

ANNUAL REPORT
2015-16

RESURGENCE!

SUZLON
POWERING A GREENER TOMORROW



On a barren plain, the landscape comes alive as hope blooms and proves that the indomitable spirit of nature can never be kept down. Tough times test the mettle of those who can face the odds and yet flourish because there is a larger purpose to life.

SUZLON THE VISION 2020

- TO BE THE BEST RENEWABLE ENERGY COMPANY IN THE WORLD
- WORK TOWARDS SUSTAINABLE, SOCIAL, ECONOMICAL AND ECOLOGICAL DEVELOPMENT
- TO CREATE A BETTER LIFE FOR FUTURE GENERATIONS



KEY MARKETS

India

- Realised 'Make in India' vision of the government by developing our vertically integrated value chain to build India's position as a hub for renewable energy
- Aim to achieve, and surpass the annual wind energy government target of 5,000 MW

Brazil

- Improved physical and digital infrastructure, established to create a business-friendly environment
- Extend our decade long association by bringing to Brazil utility scale projects

China

- Remains a strong market for Suzlon
- Leverage our capabilities and experience to expand our reach

North America

- The regions of U.S.A., Mexico and Canada remain attractive for Suzlon
- Development of technology, R&D and innovation



TECHNOLOGY ADVANCEMENT FOR REDUCED COST OF ENERGY

- Establish new manufacturing and R&D facilities to further technology innovation
- Digitisation of services and use of big data to increase efficiency and performance of wind turbines
- Aim at reducing Levelized Cost of Energy (LCoE) and enable higher return on investment for customers



GLOBAL CUSTODIANS OF CUSTOMERS' ASSETS

- Ensure profitable functioning of wind turbines across the world, and expansion of 20 GW portfolio worth US\$25 billion
- Ensure smooth functioning of products through long term services
- Strengthening OMS capabilities to develop solutions that enhances life of WTGs and operational excellence to enable energy security and reliability



A TALENTED WORKFORCE OF BRAND AMBASSADORS

- Sustain an environment where the global workforce of 7,500 employees can work with increased transparency and measurable goals, aided by promoting employee initiatives and proactivity
- Inspire a culture where employees are brand ambassadors of the organisation
- Enthuse values where employees and the organisation work in tandem for optimum business performance



COMPANY OF CHOICE FOR RENEWABLE ENERGY

- Building utility scale, GW size, viable projects as investment opportunities, with the aim of installing an additional 20 GW in the next six years
- Develop innovative business models with the aim to offer repowering, wind-solar hybrid solutions, off-shore wind energy generation and solar power
- Improve technology strength and enhance successful project execution and best-in-class service to re-establish market leadership, with the aim to capitalize on the potential available under the government's new policy framework

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COMPANY INFORMATION

SUZLON ENERGY LIMITED
CIN: L40100GJ1995PLC025447

Mr. Tulsi R. Tanti
(DIN: 00002283)
Chairman & Managing Director

Mr. Vinod R. Tanti
(DIN: 00002266)
Non-Executive Director

Mr. Girish R. Tanti
(DIN: 00002603)
Non-Executive Director

Mr. Rajiv Ranjan Jha
(DIN: 03523954)
A nominee of
Power Finance Corporation Limited
Non-Executive Director

Mrs. Medha Joshi
(DIN: 00328174)
A nominee of
IDBI Bank Limited
Non-Executive Director

Mrs. Pratima Ram
(DIN: 03518633)
A nominee of
State Bank of India
Non-Executive Director

**Mr. Vaidhyanathan
Raghuraman**
(DIN: 00411489)
Non-Executive
Independent Director

Mr. Marc Desaeleer
(DIN: 00508623)
Non-Executive
Independent Director

Mr. Ravi Uppal
(DIN: 00025970)
Non-Executive
Independent Director

**Mr. Venkataraman
Subramanian**
(DIN: 00357727)
Non-Executive
Independent Director

Mr. Per Hornung Pedersen
(DIN: 07280323)
Non-Executive Independent Director
(appointed as Additional Director in
the capacity of Independent Director
w.e.f. September 28, 2015)

Mrs. Vijaya Sampath
(DIN: 00641110)
Non-Executive
Independent Director
(appointed as Additional
Director in the capacity of
Independent Director
w.e.f. August 12, 2016)

GROUP CHIEF EXECUTIVE OFFICER
Mr. J. P. Chalasani
DIN: 00308931 (Appointed as Chief
Executive Officer w.e.f. April 4, 2016)

