

SUZLON ENERGY LIMITED



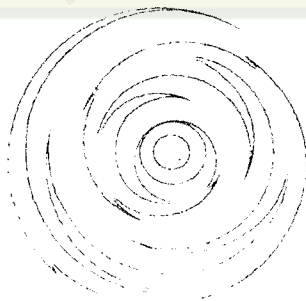
# 8th Annual Report 2002-03



POWERING A GREENER TOMORROW

To be INNOVATIVE is to be creative enough to live with the changes that time brings. To come to terms with altering market realities. To pioneer markets where none exist. To sustain calculated risks. To integrate the company and its people into a wholeness. And to be competitive enough to bridge past, present and future with a common thread.

It is our mantra, and our stimulus for growth



We are because we INNOVATE.

## Suzlon Energy Limited

### BOARD OF DIRECTORS

Tulsi R. Tanti	Chairman & Managing Director
Vinod R. Tanti	Director (Operations)
Girish R. Tanti	Director (International Operations)
Balrajsinh A. Parmar	Director (Projects)

### COMPANY SECRETARY

Hemal A. Kanuga

### AUDITORS

SNK & CO.  
Chartered Accountants  
111, Nalanda Enclave, Pritamnagar, Ellisbridge,  
Ahmedabad - 380 006.

### BANKERS

IDBI Bank Ltd.  
IndusInd Bank Ltd.  
UTI Bank Ltd.  
State Bank of India  
Bank of Maharashtra  
Standard Chartered Bank  
Deutsche Bank AG

### REGD. OFFICE

'Suzlon'  
5, Shrimali Society, Near Shree Krishna Complex, Navrangpura,  
Ahmedabad - 380 009.  
Tel. : (079) 6466315, 6407141, 6449630, 6445731  
Fax : (079) 6565540

### CORPORATE OFFICE

5th Floor, Godrej Millennium,  
9, Koregaon Park,  
Pune - 411 001.  
Tel. : (020) 4022000, 4015760 to 64  
Fax : (020) 4015759

### WORKS

Plot No. H-24/25, M.G. Udhyog Nagar,  
Near Water Tank, Dabhel,  
Daman - 386 210 (U.T.).  
Plot No. 77/13, Opp: G.D.D.I.D.C. Office,  
Vanakbara Road, Malala,  
Diu - 362 520 (U.T.).  
Survey No. 306/1 & 306/3, Opp. Carrier Aircorn Ltd.,  
Nr. Panchal Industrial Estate, Bhimpore,  
Daman - 386 210 (U.T.).

### BRANCH OFFICES

1204-08, Raheja Centre,  
Free Press Journal Marg, Nariman Point,  
Mumbai - 400 021.  
A-460, Ground Floor,  
Defence Colony, South Delhi,  
New Delhi - 110 024.  
104 & 106, Delta Wing, 1<sup>st</sup> Floor, Raheja Towers,  
177, Anna Salai (Mount Road), Near L.I.C.,  
Chennai - 600 002.  
101A, 1<sup>st</sup> Floor, Prestige Towers,  
Field Marshal K.M. Cariappa Road, (Residency Road),  
Bangalore - 560 025.  
S-107/103, Trimurthy, Luhadiya Tower,  
K-11, Ashok Marg, C - Scheme,  
Jaipur - 302 001.  
412/413, Centre Point,  
RC Dutt Road, Alkapuri, 4<sup>th</sup> Floor,  
Vadodara - 390 005.  
1/4, Amrut Commercial Centre,  
Near Astron Cinema, Sardarnagar Main Road,  
Rajkot - 360 001.  
2nd Floor, Thakorbhay Mithaiwala Market,  
Sahara Gate, Ring Road,  
Surat - 395 003

## Notice

Notice is hereby given that the Eighth Annual General Meeting of the members of Suzlon Energy Limited will be held on Tuesday, the 30<sup>th</sup> day of September 2003 at 9.30 a.m. at the Registered Office of the Company at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380009 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance-Sheet as at 31<sup>st</sup> March 2003 and the Profit & Loss Account for the year ending on that date together with the Directors' Report and Auditors' Report thereon;
2. To confirm payment of Interim Equity Dividend and to note the payment of Preference Dividend;
3. To appoint a Director in place of Shri Girish R.Tanti, who retires by rotation and being eligible offers himself for re-appointment;
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the recommendation of the Board of Directors and pursuant to Article 204(a) of the Articles of Association of the Company and subject to any consent, as may be statutorily required, a sum of Rs. 12,17,39,000/- be capitalised out of the Capital Redemption Reserve and the General Reserve of the Company and be distributed by way of issuing of 1,21,73,900 Equity Shares of Rs.10/- each credited as fully paid-up Bonus Shares to the holders of the existing Equity Shares of the Company in proportion of One Equity Share for every One existing Equity Share held by them on the footing that they become entitled thereto as

