

ANNUAL REPORT 2011 - 12



EMPOWERING
GREEN ECONOMIES

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 Desaeleleer (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
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BANKERS / INSTITUTIONS

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

REGISTERED OFFICE

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CORPORATE OFFICE

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REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081, India
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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