GROUP CHIEF FINANCIAL OFFICER
Mr. Kirti J. Vagadia
ICAI Membership No.042833

COMPANY SECRETARY
Mr. Hemal A. Kanuga
ICSI Membership No.F4126

AUDITORS

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

S.R.Batliloi & Co., LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005
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 | Corporation Bank | Dena Bank | Export Import Bank of India | ICICI Bank Limited | IDBI Bank Limited | Indian Renewable Energy Development Agency 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

REGISTERED OFFICE

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

CORPORATE OFFICE

One Earth, Hadapsar,
Pune - 411028, India
Tel.: +91.20.6702 2000
Fax.: +91 20 6702 2100

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium, Tower B, Plot 31 & 32, Gachibowli, Financial District,
Nanakramguda, Hyderabad-500032, India. Toll Free No. 1800-3454-001
Website: www.karvycomputershare.com Email: einward.ris@karvy.com

BOARD OF DIRECTORS



Mr. Vinod Tanti, Mr. Per Hornung Pederson, Mr. Girish Tanti
Standing (L to R)
Mrs. Medha Joshi, Mr. Tulsi Tanti
Seated (L to R)



Mr. Ravi Uppal, Mr. Rajiv Ranjan Jha, Mr. Vaidhyanathan Raghuraman, Mr. Venkataraman Subramanian
Standing (L to R)
Mr. Marc Desaeleer, Mrs. Pratima Ram
Seated (L to R)

CHAIRMAN'S LETTER

Dear Stakeholders,

We began Financial Year 2015-2016 (FY16) with our sights set on one goal alone – rapid ramp up of volumes in order to achieve a turnaround of our Company. We have successfully implemented our growth strategy in the last twelve months and we now bear the results of our efforts.

SUZLON ACHIEVES TURNAROUND, BACK IN PROFIT

The end of FY16 marked the period when we stepped back into black. The fiscal period came to a close on a net profit of Rs. 483 crores. We achieved this by focusing our efforts to ramp up volumes, maintaining tight control on fixed costs and increasing our order intake. Our endeavour to reduce debt and interest cost as well as improve net working capital has reinforced stakeholder confidence. In FY16, consolidated net debt was brought down to Rs. 8,452 crores from Rs. 14,570 crores in the previous year.

This was combined with an annual sales volume of 1131 MW which was an increase of over 149% over previous year. These efforts have enabled us to surpass the industry growth rate in India, which stood at approximately 48%. We aim to increase our growth at a pace higher than the industry average, with a bid to further expand our 26% market share and maintaining our consolidated leadership position in the domestic market.

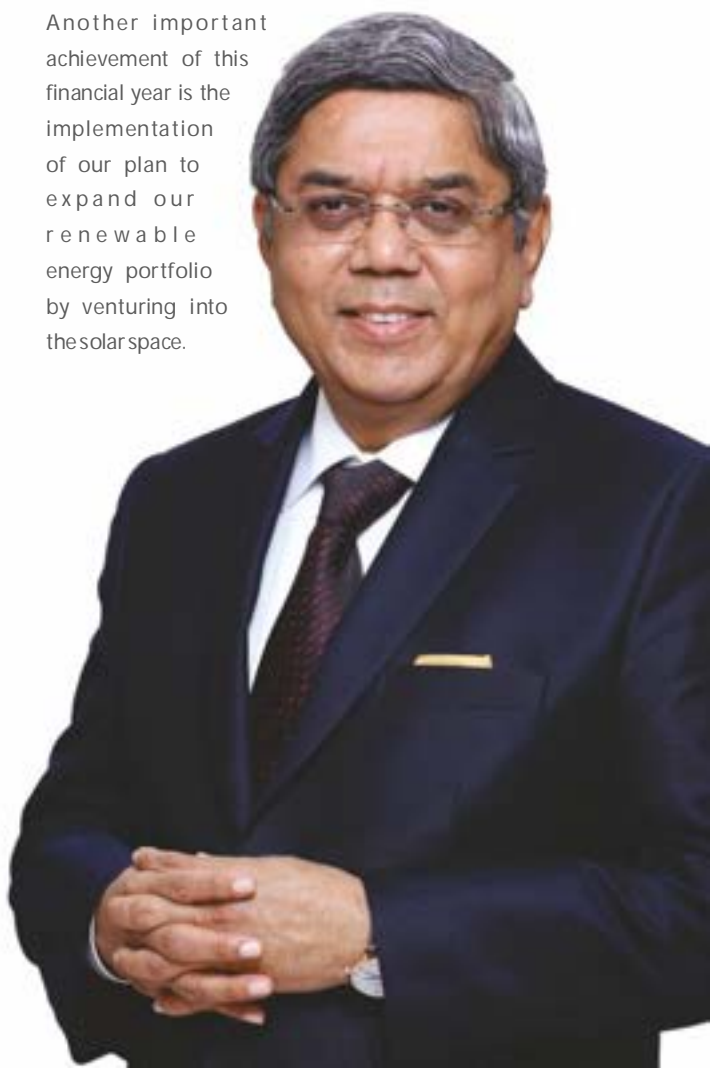
We have already begun to strengthen our management team to support our growth plans with two recent inductions, J.P. Chalasani and Rakesh Sarin.

