Prospectus
Dated October 3, 2005
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue

SUZLON ENERGY LIMITED

Registered Office: "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad 380009, India
Tel: (91 79) 2647 1100; Fax: (91 79) 2656 5540.
Corporate Office: Godrej Millennium, 5th Floor, 9 Koregaon Park Road, Pune 411 001, India
Tel: (91 20) 5602 2000; Fax: (91 20) 5602 2100.
Contact person: Hemal A. Kanuga; E-mail: investors@suzlon.com; Website: www.suzlon.com

(We were incorporated as a public limited company under the Companies Act, 1956 on April 10, 1995. For changes in the registered office, please see the section titled "History and Certain Corporate Matters" on page 91 of this Red Herring Prospectus)

PUBLIC ISSUE OF 29,340,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 510 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS 500 PER EQUITY SHARE) AGGREGATING RS. 14,963,400,000 CONSISTING OF A FRESH ISSUE OF 26,762,680 EQUITY SHARES BY SUZLON ENERGY LIMITED ("COMPANY" OR "ISSUER") AND AN OFFER FOR SALE OF 2,577,320 EQUITY SHARES BY CITICORP INTERNATIONAL FINANCE CORPORATION INC. ("CITICORP" OR THE "SELLING SHAREHOLDER"). THE FRESH ISSUE AND THE OFFER FOR SALE ARE JOINTLY REFERRED TO HEREIN AS THE "ISSUE". 585,000 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES IN INDIA (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE WOULD CONSTITUTE 10.20% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

ISSUE PRICE :Rs. 510 PER EQUITY SHARE OF FACE VALUE Rs. 10

THE FACE VALUE OF THE SHARES IS RS. 10 AND THE ISSUE PRICE IS 51 TIMES OF THE FACE VALUE.

The Issue is being made through the 100% book building process where not less than 60% of the Net Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. **The face value of the shares is Rs. 10 and the Issue Price is 51 times of the face value**. The Issue Price (as determined by the Company and the Selling Shareholder in consultation with the Book Running Lead Managers ("BRLMs") and the Co-Book Running Lead Managers ("CBRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xi of this Prospectus.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

The Company and the Selling Shareholder having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the National Stock Exchange of India Limited (Designated Stock Exchange) and the Bombay Stock Exchange Limited. We have received in-principle approval from the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, for the listing of the Equity Shares pursuant to letters dated August 1, 2005 and July 19, 2005, respectively.

BOOK RUNNING LEAD MANAGERS		SENIOR Co-BOOK RUNNING LEAD MANAGER	Co-BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
JM MORGAN STANLEY PRIVATE LIMITED 141, Maker Chambers III, Nariman Point Mumbai 400 021, India Tel.: (91 22) 5630 3030 Fax.: (91 22) 5630 1694 Email: suzlonipo@jmmorganstanley.com Website: www.jmmorganstanley.com Contact Person : Mr. Abhishek Goel	**ENAM FINANCIAL CONSULTANTS PVT LTD** 801/ 802, Dalamal Towers Nariman Point Mumbai 400 021, India Tel: (91 22) 5638 1800 Fax: (91 22) 2284 6824 E-mail: suzlon.ipo@enam.com Website: www.enam.com Contact Person : Mr. Siddarth Shah	**CLSA INDIA LIMITED** 8/F Dalamal House Nariman Point Mumbai 400 021, India Tel: (91 22) 5650 5050 Fax: (91 22) 2284 1657 E-mail: suzlon.ipo@clsa.com Website: www.india.clsa.com Contact Person : Mr. Sumit Jalan	**YES BANK LIMITED** Nehru Centre, 9th Floor, Discovery of India Building, Dr. Annie Besant Road, Worli Mumbai 400 018, India Tel: (91 22) 5669 9000 Fax: (91 22) 2490 0314 E-Mail: suzlon@yesbank.in Website: www.yesbank.in Contact Person : Mr. Ashish Jhaveri	**KARVY COMPUTERSHARE PRIVATE LIMITED** Karvy House, 46 Avenue 4 Street No. 1, Banjara Hills Hyderabad 500 034, India Tel: (91 40) 2343 1546 Fax: (91 40) 2343 1551 E-mail: suzlon.ipo@karvy.com Website: www.karvy.com Contact Person : Mr. Murali Krishna

ISSUE PROGRAMME

BID/ISSUE OPENS ON : SEPTEMBER 23, 2005	BID/ISSUE CLOSES ON : SEPTEMBER 29, 2005

TABLE OF CONTENTS

SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS i

CERTAIN CONVENTIONS; USE OF MARKET DATA ix

FORWARD-LOOKING STATEMENTS x

SECTION II- RISK FACTORS xi

SECTION III- INTRODUCTION

SUMMARY 1

THE ISSUE 5

SELECTED FINANCIAL INFORMATION 6

GENERAL INFORMATION 9

CAPITAL STRUCTURE 17

OBJECTS OF THE ISSUE 29

BASIS FOR ISSUE PRICE 42

STATEMENT OF TAX BENEFITS 45

SECTION IV- ABOUT US

THE MARKET FOR WIND ENERGY PRODUCTS 53

BUSINESS 60

REGULATIONS AND POLICIES 88

HISTORY AND CERTAIN CORPORATE MATTERS 91

OUR MANAGEMENT 100

OUR PROMOTERS 110

RELATED PARTY TRANSACTIONS 155

CURRENCY OF PRESENTATION 163

DIVIDEND POLICY 164

SECTION V- FINANCIAL INFORMATION

FINANCIAL INFORMATION 165

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 224

INDEBTEDNESS 254

SECTION VI- LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS 257

LICENSES AND APPROVALS 265

OTHER REGULATORY AND STATUTORY DISCLOSURES 273

SECTION VII- ISSUE RELATED INFORMATION

TERMS OF THE ISSUE 282

ISSUE STRUCTURE 285

ISSUE PROCEDURE 287

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES 306

SECTION VIII- MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION 307

SECTION IX- OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 367

DECLARATION 370

DEFINITIONS AND ABBREVIATIONS

Term	Description
The "Company" or "our Company" or "SEL" or "Suzlon Energy Limited" or "we" or "our" or "us"	Unless the context otherwise requires refers to Suzlon Energy Limited on a consolidated basis, a company incorporated under the Companies Act
"our Group" or "our Companies" or "Group Companies"	Unless the context otherwise requires, refers to the Company on a consolidated basis and the Associate Companies
Associate Companies	SRL, SIL, Samiran Jaipur Windfarms Private Limited, Samiran Jaisalmer Windfarms Private Limited, Shubh Realty (South) Private Limited, Shubh Realty (Gujarat) Private Limited, Kurumadikere Energy Limited, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited.

Company Related Terms

Term	Description
AERH	AE-Rotor Holding B.V., a company incorporated under the laws of The Netherlands and having its registered office at Goudstraat 15, 7554 NG Hengelo Ov, The Netherlands
AERT	AE-Rotor Techniek B.V., a company incorporated under the laws of The Netherlands and having its registered office at Goudstraat 15, 7554 NG Hengelo Ov, The Netherlands
Articles/ Articles of Association	The Articles of Association of Suzlon Energy Limited
Auditors	The statutory auditors of the Company SNK & Co. and S.R. Batliboi & Co., Chartered Accountants
Board of Directors/ Board	The board of directors of our Company or a committee constituted thereof
ChrysCapital	ChrysCapital III, LLC, a company incorporated under the laws of Mauritius and having its registered office at 3rd Floor, Les Cascades, Edith Cavell Street, Port Louis, Mauritius
Citicorp or the Selling Shareholder	Citicorp International Finance Corporation Inc., a company incorporated under the laws of Delaware and having its registered office at New Castle Corporate Commons, 1 Penn's Way, Newcastle, Delaware, 19720, United States of America
Director(s)	Director(s) of Suzlon Energy Limited, unless otherwise specified
Elin	Elin EBG Motoren GmbH, Austria
Memorandum/ Memorandum of Association	The Memorandum of Association of Suzlon Energy Limited
Parmar Family	Amarsinh A. Parmar, Balrajsinh A. Parmar, D.K. Parmar, Jayaben Parmar, Kiritsinh A. Parmar, Naliniben R. Parmar, Ranjitsinh A. Parmar, Sheela B. Parmar, and V.A. Parmar
Preference Shares	10,000,000 Redeemable Cumulative Preference Shares of Rs.100 each allotted to the Private Equity Investors with a dividend rate of 0.01%
Private Equity Escrow Agent	Berjis Desai, appointed as the escrow agent under the terms of Private Equity Escrow Agreement
Private Equity Escrow Agreement	Escrow agreements entered into among Tulsi Tanti, certain members of the Tanti Family, the Company, Berjis Desai, Citicorp and ChrysCapital respectively.

Term	Description
Private Equity Investors	Citicorp and ChrysCapital
Registered Office	The registered office of the Company being "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad 380009, India
SEG	Suzlon Energy GmbH, a company incorporated under the laws of Germany and having its registered office at August- Bebel- Str. 10, 18055 Rostock, Germany
Shareholder Agreements	Shareholder agreements entered into by the Tanti Family, the Parmar Family, Suzlon Capital Limited, Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Sanman Holdings Private Limited, Samanvaya Holdings Private Limited, Tulsi Tanti, and the Company with Citicorp and ChrysCapital dated April 14, 2004 and August 3, 2004, respectively, along with the amendments dated August 6, 2004, December 18, 2004, and June 9, 2005
SIL	Suzlon Infrastructure Limited (formerly known as Suzlon Developers Limited), a company incorporated under the Companies Act and having its registered office at Godrej Millennium, 5th Floor, 9, Koregaon Park Road, Pune 411001
SRL	Sarjan Realities Limited, a company incorporated under the Companies Act and having its registered office at 285/10, Koregaon Park, Behind Singh Motors, Near Hotel Gulmohar Jupiter, Pune 411 001
Subscription Agreements	Subscription agreements entered into by the Tanti Family, the Parmar Family, Suzlon Capital Limited, Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Sanman Holdings Private Limited, Samanvaya Holdings Private Limited, Tulsi Tanti and the Company with Citicorp and ChrysCapital dated April 14, 2004 and August 3, 2004, respectively, along with the amendments dated August 6, 2004, December 18, 2004 and June 9, 2005
Suzlon Generators	Suzlon Generators Private Limited, a company incorporated under the Companies Act and having its registered office at Godrej Millennium, Ground Floor, 9, Koregaon Park Road, Pune 411 001
Suzlon Structures	Suzlon Structures Private Limited, a company incorporated under the Companies Act and having its registered office at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad 380 009
SWECO	Suzlon Wind Energy Corporation, a company incorporated under the laws of Delaware and having its registered office at the Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801
SWSL	Suzlon Windfarm Services Limited, a company incorporated under the Companies Act and having its registered office at Godrej Millennium, 5th Floor, 9, Koregaon Park Road, Pune 411 001
Tanti Family	Brij J. Tanti, Girish R. Tanti, Girish R. Tanti as *karta* of Girish Ranchhodbhai HUF, Gita T. Tanti, Jitendra R. Tanti, Jitendra R. Tanti as *karta* of Jitendra Ranchhodbhai HUF, Lina J. Tanti, Nidhi T. Tanti, Pranav T. Tanti, Rajan V. Tanti through guardian Vinod R. Tanti, Rambhaben Ukabhai, Tulsi R. Tanti as *karta* of Ranchhodbhai Ramjibhai HUF, Tulsi R. Tanti J/W Vinod R. Tanti J/W Jitendra R. Tanti, Sangita V. Tanti, Trisha J. Tanti through guardian Jitendra R. Tanti, Tulsi R. Tanti as *karta* of Tulsi Ranchhodbhai HUF, Vinod R. Tanti and Vinod R. Tanti as *karta* of Vinod Ranchhodbhai HUF.

Issue Related Terms

Term	Description
Allotment/ Allotted	Unless the context otherwise requires, the issue or transfer of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been Allotted
Banker(s) to the Issue	Citibank NA, HDFC Bank Ltd., ICICI Bank Ltd., Standard Chartered Bank, State Bank of India, UTI Bank Limited, Industrial Development Bank of India Limited and Yes Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form
Bid Closing Date /Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Gujarati newspaper with wide circulation
Bid Opening Date/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Gujarati newspaper with wide circulation
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to or purchase the Equity Shares of our Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form
Bidding Period / Issue Period	The period between the Bid Opening Date/Issue Opening Date and the Bid Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and Enam Financial Consultants Private Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
CBRLMs/ Co-Book Running Lead Managers	Co-Book Running Lead Managers to the Issue, in this case being CLSA, the Senior Co-Book Running Lead Manager and Yes Bank, Co-Book Running Lead Manager
CLSA	CLSA India Limited, a company incorporated under the Companies Act and having its registered office at 8/F, Dalamal House, Nariman Point, Mumbai 400 021
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	Any price within the Price Band finalised by the Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Issue Account after the Prospectus is filed with the RoC, following which the Board shall allot Equity Shares to successful Bidders

Term	Description
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated July 11, 2005 filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Eligible Employees	Permanent employees of SEL and its subsidiaries who are Indian Nationals based in India and are present in India on the date of submission of the Bid-cum-Application Form excluding directors of such companies
Employee Reservation Portion	The portion of the Issue being a maximum of 585,000 Equity Shares available for allocation to Eligible Employees
Enam	Enam Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 113, The Stock Exchange Towers, Dalal Street, Fort, Mumbai 400 001, India
Equity Shares	Equity shares of the Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst the Company, the Selling Shareholder, the Registrar, the Escrow Collection Bank(s) and the BRLMs and the CBRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
Fresh Issue	The issue of 26,762,680 Equity Shares at the Issue Price by the Company pursuant to this Prospectus
IPO	Initial Public Offering
Issue	Collectively, the Fresh Issue and the Offer for Sale
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs, on the Pricing Date
JMMS	JM Morgan Stanley Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 0% to 100% of the Bid Amount
Net Issue	The Issue of Equity Shares other than that included in the Employee Reservation Portion.

Term	Description
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Net Issue being 2,875,500 Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
Offer for Sale	The offer for sale by the Selling Shareholder of 2,577,320 Equity Shares of Rs. 10 each at the Issue Price
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending up to the date specified in the CAN
Price Band	The price band with a minimum price (Floor Price) of Rs. 425 and the maximum price (Cap Price) of Rs. 510, including any revisions thereof
Pricing Date	The date on which the Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs finalizes the Issue Price
Promoter Group Companies	Unless the context otherwise requires, refers to those companies mentioned in the section titled "Companies Promoted by the Promoter Group" on page 113 of this Prospectus
Promoters	Tulsi Tanti, Suzlon Capital Limited, Gita Tanti, Tulsi Ranchhodbhai HUF, Ranchhodbhai Ramjibhai HUF and R.R. Family Trust
Prospectus	The Prospectus, filed with the RoC containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
QIB Portion	The portion of the Net Issue to public and not less than 17,253,000 Equity Shares of Rs. 10 each at the Issue Price, available for allocation to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Net Issue to the public and being a minimum of 8,626,500 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	Means the document issued in accordance with the SEBI Guidelines, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which was filed with the RoC at least 3 days before the Bid Opening Date and has now become a Prospectus after filing with the RoC after pricing and allocation

Term	Description
Stock Exchanges	NSE and BSE
Syndicate	The BRLMs, the CBRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company, the Selling Shareholder and the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	JM Morgan Stanley Retail Services Private Limited and Enam Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs, the CBRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate, the Selling Shareholder and the Company to be entered into on or after the Pricing Date
Yes Bank	Yes Bank Limited, a company incorporated under the Companies Act and having its registered office at Nehru Centre 9th Floor, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018, India

Technical and Industry Terms

Term	Description
BTM	BTM Consult ApS
CEA	Central Electricity Authority
Cfm	Cubic feet per minute
CERC	Central Electricity Regulatory Commission
CMSs	Central Monitoring Stations
CWET	Centre for Wind Energy Technology
IEA	International Energy Agency
IREDA	The Indian Renewable Energy Development Agency
KW	Kilo Watts
KVA	Kilo Volt Amperes
kWh	Kilo Watt Hours
MNES	Ministry for Non-Conventional Energy Sources
MoP	Ministry of Power, Government of India
MT	Metric Tonne
MW	Mega Watts
O&M	Operations and Maintenance
PLF	Plant Load Factor
R & D	Research and Development
SEB	State Electricity Board
sq mtrs.	Square metres
VARIM	Vacuum Assisted Resin Infusion Moulding
WTGs	Wind Turbine Generators

Conventional/General Terms

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AUD	Australian Dollar
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
DKK	Danish Kroner
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
EPS	Earnings per share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year /fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
Government/ GOI	The Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
J/W	Jointly with
MAT	Minimum Alternate Tax
NAV	Net asset value
NOC	No Objection Certificate
Non-Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRE Account	Non-Resident External Account

Term	Description
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
p.a. / P.A.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
RBI	The Reserve Bank of India
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC	The Registrar of Companies, Gujarat at Ahmedabad located at ROC Bhavan, Opposite Rupal Park, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1995
U.S. GAAP	Generally accepted accounting principles in the United States of America

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and included in this Prospectus. Our current fiscal year commenced on April 1, 2005 and ends on March 31, 2006. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. The Company and the Selling Shareholder have not attempted to explain those differences or quantify their impact on the financial data included herein, and the Company and the Selling Shareholder urge you to consult your own advisors regarding such differences and their impact on our financial data.

For definitions, please see the section titled "Definitions and Abbreviations" on page i of this Prospectus.

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company and the Selling Shareholder believe that industry data used in this Prospectus is reliable, it has not been independently verified.

FORWARD-LOOKING STATEMENTS

We have included statements in this Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements".

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- variation in the demand for electricity;
- changes in the cost of generating electricity from wind energy and changes in wind patterns;
- changes in or termination of policies of state governments in India that encourage investment in power projects;
- general economic and business conditions in India and other countries;
- our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- changes in the value of the Rupee and other currencies;
- potential mergers, acquisitions or restructurings and increased competition;
- changes in laws and regulations;
- changes in political conditions in India;
- changes in the foreign exchange control regulations in India; and
- changes in the laws and regulations that apply to the wind energy industry, including tax laws.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" on page xi of this Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The Company, the Selling Shareholder, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the BRLMs and the CBRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Prospectus before making any investment decision relating to our Equity Shares. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Prospectus, including the restated consolidated financial statements included in this Prospectus beginning on page 165. Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP. In this section, any reference to "we", "us", "our" or "the Company" refers to Suzlon Energy Limited on a consolidated basis and any reference to "Our Group" refers to Suzlon Energy Limited on a consolidated basis and our Associate Companies.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

RISKS RELATED TO THE WIND POWER INDUSTRY

The demand for wind power projects is primarily dependent on the demand for electricity.

The demand for electricity in India and in international markets such as the United States and China is closely linked to economic growth in these countries. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for electricity. Conversely in economic downturns, activities such as industrial production and consumer demand decline or stagnate, causing demand for electricity to decrease. If either the Indian economy or the economies of major international markets, such as China and the United States, do not continue to grow at their current rate, or if there is an economic downturn, demand for electricity generally and demand for renewable energy sources such as wind power particularly are likely to decrease. A sustained economic downturn would have a material adverse effect on our business, financial condition and results of operations.

The demand for wind power projects is dependent on the cost of wind-generated electricity compared to electricity generated from other sources of energy, as well as on the reliability of wind patterns.

The demand for wind power plants is dependent on the cost of wind-generated electricity compared to electricity generated from other sources of energy. The cost of electricity produced by wind power plants is dependent on the cost of establishment of the wind power plants themselves, financing costs, maintenance costs and wind conditions at the designated site. The cost and limited supplies of oil, coal and other fossil fuels are key factors in determining the effectiveness of wind power, as from an economic perspective, cheaper and large supplies of fossil fuels favour non-wind power generation, while more expensive and limited supplies of fossil fuels favour wind power generation.

In addition to energy produced from other renewable energy sources, the main competition to wind power is oil, coal, gas and nuclear-fuelled power generation. The cost-competitiveness of energy from renewable energy sources, particularly from wind power, has been enhanced by the current near record-high prices for crude oil

and petroleum products. Also, continued investment in product techniques and technical advances in WTG design have led to a continuing reduction in the cost per kWh of power from wind energy. However, an increase in cost competitiveness or a leap in technology for other sources of power generation, the discovery of new and significant oil, gas and coal deposits or a decline in the global prices of oil, gas and coal and other petroleum products, which is currently tracking or near all-time highs, could result in lower demand for wind power plants, which would have a material adverse effect on our business, financial condition and results of operations.

Further, as the viability of wind power is dependent on the wind patterns, which are not constant and which vary over time, WTGs are generally not considered as viable base load sources of electricity. This means that while demand for wind power may increase, it is unlikely that wind power will be considered a large-scale substitute for fossil-fuel generated power and for renewable energy from more reliable sources, such as hydropower. This may adversely affect the future growth prospects of the wind power industry in general and our growth prospects in particular.

A wind farm project requires higher upfront capital investment per kWh of energy produced as compared to fossil fuel-based power plants. The terms of financing that our customers can obtain for wind power projects has a significant influence on our business, financial condition and results of operations.

A wind power plant requires higher initial capital investment per kWh of energy produced from our customers as compared to that required for a fossil fuel-based power plant. Our customers are generally required to obtain financing approval and the financing terms obtained for investments in wind power therefore have a significant influence on the wind power industry's opportunities to sell its products. Higher interest rate levels will cause the costs of investing in wind power to increase, thus making wind power a less attractive investment proposition. The creditworthiness of a wind power project proponent and the terms of any such financing also determine whether financing for a project can be obtained. In most cases, wind power plants are financed over terms that are shorter than what is available for conventional forms of energy. As a result, WTG customers assume a higher degree of risk regarding upward interest rate movements in the event a WTG project requires refinancing. Factors having an adverse impact on the financing terms for wind power plants therefore influence our opportunities for selling our products and could adversely affect our business, financial condition and results of operations.

The ability to obtain financing for a wind power project also depends on the willingness of banks and other financing institutions to provide loans to the wind power industry, including their willingness to participate in financing of large wind power projects. If lenders decide to reduce their exposure to the wind power industry or to one or more suppliers of WTGs, this could have a material adverse effect on our business, financial condition and results of operations.

The decrease in or elimination of government initiatives and incentives relating to renewable energy sources, and in particular to wind energy, may have a material adverse effect on the demand for wind power.

In recent years, governments in many countries, including India, have enacted legislation or have established policies that support the expansion of renewable energy sources, such as wind power, and such support has been a significant contributing factor in the growth of the wind power industry. Support for investments in wind power is typically provided through fiscal incentive schemes or public grants to the owners of wind power systems, for example through preferential tariffs on power generated by WTGs or tax incentives promoting investments in

wind power. In India, various state governments have also provided wind power generators with wheeling facilities and have also allowed wind power generators to bank power with the grid, due to wind being an intermittent source of power. In addition, in some countries governments also prescribe specified levels of electricity that utilities are required to obtain from renewable energy sources. Further, the international attention being paid to reducing carbon dioxide emissions and the possibility of trading carbon dioxide emission quotas taking place has led to extra duties being applied to those sources of energy, primarily fossil fuels, which cause carbon dioxide pollution. The imposition of these duties has indirectly supported the expansion of power generated from renewable energy and, in turn, the wind power industry in general.

In the past, the decrease in or elimination of direct or indirect government support schemes in a country has had a negative impact on the market for wind power in that country. There can be no assurance that any such government support will continue at the same level or at all.

If direct and indirect government support for wind power was terminated or reduced, this would make producing electricity from wind power less competitive. Our ability to sell WTGs and to offer, in coordination with our Associate Companies, wind power-related services could therefore decline sharply, which would adversely affect our financial condition and results of operations.

The construction and operation of wind power projects has faced opposition from local communities and other parties.

The construction and operation of wind power plants in a number of countries has faced opposition from the local communities where these plants are located and from special interest groups. WTGs cause noise and are considered by some to be aesthetically unappealing. Certain environmental organizations have expressed opposition to wind turbines on the allegation that wind farms cause the killing of birds and have other adverse effects on flora and fauna. For instance in India, some communities have claimed that the local climate has been adversely affected by the operation of WTGs. Legislation is in place in many countries, which regulate the accepted distance between wind power plants and urban areas to guard especially against the effects of noise. It is possible that such legislation could be amended to place further restrictions on distance, or to limit the size or height of WTGs in a given area, to prohibit the installation of WTGs at certain sites, or to impose other restrictions, such as noise requirements. A significant increase in the extent of such legislation or other restrictions could cause significant constraints on the growth of the wind power industry as a whole. This would have a material adverse effect on our business, financial condition and results of operations.

The construction and operation of wind power projects is subject to regulation, including environmental controls, and changes in these regulations could have a material adverse effect on our business, financial condition and results of operations.

Many countries, including India, have introduced legislation governing the manufacture, erection, operation and decommissioning of WTGs, including compliance with procedures relating to the acquisition of land to be used for wind power plants, compliance with relevant planning regulations and approvals for the commencement of a wind power project, including clearances from environmental regulators. Further, the extraction activities on land used for wind farms and the refining and consumption of raw materials used in the manufacture of WTGs, the impact of noise pollution from manufacturing facilities and noise from the transport to and from production sites

are subject to regulation. In the event legislation and regulation relating to the foregoing activities are made more stringent, such as increasing the requirements for obtaining approvals or meeting government standards, this could result in changes to the infrastructure necessary for wind power projects and the technical requirements for WTGs and the methods used to manufacture them, increasing the costs related to changing production methods in order to meet government standards and increasing penalties for non-compliance. These could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to keep pace with rapidly evolving technology in the design and production of WTGs.

The global market for WTGs involves rapidly evolving technology. WTGs are progressively becoming larger and their operational performance has improved, and our customers are demanding more cost efficient WTGs. To maintain a successful business in our field, we will have to quickly and consistently design and develop new and improved WTGs that keep pace with technological developments and changing customer standards and meet the constantly growing demands of our customers in terms of WTG performance. Our ability to design, develop, manufacture and market financially viable and cost-efficient WTGs on an ongoing basis is particularly important. Our inability to adequately respond to the technological changes in our industry in a timely manner would have a material adverse effect in our business, financial condition and results of operations.

We operate in a highly competitive industry, which could limit our ability to grow.

The market for WTGs is intensely competitive. Important factors affecting competition in our industry include performance of WTGs, reliability, product quality, technology, price, and the scope and quality of services, including O&M services, and training offered to customers. Some of the key competitors in the industry are listed in this Prospectus under "Business — Competition" on page 74 of this Prospectus. Although we have expended considerable resources on product design, development and manufacture, some of our competitors have longer industry experience and greater financial, technical, personnel, marketing and other resources. Some competitors may also be able to react faster to trends and changes in customer demand. Our competitors may be willing and able to spend more resources to develop products and sales and may be able to provide products faster or at a lower price than we can. If our competitors consolidate through joint ventures or cooperative agreements with each other, or even otherwise, we may have difficulty competing with them.

While we believe that we have historically been able to provide our products and services in our principal markets at competitive prices, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer products and services that are more effective than ours.

Growing competition may result in a decline in our market share or may force us to reduce the prices of our products and services, which may reduce our revenues and margins, any of which could have a material adverse effect on our business, financial condition and results of operations. We cannot be reasonably certain that we will be able to compete successfully against such competitors, or that we will not lose potential customers to such competitors. Additionally, our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable products and services.

RISK RELATED TO OUR BUSINESS

We are substantially dependent on revenues from sales to Indian customers. Changes in or termination of policies of state governments in India that encourage investment in power projects may have a material adverse effect on wind power projects.

Since incorporation, almost all of our revenues have been derived from sales of WTGs to Indian customers and the provision of O&M services to these customers. During fiscal 2004 and fiscal 2005, income from India contributed 88.4% and 99.7%, respectively, to our total income. We anticipate that the contribution of revenues from Indian customers will continue to comprise a substantial portion of our total revenues. Consequently, our future success, to a large extent, will depend on continued demand for and market acceptance of our WTGs in India, our ability to provide, in coordination with our Associate Companies, integrated wind power solutions and the overall Indian market for renewable energy sources. Competition, technological change and changes in government policies or incentives, as well as other factors, could reduce demand for, or market acceptance of, our WTGs and this could have a material adverse effect on our business, financial condition and results of operations.

Further, several state governments in India have adopted policies that encourage investment in wind power projects. Among these policies are the ability of companies to establish captive power generating facilities with relatively low wheeling charges imposed by SEBs, as well as allowing private sector power generating facilities to sell electricity to third parties. As a result, many entities, particularly those with high power usage, have established captive generating facilities, including facilities utilizing WTGs. Many of our key customers have purchased WTGs and participated in wind farm projects due to these state policies. In the event these policies change in a manner that makes it less attractive for investors to establish captive generating facilities or state governments decide not to extend the effective date for these policies, demand for our WTGs could decrease and this would have a material adverse effect on our business, financial condition and results of operations.

Our revenues and results of operations fluctuate depending on many factors, particularly on the timing of sales, and can vary significantly from period to period, which could adversely affect our results of operation and could cause our share price to decline.

In India, which is currently our primary market, WTGs sales are usually higher during the second and fourth quarters of each fiscal year. We believe that this is primarily for two reasons, namely commissioning of WTGs in time to take advantage of the high wind season and availment of the tax benefits prior to the end of the fiscal year. Therefore, a large portion of revenue is generated and cost of materials are incurred during these two fiscal quarters. However, a significant portion of our overhead expenses cannot be adjusted for seasonal variations in business activity. As a result, a drop in sales revenue in one quarter may have a disproportionately adverse effect on our results of operations in such quarter. Our revenues and results of operations may therefore vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations may not be necessarily meaningful and may not be relied upon as an indication of our future performance. It is possible that in the future some of our results of operations may be below the expectations of market analysts and our investors, which could cause the price of our Equity Shares to decline significantly.

Key factors which could also affect the results of our operations include, *inter alia*:

- the size, timing and profitability of the orders for WTGs and related services;
- the ability to modify and upgrade our WTG models based on customer needs and evolving technologies;
- changes in our marketing strategy and commercial terms of sales or those of our competitors;
- our ability to pass increases in cost of goods sold to customers;
- the size and timing of expansion of facilities;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of projects.

In addition, our recognition of revenues is dependent upon the timely dispatch of WTGs. Delays in dispatching WTGs resulting from the deficiencies in our manufacturing capabilities will cause cost overruns and adversely affect our working capital. Further, we normally require customers to make all payments for each WTG component upon delivery thereof, although in some cases customers are given from 30 to 60 days from the invoice date within which to pay a portion of the amounts due. As of March 31, 2004 and March 31, 2005, the aggregate value of customers (including deferred credit receivables) from whom payments have been outstanding for more than six months totalled Rs. 1,599.9 million and Rs. 1,190.0 million, respectively, comprising 46.5% and 17.2%, respectively, of total amounts due from sundry debtors. This represents a substantial improvement from March 31, 2003 when receivables over six months comprised 59.8% of total receivables. We also have not made significant provisions in relation to these outstanding amounts. Our inability in future to realise or accelerate the realisation of these outstanding amounts could adversely impact our financial condition, liquidity and results of operations.

A significant part of our total overhead expenses, particularly expenses related to personnel and facilities, are fixed in nature. As a result, unanticipated variations in the number and timing of orders for our WTGs may cause significant variations in our operating results in any particular period.

There are also a number of factors, other than our performance, that are not within our control that could cause fluctuations in our operating results from period to period. These include:

- the availability and duration of tax holidays or exemptions and the availability of other incentives, including those relating to the renewable energy sources;
- changes to policies relating, to and regulatory support for renewable energy sources;
- the occurrence of natural disasters, such as floods, earthquakes, storms, cyclones and tsunamis;
- currency exchange rate fluctuations, such as when the Rupee depreciates in value against foreign currencies, which affect the cost of key components which we import from foreign suppliers;
- changes in Indian law relating to the acquisition and development of land for wind power projects and to regulations relating to the construction and operation of wind power projects, as well as changes in environmental regulations.
- changes in Indian law relating to foreign exchange management and to foreign equity ownership in Indian companies that could constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities;

- oil, gas, coal and other fossil fuel prices which affect the effectiveness of wind power to our customers; and
- the economies of India, the United States and other international markets, as well as other general economic factors.

Any of these factors could adversely affect our business, financial condition and results of operations.

We are highly dependent on our Associate Companies in providing integrated wind energy solutions packages to customers in India; we do not control our Associate Companies.

Our business strategy in India involves the ability to offer customers integrated solutions relating to wind power projects. This involves the acquisition and/or lease by certain of our Associate Companies of land identified by us as suitable for wind farms, which is then sold or leased or sub-leased exclusively to our customers by these Associate Companies. These Associate Companies are members of our Promoter Group. The Associate Companies include SRL, SIL, Samiran Jaipur Windfarms Private Limited, Samiran Jaisalmer Windfarms Private Limited, Shubh Realty (South) Private Limited, Shubh Realty (Gujarat) Private Limited, Kurumadikere Energy Limited, Sarjan Infrastructure Finanace Limited, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited.

Our integrated solutions strategy also involves another Associate Company, Suzlon Infrastructure Ltd., or SIL, which is engaged by our customers to develop the wind farm site and to construct the necessary infrastructure. SIL also installs and commissions the WTGs acquired from us by the customer. Further, certain of our Associate Companies are involved in the development of wind farm projects and for this purpose they apply for approvals from the Indian central government and various Indian state governments to participate in the development of wind farm projects. Upon receiving the required approvals, these wind farm projects are developed by our Group.

We have entered into agreements for services with certain of our Associate Companies, including SRL, Samiran Jaipur Windfarms Private Limited, Samiran Jaisalmer Windfarms Private Limited, Shubh Realty (South) Private Limited, Shubh Realty (Gujarat) Private Limited, Sarjan Infratsructure Finance Limited and Kurumadikere Energy Limited, and also with Samiran Udaipur Windfarms Private Limited, Samiran Jodhpur Windfarms Private Limited Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited, under the terms of which these companies undertake to procure land identified by us as suitable for wind farms and to exclusively offer such land for sale, lease or sub-lease, as appropriate to our customers, and cannot sell, lease or sub-lease such land to any other persons or entities without our prior consent. We have also entered into an agreement for services with SIL, pursuant to which SIL undertakes to provide the services related to wind farm infrastructure construction and development, such as access roads, site levelling, civil foundation, transmission facilities, control rooms and sub-stations, as well as WTG installation, exclusively to our customers and will not provide such services to any other persons or entities without our prior consent.

Notwithstanding these agreements, as we do not exercise any degree of control, whether directly or indirectly, over the business or operations of any of our Associate Companies, we can provide no assurance that these agreements will be complied with or continued. Neither can we provide any assurance that customers will agree to use the land acquired by our Associate Companies or engage their services. In the event an Associate Company breaches its agreement with us or customers chose not to enter into transactions with an Associate Company, we may be required to incur significant expense and undertake the acquisition of land for wind farm projects in our

own name and in directly undertaking infrastructure development and WTG installation, all of which would involve substantial capital risks and expense, especially from lawsuits by others claiming rights over land acquired, which would involve significant and direct management attention. We have no significant experience in such activities. Further, if we incur higher costs than what would have been incurred by our Associate Companies in carrying out their activities, this would increase the cost to our customers of using wind farms developed by us and so adversely affect the competitiveness of our wind farm projects. Any of the foregoing could materially adversely affect our business, financial condition and results of operations. For more details please see the section titled "History and Certain Corporate Matters - Agreements with our Group Companies" on page 95 of this Prospectus.

We have a significant number of transactions with our Associate Companies.

As our business strategy involves providing integrated wind power solutions in coordination with our Associate Companies, we have a significant number of transactions with these companies. In certain states, such as Rajasthan and Maharashtra, we along with our Associate Companies have applied for approvals from the relevant state nodal agency for the allocation of generating capacity and/or government land to be used for wind power projects. Further, we often provide financial assistance to our Associate Companies in the form of advances and have also guaranteed their obligations to banks and other financial institutions. As of March 31, 2005, loans and advances to Associate Companies totalled Rs. 1,861.4 million and we had guaranteed Rs. 14.0 million of our Associate Companies' loans. We are not paid any consideration for providing these guarantees. We also lease certain properties to Associate Companies, for which we are paid rent. Further, under our agreements with them, SRL and SIL receive an annual commission of 11% and 5.25% (for SIL) respectively and our other Associate Companies are paid an annual exclusivity fee of Rs. 10,000 per megawatt (for the Windfarm Developers) in relation to the services offered by them. For more details please see the section titled "History and Certain Corporate Matters - Agreements with our Group Companies" on page 95 of this Prospectus.

As both we and our Associate Companies are controlled by our Promoter Group, there can be no assurance that transactions with our Associate Companies will be entered into on an arm's-length basis. Further, because our Promoters, along with other members of our Promoter Group, are the controlling shareholder of both us and our Associate Companies and has a conflict of interest with respect to dealings between us and our Associate Companies, there can be no assurance that any dispute that may arise between us and our Associate Companies will be resolved in our favour. For more information, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations —Transactions With Associate Companies" on page 250 of this Prospectus and see the section titled "Related Party Transactions" on page 155 of this Prospectus.

We are heavily dependent on a few key products which carry a high degree of technical risk.

Our future performance depends almost entirely on the acceptance and marketability of WTGs, and in particular, on the future success of the models which we currently manufacture or are developing. The performance of our WTGs in the medium- and long-term is subject to important technical and physical risks. For some models, such as our 2.00 MW model, there is no experiential data on long-term, full-time operation. Although our machines are designed for a 20-year life cycle, no definitive statements can be made about the service life of our WTGs or their components, or about their medium- to long-term operational reliability. While the direct risk from limited operational reliability and reduced life of WTGs is borne by our customers, disputes between WTG manufacturers and customers

based on actual or alleged product defects may take place. Recently, a 1.25 MW WTG we had supplied to a customer in Rajasthan collapsed. Although we do not believe that this was caused by defects in the design and installation of the WTG. We are still investigating the cause of the collapses. In the meantime, we replaced the WTG at our own cost as the collapse had occurred during the WTG's warranty period.

Further, we undertake various testing processes on new models of WTG and rotor blades in different operating conditions to acquire data for making decisions for series production of such new models and the WTGs and rotor blades used in the course of such tests may get damaged or become unfit to be used. Based on our understandings with customers to whom such new models are sold, any loss incurred in the course of such tests, is borne by us. Such instances could damage the reputation of our products and therefore impair the marketability of our products. For example, recently one of the rotor blades of our 2.00 MW series WTG model collapsed during testing in Tamil Nadu.

Further disputes or claims may arise in relation to any performance warranties for our WTGs that we provide our customers. If such disputes or claims do occur, defense against claims from customers, even if such claims are not meritorious, could be expensive and divert our attention and resources from our business, and our financial condition and results of operations may be adversely affected. See "Risk Factors – We face product liability and warranty risks and may face related claims".

Further, if demand for our products declines, or the marketability or life span of our products diminishes so that the products can no longer be sold on the market or can only be sold in small quantities, our business, financial condition and results of operations could be adversely affected.

We can provide no assurance that our new products will be commercially successful.

Our growth depends on designing, developing and marketing new and more cost-efficient WTGs. We have recently developed a 0.60 MW WTG model and are currently developing additional MegaWatt (1.00 MW to 1.50 MW) and Multi MegaWatt (greater than 1.50 MW) WTG models. The development of new WTG models requires significant investments. Whether our new WTGs will be accepted by and be successful in the market and whether we will recoup the costs of developing such new WTGs cannot be assured. For a variety of reasons, including uncertainties in forecasting future developments in technology, the success of our products cannot be predicted with any certainty. There can be no guarantee that we will succeed in introducing new products into the market in a timely manner, that the newly introduced products will be accepted in the market, or that such acceptance will continue for any period of time. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We plan to invest significantly in research and development and to commit a significant investment in personnel for product development over the next few years. However, there is a risk that our development of new and existing products may be delayed, may result in incurrence of higher than expected costs or may fail technologically. It cannot be assured that we will be able to develop more cost-efficient WTGs or that this will lead to profits for us or that we will be able to continue to successfully develop and exploit our expertise in the future. In addition, it cannot be assured that the costs of developing new products will not be greater than future income from those products. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We face product liability and warranty risks and may face related claims.

As part of our business model, we provide our customers with a generation warranty for each WTG purchased. This warranty can consist of (a) an absolute "unit" warranty on the number of units of electricity that will be generated by the WTG, subject to grid availability although regardless of fluctuations in wind speed or (b) a power curve warranty pursuant to which we warrant that a WTG will produce a specified number of units of electricity at different wind speeds. While we believe we have made adequate provisions for potential claims arising from generation warranties, there can be no assurance that the provisions we have made or may make will be sufficient to cover these claims. With regard to customers to whom we have provided unit warranties, there can be no assurance that wind patterns will be such that the unit warranty will be achieved. In the event such provisions are not sufficient, the amount of claims arising from the failure of our WTGs to meet generation warranties could have a material adverse effect on our business, financial condition and results of operations.

We also offer O&M services for our WTGs, which includes round-the-clock monitoring and maintenance and repair of the units. Our standard service package includes preventive and planned maintenance of WTGs, transformers and related structures and includes a warranty on machine availability, which typically ranges from 95% to 97%, depending on the agreement reached with the customer, as well as warranties relating to the maximum allowable percentages of reactive power and transmission losses. If the machine availability warranty is not met, we are liable to our customers up to a certain percentage of the annual maintenance fees we receive for each WTG that did not perform as warranted. We also offer, for a higher fee, a comprehensive service package that includes free repair or replacement of damaged components in addition to the services offered in the standard service package. Depending on the number of WTGs that a customer has acquired and that do not perform as warranted or are damaged, the amount of claims against us can be significant. Although our WTGs are tested comprehensively before delivery and ongoing production is subject to quality assurance measures, there can be no assurance that defects will not arise or latent defects will not become apparent during the operation of WTGs that would entitle our customers to seek compensation based on warranties or component breakdowns. The costs related to addressing and settling claims against us arising from our O&M services, including costs related to repairing and replacing WTG components, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we do not obtain insurance coverage for product warranty claims for WTGs sold in India. As such, product defect or warranty claims brought against us by our Indian customers may adversely affect our financial condition and results of operations. We only carry insurance coverage covering claims arising from defects in the construction, materials and manufacture, including warranty claims, only for WTGs sold to customers outside India. In connection with product defect or warranty claims that could be brought against us by international customers, there can be no assurance that our insurance coverage will prove adequate.

There is also a risk that product liability claims**,** including claims arising from manufacturing defects, could also be filed against us by our customers or third parties who may be harmed by defective WTGs or WTG components that we have sold or may sell in the future. Claims for damages brought by these third parties against us could be substantial and could have material adverse effects on our business, financial position and results of operations.

WTGs and its components supplied by us may get damaged owing to wind and other loads at the locations where

such WTGs are erected exceed the design load.The insurance coverage may not be available for such damages or may not be sufficient to cover the costs incurred, in which event, there may be claims made by the customers and we may be required to bear such claims or replace the WTG or its components so damaged. For example, a 1.25 MW WTG we supplied to a customer in Rajasthan collapsed during the warranty period, which we replaced at a cost of Rs. 25.2 million.

Further, any WTG or WTG component malfunction or the failure of our WTGs to meet specified performance levels could damage the reputation of our products and therefore impair the marketability of our products, materially adversely affecting our business and results of operations.

We may be unable to seek compensation from suppliers for defective components or raw materials.

In the event we become subject to product liability or warranty claims caused by defective components or raw materials obtained from an outside supplier, we can attempt to seek compensation from the relevant supplier. However, our agreements with suppliers often include limitations against recovery for lost profits and indirect or consequential losses. In some cases, warranties provided by suppliers may be for shorter periods than the warranty periods we provide to our customers. Further, warranty claims against suppliers may be subject to certain conditions precedent. Also, we only carry insurance coverage covering claims arising from defective materials only for WTGs sold to customers in overseas markets. If no claim can be asserted against a supplier, or amounts that we claim cannot be recovered from either a supplier or from our insurer, and the defective raw materials or components affects a large number of the relevant WTG model or various WTG series using identical components or raw materials, our business, financial condition and results of operations could be materially adversely affected.