capital and not as income and that such new shares, as and when issued, shall rank pari passu with the existing issued Equity Shares of the Company in respect of dividend, voting rights, etc. and shall be subject to the Memorandum and Articles of Association of the Company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolution passed and in accordance with the provisions of section 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approval of Securities And Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments, if and to the extent necessary and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of them in granting any such approvals, permissions 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 deem to include any duly authorised Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for the time being exercising the powers conferred on the Board by this Resolution, be and is hereby authorised, on behalf of the Company to issue Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred Only) each for cash at par and in such manner as the Board may decide for a sum not exceeding Rs.20,00,00,000/- (Rupees Twenty Crores Only) and to offer / issue / allot them on a Private Placement basis to the Directors, their relatives, associates, other Bodies Corporate, Financial Institutions, Banks, Foreign Institutional Investors (FIIs), Overseas

## Suzlon Energy Limited

Corporate Bodies (OCBs), Mutual Funds or any other person or persons, as may be deemed fit by the Board, or to offer them through Prospectus or by way of Right Issue, whether they are members of the Company or not, in one or more phases and / or in one or more series, in the manner and on the terms and conditions set out below and / or on such other terms and conditions as may be prescribed by the Appropriate Authorities in granting the approvals which the Board may at its absolute discretion consider proper or expedient:

- (a) The Preference Shares to be offered, issued and allotted by the Company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of Association of the Company;
- (b) The Preference Shares shall be redeemable at par in terms of Section 80 and other applicable provisions of the Companies Act, 1956 as amended from time to time in one or more instalments and the Board of Directors shall have sole discretion to decide the date / dates and manner of redemption subject however that the same shall automatically and compulsorily be redeemed at the end of 20 years from the date of allotment;
- (c) The Company as well as the Preference Shareholder shall respectively have the Call and Put Option to redeem the Preference Shares so issued anytime after 1 (One) year from the date of allotment subject however to the consent of the Preference Shareholders and the Company, as the case may be;
- (d) Preference Shares shall carry such rate of dividend as may be decided by the Board of Directors of the Company at its sole discretion from time to time, however shall not exceed 15% per annum;
- (e) Preference Shares shall carry prior right over equity shares to a preference dividend, if declared, in any particular year;

- (f) Preference Dividend shall be payable monthly, quarterly, annually or otherwise as may be determined by the Board of Directors of the Company from time to time in its sole discretion;
- (g) In case of loss or inadequacy of profits, if the Company is not in a position to declare dividend or make the payment, the dividend calculated at such rate as may be fixed by the Board of Directors of the Company from time to time shall be cumulated and the same will be payable as and when the Company is in a position to pay dividend or at the time of redemption, whichever is earlier;
- (h) Holders of Preference Shares shall not be entitled to vote at the annual general meetings or extra ordinary general meetings of the Company except in instances when the meeting is requisitioned by the preference shareholders or the business to be transacted relates to the right of preference shareholders, however they shall be entitled to receive notices for the general meetings and attend thereat;
- (i) The Board of Directors of the Company shall have the sole discretion subject to approval of holders of preference shares as laid down under Section 106 of the Companies Act, 1956 to vary the terms of allotment and / or redemption of the Redeemable Cumulative Preference Shares of Rs.100/- each from time to time as it may think fit in the best interest of the Company;
- (j) The preference shares so issued shall rank pari passu with other preference shares as may be offered, issued and allotted by the Company from time to time unless otherwise specified."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to agree and to make such modifications

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and alterations from time to time as it may deem fit and to take all steps as it may deem necessary, desirable and expedient to resolve all questions of doubt and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

"RESOLVED FURTHER THAT the Company do invite applications on private placement basis for allotment of Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred Only) each for cash at par to an extent of Rs.20,00,00,000/- (Rupees Twenty Crores Only) and that Shri Tulsi R.Tanti, Chairman & Managing Director, Shri Vinod R.Tanti, Shri Girish R.Tanti and Shri Balrajsinh A.Parmar, the Wholtime Directors of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and sign letters and such other papers as may be necessary for inviting applications, issuance and allotment of Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred Only) each on private placement basis."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 10,00,000 (Ten Lacs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each to Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 20,00,000 (Twenty Lacs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each by addition thereto of 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 10,00,000 (Ten Lacs) Preference Shares

of Rs.100/- (Rupees One Hundred Only) each in the Capital of the Company."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting in place and instead thereof the following as the new Clause V:

V. The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 20,00,000 (Twenty Lacs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and / or charging all or any of the movable and / or immovable properties, both present and future, or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any Bank, Financial Institution or Person or Persons including securing those facilities which have already been sanctioned, including any enhancement therein, by the present lenders together with interest, costs, charges, expenses and any other moneys payable by the Company and that the Board of Directors is further authorised to create floating charge on the Company's current assets, present and future, in favour of Banks, Financial Institutions or other Person or Persons who may provide such credit facilities to the Company."