J.P. Chalasani, has rich experience in the power sector and is renowned for his people leadership and project management skills. He joined us as CEO of Suzlon Group. On the other hand, Rakesh Sarin, who brings vast global experience in energy, has joined us as CEO of international

business and global services. Both these leaders have already implemented changes to further drive innovation and growth, leading to higher productivity and human capital enhancement. We have also ensured that the leaders of Suzlon remain motivated through extensive workshops with world renowned management gurus, organised on a periodical basis, to facilitate implementation of global best practices at the workplace.

On the manufacturing front, we have re-started two manufacturing facilities at Pondicherry for the production of Nacelle, Hub, Nacelle cover and Nose cone and also expanded our blade manufacturing facility at Bhuj, Gujarat.

Another important achievement of this financial year is the implementation of our plan to expand our renewable energy portfolio by venturing into the solar space.



FROM 'WIND ENERGY' TO 'RENEWABLE ENERGY'

As planned, we have successfully made our transition from wind energy to renewable energy through our foray into solar. Our business model for solar energy complements our expertise in wind and leverages our two decades of experience, relationships and network. As a result, we have positioned ourselves as one of the few turnkey solutions providers in the sector offering concept to commissioning solutions. This covers the entire spectrum of activities, functions and relationships that make possible the successful completion and maintenance of every solar power project right from site identification, technology design and selection, EPC (construction of solar parks), system integration and lifecycle asset management (service). Needless to say, customers choosing Suzlon as their solar energy provider will receive the advantage of Suzlon's value chain. Hence we believe we are best placed in the sector to form long term business partnerships.

Our asset-light business model for solar is advantageous as it allows us to outsource equipment supply to strategically chosen Original Equipment Manufacturers (OEMs), while also giving us the advantage of minimum capital investment, low fixed cost and high volume potential in projects as well as service contracts.

This approach is what has led to the signing of PPAs for 280 MW of solar power projects in Telangana and Maharashtra. As we continue to further expand our product portfolio, we will focus on what we believe to be the backbone of our organisation and its growth – R&D and technology.

WIND-SOLAR HYBRID

There is huge opportunity in this area given the complementary cycles of generation and the better utilization of the installed infrastructure. However, a dedicated policy for hybrid is still awaited and we believe it will take a 1-2 years for this opportunity to translate into commercial scale.

Wind-Solar Hybrid has multiple benefits to offer. One does not have to duplicate costs such as land and evacuation infrastructure. And most importantly, Suzlon has an edge due to its existing development pipeline and infrastructure and national wide operations and maintenance strength.

R&D FOR TECHNOLOGY DEVELOPMENT

Research and Development (R&D) has been the backbone of Suzlon since its inception. We have established four R&D centres across the world to capitalise on expertise and experience indigenous to particular regions. In FY16, we established the Blade Science Centre at Vejle, Denmark with a view to capitalise on the technology expertise of the region. The centre will work on the development of aerodynamics, pitch control systems, smart controls and new structures.

This centre demonstrates our growing research base that will enable us to achieve the innovation required to unlock the true potential of renewable energy. Through technology advancement, we aim at lowering the Levelised Cost of Energy (LCoE) until we achieve a desired 20% reduction in five years.

We took one more step in this journey of technological advancement with the installation of our newest product from our 2.1 MW range, the S111 120m prototype, at Naliya, Gujarat. This is the latest variant of our successful S97 120m and S111 90m products which combines the larger blade of S111 with the higher hub height and hybrid tower of S97. The S111 120m showcases our ability to make low wind sites viable, increase efficiency, and enable energy security, affordability and reliability.