We and our Associate Companies may not be able to secure suitable locations for wind farm projects.

Our ability and the ability of our Associate Companies to acquire sites that we have identified as suitable for wind farms either through lease agreements or purchase agreements depends on many factors, among which are whether the land is private or state-owned, whether the land is classified in a manner that allows its use for a wind farm site and the willingness of the owner or owners to sell or lease their land. In many cases the area that we have identified as a suitable site is owned by numerous small landowners. Further, in certain cases the approval of Government authorities is required for the purchase or lease of land. We also face competition from other WTG manufacturers and operators in the acquisition of suitable sites for wind farms. Given that the acquisition of these sites is of fundamental importance to our “integrated solutions” business strategy in India, difficulties in acquiring new sites could have a significant impact on future project development by our Group as well as our sales. Any of these could have a material adverse effect on our business, financial condition and results of operations.

In certain states in India, such as Rajasthan and Karnataka, we are required by law to directly acquire the land on which a wind farm will be established. Further, if we were to acquire private land in India, this would involve us in the difficulties related thereto, such as litigation relating to ownership of and liens on land, where title records are often inaccurate, as well as negotiations with numerous land owners, with wind farm sites potentially owned by numerous small landowners, and obtaining government approvals. We may also become liable for environmental hazards on land that we acquire. Each of the foregoing can be time-consuming, require us to incur additional costs and can involve a significant amount of attention and effort from our management and in certain cases we may not be able to acquire land at all, which would adversely impact our ability to provide “integrated solutions”

to our customers. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. For more details, see the section titled "Outstanding Litigation and Material Development-Land Related Disputes" on page 257 of this Prospectus.

We have been named as parties in several litigation proceedings against our Associate Companies relating to acquisition of private land by our Associate Companies for the setting up wind farm projects.

We have been named as parties in 17 court proceedings arising out of the acquisition of private land by our Associate Companies that was used to develop windfarm projects. The total amount involved in seven of these cases is Rs. 47.1 million and the amount in the remaining seven disputes is not quantifiable due to the nature of the claims made by the claimants. Most of these proceedings pertain to disputes regarding the ownership by the transferor of these parcels of land or the ability to use of such parcels of land for windfarm projects. Some of these proceedings also involve land where WTGs have already been installed or are in the process of being installed. In some of these cases injunctions have been sought against the installation and setting up of WTGs. The granting of such injunctions or an order for the payment of damages by the Associate Companies may have a material adverse effect on our business, financial condition and results of operations. For more details, see the section titled "Outstanding Litigation and Material Development-Land Related Disputes" on page 257 of this Prospectus.

If wind patterns at sites we have previously identified as suitable for wind farm projects change, our business, financial condition and results of operations could be adversely affected.

The viability of a wind power project is dependent on the supply of wind, which by its very nature is intermittent. The viability of wind farm projects at sites we have identified is primarily dependent on the wind patterns at these sites conforming to the patterns that were used to determine the suitability of these sites for wind farm projects. Although both the Government of India and we conduct wind resource assessments based on long-term wind patterns at identified sites, there can be no assurance that wind patterns at a particular site will remain constant. Changes in wind patterns at particular sites that we have previously identified as suitable for wind farm projects, and which have been acquired and developed by our Associate Companies, could affect our ability to sell our WTGs to potential customers as part of our "integrated solutions" wind power strategy. Also, changes in wind patterns at wind farms where our WTGs have been installed could give rise to warranty claims from customers whom we have provided an absolute "unit" warranty, i.e., a warranty on the number of units of electricity that our WTGs will produce. Further, any change in wind patterns at sites we have identified as suitable for wind farms could also damage our reputation and the reputation of the wind power industry as a whole. Any of these could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to implement our growth strategies in a timely manner, our business and results of operations could be adversely affected.

As a part of our growth strategy, we have made and will be making substantial investments in new production capacities in India for the manufacture of WTGs and components such as generators, tubular towers and rotor blades. At present, our growth plan also involves establishing an integrated WTG manufacturing facility in China and rotor blade and tubular tower manufacturing facilities in the United States, as well as further investment in marketing and distribution to increase penetration levels in the domestic market and acquisition of more customers in the overseas markets. Our success will depend on, among other things, our ability to secure required financing,

assess potential markets, time our capital investments, control input costs, attract new customers in India and in international markets, maintain and enhance our position with our current customers both in India and internationally and maintain sufficient operational and financial controls. Our growth strategy may place significant demands on our management and other resources.

Our growth strategies involve risks and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. If market conditions change, if operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forego some aspects of our growth strategies. Our future results of operations may be adversely affected if we are unable to implement our growth strategies successfully.

Expanding our market outside of India could increase costs and may decrease profits.

Our strategic objective of expanding sales of our WTGs to overseas customers carries certain significant risks. We have historically generated only limited revenue and profit from the sale of our WTGs in foreign markets and as of the date of this Prospectus have completed only one international project, a 22.8 MW project in the United States.

As such, our international marketing experience is limited and there can be no assurance that we will be able to expand our export activities as planned. Our business strategy of expansion into foreign markets will require us to adapt our products and our marketing strategy to foreign markets. In many markets we may have to establish subsidiaries or affiliated companies using local partners or conclude co-operation agreements with companies who are already established in the local wind energy market. In the case of such joint ventures and other co-operation arrangements, there can be no assurance that we will be able to negotiate attractive terms or prevail in a potential disagreement with our business partners.

Our expansion into foreign markets will also expose us to risks associated with different legal and taxation regimes and economic conditions in each country and to different (and potentially more onerous) legal regimes with respect to product liability and warranty requirements. We will also increase our exposure to risks of fluctuation in foreign currency exchange rates. As a result, our strategy of expansion into markets outside India could increase our costs of operations and thereby could have an adverse effect on our future prospects, financial condition and results of operations.

Any disruption affecting our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

At present all of our manufacturing facilities are located in India. The manufacture of our WTGs, as well as of their key components, involve many significant hazards that could result in fires, explosions, spills, and other unexpected or dangerous conditions or accidents. Any significant interruption to our operations as a result of industrial accidents, floods, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. There can be no assurance that such events or natural disasters may not occur in the future and that if they do occur, that our manufacturing ability and capacity would not be materially and adversely impacted. For example, during the current monsoon season, flooding in the state of Gujarat, including the Vadodara district, resulted in the shut down of our tooling facility for a few days and affected the transportation of raw materials and finished WTG components. Although this has not yet had a material effect

on our results of operations, there can be no assurance that continued flooding in the Gujarat region would not have any adverse effect on our future results of operations.

We are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing units may be dependent on or interact with damaged sections of our facilities and, accordingly, are also subject to being shut down. If such events occur, our manufacturing capacity may be materially and adversely impacted. In the event we are forced to shut down any of our manufacturing facilities for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

We also require power for our manufacturing facilities and we are currently able to provide sufficient power for our facilities. However, industrial accidents, natural disasters or other factors that may affect our ability to produce or procure the necessary power to operate our manufacturing facilities. This could have a material adverse effect on our business, financial condition and results of operations.

As a manufacturing business our success depends on the smooth supply of raw materials and components to our plants and transportation of our WTGs from our plants to our customers, which are subject to various uncertainties and risks.

We depend on various forms of transport, such as air, seaborne freight, rail and road, to receive raw materials and components used in the WTG production and to deliver our products from our manufacturing facilities to our customers. These transportation facilities may not be adequate to support our operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the ability of our suppliers to deliver raw materials and components and our ability to supply our products to our customers. For example, in August 2004 a nationwide strike by truck drivers in India adversely affected our ability to receive shipments of raw materials and components, as well as our ability to deliver WTG components to customers. Finally, we also have limited storage facilities and may not be able to store sufficient WTG components and raw materials.

Our employees and third parties may also sustain injuries in the course of manufacturing, transporting or loading and unloading our WTGs and related components, such as rotor blades, nacelles and towers, which could cause delays in delivery of our products.

Although we have not encountered any significant disruptions in the supply of our raw materials and components and in the transportation of our products, we can provide no assurance that such disruptions due to occurrence of any of the factors cited above will not occur in the future.

We are dependent on external suppliers for key raw materials and components.

While we manufacture some of the components needed for the manufacture of WTGs, we source from outside suppliers raw materials that we use to manufacture WTG components, such as glass fibre and epoxy resin for rotor blades, as well as several key WTG components, such as gearboxes, yaw and pitch drives, generators and a portion of our tower requirements, from suppliers in India and overseas. The quality of our products and customer acceptance of our products depends on the quality of raw materials and components and our ability to deliver our products in a timely manner. The failure of our suppliers to deliver these raw materials or components in the

necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality giving rise to contractual penalties or liability, for failure to perform contracts, and a loss of customers and damage our reputation, any of which could materially adversely affect our results of operations.

Some key components, such as the gearboxes for our WTGs and the rotor blades for our 0.35 MW WTG, are developed and manufactured by particular suppliers specifically for us. As there are very few suppliers who are able to supply the gearboxes and the 0.35 MW rotor blades that we use, we believe it is not practical term for us to broaden our base of suppliers to any significant extent, as our current suppliers have demonstrated the ability to meet the necessary quality and technical standards for these components and it would be time-consuming and costly for us to qualify other suppliers for these components. As a result, any increase in the prices of rotor blades and gearboxes, the inability of our suppliers to meet our supply needs or the failure of our suppliers to deliver these components in a timely manner may adversely affect our business, financial condition and results of operations. Also, qualifying alternative suppliers that can meet our technical and quality standards, and who can supply these components in necessary quantities, would entail substantial cost and could cause delays in deliveries of our products. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Further, if the costs of raw materials and components were to rise due to factors such as rises in input and commodity prices or shortages in supply, and we are not able to recover these costs through cost saving measures elsewhere or by increasing the prices of our WTGs, our results of operations could be adversely affected. In addition, under the terms of our agreements with customers, prices for our WTGs are generally fixed as of the date of the agreement, with limited or no mechanisms for periodic price increases. As such, should cost of raw materials or components rise, we can provide no assurance that we will be able to pass on any additional costs to our customers, and accordingly our results of operations could suffer. Finally, as we often purchase in advance raw materials and components based on our estimate of customer demand for an upcoming period, in the event prices for these raw materials and components subsequently decline there can be no assurance that we will be able to price our WTGs based on the raw material and component costs we actually incurred, which would make our WTGs uncompetitive compared to those of competitors who have not locked in raw materials supplies.

Fluctuation in the value of the Rupee against other currencies could adversely affect the cost of our borrowings and repayment of indebtedness, the costs of our raw materials and revenues from exports.

In fiscal 2004 and for fiscal 2005, imported raw materials and components accounted for approximately 54.5% and 50.2% of SEL's raw material cost, respectively, on a standalone basis. A devaluation or depreciation in the value of the Rupee increases the total costs of such imports and we may be unable to recover these costs through cost-saving measures elsewhere or by passing on these increased costs to our customers. Similarly, we source certain types of equipment from overseas, which we pay for primarily in Euros. A depreciation of the Rupee against the Euro increases the cost of such equipment in Rupee terms. We have not identified the amount of equipment that we will need to import for our future expansion. Although from time to time we engage in currency hedging in order to decrease our foreign exchange exposure, a weakening of the Rupee against the Euro and other major foreign currencies would have an adverse effect on our cost of production.

Also, as of March 31, 2005 approximately 20.9% of our total indebtedness was denominated in foreign currencies, primarily the U.S. dollars. Any depreciation of the Rupee against such foreign currencies, particularly the U.S. dollar increases the Rupee value of our total indebtedness and the cost of servicing such debt from our earnings, which are primarily in Rupees.

Further, in the event we begin to generate significant revenues from customers outside India and receive payment from such customers in foreign currencies, an appreciation of the Rupee decreases the Rupee value of such revenues and also affects the competitive advantage we derive from lower costs in our Indian manufacturing facilities. Further, we may import certain hardware and software for future expansion. An adverse change in currency exchange rates will increase the cost of these imports.

Our geographically diverse business operations and our rapid growth have placed constraints on our ability to generate financial information in a timely manner. If we have difficulty integrating and upgrading our reporting systems, our ability to provide our management and investors with financial information, particularly for interim periods, may be adversely affected.

To be effective, and consistent with best practices, our management requires accurate and reliable financial information on a timely basis. The geographically diverse nature of our operations and facilities and the rapid expansion of our business activities in recent periods has placed constraints on the ability of our information and accounting systems to generate information on our financial condition promptly. Although we believe that this has so far not affected the timeliness and quality of the financial and operational information that our management receives, there can be no assurance that these constraints will not hinder the timeliness of such information in the future and this may adversely affect our ability to generate and management's ability to receive promptly information regarding our consolidated financial condition and results of operations.

In addition, the geographic spread of our operations hinders timely reporting from certain locations and requires us to carry out manual processes to generate interim period-end financial information due to the delays in receiving the necessary base data. These manual processes may constrain our ability to generate and promtply compile our period-end information, particularly once financial information is consolidated. As a result, it takes time for us to generate and provide consolidated balance sheet, profit and loss account and cash flow information for interim periods.

While we have initiated steps to strengthen the company's financial and reporting system using an SAP platform, there can be no assurance that our financial information system roll-out will be successfully completed or completed on time or within budget, that the new system will be successfully integrated into our existing system, that the new system will provide accurate information on a timely basis, that our employees can be successfully trained to utilize the new system or that the new system, if completed, will not become quickly outdated. Even if we are able to integrate and modernize our existing financial information reporting system, our success will depend, in part, on our ability to respond to new technological advances on a timely basis. The implementation of such technology also entails significant technical risks. There can be no assurance that we will successfully implement new technologies to allow us to obtain reliable and timely financial information.

We may not be able to obtain or maintain adequate insurance.

Our operations are subject to hazards and risks inherent in the use of chemicals and other hazardous materials in the course of our production processes, such as explosions, chemical spills, storage tank leaks, discharges or releases of hazardous substances and other environmental risks, mechanical failure of equipment at our facilities and natural disasters. In addition, many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of our properties and the properties of others and environmental pollution, and may result in suspension of operations and the imposition of civil or criminal penalties. While we believe that our insurance coverage is consistent with industry norms for India, we do not carry business interruption insurance for our operations in India. If any or all of our production facilities are damaged in whole or in part and our operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities or any third party claims. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

We only carry insurance covering liability for defects in the construction, materials and manufacture of WTGs, as well as against warranty claims, only for WTGs sold to customers in overseas markets. We do not have insurance coverage in relation to any such risks for WTGs sold to Indian customers.

In addition, our insurance coverage is generally subject to annual renewal. In the event premium levels increase, we may not be able to obtain the same levels of coverage in the future as we currently have or we may only be able to obtain such coverage at substantially higher cost than we are currently paying. If we are unable to pass these costs to our customers, the costs of higher insurance premiums could have an adverse effect on our financial condition and results of operations. Alternatively, we may choose not to insure, which, in the event of any damage or destruction to our facilities or defects to our products, could have a material adverse effect on our business, financial condition and results of operations.

For a summary of the terms of our insurance contracts, see "Business — Insurance" on page 77 of this Red Herring Prospectus.

We may, in the future, enter into strategic alliances, investments, partnerships and acquisitions. These may harm our business, dilute your ownership interest and cause us to incur debt.

As part of our growth strategy, we may enter into strategic alliances, make strategic investments, establish partnerships and/or make acquisitions relating to raw materials, components, complementary businesses, technologies, services or products. We may not be able to identify suitable investment opportunities, partners or acquisition candidates. If we do identify suitable investment opportunities, partners or acquisition candidates, we may have difficulty in accurately assessing the candidates, risks, placing an accurate valuation on it and we may be unable to negotiate terms commercially acceptable or favourable to us or complete those transactions at all. If we acquire another company or form a new joint venture or other strategic partnership, we could have difficulty in integrating that company's business, including products, components, personnel, operations and technology, with our business. In addition, the key personnel of an acquired company may decide not to work for us. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention,

higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on our business, financial condition and results of operations. In the event that we plan to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with cash from operations, our existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these or any other forms of financing. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders and debt financing would increase our leverage and financial risks. As of the date of this Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

The failure to keep our technical knowledge confidential could erode our competitive advantage.

Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how is a significant independent asset, which may not be protected by intellectual property rights such as patents, but is protected only by keeping it secret. As a result, we cannot be certain that our know-how will remain confidential in the long run. Employment contracts with certain of our employees who have special technical knowledge about our products or our business contain a general obligation to keep all such knowledge confidential and such obligation extends for a period of two years after the termination of employment. In addition to the confidentiality provisions, these employment agreements typically contain non-competition clauses. If either the confidentiality provisions or the non-competition clauses are unenforceable, we may not be able to maintain the confidentiality of our know-how.

Even if every possible precaution, whether contractual or otherwise, is taken to protect confidential technical knowledge about our products or our business, there is still a danger that such information may be disclosed to others or become public knowledge in circumstances beyond our control. In the event that confidential technical information or know-how about our products or our business becomes available to third parties or to the public, our competitive advantage over other companies in the wind energy industry could be harmed, which could have a material adverse effect on our current business, future prospects, financial condition and results of operations.

Disruptions in telecommunications and basic infrastructure could harm our ability to provide O&M services, which could result in client dissatisfaction and a reduction of our revenues.

One aspect of our O&M service methodology is to link, via satellite or telephone lines, our on-site CMSs, to our technical personnel located in our corporate offices in Pune, as well as our engineers based in the Netherlands and Germany. We cannot guarantee that we will be able to maintain active voice and data communications between our on-site O&M centres and CMSs, on the one hand, and our off-site technical and engineering personnel, on the other hand. Any significant loss in our ability to communicate could affect our ability to provide O&M services to our customers. This, in turn, could lead to delay in reactivate of broken down WTG as well as customer dissatisfaction, and have a material adverse effect on our business, financial condition and results of operations.

Further, any disruption in basic infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our customers. We do not maintain business interruption insurance for our India operations and may not be covered for any claims or damages if the supply of power, infrastructure or telecommunications lines is disrupted, and these disruptions have occurred in India from time to time. This may result in the loss of customers and claims for damages against us, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

The loss of the services of our Chairman and Managing Director, or of our key senior management personnel could adversely affect our business.

Our success depends in part on the continued services of our Chairman and Managing Director, Mr. Tulsi Tanti, and other key members of senior management. If we lose the services of our Chairman and Managing Director or any of our key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner and could significantly impair our ability to develop and implement our business strategies. This would have a material adverse effect on our financial condition and results of operations.

We may not be able to hire and retain sufficient numbers of qualified professional personnel that we need because these personnel are limited in number and are in high demand.

If we fail to hire and retain sufficient numbers of qualified personnel for functions such as finance, marketing and sales, engineering, research and development and operations and maintenance services, our business, operating results and financial condition could be adversely affected. The success of our business will depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. Competition for qualified professional personnel is intense as these personnel are in limited supply, particularly as the wind power industry continues to grow and mature. We might not be able to hire and retain sufficient numbers of such personnel to grow our business. There can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel.

We may infringe on the intellectual property rights of others.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims that we are infringing patents or other intellectual property rights have any merit, those claims could: (a) adversely affect our relationships with current or future customers; (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into royalty or licensing agreements; and (g) require us to cease certain activities.

An adverse ruling arising out of any intellectual property dispute could subject us to significant liability for damages, prevent us from using technologies or developing products, or require us to negotiate licenses to disputed rights from third parties. Although patent and intellectual property disputes in the technology area are often settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and could include license fees and ongoing royalties, which could be prohibitively expensive. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could materially and

adversely affect our business, results of operations and financial condition.

In this connection, in January 2000 we received a letter from the administrator in bankruptcy of Sudwind Energiesysteme GmbH relating to royalty payments in connection with the Technical Collaboration Agreement dated September 30, 1996 which we entered into with Sudwind Energiesysteme GmbH. The administrator in bankruptcy claimed that we owed royalty payments from sales of our 0.35 MW WTG models, which were designed and developed pursuant to the terms of the Technical Collaboration Agreement. We responded to the claims by explaining that the correct amount we owed was Deutsche Marks 234,000 (i.e., Euro 119,642 or Rs. 6.3 million as of June 30, 2005) and that Sudwind Energiesysteme GmbH also had obligations under the agreement that had not been complied with. On March 1, 2000 we received a letter from the administrator in bankruptcy requesting a lump sum payment of Deutsche Marks 200,000) (i.e., Euro 102,258, or Rs. 5.4 million as of June 30, 2005) as settlement of all our outstanding obligations to agreeing to Sudwind Energiesysteme GmbH. We agreed to pay this amount, subject to compliance by Sudwind Energiesysteme GmbH with its outstanding obligations to us under the terms of the Technical Collaboration Agreement, including reimbursement of expenses we incurred to obtain the type certification for our 0.35 MW WTG models. As Sudwind Energiesysteme GmbH has not complied with these obligations, we have not yet paid the Deutsche Marks 200,000 (i.e., Euro 102,258 or Rs. 5.4 million as of June 30, 2005) to its administrator in bankruptcy and we have not received any further correspondence relating to this issue. As of the date of this Prospectus, Sudwind Energiesysteme GmbH is a subsidiary of Nordex AG, one of our key competitors. There can be no assurance that the claims against us arising from the Technical Collaboration Agreement will not be revived in the future and if revived, would not have an adverse effect on our business, financial condition and results of operations.

We have limited protection of the "Suzlon" logo.

We have applied for a trademark on our "Suzlon" logo, which is still pending as of the date of this Prospectus. Our application may not be allowed or competitors may challenge the validity or scope of this application or the trademark if the application is approved. If we fail to successfully obtain or enforce our trademark, we may need to change our logo. Any such change could materially adversely impact our business and require us to incur additional costs. This could have a material adverse effect on our business, financial condition and results of operations.

Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our results of operations and our financial condition.

We are subject to a broad range of safety, health and environmental laws and regulations in the areas in which we operate. Our manufacturing facilities located in India are subject to Indian laws and government regulations on safety, health and environmental protection. The development and operation of wind farms in India is also subject to a broad range of safety, health and environmental laws and regulations. These laws and regulations impose controls on our air and water discharges, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations and products. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While we believe we are in compliance in all material respects with all

applicable safety, health and environmental laws and regulations, the discharge of our raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Government of India or the State Governments or Union Territories where our manufacturing facilities and wind farms are located, or to third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses in order to maintain our current operations, curtail our production activities or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow, or affect our ability to provide, in coordination with our Associate Companies, integrated wind power solutions to customers. Safety, health and environmental laws and regulations in India, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. See also "Business — Safety, Health and Environmental Regulations and Initiatives" on page 79 of the Prospectus.

The costs of complying with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed current estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs of our sites and related litigation could adversely affect our cash flow, results of operations and financial condition.

Our indebtedness could adversely affect our financial condition and results of operations.

As of June 30, 2005 our indebtedness to banks and financial institutions totalled Rs. 9,641.6 million. We have entered into agreements with certain banks and financial institutions for short term loans and long term borrowings. Some of these agreements contain certain restrictive covenants, such as requiring lender consent *inter alia* for issuance of new shares, incurring further indebtedness, creating further encumbrances on our assets, disposing of our assets, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. Some of these borrowings also contain covenants, which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring, enlarge or diversify our scope of business. In addition, certain of these borrowings contain financial covenants, which require us to maintain, among other matters, specified net worth to assets ratio, debt service cover ratio, fixed asset coverage ratio and maintenance of security coverage. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. A default under one debt instrument may also trigger cross-defaults under our other debt instruments. An event of default under any debt instrument, if not

cured or waived, could have a material adverse effect on us. Our level of existing debt and any new debt that we incur in the future has important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt;
- limit our flexibility to react to changes in our business and the industry in which we operate;
- place us at a competitive disadvantage to any of our competitors that have less debt;
- require us to meet additional financial covenants; and
- limit, along with other restrictive covenants, among other things, our ability to borrow additional funds.

We cannot assure you that our business will generate cash in an amount sufficient to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all. See "Indebtedness" on page 254 of this Prospectus.

We may face labour disruptions that would interfere with our operations.

We are exposed to the risk of strikes and other industrial actions. As of March 31, 2005, we employed approximately 2,071 employees. Other than 112 employees at our operations and maintenance center in Vankusawade, none of our employees belong to a union. We believe our relationship with our employees is generally good. Nevertheless, in June and July 2004, employees at our operations and maintenance centre at Vankusawade went on strike to demand revision in wages, allowance, overtime payments and changes in working conditions. While this labour dispute was resolved amicably in August 2004, we cannot guarantee that our other employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition or results of operation. See "Business — Human Resources" on page 77 of this Prospectus.

Our principal shareholders may have the ability to determine the outcome of any shareholder resolution.

Our principal shareholders, including our Promoter Group, Citicorp International Finance Corporation Inc. ChrysCapital III, LLC Government of Singapore Investment Corporation Pte Ltd entities, T Rowe Price entities, aggregately own 92.91% of our currently issued Equity Shares and will own 83.36 % of our issued Equity Shares at the completion of the Issue. As significant shareholders, they may have interests that are adverse to the interests of shareholders and/or our own interests and may have the ability to determine the outcome of any shareholder resolution. Specifically, our Chairman and Managing Director is the controlling shareholder of both us and our Associate Companies and so, with respect to dealings between us and our Associate Companies, has a conflict of interest and there can be no assurance that any such conflict will be resolved in our favour. As only 10.2 % of the fully diluted post-Issue capital is being offered in this Issue, you may not be able to determine the outcome of any resolution proposed at a shareholder meeting or influence any decision taken by our principal shareholders. In

addition, none of our Promoter Group, Citicorp International Finance Corporation Inc. or Chryscapital III, LLC need to consider the interests of minority shareholders in making any determinations regarding shareholder resolutions.

Further, under the terms of our shareholders' agreements with each of Citicorp International Finance Corporation Inc. and ChrysCapital III, LLC, or collectively the "Private Equity Investors", we cannot take and/or implement decisions relating to fundamental corporate matters, such as the acquisition of other businesses, providing for certain capital expenditures or any buyback of Equity Shares, without the written consent or affirmative vote of the Private Equity Investors. You may not be able to determine the outcome of any resolution relating to these fundamental corporate matters or influence any decision taken by the Private Equity Investors. See "History and Certain Corporate Matters – Investment by the Private Equity Investors" on page 91 of this Prospectus.

Our agreements with our wholly-owned overseas subsidiaries are subject to transfer pricing regulations. These agreements may be subject to regulatory challenges, which may subject us to higher taxes and adversely affect our earnings.

We have entered into agreements with our wholly-owned overseas subsidiaries because a portion of our assets, such as intellectual property that we have developed and the services we provide, are transferred between us and our overseas subsidiaries. We have also entered into agreements whereby we have extended loans to some of our wholly-owned subsidiaries. In these agreements, we have determined transfer prices that we believe are the same as the prices that would be charged by unrelated parties dealing with each other at arm's length. However, if the taxing authorities of India or other jurisdictions were to successfully challenge these agreements or past transactions undertaken pursuant to the terms of these agreements, or require changes in our transfer pricing policies, we could be required to redetermine transfer prices, which may result in a higher overall tax liability to us and as a result our earnings would be adversely affected. In this regard, we are subject to risks not faced by other companies with international operations that do not create inter-company transfers.

We believe that we operate in compliance with all applicable transfer pricing laws in all applicable jurisdictions. However, there can be no assurance that we will be found to be in compliance with transfer pricing laws, or that such laws will not be modified, which, as a result, may require changes to our transfer pricing policies or operating procedures. Any modification of transfer pricing laws may result in a higher overall tax liability to us and adversely affect our earnings and results of operations.

Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in us.

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent additional options are issued under our employee stock option scheme.

The allocation of Equity Shares pursuant to our Employee Stock Option Plan will result in a charge to our income statement and will adversely impact our net income.

We have adopted an Employee Stock Option Plan (the "Plan") in which select employees of the Company and its subsidiaries can participate. Any issuance of Equity Shares pursuant to the Plan will result in a charge to our income statement equal to the product of such number of Equity Shares issued and the difference between the Issue Price of our Equity Shares and the price at which our employees will purchase the Equity Shares, which will

be Rs. 255 per share, which is 50% of the Issue Price. The charge based on the Issue Prince, which is Rs. 510 and assuming that all the options granted are exercised representing 0.3% of our post-Issue paid-up capital, would be approximately Rs. 234.9 million which would be amortized over the vesting period.

We have significant planned capital expenditures; our capital expenditure plans may not yield the benefits intended. The capital expenditure mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

Our operations require significant capital expenditure to be utilized for the purpose of setting up new manufacturing facilities, setting up of new storage facilities and expansion of our existing storage facilities. The capital expenditure plan for the setting up of new facilities and the expansion of existing facilities is Rs. 1,950.4 million. We also have other planned expenditure. For more details on our planned expenditure please refer to the section entitled "Objects of the Issue" beginning on page 29 of this Prospectus. The figures in our capital expenditure plans are based on management estimates and have not been appraised by any bank, financial institution or other independent organisation. In addition, our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing to expand and upgrade our existing facilities. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, weather-related delays and technological changes. Some of the equipment we intend to deploy is expected to be imported and must be paid for in foreign currency. Changes in foreign exchange rates adversely affecting the value of the Rupee may adversely affect the cost of some of the projects. There can be no assurance that any capacity addition or improvement at our facilities will be completed as planned or on schedule or that we will achieve our planned capacity, operational efficiency or product base, or our targeted return on investment. In view of the reasons stated above, we cannot assure you that we will be able to execute our capital expenditure plans as contemplated. If we experience significant delays or mishaps in the implementation of our capital expenditure plans or if there are significant cost overruns, then the overall benefit of such plans to our revenues and profitability may decline. To the extent that completed capital expenditure does not produce anticipated or desired revenue or cost-reduction outcomes, our profitability and financial condition will be adversely affected.

We have not entered into any definitive agreements to utilise the proceeds of the Issue. Further, our management will have significant flexibility in applying the proceeds of the Issue.

We intend to use the proceeds of the Issue for capital expenditure described in the section "Objects of the Issue" beginning on page 29 of this Prospectus. Except as stated in the section titled Objects of the Issue on page 29 of this Prospectus, we have not entered into any definitive agreements to utilise such net proceeds. We have not yet placed orders for major items of plant and machinery for certain projects. Pending any use of the proceeds of the Issue, we intend to invest the funds in liquid instruments. We also intend to use a part of the proceeds for further investment in our subsidiaries. Presently, we have disclosed the detailed use of proceeds for most of our subsidiaries except for our proposed Indian subsidiary, which will utilize the funds for setting up a facility for forging and machining to manufacture as rotor shafts, generator shafts, gear rims and tower flanges. Also, we intend to use a part of the proceeds for strengthening the balance sheet of our Denmark subsidiary.

We also propose to use part of our proceeds to fund joint ventures and other strategic acquisitions, as and when the opportunities arise and general corporate purposes. We have not yet identified any potential targets for the above. We may also spend a portion of the proceeds of the Issue on expansion of our business instead of financing acquisitions or joint ventures with strategic partners. Accordingly, the management will have significant flexibility in applying the proceeds received by us from the Issue. We intend to rely on our internal systems and controls to monitor the use of such proceeds. We have also appointed a monitoring agency to monitor the use of such proceeds and undertake periodic reporting as required by the SEBI Guidelines.

We require certain registrations and permits from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, see the section titled "Licenses and Approvals" on page 265 of this Prospectus. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materializes.

Our contingent liabilities as of March 31, 2005, include guarantees given by us on behalf of other companies (including our Associate Companies) in respect of loans granted to them by banks, counter-guarantees given to banks against guarantees issued by banks on our behalf, claims against us not acknowledged as debts, bills discounted with banks, uncalled liability on partly paid up shares, disputed labour cost liabilities, disputed service tax liabilities, bonds/ undertakings given by the company under duty exemption scheme to customs authorities amounting to Rs. 144.7 million. If any of these contingent liabilities materialize, our profitability may be adversely affected. For more detailed descriptions of our contingent liabilities for the fiscal years ended March 31, 2003, 2004 and 2005 see the section titled "Financial Information" on page 165 of this Prospectus.

There is outstanding litigation against us and the Promoter Group Companies.

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory authorities.

There are a total of 17 land related disputes in which SEL is a party. Apart from these, there is one civil and five tax related litigations pending against SEL. The total amount involved in twelve of these cases is Rs. 65.4 million and the amount in the remaining nine disputes is not quantifiable due to the nature of the claims made by the claimants.

Our director, Pradeep Kumar Khaitan is involved in 3 criminal litigations and has received 4 notices from statutory authorities, all of the above pertain to companies in which he is a director.

The Promoter Group companies are parties to 71 disputes pending before various courts, tribunals and statutory authorities, out of which 59 matters relate to land acquisition related activities.

Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our

current liabilities. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse affect on our business and profitability.

For more information regarding litigation involving us and our Promoter Group Companies, see the section titled "Outstanding Litigation and Material Development" on page 257 of this Prospectus.

In the past we have been associated with Sarjan Securities Private Limited ("SSPL") who in the past has been called upon by regulatory authorities to provide information relating to certain transactions in the shares of Tata Finance Limited

During the enquiry by SEBI in the matter of Tata Finance Limited, we understand that SSPL had received a letter from SEBI dated January 18, 2002 asking for various details, which were furnished to them by SSPL on January 24, 2002. SSPL also received a letter dated January 10, 2002, from the Deputy Commissioner of Police, Economic Offences Wing, to Kirti J. Vagadia, Director, SSPL, directing him to appear before the Deputy Commissioner of Police, Economic Offences Wing for interrogation in relation to the Tata Finance case. SSPL also received a summons dated August 8, 2002 to appear before the Investigating Authority, SEBI, on August 12, 2002 in relation to the investigation pertaining to the case of Dilip Pendse, with details of the debits and credits in excess of Rs. 0.1 million in its bank account during the period April 1, 2000 to June 30, 2001. Representatives of SSPL appeared before SEBI and the deputy Comissioner of Police. SSPL was part of the Promoter Group of our Company during the period for which the information was sought by these authorities. SSPL ceased to be a part of the Promoter Group of Suzlon with effect from March 30, 2002. We had been associated with SSPL in the past as preference shareholders and lenders. Members of our Promoter Group were associated with SSPL as equity and preference shareholders. No correspondence has been received, no proceedings or investigations have been initiated against our Company, our Directors or Promoter Group members in relation to the above mentioned matters. For details of the relationship between SSPL, our Company and members of our Promoter Group, please see "Our Promoter – Certain companies with which the Promoter Group has been associated in the past" on page 153 of this Prospectus.

Certain of our subsidiaries and Promoter Group companies have incurred losses in the last three years.

Certain of our subsidiaries and Promoter Group companies have incurred losses (as per their standalone financial statements) in recent years, as set forth in the tables below:

Name of the subsidiary	Currency	Year ended March 31, 2003	2004	2005
Suzlon Gujarat Wind Park Ltd.	In Rs. millions	—	—	(1.75)
Suzlon Wind Energy Corporation	In US$ millions	(0.62)	(3.79)	(0.96)
Cannon Ball Wind Energy Park – 1, LLC	In US$ millions	(0.07)	(0.04)	(0.03)
Suzlon Energy GmbH	In Euro millions	(0.08)	—	—
Suzlon Energy Australia Pty. Ltd.	In AUD millions	—	(0.01)	(1.82)
Suzlon Structures Pvt. Ltd.	In Rs. millions	—	—	(3.91)
Suzlon Engitech Private Limited	In Rs. millions	—	—	(1.13)
Suzlon Energy A/S	In Euro millions	—	—	(0.88)
Suzlon Energy B.V.	In Euro millions	(0.002)	(0.02)	(0.003)
AE Rotor Holding B.V.	In Euro millions			(0.02)

Name of the Promoter Group company	Currency	Year ended March 31/December 31 2002	2003	2004	2005
Kurumadikere Energy Ltd.	In Rs. Millions	-	(0.01)	(0.01)	-
Suruchi Holdings Pvt. Ltd.	In Rs. Millions	-	-	-	(0.05)
Sugati Holdings Pvt. Ltd.	In Rs. Millions	-	-	-	(0.05)
Sanman Holdings Pvt. Ltd.	In Rs. Millions	-	-	-	(0.05)
Samanvaya Holdings Pvt. Ltd.	In Rs. Millions	-	-	-	(0.05)
Kush Synthetics Pvt. Ltd.	In Rs. Millions	-	(0.07)	-	-
SNS Textiles Ltd.	In Rs. Millions	-	(19.43)	(52.36)	(13.66)
Anjani Investments Inc (A C corp) (PBT)* #	In US$ million	(0.12)	(0.31)	(0.19)	N.A.**
Ganesh Cold Storage & Co. (PBT)*	In Rs. Millions	(0.42)	-	(0.46)	
Virani & Co. (PBT)*#	In Rs. Millions	-	-	(0.15)	-
B. R. Patel & Co. (PBT)*#	In Rs. Millions	-	(0.10)	(0.07)	(0.07)**

*Profit before tax ;

** Not Available – Anjani Investments Inc has a fiscal year ending of December 31, 2005 and therefore the financial information for the year ended December 31, 2005 can not be provided.

Unaudited - The financial information pertaining to Anjani Investments Inc, Virani & Co. and B.R. Patel & Co. are unaudited and based on certificates from the management or partners of the respective entities. The financial statements have not been audited as there is no statutory requirement under the relevant statutes under which these entities are organised to get financial statements audited.

The financial statements of certain of our group companies are unaudited.

The financial statements for our Promoter Group Companies, Aryan Hospitality LLC, Balaji Corporation, Harsha Hotel LLC, Kalthia Management Corporation, Kalthia Construction & Management Corporation, Laxmi Investment LLC, Anjani Investments Inc., Patel Karsandas Becharbhai & Co., Virani & Co. and B.R. Patel & Co. are unaudited. The financial statements have not been audited as there is no statutory requirement under the relevant statutes under which these entities are organised to get financial statements audited.

Our promoter group company, SNS Textile has not achieved the promises made in its previous public issues.

SNS Textiles Ltd. made an issue with the object to finance the cost of diversification into spinning of polyester viscose yarn and expansion of its existing furnishing fabrics capacity and to meeting the margin for working capital requirements. The projections of sales and profitability made and the actual sales and profitability achieved are as follows:-

(*In Rupees million*)

Financial Year	Projected sales	Actual sales	Variance (%)	Projected Net Profit	Actual Net Profit	Variance (%)
1996-97	540.70	534.70	-1.11%	15.90	11.20	-29.56%
1997-98	812.10	520.90	-35.86%	43.40	4.60	-89.40%
1998-99	849.60	401.30	-52.77%	57.70	(68.20)	-218.20%

For further details see “Our Promoters – Promoter Group Companies” on page 113 of this Prospectus.

EXTERNAL RISK FACTORS

Our multinational operations subject us to risks that could adversely affect our business.

We have direct presence in several countries, including China, Denmark, the United States and Australia and intend to expand the amount of our revenues that are derived from international markets. Our future revenue growth depends upon the successful continued expansion of our sales, marketing, support and service teams in various countries around the world where our current or potential customers are located. This expansion will require that we establish new offices, hire new personnel and manage offices in widely disparate locations with different economies, legal systems, languages and cultures and will require significant management attention and financial resources. Due to the global nature of our operations, we are affected by various factors inherent in international business activities, including:

- coordinating and managing global operations;
- political instability and related uncertainties;
- different economic and business conditions;
- difficulties in staffing and managing foreign operations, including fully understanding local business and regulatory requirements;
- difficulties is sourcing sufficient quantities of raw materials and components for our WTGs to supply customers in international markets;
- immigration and labour laws of various countries may prevent us from deploying or retaining an adequate number of employees in foreign countries;
- foreign currency exchange rate fluctuations;
- restrictions on repatriation of earnings;
- tariffs and other restrictions on trade and differing import and export licensing and other legal requirements;
- multiple and possibly overlapping tax structures;
- limited protection for intellectual property rights in some countries;
- exposure to varying legal standards;
- unexpected regulatory, economic or political changes; and
- travel restrictions.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates fluctuations, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms. The Government dissolved Parliament in February 2004 and following the general elections held during April and May 2004, a new coalition Government, the United Progressive Alliance, led by the Indian National Congress party was formed. The new cabinet was sworn in on May 22, 2004. The new Government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government's policies in the future could affect business and economic conditions in India and could also adversely affect our financial condition and results of operations.

Terrorist attacks and other acts of violence or war involving India, the United States and other countries could adversely affect the financial markets, result in loss of customer confidence and adversely affect our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and

New Delhi on December 13, 2001, as well as the bomb blasts in Mumbai on August 25, 2003, in Bali, Indonesia and in Madrid, Spain, as well as other acts of violence or war, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Travel restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region. Further, since 2002 there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

Any loss of certain tax exemptions will increase our tax liability and decrease any profits we might have in the future.

The statutory corporate income tax rate in India is currently 30.0%. This tax rate is presently subject to a 10.0% surcharge and an education cess of 2.0%, resulting in an effective tax rate of 33.66%. We cannot assure you that the tax rate or the surcharge will not be increased further in the future. Presently, we benefit from the tax holidays given by the Government of India for the establishment of manufacturing facilities in backward areas (as notified by the Government). As a result of these incentives, which include a five-year full income tax holiday and five-year partial income tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities, our operations have been subject to relatively low tax liabilities. Our income tax exemptions expire at various points of time. (See the section titled “Business” on page 60 of this Prospectus.)

We are also entitled to certain sales tax, excise and customs duty exemptions and concessions, for manufacture and sale of renewable energy products and the export of our products.

For details, please refer to the section entitled “Statement of Tax Benefits” on page 45 of this Prospectus. There can be no assurance that similar or greater reductions in tax benefits would not be introduced in future. When our tax benefits expire or terminate, our tax expense could materially increase, reducing our profitability.

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Offer as a result of several factors, including:

- volatility in the Indian and global securities market;
- our results of operations and performance;
- performance of our competitors, the Indian wind power industry and the perception in the market about investments in the renewable energy sector;
- adverse media reports about us or the Indian wind power industry;
- changes in the estimates of our performance or recommendations by financial analysts;

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- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

Notes to Risk Factors:

- The average cost of acquisition of Equity Shares by our Promoter is Rs. 0.22 per Equity Share and the book value per Equity Share as of March 31, 2005 was Rs. 93.7.
- The net worth of the Company including preference share capital on a consolidated basis as of March 31, 2005 was Rs. 9,039.2 million as per Indian GAAP.
- Public Issue of 29,340,000 Equity Shares of face value Rs. 10 each for cash at a Issue Price of Rs. 510 per Equity Share aggregating Rs.14,963.4 million, consisting of a Fresh Issue of 26,762,680 Equity Shares and an Offer For Sale of 2,577,320 Equity Shares. 585,000 Equity Shares will be reserved in the issue for subscription by permanent employees in India of SEL and its subsidiaries**.**
- The Issue is being made through a 100% Book Building Process wherein not less than 60 % of the Net Issue will be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, at least 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- For related party transactions and transactions with significant shareholders, please refer to the sections entitled "Managements' Discussion and Analysis of Financial Condition and Results of Operations – Transactions with Associate Companies and Related Parties" on page 250 of this Red Herring Prospectus, "Related Party Transactions" on page 155 of this Prospectus and "Our Promoters" on page 110 of this Prospectus.
- Investors are free to contact the BRLMs and the CBRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- Investors may contact the BRLMs and the CBRLMs for any complaints pertaining to the Issue.
- Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 42 of this Prospectus.