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"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for mortgaging and / or charging the properties of the Company and for giving effect to the aforesaid resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the earlier resolution passed at the Seventh Annual General Meeting held on 30<sup>th</sup> September 2002, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act,

1956 to the Board of Directors of the Company to borrow from time to time such sums of money as it may deem requisite for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from the temporary loans and working capital facilities obtained from the Company's Bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount up to which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs.5,00,00,00,000/- (Rupees Five Hundred Crores Only) at any one time."

**By Order of the Board**

Date : **14<sup>th</sup> August, 2003**

**Tulsi R. Tanti**  
**Chairman & Managing Director**

'Suzlon',  
5, Shrimali Society,  
Near Shri Krishna Complex,  
Navrangpura,  
Ahmedabad - 380 009

### 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 hours before the time of holding the Annual General Meeting of the Company.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed herewith.

**EXPLANATORY STATEMENT***[Pursuant to Section 173(2) of the Companies Act, 1956]***Item No.5:**

With a view to properly reflect the capital structure of the Company and to bring it in equilibrium with the actual value of assets and the earning power of the Company, the Directors at their Meeting held on 14<sup>th</sup> August 2003 have decided to recommend issue of Bonus Shares in the proportion of One Equity Share for every One Equity Share held to those share holders whose names are on the Register of Members as on the date of the Annual General Meeting by capitalisation of free reserves of the Company.

The Company is authorised to issue Bonus Shares by capitalisation of its free reserves in terms of Article 204(a) of its Articles of Association.

You are requested to grant your permission to the issuance of Bonus Shares.

The Directors of the Company are deemed to be concerned or interested to the extent of their Equity share holding in the Company, which in turn would be entitled to receive Bonus Shares as hereby proposed to be issued.

**Item No.6:**

The Company is in process of setting-up two new manufacturing units – one for manufacturing rotor blades and WTGs at Pondicherry and another for manufacturing higher rated capacity WTGs at Daman. To part finance the said two projects, the Company proposes to bring-in additional capital in the form of Preference Share Capital to an extent of Rs.20 Crores. It is proposed to offer the preference capital to directors, their relatives, friends, associates and such other person or persons on private placement basis.

In terms of the provisions of Section 81 of the Companies Act, 1956 where it is proposed to increase the subscribed capital of the company by allotment of further shares, in whatsoever manner, then such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the company in proportion as nearly as circumstances admit to the capital paid-up on those shares at that date unless a special resolution to that effect is passed by the company in general meeting in terms of Section 81(1A) of the Companies Act, 1956.

As such the Company at its extra ordinary general meeting held on 2<sup>nd</sup> April 2002 had approved issuance of Redeemable Cumulative Preference Shares of the Company to an extent of Rs.10 Crores, however since quite some time has passed as also there has been revision in the plans and accordingly the requirements of the Company, it is felt that as a matter

of prudent practice and abundant caution a fresh resolution be passed.

In light of above, you are requested to accord your approval to the special resolution as set out at item no.6 of the accompanying notice.

Shri Tulsi R.Tanti, Shri Vinod R.Tanti, Shri Girish R.Tanti and Shri Balrajsinh A.Parmar, the Directors of the Company may be deemed to be concerned or interested in the said resolution being also the Shareholders of the Company.

**Item No.7 & 8:**

Considering the Company's decision to allot Bonus Shares as also considering the Company's plan to offer, issue and allot Redeemable Preference Shares of Rs.100/- each to an extent of Rs.20 Crores in light of the Company's expansion plans, it has been proposed to increase the Authorised Share Capital to Rs.50 Crores.

In terms of the provisions of Section 94 and other applicable provisions of the Companies Act, 1956, any increase in the authorised share capital could be effected only after obtaining approval of members at the general meeting.

With the increase in the Authorised Share Capital, it would also become necessary to amend the Capital Clause of the Memorandum of Association of the Company suitably.

In light of the provisions of the Companies Act, 1956 and considering the Company's plans for Bonus issue as well as issue of preference shares, the Directors commend passing of the resolutions as set out at item no.7 and 8 of the accompanying notice.

None of the Directors of the Company is in any way concerned or interested in the said resolutions.

