

ANNUAL REPORT 2006-07

TAKING CLEANER VISIONS
TO GREENER REALITIES

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SUZLON ENERGY LIMITED

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Suzlon turbines at a wind farm in Texas, USA.

An aerial photograph of a wind farm in Texas, USA. Several white Suzlon wind turbines are visible, spaced out across a vast, flat, brown landscape. The sky is a mix of blue and white clouds. Long shadows are cast by the turbines onto the ground. A large, semi-transparent watermark for 'Report Junction' is centered over the image.

We are at the
very beginning of time
for the human race.
It is not unreasonable
that we grapple with
problems. But there are tens
of thousands of years in
the future. Our responsibility is
to do what we can,
learn what we can,
improve the solutions,
and pass them on.

Abraham Lincoln

COMPANY INFORMATION

BOARD OF DIRECTORS	Tulsi R. Tanti Girish R. Tanti Ajay Relan Ashish Dhawan Pradip Kumar Khaitan V. Raghuraman		Chairman & Managing Director Executive Director Independent Director Independent Director Independent Director Independent Director
COMPANY SECRETARY	Hemal A. Kanuga		
AUDITORS	SNK & Co. Chartered Accountants E-2-B, The Fifth Avenue, Dhole Patil Road, Near Regency Hotel, Pune - 411 001		S.R. Batliboi & Co. Chartered Accountants The Metropole, F-1, 1st Floor, Bund Garden Road, Pune - 411 001
BANKERS	Bank of Baroda Bank of Maharashtra Citibank, N. A. Deutsche Bank AG HDFC Bank Ltd. The HSBC Ltd. IDBI Ltd. Indian Overseas Bank ING Vysya Bank Ltd. ICICI Bank Ltd.		Punjab National Bank Standard Chartered Bank State Bank of Bikaner & Jaipur State Bank of India State Bank of Indore State Bank of Patiala UTI Bank Ltd.
REGISTERED OFFICE	"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad - 380 009 Tel.: +91-79-2647 1100 Fax: +91-79-2656 5540		
CORPORATE OFFICE	5th Floor, Godrej Millennium, 9, Koregaon Park Road, Pune - 411 001 Tel.: +91-20-4012 2000 Fax: +91-20-4012 2100		
BRANCH OFFICES	Bangalore Chennai Coimbatore Hyderabad	Indore Jaipur Kolkata Mumbai	New Delhi Surat Thiruvananthapuram Vadodara
FACTORY LOCATIONS	Survey No. 588 Paddar, Bhuj - 370 105 Plot No. H-24 & H-25 M. G. Udyognagar Indl. Estate Dhabel, Daman - 396 210 Plot No. 306/1 & 3, Bhimpore, Nani Daman, Daman - 396 210 Survey No. 42/ 2 & 3, 54, 1 to 8 Bhenslore Road, Dunetha Daman - 396 210 Plot No. 57/3, (2 & 3), Dunetha, Daman - 396 210		Survey No. 86/3-4, 87/1-3-4, 88/1-2-3 89/1-2, Kadaiya Daman - 396 210 Survey No. 282, Chhadvel (Korde), Sakri, Dhule - 424 305 Survey No. 574, 59 Thiruvandarkoil, Thribhuvani Road Pondichery - 605 107 Block No. 93, National Highway No. 8, Varnama-Vadsala, Dist. Vadodara - 391 240
REGISTRAR AND SHARE TRANSFER AGENTS	Karvy Computershare Private Limited 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Tel.: +91-40-2342 0815/16/17/18 Fax: +91-40-2342 0814 E-mail: suzlon.ipo@karvy.com Website: www.karvy.com		

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VISION

In the 12 years of its existence, Suzlon has gone from strength to strength in every aspect of its operations. Our remarkable journey to the forefront of wind energy was achieved out of a vision to be the world's best. As the Suzlon saga surges forward, we raise our vision to even further horizons.

To be the technology leader in the wind energy industry

To be among the top three wind energy companies in the world

To be the most respected brand and preferred company for all stakeholders

To be the best team and best workplace

To be the fastest growing and most profitable Company in the sector

The Suzlon wind farm at Dhule, Maharashtra - one of the world's largest.



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LETTER FROM THE CHAIRMAN



Mr. Tulsi R. Tanti
Chairman & Managing Director

Our culture which consists of a healthy mix of high performance and commitment is the real energy that drives the organisation.