SUMMARY

Business Overview

We are India's leading manufacturer of wind turbine generators, or WTGs. Our accumulated sales were 1,126.6 MW as of March 31, 2005. We also installed 42.8% of the total capacity installed in India during the year ended December 31, 2004 and were the sixth largest wind turbine manufacturer in the world in terms of annual installed capacity for the year ended December 31, 2004. (Source: BTM Consult ApS March 2005) We develop and manufacture technologically advanced WTGs with an emphasis on high performance and cost-efficient WTGs. Together with our Associate Companies in our Group; we have positioned ourselves as an integrated solution provider of services related to wind energy in the Indian market. Besides manufacturing WTGs, we are involved in wind resource mapping, identification of suitable sites and technical planning of wind power projects. We also provide after-sale O&M services for WTGs supplied by us. Our Associate Companies acquire sites we have identified as suitable for wind energy projects, which are then sold or leased to our customers, and undertake the technical implementation of wind farms, including infrastructure development, installation of WTGs and connection to power grids.

At present, India remains our key market and we intend to pursue the growth opportunities that we believe exist for providing wind energy solutions in India. With a view to pursuing growth opportunities in the global market for WTGs, we have set up our marketing headquarters in Denmark, a centre for wind energy. Our marketing activities includes establishing market presence in China and Australia and expanding our presence in the United States, where we have supplied 24 WTGs, each of 0.95 MW capacity, that were designed specifically for a U.S. wind farm project.

Our current product range includes 0.35 MW, 0.60 MW, 0.95 MW, 1.00 MW, 1.25 MW and 2.00 MW WTGs and we are among the first Asia-based companies to manufacture WTGs with MW and multi-MW capabilities (see "Business– Products" on page 64 of this Prospectus). We consider ourselves to be an integrated developer of WTGs, focused on: the design, engineering and development of WTGs and components, the development and in-house manufacture of rotor blades for our MW and multi-MW WTGs, tubular towers, control panels and nacelle covers. Our tubular tower manufacturing activities are undertaken through our 75%-owned subsidiary, Suzlon Structures. We also have established supply sources for the components that we do not manufacture in-house, such as rotor blades for our 0.35 MW WTGs, gearboxes, casting parts, generators and a portion of our nacelle cover and tower requirements. These are sourced from leading suppliers, as are raw materials for WTG rotor blades, such as glass fibre, epoxy resin and foam.

We have began manufacturing of generators on a trial basis for our WTGs through our 74.9% owned subsidiary, Suzlon Generators, a joint venture with Elin EBG Motoren GmbH of Austria. We conduct research and development activities through our subsidiaries, SEG and AERH. These subsidiaries focus on designing and developing new WTG models, upgrading our current models and developing efficient and effective rotor blade technology for our WTGs.

Manufacture of WTGs is undertaken by Suzlon Energy Limited and after-sale O&M services are provided by our wholly-owned subsidiary SWSL. We enter into arrangements with our Associate Companies and certain other companies for site procurement. Our Associate Companies with whom we have such arrangements, include SRL, Samiran Jaipur Windfarms Private Limited, Samiran Jaisalmer Windfarms Private Limited, Shubh Realty (South) Private Limited, Shubh Realty (Gujarat) Private Limited, Kurumadikere Energy Limited, Sarjan Infrastructure Finance Limited, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited. Other companies with which we have entered into such arrangements are Samiran Udaipur Windfarms Private Limited and Samiran Jodhpur Windfarms Private Limited,.These companies procure sites in India that have been identified by us as suitable for WTG installation. Another Associate Company, SIL, undertakes the project execution work, including site development, civil works and electrical works, as well as erection and commissioning of WTGs and construction of power evacuation facilities. Our Associate Companies provide necessary and valuable services in relation to our activities in the Indian wind energy market. While we work closely with our Associate Companies, we do not have any equity interest in our Associate Companies, all of which are controlled by our Promoters. If these Associate Companies were to cease providing the services described above, we would be required to undertake land acquisition and infrastructure development, among other activities, directly and this would involve certain risks. See "Risk Factors - We are highly dependent on our Associate Companies in providing integrated wind energy solutions packages to customers in India; we do not control our Associate Companies".

Our design, manufacture, operations and maintenance services have been certified as ISO 9001:2000 by Det Norske Veritas. Our WTG models are generally accredited with type certification by either Germanischer Lloyd or CWET – an autonomous body

attached to the MNES.

Our total income was Rs. 2,697.1 million in fiscal 2003, Rs. 8,748.6 million in fiscal 2004 and Rs. 19,659.2 million in fiscal 2005. Adjusted/recast profit after tax was Rs. 269.0 million in fiscal 2003, Rs. 1,250.6 million in fiscal 2004 and Rs. 3,858.6 million in fiscal 2005. For the fiscal year ended March 31, 2005, 99.7% of our total income was from customers in India.

Competitive Strengths

We believe that the following are our principal competitive strengths:

- ***Focus on providing "integrated solutions" wind energy packages with our Associate Companies to customers in India.*** Our business model for the Indian market has historically involved, in conjunction with our Associate Companies, providing "integrated solutions" packages for wind energy projects. Our key activities include: (a) designing, developing and manufacturing WTGs; (b) wind resource mapping; (c) identifying suitable sites for wind farms; (d) coordinating with our Associate Companies in the acquisition and development of these sites and installation of WTGs; and (e) providing after-sales O&M services. This business model allows our Indian customers to benefit from the cost-efficiencies and economies of scale wind farms can offer. At the same time, our customers do not need to undertake the cumbersome processes associated with developing wind farms, which requires expertise in various areas such as wind study, land acquisition and project execution/management skills. Our Associate Companies, as part of the "integrated solutions" package, are also involved in the construction of power transmission facilities to transmit the power generated by the wind farm to the grid.
- ***Track record of executing, in coordination with Associate Companies, large-scale wind power projects in India.*** We have, along with our Associate Companies, a track record of executing a number of large-scale wind power projects in different regions in India. These complex projects have allowed our Group to develop the capabilities and expertise needed for wind farm projects and our customers benefit from the experience we have gained from operating WTGs in different operating environments and our industry knowledge, as well as from our Associate Companies' land acquisition and project management expertise. We believe that the successful development of these wind farm projects has enhanced our recognition in the Indian wind power marketplace.
- ***Sophisticated in-house technology and design capabilities.*** Through our subsidiaries' design capabilities, we have been able to develop our MW and multi-MW WTG models, as well as the rotor blades for these WTGs. We have also been able to develop many of the processes and technologies that enable us to manufacture certain key components, such as nacelle covers, nose cones and the construction of tooling and moulds used for the manufacture of rotor blades. These were achieved as a result of our recognition that various countries in Europe have developed strengths in different facets of the design of WTGs, which led to our establishment of research and development subsidiaries in Europe. Specifically, we have established a subsidiary, AE Rotor Holding B.V., based in the Netherlands to take advantage of the expertise developed in that country in aerodynamic rotor blade design and material sciences. We have also utilized the engineering skills developed in Germany in the field of WTG design by establishing Suzlon Energy GmbH. This has enabled us to access the personnel with the requisite technical background and expertise to assist us in designing, developing and upgrading our WTGs and their key components. In addition, we have recently set up a wholly-owned subsidiary in Germany, SE Drive Technik GmbH, as a research and development subsidiary for the design, development and manufacture of gear boxes prototypes for our WTGs
- ***Cost-efficient manufacturing and supply-chain in India.*** All of our current manufacturing facilities are located in India, which we believe gives us a significant cost advantage in terms of capital, manufacturing and labour costs over some of our larger competitors whose manufacturing facilities are in higher cost regions, such as Western Europe. Our manufacturing facilities are also located in western and southern India, which places them in close proximity to the states that we believe offer good potential in terms of wind energy production, such as Maharashtra, Rajasthan, Gujarat, Tamil Nadu and Karnataka, thus reducing the logistical costs associated with the delivery of WTGs. Further, we are able to efficiently source many key components, such as castings, generators and towers, from lower-cost suppliers based in India. Beginning in August 2005, we also expect to begin receiving delivery of gearboxes manufactured by and delivered from the Indian manufacturing facility being constructed by Winergy AG, the leading supplier for WTG gearboxes, which we believe will allow us to lower costs relating to this key WTG component.

- ***Market leader in India.*** For the last seven fiscal years, we have been the leading WTG manufacturer in India in terms of annual installations, with a market share of approximately 44.5% of total installed capacity for the year ended March 31, 2005, based on data published by the MNES. We also installed 42.8% of the total capacity installed in India during the year ended December 31, 2004, with India being the third largest wind power market in terms of annual installed capacity during the same period. *(Source: BTM Consult ApS March 2005)* We have established a market presence in seven states, among which are the states that have the highest installed capacity of wind energy, including Tamil Nadu, Karnataka, Maharashtra, Rajasthan and Gujarat. We also have a diverse customer base consisting of companies in the cement, steel, textile, automobile, engineering, construction and mining industries. We believe that India offers opportunities to strengthen our capabilities and to undertake, together with our Associate Companies, large-scale "integrated solution" wind energy projects. Our leading market share makes us well-positioned to leverage existing customer relationships and our reputation as India's leading WTG manufacturer to take advantage of future growth in domestic demand for renewable energy sources such as wind energy.
- ***Operations and maintenance expertise.*** We believe that our ability to provide WTG operation O&M services to our customers has helped us in assessing and enhancing the performance of WTGs under operational conditions. Our introduction of the CMS concept as part of our O&M services provides our personnel and customers with real-time data relating to the WTGs. This allows our technical personnel to control and monitor WTG performance on-line, even from remote locations, and even during adverse weather conditions. We believe this helps in reducing WTG downtime and maintenance costs. Further, our research and development teams are able to use the operational data gathered by our operations and maintenance teams in order to upgrade our current WTG models and to design, develop and roll-out newer and more cost-efficient WTG models.
- ***Strong management team.*** Our top management brings with them extensive experience in the design, engineering, manufacture, marketing and maintenance of WTGs. Our senior management team in India who are in charge of manufacturing, finance, sales, business development and strategic planning have extensive experience in the wind energy industry. We have also assembled research and development, design, engineering and marketing teams in our overseas subsidiaries with established track records in the wind energy industry.

Business Strategy

We seek to further enhance our position in India as a provider of integrated wind energy solutions and to expand our markets globally. We intend to accomplish this through:

- ***Expanding our WTG product line and improving existing models.*** We intend to leverage the WTG design and development capabilities that we have developed through our research and development subsidiaries to enhance our existing WTG models and develop new models, particularly in the MW and multi-MW class. We intend to focus on the development and construction of a gearless 1.25 MW WTG and WTGs with 1.50 MW and 2.10 MW capacity, as well as improved control systems for our current WTG models.
- ***Integrating manufacturing facilities.*** We have developed and implemented a backward integration strategy that allows us to manufacture rotor blades in-house. In March 2005 we began in-house manufacture of tubular towers through our 75% owned subsidiary, Suzlon Structures. We have established an in-house manufacturing facility for generators through our 74.9% owned subsidiary, Suzlon Generators, which commenced trial production September 5, 2005. We believe that increasing our in-house manufacturing capabilities will allow us to lower WTG manufacturing costs, give us greater control over the supply chain for key WTG components and enable quicker and more efficient assembly and delivery of WTG components to our customers.
- ***Improving the cost-efficiency of generating power from wind energy.*** We aim to improve the cost-efficiency of power generation from wind energy by reducing the cost of generating electricity per kWh from our WTGs. We plan to achieve this goal by focusing on designing and developing more advanced WTGs, identifying sites which offer wind conditions that are optimal for WTG installations, reducing manufacturing and infrastructure costs, and by decreasing ongoing operating costs for our customers.
- ***Maintaining our strategic focus on the Indian market.*** We believe that India is and will continue to be an important growth market for wind power. We intend to continue to focus on growing our India business by leveraging our status as the leading WTG manufacturer in India and by continuing to develop, with our Associate Companies, large-scale wind farm

projects. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute orders from international customers.

- ***Expanding our presence in international growth markets.*** In order to increase our share of the world market for renewable energy, we plan to continue to grow our overseas operations. We consider our key international markets to be: North America, in particular the United States, which has many sites that offer wind conditions that are optimal for WTGs and also offer tax incentives for power generated by WTGs; China, where the level of demand for energy is high and where the government is encouraging the development of renewable energy sources; and Australia, which also has sites with optimal wind conditions and where the government has declared that it intends to encourage a sustainable and internationally competitive renewable energy industry. We may also establish a presence in markets in Europe.
- ***Expanding manufacturing capacity.*** We are in the process of constructing additional manufacturing facilities in India for key WTG components and we expect these facilities to be located close to markets with growing demand for power generated by wind energy. Some of these facilities may be located in geographies that will allow us to take advantage of the fiscal incentives. In furtherance of our goal of expanding our international presence, we are planning to establish an integrated WTG manufacturing facility in China, thereby giving us manufacturing facilities in a key growth market with low costs for inputs and components. We are also evaluating the construction of rotor blade and tubular tower manufacturing facilities in the United States, in order to meet increasing demand for wind energy projects in certain regions of North America. This will reduce costs associated with the transportation and delivery of these key, but quite large, WTG components.
- ***Growing our business through strategic acquisitions and alliances.*** We will evaluate on a case-by-case basis potential acquisition targets and alliance partners that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We intend to only pursue those transactions that complement our key strengths, are synergistic and, in our assessment, have manageable integration risks.

Industry Overview

See the section titled “The Market for Wind Energy Products” on page 53 of this Prospectus.

THE ISSUE

Equity Shares offered by	
The Company	26,762,680 Equity Shares
The Selling Shareholder	2,577,320 Equity Shares
Total	**29,340,000 Equity Shares**
Employee Reservation Portion [(1)]	585,000 Equity Shares
Therefore,	
Net Issue to the Public	**28,755,000 Equity Shares**
of which:	
QIB Portion	17,253,000 Equity Shares (allocation on discretionary basis)
Non-Institutional Portion	2,875,500 Equity Shares (allocation on proportionate basis)
Retail Portion	8,626,500 Equity Shares (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	260,768,700 Equity Shares
Equity Shares outstanding after the Issue	287,531,380 Equity Shares
Use of proceeds by the Company	See the section titled "Objects of the Issue" on page 29 of this Prospectus. The Company will not receive any proceeds from the Offer for Sale.

[(1)] For Eligible Employees. See "Definitions – Eligible Employees" on page iv of this Prospectus.

SELECTED FINANCIAL INFORMATION

The following table sets forth the selected historical consolidated financial information of Suzlon Energy Limited derived from its restated consolidated financial statements for the fiscal years ended March 31, 2002, 2003, 2004 and 2005, prepared in accordance with paragraph B(1) of the Part II of the Schedule II of the Companies Act, and SEBI guidelines, and restated as described in the auditor's report of M/s. SNK & Co. and M/s. S.R. Batliboi & Co., included in the section titled "Financial Information" on page 165 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(All amounts in Rs. Millions)

	Financial Year ended			
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
INCOME				
Sales				
Of products manufactured	5,241.61	2,552.09	8,419.95	19,208.40
Of products traded	6.12	48.17	149.09	12.48
Of services rendered	1.36	5.43	5.95	203.94
TOTAL	**5,249.09**	**2,605.69**	**8,574.99**	**19,424.82**
Other Income	84.43	91.44	173.63	234.38
TOTAL INCOME (A)	**5,333.52**	**2,697.13**	**8,748.62**	**19,659.20**
EXPENDITURE				
Cost of Goods Sold	3,115.77	1,548.31	5,541.37	11,376.78
Operating and other Expenses	759.26	609.87	1,313.04	2,737.77
Employees' Remuneration and Benefits	121.86	122.84	269.37	617.79
Financial Charges	53.05	88.56	275.65	458.25
Depreciation	41.38	99.62	136.12	493.25
Preliminary Expenditure Written Off	0.37	0.70	0.87	1.81
TOTAL EXPENDITURE (B)	**4,091.69**	**2,469.90**	**7,536.42**	**15,685.65**
Profit before tax and exceptional items (A-B)	**1,241.83**	**227.23**	**1,212.20**	**3,973.55**
Add : Exceptional items [Income / (Expense)]	—	172.02	266.93	—
Net Profit before Tax	**1,241.83**	**399.25**	**1,479.13**	**3,973.55**
Taxation [Expense/(Reversal)]				
- Current Tax	125.10	30.78	131.74	489.09
- Earlier Years	—	(3.52)	(7.78)	0.63
- Deferred Tax	—	(0.14)	(94.05)	(167.41)
Profit before Minority Interest	**1,116.73**	**372.13**	**1,449.22**	**3,651.24**

(All amounts in Rs. Millions)

	Financial Year ended			
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Add : Share of loss of minority	—	3.80	—	2.11
Add : Share of Profits of Associates	3.57	0.02	—	—
Profit after Minority Interest and share of profits of Associates	1,120.30	375.95	1,449.22	3,653.35
Add :Transferred to Goodwill	**—**	**—**	**4.00**	**—**
Net Profit before Adjustments	**1,120.30**	**375.95**	**1,453.22**	**3,653.35**
ADJUSTMENTS				
Impact of changes in accounting estimates/ policies				
Depreciation	(7.95)	(13.91)	(41.09)	69.45
Provision for Generation Guarantees	53.27	(103.34)	(221.01)	206.26
Diminution in investments	32.54	—	—	—
Deferred Tax	8.92	13.65	46.06	(68.83)
Valuation of inventory of Foreign Subsidiaries	(0.45)	(3.35)	5.46	(1.66)
Other adjustments				
Prior Period Items	(0.20)	—	—	—
Total Impact of Adjustments	**86.13**	**(106.95)**	**(210.58)**	**205.22**
Tax Impact of Adjustments	4.00	—	8.00	—
Total of Adjustments after Tax impact (B)	**90.13**	**(106.95)**	**(202.58)**	**205.22**
Net Profit, as restated	**1,210.43**	**269.00**	**1,250.64**	**3,858.57**
Profit and loss account at the beginning of the year	**1,169.02**	**2,040.53**	**2,137.70**	**2,607.56**
Balance available for appropriation, as restated	**2,379.45**	**2,309.53**	**3,388.34**	**6,466.13**
Appropriations				
Interim Dividend on Equity Shares	170.43	60.20	73.04	231.84
Proposed Dividend on Equity Shares	—	—	170.44	115.92
Dividend on Preference Shares	1.03	3.28	4.80	19.62
Tax on Dividends	17.46	8.35	32.50	51.22
Transfer to General Reserve	150.00	100.00	500.00	1,000.00
Balance carried forward, as restated	**2,040.53**	**2,137.70**	**2,607.56**	**5,047.53**

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(All amounts in Rs. Million)

		Financial Year ended			
		March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A.	**Fixed Assets:**				
	Gross Block	567.04	1,108.36	1,912.22	3,596.88
	Less : Depreciation	92.26	211.93	384.48	807.68
	Net Block	**474.78**	**896.43**	**1,527.74**	**2,789.20**
	Capital Work in Progress	24.82	71.64	124.27	289.40
	Total	**499.60**	**968.07**	**1,652.01**	**3,078.60**
B.	**Investments**	**68.66**	**49.72**	**142.74**	**77.62**
C.	**Deferred Tax Assets, Net**	**20.22**	**34.02**	**174.13**	**241.06**
D.	**Current Assets, Loans and Advances:**				
	Inventories	307.93	1,343.76	2,212.83	5,755.68
	Sundry Debtors	2,151.07	1,827.22	3,442.80	6,928.89
	Cash and Bank Balances	451.16	559.73	680.64	1,544.64
	Loans and Advances	739.86	1,160.94	1,801.40	3,247.32
	Total	**3,650.02**	**4,891.65**	**8,137.67**	**17,476.53**
E.	**Liabilities and Provisions:**				
	Secured Loans	388.59	931.40	1,878.55	3,567.18
	Unsecured Loans	—	104.67	505.08	390.93
	Current Liabilities and Provisions	1,458.64	2,282.61	3,996.60	7,809.02
	Total	**1,847.23**	**3,318.68**	**6,380.23**	**11,767.13**
F.	**Minority Interest**	**—**	**8.15**	**—**	**64.48**
G.	**Preference Shares issued by Subsidiary Company**	**—**	**30.00**	**30.00**	**2.97**
H.	**Net Worth (A+B+C+D-E-F-G)**	**2,391.27**	**2,586.63**	**3,696.32**	**9,039.23**
	Net Worth represented by				
I.	**Share Capital**				
	Equity	**121.74**	**121.74**	**243.48**	**869.23**
	Preference	**10.25**	**10.25**	**150.00**	**1,150.00**
J.	**Share Application Money**	**0.70**	**—**	**—**	**0.50**
K.	**Reserves and Surplus**	**2,259.79**	**2,456.97**	**3,304.95**	**7,023.59**
L.	**Miscellaneous Expenses to the extent not written off**	**1.21**	**2.33**	**2.11**	**4.09**
M.	**Net Worth (I+J+K-L)**	**2,391.27**	**2,586.63**	**3,696.32**	**9,039.23**

GENERAL INFORMATION

Registered Office of our Company
Suzlon Energy Limited
"Suzlon"
5, Shrimali Society
Near Shri Krishna Complex
Navrangpura
Ahmedabad 380009
India
Registration No.: 04-25447

For changes to our registered office address please see "History and Certain Corporate Matters" on page 91 of this Prospectus.

Our Board comprises:

Sr. No.	Name, Designation, Occupation	Age	Address
1.	**Tulsi R.Tanti,** **Chairman and Managing Director** **Executive Director** *Business*	47	C-501,Satellite Towers Orion Mundhwa Pune 411 036 India
2.	**Girish R. Tanti** **Director (International Business Development and HR)** **Executive Director** *Business*	35	C-401, Satellite Towers Orion Mundhwa Pune 411 036 India
3.	**Ajay Relan** **Non-Executive Independent Director** *Professional Banker*	51	Citibank N.A. Jeevan Vihar Sansad Marg New Delhi 110 001 India
4.	**Ashish Dhawan** **Non-Executive Independent Director** *Service*	36	Suite 101 The Oberoi Dr. Zakir Hussain Marg New Delhi 110 003 India
5.	**Pradip Kumar Khaitan** **Non-Executive Independent Director** *Lawyer*	64	B-103, Rai Enclave, 7/1A, Sunny Park, Kolkata 700 019 India

For further details in relation to our Board and Directors see the section titled "Our Management" on page 100 of this Prospectus.

Company Secretary and Compliance Officer

Hemal A. Kanuga
"Suzlon"
5, Shrimali Society
Near Shri Krishna Complex
Navrangpura,
Ahmedabad 380 009
India
Tel: (91 79) 2647 1100
Fax: (91 79) 2656 5540
E-mail: investors@suzlon.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Legal Advisors to the Issue

Domestic Legal Counsel to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
India
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

International Legal Counsel

Skadden, Arps, Slate, Meagher and Flom LLP
30th Floor, Tower Two
Lippo Centre, 89 Queensway
Central, Hong Kong
Tel: (852) 2820 0700
Fax: (852) 2820 0727

Book Running Lead Managers

JM Morgan Stanley Private Limited
141, Maker Chambers III,
Nariman Point
Mumbai 400 021, India
Tel.: (91 22) 5630 3030
Fax.: (91 22) 5630 1694
Email: suzlonipo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact Person : Mr. Abhishek Goel

Enam Financial Consultants Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 5638 1800
Fax: (91 22) 2284 6824
E-mail: suzlon.ipo@enam.com
Website: www.enam.com
Contact Person : Mr. Siddarth Shah

Co-Book Running Lead Managers

Senior Co-Book Running Lead Managers
CLSA India Limited
8/F Dalamal House
Nariman Point
Mumbai 400 021
Tel: (91 22) 5650 5050
Fax: (91 22) 2284 1657
E-mail: suzlon.ipo@clsa.com
Website: www.india.clsa.com
Contact Person : Mr. Sumit Jalan

Co-Book Running Lead Managers
Yes Bank Limited
Nehru Centre, 9th Floor, Discovery of India Building
Dr. Annie Besant Road
Worli, Mumbai 400 018, India
Tel: (91 22) 5669 9000
Fax: (91 22) 2490 0314
Email: suzlon@yesbank.in
Website: www.yesbank.in
Contact Person : Mr. Ashish Jhaveri

Syndicate Members

JM Morgan Stanley Retail Services Private Limited
141, Maker Chambers III,
Nariman Point,
Mumbai – 400 021
Tel : (91-22) 5504 3184/3185
Fax : (91-22) 5654 1511
Contact Person : Mr. T. N. Kumar/Mr. Deepak Vaidya

Enam Securities Private Limited
Khatau Building, II Floor,
44B, Bank Street,
Off Shahid Bhagat Singh Road,
Fort, Mumbai- 400 001
Tel : (91-22) 2267 7901
Fax : (91-22) 2266 5613
Contract Person : Mr. M. Natarajan

Registrar to the Issue

KARVY COMPUTERSHARE PRIVATE LIMITED
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034, India
Tel: (91 40) 2332 3031
Fax: (91 40) 2330 4703
Email: suzlon.ipo@karvy.com
Website: www.karvy.com
Contact Person : Mr. Murali Krishna

Auditors

SNK & Co.
111, Nalanda Enclave
Pritamnagar
Ellisbridge
Ahmedabad 380 006
Tel: (91 79) 5531 0348
Fax: (91 79) 2658 6348
Email: suzlon_ipo@snkca.com

S.R. Batliboi & Co.
The Metropole
F-1, 1st Floor
Bund Garden Road
Pune 411 001, India
Tel: (91 20) 401 6000
Fax: (91 20) 401 5900
Email: SRBatliboi.Company@in.ey.com

Banker(s) to the Issue and Escrow Collection Bank(s)

These banks, are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account has been opened:

Citibank NA
Bombay Mutual Building,
D.N. Road, Fort,
Mumbai 400 001
Tel: (91 22) 2269 1713
Fax: (91 22) 2844 6357
E-mail:ketki.shroff@citigroup.com
Contact Person: Ms. Ketki Shroff

HDFC Bank Ltd
26/A Narayanan Properties
Chandivali farm Road, Saki Naka, Andheri (East),
Mumbai - 400 072
Tel: (91 22) 2856 9228
Fax: (91 22) 2656 9256
E-mail: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari

ICICI Bank Limited
Capital Markets Division,
30 Mumbai Samachar Marg,
Mumbai 400 001
Tel: (91 22) 2265 5285
Fax: (91 22) 2261 1138
E-mail: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Routray

Standard Chartered Bank
270, D. N. Road,
Fort, Mumbai – 400 001
Tel: (91 22) 2209 2213
Fax: (91 22) 2209 6067-70 & 22094863
E-mail: banhid.bhattacharya@in.standardchartered.com
Contact Person: Mr. Banhid Bhattacharya

State Bank of India
New Issues & Securities Services Division
Mumbai Main Branch,
Mumbai 400 023
Tel: (91 22) 2266 1765
Fax: (91 22) 2267 0745
E-mail: rajeev.kumar@sbi.co.in
Contact Person: Mr. Rajeev Kumar

UTI Bank Limited
Universal Insurance Building
Sir PM Road
Fort,
Mumbai 400001
Tel: (91 22) 22835788
Fax: (91 22) 22835785
Email: roshan.mathias@utibank.co.in
Contact Person: Mr. Roshan Mathias

Industrial Development Bank of India Limited
Nariman Point Branch
Mittal Court, Ground floor
Nariman Point, Mumbai – 400023
Tel: (91 22) 22885424
Fax: (91 22) 56336362
E-mail: vivek_h@idbibank.com
Contact Person: Mr. Vivek Handa

Yes Bank Limited
Nehru Centre
Ground Floor, Discovery of India Building
Dr. Annie Besant Road
Worli, Mumbai 400 018, India
Tel: (91 22) 5669 9039
Fax: (91 22) 2490 0314
Email: abhijit.kamalapurkar@yesbank.in
Contact Person: Mr. Abhijit Kamalapurkar

Banker(s) to the Company

Bank of Baroda
Atur Complex
Camp
Pune 411 004
Tel: (91 20) 2613 0147
Fax: (91 20) 2613 1710

Deutsche Bank AG
DB House, Hazarimal Somani Marg
Fort, Mumbai 400 001
Tel: (91 22) 5658 4772
Fax: (91 22) 2207 5944

Industrial Development Bank of India Limited
Dnyaneshwar Paduka Chowk
F. C. Road
Pune 411 004
Tel: (91 20) 5602 7007
Fax: (91 20) 2567 2193

Indian Overseas Bank
7, M. G. Road
Wonderland Bldg., Cantonment
Pune 411 001
Tel: (91 20) 2613 9710
Fax: (91 20) 2613 9007

State Bank of Bikaner & Jaipur
954, Sadashiv Peth
Laxmi Road
Pune 411 030
Tel: (91 20) 2445 4254
Fax: (91 20) 2445 3569

Bank of Maharashtra
Industrial Finance Branch
Sadashiv Vilas, 1183-A, F. C. Road
Pune 411 005
Tel: (91 20) 2553 5056
Fax: (91 20) 2553 5068

HDFC Bank Limited
Millennium Tower, 4th Floor
Bhandarkar Road, Pune 411 004
Tel: (91 20) 2567 5557
Fax: (91 20) 2565 0720

ING Vysya Bank Limited
928, F.C. Road
Pune 411 004
Tel: (91 20) 2565 0349
Fax: (91 20) 2565 214

Punjab National Bank Limited
DCM Building
Barakhamba Road
New Delhi 110 001
Tel: (91 11) 2373 1673
Fax: (91 11) 2331 1957

State Bank of Hyderabad
11-C, 210, Mittal Towers
Nariman Point
Mumbai 400 021
Tel: (91 22) 2284 3550
Fax: (91 22) 2284 1096

State Bank of India (Lead Bank)
Specialised Commercial Branch
Neptune Tower Annexe
Ashram Road, Gandhigram
Tel: (91 79) 2658 6940
Fax: (91 79) 2658 6943

Standard Chartered Bank
90, Mahatma Gandhi Road
Fort, Mumbai 400 001
Tel: (91 22) 2267 0162
Fax: (91 22) 2270 1063

UTI Bank Limited
Ground Floor, Sterling Plaza
1262/B, J. M. Road
Pune 411 004
Tel: (91 20) 2552 0557
Fax: (91 20) 2552 0530

State Bank of Indore
D Wing, Mittal Court
Nariman Point
Mumbai 400 021
Tel: (91 22) 2282 1560
Fax: (91 22) 2283 5735

State Bank of Patiala
Atlanta, 1st Floor, Jamnalal Bajaj Marg
Nariman Point, Mumbai 400 021
Tel: (91 22) 5637 5701
Fax: (91 22) 5637 5703

Statement of *Inter Se* Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs and the CBRLMs:

Sr. No.	Activities	Responsibility	Co-ordinator
1	Capital structuring with the relative components and formalities such as type of instruments, etc.	JMMS/ ENAM	JMMS
2	Due diligence of the Bank's operations / management / business plans/legal documents etc. Drafting and Design of Issue Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI including finalization of Prospectus and RoC filing	JMMS/ ENAM / CLSA/ YES BANK	JMMS
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	JMMS/ ENAM / CLSA/ YES BANK	JMMS
4	Appointment of Registrar, Bankers, Printer and Advertising agency	JMMS/ ENAM	ENAM
5	Marketing of the issue which will include the following: ● formulating marketing strategies, preparation of publicity budget ● finalise media and PR strategy ● Finalise centres for holding conference for brokers etc. ● Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material ● Finalise Collection centres Preparation of the Roadshow presentation	JMMS/ ENAM / CLSA/ YES BANK	JMMS

Sr. No.	Activities	Responsibility	Co-ordinator
6	Finalisation of the list of QIBS. Division of QIBs for one to one meetings, road show related activities, order procurement. Managing the Book and finalising Pricing and QIB allocation.	JMMS/ ENAM / CLSA/ YES BANK	ENAM
7	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and despatch of refunds to bidders. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.	JMMS/ ENAM/ CLSA/YES BANK	ENAM

CREDIT RATING

As the Issue is of equity shares, credit rating is not required.

TRUSTEES

As the Issue is of equity shares, the appointment of Trustees is not required.

MONITORING AGENCY

Infrastructure Development Finance Company Limited has been appointed the Monitoring Agency by the Company to monitor the proceeds of the Fresh Issue vide letter dated June 28, 2005 and an agreement dated September 5, 2005.

Infrastructure Development Finance Company Limited
Ramon House, H.T. Parekh Marg,
169, Backbay Reclaimation,
Mumbai 400 020
Tel: (91 22) 5633 9100
Fax: (91 22) 2283 8158
Email: vinayak@idfc.com

BOOK BUILDING PROCESS

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- The Selling Shareholder;
- Book Running Lead Managers;
- Co-Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs and the CBRLMs;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein not less than 60% of the Net Issue shall be allocated on a discretionary basis to QIBs. Further, not less than 10% of the Net Issue shall be available for Allotment on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for Allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, the Company and the Selling Shareholder have appointed the BRLMs and the CBRLMs to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date/ Issue Closing Date and for further details see the section titled "Terms of the Issue" on page 282 of this Prospectus.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.0%
1500	22	3000	100.0%
2000	21	5000	166.67%
2500	20	7500	250%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure—Who Can Bid?" on page 287 of this Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
JMMS	13,202,900	6,733.48
Enam	8,400,000	4,284.00
CLSA	2,933,900	1,496.29
Yes Bank	100	0.05
JM Morgan Stanley Retail Services Private Limited	100	0.05
Enam Securities Private Limited	4,803,000	2,449.53

The above-mentioned amount is indicative underwriting and this would be finalised after pricing and actual allocation. The above Underwriting Agreement is dated October 3, 2005.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIB Bidders is discretionary as per the terms of the Red Herring Prospectus and may not be proportionate in any way and the patterns of allocation to the QIB Bidders could be different for the various Underwriters. The allocation would be decided by the Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price aggression and earliness of the Bid.

Disclaimer by the Selling Shareholder

Notwithstanding anything stated in this Prospectus, all information disclosed and statements made by Selling Shareholder in this Prospectus are only contained in sections titled 'Terms of the Issue', 'Issue Structure', and 'Issue Procedure' and the Selling Shareholder's responsibility under this Prospectus, is limited to the statements made in its capacity as a Selling Shareholder in the aforementioned sections. The Selling Shareholder disclaims all responsibility for all disclosures and statements made in other sections of this Prospectus. Without prejudice to the foregoing, the Selling Shareholder neither expresses any opinion with respect to nor assumes any responsibility for the statements and disclosures made by the Company or any other person, whether or not relating to the Company, their respective businesses, the promoters, the financial information or any other disclosures and statements. The Selling Shareholder has neither assumed any obligation to conduct, nor conducted, any inspection or independent verification of the statements and disclosures made by the Company.

CAPITAL STRUCTURE

(Rs. in million)

As of September 9, 2005		Aggregate Value at nominal value	Aggregate Value at Issue Price
A) **AUTHORISED SHARE CAPITAL**			
330,000,000	Equity Shares of Rs. 10 each	3,300	
11,500,000	Preference shares of Rs. 100 each	1,150	
		4,450	
B) **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**			
260,768,700	Equity Shares of Rs. 10 each	2,608	
1,500,000	10% redeemable cumulative preference shares of Rs.100 each	150	
10,000,000	0.01% redeemable cumulative preference shares of Rs. 100 each#	1,000	
		3,758	
C) **PRESENT ISSUE IN TERMS OF THIS PROSPECTUS**			
29,340,000	Equity Shares of Rs. 10 each fully paid up*	293.40	14,963.40
Out of the above:			
a) Fresh Issue			
26,762,680	Equity Shares of Rs. 10 each fully paid up	267.63	13,648.97
b) Offer for Sale			
2,577,320	Equity Shares of Rs. 10 each fully paid up	25.77	1314.43
D) **EMPLOYEE RESERVATION PORTION$**			
585,000	Equity Shares of Rs. 10 each fully paid up	5.85	298.35
E) **NET ISSUE TO THE PUBLIC**			
28,755,000	Equity Shares of Rs. 10 each fully paid up	287.55	14,665.05
F) **EQUITY CAPITAL AFTER THE ISSUE**			
287,531,380	Equity Shares of Rs. 10 each fully paid up shares	2875.31	146,641.00
G) **SHARE PREMIUM ACCOUNT** *(in Rs. million)*			
	Before the Issue	99.28	
	After the Issue	13,480.62	

* The Issue in terms of this Prospectus has been authorised pursuant to a resolution passed at the general meeting of our shareholders on June 16, 2005 at Ahmedabad.

\# The Preference Shares shall be redeemed out of the proceeds of the Fresh Issue.

$ For Eligible Employees. See "Definitions – Eligible Employees" on page iv of the Prospectus.

a) The initial authorised share capital of Rs. 2,500,000 was enhanced to Rs. 10,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on October 14, 1995, and subsequently enhanced to Rs. 15,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on January 16, 1996, and subsequently enhanced to Rs. 50,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on December 30, 1996, and subsequently enhanced to Rs. 150,000,000 pursuant to the resolution by the shareholders of our Company at the AGM on June 26, 1997, and subsequently enhanced to Rs. 250,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on January 10, 2000.

b) The authorised capital was enhanced to Rs. 500,000,000 pursuant to the resolution by the shareholders of our Company at the AGM on September 30, 2003.

c) The authorised capital was enhanced to Rs. 1,000,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on April 9, 2004, and subsequently enhanced to Rs. 2,160,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on July 26, 2004.

d) The authorised capital was enhanced to Rs.4,450,000,000 pursuant to the resolution by the shareholders of our Company at the EGM on June 16, 2005.

e) 1,800,050 Equity Shares were issued as bonus shares pursuant to the resolution by the shareholders of our Company at the AGM on September 30, 1999 approving a bonus in the ratio of 1:2.

f) 6,086,950 Equity Shares were issued as bonus shares pursuant to the resolution by the shareholders of our Company at the EGM on February 25, 2002 approving a bonus in the ratio of 1:1.

g) 102,500 13% Redeemable Cumulative preference shares of Rs. 100/- each aggregating to Rs. 10,250,000/- were redeemed on April 1, 2003.

h) 12,173,900 Equity Shares were issued as bonus shares pursuant to the resolution by the shareholders of our Company at the AGM on September 30, 2003 approving a bonus in the ratio of 1:1.

i) 1,500,000 10% Redeemable Cumulative preference shares of Rs. 100/- each aggregating to Rs. 150,000,000/- were issued on March 10, 2004.

j) 57,948,600 Equity Shares were issued as bonus shares pursuant to the resolution by the shareholders of our Company at the EGM on September 25, 2004 approving a bonus in the ratio of 2:1.

k) 173,845,800 Equity Shares were issued as bonus shares pursuant to the resolution passed by the shareholders of our Company at the EGM on June 16, 2005, approving a bonus in the ratio of 2:1.

l) Equity Shares, being offered by the Selling Shareholder as a part of the Offer for Sale, have been held by it for a minimum period of one year at the time of filing the Red Herring Prospectus with SEBI.

Notes to Capital Structure

1. Share Capital history of the Company

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for Allotment	Cumulative Paid-up Capital *(Rs. millions)*	Cumulative Share Premium *(Rs. millions)*
April 10, 1995	700	10	10	Cash	Subscribers to the Memorandum	0.00	—
November 15, 1995	500,000	10	10	Cash	Further Allotment	5.00	—
March 31, 1996	560,000	10	10	Cash	Further Allotment	10.61	—
December 30, 1996	437,100	10	10	Cash	Further Allotment	14.98	—
March 31, 1997	535,200	10	10	Cash	Further Allotment	20.33	—
September 20, 1997	468,000	10	10	Cash	Further Allotment	25.01	—
December 16, 1997	57,000	10	10	Cash	Further Allotment	25.58	—
March 31, 1998	232,000	10	10	Cash	Further Allotment	27.90	—
November 16, 1998	405,500	10	10	Cash	Further Allotment	31.96	—
March 30, 1999	404,600	10	10	Cash	Further Allotment	36.00	—
January 10, 2000	1,800,050	10	Nil	Bonus	—	54.00	—
March 31, 2000	686,800	10	10	Cash	Further Allotment	60.87	—
February 26, 2002	6,086,950	10	Nil	Bonus	—	121.74	—
September 30, 2003	12,173,900	10	Nil	Bonus	—	243.48	—
April 19, 2004	2,577,320	10	194	Cash	Allotment to Citicorp	269.25	474.22
August 10, 2004	2,049,180	10	244	Cash	Allotment to ChrysCapital	289.74	953.73
September 25, 2004	57,948,600	10	Nil	Bonus	—	869.23	953.73
June 24, 2005	173,845,800	10	Nil	Bonus	—	2,607.69	953.73
Total	**260,768,700**						

Date of allotment of the preference shares	No. of preference shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment
March 10, 2004	1,500,000	100	100	Cash	Allotment to promoters Promoter Group and others
April 19, 2004	5,000,000	100	100	Cash	Allotment to Citicorp
August 10, 2004	5,000,000	100	100	Cash	Allotment to ChrysCapital

2. Promoters Contributions and Lock-In

The shareholding of the Promoter and the Promoters Group would be locked-in for a period of three years as under:

Sr. No.	Name	Date on which the Equity Shares were allotted / acquired	Nature of payment	Number of Equity Shares	Par value	Issue Price	% of post-Issue paid-up equity capital
A.	Tulsi R.Tanti	April 10, 1995	Cash	100	10	10	
		December 30, 1996	Cash	16,200	10	10	
		January 10, 2000	Bonus	44,600	10	Nil	
		February 26, 2002	Bonus	60,900	10	Nil	
		September 30, 2003	Bonus	121,800	10	Nil	
		September 25, 2004	Bonus	487,200	10	Nil	
		June 24, 2005	Bonus	1,461,600	10	Nil	
	Sub Total (A)			**2,192,400**			**0.76%**
B.	Tulsi R.Tanti as karta of Tulsi Ranchhodbhai HUF	January 10, 2000	Bonus	76,000	10	Nil	
		March 31, 2000	Cash	30,600	10	10	
		February 26, 2002	Bonus	106,600	10	Nil	
		September 30, 2003	Bonus	213,200	10	Nil	
		September 25, 2004	Bonus	852,800	10	Nil	
		June 24, 2005	Bonus	2,558,400	10	Nil	
	Sub Total (B)			**3,837,600**			**1.33%**
C.	Gita T.Tanti	September 25, 2004	Bonus	828,676	10	Nil	
		June 24, 2005	Bonus	8,601,600	10	Nil	
	Sub Total (C)			**9,430,276**			**3.28%**
D.	Tulsi R.Tanti as karta of Ranchhodbhai Ramjibhai HUF	November 15, 1995	Cash	18,000	10	10	
		March 31, 1996	Cash	7,000	10	10	
		March 31, 1997	Cash	15,000	10	10	
		September 20, 1997	Cash	10,000	10	10	
		March 31, 1998	Cash	17,000	10	10	
		March 30, 1999	Cash	17,000	10	10	
		January 10, 2000	Bonus	42,000	10	Nil	
		March 31, 2000	Cash	17,000	10	10	
		May 15, 2000	Cash	93,500	10	10	
		February 26, 2002	Bonus	236,500	10	Nil	
		September 30, 2003	Bonus	473,000	10	Nil	
		September 25, 2004	Bonus	1,892,000	10	Nil	
		June 24, 2005	Bonus	5,676,000	10	Nil	
	Sub Total (D)			**8,514,000**			**2.96%**
E.	Tulsi R.Tanti J/w. Vinod R. Tanti J/w. Jitendra R.Tanti (as trustee for the R.R. Family Trust)	November 15, 1995	Cash	18,000	10	10	
		March 31, 1996	Cash	7,000	10	10	
		March 31, 1997	Cash	15,000	10	10	
		September 20, 1997	Cash	10,000	10	10	
		March 31, 1998	Cash	17,000	10	10	
		March 30, 1999	Cash	17,000	10	10	
		January 10, 2000	Bonus	42,000	10	Nil	
		March 31, 2000	Cash	17,000	10	10	
		May 15, 2000	Cash	94,000	10	15	

Sr. No.	Name	Date on which the Equity Shares were allotted / acquired	Nature of payment	Number of Equity Shares	Par value	Issue Price	% of post-Issue paid-up equity capital
		February 26, 2002	Bonus	237,000	10	Nil	
		September 30, 2003	Bonus	474,000	10	Nil	
		September 25, 2004	Bonus	1,896,000	10	Nil	
		June 24, 2005	Bonus	5,688,000	10	Nil	
	Sub Total (E)			**8,532,000**			**2.97%**
F.	Suzlon Capital Limited	September 30, 2003	Bonus	763,700	10	Nil	
		September 25, 2004	Bonus	3,881,500	10	Nil	
		December 20, 2004	Cash	2,977,600	10	173	
		June 24, 2005	Bonus	17,377,200	10	Nil	
	Sub Total (F)			**25,000,000**			**8.69%**
	Grand Total (A-F)			**57,506,276**			**20.00%**

* These shares are also subject to the Private Equity Escrow arrangement and are being locked-in as per SEBI Guidelines. While these shares will be released from escrow upon the completion of this offer the lock-in as per SEBI guidelines would continue as set out below.