**Item No.9:**

Pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, a company cannot sell, lease, charge or otherwise dispose of the whole or substantially the whole of the undertaking or undertakings of the company without the consent of members in general meeting.

The Company is availing secured as well as unsecured term loans, corporate / short term loans, external commercial borrowings and fund based and non-fund based working capital facilities from various Bank(s) and / or Financial Institution(s) for its Business Operations. Considering the expanding activities especially the international operations,



## Suzlon Energy Limited

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new WTG unit at Daman, new WTG and Rotor Blade unit at Pondicherry as well as the routine working capital requirements, the Company may be required to avail additional financial assistance(s) over and above the present financial assistance from Bank(s) and / or Financial Institution(s) and accordingly, may be required to further mortgage / charge its properties and / or extend the properties already charged to secure other assistance including securing the present facilities sanctioned and being availed. Since the creation of charge tantamount to otherwise disposing of the undertakings of the Company it shall be necessary to pass an ordinary resolution under Section 293(1)(a) of the Companies Act, 1956.

In view of the aforesaid provisions, you are requested to grant your consent to the resolution as set out at item no.9 of the accompanying notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

### Item No.10:

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, a company cannot borrow in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose except with the consent of members in the general meeting of the company.

In view of the aforesaid provisions, you are requested to grant your consent to the resolution as set out at item no.10 of the accompanying notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**By Order of the Board**

**Tulsi R. Tanti**  
**Chairman & Managing Director**

Date : **14<sup>th</sup> August, 2003**

'Suzlon',  
5, Shrimali Society,  
Near Shri Krishna Complex,  
Navrangpura,  
Ahmedabad - 380 009

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## Directors' Report

The Members,

Your Directors have pleasure in presenting herewith the Eighth Annual Report and Audited accounts for the year ended 31<sup>st</sup> March 2003.

### FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2002-2003	2001-2002
Sales including Other Income .....	<b>34,042.69</b>	53,271.42
Gross Profit before Interest, Depreciation and P & P Expenses Written Off .....	<b>5,758.71</b>	12,948.36
Interest .....	<b>479.06</b>	212.94
Depreciation .....	<b>721.82</b>	393.25
P & P Written Off .....	<b>1.93</b>	1.93
Profit before Tax .....	<b>4,555.90</b>	12,340.24
Provision for Current Tax and Deferred Tax .....	<b>288.55</b>	1,250.00
Profit after Tax .....	<b>4,267.35</b>	11,090.24
Previous year adjustments plus provisions written back .....	<b>2,252.31</b>	54.19
Balance brought forward from last year .....	<b>19,016.44</b>	11,261.24
Profit available for appropriations .....	<b>25,536.10</b>	22,405.67
Interim Dividend on Equity Shares .....	<b>608.69</b>	1,704.35
Dividend on Preference Shares .....	<b>13.33</b>	10.25
Tax on Dividends .....	<b>79.70</b>	174.63
Transfer to General Reserve .....	<b>1,000.00</b>	1,500.00
Balance Carried Forward to Balance-Sheet .....	<b>23,834.38</b>	19,016.44

### DIVIDEND:

An Interim Dividend of Rs.5.00 per equity share (50% on par value of Rs.10.00) amounting to Rs.608.69 Lacs was declared and paid by the Board. However, considering the year-end profitability position, the Board recommends that the Interim Dividend on Equity Shares be treated as the final Dividend for the financial year 2002-03. The Dividend payout for the year is in line with the policy of the Company to increase Shareholders value and keeping in view the growth plan of the Company.

### PREFERENCE SHARES:

The Company has redeemed 13% 1,02,500 Redeemable Cumulative Preference Shares of Rs.100/- each together with their annual dividend for the financial year 2002-03 during April 2003.

### NEW ISSUE OF PREFERENCE SHARES:

The Company is in process of setting-up two new manufacturing units – one for manufacturing rotor blades and WTGs at Pondicherry and another for manufacturing higher rated capacity WTGs at Daman. To part finance the said two projects, the Company proposes to bring-in additional capital in the form of Preference Share Capital to an extent of Rs.20 Crores. It is proposed to offer the preference capital to directors, their relatives, friends, associates and such other person or persons on private placement basis.

### BONUS ISSUE:

With a view to properly reflect the capital structure of the Company more in lines with the profitability of the Company, the Board of Directors recommend issue of Bonus Equity Shares in the proportion of One Equity Share for every One Equity Share held by capitalisation of free reserves of the Company.

### BUSINESS OVERVIEW:

The year under review has been a year of consolidation for the Company, which the Company has invested in product development and upgradation, backward integration, strengthening of business processes, creating suitable infrastructure base and development of human assets for long-term sustainable growth. The Company has registered