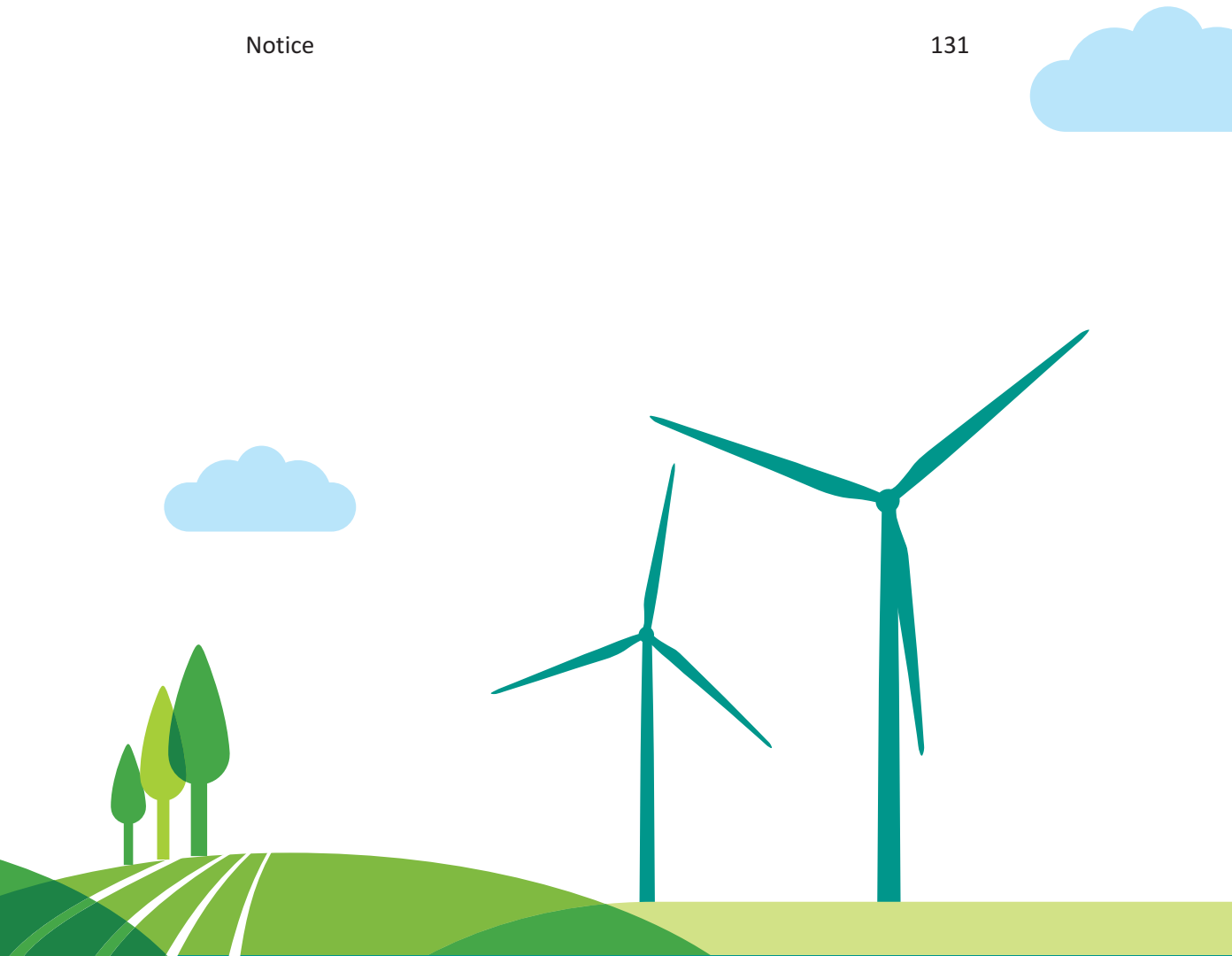
VISION

- To be a technology leader in the wind sector.
- To be in the top three wind companies in the key markets of the world.
- To be a global leader in providing profitable, wind power solutions.
- To be the 'company of choice' for stakeholders.



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LETTER FROM THE CHAIRMAN



Dear Shareholder,

I write to you today in the midst of what continues to be a challenging period for both the wind sector generally and our Group specifically. As the world deals with the cascading impacts of the financial crisis, which continue to this day, the global economy has had to find a course through uncharted waters. The wind industry has been no exception to this, indeed, over the past three years, the entire sector has been challenged to adapt to this 'new normal'.

Dealing with a radically altered business landscape, and dramatically increased risk, the Management Team faced a difficult choice in changing course. As we focused on liability management, our business performance was severely impacted – effectively a shortage of liquidity leading to an underutilization of capacity and thereby significantly lower volumes. While this led to a very disappointing business performance for the fiscal, we did achieve significant progress in addressing our liabilities. We know the road ahead will not be easy. However with the progress we have made – and the work that remains underway – we remain confident of achieving long-term sustainability.