The Equity Shares to be locked-in for a period of three years have been computed as 20% of our equity capital after the Issue.

Locked-in Equity Shares held by the promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16.1 (b) of the SEBI Guidelines, Equity Shares held by the promoters may be transferred to and amongst the promoters/ promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Other than as stated above, the entire pre-Issue equity share capital of the Company will be locked-in for the period of one year from the date of Allotment of Equity Shares in this Issue.

Equity Shares representing 25% of the Pre-Issue paid up capital of our Company held by some of our Promoters and certain members of the Tanti Family have been placed in escrow in terms of the Shareholder Agreements and the Private Equity Escrow Agreement. The rationale for the delivery of the shares in escrow was to satisfy the requirements of the Private Equity Investors and also to ensure that the Promoters supported the initial public offering in a time bound manner. The aforesaid Equity Shares will be released from escrow upon the BRLMs and the CBRLMs providing a certificate of the completion of this Issue to the Private Equity Escrow Agent. However, once released from escrow, 23,280,000 Equity Shares held by the Promoters would be subject to lock-in for 3 years from the date of Allotment as stated above and 102,000 Equity Shares held by the Promoters shall be subject to lock-in for 1 year from the date of Allotment. See section titled “Our History and Certain Corporate Matters” on page 91 of this Prospectus for further details.

The following Equity Shares and preference shares have been sold or purchased by our Promoter and our Promoter Group Companies, during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

Transferee	Transferor	Date on which Shares purchased or sold	Number of Shares	Par value	Consideration	Purchase/ Sale Price
Equity Shares						
Dhwanit M. Pambhar	Suzlon Capital Limited	March 28, 2005	7,000	10	Cash	100
Harsh L. Pambhar	Suzlon Capital Limited	March 28, 2005	2,000	10	Cash	100
Hemlata L. Pambhar	Suzlon Capital Limited	March 28, 2005	4,000	10	Cash	100
Mrudula M. Pambhar	Suzlon Capital Limited	March 28, 2005	7,000	10	Cash	100
Amarsinh A. Parmar	Suzlon Capital Limited	March 28, 2005	5,000	10	Cash	100
Ranjitsinh A. Parmar	Suzlon Capital Limited	March 28, 2005	28,000	10	Cash	100
Balrajsinh A. Parmar	Suzlon Capital Limited	March 28, 2005	30,000	10	Cash	100
Kiritsinh A. Parmar	Suzlon Capital Limited	March 28, 2005	17,000	10	Cash	100
Mansukh R. Pambhar	Suzlon Capital Limited	March 28, 2005	5,000	10	Cash	100
Suruchi Holdings Private Limited	Suzlon Capital Limited	March 28, 2005	285,000	10	Cash	100
Sugati Holdings Private Limited	Suzlon Capital Limited	March 28, 2005	285,000	10	Cash	100
Sanman Holdings Private Limited	Suzlon Capital Limited	March 28, 2005	285,000	10	Cash	100
Samanvaya Holdings Private Limited	Suzlon Capital Limited	March 28, 2005	285,000	10	Cash	100
Preference Shares						
Suzlon Capital Limited	Dinesh K. Virani	August 22, 2005	6,000	100	Cash	10.33
Suzlon Capital Limited	Mansukh K.Patel	August 22, 2005	21,000	100	Cash	103.33
Suzlon Capital Limited	Mansukh K.Patel as *karta* of Mansukh K.Patel HUF	August 22, 2005	2,000	100	Cash	103.33
Suzlon Capital Limited	Karsanbhai B. Patel	August 22, 2005	4,000	100	Cash	103.33
Suzlon Capital Limited	Kesarben K. Patel	August 22, 2005	4,000	100	Cash	103.33
Suzlon Capital Limited	Kiranben M. Patel	August 22, 2005	10,000	100	Cash	103.33
Suzlon Capital Limited	Kishor K. Patel	August 22, 2005	3,000	100	Cash	103.33

The following Directors hold Equity Shares in their individual capacity as of the date of filing this Prospectus:

Name of Director	Number of Equity Shares held
Tulsi R.Tanti*	2,192,400
Girish R.Tanti**	23,216,400

* Tulsi Tanti also holds Equity Shares as *karta* of Tulsi Ranchhodbhai HUF, as *karta* of Ranchhodbhai Ramjibhai HUF and jointly with Vinod R. Tanti and Jitendra R. Tanti. For more details, see "Capital Structure–Shareholding Pattern" on page 24 of this Prospectus.

** Girish Tanti also holds Equity Shares as *karta* of Girish Ranchhodbhai HUF. For more details, see "Capital Structure - Shareholding Pattern" on page 24 of this Prospectus.

3. Equity Shares held by top ten shareholders

Our top ten shareholders and the Equity Shares held by them on the date of filing the Red Herring Prospectus and ten days prior to the date of filing the Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name	Number of Equity Shares held	
		On the date of filing the Red Herring Prospectus with SEBI	Ten days prior to the date of filing the Red Herring Prospectus with SEBI
1.	Suzlon Capital Limited	26,065,800	26,065,800
2.	Girish R.Tanti	23,216,400	23,216,400
3.	Citicorp	23,195,880	23,195,880
4.	Sangita V.Tanti	14,036,400	14,036,400
5.	Lina J.Tanti	14,036,400	14,036,400
6.	Rambhaben Ukabhai	14,036,400	14,036,400
7.	Gita T.Tanti	12,902,400	12,902,400
8.	Vinod R.Tanti as *karta* of Vinod Ranchhodbhai HUF	12,600,000	12,600,000
9.	Girish R.Tanti as *karta* of Girish Ranchhodbhai HUF	12,600,000	12,600,000
10.	Brij J. Tanti through guardian Jitendra R. Tanti	12,083,400	12,083,400

Our top ten shareholders and the Equity Shares held by them two years prior to the date of filing the Red Herring Prospectus is as follows:

Sr. No.	Name	No. of Equity Shares
1.	Suzlon Capital Limited	1,086,000
2.	Pratiksha G.Tanti	779,800
3.	Sangita V.Tanti	779,800
4.	Lina J.Tanti	779,800
5.	Rambhaben Ukabhai	779,800
6.	Gita T.Tanti	716,800
7.	Vinod R.Tanti as karta of Vinod Ranchhodbhai HUF	700,000
8.	Girish R.Tanti as karta of Girish Ranchhodbhai HUF	700,000
9.	Brij J.Tanti through guardian Jitendra R. Tanti	671,300
10.	Pranav T. Tanti	656,300

4. Preference shares held by top ten shareholders

Sr. No.	Name	Number of Preference shares held on the date of filing the Red Herring Prospectus with SEBI
1.	Citicorp *	5,000,000
2.	ChrysCapital*	5,000,000
3.	Suzlon Capital Limited#	255,810
4.	Gita T.Tanti#	100,000
5.	Sangita V.Tanti#	100,000
6.	Lina J.Tanti#	100,000
7.	Rambhaben Ukabhai#	100,000
8.	Pranav T.Tanti#	80,000
9.	Rajan V.Tanti through guardian Vinod R. Tanti #	80,000
10.	Brij J. Tanti through guardian Jitendra R. Tanti #	80,000

* See Note 5 below.

\# Non-convertible cumulative redeemable preference shares

5. As of the date of the Red Herring Prospectus, except the Options issued pursuant to the Employee Stock Option Scheme, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. Pursuant to the Shareholder Agreements, the Preference Shares issued to ChrysCapital and Citicorp aggregating Rs. 1,000 million are convertible into Equity Shares, in the event that this Issue is not completed by December 31, 2005. This right shall not be available to these preference shareholders once this Issue is completed.

6. Shareholding pattern as of September 9, 2005

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
Shareholder Category	**Number**	**%**	**Number**	**%**
Promoters				
Tulsi R. Tanti	2,192,400	0.84	2,192,400	0.76
Gita T.Tanti	12,902,400	4.95	12,902,400	4.49
Tulsi R.Tanti as karta of Tulsi Ranchhodbhai HUF	3,837,600	1.47	3,837,600	1.33
Tulsi R.Tanti J/W. Vinod R.Tanti J/w. Jitendra R.Tanti	8,532,000	3.27	8,532,000	2.97
Tulsi R.Tanti as karta of Ranchhodbhai Ramjibhai HUF	8,514,000	3.26	8,514,000	2.96
Suzlon Capital Limited	26,065,800	10.00	26,065,800	9.07
Sub Total (A)	**62,044,200**	**23.79**	**62,044,200**	**21.58**

Shareholder Category	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
	Number	%	Number	%
Promoter Group				
Vinod R.Tanti	2,273,400	0.87	2,273,400	0.79
Jitendra R.Tanti	2,489,400	0.95	2,489,400	0.87
Sangita V.Tanti	14,036,400	5.38	14,036,400	4.88
Lina J.Tanti	14,036,400	5.38	14,036,400	4.88
Girish R. Tanti	23,216,400	8.90	23,216,400	8.07
Rambhaben Ukabhai	14,036,400	5.38	14,036,400	4.88
Vinod R.Tanti as *karta* of Vinod Ranchhodbhai HUF	12,600,000	4.83	12,600,000	4.38
Jitendra R.Tanti as *karta* of Jitendra Ranchhodbhai HUF	3,837,600	1.47	3,837,600	1.33
Pranav T.Tanti	11,813,400	4.53	11,813,400	4.11
Nidhi T.Tanti	5,810,400	2.23	5,810,400	2.02
Rajan V.Tanti through guardian Vinod R.Tanti	3,321,000	1.27	3,321,000	1.16
Brij J.Tanti through guardian Jitendra R.Tanti	12,083,400	4.63	12,083,400	4.20
Trisha J.Tanti through guardian Jitendra R.Tanti	3,024,000	1.16	3,024,000	1.05
Girish R.Tanti as *karta* of Girish Ranchhodbhai HUF	12,600,000	4.83	12,600,000	4.38
Suruchi Holdings Private Limited	855,000	0.33	855,000	0.30
Sugati Holdings Private Limited	855,000	0.33	855,000	0.30
Sanman Holdings Private Limited	855,000	0.33	855,000	0.30
Samanvaya Holdings Private Limited	855,000	0.33	855,000	0.30
Sub Total (B)	**138,598,200**	**53.15**	**138,598,200**	**48.20**
Total Promoter and Promoter Group holdings (C=A+B)	**200,642,400**	**76.94**	**200,642,400**	**69.78**
Other Investors				
Citicorp	23,195,880	8.90	20,618,560	7.17
ChrysCapital	7,502,620	2.88	7,502,620	2.61
Government of Singapore Investment Corporation Pte Ltd entities	7,190,000	2.76	7,190,000	2.50
T Rowe Price entities*	3,750,000	1.44	3,750,000	1.30
Sub Total (D)	**41,638,500**	**15.97**	**39,061,180**	**13.58**
Others (E)	**18,487,800**	**7.09**	**18,487,800**	**6.43**
Total pre Issue share capital (F=C+D+E)	**260,768,700**	**100.00**	**258,191,380**	89.8
Fresh Issue (G)			**26,762,680**	**9.3**
Offer for Sale (H)			**2,577,320**	**0.9**
Issue (G+H)			**29,340,000**	**10.2**
Total post issue share capital (F+G)			**287,531,380**	**100.00**

* On September 8, 2005 Chryscapital transferred 3,750,000 Equity Shares held by it to T. Rowe Price entities at a price Rs. 425 per Equity Share.

7. Employee Stock Option Plan ("Plan")

We have instituted a stock option plan to reward and help retain our employees and to enable them to participate in our future growth and financial success. The Plan includes provision for the grant of options to employees of SEL and the subsidiaries except our subsidiaries in the United States of America. We have granted stock options to employees pursuant to the Plan. The Plan has been constituted in accordance with the requirements of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The following table sets forth the particulars of options granted under the Plan as of July 11, 2005.

A.	**Options outstanding**	921,000
B.	**Options granted**	921,000
C.	**Exercise Price**	50% of the Issue Price
D.	**Options vested**	Nil
E.	**Options exercised**	Nil
F.	**Total number of Equity Shares that would arise as a result of exercise of options**	921,000
G.	**Options forfeited / lapsed**	Nil
H.	**Extinguishment or modification of options**	Nil
I.	**Money realised by exercise of options**	Nil
J	**Dilution in EPS (on a pre-Issue basis)**	Not applicable as no options have been exercised
K.	**Vesting schedule**	The vesting schedule for the options granted under the Plan is as follows: ● 30.0% at the end of the 1st year; ● 30.0% at the end of the 2nd year; and ● 40.0% at the end of the 3rd year, from the date of grant. The exercise period is 5 years from the date of first vesting.
L.	**Lock-in**	The equity shares issued on the exercise of the options are not subject to any lock-in requirements.
M.	**Variation of terms of options**	Nil
N.	**Fair Value/Intrinsic Value**	The intrinsic value per share is Rs. 255 which represents the difference between the Issue Price and the Exercise Price. There is no fair value of the shares as the company is presently unlisted.
O.	**Method and Assumptions to estimate the fair value of the options**	Not applicable as there is no fair value

No shares will vest within 3 months of the date of the listing of the equity shares in this Issue. Therefore, there is no intention of the employees to dives their shares within this period.

Person-wise details of options granted to key managerial persons:

No employee has received a grant in any one year of options amounting to 5% or more of options granted during that year or equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant.

Name	Position	Stock options granted	Equity Shares held at August 31, 2005	Options outstanding
Ishwar Chand Mangal	Head – Business Development, North	40,000	180,000#*	40,000
Kirti Vagadia	Head – Corporate Finance	40,000	180,000#**	40,000
Praful C. Mehta	Head – Purchase	40,000	180,000***	40,000
R. Sridhar	Head – Supply Chain Management	40,000	180,000#	40,000
Antonius Wilhelmus Peter van Megen	Vice President – International Corporate Development	10,000	Nil	10,000
Nilesh Vaishnav	Head – O&M, SWSL	26,000	Nil	26,000
T Pradeep Kumar	Chief – Strategic Business Unit, Suzlon Generators	10,000	Nil	10,000
T. Spehr	Head – WTG Design (Germany), SEG	30,000	Nil	30,000
William Verheij	Head – Rotor Blade R&D (The Netherlands), AERT	15,000	Nil	15,000

\# Equity Shares held prior to the grant of the options.

* Equity Shares held prior to the grant of the options. Equity Shares held jointly with Anita Ishwar Mangal, wherein Anita Ishwar Mangal is the first holder.

** Equity Shares held prior to the grant of the options. Equity Shares held jointly with Beena Kirti Vagadia, wherein Beena Kirti Vagadia is the first holder.

*** Equity Shares held prior to the grant of the options. Equity Shares held jointly with Nila Praful Mehta, wherein Nila Praful Mehta is the first holder.

8. Buyback and Standby Arrangements

Neither we nor our Directors nor the Promoters nor the Promoter Group Companies, their respective directors, the BRLMs nor the CBRLMs have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.

9. The Promoters and Promoter Group Companies have transferred 40,000 shares in the Company to our key managerial personnel as disclosed below:

Transferee	Transferor	Date on which Shares purchased or sold	Number of Shares	Par value	Consideration	Purchase/ Sale Price
Suzlon Capital Limited	R.Sridhar	April 6, 2002	10,000	10	100,000.00	10
Suzlon Capital Limited	Ishwar Chand Mangal	April 6, 2002	10,000*	10	100,000.00	10
Suzlon Capital Limited	Kirti Vagadia	April 6, 2002	10,000**	10	100,000.00	10
Suzlon Capital Limited	Praful C. Mehta	April 6, 2002	10,000***	10	100,000.00	10

* Equity Shares held jointly with Anita Ishwar Mangal, wherein Anita Ishwar Mangal is the first holder.

** Equity Shares held jointly with Beena Kirti Vagadia, wherein Beena Kirti Vagadia is the first holder.

*** Equity Shares held jointly with Nila Praful Mehta, wherein Nila Praful Mehta is the first holder.

10. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids. See "Definitions – Eligible Employee" on page iv of this Prospectus.

11. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail Portion. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

12. We have not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page 29 of this Prospectus.

13. Not less than 60% of the Net Issue shall be allocated to QIBs on a discretionary basis. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company, the Selling Shareholder, the BRLMs and the CBRLMs. The Issue includes an Employee Reservation Portion 585,000 equity shares which are available for allocation to Eligible Employees on a proportionate basis. Under-subscription, if any, in the Employee Reservation Portion, would be allowed to be met with spill over from the Retail Portion.

14. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

15. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

16. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered hereby have been listed.

17. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares pursuant to the Plan or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.

18. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issues out of free reserves.

19. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

20. We have 66 members as of July 6, 2005.

21. The Company has received the approval of the Reserve Bank of India through letters dated August 11, 2005 and August 12, 2005 for permission for the sale of Equity Shares by the Selling Shareholder as part of the Issue.

OBJECTS OF THE ISSUE

The objectives of the Fresh Issue are:

- Setting up and expansion of manufacturing facilities in India:
  - Setting up of new manufacturing facilities for components at Daman, Bhuj, Hyderabad and Dhule, for tooling at Vadodara and a new storage facility at Daman; and
  - Expansion of our existing facilities to increase the storage capacity at Pondicherry;
- Capitalisation of subsidiaries:
  - Subsidiaries and joint ventures for setting up manufacturing facilities in India, the United States and China;
  - Our marketing subsidiary in Denmark to consolidate our position in the existing markets and to make in-roads into new markets;
  - Our research and development subsidiaries in Germany and Netherlands; and
  - Our operation and maintenance subsidiary for setting up warehouses and central monitoring stations in India.
- Establishment and construction of a new corporate head office at Pune, additional office premises at New Delhi and Pune and a corporate learning centre near Pune;
- Redemption of Preference Shares allotted to the Private Equity Investors;
- Growth opportunities in domestic and international markets and general corporate purposes; and
- To achieve the benefits of listing of our Equity Shares.

The net proceeds of the Issue, after deducting all Issue related expenses, are estimated to be Rs. 14,493.40 million. We will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholder.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our Management. In case of any variations in the actual utilisation of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of the Company. The balance proceeds of the Issue, if any, will be used for growth opportunities and general corporate purposes.

As regards working capital requirements in respect of the below mentioned use of proceeds, we wish to state that we have existing banking relationships with sanctioned working capital limits. See “Indebtedness” on page 254 of this Prospectus. These limits and our intenal accruals are adequate to meet our existing requirements. As a matter of practice, we submit and would continue to submit the data giving the detailed assessment of working capital on an annual basis to these banks. In this manner we will tie up the annual limits for working capital, including the enhancement needed to meet the working capital needs arising out of the implementation of the below activities on a regular basis.

The details of the proceeds of the Issue are summarised in the table below:

	Rs. million
Gross proceeds of the Fresh Issue	13,648.97
Issue related expenses	470.00
Net proceeds of the Issue	13,178.97

The following table summarises the intended use of proceeds:

(Rs. in Million)

Use	**Estimated Use**
Setting up and expansion of manufacturing facilities in India	1,950.4
Capitalisation of Subsidiaries	3,524.9
New corporate house and corporate learning centre	967.9
Redemption of Preference Shares allotted to the Private Equity Investors	1,000.0
Growth opportunities in domestic and international markets	5,735.8
Total	13,179.0

The requirement of funds as estimated by the Management over the next two years are as follows:

(Rs. in Million)

	For the year ending March 31,		
Use	**2006**	**2007**	**Total**
Setting up and expansion of manufacturing facilities, in India	1,307.4	643.0	1,950.4
Capitalisation of Subsidiaries	2284.9*	1,240.0	3524.9
Corporate House, Office Premises and Corporate Learning Centre	267.9	700.0	967.9
Redemption of Preference Shares allotted to the Private Equity Investors	1,000.0	—-	1,000.0
Sub-total	**4860.2**	**2,583.0**	**7443.2**
Growth opportunities in domestic and international markets and general corporate purposes	**—**	**—**	5,735.8
Total			13,179.0

* This includes an amount of Rs. 383.9 million that has been invested in the share capital of our Denmark subsidiary during the period January 1, 2005 to June 25, 2005.

As of August 20, 2005, we had incurred Rs. 742.01 million as expenses for the above activities. This expenditure has been presently funded through our internal accruals. We intend to utilise the Issue proceeds for replenishing the internal accruals to the extent of expenditure already incurred towards the above activities. For details regarding the expenditure already incurred please see “Expenditure already incurred on the objects of the Issue” as set out below on page 41 of this Prospectus.

Details of Use of Proceeds

Setting up and expansion of manufacturing facilities in India

a) Setting up of new manufacturing facilities for components at Bhuj, Hyderabad, Daman and Dhule and for tooling at Vadodara.

We currently have component manufacturing facilities at various locations including Daman and Pondicherry. We intend to set up new manufacturing facilities to reduce our dependence on outsourced components from vendors, to address the logistics needs in delivery of our products to the project sites and to set up centralised facilities for manufacturing of moulds.

Sr. No.	Name of the Project	Cost (in Rs. million)	Location	Commissioning Schedule
1.	Tooling Facility	208.2	Vadodara	Third quarter of fiscal 2006
2.	Nacelle Cover Manufacturing Facility	87.5	Daman	Third quarter of fiscal 2006
3.	Rotor Blade Manufacturing Facility	175.8	Bhuj, Kutch	Fourth quarter of fiscal 2006
4.	Rotor Blade Manufacturing Facility	208.3	Dhule	Third quarter of fiscal 2006
5.	Tower Manufacturing Facility	643.0	Hyderabad	First quarter of fiscal 2007
6.	Modular Tower Manufacturing Facility	200.0	Dhule	Fourth quarter of fiscal 2006
7.	Warehouse Premises	46.2	Daman	Fourth quarter of fiscal 2006
	Total Cost	**1,569.0**		

Tooling Facility

Presently we undertake tooling at various locations in rented premises in Vadodara. The introduction of new models of WTGs, setting up of new manufacturing facilities for rotor blades and nacelle covers and the increased replacement demand for our existing moulds, has resulted in the need to expand and centralise our tooling facility at Vadodara. In addition to saving in rentals, this tooling centre would help in improving operational efficiencies as the entire tooling work would be carried out from a single location. This tooling centre would be a state-of-the-art facility. We expect to use approximately Rs. 208.2 million of the net proceeds of the Fresh Issue for this purpose.

The estimated fund requirements to set up the centralised tooling facility are as follows:

(Rs. in millions)

Particulars	Area	Cost
Land & Site Development	80 acres	62.0
Building & Interiors	15,000 sq. mtrs.	96.2
Plant & Machineries & EOT		30.0
Utilities		20.0
Total		**208.2**

Status of the Tooling facility

We have acquired 24 plots of land in the village Varnama, NH 8, Near Vadodara admeasuring 310,588 sq. mts. from 24 groups of farmers for a total consideration of Rs. 40.3 million for the purpose of setting up this facility. We have got a clear title to the land acquired. The land acquired by us is registered in our name. We are awaiting the approval of the Urban Development Authority for the change of zone. For the factory building for tooling facility, we have appointed M/s Shah & Talati to provide architectural and project management consultancy for this project. We have finalized the building plan and expect to commence construction

work soon after we acquire the land. We have also identified certain equipment required for this tooling facility and are in the process of finalizing the capacity and detailed specification of equipment and getting the quotations from various suppliers. The indicative list of key plant and machinery and utilities comprise EOT cranes of 2MT to 10 MT capacity, diesel generator sets of 380 KVA and compressor of 120 cfm.

Nacelle Cover Manufacturing Facility

Presently, a part of our requirements for Nacelle covers for the WTGs manufactured at Daman are procured from vendors. To overcome the supply logistic constraints, we plan to establish a nacelle cover manufacturing facility at Daman to cater to the requirements of nacelle cover for WTG Units in Daman. We expect to use approximately Rs. 87.5 million of the net proceeds of the Fresh Issue to establish Nacelle Cover manufacturing facility.

The estimated fund requirements to set up the nacelle cover manufacturing facility are as follows:

(in Rs. million)

Particulars	**Area**	**Cost**
Building & Interiors	15,000 sq. mtrs.	55.0
Plant & Machineries & EOT		20.0
Utilities		12.5
Total		**87.5**

Status of the Nacelle Cover manufacturing facility

We have already identified an existing 15,000 square metres building for this facility at Daman which would be acquired on outright purchase basis. We will modify the building to suit our requirements. The modification work is expected to be completed in the second quarter of fiscal 2006. We have also identified certain equipment required for this manufacturing facility and are in the process finalizing the capacity and detailed specification of the equipment and getting the quotations from various suppliers. Since we have routinely procured such equipments in the past for our existing facilities, we are in a position to make a fair estimate of the costs involved on the basis of our past experience. Further, we already know the sources from which these equipments can be procured. In view of this, the cost estimate for the equipments yet to be ordered has been done on the basis of the Company's own internal assessment. The indicative list of key equipments comprise EOT Cranes of 2MT to 20MT capacities, Moulds for 0.6, 1.25, 1.5 and 2 MW series models, compressors of 100cfm specification and diesel generator sets of 380 KVA.

Rotor Blade Manufacturing Facilities

Presently our rotor blade manufacturing facilities are located at Pondicherry and Daman with a combined capacity of 1,240 sets per annum. We have identified the areas near Bhuj, Kutch in Gujarat, and Dhule in Maharashtra as sites with high potential for wind power projects. To address the logistics needs in delivery of our products to these sites and reduce the working capital cycle, we intend to set up two rotor blade manufacturing facilities, each with capacity of 200 sets per annum, at Bhuj, Kutch, and Dhule. Our proposed facility near Bhuj, in the Kutch district in the state of Gujarat will also cater to the requirements of the Rajasthan market. Out of the net proceeds of the Fresh Issue, we expect to use approximately Rs. 175.8 million to establish rotor blade manufacturing facility at Bhuj and approximately Rs. 208.3 million for rotor blade manufacturing facility at Dhule.

(Cost in Rs.millions)

	Bhuj		**Dhule**	
Particulars	**Area**	**Cost**	**Area**	**Cost**
Land & Site Development	21.92 acres	16.1	10 acres	11.6
Building & Interiors	6,045 sq. mtrs.	45.2	11,121 sq. mtrs.	76.3
Plant & Machineries & EOT		93.8		95.0
Utilities		20.7		25.4
Total		**175.8**		**208.3**

Status of our Rotor Blade Manufacturing Facilities

For our Bhuj facility we have acquired 21.92 acres of land on ownership basis from one Shah Prabhulal Swaroopchand, free from all encumbrances at village Paddhar, near Bhuj in the State of Gujarat and for our Dhule facility we are in the process of acquiring 10 acres land on lease basis at village Chhadvel Korde, Dhule district in the state of Maharashtra. We have entered in to Agreement to Sale dated June 2, 2005 and paid Rs. 2.0 million as payment for this land for Bhuj facility. The land acquired by us is registered in our name. Site development activities are presently under progress at both the locations and are expected to be completed in the second quarter of fiscal 2006. For our facility at Bhuj, we have appointed M/s SMP Constructions Pvt. Ltd. for civil works and M/s Jatson Power Controls for electrical works. The building plan has been finalized and construction work is presently in progress. For Dhule facility, we have appointed M/s Kamal Developers for civil works and M/s Kirbi for pre-engineering building structure work. The building plan for this facility also has been finalized and construction work is presently in progress. In Bhuj, we have also placed an order for fabrication, erection and painting with Jai Shakti Engineering and Construction, for inverter with D.B. Power Electronic and for steel work with K.S. Enterprise, Jaihind Steel Syndicate and Shree Mahalaxmi Steels. In Dhule, we have also placed an order for inverter with D.B. Power Electronic, for air compressor and refrigerator with Elgi Equipments Ltd and for transformer with Patson Transformer Pvt. Ltd. The building construction at Bhuj and Dhule is expected to be completed by the fourth quarter of fiscal 2006 and the third quarter of fiscal 2006 respectively.

For both the facilities, we have finalised the specifications for the key plant and machinery and are in the process of obtaining quotations from various suppliers and ordering the various equipments. The key plant and machinery and utilities include main and pre-fabricated moulds, resin and adhesive mixing machines, vaccum pumps, UPS, drilling and balancing machines, air conditioners, cutting machines, EOT cranes of 2 to 15 MT capacity, transformers and Diesel Generator sets. We have obtained quotations from suppliers in relation to the purchase of the EOT cranes for the following facilities:

Dhule Unit

Equipment	Quotation Amount (In Rs. Millions)
EOT Crane with accessories – 2 MT	9.4
EOT Crane – 5 MT	2.7
EOT Crane – 10 MT	3.6

Kutch Unit

Equipment	Quotation Amount (In Rs. Millions)
EOT Crane with accessories – 2 MT	9.5 to 12.6
EOT Crane – 5 MT	2.4 to 3.8
EOT Crane – 10 MT	2.9 to 4.9

Tower Manufacturing Facility

Presently, we source our towers from various vendors as well as from our joint venture company, Suzlon Structures located at Gandhidham. The Gandhidham facility has an annual capacity of 45,000 MT. In order to address logistics needs in delivery of our products, we plan to set-up a tubular tower manufacturing facility with an annual capacity of 45,000 MT near Hyderabad and a modular tower manufacturing facility at Dhule with an annual capacity of 22,500 MT. These facilities will cater to the requirements of our projects at Maharashtra, Andhra Pradesh and Karnataka. We expect to use approximately Rs. 843.0 million of the net proceeds of the Fresh Issue to set up tower manufacturing facilities near Hyderabad and Dhule.

The estimated fund requirements to set up tower manufacturing facilities are as follows:

(Cost in Rs. millions)

	Hyderabad		Dhule	
Particulars	**Area**	**Cost**	**Area**	**Cost**
Land & Site Development	35 acres	18.5	10 acres	18.1
Building & Interiors	16,770 sq. mtrs.	129.5	11,121 sq. mtrs	44.7
Plant & Machineries		346.4		95.3
Utilities		148.6		41.9
Total		**643.0**		**200.0**

Status of our Tower Manufacturing Facilities

We are yet to finalise the site for the acquisition of the land for this manufacturing facility at Hyderabad and Dhule. We have identified the key equipments and are in the process of finalising the capacity and broad specification of the equipment and getting the quotations from various suppliers. The broad list of key plant and machinery items and utilities include plate cutting system, bending machines, welding and fitting system, shot blasting equipment, MIG welding machines, EOT cranes, transformers, compressors and diesel generator sets.

Warehouse Premises

Owing to the large size of the components and the finished goods we require additional space for storage. We therefore intend to expand our existing storage facilities at Daman. We expect to use approximately Rs. 46.2 million of the net proceeds of the Fresh Issue to set up the warehousing premises.

The estimated fund requirements for the construction of warehouse at Daman are as follows:

(Rs. in millions)

Particulars	**Area**	**Cost**
Land & Site Development	3 acres	14.7
Building & Interiors	4,500 sq. mtrs.	23.1
Equipment		6.3
Utilities		2.1
Total		**46.2**

Status of the Warehousing facility

We have identified a plot of approximately 3.00 acres in the village Dhabhel, Daman for warehousing purposes. We have commenced the process of land procurement and expect to complete the same in the second quarter of fiscal 2006. The building plan is also expected to be finalised in the second quarter of fiscal 2006 and the main building construction is expected to be completed in the third quarter of fiscal 2006. The key equipments required by us for the warehouse are under finalisation and primarily includes diesel generation sets of 100 KVA capacity, compressors of 60 cfm capacity and storage racks.

b) Expansion of our facilities to increase the storage capacity at Pondicherry and purchase of new equipment

Our existing storage facilities at Pondicherry span an area of over 3,500 square metres and are owned by us. We utilise these facilities for the storage of components, raw materials and finished goods. Due to the large size of the components and the

finished goods we require additional space for storage. We therefore intend to expand our existing storage facilities at Pondicherry, which is expected to be completed by the third quarter of fiscal 2006. We also intend to purchase certain other equipment at this unit.

The estimated fund requirements for the expansion of storage facilities and purchase of new equipments at Pondicherry are as follows:

Particulars	**Area**	**Cost**
Land & Site Development	36.47 acres	48.6
Building	11,000 sq. mtrs.	74.3
Equipment		230.5
Utilities		28.0
Total		**381.4**

Status of our storage capacity expansion at Pondicherry

We have acquired 37.43 acres of land next to existing manufacturing facility in village Thiruvandarkoli, Mannadipet Commune, Pondicherry. The entire consideration for acquiring the land has been made in May 2005 vide various agreements for sale of property entered into by us with various sellers. We have got a clear title to the land acquired and the land acquired by us is registered in our name. For erection and construction work, we have appointed M/s Kanitkar & Kulkarni for preparing the structural design for this manufacturing facility. We have identified the specifications of various equipment required for this facility and have placed orders for certain equipments. The list of key equipment and utilities include EOT cranes, Dust collection systems, diesel generation sets, compressor with receiver of 190 cfm and 105 cfm, transformer of 750 KVA. The following table sets forth the details of orders placed in relation to the equipment required at this facility:

Equipment	**Amount (In Rs. millions)**	**Vendor**
Cranes	40.3	Electromech Engineers
Electrical equipments	18.9	Kevin Electricals Pvt. Ltd.
Adhesive Resin mixing machines	5.9	Komponenten Maschinenbau GmbH
DG Set	3.1	Sudhir Gensets Ltd.
Resin Mixing machine	2.5	Komponenten Maschinenbau GmbH
UPS Offline	2.0	D.B. Power Electronics Pvt. Ltd.
Air Compressor	1.1	Elgi Equipment Ltd.
TerraZyme Treatment on soil	4.4	Avijeet Agencies Pvt. Ltd.
Civil Work	2.7	Mertho Construction
Pipes, water tanks, compressor, fire extinguisher	1.7	Om Sakhi Engineering Works

Capitalisation of subsidiaries

We plan to invest Rs. 3,524.9 million of the net proceeds of the Fresh Issue in certain of our subsidiaries in the following manner:

(In Rs. millions)

Sr. No.	Item	Amount
1.	Manufacturing subsidiaries in India, the United States and China	1,840.0
2.	Marketing subsidiary in Denmark	1,096.9
3.	Research and development subsidiaries in Germany and Netherlands	500.0
4.	Operation and maintenance subsidiaries in India	88.0
	Total	**3,524.9**

a) Capitalization of subsidiaries for setting up manufacturing facilities in India, the United States and China

We plan to invest the following amounts from the net proceeds of the Fresh Issue in our manufacturing subsidiaries in the following manner:

(In Rs. millions)

S. No.	Subsidiary	Proposed Investment
1.	India	560
2.	United States of America	400
3.	China	880
	Total	**1,840**

We presently procure forging and machining products from various vendors in India and outside India. In line with our strategy of back ward integration, the proposed subsidiary in India (which is currently intended to be a wholly owned subsidiary) will utilize the funds for setting up a facility for forging and machining to manufacture products such as rotor shafts, generator shafts, gear rims and tower flanges. We presently intend that the Indian company be our wholly owned subsidiary, however we may invite strategic partners to participate in the equity of this company. In the event that we invite strategic partners to invest in this company we intend that this company shall remain our subsidiary.

In order to reduce the logistics costs of supply of our products to these markets we have recently incorporated a subsidiary in the United States of America and intend to set up more subsidiaries in the United States of America to undertake various activities. Also, we intend to set up subsidiaries that will have dedicated manufacturing facilities to address the Chinese market.

Accordingly, our wholly owned subsidiary in the United States will utilize the funds for setting up a rotor blade manufacturing facility at Pipestone, USA. We intend to set up one or more subsidiaries to set up tower manufacturing facilities in USA. The proposed wholly owned subsidiary in China will utilize the funds for setting up an integrated manufacturing facility for WTGs and its components at Tianjin, China.

The total expected project costs for the subsidiary in India is Rs. 1,400 million, the subsidiary in the United States is Rs. 1,000 million and the subsidiary in China is Rs. 2,200 million. These investments are to be made by way of subscription to share capital of these subsidiary companies. The subsidiary companies may also borrow funds from the market for financing the balance fund requirements.

The subsidiary in the United States of America will set up a rotor blade and tower manufacturing facility.

The estimated fund requirements to set up the manufacturing facility at USA are as follows:

(in Rs. millions)

Particulars	Area	Cost
Land & Site Development	25 acres	20.1
Building & Interiors	8,000 sq. mtrs.	100.0
Plant & Machineries		829.9
Utilities		50.0
TOTAL		**1,000.0**

We are yet to finalise the site for the acquisition of land for the said manufacturing facility at Pipestone, USA. We are in the process of identifying key equipments and their capacity and broad specification.

The proposed manufacturing facility in Tianjin, China will include the following facilities;

(a) WTG unit

(b) Generator unit

(c) Control Panel unit

(d) Gear Box Assembly & Testing unit

(e) Tubular Tower unit

(f) Rotor Blade unit

(g) Nacelle Cover unit

The estimated fund requirements to set up the manufacturing facility in China are as follows:

(in Rs. millions)

Particulars	Area	Cost
Land & Site Development	80 acres	100.0
Building & Interiors	32,000 sq. mtrs.	566.5
Plant & Machineries		1,433.5
Utilities		100.0
TOTAL		**2,200.0**

We are in the process of acquiring land at Tianjin for the said manufacturing facility. We are in the process of identifying key equipments and their capacity and broad specifications

b) Our marketing subsidiary in Denmark

We have set up our international marketing headquarters in Denmark. For the period January 1, 2005 to June 25, 2005, we have invested an amount of Rs. 383.9 million in this subsidiary. We intend to invest an additional amount of Rs. 713.0 million of the net proceeds of the Fresh Issue in the share capital of this company in fiscal 2006 and fiscal 2007. This amount will be used to strengthen the subsidiary's balance sheet to enable it to bid for projects thereby increasing our presence in the international market, and to meet the working capital requirements of Suzlon Energy A/S (Denmark) and its subsidiaries in the United States of America and Australia. This amount has been estimated based on the management's estimates of future business opportunities which require these subsidiaries to have sufficient funds to meet expectations of customers and requirements of financial institutions. For details of Suzlon Energy A/S Denmark's operations please also refer to "Business" on page 60 of this Prospectus.

c) Our research and development subsidiaries in Germany and Netherlands

Our Company has research and development centres at Germany and Netherlands. We regularly undertake various projects with the objective of developing and designing more cost efficient WTG models and WTG components in order to compete effectively. We therefore need to invest continuously in research and development activities. We expect to use Rs. 500 million of the net proceeds of the Fresh Issue for this purpose.

d) Our operation and maintenance subsidiary for setting up warehouses and central monitoring stations in India

We plan to invest Rs. 88.0 million of the net proceeds of the Fresh Issue in SWSL. These funds will be utilised to construct central monitoring stations at various sites and to construct an operations and maintenance warehouse. For details of SWSL's operations please also refer to the section "Business" on page 60 of this Prospectus.

Establishment and construction of a new corporate head office at Pune, additional offices and a corporate learning centre near Pune

(Cost in Rs. million)

Sr. No.	Name of the Project	Cost	Location	Completion by
1.	Suzlon House	700.0	Pune	First quarter of fiscal 2007
2.	Additional Offices	184.3	Pune and New Delhi	Second quarter of fiscal 2006 as regards the Pune Office and third quarter of fiscal 2006 for the Delhi office
3.	Corporate Learning Centre	83.6	Pune	Fourth quarter of fiscal 2006
	Total Cost	**967.9**		

a) Our proposed corporate office - Suzlon House

There is a need for additional premises to house the engineering, marketing, finance, purchase, logistical, human resources, systems and other administrative functions. Further, currently these business activities are managed from different premises in Pune. We believe that housing these corporate activities in one building would increase efficiencies in our operations. We expect to use approximately Rs. 700 million of the net proceeds of the Fresh Issue to establish Suzlon House in Pune.

(In Rs. million)

Particulars	Area	Cost
Building & Interiors	14,000 sq.mtrs.	665.0
Utilities		35.0
Total		**700.0**

b) Additional Offices

We are presently undertaking marketing and sales from various offices across India. We are in the process of setting up offices at Pune and New Delhi to meet the marketing and sales requirements in these cities. We intend to utilise Rs. 184.3 million from the net proceeds of the Fresh Issue for this purpose.

(Rs. in millions)

	Pune		New Delhi	
Particulars	**Area**	**Cost**	**Area**	**Cost**
Building & Interiors	1,858 sq.mtrs.	102.5	735 sq.mtrs.	81.8
Total		**102.5**		**81.8**

We have acquired 1,858 sq. mtrs. at 2nd floor, Godrej Millenium Building, Koregaon Road, Pune for use as office premises. We have entered into an agreement of sale dated June 3, 2005 with M/s. Frontier Trading, Punjab National Bank and ASIS Industries Pvt. Ltd. We have appointed M/s Archimedia, Pune as architect to design the interior for the office. We have finalized the interior plan and the work on the interiors is underway. We have placed orders for furniture with Precious Furnitech Pvt. Limited and Nkays Systems.

We have identified 735 sq. mtrs. at 9th floor, Eros Corporate Towers, Nehru Place, New Delhi. We are in the process of acquiring the premises and setting up our offices at this location.

c) Corporate Learning Centre

Our training facilities are presently located in rented premises near Pune. We plan to build a centralised corporate learning centre near Pune to provide induction training, technical and management training to our employees. We expect to use approximately Rs. 83.6 million of the net proceeds of the Fresh Issue to establish the training centre equipped with all the facilities.

(Rs. in millions)

Particulars	Area	Cost
Land & Site Development	6 acres	29.6
Building & Interiors	6,500 sq. mtrs.	45.8
Utilities		8.2
Total		**83.6**

We have identified 6 acres near Pune to develop our corporate learning centre. We are in the process of finalising various requirements for this learning centre.

Redemption of Preference Shares allotted to the Private Equity Investors

As per the terms of the Subscription Agreement with the Private Equity Investors, we plan to redeem the preference shares of Rs. 1,000 million held as of June 30, 2005 out of the proceeds of the Fresh Issue as follows:

S. No.	Private Equity Investor	No. of Preference Shares to be redeemed	Amount payable (Rs. Million)
1.	Citicorp	5,000,000	500
2.	ChrysCapital	5,000,000	500
Total			**1,000**

For more details on the Subscription Agreements, see the section titled "History and Certain Corporate Matters- Investment by Private Equity Investors" on page 91 of this Prospectus.

Growth opportunities in Domestic & International markets and general corporate purposes

Our long-term goal is to be the preferred WTG manufacturer to customers and developers world-wide capable of providing end-to-end solutions to a global customer base. To achieve this goal, it is our ongoing endeavour to ensure that our portfolio of products is comprehensive, complete, and keeps pace with the trends in the marketplace and the evolving needs of our customers. Apart from ongoing investment in in-house product development and enhancement, it is also a key component of our strategy to expand our capability through strategic alliances, partnerships, investments in joint ventures and strategic acquisitions. We also intend to use this route to enhance our presence in key markets. These initiatives will be governed by our goal to provide complete solutions to our customers with quick start to end implementation process, optimal investment, and leveraging the core competencies of our partners and ourselves.

Accordingly, we intend to use a part of the net proceeds received by us from the Fresh Issue for investment in joint ventures and other strategic investments and acquisitions. Going forward, we believe that strategic investments and acquisitions may

act as an enabler to growing our business. Ideal candidates for such investments and acquisitions would include companies with products that complement our product range, companies with a strong component manufacturing capabilities, companies with a strong local presence and sales / marketing/delivery capabilities in specific markets we wish to target and companies with strong R&D capabilities. While this would be a component of our long-term strategy and are on constant look out for good opportunities, we do not presently have any material transaction in progress in this area.