The S97 120m wind turbine with hybrid tower recently won the prestigious Golden Peacock award in the category of Eco-Innovation. The S97 120m is an innovation unique to the climatic and economic environment of the Indian wind energy market. Its prototype, installed at Kutch, Gujarat in November 2014, achieved a Plant Load Factor (PLF) of 35%, higher than the Indian industry average in similar conditions by approximately 10%. The result of predominantly indigenous design, the S97 120m was developed within a record time of 13 months, against a regular development time of 24 months.

The hybrid tower, combining a lattice and tubular tower, offers the customer advantages of a taller hub height, greater stability, larger rotor diameter and reduced cost. It also combines a larger swept area for the blade with large blade size thereby increasing the wind captured and the potential energy generation. We have already received an encouraging response for the product, reiterating customer faith in our portfolio and project execution capability.

Additionally, we have dedicated efforts on wind farm management technology to control the complete park. We will develop the ability to tailor not only the individual turbine's performance with smart pitch control, but also to optimize the downstream wake-effect of all turbines in the park from any wind angle.

SERVICE: AN IMPORTANT PART OF OUR CUSTOMER EXPERIENCE

At Suzlon we offer the advantage of lifetime support to our customers, thereby establishing a partnership that goes beyond the installation and commissioning of wind turbine generators (WTG). The operations, maintenance and service (OMS) division offers SUZlon RELiability (SURE services) which is Suzlon's assurance of dependability at every stage of investment.

This range of services offers support to ensure smooth functioning of all WTGs. An important aspect of OMS is the best-in-class Supervisory Control and Data Acquisition (SCADA) system. Designed with TIA 942 with TIER 3 availability, the SCADA system connects each WTG to Suzlon monitoring centres in Pune- India, Chicago- USA and Melbourne- Australia. The SCADA service enables real time monitoring of WTGs, expedites troubleshooting and notification, facilitates data acquisition and analysis for predictive maintenance, all with secured access.

SUZLON FOUNDATION: CSR THAT IS ENTRENCHED WITHIN THE BUSINESS

The Suzlon Foundation continues to touch the lives of people around our project sites with the unique CSR model that it employs. We believe that CSR should be an integral part of every aspect of our business.

Suzlon's operations, including those of the Suzlon Foundation, are guided by the philosophy of sustainable social, economic and ecological development. This translates into action at the grass roots level, not to just offer support, but to facilitate sustainability as a way of life. Suzlon Foundation is actively involved in all activities and carries them out in collaboration with carefully chosen NGO partners. At the end of the past year, Suzlon has implemented CSR programs in 668 villages, reaching out to over one million local populace, across 8 states and Union Territory of Daman.

This number will continue to rise as our market reach increases, aided by the fact that renewable energy has today become a mainstream source of energy globally.

RENEWABLE ENERGY: GLOBAL OUTLOOK AND OPPORTUNITY

The renewable energy sector achieved numerous landmarks in 2015. Global investment stood at US\$329 billion, surpassing the previous highest of US\$318 billion achieved in 2011. We live in a new era of clean energy growth that can fuel a future of opportunity and greater prosperity for every person on the planet. Governments, businesses and investors around the world are realising that the progression to low-emission, climate-resilient growth is inevitable, beneficial and already under way. Boosted by growing climate change awareness, the sector is expected to leave its previous year's records behind in 2016. Leading the transition from fossil fuels to renewable sources are the developing nations, including India and China, among others. The renewable industry recorded a growth of 18% CAGR in 2015 and is expected to attract US\$5.86 trillion worth of investment between 2014-2035. *(Source: IEA, World Energy Investment Outlook: 2014)*

This poses massive growth potential for the sector in India, as well as for Suzlon which plays a pivotal role in shaping the country's renewable energy footprint. With the government's commitment to install 175 GW of renewable energy by 2022, and to reduce carbon emissions by 30% to 35% and increase renewables to 40% of the energy mix by 2030 made at COP21, India is set to truly expand its renewable energy portfolio. The demand for renewable energy in the country is also high, with production getting a noticeable boost through the 'Make in India' initiative.

The government has also strived to facilitate the growth of renewable energy through the establishment of a positive policy and business environment. As a result, we witnessed annual installations of 3,415 MW in FY15-16, higher than ever before and 48% higher than the previous year. The industry is expected to grow at a rate of 30% annually, and may even surpass this on the back of the positive policies. Suzlon is expected to grow at a rate higher than the market.

The Supreme Court ruling that supports Renewable Purchase Obligation (RPO) compliance, the Renewable Generation Obligation (RGO), Green Corridor, inter-state transmission charges waiver, inclusion of renewable energy