Dear Shareholder,

We meet in times when business is being redefined across the globe. With the world shrinking like never before, previously unexplored geographies have become potential markets. Areas like manpower, technology, logistics and finance have all acquired new possibilities in today's fast paced business environment. Industrial progress across the planet has lead to a quantum improvement in our lives. We have built new businesses, created new jobs and discovered opportunities where none existed. But all this has come at a price.

A TIPPING POINT IN HISTORY

There is an established scientific consensus that the world as we know it is changing - and that humanity and its ways bear considerable responsibility for the consequences. What had long been missing was a will arising out of this knowledge to act. But now we are beginning to see a renewed determination to change the status quo of our ways before it is much too late.

It is an acknowledged fact that no single species has exerted itself on our planet the way we humans have. However, it is now becoming apparent that our pursuit of



North America HQ at Chicago, USA.

development has come at a cost, and changes like species extinction, loss of forest cover, fossil fuel depletion, oceans dredged of life, pollution choking our skies, glaciers melting and rivers drying up have become all too familiar realities.

It is now clear that what was quickly pushed aside as the 'price of development' is the most significant danger humanity has ever faced. And now we face times where our pursuit of development itself is at risk; with the world reeling from skyrocketing energy demands, price shocks and geopolitical instability.

The time has come to not just look for immediate development and growth, but also ensure the fundamentals for sustainable development. An important way to achieve this is to diversify the world's energy sources away from exhaustible fossil fuels, towards resources that are renewable, sustainable and well distributed across the world.

This entails a paradigm shift in our thinking and our approach to 'progress'. And it is here that our adaptability once again comes to the fore, in the form of technologies, innovative approaches and a determined focus on

spreading awareness, and creating a will to make possible a sustainable future.

INSTRUMENTS OF CHANGE

Today with the growing awareness of the challenges that face us, there is also a growing recognition of the technology and applications that offer the answer. While there are several renewable technologies which offer immense promise, among them solar, tidal, wave et al. wind energy has come to the fore as the most technologically mature, commercially viable, with the widest applicability and global potential.

WINDS OF FORTUNE

As the world races forward on its path of development, there will predictably be a steady but certain rise in the now already overburdened energy supply.

Global GDP continues to grow at a rate of 4-5%, accelerated by double digit growth rates of many countries including two of our key markets - India and China. This will directly impact global net-electricity-consumption which is expected to increase by 47% by the year 2015. It is estimated that by 2015, we will be confronted with a new generation capacity requirement of almost 1,271 GW. Pushed to the limit, cost of conventional energy will inevitably rise, while concerns surrounding oil and gas availability will add to the uncertainty.

Today, wind energy has unquestionably emerged as the second largest renewable energy source. It is currently being harnessed by almost 70 countries of which 19 countries have already installed more than 100 MW each in 2006. Installed wind energy has touched 74 GW in the same year. By 2016 this is expected to touch a phenomenal 455 GW.



It is not enough to end with a product that's environmentally friendly. But to begin from there. To seek to make each step towards the creation of this product similarly so, by reducing the consumption of resources in the making of it. And to regulate and restrict the residual pollution that may result from it. All in a sincere effort to reduce our own ecological footprint on this beautiful planet. Because to us, 'sustainability' begins from there.

It is estimated that the world wind-energy marketplace will continue to grow at around 25% till past 2010. Wind analysts estimate that technically recoverable wind power across the world is as high as 53,000 Terawatt Hour/year, over twice the world's energy demand projection for 2020. Wind researchers estimate that by the year 2040, wind energy will produce 3,200 GW towards meeting the world's energy needs, which by then will represent 23% of global consumption.

THE WIND IN OUR SAILS

We had long anticipated this opportunity, and worked with a vision and passion, to build an organization that is poised to take advantage of the changing winds in the world's economy, and on the global energy stage.

Taking this forward, your company in the past year has taken major strides towards turning

our vision of a world leader in wind energy, into reality.

Our acquisition of Hansen Transmissions is a major step in our drive for technological leadership in the wind arena. Hansen ranks among the world leaders in wind gearbox technology, and brings to our fold the capability to leverage component-level R&D to design the next generation of highly efficient, reliable and customized wind power solutions.

We have also moved forward plans to substantially increase our core R&D capabilities by investing in leading edge talent; as well as expanding our R&D footprint through a new 'Innovation Centre' in Denmark, and a 'Technology Campus' in Germany.

We also saw to a successful conclusion, the acquisition bid for REpower Systems of Germany. Suzlon, with this acquisition, has