We also intend to use part of the net proceeds of the Fresh Issue for growth opportunities and for general corporate purposes, including working capital requirement and expansion of our domestic and international operations.

Benefits of Listing

We believe that the listing of our Equity Shares will enhance our visibility and brand name among our existing and potential customers. The listing of our Equity Shares will also provide liquidity to our existing shareholders.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	**Expense (Rs. in million)**
Lead management fee and underwriting commissions*	270.0
Advertising and Marketing expenses	33.0
Printing and stationery	57.0
Others (Registrars fee, legal fee, etc.)	110.0
Total estimated Issue expenses	470.0

* will be incorporated after finalisation of Issue Price

The lead management fees and the underwriting commissions shall be shared between the Company and the Selling Shareholder in the proportion to the number of shares sold to the public as part of the Issue. In addition to the above, listing fees will be paid by the Company.

Interim use of funds

Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. GILT edged securities and other 'AAA+' rated interest bearing securities as may be approved the Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. We also intend to apply part of the proceeds of the Issue, pending utilisation for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should the we utililise the funds towards temporary reduction in utilisation of short-term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the project.

Shortfall of funds

The shortfall in funds, if any, shall be met by internal accruals.

Expenditure already incurred on the objects of the Issue

The expenditure incurred on various projects from April 1, 2005 to August 20, 2005, as certified by our auditors, pursuant to their certificate dated September 7, 2005 was Rs. 742.01 million as given in the table below. This expenditure has been presently funded through our internal accruals.

(Rs. million)

Activity	**Location**	**Amount Spent***
Manufacturing Facility and Capital Assets		
Expansion of storage facilities and modification work	Pondicherry	105.13
Tooling Facility	Vadodara	22.17
Rotor Blade Manufacturing Facility	Bhuj, Kutch	11.05
Rotor Blade Manufacturing Facility	Dhule	13.28
Suzlon – Corporate House	Pune	10.26
Office Premises	Pune	83.04
Office Premises	New Delhi	10.00
Corporate Learning Centre	Pune	0.13
Sub Total (A)		**255.06**
Capitalization of Subsidiary		
Suzlon Energy GmbH	Germany	77.04
Suzlon Energy A/S**	Denmark	383.93
AE Rotor Holding B.V.	The Netherland	25.98
Sub Total (B)		**486.95**
Grand Total (A+B)		**742.01**

* The amounts disclosed under 'Amounts Spent' represent the payments made to the vendors classified under each of these categories in respect of items appearing under Sub-total (A) above and they represent the investments made in the respective subsidiaries in respect of items appearing under sub-total (B) above.

** The amounts in respect of Suzlon Energy A/S, Denmark are for the period January 1, 2005 to June 25, 2005.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company and the Selling Shareholder in consultation with BRLMs, and the CBRLMs on the basis of assessment of market demand for the Equity Shares, by way of Book Building Process.

Qualitative Factors

- As per BTM Consult ApS report dated March 31, 2005, we were the 6th largest wind turbine manufacturer in the world in terms of annual installed capacity for the year ended December 31, 2004.
- We are India's leading manufacturer of wind turbine generators, or WTGs, with accumulated sales of 1,126.6 MW as of March 31, 2005. As per BTM, we installed 42.8% of the total capacity installed in India during the year ended December 31, 2004.
- We have a track record of executing, in coordination with associate companies, large-scale wind power projects in India.
- Through our subsidiaries' design capabilities, we have been able to develop our MW and multi-MW WTG models, as well as the rotor blades for these WTGs.
- Cost-efficient manufacturing and supply chain.
- We believe that our ability to provide WTG operation and maintenance services to our customers has helped us in assessing and enhancing the performance of WTGs under operational conditions.
- Our management has extensive experience in the design, engineering, manufacture, marketing and maintenance of WTGs.

Quantitative Factors

Adjusted Earning per Share (EPS)

Financial Period	EPS based on Restated Financial Statements (Rs.)		Weight
	Standalone	Consolidated	
Year ended March 31, 2003	2.5	1.2	1
Year ended March 31, 2004	5.7	5.7	2
Year ended March 31, 2005	15.0	15.1	3
Weighted Average	**9.8**	**9.7**	

Price Earnings Ratio (P/E Ratio)

a. Based on the year ended March 31, 2005 EPS based on standalone and consolidated restated financial statements is Rs 15.0 and Rs. 15.1 respectively.

b. P/E based on year ended March 31, 2005 EPS, based on standalone and consolidated restated financial statements is 34.0 and Rs. 33.8 respectively, at the Issue Price.

c. Peer group[2] P/E[1] (standalone)

(i) Highest 36.2

(ii) Lowest 20.6

(iii) Peer group Average 29.2

[1] Source: Capital Markets (August 29, 2005 – September 11, 2005)

[2] Peer group include ABB Ltd., Cummins (India) Ltd., Siemens (India) Ltd., Bharat Heavy Electricals Ltd. and NEPC (India) Ltd.

Average Return on Networth

The figures disclosed below are based on the standalone restated financial statements of Suzlon Energy Limited.

Financial Period	RoNW (%)	Weight
Year ended March 31, 2003	19.2	1
Year ended March 31, 2004	31.4	2
Year ended March 31, 2005	46.0	3
Weighted Average	**36.7**	

Minimum Return on Total Net Worth post-Issue to maintain pre-Issue EPS is 19.16%

Net Asset Value (NAV)

(i) As at March 31, 2005 Rs. 93.7

(ii) After Issue Rs. 75.80

(iii) Issue Price 510

Financial Period	NAV (Rs.)	Weight
Year ended March 31, 2003	234.8	1
Year ended March 31, 2004	157.4	2
Year ended March 31, 2005	93.7	3
Weighted Average	**138.5**	

Comparison with other listed companies

FY 2005	EPS (Rs.)	P/E	RONW	Book Value (Rs.)
Suzlon	15.0[1]	33.93	46.0%	93.7[2]
Peer Group[3]				
ABB Ltd	35.3	35.9	23.8%	167.4
Cummins (India) Ltd.	6.3	20.6	20.3%	35.3
Siemens (India) Ltd.	42.8	36.2	27.6%	182.9
Bharat Heavy Electricals Ltd.	39.0	24.0	15.6%	246.2
NEPC (India) Ltd.	NA	NA	NA	44.3
Peer Group Average		**29.2**		

(1) In accordance with the requirements of Accounting Standard 20 'Earnings Per Share' (AS 20) issued by the Institute of Chartered Accountants of India the corresponding figures relating to all previous reporting periods have to be restated to give the effect of bonus shares. Accordingly, EPS for the year ended March 31, 2005 has been adjusted for bonus issue of equity shares allotted on June 24, 2005.

(2) Book Value is calculated based on the financial statements of a company as of a particular date., As per the Guidance Note issued by the Institute of Chartered Accountants of India, the Book Value per share as of March 31, 2005 has not been adjusted for bonus issue of equity shares allotted on June 24, 2005.

(3) All figures for Peer Group are from Capital Markets (August 29, 2005 – September 11, 2005)

The BRLMs and the CBRLMs believe that the Issue Price of Rs. 510 is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page xi of this Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report on page 165 of this Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

We hereby confirm that the enclosed annexure, prepared by the Company, states the possible tax benefits available to Suzlon Energy Limited ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No: 46238
Pune
June 24, 2005

S.R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No: 89802
Pune
June 24, 2005

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SUZLON ENERGY LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

(A) Benefits to the Company under Income-tax Act, 1961 ('the Act')

1. Deduction under section 80-IB of the Act

The Company has set up various manufacturing units (industrial undertakings) for the manufacture of Wind Turbine Generators ('WTG') and its parts in the backward States specified in the Eighth Schedule to the Act. The profits and gains derived by the Company in each of these industrial undertakings are eligible for deduction under section 80-IB of the Act.

The Company in the past has claimed deduction under section 80-IB and is eligible to claim this deduction for the following prospective years in respect of the industrial undertakings mentioned below:-

Location of Industrial Undertaking	Unit number by which identified	100% exemption up to financial year	30% exemption up to financial year
Diu	I	—	2005-2006
Daman	II	—	2008-2009
Daman	III	2005-2006	2010-2011
Pondicherry	IV	2007-2008	2012-2013
Daman	V	2007-2008	2012-2013

2. Deduction under section 35D of the Act

Under section 35D of the Act the Company is eligible to claim amortisation of preliminary expenses, subject to limits specified in sub-section (3) of the said section.

3. Dividends exempt under section 10(34) and 10(35) of the Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempted as per the provisions of section 10(34) read with section 115O of the Act. Further, income received from units of a Mutual Fund specified under section 10(23D) of the Act would also be exempt as per the provisions of section 10(35) of the Act.

4. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of Unit Trust of India ('UTI') or Mutual Fund units or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains for resident shareholders, a benefit is permitted to substitute the cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge).

Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction

Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)] are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

5. Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein capital gains arising to the Company on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by National Bank for Agriculture and Rural Development ('NABARD'), the National Highways Authority of India ('NHAI'), the National Housing Bank ('NHB'), the Rural Electrification Corporation Ltd. ('REC') and Small Industries Development Bank of India ('SIDBI').

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an eligible issue of share capital. The investment is required to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

a. The issue is made by a public company formed and registered in India; and

b. The shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. It may be relevant to note that the Central Board of Direct Taxes ('CBDT') has clarified vide its Circular No.7/2003 dated September 5, 2003, that the term 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the Company or by the existing shareholders of the Company.

(B) Benefits to the Company under Indirect Tax Laws

1. General Sales Tax/Value Added Tax ('VAT')/Central Sales Tax ('CST')

In accordance with and subject to the provisions of section 8(5) of the CST Act, 1956 and vide notification no.DNM/CST/35/2054 dated 05/02/2003 read with the earlier notification dated November 25, 1998 and April 23, 1987, the Company is entitled for sales tax exemption on sales effected during the inter-state trade or commerce to a registered dealer or the Government, on goods manufactured, processed or assembled in the union territory of Daman upto March 31, 2007 which will continue after introduction of Value Added Tax (VAT) from April 1,2005. Effective March 24, 2004, the Company has been exempted from VAT under the Pondicherry General Sales Tax Act, 1967 and under the Central Sales Tax Act, 1956 for WTG's manufactured in Pondicherry for a period of 5 years.

2. Under the Central Excise Tariff

The Company is exempted from payment of Central Excise Duty, including Countervailing Duty for WTG, its components and parts thereof as per Sr. No. 237 List No. 9, Item No. 13 vide G.E. Notification No. 6/2002/CE dated 01-03-2002 as amended by last notification No. 5/2005 dated 1-03-2005.

3. Under the Customs Tariff

The Company is, subject to the fulfillments of conditions mentioned therein, entitled to concessional rate of customs duty for major components used in the manufacture of WTG as well as raw materials for rotor blade such that the basic custom duty is 5% as per the Notification No.21/2002—cus., dated 1.3.2002 (as amended by notification No. 5/2005 dated 1.3.2005). The other components of WTG's if imported are subject to basic custom duty at the rate of 15% plus applicable cess.

(C) Benefits to the Resident Shareholders

1. Dividends exempt under section 10(34) of the Act

   Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholder as per the provisions of section 10(34) read with section 115O of the Act.

2. Computation of capital gains

   Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except for shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

   Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains for resident shareholders, a benefit is permitted to substitute the cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.

   As per the provisions of section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% percent (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit plus applicable surcharge.

   Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

   Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

3. Exemption of capital gains arising from income tax

   As per section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, REC and SIDBI.

   As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital'. The investment needs to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

   a. The issue is made by a public company formed and registered in India; and

   b. The shares forming part of the issue are offered for subscription to the public.

   There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular No.7/2003 dated September 5, 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/ HUF should not own more than one residential house other than the new residential house on the date of transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

(D) Benefits to the Non-Resident Shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the shareholder as per the provisions of section 10(34) read with section 115O of the Act.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except for shares held in a company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. Under first proviso to section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 112 of the Act, long-term gains are subject to tax at a rate of 20% (plus applicable surcharge and cess).

Effective October 1, 2004, long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

Effective October 1, 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transaction is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

3. Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the non-resident individual on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, REC and SIDBI.

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital'. The investment needs to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of equity shares which satisfies the following conditions:

a. The issue is made by a public company formed and registered in India; and

b. The shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular No.7/ 2003 dated 5 September 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains(in cases not covered under section 10(38) of the Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax , if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/ HUF should not own more than one residential house other than the new residential house on the date of transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

(E) Benefits to the Non-Resident Indian Shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder company as per the provisions of section 10(34) read with section 115O of the Act.

2. Computation of capital gains

As per the provisions of section 115I of the Act, a Non-resident Indian ('NRI') as defined therein has the option to be governed by the normal provisions of the Act or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *inter alia* entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, taxable long-term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10% (plus applicable surcharge and cess)

As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act.

If whole or part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if:

- Their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both; and
- The tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per the provision of section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

(F) Benefits to the Foreign Institutional Investor ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend income: Dividend (whether interim or final) received by the FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115O of the Act.

2. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Nature of Income	**Rate of tax (%) ***
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to a FII.

From October 1, 2004 long-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D)) are exempt from tax under section 10(38) of the Act on being subject to Securities Transaction Tax as levied under Chapter VII of the Finance (No. 2) Act of 2004.

From October 1, 2004 short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined under section 10(23D) of the Act) exchange to Corporate FIIs are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess) on being subject to Securities Transaction Tax levied under Chapter VII of the Finance (No. 2) Act of 2004).

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

(G) Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by the Mutual Funds from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115O of the Act.

2. As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

(H) Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received from investment in shares of another domestic company would be exempt in the hands of the Venture Capital Company/ Fund as per the provisions of section 10 (34) read with section 115O of the Act.

2. Income exempt under section 10(23FB) of the Act

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified.

(I) Benefits available under the Wealth-tax Act, 1957 (Common to all)

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

(J) Benefits available under the Gift-tax Act (Common to all)

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

THE MARKET FOR WIND ENERGY PRODUCTS

Unless otherwise indicated, the information in this section has been derived from various Indian government publications, as well as private publications and industry reports prepared by BTM Consult ApS[1] and various trade associations, and has not been prepared or independently verified by us, the BRLMs or the CBRLMs or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside India.

A glossary of technical and industry terms is provided beginning on page vi *of this DRHP. Newly installed capacity refers to the MW capacity installed during a particular year. Unless otherwise specified, accumulated installed capacity refers to the total MW capacity installed taking into account the effect of decommissioning.*

Electricity Demand

Global Electricity Demand

The International Energy Agency, or IEA, in its World Energy Outlook 2004, estimates that the world electricity demand will double between 2002 and 2030. Globally, the power sector is required to add an estimated 4,800 GW of capacity to meet the projected increase in electricity demand and to replace ageing infrastructure. The IEA has estimated that this would require an investment of US$ 10 trillion and more than US$ 5 trillion of that amount will be required by developing countries alone.

The IEA also expects that the predominant use of fossil fuels, such as coal, oil and natural gas, for energy production will continue in the future. Nuclear power's contribution is expected to decline and the use of renewable energy sources, such as hydroelectricity, wind power, biomass and solar, is expected to increase. The IEA also estimates that wind power share in total electricity generation will grow from 0.2% in 2002 to 3.0% in 2030 and will be the second-largest renewable source of electricity after hydroelectricity.

Indian Electricity Demand

Historically, the power industry in India has been characterised by energy shortages. According to the Central Electricity Authority, India, in fiscal 2005, demand for electricity exceeded supply by an estimated 7.3% (7.1% in fiscal 2004) in terms of total requirements and 11.7% (11.2% in fiscal 2004) in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy generally. According to the United Nations, India, with 355 kWh per capita electricity consumption in 2000, has one of the lowest electricity consumption levels in the world, in part due to unreliable supply and inadequate distribution networks. This contrasts with 827 kWh per capita in China, 1,878 kWh per capita in Brazil and 12,331 kWh per capita in the United States, in 2000.

As of March 31, 2005, India's power system had an installed generation capacity of approximately 115,544.8 MW. Of the installed capacity, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 69.4% of total power capacity. Hydroelectric stations accounted for approximately 26.1% and others (including nuclear stations and wind power) accounted for approximately 4.5%.

The following table presents the gap between requirement and supply of electricity in India from fiscal 2000 to 2005.

1 BTM Consult ApS describes itself as an independent consulting firm focusing on renewable energy sources and was formed in 1986 with its registered office in Denmark. In 1996, BTM Consult ApS began producing an annual survey of the wind energy market. BTM Consult ApS states that the sources of its market data include relevant professional energy sector journals and estimates by consultants, employees of wind turbine manufacturing companies and governmental institutions. The figures used in this DRHP are based on a market study published by BTM Consult ApS in March 2005 relating to calendar 2004.

Fiscal Year	Requirement million units	Availability million units	Surplus / Deficit million units	%
2000	480,430	450,594	(29,836)	-6.2%
2001	507,216	467,400	(39,816)	-7.8%
2002	522,537	483,350	(39,187)	-7.5%
2003	545,983	497,890	(48,093)	-8.8%
2004	559,264	519,398	(39,866)	-7.1%
2005	591,373	548,115	(43,258)	-7.3%

Source: Ministry of Power Annual Report 2003-04; CEA Executive Summary March 2005

The Government of India, or GoI in its mission "Power for all by 2012", estimated that Indian installed generation capacity should be 200,000 MW by the end of its Eleventh Five Year Plan in 2012 compared to 115,545 MW as of March 31, 2005.

The GoI adopts a system of successive Five Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five Year Plan has increased power generation capacity addition targets. The Ninth Plan targeted a capacity addition of 40,245 MW. MoP estimates indicate that only around 19,251 MW or 47.8% of the planned capacity was added during the Ninth Plan. The Tenth Plan (FY 2002 – 2007) has targeted a capacity addition of 41,110 MW through Thermal, Hydro and Nuclear power plants. This includes 14,557 MW that has been planned in the first three years of the Tenth Five Year Plan against which the actual installations have been 9,692 MW at the end of the third year.

With increasing urbanisation, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. Some latent demand for electricity may also surface in the event of wider distribution and increased reliability in power supply. In this scenario, the GoI expects that alternative sources of energy, such as wind energy and biomass, are likely to play an increasingly important role in bridging the demand supply gap.

Wind Energy Demand

Global Wind Energy Demand

The global wind energy industry is worth US$ 11.3 billion as of end 2004, according to BTM Consult ApS. Technological advances have resulted in larger and better quality WTGs with higher generation efficiencies at lower costs. We believe that heightened environmental awareness has also resulted in increased demand for "green power" in developed countries.

With over 8,000 MW of installations in 2004, the cumulative global installations of WTGs was 47,912 MW by the end of 2004. Cumulative installations have grown at a CAGR of 26.9% in the last 4 years. The following table illustrates the growth in the global wind power industry:

Calendar Year	2000	2001	2002	2003	2004
Newly installed capacity (MW)	4,495	6,824	7,227	8,344	8,154
Accumulated installed capacity[(1)] by year end (MW)	18,449	24,927	32,037	40,301	47,912
Year on Year Growth in cumulative additions	32.40%	35.10%	28.50%	25.80%	18.90%
CAGR (2000-2004)					26.90%

Source: BTM Consult ApS Report 2005

Note (1) Accumulated installed capacity at year end has been adjusted for decommissioned capacity. Decommissioning of WTGs may be generically understood to include removal of a WTG from a particular site.

Geographic demand for Wind Power Globally

The following table illustrates the geographic growth in installed capacity in the four years ending December 31, 2004 and the cumulative installed MW capacity by country and region for the top ten markets:

Country/Region	Cumulative installed MW at end of 2001	2002	2003	2004	2002-2004	Cumulative installed MW at end of 2004	% of global market share
Germany	8,674	3,247	2,674	2,054	7,975	16,649	34.70%
Spain	3,329	1,493	1,377	2,064	4,934	8,263	17.20%
USA	4,245	429	1,687	389	2,505	6,750	14.10%
Denmark	2,328	530	218	7	755	3,083	6.40%
India	1,482	220	423	875	1,518	3,000	6.30%
The Netherlands	430	219	233	199	651	1,081	2.30%
Italy	682	106	116	357	579	1,261	2.60%
Japan	357	129	275	230	634	991	2.10%
UK	386	55	195	253	503	889	1.90%
China	406	67	98	198	363	769	1.60%

Source: BTM Consult ApS Report 2005

(1) The BTM Consult ApS data relating to installed MW capacity by country/region is based on demand side information and covers erected and installed WTGs. (BTM Consult ApS does not adjust this data relative to supply side data from WTG manufacturers)

(2) Total accumulated installed MW capacity at end 2004 has been adjusted for decommissioned capacity

Europe accounted for 72.8% of the new installations in 2004 while 6.3% of the new capacity was installed in the Americas. Asia, including OECD Pacific almost doubled its installations to 1,648 MW thereby contributing to over 20% of the installations. The Spanish market was the largest market in the world in 2004, with 2,064 MW of installations. India, with 875 MW installed in 2004, was the largest market in Asia and the third largest market in the world in terms of annual installations in 2004.

Europe with 34,725 MW, accounts for over 72.5% of the cumulative installations as on December 31, 2004. Germany alone accounts for 34.7% of the global installations with cumulative installations of 16,649 MW at the end of 2004. According to the EWEA, in the period 1995-2000, wind power accounted for 23.4% of the net increase in generating capacity from all fuel sources across the EU. The EWEA further estimates wind to account for 50% of the net increase between 2001-2010.

According to BTM Consult ApS, wind power as a percentage of global electricity supply reached 0.57% by the end of 2004. In Denmark, wind power contributed approximately 20% to the country's electricity supply, while Germany and Spain derive approximately 6% and 5% of their electricity requirements from wind. The German government has a long-term target of producing 25% of the country's electricity from wind energy by 2025. According to the EWEA, the north German state of Schleswig-Holstein has 1,800 MW of installed wind capacity, enough to meet 30% of region's total electricity demand, while in Navarra, in Spain, 50% of the consumption is met by wind power.

Based on the March 2005 report of BTM Consult ApS, the ten largest markets accounted for 84.5% of the new installations in 2004. According to the data compiled by BTM Consult ApS, Canada, Spain, Italy, France, Portugal, United Kingdom, India and China experienced strong growth in annual WTG installations in 2004. In addition, the number of countries with wind power installations grew to over 60 countries as of the end of 2004. Large multinationals such as General Electric and Siemens have entered the wind power market through the acquisition of existing wind turbine manufacturers.

Indian Wind Energy Demand

The wind power programme in India was initiated in 1983-84. From the programme's inception, the GoI has promoted a market-oriented strategy which has led to commercial development of technology. The broad based national programme includes wind resource assessment activities, research and development support, implementation of demonstration projects to create awareness, opening up of new sites, involvement of utilities and industry, growth of infrastructure capability and capacity for manufacture, installation, operation and maintenance of WTGs and policy support.

India is perhaps the only country in the world to have an exclusive Ministry for Non-Conventional Energy Source. The key functions of MNES include:

- policy making and planning;
- programme formulation and implementation
- research and development;
- technology development and commercialisation;
- promotion of demonstration and pilot projects; and
- implementation of fiscal and financial incentives

MNES through C-WET also carries out wind resource assessment studies, pursuant to which it has revised its estimate for gross wind power potential in India from 20,000 MW to 45,000 MW, assuming land availability at 1% in potential areas for wind power generation. MNES has also been working with the various state governments as a result of which states with wind power potential have introduced policies pertaining to power purchases, wheeling and banking to provide a framework for investment in wind power.

Recent regulatory enactments in India further support the absorption of renewables in the energy mix:

- The Electricity Act of 2003 requires all state-level energy regulatory commissions to ensure that electricity distributors procure a specified minimum percentage of power generation from renewable energy sources
- Maharashtra Energy Regulatory Commission has stipulated 750 MW of new wind power capacity for sale to utilities by March 2007
- Karnataka Energy Regulatory Commission has stipulated a minimum of 5% and maximum of 10% of electricity from renewables.
- Madhya Pradesh Energy Commission has stipulated 0.5% of electricity from wind power by 2007
- The state government of Maharashtra has imposed a Rs. 0.04 per unit green power cess on commercial and industrial users in order to promote non-conventional energy projects

We believe that the MNES and various state governments' initiatives to provide a supportive and stable policy framework for investment in wind power have contributed to the growth of the Indian wind power industry over the last four years. The annual increase in newly installed MW capacity and the cumulative installed MW capacity for the past four years are as follows:

	2001	2002	2003	2004
Newly installed Capacity (MW)	236	220	423	875
YoY Growth in newinstallations	40%	-7%	92%	107%
Cumulative installed capacity by year end (MW)	1,482	1,702	2,125	3,000
YoY Growth in cumulative capacity	17%	15%	25%	41%

Source: BTM Consult ApS Report 2005

Accumulated installed capacity at year end has been adjusted for decommissioned capacity

Seven states in India (Tamil Nadu, Karnataka, Andhra Pradesh, Rajasthan, Maharashtra, Gujarat and Madhya Pradesh) account for over 99% of wind power installations in India. As of March 31, 2005, Tamil Nadu had the highest share and accounted for 56.7% of the cumulative capacity. Maharashtra had the second largest installations and accounted for 12.7% of the cumulative

capacity. With 875 MW of installations in 2004, India recorded one of the highest year-on-year growth rates in installed capacity. India contributed 10.7% of the total new MW additions globally, in 2004 and as of end-2004 accounted for 6.3% of cumulative MW capacity installed globally.

Key Growth Drivers

We believe that the market for wind power has become significant due to the following factors:

Increasing Electricity Demand: In World Energy Outlook 2004, IEA estimates the global electricity consumption to double between 2002 and 2030, with demand for electricity likely to increase at a much faster pace in developing countries like India and China. The IEA also estimates the share of wind power's share of total electricity generation to grow from 0.2% in 2002 to 3.0% in 2030 and that it will be the second-largest renewable source of electricity after hydroelectricity.

Increasing cost competitiveness: The continuous focus on improving the cost efficiency of WTGs has resulted in wind power becoming increasingly cost competitive compared to traditional sources of energy. The American Wind Energy Association, or AWEA, in its report dated December 22, 2000 estimated that the cost per kWh of wind generated electricity has fallen from US$ 0.38 in the early 1980s to anywhere from US$ 0.03 to US$ 0.06, at excellent wind sites. Some of the factors that have contributed and are expected to continue to contribute to reduced costs are increasing focus on larger projects, technological advancements resulting in WTGs with higher capacity, economies of scale resulting from increase in the size of WTG manufacturers and the ability to obtain financing for wind power projects.

Environmental awareness and Government Initiatives: Generating electricity from fossil energy sources releases carbon dioxide, which many claim leads to the "greenhouse effect". As such, many countries, such as India, the United Kingdom, the United States of America and Germany, have provided fiscal incentives and schemes to encourage the growth of renewables. These incentives and schemes range from preferential tariffs or tax credits for renewable energy projects to taxing those who contribute to emission of carbon dioxide.

In order to combat the greenhouse effect at a global level, the Kyoto Climate Summit was held in 1997 to further implement the commitments agreed upon at the Rio Earth Summit in Rio de Janeiro, Brazil. According to the Kyoto Protocol, which has recently become effective, the participating countries have agreed to a long-term reduction of their carbon –dioxide emissions by an average of 5.2% compared to the level of emissions for 1990, by 2012. The greenhouse gas reduction targets have cascaded down to a regional and national level. These in turn have been translated into targets for increasing the proportion of renewable energy. Wind is a preferred source given its modular nature and ability to generate power at competitive cost and therefore many countries / associations have set targets with respect to wind power installations. Some of these include:

Country	Current (MW)	Target (MW)	Time Frame
UK	889	10000	2010
Portugal	585	3750	2010
France	386	10000	2010
Norway	158	1000	2010
Canada	444	10000	2010
Brazil	31	3000	2005
China	728	4000/20000	2010/2020
Japan	1000	3000	2010

Source: BWEA, EWEA, BTM

Also, countries such as Australia, certain states in India and 18 states in the United States, have introduced the Renewable Portfolio Standard, or RPS, which mandates that renewable energy sources contribute a specified minimum percentage of total electricity supply. In Australia, the existing Mandatory Renewable Target requires that renewable energy make up a further 2% of total power generated by 2010. Further, the system of carbon trading has also been initiated in countries in European Union and countries such as Japan. Carbon trading refers to a system wherein emitters of carbon dioxide and other harmful gases are required to purchase green certificates from clean energy producers including renewable energy producers. Trading in green certificates may also provide an additional stream of revenue for wind power projects.

Repowering: Repowering involves the replacement of old WTGs with new and more cost efficient WTG. It is expected to become one of the growth drivers in relation to the future market for wind power, particularly for countries in Europe that have a large number of ageing WTG installations with relatively low capacity and outmoded technology. BTM Consult ApS, in its World Market Update 2004 estimates global potential for repowering between 2,500 MW to 8,700 MW in the period 2005-2014.

Offshore Market: The offshore WTG market presents a new opportunity for wind power, especially in Europe. Several offshore projects have commenced operations, with Denmark accounting for a majority of them. Total offshore installations stood at 589 MW at the end of 2004. With the introduction of larger WTGs targeted at the offshore market, significant developments are expected in the offshore market in the future.

Market Potential

Global Wind Energy Market Potential

Wind power installations are heavily concentrated in Europe, United States, India, Japan and China, which accounted for about 90% of global wind power installations, as of 2004. Europe continues to account for over 70% of the total installed wind power. In this connection, BTM Consult ApS has conducted a study to estimate the potential of wind power. According to BTM Consult ApS, the cumulative installed capacity for wind power is expected to grow from 47,912 MW in 2004 to 117,412 MW by 2009, representing a CAGR of 19.6% and 2,35,000 MW by 2014, representing a CAGR of 17.2%. Annual installations are expected to grow from 8,154 MW in 2004 to 17,605 MW in 2009 and 29,000 MW in 2014. BTM Consult ApS estimates that the penetration of wind power in worldwide generation of electricity will increase from 0.57% in 2004 to 2.37% in 2014.

BTM Consult ApS estimates that Europe's share in cumulative installations will decline to 63.7% by 2009, with the share of the Americas (including the United States) expected to increase from 15.4% in 2004 to 19.3% in 2009. OECD-Pacific countries such as Australia, New Zealand, Japan and South Korea are estimated to increase their share of the cumulative installed capacity from 3.4% in 2004 to 5.1% in 2009. South Asia and East Asia are expected to have significant growth rates in the next five years, particularly due to countries like India and China. Its share of the cumulative installations is expected to increase from 7.9% in 2004 to 10% in 2009. The following table sets forth the forecast for wind power development from 2005 to 2009 for certain key markets:

Markets	Cumulative installed capacity as of end 2004 (MW)	Forecasted installed capacity between 2005 – 09 (MW)	Cumulative installed capacity by end of 2009 (MW)
Europe	34,725	39,875	74,600
United States of America	6,750	12,100	18,850
India	3,000	5,300	8,300
China	769	2,350	3,119
Australia	421	1,700	2,121

Source: BTM Consult ApS World Market Updates 2002, 2003 and 2004.

Indian Wind Energy Market Potential

According to BTM Consult ApS, India is making steady progress in the development of wind power and in 2004 it was the third largest country in the world with annual installations of 875 MW, which exceeded the forecast of 500 MW issued by BTM Consult ApS. As of December 31, 2004, Denmark had cumulative installed capacity of 3,083 MW and India had cumulative installed capacity of 3,000 MW, BTM Consult ApS expects India to overtake Denmark in terms of cumulative capacity in 2005.

The following table sets forth the changes in the BTM Consult ApS estimates for annual installations in India from its 2002 report, 2003 report and its 2004 report.

(in MW)	2004	2005	2006	2007	2008	2009
World Market Update – 2002 Forecast	400	500	500	600	n/a	n/a
World Market Update – 2003 Forecast	500	500	500	600	700	n/a
World Market Update – 2004 Forecast	875*	900	1,000	1,000	1,200	1,200

Source: BTM Consult ApS World Market Updates 2002, 2003 and 2004.

** Actual installations as reported in the BTM World Market Update 2004.*

BTM Consult ApS has estimated that cumulative installed MW capacity for wind power in India will grow from 3,000 MW in 2004 to 8,300 MW in 2009, representing a CAGR of 22.6%. The annual installed capacity is expected to grow from 875 MW in 2004 to 1,200 MW in 2008.

The GoI, through MNES, continues to encourage state governments to implement national policy guidelines set for wind power projects. Presently MNES estimates India's gross wind power capacity to be 45,000 MW (assuming that 1% of land available for wind power generation in potential areas is utilised). MNES estimates the technical potential at approximately 13,000 MW (assuming 20% grid penetration). which is expected to increase with augmentation of grid capacity. Several new initiatives are being undertaken by the MNES to reassess India's gross wind power potential.

*Comparison of wind energy sector with other renewable energy sources**

Technology	Potential in India	Cost/MW (Rs crore)	Plausible capacity utlilization factor	Levelised cost per kWh (Rs/kWh)
Wind Energy	45,000 MW	4.5-5.25	22%-32%	2.5-3.7
Small Hydro	15,000 MW	3.5-6.25	30%-45%	1.8-3.4
Biomass	3,500 MW	3.5-4.0	60%-80%	2.2-3.2
MSW/IW to Energy	1,700 MW	5.0-12.0	60%-80%	2.5-3.5
Solar thermal	20 MW/sq.km.	10-12	14%-24%	8-10

* The data in this table has been taken from the following sources:

- *Tariff Orders on wind energy by Andhra Pradesh Electricity Regulatory Commission, Maharashtra Electricity Regulatory Commission, Madhya Pradesh Electricity Regulatory Commission and Karnataka Electricity Regulatory Commission.*
- *Tariff Order on biomass energy by Andhra Pradesh Electricity Regulatory Commission and Maharashtra Electricity Regulatory Commission.*
- *Tariff Order on municipal solid waste (MSW) to energy project by Maharashtra Electricity Regulatory Commission.*
- *Tariff Order on small hydro project by Karnataka Electricity Regulatory Commission.*
- *Assesment for Parabolic Tough and Power Tower solar technology cost and performance forecasts, National Renewable Energy laboratory (NREL).*

BUSINESS

Unless stated otherwise, the financial data in this section is taken from our restated consolidated financial statements set forth in this Prospectus, beginning on page 165*. In this section, any reference to "we", "us", "our" or "the Company" refers to Suzlon Energy Limited on a consolidated basis and any reference to "our Group" refers to Suzlon Energy Limited on a consolidated basis and our Associate Companies.*

Overview

We are India's leading manufacturer of wind turbine generators, or WTGs. Our accumulated sales were 1,126.6 MW as of March 31, 2005. We also installed 42.8% of the total capacity installed in India during the year ended December 31, 2004 and were the sixth largest wind turbine manufacturer in the world in terms of annual installed capacity for the year ended December 31, 2004. *(Source: BTM Consult ApS March 2005)* We develop and manufacture technologically advanced WTGs with an emphasis on high performance and cost-efficient WTGs. Together with our Associate Companies in our Group, we have positioned ourselves as an integrated solution provider of services related to wind energy in the Indian market. Besides manufacturing WTGs, we are involved in wind resource mapping, identification of suitable sites and technical planning of wind power projects. We also provide after-sale O&M services for WTGs supplied by us. Our Associate Companies acquire sites we have identified as suitable for wind energy projects, which are then sold or leased to our customers, and undertake the technical implementation of wind farms, including infrastructure development, installation of WTGs and connection to power grids.

At present, India remains our key market and we intend to pursue the growth opportunities that we believe exist for providing wind energy solutions in India. With a view to pursuing growth opportunities in the global market for WTGs, we have set up our marketing headquarters in Denmark, a centre for wind energy. Our marketing activities includes establishing market presence in China and Australia and expanding our presence in the United States, where we have supplied 24 WTGs, each of 0.95 MW capacity, that were designed specifically for a U.S. wind farm project.

Our current product range includes 0.35 MW, 0.60 MW, 0.95 MW, 1.00 MW, 1.25 MW and 2.00 MW WTGs and we are among the first Asia-based companies to manufacture WTGs with MW and multi-MW capabilities (see "Business– Products" on page 64 of this Prospectus). We consider ourselves to be an integrated developer of WTGs, focused on: the design, engineering and development of WTGs and components, the development and in-house manufacture of rotor blades for our MW and multi-MW WTGs, tubular towers, control panels and nacelle covers. Our tubular tower manufacturing activities are undertaken through our 75%-owned subsidiary, Suzlon Structures. We also have established supply sources for the components that we do not manufacture in-house, such as rotor blades for our 0.35 MW WTGs, gearboxes, casting parts, generators and a portion of our nacelle cover and tower requirements. These are sourced from leading suppliers, as are raw materials for WTG rotor blades, such as glass fibre, epoxy resin and foam.

On Sepetmber 5, 2005, we commenced in-house manufacturing of generators on a trial basis for our WTGs through our 74.9%-owned subsidiary, Suzlon Generators, a joint venture with Elin EBG Motoren GmbH of Austria. We conduct research and development activities through our subsidiaries, SEG and AERH. These subsidiaries focus on designing and developing new WTG models, upgrading our current models and developing efficient and effective rotor blade technology for our WTGs.

Manufacture of WTGs is undertaken by Suzlon Energy Limited and after-sale O&M services are provided by our wholly-owned subsidiary SWSL. Our Associate Companies, including SRL, procures sites in India that have been identified by us as suitable for WTG installation. Another Associate Company, SIL, undertakes the project execution work, including site development, civil works and electrical works, as well as erection and commissioning of WTGs and construction of power evacuation facilities. Our Associate Companies provide necessary and valuable services in relation to our activities in the Indian wind energy market. While we work closely with our Associate Companies, we do not have any equity interest in our Associate Companies, all of which are controlled by our Promoters. If these Associate Companies were to cease providing the services described above, we would be required to undertake land acquisition and infrastructure development, among other activities, directly and this would involve certain risks. See "Risk Factors - We are highly dependent on our Associate Companies in providing integrated wind energy solutions packages to customers in India; we do not control our Associate Companies".

Our design, manufacture, operations and maintenance services have been certified as ISO 9001:2000 by Det Norske Veritas. Our WTG models are generally accredited with type certification by either Germanischer Lloyd or CWET – an autonomous body attached to the MNES.

Our total income was Rs. 2,697.1 million in fiscal 2003, Rs. 8,748.6 million in fiscal 2004 and Rs. 19,659.2 million in fiscal 2005. Adjusted/recast profit after tax was Rs. 269.0 million in fiscal 2003, Rs. 1,250.6 million in fiscal 2004 and Rs. 3,858.6 million in fiscal 2005. For the fiscal year ended March 31, 2005, 99.7% of our total income was from customers in India.

Competitive Strengths

We believe that the following are our principal competitive strengths:

- ***Focus on providing "integrated solutions" wind energy packages with our Associate Companies to customers in India.*** Our business model for the Indian market has historically involved, in conjunction with our Associate Companies, providing "integrated solutions" packages for wind energy projects. Our key activities include: (a) designing, developing and manufacturing WTGs; (b) wind resource mapping; (c) identifying suitable sites for wind farms; (d) coordinating with our Associate Companies in the acquisition and development of these sites and installation of WTGs; and (e) providing after-sales O&M services. This business model allows our Indian customers to benefit from the cost-efficiencies and economies of scale wind farms can offer. At the same time, our customers do not need to undertake the cumbersome processes associated with developing wind farms, which requires expertise in various areas such as wind study, land acquisition and project execution/management skills. Our Associate Companies, as part of the "integrated solutions" package, are also involved in the construction of power transmission facilities to transmit the power generated by the wind farm to the grid.
- ***Track record of executing, in coordination with Associate Companies, large-scale wind power projects in India.*** We have, along with our Associate Companies, a track record of executing a number of large-scale wind power projects in different regions in India. These complex projects have allowed our Group to develop the capabilities and expertise needed for wind farm projects and our customers benefit from the experience we have gained from operating WTGs in different operating environments and our industry knowledge, as well as from our Associate Companies' land acquisition and project management expertise. We believe that the successful development of these wind farm projects has enhanced our recognition in the Indian wind power marketplace.
- ***Sophisticated in-house technology and design capabilities.*** Through our subsidiaries' design capabilities, we have been able to develop our MW and multi-MW WTG models, as well as the rotor blades for these WTGs. We have also been able to develop many of the processes and technologies that enable us to manufacture certain key components, such as nacelle covers, nose cones and the construction of tooling and moulds used for the manufacture of rotor blades. These were achieved as a result of our recognition that various countries in Europe have developed strengths in different facets of the design of WTGs, which led to our establishment of research and development subsidiaries in Europe. Specifically, we have established a subsidiary, AE Rotor Holding B.V., based in the Netherlands to take advantage of the expertise developed in that country in aerodynamic rotor blade design and material sciences. We have also utilized the engineering skills developed in Germany in the field of WTG design by establishing Suzlon Energy GmbH. This has enabled us to access the personnel with the requisite technical background and expertise to assist us in designing, developing and upgrading our WTGs and their key components. In addition, we have recently set up a wholly-owned subsidiary in Germany, SE Drive Technik GmbH, as a research and development subsidiary for the design, development and manufacture of gear boxes prototypes for our WTGs
- ***Cost-efficient manufacturing and supply-chain in India.*** All of our current manufacturing facilities are located in India, which we believe gives us a significant cost advantage in terms of capital, manufacturing and labour costs over some of our larger competitors whose manufacturing facilities are in higher cost regions, such as Western Europe. Our manufacturing facilities are also located in western and southern India, which places them in close proximity to the states that we believe offer good potential in terms of wind energy production, such as Maharashtra, Rajasthan, Gujarat, Tamil Nadu and Karnataka, thus reducing the logistical costs associated with the delivery of WTGs. Further, we are able to efficiently source many key components, such as castings, generators and towers, from lower-cost suppliers based in India. Beginning in August 2005, we also expect to begin receiving delivery of gearboxes manufactured by and delivered from the Indian manufacturing facility being constructed by Winergy AG, the leading supplier for WTG gearboxes, which we believe will allow us to lower costs relating to this key WTG component.
- ***Market leader in India.*** For the last seven fiscal years, we have been the leading WTG manufacturer in India in terms of annual installations, with a market share of approximately 44.5% of total installed capacity for the year ended March 31, 2005, based on data published by the MNES. We also installed 42.8% of the total capacity installed in India during the year ended December 31, 2004, with India being the third largest wind power market in terms of annual installed capacity during the same period. *(Source: BTM Consult ApS March 2005)* We have established a market presence in seven states, among which are the states that have the highest installed capacity of wind energy, including Tamil Nadu, Karnataka, Maharashtra,

Rajasthan and Gujarat. We also have a diverse customer base consisting of companies in the cement, steel, textile, automobile, engineering, construction and mining industries. We believe that India offers opportunities to strengthen our capabilities and to undertake, together with our Associate Companies, large-scale "integrated solution" wind energy projects. Our leading market share makes us well-positioned to leverage existing customer relationships and our reputation as India's leading WTG manufacturer to take advantage of future growth in domestic demand for renewable energy sources such as wind energy.

- ***Operations and maintenance expertise.*** We believe that our ability to provide WTG O&M services to our customers has helped us in assessing and enhancing the performance of WTGs under operational conditions. Our introduction of the CMS concept as part of our O&M services provides our personnel and customers with real-time data relating to the WTGs. This allows our technical personnel to control and monitor WTG performance on-line, even from remote locations, and even during adverse weather conditions. We believe this helps in reducing WTG downtime and maintenance costs. Further, our research and development teams are able to use the operational data gathered by our operations and maintenance teams in order to upgrade our current WTG models and to design, develop and roll-out newer and more cost-efficient WTG models.
- ***Strong management team.*** Our top management brings with them extensive experience in the design, engineering, manufacture, marketing and maintenance of WTGs. Our senior management team in India who are in charge of manufacturing, finance, sales, business development and strategic planning have extensive experience in the wind energy industry. We have also assembled research and development, design, engineering and marketing teams in our overseas subsidiaries with established track records in the wind energy industry.