The road so far

Over the past year we faced a challenging external landscape – the roll-back of Accelerated Depreciation (AD) and Generation Based Incentives (GBI) in India, an uncertainty over Production Tax Credits (PTC) in the US, and partial roll-back of key supports in parts of Europe. Internally, our unbalanced capital structure and pressures from turbulence in our key markets – including the India market shrinking by nearly 50 per cent – meant a textbook conflict between liabilities and business priorities.

Therefore, it became critical that we re-balance this equation, and we made liability management our foremost priority for the year. However, even though the business required what was a harsh

medicine the side effect of this was a significant shortage of working capital which negatively impacted our business execution.

It is important to point out that we made steady progress in other areas – we have continued to book orders, reporting a robust backlog of US\$ 7.5bn at the end of May; we delivered uptime (availability) levels consistently meeting and even exceeding industry standards; our OMS business has continued to grow, with an order book of US\$ 3.4bn over a five-plus year horizon; our technology program has forged forward with new and upgraded wind turbines that will deliver greater yield at lower cost to our customers; we maintained our outstanding Quality, Health, Safety and Environment (QHSE) record; and, our German-subsiary – REpower Systems SE – continued to outperform the market and achieved over 35 per cent CAGR over a three-year horizon.

That said, the challenges we faced were real and immediate – and we completed, with strong support from our domestic lenders, a Corporate Debt Restructuring exercise, including successfully closing a US\$ 647mn bond issue backed by an State Bank of India - SBLC (Stand-by Letter of Credit); we constructively engaged with our Foreign Currency Convertible Bond-holders with the goal of finding a comprehensive solution across the series; launched a program to monetize non-critical assets; and, we launched an aggressive initiative – 'Project Transformation' – to significantly reduce fixed costs, including manpower.

I believe these are steady, important steps on the road to recovery. While our business performance took an enormous hit, we – by achieving our liability management goals – are now better prepared to manage today's challenges and prepare the company to exploit tomorrow's opportunities and restore the business to a position of strength over the medium term.



Focusing on critical priorities

As we enter the new financial year, we are a leaner, more agile and outcome-oriented organization. However, there is more that needs to be done – we have committed ourselves to continuing Project Transformation, reducing net debt, optimally managing liquidity, improving contribution margins, and focusing 100 per cent – each single day – on driving business execution.

Building on our edge

However, even as we make progress as an organization, the world around us continues to change. I believe even in this changing energy landscape, there is one constant – delivering the lowest cost-of-energy (CoE) per-unit of electricity.

Wind today is already competitive against conventional fuels, like coal, when compared on a level playing field. As we go forward, we are focusing our research and development efforts on creating the next generation of wind turbines – with larger rotors translating to greater yield, and a significantly lower cost of energy.

This is an essential step as the wind sector approaches what we see as an industrialization phase. The industry is set for major change not only in terms of the business landscape, but also in terms of how we do business. We believe the changing landscape will give us considerable benefits, allowing us to make ‘Make vs. Buy’ choices, and bringing down costs even further, helping us to create even more cost effective solutions for our customers.

The bigger picture

As much of our focus during the year was on internal change, we observed that the external environment for wind energy showed significant signs of improvement: India has brought back the GBI mechanism and announced a new fund to drive renewable investments. The US has extended the PTC, and President Obama has made clean energy and climate change action a key priority for his second term. The UK has announced substantial commitments to offshore wind, and the overall outlook in Europe continues to improve. While independent analysts project a challenging 2013, they are united in their forecast of a strong global outlook for wind in the medium to long term. In addition, new markets continue to open up for the wind sector every year, offering attractive policies and a strong commitment to a sustainable energy future.

And it is in this outlook that I am reminded of our promise not only as a business, but also as a cause. Over the past year we have seen an unprecedented number of extreme weather events and natural disasters on a truly staggering scale. Climate change has gone from theory, to accepted science, to a daily reality. And it is here, I believe, that we must remember the larger contribution we can make to the world.

With over 22,500MW of wind capacity installed by the Company around the world, we work every day to provide clean, affordable electricity for all; help power the low carbon economy of the future; and, as we do this, create decent, sustainable jobs. Alongside this, we also drive a comprehensive Corporate Social Responsibility (CSR) program, with a motto of ‘sustainable development for sustainable economy’. Through the Suzlon Foundation we have active programs in eight states and two Union Territories in India, working with all stakeholders – business units and employees, communities and gram panchayats, government departments and other agencies.



Looking ahead

There is no doubt that we continue to face significant challenges, but I am confident in equal measure that we are better prepared than ever before—and that we have a strong, sustainable long-term outlook as a Group. This journey has demanded extraordinary patience and understanding from all our stakeholders – our employees, customers, vendors, our shareholder family and, most important, our domestic lenders.

I, the Management Team of the Company, and every member of the Suzlon family remains grateful for your support – and, with it, we are confident of powering a better, greener tomorrow.

Warm regards,

Tulsi Tanti
Chairman

Pune, 30th May, 2013