Business Strategy

We seek to further enhance our position in India as a provider of integrated wind energy solutions and to expand our markets globally. We intend to accomplish this through:

- ***Expanding our WTG product line and improving existing models.*** We intend to leverage the WTG design and development capabilities that we have developed through our research and development subsidiaries to enhance our existing WTG models and develop new models, particularly in the MW and multi-MW class. We intend to focus on the development and construction of a gearless 1.25 MW WTG and WTGs with 1.50 MW and 2.10 MW capacity, as well as improved control systems for our current WTG models.
- ***Integrating manufacturing facilities.*** We have developed and implemented a backward integration strategy that allows us to manufacture rotor blades in-house. In March 2005 we began in-house manufacture of tubular towers through our 75%-owned subsidiary, Suzlon Structures. We have established an in-house manufacturing facility for generators through our 74.9%-owned subsidiary, Suzlon Generators, which commenced trial production on Sepetmber 5, 2005. We believe that increasing our in-house manufacturing capabilities will allow us to lower WTG manufacturing costs, give us greater control over the supply chain for key WTG components and enable quicker and more efficient assembly and delivery of WTG components to our customers.
- ***Improving the cost-efficiency of generating power from wind energy.*** We aim to improve the cost-efficiency of power generation from wind energy by reducing the cost of generating electricity per kWh from our WTGs. We plan to achieve this goal by focusing on designing and developing more advanced WTGs, identifying sites which offer wind conditions that are optimal for WTG installations, reducing manufacturing and infrastructure costs, and by decreasing ongoing operating costs for our customers.
- ***Maintaining our strategic focus on the Indian market.*** We believe that India is and will continue to be an important growth market for wind power. We intend to continue to focus on growing our India business by leveraging our status as the leading WTG manufacturer in India and by continuing to develop, with our Associate Companies, large-scale wind farm projects. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute orders from international customers.
- ***Expanding our presence in international growth markets.*** In order to increase our share of the world market for renewable energy, we plan to continue to grow our overseas operations. We consider our key international markets to be: North America, in particular the United States, which has many sites that offer wind conditions that are optimal for WTGs and also offer tax incentives for power generated by WTGs; China, where the level of demand for energy is high and where the

government is encouraging the development of renewable energy sources; and Australia, which also has sites with optimal wind conditions and where the government has declared that it intends to encourage a sustainable and internationally competitive renewable energy industry. We may also establish a presence in markets in Europe.

- ***Expanding manufacturing capacity.*** We are in the process of constructing additional manufacturing facilities in India for key WTG components and we expect these facilities to be located close to markets with growing demand for power generated by wind energy. Some of these facilities may be located in geographies that will allow us to take advantage of the fiscal incentives. In furtherance of our goal of expanding our international presence, we are planning to establish an integrated WTG manufacturing facility in China, thereby giving us manufacturing facilities in a key growth market with low costs for inputs and components. We are also evaluating the construction of rotor blade and tubular tower manufacturing facilities in the United States, in order to meet increasing demand for wind energy projects in certain regions of North America. This will reduce costs associated with the transportation and delivery of these key, but quite large, WTG components.
- ***Growing our business through strategic acquisitions and alliances.*** We will evaluate on a case-by-case basis potential acquisition targets and alliance partners that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We intend to only pursue those transactions that complement our key strengths, are synergistic and, in our assessment, have manageable integration risks.

History of our Group

Our Group's wind energy business traces its roots back to Suzlon Energy Limited, which was incorporated in 1995. Soon after our incorporation, we entered into a technical advisory and services agreement with Sudwind Energiesysteme GmbH (previously known as Sudwind Windkruftanlagen GmbH), a German company with experience in WTG technology, to obtain the needed technical expertise to manufacture cost-efficient and modern WTGs.

We initially manufactured and supplied WTGs for a 3.34 MW windfarm project in Gujarat using 0.27 MW and 0.35 MW WTGs. By 1998, we had integrated the technology for 0.35 MW WTG in accordance with our technical collaboration agreement with Sudwind Energiesysteme GmbH. We were also granted the right to manufacture and sell the 0.35 MW models in Asia under the terms of this technical collaboration agreement. We have also independently designed, developed and launched the MW and multi-MW series of WTGs, becoming one of the first Asian companies to manufacture 1.00 MW, 1.25 MW and 2.00 MW WTGs.

For more information on our corporate structure and our relationship with our Associate Companies, see "Structure of our Group" page 80 of this Prospectus and "History and Certain Corporate Matters" on page 91 of this Prospectus.

Wind Farms

In implementing the "integrated solutions" approach for our Indian customers, we, along with other members of our Group, have developed and implemented several large-scale wind farms located throughout India. The concept of wind farms has been implemented in many countries, primarily in the United States and Western Europe. The advantage of wind farms is primarily related to expected economies of scale. The larger the wind farm, the greater the number of WTGs that can be installed, leading to project costs being lower on a per WTG basis. Similarly, larger projects have lower operations and maintenance costs per kilowatt-hour due to efficiencies obtained in managing a larger wind farm. According to a study by the American Wind Energy Association dated February 2005, assuming the same average wind speed of 18 mph and identical WTG sizes, a 3.00 MW wind project delivers electricity at a cost of approximately US$ 0.059 per kWh while a 51.00 MW project delivers electricity at approximately 40% less cost at US$ 0.036 per kWh.

Detailed study on wind energy resources in India for the installation of wind power projects was started in 1986 by the MNES and is currently conducted by CWET. The programme involves the identification of locations with strong winds that are close to electricity grids and have adequate land available nearby for prospective wind power projects. Once these have been identified, wind monitoring stations are established and data on wind speed and direction is collected and processed over time at various heights in a particular location. We use the data collected by CWET to conduct our own wind resource mapping activities in areas, which we believe may be suitable for wind farms. Once we are satisfied with the suitability of an area, our Associate Companies, SRL and SIL, undertake land acquisition and infrastructure development activities. We supply customers with WTGs, including rotor blades and towers, which are installed and commissioned by SIL. Operations and maintenance

services for wind farms developed by our Group are provided by our subsidiary, SWSL.

Since our incorporation we and our Associate Companies have developed several wind farm projects, including:

- ***Vankusawade.*** Located on a mountain plateau 1,150 metres above mean sea level in the Satara District of Maharashtra, this site is located on one variable and rugged terrain with a length of approximately 29 kilometres. As of March 31, 2005, our Group had installed and commissioned 556 WTGs of 0.35 MW each and seven WTGs of 1.00 MW each for various customers. Facilities at the site include five CMSs, which are linked to our corporate office through V-SAT facilities. Our Group has also constructed a 220/33 kV sub-station at this site with a capacity of 150 MVA.
- ***Kovdya Dongar.*** Kovdya Dongar is approximately 80 km from the town of Pune, Maharashtra. The site is located on a plateau, 950 metres above mean sea level altitude, and has high southwesterly winds for a large part of the year because of its vicinity to the sea and its altitude. As of March 31, 2005, our Group has installed and commissioned 57 WTGs of 1.00 MW each for various customers. Facilities at the site include one CMS, which is also linked to our corporate office through V-SAT facilities. Our Group has also constructed a 110/33 kV sub-station at this site with a capacity of 100 MVA.
- ***Sankeneri.*** Located in Tamil Nadu near Kanyakumari with a planned capacity of up to 500 MW. As of March 31, 2005, our Group has installed and commissioned one WTG of 2.00 MW, 212 WTGs of 1.25 MW, one WTG of 1.00 MW and five WTGs of 0.35 MW . Facilities at the site include one CMS linked to our corporate office through V-SAT facilities, with another CMS under construction. Our Group has also constructed a 220/33 kV sub-station at this site with a capacity of 100 MVA.
- ***Jaisalmer.*** Located at Jaisalmer in the State of Rajasthan, as of March 31, 2005 this site had installations of over 160.00 MW consisting of 82 WTGs of 0.35 MW, 7 WTGs of 1.00 MW, 106 WTGs of 1.25 MW. Facilities at the site include two CMSs linked to our corporate office through V-SAT facilities. Our Group has constructed a 220/33 kV sub-station at this site with a capacity of 100 MVA.
- ***Chitradurga***. Located at Jogimatti, Taluka Chitradurga in Karnataka, at 1,120 meters above sea level. The terrain of the site is hilly plateau; and is located around seven kilometres from Chitradurga and is accessible from the Bangalore-Mumbai highway. The total area of the wind farm site is 4.76 hectares, which is suitable for a 20 MW wind farm. Our Group has constructed a 33/66 KV sub-station at this site with a capacity of 25 MVA. As of March 31, 2005, our Group has installed and commissioned 19 WTGs of 1.25 MW each.

We and our Associate Companies are in the process of developing other wind farms, particularly in the States of Gujarat, Maharashtra, Kerala, Tamil Nadu, Andhra Pradesh and Karnataka.

Products

Our core competencies are designing, developing and manufacturing cost-efficient WTGs, including developing and manufacturing some of the key WTG components such as rotor blades for our MW and Multi-MW class of WTGs, control panels, nacelle cover and tubular towers.

Our Product Range

Our product range covers a wide range of models, from the S.33 with 0.35 MW nominal output to the S.88 with 2.00 MW nominal output. We believe our range of WTG models allows us to supply different types of WTGs that can suit the varying needs of our customers, in terms of both cost and wind conditions at a proposed WTG site. The following table provides an overview of the types of WTGS that we currently offer:

WTG Model	Year first Sold	Number of units sold[1]
2000 KW	2003-04	1
1250 KW	2002-03	598
1000 KW	2000-01	79
950 KW	2003-04	24
350 KW	1995-96	785
270 KW	1995-96	2
		1,489

(1) *As of March 31, 2005.*

Apart from their nominal output and size, the various WTGs in our product range vary primarily in the technology used for output regulation. Whereas our smaller turbines principally use the less complex stall regulation technology, the larger turbines, starting at 0.95 MW capacity, are typically equipped with pitch regulation. See "Wind Energy and Wind Turbine Generators – Wind Turbine Generators – Power regulation and limitation (stall and pitch regulation)" on page 86 of this Prospectus. We believe that the advantages offered by the higher energy yield of these pitch-regulated models will in certain circumstances compensate for the higher costs associated with pitch regulation. Almost all our WTGs feature an advanced control system that includes precisely calibrated sensors that monitor factors such as temperature, wind speeds and vibrations. Our rotor blades are manufactured using the advanced Vacuum Assisted Resin Infusion Moulding, or VARIM. We believe that this results in each rotor blade having a lower weight-to-swept area ratio that assists in reducing the cost per kWh of energy produced by WTGs manufactured by us.

The following overview illustrates the distribution of our WTGs in our most important sales markets as of March 31, 2005:

Country	**2.00 MW**		**1.25 MW**		**1.00 MW**		**0.95 MW**		**0.35 MW**		**0.27 MW**		**Total**	**Total**
	No. of WTG	**Total MW**	**No. of WTG**	**Total MW**	**No. of WTG**	**Total MW**	**No. of WTG**	**Total MW**	**No. of WTG**	**Total MW**	**No. of WTG**	**Total MW**	**WTG**	**MW**
India														
Maharashtra	—	—	44	55.00	67	67.00	—	—	556	194.60	—	—	667	316.60
TamilNadu	1	2.00	310	387.50	1	1.00	—	—	51	17.85	—	—	363	408.35
Rajasthan	—	—	106	132.50	5	5.00	—	—	82	28.70	—	—	193	166.20
Gujarat	—	—	36	45.00	—	—	—	—	96	33.60	2	0.54	134	79.14
Karnataka	—	—	95	118.75	—	—	—	—	—	—	-	-	95	118.75
Andhra Pradesh	—	—	2	2.50	6	6.00	—	—	—	—	—	—	8	8.50
Madhya Pradesh	—	—	5	6.25	—	—	—	—	—	—	—	—	5	6.25
Total (A)	**1**	**2.00**	**598**	**747.50**	**79**	**79.00**	**—**	**—**	**785**	**274.75**	**2**	**0.54**	**1,465**	**1,103.79**
USA-Minnesota (B)	—	—	—	—	—	—	24	22.80	—	—	**—**	**—**	24	22.80
Total (A+B)	**1**	**2.00**	**598**	**746.25**	**79**	**79.00**	**24**	**22.80**	**785**	**274.75**	**2**	**0.54**	**1,489**	**1,126.59**

During fiscal 2003 and 2004, we supplied 24 WTGs with 22.80 MW of nominal output for a wind farm project developed by DanMar and Associates Inc. in the state of Minnesota in the United States. This was the first order we received from an international customer. In the first quarter of fiscal 2006 we entered into agreements to supply 62 WTGs with 79.9 MW of capacity for wind power projects to be located in the states of Texas and Minnesota. Our order book comprises indicative orders we have received from customers but are pending execution. As such, there can be no assurance that the orders will not be cancelled or reduced or result in revenues or that we will receive payment as per the term agreed for any such orders

In addition to smaller WTGs with capacity of less than 1.00 MW, we also manufacture MW and Multi-MW class WTGs. Particularly notable in our product range are the 2.00 MW S.88, the smaller 1.25 MW and 1.00 MW models.

Multi MegaWatt Series

The S.88 2.00 MW series WTG is the largest capacity WTG model we manufacture. This model has a rotor diameter of approximately 88 metres, resulting into a swept area of approximately 6,082 square metres. It has a three-bladed rotor, each of approximately 42 metres in length. The S.88 has a cut-in wind speed of 4 m/s and can stay in operation up to a cut-out wind speed of 25 m/s, while reaching its rated output at approximately 14 m/s.

The S.88 has an electronic pitch regulation mechanism with three independent drives that turn the blades on its own axis to optimise and regulate the power output of the WTG. It is also equipped with a yaw system based on polyamide slide-bearings and electrically driven yaw drives to adjust the direction of the WTG depending on the direction of the wind.

The S.88 also has a conventional drive-train construction with a main bearing in the front of the rotor shaft that is connected to the gear-box at the other end. The gear-box is coupled with the generator, which has a flexi-slip mechanism attached to it that dampens gust loads by changing the effective value of the external resistors connected via slip-rings.

All the sub-systems of the S.88 are controlled by a micro-processor based control system that continuously monitors various parameters such as wind speed, wind direction, various operating and ambient temperature and power output, and controls the operation of the WTG to provide safe and efficient operational performance.

MegaWatt Series

Our MegaWatt series of WTGs is the largest selling member of our WTG product family as of the date of this Prospectus. These WTGs are structurally similar but vary according to rotor diameter, which are optimised according to the wind-class in which they are meant to operate. For example, the S.64 1.25 MW WTG has a rotor diameter of 64 metres while the S.66 1.25 MW WTG has a rotor diameter of 66 metres.

With a swept area of over 3,200 square metres, our MegaWatt WTG models have a cut-in wind speed of approximately 3 metres/second and reach a rated output of approximately 14 metres/second. The MegaWatt WTG models also have electronic pitch regulation mechanisms with three independent drives that turn the blades on their own axis to optimise and regulate the power output of the WTG. Similar to the S.88 Multi MegaWatt WTGs, they are equipped with a yaw system based on polyamide slide-bearings and electrically driven yaw drives to adjust the direction of the WTG depending on the direction of the wind.

Our MegaWatt WTG models also have a conventional drive-train construction with a main bearing in the front of the rotor shaft that is connected to the gear-box at the other end. The gear-box is coupled to the generator through a fluid coupling which acts as a slip mechanism to dampen the loads.

As is the case with our S.88 Multi MegaWatt WTGs, the sub-systems of our MegaWatt WTG models are controlled by a micro-processor based control system that continuously monitors various parameters such as wind speed, wind direction, various operating and ambient temperature and power output, and controls the operation of the WTG to provide safe and efficient operational performance.

Product Warranties

We provide customers, which purchase our WTGs a generation warranty that can consist of either an absolute "unit" warranty on the total number of units of electricity that will be generated by the WTG or a power curve warranty on the number of units of electricity that will be generated by a WTG at different wind speeds. These generation warranties generally extend for periods ranging from one to three years from the date a WTG is commissioned.

From time to time, we receive complaints from our customers in relation to WTGs supplied by us. These complaints result in our having to perform repairs to WTGs, replace parts of WTGs and address claims relating to the warranties given by us. During the period April 1, 2002- August 31, 2005, we had received a total of 124 customer complaints (including a complaint from TN Spinning Mills Association), of which we have addressed 14 by way of replacements or repairs of major components including replacement of the entire WTG in 1 case and substantial components of the WTG in 5 cases during the warranty period and 81 by way of settlement of warranty claims. We defray these claims from the annual warranty provisions made by us. We are in the process of evaluating the balance 29 complaints.

The details of the warranty claims from our customers are as set out below:

Sl. No.	Nature of claim	No of claims during the period ended			
		March 31, 2003	March 31, 2004	March 31, 2005	June 30, 2005
1.	"Unit" warranty	12	17	21	10
2.	PLF Guarantees	3	4	4	Nil
	Total amount paid for warranty and guarantee claims (in Rs. million)	24.3	14.4	57.4	26.8

For more information, see the section titled, "Risk Factors- We face product liability and warranty risks and may face related claims" on page xx of this Prospectus.

Services

Our aim is to provide, in coordination with our Associate Companies, integrated wind energy solutions for our customers in India. In addition to our manufacture of WTGs, these solutions cover the entire technical value chain, from the identification of suitable sites and the planning of wind farms to their technical implementation. For a typical 1.25 MW WTG project, approximately 2% to 3% of the total cost to the customer covers the cost of acquiring the necessary land from SRL, approximately 16% to 20% relates to the cost of infrastructure development, including power evacuation facilities, and the balance covers the cost of the WTG.

At present, our Associate Companies and we offer the "integrated solutions" package described below only to our customers in India as we have, over the years, built up extensive local expertise in wind resource mapping throughout India and in identifying suitable sites for wind farms. For customers in other geographical markets our activities are currently limited to the supply of WTGs. Installation and O&M services in markets outside India are currently furnished by local service providers. The following graph illustrates the services our Group provides:

Planning of Wind farm Systems	Land Acquisition	Development and Technical Design	Infrastructure Development and Installation	Operation and Maintenance Services
• Identifying suitable sites based on wind resource data collected by the Government and by us • Inspecting the sites • Calculating capacity and sound levels • Analysing safety and network capacity	• Acquisition of suitable sites through Associate Companies • Associate Companies negotiate with the land owners • Associates Companies undertake to provide such sites exclusively to our customers	• Micrositing and identifying exact locations where a WTG shall be installed • Bringing together the individual WTGs and electrical components into a total solution while taking into account safety and capacity factors	• Construction and development of infrastructure for entire wind farms undertaken through Associate Company • Building of approach roads, evacuation facilities and levelling of land for WTG tower foundations by Associate Company • Installation and commissioning of WTGs by Associate Company	• Round-the-clock remote and on-site monitoring and maintenance and repair of WTGs • Preventive and planned maintenance of WTGs, transformers and related structures • Operational warranty provided for the WTGs

Planning of wind farms

Planning wind farms includes identifying suitable sites based on wind resource data collected by us from both Government sources and from our own independent studies, inspecting the sites, calculating capacity levels, analysing project feasibility and the availability of power transmission facilities.

Land acquisition

Government land

In certain states, we and our Associate Companies apply to the relevant state governments for the allocation of land to be used for wind power projects according to the current policies in these states. In cases involving the acquisition of land classified as "forest land", we and our Associate Companies apply to the relevant government department for the diversion of the forest land under the applicable policies for such diversion so that it can be used for wind power projects. Thereafter, the state government or government department concerned processes the application and, if the application is approved, allocates the

land for the development of wind power projects. Upon obtaining these approvals, we proceed with the development of the plans and designs needed to make the land suitable for wind power projects, which plans and designs are implemented by our Associate Companies. The land allotted by the government can also be transferred to third parties, such as our customers, through either a lease or a sub-lease.

Private Land

Our Associate Companies acquire suitable sites that we have identified and undertake to provide such sites exclusively to our customers. This involves extensive negotiations with the landowners, particularly in the case of privately-owned land, and can involve litigation between and Associate Company and private landowners in which we can be named as parties.

See "Risk Factors - We and our Associate Company may not be able to secure suitable locations for wind farm projects" on page xxi of this Prospectus, "Risk Factors - We have been named as parties in several litigation proceedings against our Associate Companies relating to acquisition of private land by our Associate Companies for the setting up windfarm projects" on page xxii of this Prospectus, "Structure of our Group" on page 80 of this Prospectus and "History and Certain Corporate Matters – Agreements with group companies – Agreement for use of land" on page 95 of this Prospectus.

Development and technical design of wind farms

The overall design process of a wind farm involves bringing together the individual WTGs and electrical components into an integrated solution while taking into account safety and capacity factors. Our services include micrositing, which involves the identification (through the use of sophisticated computer models) of the exact locations where a WTG shall be installed taking into consideration the requirements of distance between two WTGs. Micrositing helps maximise land utilsation at each suitable site and assists in optimising power generation at each site.

Infrastructure development and installation of WTGs

The construction and development of infrastructure for entire wind farms is undertaken by our Associate Company, SIL. These activities include building of approach roads, evacuation facilities such as transmission lines to the nearest sub-stations – in some cases sub-stations as well – and levelling of land for WTG tower foundations. Installation of WTGs is also undertaken by SIL. First the tower is erected, after which the nacelle, hub and rotor blades are positioned and assembled with the aid of cranes. The final steps are the installation of electrical components, grid connections and commissioning. Further, each of our WTGs erected at the larger wind farm sites are connected to a CMS that is used for O&M activities. See "Structure of our Group" on page 80 of this Prospectus and "History and Certain Corporate Matters – Agreements with group companies – Agreement for installation services" on page 95 of this Prospectus.

Operation and maintenance services

We offer O&M services for our WTGs, which includes round-the-clock remote and on-site monitoring, maintenance and repair of the WTGs. Our service package includes preventive and planned maintenance of WTGs, transformers and related structures. We also provide free repair and maintenance services for periods generally ranging from one to three years after WTG commissioning. See "History and Certain Corporate Matters – Agreement with Group Companies – Agreement for O&M services" on page 96 of this Prospectus.

Through SWSL we also provide O&M services to WTG customers, pursuant to agreements with terms ranging from as short as one year to as long as 17 years, with the typical term being from three to five years. These agreements are usually entered into once the free repair and maintenance period we offer has expired. As part of our O&M services, we provide a warranty on machine availability, which ranges from 95% to 97%, depending on the agreement reached with the customer, as well as warranties relating to the maximum allowable percentages of reactive power and transmission losses. After the initial operations and maintenance agreement period expires, we encourage customers to renew their service agreements with us, with a view to servicing our WTGs throughout their entire 20-year life cycle. Customers are charged an annual maintenance fee per WTG that includes preventive maintenance and repair services, as well as the cost of spare parts up to a certain amount. As of March 31, 2005, we employed approximately 656 persons to provide operations and maintenance services to our customers. Prior to fiscal 2005, SWSL was wholly-owned by members of our Promoter Group and operations and maintenance services for our WTGs were subcontracted by us to SWSL. In April 2004, we acquired a 100% ownership interest in SWSL from members of our Promoter Group for which we paid a total consideration of Rs. 72.4 million.

We believe that the warranties we provide and the O&M services we offer help assure customers that our WTGs will operate as expected, both with regard to their availability and the level of electricity generated. For the years ended March 31, 2004 and March 31, 2005, we paid customers Rs. 109.4 million and Rs. 200.3 million, respectively, arising from warranty guarantee claims.

Manufacturing Facilities

Our main manufacturing facilities are located in Diu, Daman and Pondicherry. Our WTGs are manufactured in all three locations, while our Daman and Pondicherry facilities also manufacture nacelle covers and rotor blades for our MW and Multi-MW WTGs. Control panels are manufactured in our Daman facility. Manufacturing units in Diu, Daman and Pondicherry are currently eligible for various fiscal incentives.

The following tables sets forth information regarding our existing manufacturing facilities, the installed capacity of each and details of available income tax concessions available for these facilities.

Location	Product	Installed Capacity	Operational since	Last year for 100% income tax holiday	Last year 30% income tax holiday
Diu	WTGs	100	1996-97	2000-01	2005-06
Daman	WTGs	300	1999-00	2003-04	2008-09
Daman	Rotor Blade for WTGs (Sets)	420	2001-02	2005-06	2010-11
Pondicherry	WTGs	720	2003-04	2007-08	2012-13
	Rotor Blade for WTGs (Sets)	790	2003-04	2007-08	2012-13
Daman	WTGs	120	2003-04	2007-08	2012-13

Our goal is to develop and manufacture key WTG components in-house, while at the same time coordinating the sourcing of other components and raw materials commonly available on the open market from outside suppliers. We presently concentrate on manufacturing some of the key WTG components, such as rotor blades for our MW and Multi-MW class of WTGs, control panels, nacelle covers and tubular towers. Beginning March 2005, we began manufacturing a portion of our tubular tower requirements through our 75%-owned subsidiary, Suzlon Structures. We expect to begin manufacturing a significant portion of our generator requirements through our 74.9%-owned subsidiary, Suzlon Generators, which commenced trial production on September 5, 2005. The remaining components and various small parts are sourced from outside manufacturers either on a purchase order basis or pursuant to negotiated supply agreements. These include castings, rotor blades for our 0.35 MW WTGs and various mechanical components (such as gearboxes, pitch bearings, shafts and brakes). We also source raw materials for rotor blade manufacturing, such as glass fibres, foam and epoxy resin, from outside suppliers. We expect to continue to source a portion of our tubular tower and generator requirements from outside suppliers.

Components not manufactured in-house and the raw materials for rotor blades and tubular towers are generally sourced from two or more suppliers. However, gearboxes for our WTGs are sourced solely from Winergy AG and rotor blades for our 0.35 MW WTG model are sourced exclusively from LM Glasfibre (India) Ltd. As the gearboxes for our WTGs and the rotor blades for our 0.35 MW WTG must be customised to meet the specific requirements our WTGs, we have worked closely with Winergy AG and LM Glasfibre India Ltd. so that each supplier has the ability to meet the necessary quality and technical standards for these components. It would be time-consuming and costly for us to qualify other suppliers for these components. See "Risk Factors – We are dependent on external suppliers for key raw materials and components".

In addition to our existing facilities, we are setting up new manufacturing facilities in India and expanding our existing storage facilities at Pondicherry, with a view to reducing dependence on vendors for key components, to rationalise our costs and to address the logistical needs in the delivery of our products. Given the (a) size of the potential market for WTGs in China, (b) requirements that a certain percentage of WTG project components be sourced from Chinese-based manufacturers and (c) the cost of shipping WTG components from India, we plan to construct an integrated WTG manufacturing facility in China that would manufacture WTGs and key components such as rotor blades, generators, gear boxes, towers and control panels. In the

United States, we plan to construct rotor blade and tubular tower manufacturing facilities so as to reduce the costs associated with the outsourcing and/or shipping of these key WTG components and to ensure timely supply of WTGs to customers. For more information on our planned new facilities, see "Objects of the Issue " on page 29 of this Prospectus.

Sales and Marketing

Our WTGs are primarily sold by us through our sales and marketing team based in India and by our foreign sales and marketing subsidiaries and branch offices.

India

We have divided the Indian market according to the states where we have identified suitable sites for wind energy projects, specifically Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Karnataka, Madhya Pradesh and Andhra Pradesh. Marketing for each state is under the supervision of a senior management executive who directly reports to our Chairman and Managing Director. We also have sales offices in key cities such as Pune, Bangalore, Chennai, Coimbatore, Hyderabad, Ahmedabad, Rajkot, Surat, Jaipur, Calcutta, Mumbai, Indore and New Delhi.

The marketing team focuses on three types of customers: (a) companies that have manufacturing units with high power consumption; (b) companies with high profitability and/or surplus liquidity that seek investment opportunities with stable returns and that offer tax benefits; and (c) power utilities and state nodal agencies. These potential customers are contacted by our marketing team, introducing them to our Group and the potential benefits of wind power. Our team conducts regular follow-up calls and visits and provide potential customers with detailed working and feasibility studies regarding wind power projects. We also organise site visits to existing wind farms. From time to time, we also obtain customers through participation in tenders by utilities, state nodal agencies and public-sector entities. As part of our standard practices, we also conduct credit checks and review the balance sheet of each potential customer in order to ensure that it has the financial capacity to acquire and operate our WTGs.

As of March 31, 2005, we employed 66 people in sales and marketing for India. As of March 31, 2005, we have sold 1,465 WTGs to Indian customers and the performance of these WTGs has resulted in a number of repeat orders from customers such as Bajaj Auto Limited, Ellora Time Ltd., the Ramco Group, MSPL Limited, and Vishal Exports Overseas Ltd. and REI Agro Ltd.

Upto June 30, 2005 we have agreements to supply 255 WTGs with 312.05 MW capacity to various customers. Our order book comprises indicative orders we have received from customers but are pending execution. As such, there can be no assurance that the orders will not be cancelled or reduced or result in revenues or that we will receive payment as per the term agreed for any such orders .

International Markets

We are currently expanding our presence internationally, with an emphasis on North America, China and Australia. Our global marketing, sales, project and service activities are managed by our Danish subsidiary, Suzlon Energy A/S. Our international marketing activities primarily consist of cultivating contacts with wind power project developers with a view to supplying WTGs for wind power projects developed by them, advertisements placed in professional industry journals, attendance at national and international energy fairs, such as the Hanover Fair, PowerGen, WindTech Husum and PowerExpo, as well as conferences and professional seminars conducted by trade associations and various wind energy associations, such as the American Wind Energy Association and the British Wind Energy Association.

United States

In 2001, we incorporated SWECO in order to establish a presence in the United States, which is among the top three wind energy markets in the world in terms of cumulative installations. As of March 31, 2005, we employed 16 people in marketing, sales, projects and services for the United States. We expect to target the following types of customers: (a) companies interested in investing in renewable energy sources; (b) utilities; (c) wind energy project developers; and (d) municipalities, schools and cooperatives interested in establishing captive power facilities.

We intend to focus on establishing ongoing business relationships with a core group of key customers, strategic investors and financial investors, with a view to gaining access to wind power projects that these entities propose to undertake, as well as

securing exclusive WTG supply agreements with these entities. We focus our direct sales efforts in three main geographic areas: the Midwest, the South (Texas, Oklahoma) and the West (California), which will allow us to concentrate on utilities and independent service operators in areas that we believe have growth potential. We may also offer customers assistance in obtaining project finance and also provide technical services relating to the installation, O&M of WTGs.

As of June 30, 2005 we have agreements to supply 62 WTGs with 79.9 MW capacity for wind power projects to be located in the states of Texas and Minnesota in the United States. Our order book comprises indicative orders we have received from customers but are pending execution. As such, there can be no assurance that the orders will not be cancelled or reduced or result in revenues or that we will receive payment as per the term agreed for any such orders. During fiscal 2003 and 2004, we supplied 24 WTGs with 22.80 MW of nominal output for a wind farm project developed by DanMar and Associates Inc. in the state of Minnesota in the United States.

Europe

We have established Suzlon Energy A/S in Denmark as our global headquarters for sales outside India. We also plan to establish several marketing and project offices for the European market. As of March 31, 2005, we employed 15 people in marketing, sales, projects and services in Europe. We expect our customers in Europe to consist primarily of power utilities, wind power project developers and private investors. Initially, we intend to market our WTGs in Scandinavia, the Baltic region and Southern Europe. We may also offer customers assistance in obtaining project finance and also provide technical services relating to the installation, O&M of WTGs.

On May1, 2005, we acquired, through SEG, a company that we intend to use in order to install a 2.0 MW series demonstration WTG in Olsdorf, Germany. For details see "Business - Group Structure" and "Our Promoters" on page 80 and 110 respectively of this Prospectus.

Asia Pacific (Australia and New Zealand)

Marketing activities in Australia and New Zealand are conducted by Suzlon Energy Australia Pty. Ltd., which employed nine people in marketing, sales, projects and services as of March 31, 2005. We believe that both Australia and New Zealand have substantial renewable energy resources, including wind. Customers are expected to be primarily power utilities and wind power project developers. We intend to establish market presence by undertaking a pilot project to demonstrate our capabilities as a WTG manufacturer. We also intend to undertake direct sales to both wind power project developers and utilities. We may also offer customers assistance in obtaining project finance and provide technical services relating to the installation, O&M of WTGs.

China

We have opened a representative office in Beijing, which employed four people in sales and marketing as of March 31, 2005. As of December 31, 2004, China was among the top ten nations in terms of installed wind power capacity according to the March 2005 report of BTM Consult ApS. The Chinese government is encouraging development of renewable energy sources and has declared its intention to get 10% of its electricity from renewable energy sources by 2020. We plan to incorporate a local subsidiary by the end of calendar 2005, through which we plan to construct a fully-integrated WTG manufacturing facility in China. As the energy market in China is currently dominated by state-owned utilities, we expect that these state–owned utilities and their subsidiaries will be our primary customers.

Customers

Our customers in India are primarily: (a) companies that have manufacturing units with high power consumption; (b) companies with high profitability that seek investment opportunities with stable returns and that offer tax benefits; and (c) power utilities and state nodal agencies. Among our Indian customers are Alembic Ltd., Amarjothi Spinning Mills Ltd., Amarjothi Power Generation and Distribution Co. Ltd., Godrej Agrovet Ltd., Maharashtra Seamless Ltd., Revathi Equipment Ltd., Savita Chemicals Lts., Shriram City Union Finance Ltd., Tamilnadu Newsprint & Papers Ltd., Bajaj Auto Limited, Ellora Time Ltd., the Ramco Group, Vishal Exports Overseas Ltd., Godrej Industries Limited, MSPL Limited and REI Agro Ltd. In international markets, our first international order was to supply 24 WTGs with 22.80 MW of total installed capacity for DanMar and Associates Inc., which developed a wind farm project in the state of Minnesota in the United States. We have recently entered into agreements with customers in the United States to supply 62 WTGs with 79.9 MW of installed capacity for wind power projects in the states of

Texas and Minnesota. Our order book comprises indicative orders we have received from customers but are pending execution. As such, there can be no assurance that the orders will not be cancelled or reduced or result in revenues or that we will receive payment as per the term agreed for any such orders.

For the fiscal years ended March 31, 2004 and March 31, 2005, our single largest customer contributed 4.7% and 10.1%, respectively, to our revenues, or Rs. 404.0 million and Rs. 1,962.4 million. During each of fiscal 2004 and fiscal 2005, we generated 21.9% and 25.9%, respectively, of our revenues, or Rs. 1,877.5 million and Rs. 5,036.9 million, from our ten largest customers (excluding our top customer). The table below illustrates the concentration of our revenues among our top customers:

	Percentage of revenues For the year ended March 31,		
Revenue Concentration	**2003**	**2004**	**2005**
Top Customer	8.2%	4.7%	10.1%
Top 10 Customers (excluding our top customer)	42.1%	21.9%	25.9%

We also provide O&M services for all our customers. For this fiscal years ended March 31, 2004 and March 31, 2005, revenues from O&M services contributed 0.1% and 1.0%, respectively, to our total revenues, or Rs. 5.9 million and Rs. 203.9 million.

Quality Control and Product Certification

We have a long-standing focus on processes for ensuring the manufacture of high quality WTGs. Our design and manufacturing facilities and operations and maintenance services have been certified as ISO 9001:2000 by Det Norske Veritas, which provides an internationally recognised accreditation service for WTG design and manufacture. Our WTG models are designed for a 20-year life cycle and our rotor blades undergo extensive reliability and operational testing conducted by the Technical University of Delft.

Our WTGs are also designed to meet the standards set by the two internationally-recognised independent WTG certification bodies, Germanischer Lloyd and the International Electrotechnical Commission. Once we have completed a WTG design, the design is presented for type approval and certification in accordance with the Certification of Wind Energy Conversion Systems laid down by Germanischer Lloyd. We also obtain WTG certification from the CWET– an autonomous body attached to the Indian Ministry of Non-Conventional Energy Sources – which is affiliated with the Risø National Laboratory, another internationally-recognised WTG certification agency. The certification procedure includes review of results of type tests conducted on the WTGs, review of our quality control and review and assessment of the WTG design documentation. Type tests are conducted on our WTGs by internationally accredited, independent agencies such as Deutsches Wind Energie-Institut GmbH, Germany and the Indian Centre for Wind Energy Technology. Typically, the type approval and certification process takes nine to fifteen months.

During the course of the type certification process, WTG design, prototype performance and systems are independently assessed and verified, which assists in providing assurance to customers regarding the design, performance and safety of our WTGs. Further, banks and other financial institutions often require type certification for the WTGs that our customers propose to acquire to provide financing to our customers for their purchases. In most cases, however, we are allowed to sell our WTGs on a "self-certification" basis.

As of the date of this Prospectus, we have obtained CWET type certification and Germanischer Lloyd certification for several of our WTG models, including for our 1.25 MW WTGs. We are also in the process of obtaining type certifications for other WTG models. For details regarding type certifications for our WTG models, please see section "Licenses and Approvals" on page 265 of this Prospectus.

Logistics

The dimensions and weight of WTG assemblies are such that the delivery of WTG assemblies can, at times, constitute a considerable logistical challenge. These challenges, particularly in terms of transport vehicles and the state of transport routes, can create considerable problems, particularly in regions of India with less well developed infrastructure. It is for this reason that we conduct site suitability studies not only in terms of available wind resources but also in terms of accessibility and presence

of basic infrastructure. The costs of transport can make the delivery of our MW and Multi-MW WTG models substantially more expensive in certain regions. It is for this reason that we are expanding our manufacturing facilities in India to include locations that are in proximity to potential wind farm sites in southern and western India. For international markets, we plan to establish an integrated WTG manufacturing facility in China and rotor blade and tubular tower manufacturing facilities in the United States.

Suppliers

We purchase components such as gearboxes, generators, towers, bearings and castings from several different manufacturers. We have pursued a strategy of procuring these components from manufacturers who have established themselves as suppliers of components that are compatible with our WTGs and meet our technical and quality standards, either on a purchase order basis or through negotiated supply agreements. In order to minimise the risk regarding availability of key components and of competition, we have entered into exclusive supply agreements with some of our suppliers, pursuant to which such suppliers have undertaken to maintain a minimum level of inventory to meet our demand. In turn, we provide these suppliers with advances on orders, which range from 5.0% and 25.0% of the value of orders placed, depending on the supplier and the components involved. For each of fiscal 2004 and fiscal 2005, on a standalone basis, the cost of imported raw materials as a percentage of SEL's cost of raw materials was approximately 54.5% and 50.2%, respectively.

We manufacture rotor blades for our MW and Multi-MW WTG models at our manufacturing facilities in Daman and Pondicherry. Raw materials for rotor blades, such as glass fibre, foam and epoxy resin are sourced from several suppliers, such as Saertex Wagener GmbH & Co. KG, Owens Corning Enterprise (India) Pvt. Ltd. and Saint-Gobain Syncoglas N.V., on a purchase order basis. As these raw materials are in the nature of commodities, we are able to source them from other suppliers in the event our current suppliers cannot meet our manufacturing needs. We purchase rotor blades for our 0.35 MW WTG model solely from LM Glasfibre (India) Pvt. Ltd., the market leader for rotor blades, since this company meets our requirements as to product quality.

The chief supplier of tubular towers for India is Barakath Engineering Industries (P) Ltd., with whom we have entered into a five-year supply agreement for tubular towers. Gearboxes are supplied by Winergy AG, which is the market leader in gears for WTGs. The main suppliers of generators and generator components are Siemens Ltd. of India, Elin EBG Motoren GmbH and Winergy AG. We purchase gear rims and slewing rings from IMO Momentenlager GmbH, brake callipers from Svendborg Brakes A/S and yaw and pitch drives from Bonfiglioli Riduttori Spa. Bearings for WTG hubs are purchased from FAG Bearings India Ltd. and SKF India Ltd., while castings for our WTGs are purchased from Patel Alloy Steel (P) Ltd., in each case on a purchase order basis.

Both gearboxes for our WTGs and rotor blades for our 0.35 MW WTG are sourced from single suppliers, Winergy AG and LM Glasfibre (India) Pvt. Ltd., respectively, as each supplier has demonstrated the ability to meet the necessary quality and technical standards for these components and we believe that it would be time-consuming and costly for us to qualify other suppliers for these components. Beginning August 2005, we expect that Winergy AG will begin supplying us with gearboxes produced at its newly constructed Indian production facility. We expect that this will help reduce our overall production costs by reducing the cost associated with the acquisition of this key WTG component. See "Risk Factors – We are dependent on external suppliers for key raw materials and components".

We are in the process of increasing our backward-integration by undertaking the manufacture of generators through our 74.9%-owned subsidiary Suzlon Generators, and tubular towers through our 75%-owned subsidiary Suzlon Structures. Suzlon Generators is a joint venture with Elin EBG Motoren GmbH of Austria, or ELIN, for the manufacture of slip ring generators required for our WTGs. We provide management support and procurement services. ELIN is responsible for the initial start-up and commissioning of Suzlon Generator's manufacturing plant and providing the necessary technology and know-how required for the manufacture of slip ring generators. Manufacture of generators on a trial basis has commenced on September 5, 2005. See "Structure of our Group" on page 80 of this Prospectus and "History and Certain Corporate Matters – Joint Ventures" on page 94 of this Prospectus.

Suzlon Structures is a joint venture with the Kalthia Group for the design and manufacture of tubular towers, which are best suited for the higher and heavier WTG installations. We provide management support to Suzlon Structures while the Kalthia Group has operational responsibility for Suzlon Structures' manufacturing plant in Gandhidham, Kutch district in the State of Gujarat. Suzlon Structures commenced manufacturing of tubular towers in March 2005 and we expect to procure a significant

portion of our tubular tower requirements from Suzlon Structures. See "Structure of our Group" on page 80 of this Prospectus and "History and Certain Corporate Matters – Joint Ventures" on page 94 of this Prospectus.

As part of our strategy of increasing our backward integration, we may from time to time evaluate the feasibility of entering into similar joint venture agreements with partners that have developed expertise in the manufacture of key WTG components.

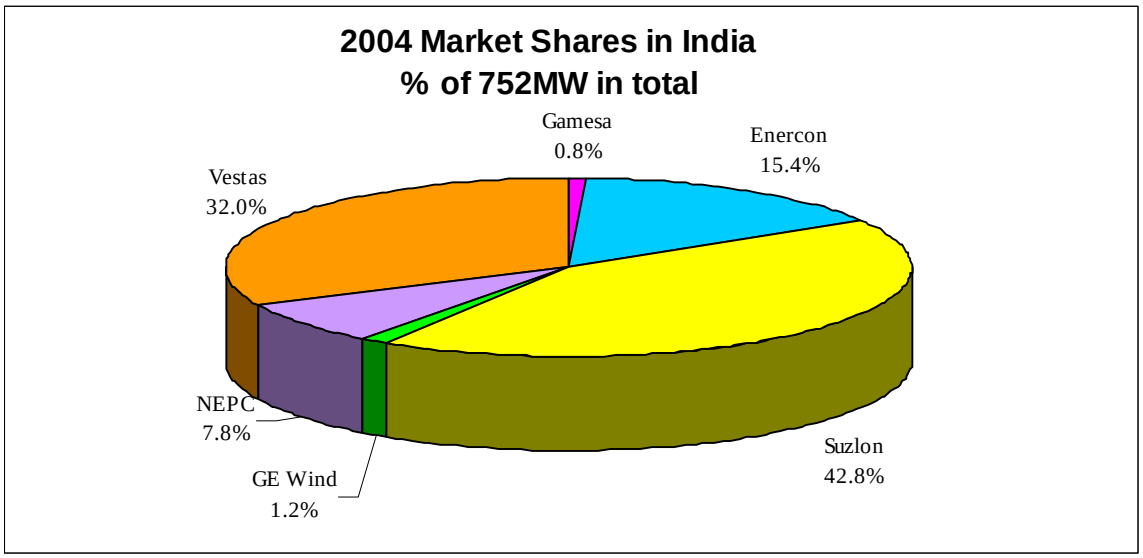
Competition

The WTG market is characterised by strong concentration among a small group of manufacturers. In calendar 2004, approximately 96.1% of the global market for WTGs, measured by installed capacity, was accounted for by only ten manufacturers, including us (*Source: BTM Consult ApS – March 2005*). Some individual regional markets such as China, India and Australia are dominated by just two or three manufacturers. Our primary competitors both in India and abroad are the Danish manufacturers, Vestas Wind Systems A/S and Bonus Energy (which was acquired by Siemens), the U.S. manufacturer G.E. Wind (which acquired the WTG manufacturer Enron Wind Corp.), Spanish manufacturer Gamesa Eó1ica, and the German companies Enercon GmbH, Nordex AG and REPower Systems AG. (*Source: BTM Consult ApS – March 2005*)

The following table sets forth our market share and that of our competitors based on annual installed capacity during 2004 and accumulated installed capacity as of December 31, 2004:

	Accumulated MW 2003	**Installed MW 2004**	**Share 2004 (%)**	**Accumulated MW 2004**	**Share (%)**
VESTAS (DK)	14,797	2,783	34.1%	17,580	36.7%
GAMESA (ES)	4,965	1,474	18.1%	6,438	13.4%
ENERCON (GE)	5,758	1,288	15.8%	7,045	14.7%
GE WIND (US)	4,428	918	11.3%	5,346	11.2%
SIEMENS (DK)	3,367	507	6.2%	3,874	8.1%
SUZLON (India)	463	322	3.9%	785	1.6%
REPOWER (GE)	893	276	3.4%	1,169	2.4%
MITSUBISHI (JP)	806	214	2.6%	1,019	2.1%
ECOTCNIA (ES)	531	214	2.6%	744	1.6%
NORDEX (GE)	2,219	186	2.3%	2,406	5.0%
Others	4,026	334	4.1%	4,359	9.1%
Total	**42,253**	**8,513**	**104%**	**50,766**	**106%**

In the Indian market, our primary competitors include the Indian joint venture of Vestas Wind Systems A/S and NEG Micon A/S, as well as the Indian joint venture of Enercon GmbH. The following chart illustrates our share of the Indian WTG market and that of our competitors based capacity installed during calendar 2004:



(Source: BTM Consult ApS – March 2005)

The types of wind turbines manufactured by our main competitors in India and that possess valid type approvals and class certifications are listed below:

Manufacturer	WTG Model	Capacity
Vestas RRB India Ltd.	V27 RD: 27m, HH: 31.5/50m	0.225 MW
	V39-500 kW with 47m RD: 47m, HH: 40/45/50m	0.50 MW
Enercon (I) Ltd.	E30 RD: 30m, HH 50.6m	0.23 MW
	E40/6.44/E2 RD:44m, HH:46/56.85m	0.60 MW
GE Wind Energy India	GE Wind Energy 1.5s RD: 70.5m, HH 64.7m/85m	1.50 MW
NEG Micon	NM48 RD: 48.2m, HH:45/50/55m	0.75 MW
	NM54/950 RD: 54.5m, HH:55/72.3m	0.95 MW
	NM82 RD: 82m, HH:70/78m	1.65 MW
BHEL (collaboration with Nordex AG)	Nordex N 50 (N50s R46 LM23.3 IECIA) RD:50m,HH:46M	0.80 MW
NEPC India Ltd.	NEPC 225 kW RD:52m,HH:45m	225 KW

(Source: Directory Indian Wind Power 2004)

Research and Development

We place great emphasis on continued research and development. Mastery of the construction of wind turbines in their entirety requires a precise interplay among the individual components parts to ensure the efficiency of the products. To this end, we have our research and development activities are undertaken through our two wholly-owned subsidiaries, AERH and SEG.

SEG designs and develops our new WTG models and focuses on upgrading and increasing the cost-efficiency of our existing WTG models. Our SEG team developed the design for our MegaWatt and Multi MegaWatt WTGs and is currently developing prototypes for 1.50 MW and 2.10 MW WTG models. SEG is also involved in customising the various WTG components to suit different climates, ranging from India's tropical climate to the extreme cold of northern Minnesota. As of March 31, 2005, SEG employed a total of 25 people. Our WTG design team is headed by T. Sphere, who has over 20 years of experience in the wind energy industry. See "Structure of our Group" on page 80 of this Prospectus and "Our Management" on page 100 of this Prospectus. In addition, we have recently incorporated a wholly-owned subsidiary in Germany, SE Drive Technik GmbH, as a research and development subsidiary for the design, development and manufacture of gear boxes prototypes for our WTGs.

AERH is a holding company for its wholly-owned subsidiary, AE Rotor Techniek B.V., or AERT. AERT designs and develops rotor blades, a critical component of WTGs, and also designs the moulds and tooling used for rotor blade manufacturing. Our team at AERT has developed designs for rotor blades for our 1.25 MW and 2.00 MW WTGs. Moulds and prototypes for rotor blades are designed by AERT, which are then built by our engineering teams in India and used in our manufacturing facilities. AERT provides on-line support to our mould, rotor blade and nacelle cover manufacturing units in India and conducts various training programmes in the Netherlands and in India for our employees. As of March 31, 2005, AERH employed a total of 24 people, including employees at AERT. Our rotor blade design team is headed by William Verheij, who has over 29 years of experience in rotor blade design and engineering. See "Structure of our Group" on page 80 of this Prospectus and "History and Certain Corporate Matters – Agreements for Technical Consultancy" on page 96 of this Prospectus.

Intellectual Property Rights and Technical Know-How

We are not currently involved in any material intellectual property litigation or enforcement. Although we believe we do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. If we were called upon to defend against a claim that we have infringed intellectual property rights, or were we compelled to litigate to assert our intellectual property rights, we could incur substantial legal and court costs and be required to consume substantial management time and resources in the process. See "Risk Factors - We may infringe on the intellectual property rights of others" on page xxix of this Prospectus.

Our application to the Registry of Trademark, Ahmedabad, for the registration of our Suzlon circle logo and WTG illustration is pending.

Like many of our competitors, we possess extensive technical knowledge about our WTGs. Our know-how is a significant independent asset, which cannot be protected by intellectual property rights such as patents, but only by keeping it secret. We are entitled to apply for registration of our product designs under the intellectual property laws of various countries. We have presently not made any applications for registration of any patents in any country. As a result, our employment contracts, particularly those with certain of our employees who have special technical knowledge about our WTGs or our business, contain a general obligation to keep all such knowledge confidential for the duration of the employee's employment with us, as well as assignment of rights provisions. For employees of our research and development subsidiaries, the confidentiality obligation extends for a period of two years after the termination of employment, though such provisions may be unenforceable. In addition to the confidentiality provisions, these employment agreements often contain non-competition clauses, which may not be enforceable.

We also require suppliers of key components to enter into non-disclosure arrangements to limit access to and distribution of our proprietary and confidential information.

See "Risk Factors – The failure to keep our technical knowledge confidential could erode our competitive advantage" on page xxviii of this Prospectus.

Insurance

We maintain insurance coverage on all office premises and manufacturing units owned by us against fire, earthquake and related perils. We also maintain insurance for orders outside India for our 0.35 MW, 0.95 MW, 1.00 MW and 1.25 MW WTGs. In relation to the policies taken outside India, contingencies such as property damage and machine breakdown are part of our industrial risk coverage and actual revenue loss due to business interruption is also covered. In addition, we maintain transit insurance for the transport by rail or by road of all incoming raw materials and outgoing goods to and from locations in India and transit insurance for the transport by sea or by air for all incoming raw materials and outgoing goods from outside India to within India. This transit insurance includes damages that may be caused due to contingencies such as inland transit strikes, riots and civil commotions.

All our insurance relating to office premises and manufacturing units in India and relating to the transit of goods contain "Agreed Bank Clauses'' which provide that any payments made under such policies are made to certain banks and financial institutions that have provided financing for the same.

We maintain insurance against any claim that may be made against each of our Directors and officers in their capacity as Directors while acting in that capacity.

Our insurance policies are generally for one year terms.

Human Resources

We are in a technology-driven industry and we believe that our employees are key contributors to our business success. Accordingly, we focus on attracting, training and retaining the best people possible. We believe that a combination of our position as a leading wind energy solutions provider, our working environment and competitive compensation programmes allow us to attract and retain talented people. We believe our relationship with our employees is generally good. Nevertheless, in June and July 2004, employees at our operations and maintenance centre at Vankusawade went on strike to demand revision in wages, allowance, overtime payments, and changes in working conditions such as lodging and boarding facilities, transport facilities, reorganisation of working pattern, which was resolved amicably in August 2004. Other than this strike, we have never experienced a work stoppage as a result of labour disagreements. Other than the employees at our operations and maintenance centre at Vankusawade, none of our employees belong to a union.

The following table sets out the number of our employees on a consolidated basis as of the end of the last three fiscal years:

Total Number of Employees	**As of March 31,**		
	2003	**2004**	**2005**
Sales and Marketing, Business Development and Corporate Affairs	34	46	70
Finance, Accounting, Audit and Legal	56	86	121
Production and Engineering	206	532	925
Purchasing and Imports	37	59	88
Human Resources and Administration	65	83	145
Projects and Operations & Maintenance	15	30	513
Research and Development & Q.A.	29	61	97
IT & EDP	9	23	34
Others	29	29	78
Total Number of Employees	**480**	**949**	**2,071**

Training

We place special emphasis on the training of our employees to enable them to develop their skills to meet changing WTG

technology and to provide efficient and effective O&M services. We focus on an initial learning programme for our trainees as well as continuous learning programmes for all our employees. All newly-hired employees are required to attend an intensive two- to four-week, full-time training programme to familiarise them with our business and operations. We have also established a training centre near Pune that is equipped with extensive and up-to-date facilities and which offers relevant training programmes.

Employee Retention and Care

We strive to foster a feeling of well-being in our employees through care and respect. We have several structured processes including employee mentoring and grievance management programmes which are intended to facilitate a friendly and cohesive organisational culture. Off-site activities are encouraged to improve inter-personal relationships. We also acknowledge the efforts exerted by our employees by organising an annual celebration called "Sumilan" where we recognise employees who have shown exceptional talent, sincerity and dedication.

For employees forming part of our operations and maintenance teams and who are based in remote wind farm sites, we provide residential, medical, recreational and communications facilities as part of the wind farm infrastructure.

Compensation and Performance Management

Our compensation policy is performance based and we believe it is competitive with industry standards in India. Our compensation packages are adjusted annually based on industry salary correction, compensation surveys and individual performance. From time to time, employees who have met or exceeded performance standards are awarded bonuses. We also award long-service bonuses to employees who have completed at least five years and ten years of service with us.

Employee Stock Option Plan

We have instituted a stock option plan to reward and help retain our employees and to enable them to participate in our future growth and financial success. The Plan includes provision for the grant of options to employees of SEL and the subsidiaries except our subsidiaries in the United States of America. We have granted stock options to employees pursuant to the Plan. Pursuant to the Plan, the company has granted 921,000 options to eligible employees at an exercise price, which is at a discount of 50% of the Issue Price. Under the terms of the Plan, 30% of the options will vest in the employees at the end of the first year, 30% at the end of the second year and the balance of 40% at the end of third year from the date of the grant. See the section titled "Capital Structure – Notes to Capital Structure- Employee Stock Option Plan" on page 26 of this Prospectus.

Employee Post-Retirement Benefits

Our India-based employees' post-retirement benefits include a provident fund and a gratuity. Both the provident fund and the gratuity have been approved by the relevant statutory authorities. All India-based employees earning up to Rs. 6,500 per month are entitled to provident fund benefits as laid down by Indian law. Each such employee makes monthly contributions to the plan equal to 12% of the employee's basic monthly salary and we contribute a matching amount. We have no further obligations under the plan beyond our monthly contributions.

We also provide a superannuation scheme for India-based employees who earn more than Rs. 6,500 per month. We make monthly contributions to the plan equal to 10% of the employee's basic monthly salary (27% for employees at general manager and higher level). We have no further obligations under the plan beyond our monthly contributions. For this purpose we have taken a group superannuation policy with the Life Insurance Corporation of India. The policy provides for the payment of an annuity on the retirement, resignation or death of the employee. The amount of the lump sum is based on the employee's individual contribution with the Life Insurance Corporation of India.

In accordance with Indian law, we also provide our India-based employees with a gratuity consisting of a defined contribution retirement plan covering all eligible employees. For this purpose, we have taken a group gratuity policy with the Life Insurance Corporation of India. The policy provides for a lump sum payment to long-term employees at retirement or upon termination of employment due to resignation, death or disability. The amount of the lump sum is based on the employee's basic salary and years of employment.

Our employees based in other jurisdictions, such as Denmark, the Netherlands, Germany, Australia and the United States, are provided such benefits as are required by law in each such jurisdiction.

Employee Insurance

We provide all our employees with group personal accident insurance and group life insurance. We also provide medical insurance coverage for employees at manager level and above, including their direct dependents, which includes hospitalisation benefits. We have also taken "key man" insurance for two of our directors and for two directors of our subsidiary companies. See the section entitled "Our Management" on page 100 of this Prospectus.

Socio-Civic Activities

We have always emphasized providing services to the communities in which we operate, with a strong focus on healthcare. To improve the living conditions of the people in the areas surrounding wind farms we have developed with our Associate Companies, we have set up dispensaries where free treatment and medication is offered to our employees and to the local population. We offer health education programmes and social services, such as family planning programmes and personal hygiene and health education programmes. We also organize regular dental check up camps, blood donation camps and vaccination drives in these areas.

Real Estate and Real Property

Our corporate headquarters is located at the Godrej Millennium, 5th Floor, 9, Koregaon Park Road, Pune 411 001. Our manufacturing facilities are located at Diu, Daman and Pondicherry.

We have nine properties located across India that we use for the purpose of our factories / units, out of which five are owned by us and four are leased. There are nine properties located across India that we use as office premises, of which eight are owned by us and one is leased. Further, we have eleven leased international offices across the world and one that we own. Additionally, we have leased 16 properties across India for the purposes of wind farms and we have leased approximately 54 properties across India for the purpose of guesthouses and / or offices.

Safety, Health and Environmental Regulation and Initiatives

We are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing our manufacturing processes and facilities. Such laws and regulations address, among other things, air emissions (particularly volatile organic compounds), waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of our raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless give rise to liabilities to the Government of India or the relevant State Governments and Union Territories where our manufacturing facilities are located. In addition, we may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses in order to maintain our current operations, curtail our manufacturing activities or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow. Safety, health and environmental laws and regulations in India, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities or our compliance costs may significantly exceed current estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations. See "Risk Factors — Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our results of operations and our financial condition."

To help maintain the health and safety of our employees, we provide employees at our facilities with periodic safety check-ups, safety equipment and continually update and distribute safety manuals. While minor accidents occur from time to time, no accidents which are reportable under Indian regulations have occurred since our incorporation.

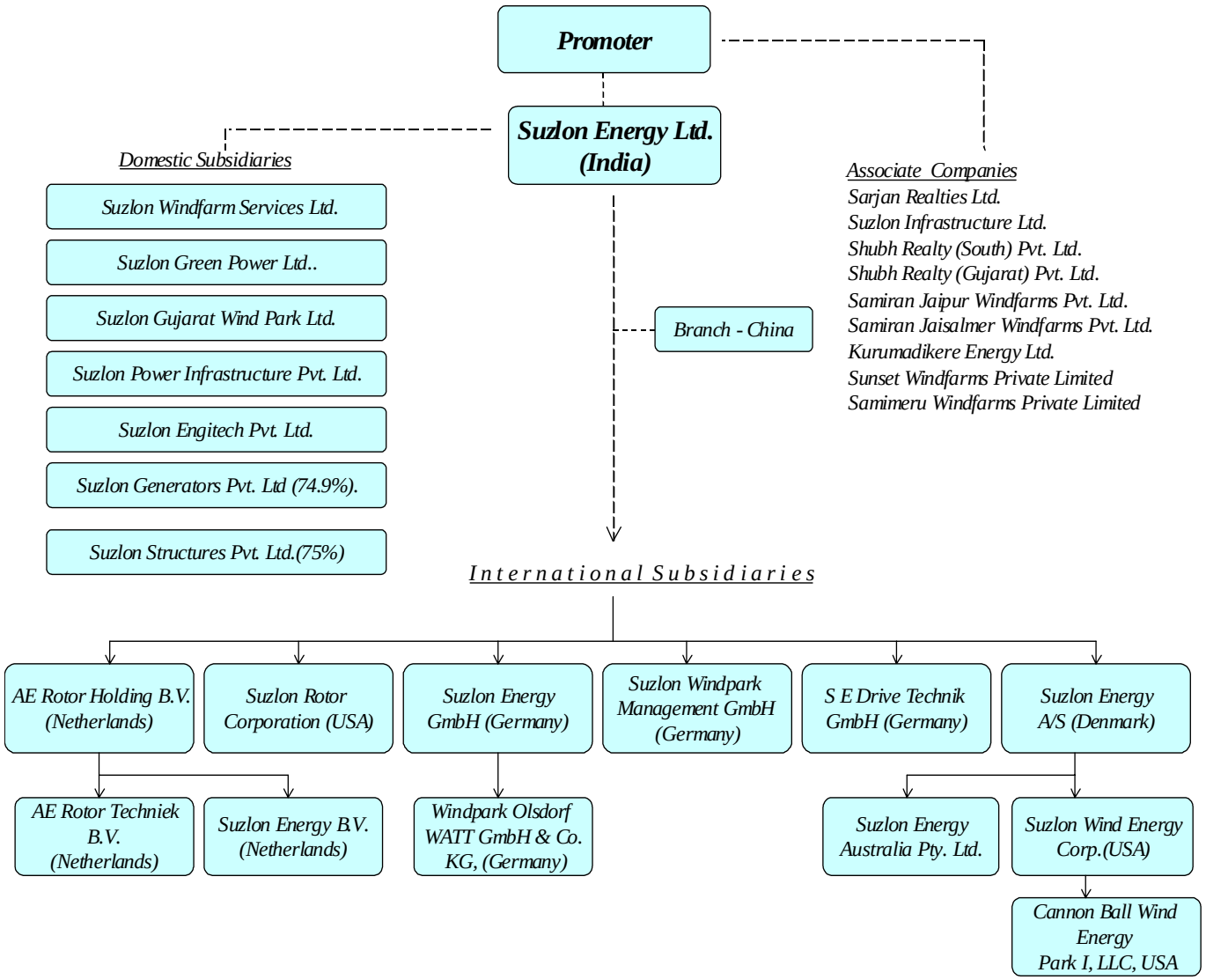
Legal Proceedings

See the section titled “Outstanding Litigation and Material Developments” on page 257 of this Prospectus.

Structure of our Group

Our Group is comprised of Suzlon Energy Limited, our domestic and international subsidiaries and some Associate Companies. Although we work closely with our Associate Companies, we do not have any equity interest in them and do not control them. See the section entitled “Risk Factors” on page xi of this Prospectus.

The following chart shows the current structure of our Group



Suzlon Energy Limited

Suzlon Energy Limited is responsible for the manufacture and marketing of WTGs in India. It is also manages and coordinates the business activities of its subsidiaries and is responsible for: business and product development activities in India; decisions regarding the location of manufacturing sites; identification of suitable sites for wind farms; and technical planning of wind farm systems.

Domestic Subsidiaries

Suzlon Windfarm Services Limited, or SWSL, provides O&M services to our customers, one of the most critical functions in the wind energy business. SWSL maintains a team of engineers and qualified technicians at various wind farm sites to provide 24-hour O&M services for our customers. SWSL also maintains the requisite infrastructure at the relevant sites, including CMS centres, necessary to control, operate and monitor the WTGs. SWSL also operates as an IPP nine WTGs at Rajasthan and Andhra Pradesh. SWSL was initially incorporated as one of our Associate Companies, with operations and maintenance services for our WTGs sub-contracted by us to SWSL. In April 2004, we acquired a 100% ownership interest in SWSL from members of our Promoter Group, for which we paid a total consideration of Rs. 72.4 million.

Suzlon Green Power Limited, or SGPL, is an independent power producing company incorporated with the primary aim of undertaking pilot wind farm projects that test and prove the commercial viability of our WTGs. To this end, SGPL has installed WTGs with a total installed capacity 5.80 MW in Maharashtra and Rajasthan. Our Board during its meeting on June 24, 2005 decided to sell our ownership interest in SGPL. The Board has constituted a committee consisting of two non-executive directors to oversee the execution of this sale as of the date of this the Prospectus, we have neither negotiated nor enter into any agreement to dispose off any of our shareholding in SGPL.

Suzlon Generators Pvt. Ltd., or Suzlon Generators, was incorporated in April 2004 and is a joint venture with Elin EBG Motoren GmbH of Austria, or ELIN, for the manufacture of slip ring generators required for our WTGs. We own 74.9% of issued and outstanding equity shares of Suzlon Generators and plan to provide management support and procurement services. ELIN will be responsible for the initial start-up and commissioning of Suzlon Generator's manufacturing plant and providing the necessary technology and know-how required for the manufacture of slip ring generators. Upon commencement of commercial production, we plan to purchase the generators manufactured by Suzlon Generators at a fixed mark-up to the cost of production. It is estimated that Suzlon Generators' manufacturing facility will have an installed capacity of 1000 MW. See "History and Certain Corporate Matters – Joint Ventures" on page 94 of this Prospectus.

Suzlon Structures Pvt. Ltd., or Suzlon Structures, was incorporated in May 2004 and is a joint venture with the Kalthia Group for the design and manufacture of tubular towers to be used in the installation of WTGs. Tubular towers are best suited for the higher and heavier WTG installations. We own 75% of the issued and outstanding equity shares of Suzlon Structures and provide management support. The Kalthia Group has operational responsibility for Suzlon Structures' manufacturing plant, which is located near Gandhidham, Kutch district in the State of Gujarat and which commenced production in March 2005. See "History and Certain Corporate Matters – Joint Ventures" on page 94 of this Prospectus.

During the three months period ended June 30, 2005, we acquired from members of our Promoter Group 100% ownership of ***Suzlon Gujarat Wind Park Ltd. Suzlon Power Infrastructure Pvt. Ltd*** *and* ***Suzlon Engitech Private Limited***, for a total consideration of Rs. 3.9 million. It is intended that Suzlon Gujarat Wind Park Ltd. will develop a wind farm in the State of Gujarat, taking advantage of the regulatory environment in Gujarat that provides incentives to providers of renewable energy sources. With regard to Suzlon Power Infrastructure Pvt. Ltd., we intend to use this subsidiary to construct power transmission facilities that will connect wind farms developed by our Group to power grids through the construction of sub-stations and transmission lines.

Research and Development Subsidiaries

Because the concept of, and technical expertise relating to, wind energy originated from Europe and major WTG certification agencies are also located in Europe, we have established a rotor blade technology development centre in the Netherlands through AE Rotor Holding B.V. and a WTG technology development centre in Germany through Suzlon Energy GmbH.

Suzlon Energy GmbH, or SEG, is a wholly-owned subsidiary engaged in developing and launching new WTG models, as well as in upgrading and increasing the cost-efficiency of our existing WTG models. SEG focuses on increasing energy generation at lower cost without sacrificing product quality. Through the efforts of SEG, we have been able to develop and commercially

manufacture our 1.00 MW, 1.25 MW and 2.00 MW WTG models. Our research and development team at SEG is currently engaged in developing higher capacity, direct drive WTGs. SEG is also involved in customising the various WTG components to suit the Indian climate. For example, the entire electronic control circuits have been designed with higher thermal tolerances in order to cope with India's high ambient temperatures, while electrical and electronic systems have been upgraded to withstand surges and power fluctuations. See "History and Certain Corporate Matters – Agreements with group companies – Agreements for technical consultancy" on page 96 of this Prospectus.

AE Rotor Holding B.V., or AERH, is a holding company for AE Rotor Techniek B.V. and Suzlon Energy B.V. AE Rotor Techniek B.V., or AERT, is a wholly-owned subsidiary of AERH engaged in research and development activities relating to rotor blade technology, a critical component of WTGs, including the development of moulds and tooling used for rotor blade construction. Our team at AERT has developed designs for rotor blades for our 1.25 MW and 2.00 MW WTGs and coordinates its activities with our rotor blade manufacturing team in India. Moulds and prototypes for rotor blades are designed by AERT, which are then built by our engineering teams in India and used in our manufacturing facilities. AERT provides on-line support to our mould, rotor blade and nacelle cover manufacturing units in India and conducts various training programmes in the Netherlands and in India for our employees. See "History and Certain Corporate Matters – Agreements with group companies – Agreements for technical consultancy" on page 96 of this Prospectus and "History and Certain Corporate Matters – Agreements with group companies – Agreement for product development and purchase" on page 97 of this Prospectus. Suzlon Energy B.V. was incorporated as a wholly-owned subsidiary of AERH for the purpose of marketing our WTGs in the Netherlands.

SE Drive Technik GmbH, was incorporated on July 16, 2005 as a wholly-owned research and development subsidiary in Germany. This company will undertake the design, development and manufacture of gear boxes prototypes for our WTGs. Presently this company has not commenced any commercial operations.

Overseas Manufacturing companies

Suzlon Rotor Corporation, was incorporated on August 10, 2005 as a wholly-owned subsidiary, in the United States of America in order to reduce the logistics costs of supply of our products to these markets. Accordingly, we expect to utilize a portion of the proceeds of the Issue for setting up a rotor blade manufacturing facility at Pipestone, Minnesota, USA. Presently this company has not commenced any commercial operations.

Overseas Managing and Demo Companies

Windpark Olsdorf WATT GmbH & Co. KG ("WOG") was acquired by us through SEG and Suzlon Windpark Management GmbH. WOG holds all the rights, claims, contracts and private and public permits to develop property in Germany and to use this property for the installation of a WTG with a power rating of up to 2.30 MW. We intend to use WOG as a vehicle to install and demonstrate our 2.00 MW series WTG in Germany. WOG was acquired with effect from May 1, 2005 from the sole limited partner of WOG pursuant to the terms of an agreement to acquire all of WOG's shares dated April 4, 2005. As a condition for the acquisition of WOG, SEG entered into an agreement dated July 21, 2005 to assume and become liable to pay the debts incurred by WOG in connection with contracts for the building WTG-related infrastructure, for the design of a WTG and for the lease of land on which the WTG was to be installed. The total amounts of these debts was EUR 267,500, which was paid on July 26, 2005 although SEG agreed to assume and become liable to pay all potential debt relating to these debts up to a maximum amount of EUR 380,000. In the letter no. SEL/SEC/ABAD/0109/05-06 dated July 26, 2005 addressed to the RBI, we had sought clarification on whether our 100 % owned subsidiary would require permission from the RBI for the acquisition of 100% of the shares of another foreign company. The RBI had vide letter no. Ref.No.FE.CO.OID2226/19.19.455/ 2005-2006 dated August 2, 2005 clarified that no prior approval would be required for such an acquisition. The consideration for the acquisition of WOG was EUR 2,500. This consideration has not been paid pending the registration of SEG as a partner in WOG. We intend to use internally generated funds to pay for our acquisition of WOG and for the amounts to be paid in relation to WOG's debts, which internally generated funds will not be replenished by proceeds from the Issue.

Suzlon Windpark Management GmbH, was recently incorporated as a wholly- owned subsidiary in Germany. This company has been incorporated to undertake the management of WOG, which as stated above, was acquired in collaboration with SEG.

Marketing Subsidiaries and Branch Offices

Suzlon Energy A/S (Denmark), or Suzlon Denmark, is our wholly-owned subsidiary that has been incorporated as our global headquarters for sales worldwide, except India, as Denmark is a recognized centre for the global wind energy business.

Suzlon Wind Energy Corporation (USA), or SWECO, is a wholly-owned subsidiary of Suzlon Energy A/S that markets WTGs in the United States. During fiscal 2003 and 2004, SWECO supplied 24 WTGs with 22.80 MW capacity for a wind farm project in Minnesota that was developed by DanMar and Associates Inc. and subsequently acquired by two private investors. This was the first international order for our WTGs. SWECO has a wholly-owned subsidiary, Cannon Ball Wind Energy Park-I, LLC, which is not operating as of the date of this Prospectus.

Suzlon Energy Australia Pty. Ltd., or Suzlon Australia, is a wholly-owned subsidiary of Suzlon Energy A/S that was incorporated in January 2004 in order to give us a presence in the emerging Australian market for WTGs.

We have a representative office in Beijing, China which we opened in September 2003 in order to begin marketing our WTGs in China. We have begun the process of incorporating a wholly-owned subsidiary in China.

Associate Companies

Together with our Associate Companies, we offer integrated wind power solutions to customers in India. As of June 30, 2005, we hold Rs. 56.5 million of preference shares in SIL and Rs. 10.0 million of preference shares in SRL. We do not hold any equity interest in our other Associate Companies. Neither do we have any ownership or exercise any control over the business activities of our Associate Companies, each of which is owned and controlled by our Promoter Group. We regularly provide financing to, and guarantee the obligations of, our Associate Companies pursuant to arms' length transactions as set forth in the terms of agreements for services we have entered into with such Associate Companies. We also lease certain of our properties to our Associate Companies, for which we receive rent. See "Risk Factors - We have a significant number of transactions with Associate Companies" on page xviii of this Prospectus, "Risk Factors - We are highly dependent on our Associate Companies in providing integrated wind energy solutions packages to customers in India; we do not control our Associate Companies" on page xvii of this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Transactions with Associate Companies" on page 250 of this Prospectus.

Sarjan Realities Limited, or SRL, is primarily engaged in acquiring land for wind farm projects. After we have conducted wind resource assessments and land surveys of sites suitable for development of wind farms, SRL, at our request, acquires land from owners either by way of purchase or lease. SRL then holds such land until a customer has executed a purchase order with us for supply of WTGs. Thereafter, SRL sells/leases/sub-leases portions of such land to such customers. Under the terms of an agreement for services between us and SRL, land acquired by SRL will be exclusively offered to our customers. See "History and Certain Corporate Matters – Agreements with group companies – Agreement for use of land" on page 95 of this Prospectus. SRL also operates two 0.35 MW WTGs in the state of Maharashtra.

Suzlon Infrastructure Limited, or SIL**,** is primarily engaged in developing wind farm related infrastructure and project execution and management for our customers on the land acquired by SRL. The laying of foundations for WTG towers, the construction of the control rooms, transformers, evacuation facilities, electricals, approach roads, erection and commissioning of WTGs and all other functions relating to the construction and development of the relevant wind farm site are handled by SIL for our customers. See "History and Certain Corporate Matters – Agreements with group companies – Agreement for installation services" on page 95 of this Prospectus. SIL also owns two 0.35 MW WTGs in Maharashtra and five 1.25 MW WTGs in Tamil Nadu. The acquisition of the WTGs in Maharashtra was financed by loans totalling Rs. 23.5 million extended by the Saraswat Co-operative Bank Limited, for which we issued a corporate guarantee. The acquisition of WTGs in Tamil Nadu was financed by loans totalling Rs. 175.0 million extended by the Saraswat Co-operative Bank Limited, for which we issued a letter of comfort to the bank. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Transactions with Associate Companies" on page 250 of this Prospectus.

Two new Associate Companies have been recently incorporated, that will also undertake land acquisition activities in connection with proposed wind farm projects, ***Shubh Realty (South) Private Limited*** and ***Shubh Realty (Gujarat) Private Limited***. Our Promoter Group proposes to utilise Shubh Realty (South) Private Limited as the main vehicle to acquire land in southern India, while Shubh Realty (Gujarat) Private Limited intends to undertake land acquisition activities in the state of Gujarat.

Members of our Promoter Group have also incorporated ***Samiran Jaipur Windfarms Private Limited*** and ***Samiran Jaisalmer Windfarms Private Limited***, or collectively the "Samiran Associate Companies".

We have recently entered into side services agreements with SRL, SIL, the Samiran Associate Companies, Samiran Udaipur Windfarms Private Limited, Samiran Jodhpur Windfarms Private Limited, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited or collectively, the "Windfarm Developers". Under the terms of these agreements, the Windfarm Developers shall exclusively offer for sale or license, generating capacity and/or land allocated or obtained by the Windfarm Developers from state governments for the generation of electric power to our customers or to us or to one or more of our affiliates on such terms and conditions, including the consideration payable, as are negotiated on an arms' length basis. See "History and Certain Corporate Matters – Agreements with group companies" on page 95 of this Prospectus.

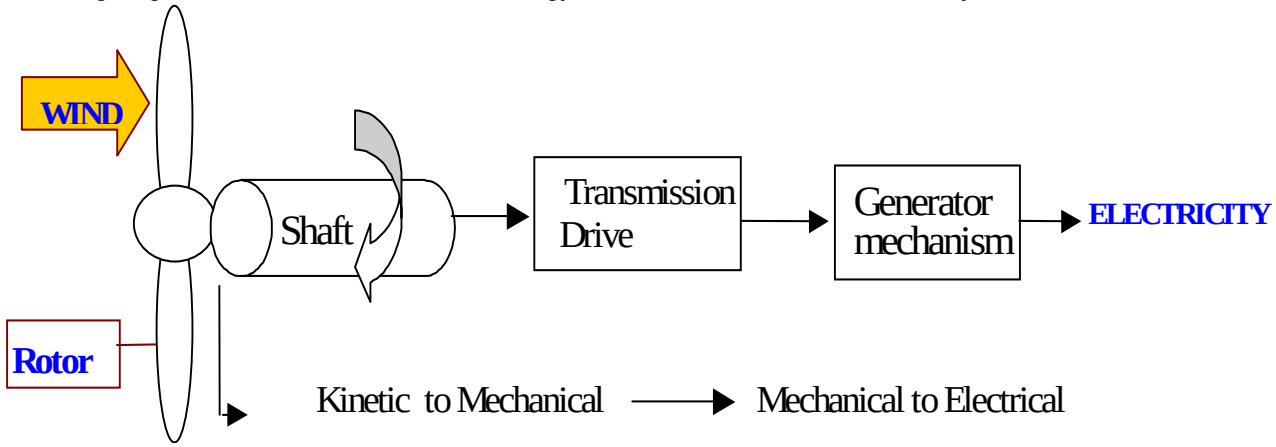
From time to time, we also enter into agreements to supply WTGs and WTG components to our Associate Companies and other members of the Promoter Group. It is our policy to negotiate and enter into these agreements on an arm's-length basis. Recently, we have entered into several arm's-length transactions with our Associate Company, SIL, for the sale of four 1.25 MW WTGs and several WTG tower stubs. The total consideration for these transactions was Rs. 296.4 million. We are also expecting sell a 0.60 MW WTG to SIL.

Wind Energy and Wind Turbine Generators

Wind Energy

A wind turbine generator, or WTG, obtains its power input by converting the force of the wind into a torque (turning force) acting on the rotor blades. The amount of energy, which the wind transfers to the rotor blade depends on the density of the air, the rotor area and wind speed.

The following diagram illustrates how the kinetic energy from wind is converted to electricity:



The power generated by the WTG, usually at a voltage of 690 volts, is converted by a transformer to a "medium" voltage of 11 kV to 33kV – depending on the grid operator – and supplied into the grid. When several WTGs are operated together on a wind farm, the operator must ensure that turning on or stopping the WTGs does not cause electrical surges to be fed into the utility's power grid, which could cause damage when the electricity reaches end-users.

Density of Air

The kinetic energy of a moving body is proportional to its mass (or weight). The kinetic energy in the wind thus depends on the density of the air, i.e. its mass per unit of volume. In other words, the "heavier" the air, the more energy is received by the turbine. Further, air is denser when it is cold than when it is warm. However, at higher altitudes, such as in mountainous regions, air pressure is lower and, as a result, the air is less dense.

Rotor Area

The rotor area determines how much energy a WTG is able to harvest from the wind. Since the rotor area increases with the square of the rotor diameter, a WTG of a given size will receive four times as much energy as a WTG half its size.

Wind Speed

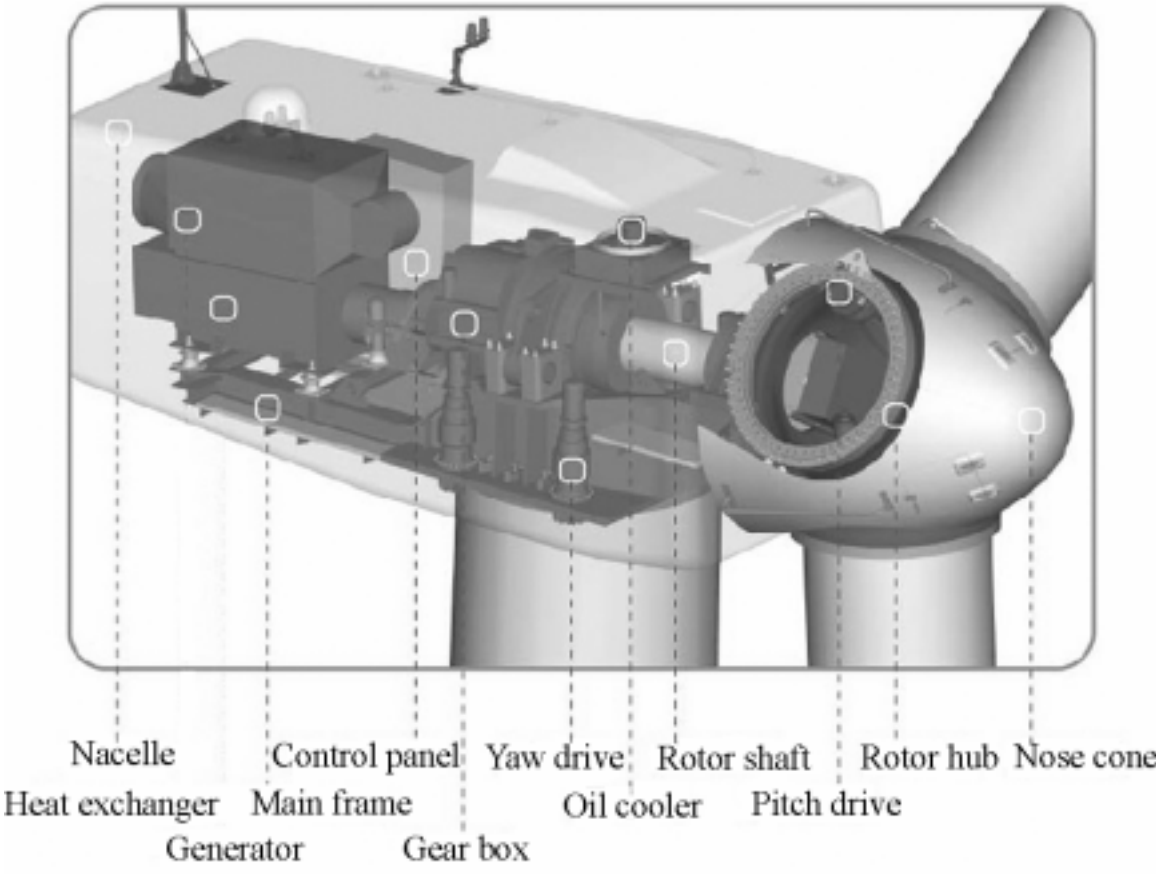
Wind speed is extremely important as the amount of energy a wind turbine can convert to electricity. The energy content of the wind varies with the cube (the third power) of the average wind speed, i.e.,. if wind speed is twice as fast it contains eight times as much energy.

Wind Turbine Generators

A WTG comprises a tower (or mast), a nacelle, which contains the essential mechanical and electrical parts, and a rotor blade. However, the generation of electricity by a state-of-the-art WTG is a result of the specific interplay of various highly developed and synchronised components.

The technical achievement in developing a WTG lies in harnessing the wind, the speed of which changes continually, and the power of which fluctuates depending on the air temperature, to generate a stable level of power regardless of wind conditions. The goal of the technical efforts and optimisation, therefore, is to generate the highest possible constant level of power output from all types of wind conditions. The achieve this: (a) the height of the WTG's hub must be optimised in order to balance the increased expenses associated with taller hubs with the higher wind speeds a taller hub can utilise; (b) the rotor blades must extract the maximum amount of energy from the wind and convert it into torque; (c) the drive train along with the gear and the generator must efficiently convert the captured energy to electricity with as little capacity lost as possible; (d) the power output of the WTG must be limitable to prevent damage to the turbine and adjustable to cope with the entire range of possible wind speeds; (e) the controlling electronics of variable-speed WTGs must control the interplay of all components and optimise the amount of energy captured from the wind; and (f) the WTG turbine and its individual components must have the strength to withstand the forces acting on it and to seek to achieve optimal operation for the longest possible time. In addition, for wind farms micrositing the location of each WTG is also a key factor, as too far a space between WTGs will decrease the amount of wind intercepted while too close a spacing will lead to interference, resulting in downwind units being less productive.

The following figure illustrates the key components of a wind turbine:



The rotor blades

The rotor blades form the motor of the WTG, which uses the rotor blades to collect kinetic energy from the wind and to convert this energy into a rotation of the rotor. The area swept by the rotor blades, the aerodynamic profile of the rotor blades and the rotational speed of the rotor are the key factors determining the capacity of the WTG. In WTGs with stall-regulation, the rotor blades are fixed to the hub, whereas in WTGs with pitch-regulation, they are attached so that they can rotate along their longitudinal axis. Presently, WTGs are manufactured almost exclusively with three rotor blades.

Energy conversion via the drive train and generator

The rotor blades are attached to the hub, which in turn is connected to the rotor shaft. The rotor shaft transfers the revolutions of the rotor to a gear, which itself is linked to the generator of the WTG by way of a coupling. The unit comprising the rotor shaft, gear and generator is termed the drive train of the WTG.

The generator at the end of the drive train converts the revolutions of the rotor blades into electrical power. The WTG's gear serves to increase the rotational speed of the rotor to match the speed of the generator. Depending on the technical design, the generator can be operated either at a constant rotational speed (stall regulation) or at a variable speed.

Power regulation and limitation (stall and pitch regulation)

Depending on the technique employed to regulate and limit their capacity, WTGs are generally classified as stall-regulated or pitch-regulated.

Stall regulation

In a WTG with stall regulation, power regulation is achieved by causing the air flow to stall by means of the aerodynamic profile of the blade when a certain wind speed is exceeded, preventing the WTG from capturing an increasing amount of energy. In order to increase the energy yield in lower power classes, it is possible to design the generator in such a way that it can operate two different nominal rotational speeds in order to generate power more efficiently at various wind speeds.

Stall-regulated WTGs are braked through the front 1.5m to 3m of the relevant rotor blade which can be rotated around its longitudinal axis. This is achieved through a hydraulic mechanism, which can turn the blade tip "out of the wind", acting as a type of aerodynamic brake similar to the landing flaps of an airplane. The brakes in every WTG serve as emergency brakes and – similarly to the hand brake in a car – to immobilise and secure the mechanical components.

Pitch regulation

In a WTG with pitch regulation, power regulation is achieved by mounting the rotor blades on the hub so that they can be rotated around their longitudinal axis, in order to control their aerodynamic properties and thus their capacity to capture energy according to the wind conditions. When wind speeds (and thus the wind's energy content) are low, the rotor blades can be turned "into the wind" so that their angle of attack is maximized and, when a strong air flow creates too much energy, they can be turned out of the wind. Pitch-regulated WTGs are braked by allowing the rotor blades to flap like flags in the wind.

In addition, the nominal rotation speed of the generator in WTGs with pitch regulation can be adjusted to the prevailing wind conditions. These WTGs are therefore also described as variable-speed WTGs. In these units, an inverter is installed between the generator and the power grid, which enables the generator to generate electricity at different frequencies.

The electronic controls in variable-speed wind turbines

In variable-speed WTGs with pitch regulation, the electronic controls are the "brain" of the WTG and adjust the angle of incidence of the rotor blades with the generator to keep them working smoothly together. The electronic controls measure the generator's power output and, through the pitch regulation, adjust the angle of incidence of the rotor blades accordingly. If the generator's power output appears to be dropping, the rotor blades are turned slightly more into the wind, but if the generator's power output exceeds a pre-defined maximum limit, the electronic controls cause the pitch regulation system to turn the rotor blades out of the wind.

The use of pitch regulation and the related control options ensures that the wind turbine manufactures the maximum possible energy output from the wind in all wind conditions, taking into account not only variable wind speeds, but also the energy

density of the wind. The colder the air, *i.e.* the denser the air surrounding the WTG, the higher the energy density. Consequently, cold wind blowing at the same speed as a warm wind carries more kinetic energy than warm wind. In order to obtain optimal energy output, the angle of incidence of the rotor blades can be adjusted as necessary. The advantages inherent in this method for the optimisation of output, in turbines with a capacity of approximately 1.5 MW or more or in regions with particularly difficult wind conditions, outweigh the substantial additional costs of-pitch regulated systems.

Other wind turbine components

Another component, the manufacture of which we are now developing expertise in through our 75%-owned subsidiary Suzlon Structures, is the support system, *i.e.* the tower of the WTG. Strong forces act on the mast over the entire life of the WTG; the nacelle of our largest model, the 2.0 MW S.88, weighs approximately 67 tonnes, and its rotor blades weigh approximately 30 tonnes. The tower has to withstand these forces and provide a secure foundation to the nacelle and the rotor without swaying due to changes in wind force, as this would result in the destruction of the WTG.

Recent Developments:

Suzlon Energy A/S is in negotiations with JS Wind Energy Invest A/S to acquire its 20% shareholding in S.R.L Renerg, a company which has development rights for windfarm projects in Italy. The amount of investment would be approximately Euro 92,000.

REGULATIONS AND POLICIES

Introduction

The wind power programme in India was initiated towards the end of the Sixth Plan in 1983-84. India is perhaps the only country in the world to have an exclusive Ministry for Non-Conventional Energy Sources ("MNES"). In 1980, CASE (Commission on Alternative Sources of Energy) was set up to look into feasibility of tapping into sources of renewable energy. In 1982, a separate Department of Non-Conventional Energy Sources ("DNES") was created under the aegis of Ministry of Energy for promoting activities relating to development, trial and induction of variety of renewable energy technologies for use in different sectors. In 1992 the MNES started functioning as a separate Ministry to develop all areas of renewable energy. Policy guidelines were issued by the MNES to all the states during the mid-Nineties with a view to promote commercial development and private investment in this sector. The guidelines pertain to areas such as provision of facilities for wheeling, banking, third party sale,and buy-back of electricity. Nine states have introduced renewable energy policies following the MNES's Guidelines in the country.

MNES

The mandate of MNES includes research, development, commercialisation and deployment of renewable energy systems / devices for various applications in rural, urban, industrial and commercial sector.

In order to ensure quality of wind farm projects and equipments, the MNES introduced the "Guidelines for wind power projects" ("MNES Guidelines") in July 1995 for the benefit of SEBs, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNES Guidelines are periodically updated and issued. The MNES Guidelines, *inter-alia*, make provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNES Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects.

In the 1987, MNES established the "Indian Renewable Energy Development Agency Limited" (IREDA), a financial institution to complement the role of MNES and make available finance to renewable energy projects. IREDA functions under administrative control of MNES. IREDA is involved in extending financial assistance and related services to promote deployment of renewable energy systems in India.

In addition, MNES has established various specialised technical institutions to carry out its mandate. In relation to the wind energy sector, the "Centre of Wind Energy Technology (C-WET) at Chennai is the major specialised technical institution, *inter alia* looking into technology development, testing and certification. In addition, it has also been playing vital role in the wind resource assessment programme of the country.

Manufacture of wind turbine generators and setting up of wind farms

We are required to obtain all generic approvals for setting up a manufacturing facility in India like any other manufacturing facility in India. In addition, renewable energy generated product manufacturer are required to be registered with MNES as an approved manufacturer of WTG.

The MNES Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either C-WET or International certification agency) to ensure quality of the WTGs manufactured. Further, it is also stipulated that the manufacturing facilities should obtain third party certification from DNV or Lloyds in relation to either product inspection or the ISO 9000 series of standards for internal quality control in manufacture (normally ISO 9001 or 9002) and for field installations. In addition, manufacturers and developers are also required to provide their technical capability and infrastructure.

For testing and certification, C-WET has evolved a Type Approval Provisional Scheme 2000 (TAPS - 2000) for India, which is in line with International Certification Schemes for wind turbines. In May 1999, MNES removed the requirement of certification by foreign agency and allowed the manufacturers to offer WTG on self-certification basis. Under the self-certification scheme, the manufacturer is required to certify on its own about the quality and performance of WTG supplied by it. This self-certification scheme has been extended from time to time and the current scheme is effective till September 2005.

Please see the section titled "Statement of Tax Benefits" on page 45 for various tax benefits available to manufacturers of WTGs.

Infrastructure development for wind power projects

Land

The land used for setting up wind power projects may be private land, revenue land (Government owned) or forest land. Private lands are purchased directly from the owners and in the event such land is agricultural land, such land is converted into non-agricultural land, if so required by the Government.

In case of land owned by the Government, it is made available by the respective state governments on long- term lease or out right sale basis as per the prevailing policies of the concerned State Government. Certain State Governments like, Gujarat and Rajasthan has special policies for allotment of Revenue lands for wind power projects.

In Rajasthan, for example, allotment of land is carried out only after an application is submitted for the same to the state nodal agency, Rajatsthan Renewable Energy Corporation Limited (RRECL). The evaluation of the application for allotment of land is done by an empowered committee constituted by the state government. This application is evaluated on grounds such as amount of land already allotted to the particular developer, micrositing drawing of proposed land, likely date of commissioning of the project on the land applied for. The RRECL recommends allotment and on basis of the report submitted by the local tehsildar and other local officials, the district revenue authorities makes the allotment.

The government of Gujarat has announced a special policy for allotment of revenue land for the purposes of setting up wind farm projects. Under the said policy, a maximum of one hectare of land per WTG is allotted to the applicants by the district revenue authorities on the basis on applications made in accordance with the said policy. The said land is allotted on long-term basis generally for a period of twenty years at a fixed rent of Rs. 10,000 per annum per hectare.

In case of forest land, the Ministry of Environment and Forest has announced a special policy in November 2003, which is updated from time to time, which elaborates the procedures and guidelines for diversion of the forest lands under the Forest (Conservation) Act, 1980 for the purpose of establishing wind power projects. The said guidelines, *inter alia*, provide for the following:

- Areas like national parks and sanctuaries, areas of outstanding natural beauty, natural heritage site, sites of archaeological importance and sites of special and scientific interests and other important landscapes cannot be considered for wind power projects;
- Wind power projects are required to be located at a safe distance (1 km. or more) from these sites;
- Distance from the industrial coasts is required to be a minimum of 3.5 km;
- Specific guidelines in order to protect the natural habitats of birds and animals are required to be observed;
- To ensure optimal use of forest land, it has been stipulated that WTGs of capacity of at least 1 MW should be allowed as a matter of policy; and
- NOC from local bodies is also mandatorily required.

Evacuation

In order to evacuate the power generated by the wind power project, creation of proper evacuation facilities in form of Internal lines, external high voltage lines and substations becomes essential. These infrastructure are created either by manufacturer or developer on case-to-case basis with a proper permission and payment of requisite fees by and to SEB/ state nodal agencies.

Other clearances

Depending upon the location of the wind power project, we require to take additional permissions/ authorisations. For example additional permissions may be required in the event that a wind power project is being set up close to an air force base.

Wind power generation

Under the Electricity Act 2003, which repealed all the earlier enactment pertaining to this sector, the activity of generation of the power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power. The summary of the policies issued by seven states is given below:

Description	Rajasthan	Tamil Nadu	Karnataka	Maharashtra	Gujarat	MP	AP
Third Party sale of power generated	Allowed	Not Allowed	Allowed	Allowed	Not Allowed	Allowed	Not Allowed
Rate per unit in case of Sale of power to SEB (from 1.4.2004)	Rs. 2.91 with an annual escalation of 5 paise for 20 years	Rs. 2.70 flat	Rs. 3.40 flat for 10 years from COD	Rs.3.50 with an annual escalation of 15 paise per unit up to 13 years from COD	Rs.2.60 with an escalation of 5 paise/unit for 10 years	3.97 to 2.60 different rate for all 20 years	Rs. 3.37 flat rate for 5 years then to be reviewed
Wheeling and Transmission Charges for the power generated	10%	5%	Rs. 0.19/KWH/ Month + Tran. Loss 6% + Rs.0.13/unit + Dist. Loss 12% (For 33/11KV)	2% wheeling and 5% transmission charges	4%	NIL	Rs. 84.65/KW/ Month + Tran. Loss 6.25% + Rs.0.51/unit + 6.4%(For 33KV)
Duration of the Power Purchase Agreement by SEB for purchase of power	20 years	Upto next policy revision	10 / 20 years	13 years	10 years	20 years	20 years
Banking of power generated	Permitted in same calendar year	Permitted in same financial year	1 year	1 year	6 months	Not Permitted	Permitted for 1 year
Banking charges	Nil	5% on 2 months basis	2% on monthly basis	Nil	Nil	N.A.	N.A.

Further, the Electricity Act, 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. In line with the same:

- the Maharashtra Electricity Regulatory Commission has stipulated that 750 MW of supply of electricity shall be sourced from wind power by 2007,
- the Karnataka Electricity Regulatory Commission has stipulated a minimum of 5% and a maximum of 10% and
- the Madhya Pradesh Electricity Regulatory Commission has stipulated 0.7% from wind power by 2007.

As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

Direct Taxes

Under the provisions of the Income Tax Act, 1961 and the Rules made thereunder, specific concessions have been made available to non-conventional energy sector, including wind energy.

- Accelerated 80% depreciation has been provided on specified renewable energy based devices/ projects including wind mill and devices that run on wind mills.
- Income earned by way of dividends, interest or long-term capital gains by industrial undertakings set up in any part of India for the generation or generation and distribution of power at any time during the period beginning on the April 1, 1993 and ending on the March 31, 2006, is also exempt from tax.
- Section 80-IA of the Income Tax Act, 1961 provides for deduction from the total income of an assessee, of profits from an undertaking set up in any part of India for the generation or generation and distribution of power, which begins to generate power during the period April 1, 1993 to March 31, 2006. This deduction is subject to payment of MAT,

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

The Company was incorporated in 1995 by Tulsi Tanti. Tulsi Tanti was primarily in the textile business and was introduced to wind energy through a wind power project that he had commissioned for his textile factory. The first subscribers to the Memorandum were the family members and friends of Tulsi Tanti.

The Company entered into a technical collaboration agreement in 1995 with a German company, Sudwind GmbH Windkrafttanlagen to source the latest technology for the production of WTGs in India. Sudwind GmbH Windkrafttanlagen was subsequently taken over by Sudwind Energiesysteme GmbH ("Sudwind"). The parties entered into a fresh agreement dated September 30, 1996, under which Sudwind proposed to share technical knowhow relating to 0.27 MW, 0.30 MW, 0.35 MW, 0.60 MW and 0.75 MW WTGs in consideration for royalty to be paid on the basis of each WTG sold over the course of five years from the date of this agreement.

The Company obtained the official non-exclusive, non-transferable license for the manufacturing, marketing, dealing and servicing of APX-60 type blades from the trustee of Aerpac B.V. upon its liquidation, for consideration of Euro 200,000 vide an agreement that was entered into between the trustee of Aerpac B.V. and the Company dated June 4, 2001. This license is valid for an indefinite period. The Company entered into an agreement dated April 10, 2001 with Enron Wind Rotor Production B.V. for the acquisition of the moulds and the production line and technical support and assistance for the production of the rotor blade type APX 60-P in India for total consideration of Euro 500,000. Enron has granted these rights for the manufacturing, marketing and dealing with the products for an indefinite period.

The Company introduced the concept of total solutions wherein, in addition to the supplies of equipments, the client is offered project execution work comprising land acquisition, site development, erection and commissioning, foundation and other civil work and O&M services. These services are offered in conjunction with the Associate Companies.

SWSL, a subsidiary of the Company, was incorporated in 1998 with the objective of providing O&M for wind power projects set up by the Company. The Company has also set up technological development centres in Germany and The Netherlands through wholly-owned subsidiaries. SEG, incorporated in 2001 and earlier known as AX 215 Verwaltungsgesellschaft mbH became a wholly-owned subsidiary of the Company in 2002. AERT, a wholly owned subsidiary of AERH, which in turn is a wholly owned subsidiary of the Company, was incorporated in 2001 to engage in the development of technology for rotor blades, a key component of WTGs.

Further, Suzlon Energy A/S, a wholly-owned subsidiary of the Company was incorporated in August, 2004 to supervise the international marketing activities of the Company. It is proposed that the entire non-India marketing activities of the Company shall be coordinated through Suzlon Energy A/S. SWECO, now a wholly-owned subsidiary of the Suzlon Energy A/S, was incorporated in 2001 to market, the WTGs manufactured by the Company in U.S.A. Further, Suzlon Energy A/S has another wholly-owned subsidiary, Suzlon Energy Australia Pty Limited, which was incorporated in 2004 to access the wind energy market in Australia. Suzlon Energy B.V. earlier known as AE-Rotor B.V., The Netherlands, a wholly-owned subsidiary of AERH, which is a wholly-owned subsidiary of the Company, was incorporated in 2001 to market the rotor blades manufactured by the Company.

Cannon Ball Wind Energy Park-I, LLC ("Cannon Ball") was incorporated as a limited liability company in July, 2002 for the purpose of setting up a wind power project in North Dakota, USA. Cannon Ball is a wholly-owned subsidiary of SWECO which is a subsidiary of Suzlon Energy A/S. Further, a representative office of the Company was also set up in China in 2003 to explore the Chinese market.

Investment by the Private Equity Investors

The Tanti Family, the Parmar Family, Suzlon Capital Limited, Suruchi Holdings Private Limited, Sugati Holdings Private Limited, Sanman Holdings Private Limited, Samanvaya Holdings Private Limited, Tulsi Tanti, ("Tulsi Tanti Entities") and the Company have entered into Subscription Agreements dated April 14, 2004 and August 3, 2004 ("Subscription Agreements") with Citicorp and ChrysCapital respectively (collectively referred to as "Private Equity Investors"), whereby the Private Equity Investors have agreed to subscribe to the Equity Shares and Preference Shares. Shareholders agreements ("Shareholder Agreements") were also entered into by the Tulsi Tanti Entities and Company with the Private Equity Investors. Further, the

Subscription Agreements and Shareholder Agreements were amended by way of amendment agreements dated August 6, 2004, December 18, 2004 and June 9, 2005.

Under the terms of the Subscription Agreements, the Preference Shares held by the Private Equity Investors are required to be compulsorily redeemed if the Company undertakes an initial public offer before December 31, 2005 and such redemption is required to be made out of the proceeds of the initial public offer. The Private Equity Investors have the option to convert the Preference Shares after December 31, 2005 on the occurrence of the following events: (a) non-completion of an initial public offer; or (b) a change in control of the Company through a sale of Equity Shares of the Company or otherwise; or (c) a sale of 51% or more of the assets of the Company; or (d) the assignment of any intellectual property owned or used by the Company which is essential for the continued operation of the business of the Company (e) or an event of default under the Shareholders Agreement (non-occurrence of IPO by July 1, 2008).

The Subscription Agreements require the Company to execute binding memorandums of understanding with SRL and SIL. For details, see the section titled "History and Corporate Matters- Agreements with group companies" on page 95 of this Prospectus. Further, under the Subscription Agreements, the Company has represented that the manufacture and sale of WTGs does not infringe the rights of Sudwind or its successor in title.

Under the terms of the Shareholder Agreements, the Board of the Company shall have a maximum of 12 Directors of which one half shall be nominees of the Tulsi Tanti Entities, one director each shall be a nominee of the Private Equity Investors and the balance shall be Independent Directors. It is provided that until the expiry of 18 months from the completion of the initial public offer, unless otherwise agreed to by the Private Equity Investors, Tulsi Tanti shall be the Managing Director of the Company and further that the Company shall execute an agreement with Tulsi Tanti in his capacity as Managing Director.

The Shareholder Agreements provide that decisions on certain fundamental matters of the Company, which are required to be taken at a meeting of the Board of Directors, shall not be taken and/or implemented by the Company without the written consent of the Private Equity Investors and in the event written consent is not provided, such consent shall be deemed to have been provided unless a letter objecting to the resolution passed at a meeting of the Directors is sent to the Company within seven days of passing such resolution. Further it is provided that such decisions of fundamental matters which require approval at general meetings, shall not be taken or implemented without the affirmative vote of the Private Equity Investors unless the Private Equity Investors have by a written communication to the Company, waived its right of affirmative vote. These matters relate to mergers or winding up of the Company, the divestment or sale of assets of the Company in excess of Rs. 250 million, disposal of intellectual property developed by the Company, acquisitions, investments in subsidiaries and securities, capital expenditure in excess of Rs. 100 billion, indebtedness in excess of 10% above the amounts stated in the annual budgets of the Company, increase in the issued share capital of the Company, buyback of shares, declaration of dividend in excess of Rs. 330 million or 30% of the net profits after tax of the Company, giving or renewing guarantees in respect of subsidiaries and affiliates, transactions with affiliates, amendments to the articles and memorandum of association and commencement of a new line of business. These rights fall away on the Private Equity Investors shareholding falling below 5% or until such time that the preference shares held by the investors are redeemed whichever is later. After the completion of the Issue, upon the redemption of the preference shares these rights shall not be available to ChrysCapital. Citicorp would continue to exercise these rights under the above agreement.

The Tulsi Tanti Entities and the Private Equity Investors are prohibited from directly or indirectly, transferring all or any of the Equity Shares held by them except in accordance with the terms of the Shareholder Agreements. The parties, however have an unrestricted right to transfer Equity Shares to their affiliates, (excluding for the purposes of Private Equity Investors, any entity which, directly or indirectly, is engaged in, or has invested in, any business similar to the business of the Company) or *inter-se* between Tulsi Tanti Entities and/or to any person controlled by any of the Tulsi Tanti Entities and upto such number of Equity Shares as specified in the Shareholder Agreements, to employees of the Company or subsidiaries or of any company controlled by the Tulsi Tanti Entities. It is provided that such transfers shall be subject to the transferee entity executing a deed of adherence.

Further, if at any time prior to an initial public offer, and, in the case of Private Equity Investors, after January 1, 2005, any of the parties desire to transfer all or a portion of the Equity Shares held by them to any third party, they shall first offer the same to the other parties to the Shareholder Agreements. It is stipulated that if there are more than one parties offering the same price and they desire to purchase in excess of the number of shares being offered and the price offered is found acceptable by the party

seeking to transfer the shares, the purchase shall be made *pro-rata*, to the extent possible, to the Equity Shares then held by such parties. However in the event that the price offered by parties is different, the party seeking to transfer the Equity Shares shall sell such number of shares to the party with the highest offer price as it has agreed to purchase and it shall sell the balance of the shares offered (if any) to the other party if the price offered by them is found acceptable by the party seeking to transfer the Equity Shares. Further if the price offered by any of the offerees is found unacceptable by the party seeking to transfer the Equity Shares, it shall be entitled to sell such Equity Shares to a financial investor at a price higher than the price offered by the other parties. It is provided that the acquiring financial investor shall not be entitled to any rights under the Shareholder Agreements without the consent of the Tulsi Tanti Entities.

Further in the event that an initial public offer has not been undertaken by the Company and the Tulsi Tanti Entities, either directly or indirectly, propose to transfer the Equity Shares held by them or a part thereof except as provided in the Agreement, the Private Equity Investors shall have tag-along rights, exercisable at their sole discretion to require the Tulsi Tanti Entities to ensure that all the Shares held by the Private Equity Investors shall be sold if the Equity Shares proposed to be transferred represent more than 25.1% of the Shares of the Company and if such percentage is less than 25.1%, the Private Equity Investors shall have the right to require a *pro-rata* transfer of the Equity Shares held by them.

It is provided that in the event that the Company seeks to create, issue or allot Equity Shares except in the course of making an IPO, the Private Equity Investors shall have a right to subscribe for a portion of such proposed issue of Equity Shares to ensure that the shareholding of the Private Equity Investors remain same after such issue unless the Private Equity Investors have waived this right. It is also provided that in the event the Company proposes to create, issue or allot (other than pursuant to an initial public offering) Shares at a price lower than the price at which the shares were subscribed to by the Private Equity Investors, it shall in the first instance offer to issue such Shares to the Private Equity Investors.

It is also proposed in the Shareholder Agreements, that the Company, undertake an initial public offer prior to December 31, 2006, such that the Equity Shares are registered for trading on the NSE, the BSE or any other recognized international stock exchange as approved by the Private Equity Investors.

Under the terms of the Shareholders Agreements, the Company, the Tulsi Tanti Entities and the Private Equity Investors have agreed to keep 25% (twenty-five per cent) of the Equity Shares of the Company in escrow pursuant to an escrow agreement to facilitate an offer for sale which Private Equity Investors are entitled to require the Company to undertake if the initial public offer has not taken place by the stipulated date. In order to give effect to this provision, the Tulsi Tanti Entities and the Private Equity Investors have deposited in escrow, Equity Shares representing 25% of the Equity Shares held by them pursuant to the terms of the escrow agreements (Private Equity Escrow Agreements) among the Company, the Private Equity Investors and Berjis Desai as the escrow agent (Private Equity Escrow Agent). Under the terms of the Private Equity Escrow Agreement, the Private Equity Escrow Agent is required to release the deposited Equity Shares to the Tulsi Tanti Entities and Private Equity Investors upon the occurrence of an initial public offer and upon submission, to the Private Equity Escrow Agent, of a certificate from the lead arranger to the initial public offer with regard to its completion. In pursuance thereof, if an initial public offer does not occur prior to January 1, 2007, the Private Equity Investors may exercise their right to cause the Company to make an offer for sale in which event, the Private Equity Escrow Agent is required to release such number of deposited Equity Shares as are required to facilitate the offer for sale and meet the minimum net public offer requirements under the applicable law.

Under the terms of the Shareholder Agreements, non-occurrence of an initial public offering or an offer for sale prior to July 1, 2008 constitutes an event of default upon which, the Private Equity Investors may require the Company (i) to redeem the Preference Shares with the accrued dividends; (ii) to convert the Preference Shares and require the Company to follow a high dividend policy of paying 50% of the profit after tax as dividend or (iii) to convert the Preference Shares and, sell their shareholding and assign their rights under this Agreement. The Shareholder Agreements shall remain valid and binding on the Parties until such time that it is terminated or until each of the Private Equity Investors hold 5% or more of the paid up equity share capital of the Company or until the redemption of the Preference Shares, whichever is later. The terms of the Shareholder Agreements have been incorporated into the Articles of the Company.

Amendment to Articles

The Articles of the Company were amended by way of a resolution passed at its EGM on June 16, 2005. The said amendment changed the definition of 'promoters' as provided in the Articles to include only Tulsi Tanti as a 'promoter'. Prior to this amendment, the definition provided that 'promoters' shall mean Tanti family, Parmar family and Suzlon Capital Limited.

Transfer of Equity Shares of Chrys Capital

Chryscapital transferred 4,610,000 and 2,580,000 Equity Shares held by it to Government of Singapore Investment Corporation Pte Ltd entities on July 6, 2005 and July 11, 2005 at a price of Rs. 365.18 per Equity Share. Chryscapital also transferred 3,750,000 Equity Shares held by it to T. Rowe Price entities on September 8, 2005 at a price Rs. 425 per Equity Share.

Joint Ventures

Suzlon Structures

Tulsi Tanti had executed a memorandum of understanding with Kalpesh Kalthia dated June 1, 2004 for setting up a unit in joint venture with the Kalthia group for the manufacture of tubular structures and towers to meet the requirements of the Company. In pursuance of this memorandum of understanding, Suzlon Structures was incorporated in 2004. This memorandum of understanding was superseded by a new memorandum of understanding dated January 20, 2005 between the Company and Kalpesh Kalthia ("Kalthia MoU"). In terms of the Kalthia MoU, the Company is required to hold 75% of the equity and preference share capital of Suzlon Structures while the balance is required to be held by the Kalthia Group. It is stipulated that in the event that either of the two groups fail to bring in the required funds for the capitalisation of this company, then the other group can subscribe to such additional percentage of equity capital. There has been no formal shareholder agreement or joint venture agreement executed pursuant to the Kalthia MoU. Under the Kalthia MoU, while there is no restriction on transfer of shares within the respective groups, the parties are prohibited from transferring their shares to any third party. It is provided that the two groups shall have the right to acquire further equity and preference shares in same proportion from each other at the end of each financial year on the basis of the valuation as provided in the Kalthia MoU. Further, it is required that the holding of the Company shall not fall below 51% till the entire debt of Suzlon Structures is repaid. In the event that the holding of the Company falls below 50%, a separate agreement shall be required to be entered into to ensure better control mechanism. In the event there is any dispute between the parties then the dispute shall be referred to arbitration to be conducted in India.

The Kalthia MoU provides that the day-to-day operations of Suzlon Structures is the responsibility of the Kalthia Group, while the overall control vests with the Company. Further the Company shall source its tubular tower requirements for the states of Gujarat, Rajasthan and Maharashtra and if cost effective, for the states of Andhra Pradesh, Madhya Pradesh and Karnataka from Suzlon Structures and Suzlon Structures in turn, shall give priority to the orders placed by the Company. It has been agreed that either group shall not enter into joint venture with any third party for similar products. Further it has been agreed that the parties herein shall arrange loans to the tune of 70% of the project costs and that the Company shall furnish a corporate guarantee and the Kalthia Group shall furnish a personal guarantee of one of their directors to secure such debt.

Suzlon Generators

The Company has executed a joint venture agreement ("JVA") with Elin dated May 7, 2004 for setting up a unit for the development, manufacture and supply of generators to the Company with the objective of reducing costs of imports and achieve backward integration, pursuant to which, Suzlon Generators has been set up. The JVA provides that the Company and Elin shall hold 75% and 25% respectively, of equity share capital of the company so formed. Further, under the JVA, the parties are prohibited from transferring their shareholding unless they have offered the same to the other party at a price determined by an independent valuer appointed by the parties. Under the JVA, Elin is required to share technical information and raw material requirements to facilitate identification of the supplier and vendors in India. It is provided that the intellectual property and design rights developed by the Suzlon Generators shall vest with the Company. However, Suzlon Generators is entitled to use these rights exclusively for the manufacture of permanent magnet generators. The JVA provides that the Company shall endeavour to purchase the entire production of Suzlon Generators and in the event that it fails to do so, it shall work together with Elin to develop mechanisms for utilizing the surplus. The parties have agreed not to set up a competitive unit in Asia during the subsistence of this JVA. This agreement may be terminated by mutual agreement between parties or in the event that either of the parties default in compliance with the terms of this agreement. Disputes between parties are to be discussed for finding a solution acceptable to parties failing which the dispute will be referred to arbitration. The arbitration is to be conducted as per the Rules of Conciliation and Arbitration of the International Chamber of Commerce and shall be held in Paris.

Agreements with our Group Companies

Agreement for use of land

The Company has entered into an agreement dated June 11, 2005, for services with SRL ("SRL Agreement"), whereby SRL has agreed to acquire or lease such land suitable for setting up windfarm projects as identified by the Company and exclusively offer such land to be transferred/leased to the Company or its customers as per the directions of the Company. In consideration for SRL acquiring windfarm land and exclusively offering such land for transfer at the option of the Company, SRL receives sales consideration which is the aggregate of all costs incurred by SRL for the acquisition of such windfarm land in a year and a commission amounting to 11.0% of such costs incurred by SRL.The SRL Agreement provides that SRL shall at all times ensure that the terms and conditions for the transfer of such land to the Customer, as specified by the Company, shall be strictly adhered to and shall not be varied without the prior written consent of the Company. Further, the Company has agreed to provide loans to SRL at interest accruing at market rates and upon an arms length basis to be used solely for the purposes of acquiring or leasing such land. Further, as per the SRL Agreement, Company may require a mortgage in any form to be created as security for such loans extended by Company to SRL in the favour of the Company over all or any of the immovable and movable properties of SRL. Under the terms of the SRL Agreement, SRL is required to execute an irrevocable power of attorney authorizing the Company to execute on behalf of SRL, a mortgage in such form and manner as the Company may require. The SRL Agreement can be terminated upon either of the parties committing a material breach of its obligations under the SRL Agreement by providing 120 days prior written notice and only with the prior written consent of the Private Equity Investors. After the completion of this Issue and the redemption of the preference shares, the prior consent of ChrysCapital will no longer be required. Upon termination, the Company has the right to require SRL to forthwith repay all the loans advanced by the Company to SRL failing which the Company has the right to enforce the security created under the SRL Agreement or require SRL to forthwith transfer all or part of the land owned by it for the purposes of setting up windfarm land to the Company or to such Person as designated by the Company. Under the terms of the SRL Agreement, SRL has agreed to indemnify the Company against (i) any and all losses, damages etc. arising out of breach of SRL's obligations to the customers or to the Company or (ii) any litigation, proceedings etc., including any litigation, proceedings etc. by a customer of the Company, arising in relation to the land acquired by and transferred/leased by SRL for setting up windfarm projects. Any disputes in relation to this agreement shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted in Mumbai.

Agreement for installation services

The Company has entered into an agreement for services with SIL ("SIL Agreement"), whereby SIL has agreed to exclusively offer the services required for the erection, installation and commissioning of the windfarm project to the Company or its customers as per the directions of the Company. In consideration for SIL exclusively offering to provide such services at the option of the Company, SIL receives sales consideration which is the aggregate of all costs incurred by SIL for the provision of such services in a year and a fee amounting to 5.25% of such costs incurred by SIL.The SIL Agreement provides that SIL shall at all times ensure that the terms and conditions for the provision of such services, as specified by the Company, shall be strictly adhered to and shall not be varied without the prior written consent of the Company. Further, the Company has agreed to provide loans to SIL at interest accruing at market rates and upon an arms length basis to be used solely for the purposes of purchasing/ hiring/ or making such other arrangement for material / equipment / facilities necessary for the provision of such services. Further, as per the SIL Agreement, Company may require a mortgage in any form to be created as security for such loans extended by Company to SIL in the favour of the Company over all or any of the immovable and movable properties of SIL. Under the terms of the SIL Agreement, SIL is required to execute an irrevocable power of attorney authorizing the Company to execute on behalf of SIL, a mortgage in such form and manner as the Company may require. The SIL Agreement can be terminated upon either of the parties committing a material breach of its obligations under the SIL Agreement by providing 120 days prior written notice and only with the prior written consent of the Private Equity Investors. After the completion of this Issue and the redemption of the preference shares, the prior consent of ChrysCapital will no longer be required. Upon termination, the Company has the right to require SIL to forthwith repay all the loans advanced by the Company to SIL failing which the Company has the right to enforce the security created under the SIL Agreement. Under the terms of the SIL Agreement, SIL has agreed to indemnify the Company against (i) any and all losses, damages etc. arising out of breach of SIL's obligations to the customers or to the Company or (ii) any litigation, proceedings etc., including any litigation, proceedings etc. by a customer of the Company or any employee of SIL, arising in relation to provision of such services. Any disputes in

relation to this agreement shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted in Mumbai.

Agreement for O&M services

The Company has entered into an agreement (SWSL Agreement) dated July 1, 2005, with SWSL, whereby it has been agreed that SWSL shall be appointed by the Company as the operations and management contractor to look after, operate and maintain the WTGs and the related equipments by providing routine maintenance, security services, management services, technical services and preventive maintenance for the Company's various customers. These services have been agreed upon pursuant to the Company offering free operations and maintenance services to these customers as part of the "total solutions" package for a certain period of time. The consideration payable shall be as specified under the SWSL Agreement. SWSL's liability under the SWSL Agreement shall be limited to 25% of the total consideration paid by SEL for the O&M services for that year for that particular WTG or group of WTGs. The duration of the SWSL Agreement is typically for a period of 12 months renewable on terms and conditions that are mutually agreed upon. Any disputes in relation to this agreement shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted in Pune.

Agreement for capacity allocation

The state governmental authorities, designated for the regulation and / or monitoring of non-conventional energy generation for that particular state allocates capacity and / or land to windfarm project developers for the generation of electric power by inviting applications for the allocation of capacity and / or land (collectively "Capacity") from windfarm project developers. Such Capacity is allocated for utilisation within a specific time frame as stipulated by the state governmental authority and failure to do so entails forfeiture of the application fees. On obtaining the allocation from the state governmental authorities, the windfarm project developers may then proceed to set up wind farm projects for the generation of electricity. The Company has entered into agreements for such capacity allocation, an agreement with Samiran Udaipur Windfarms Private Limited and Samiran Jodhpur Windfarms Private Limited and agreements with its Associate Companies, Samiran Jaipur Windfarms Private Limited, Samiran Jaisalmer Windfarms Private Limited, Sarjan Realities Limited, Suzlon Infrastructure Limited, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited (collectively known as the "Windfarm Developers") respectively, whereby the Windfarm Developers have agreed to acquire or lease such allocation of Capacity for setting up windfarm projects as identified by the Company and exclusively offer such Capacity to be transferred/leased to the Company or its customers or to the Company's affiliates as per the directions of the Company.

The Company has agreed to pay an annual exclusivity fee of Rs 10,000 per mega watt to the Windfarm Developers including all incidental expenses incurred by each of the Windfarm Developers in a year in relation to such acquisition. The Company has agreed to provide loans to the Windfarm Developers at interest accruing at market rates and upon an arms length basis to be used solely for the purposes of acquiring or leasing such Capacity. The agreements, as aforesaid, can be terminated upon the receipt of notice to the Windfarm Developers from the Company. Upon termination, the Company has the right to require the Windfarm Developers to forthwith repay all the loans advanced by the Company to the Windfarm Developers and to require each of the Windfarm Developers to forthwith transfer all of the Capacity owned by it for the purposes of setting up windfarm land to the Company or to such Person as designated by the Company. Upon such termination of the agreements, the Company shall continue to be responsible for utilisation of the Capacity so allocated and shall continue to be liable to the Windfarm Developers for any loss sustained as a result of the non utilisation of the Capacity within the stipulated time frame provided by the state governmental authority. The Windfarm Developers are liable to a penalty of Rs. 50,000 per mega watt upon committing breach of any term of the aforesaid agreements. Each of the Windfarm Developers has agreed to indemnify the Company against, defend and hold harmless the Company from and against any and all losses, liabilities, claims and damages, costs and expenses, including reasonable legal fees and disbursements in connection, asserted against or incurred by the Company which arise out of, result from or may be payable due to breach by the Windfarm Developers of the agreements. Any disputes in relation to this agreement shall be referred to arbitration in accordance with the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted in Mumbai.

Agreement for technical consultancy

TThe Company has entered into a technical consultancy agreement dated April 1, 2004 with its German subsidiary SEG so as to ensure optimum machine performance of the WTGs manufactured by the Company. The technical consultancy fee payable under this agreement shall be determined on the basis of the man hours spent by the personnel of SEG on the tasks assigned

by the Company. The payment required to be made shall be subject to the approval of RBI, if required. This agreement is valid till December 31, 2007. SEG is required to provide advice relating to improvement in the manufacturing process, guidance relating to procurement of raw material and spare parts and impart training to the personnel of the Company. Any disputes shall be referred to arbitration in accordance with the International Arbitration Rules then in force. The Company has entered into identical agreements as set out above in relation to different products the details of which are as follows:

Date	Party	Purpose	Term
April 1, 2003	AERT	Appointment as technical consultant to ensure technical continuity in the manufacture of rotor blades and resolving issues that arise in the installation of the same.	March 31, 2006
September 1, 2002	AERT	Appointment as technical consultant to assist Company in manufacturing moulds for rotor blades for its 2 MW WTG series.	November 30, 2006
November 1, 2002	AERT	Appointment as technical consultant to assist Company in manufacturing moulds for Nacelle Cover and Nose Cone for 1.25 MW WTG.	March 31, 2007
August 1, 2003	AERT	Appointment as technical consultant to assist Company in manufacturing of tooling for rotor blades, nacelle cover and nose cone for 0.60 MW, 1.50 MW, 2.0 MW and 2.10 MW WTGs.	July 31, 2008
April 1, 2004	AERT	Appointment as technical consultant to assist Company in manufacturing of toolings for Rotor Blades for 1.25 MW WTG.	March 31, 2007

Agreement for product development and purchase

The Company has entered into a product development and purchase agreement dated November 1, 2002 with its wholly owned subsidiary AERH to procure designs for moulds and plugs of nacelle cover and nacelle cover and designs for moulds and plugs of nose cone and nose cone for the 1.25 MW WTG. Under this agreement, AERH shall carry out the required product development and provide all documents, research, information, and designs, etc. to Company in relation to the same. AERH has represented that all intellectual property rights developed pursuant to the agreement, whether patentable or otherwise, shall vest with the Company with respect to the territories within India and it shall have no interest therein except for the consideration payable under the agreement. The intellectual property rights so developed in relation to the rest of the world shall continue to vest with AERH. Further, AERH is prohibited from entering into any agreement, which shall be in conflict with this agreement. This agreement provides that if the products so developed do not match the internationally accepted standards and are not as per specifications, the Company may require AERH to reimburse the Company for claims made against the Company by its customers owing to such failure. The consideration payable under this agreement shall be determined mutually between the parties on an arms length basis taking into account transfer pricing considerations at around 5%-10% above the costs incurred by AERH for the activities carried out by AERH in pursuance of this agreement. This agreement is valid till March 31, 2006. Any disputes in relation to this agreement shall be referred to arbitration in accordance with the Arbitration and Conciliation Act,

1996. The arbitration shall be conducted in Mumbai. The Company has entered into three other agreements identical to this agreement in relation to different products the details of which are as follows:

Date	Party	Product	Consideration	Term
August 31, 2002	AERH	Design for moulds and plugs for rotor blades and rotor blades for its 2 MW WTG series	5-10% above costs	March 31, 2006
November 1, 2002*	SEG	Design for gearless turbines of 1.25 MW and turbines for 600 KW and 2 MW series capacity	7-10% above cost	December 31, 2006
July 1, 2001	AERH	Design for moulds and plugs for rotor blades and rotor blades pertaining to the 1.25 MW AE 31S model	5-10% aove cost	June 30, 2005
August 1, 2003	AERH	Design for moulds and plugs for rotor blades, nacelle cover and nose cone pertaining to 0.6 MW, 1.50MW, 2.00 MW and 2.10 MW WTGs	5-10% above cost	July 31, 2008
April 1, 2004	AERH	Design for moulds and plugs for rotor blades and rotor blades pertaining to the 1.25 MW AE 34 model	5-10% above cost	March 31, 2007

* In terms of a supplemental product development and purchase agreement dated August 10, 2005 entered into between the parties, SEG has agreed to unconditionally assign for perpetutity all intellectual property in relation to the products developed under the agreement dated November 1, 2002, to SEL for a consideration to be mutually agreed to by the parties.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are:

- To carry on business of manufacturing, producing, processing, generating, accumulating, distributing, transferring, preserving, mixing, supplying, contracting, as consultants, importers, exporters, buyers, sellers, assemblers, hirers, repairers, dealers, distributors, stockists, wholesalers, retailers, jobbers, traders, agents, brokers, representatives, collaborators, of merchandising, marketing, managing, leasing, renting, utilising of electricity, steam, power, solar energy, wind energy, biomass energy, geothermal energy, hydel energy, tidal and wave energy, and other conventional, non-conventional and renewal energy sources, waste treatment plants of all kinds and equipment thereof in India and outside India.

The present business of the Company is as per the main objects as contained in the Memorandum of Association.

Changes in Memorandum of Association

Date	Details
October 14, 1995	Initial authorised share capital of Rs. 2,500,000/- increased to Rs. 10,000,000/-
January 16, 1996	Authorised share capital increased to Rs. 15,000,000/- from Rs. 10,000,000/-
December 30, 1996	Authorised share capital increased to Rs. 50,000,000/- from Rs. 15,000,000/-
June 26, 1997	Authorised share capital increased to Rs. 150,000,000/- from Rs. 50,000,000/-
January 10, 2000	Authorised share capital increased to Rs. 250,000,000/- from Rs. 150,000,000/-
September 30, 2003	Authorised share capital increased to Rs. 500,000,000/- from Rs. 250,000,000/-
April 9, 2004	Authorised share capital increased to Rs. 1,000,000,000/- from Rs. 500,000,000/-
July 26, 2004	Authorised share capital increased to Rs. 2,160,000,000/- from Rs. 1,000,000,000/-
June 16, 2005	Authorised share capital increased to Rs. 4,450,000,000/- from Rs. 2,160,000,000/-

Changes in the registered office

Date of change	Address
Until October 13, 1995	'Rachna', 3, Nalanda Society, Kalavad Road, Rajkot- 360 001
October 14, 1995	1st Floor, Sahjanand Building, Navrangpura, Ahmedabad- 380 009
May 6, 2000	"Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad- 380 009

Key Milestones

Date	Event
April 1995	Incorporated and commenced business under the leadership of Tulsi Tanti
March 1996	Commissioned the first project of 3.34 MW for Indian Petrochemicals Corporation Limited
March 2001	First international certification awarded by Germanischer Lloyd for the 0.35 MW WTG
November 2001	Rotor Blade Unit in Daman despatches first set of Rotor Blades
June 2001	R&D subsidiaries in Netherland set up
March 2001	First certification awarded by CWET for the 0.35 MW WTG
March 2002	R&D subsidiaries in Germany set up
March 2002	Launch of 1 MW class turbines
February 2003	First project (22.8 MW capacity) commissioned in Minnesota, USA
September 2003	Representative office opened in China
November 2003	World Wind Energy Award to Tulsi Tanti for outstanding achievements in disseminating wind energy worldwide.
April 2004	Citicorp invests Rs. 1,000 million
August 2004	ChrysCapital invests Rs. 1,000 million
August 2004	Commissioning of Multi MW class- 2 MW series WTG

Membership of Industry Associations

We are members of the following key wind energy industry associations:

S. No.	Name of Asociation	Registration/Membership details
1.	Indian Wind Turbine Manufacturers Association	Corporate Member
2.	European Wind Energy Association	Corporate Member
3.	Danish Wind Industry Association	Industry Member
4.	American Wind Energy Association	Corporate Member
5.	New Zealand Wind Energy Association	Corporate Member
6.	World Wind Energy Association	Corporate Member
7.	Indian Wind Energy Association	Life Membership
8.	Indian Wind Power Association	Service provider category

OUR MANAGEMENT

The following table sets forth details regarding our Board of Directors as of the date of filing the Prospectus with RoC:

Board of Directors

Sr. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
1.	**Tulsi R.Tanti,** **Chairman and Managing Director** **Executive Director** **S/o Ranchhodbhai Tanti** C-501 Satellite Towers Orion Mundhwa Pune 411 036 India *Business*	47	December 1, 2000 Liable to retire by rotation	1) Senergy Global Private Limited 2) Suzlon Generators Private Limited 3) AE-Rotor Holding B.V. 4) AE-Rotor Techniek B.V. 5) Suzlon Energy B.V. (formerly AE-Rotor B.V.) 6) Suzlon Energy GmbH 7) Suzlon Energy A/S. 8) Suzlon Gujarat Wind Park Limited 9) Suzlon Structures Private Limited 10) Suruchi Holdings Private Limited 11) Sugati Holdings Private Limited 12) SE Drive Technik GmbH 13) Suzlon Rotor Corporation
2.	**Girish R.Tanti** **Director (International Business Development & HR)** **Executive Director** S/o Ranchhodbhai Tanti C-401 Satellite Towers Orion Mundhwa Pune 411 036 India *Business*	35	December 1, 2000 Liable to retire by rotation	1) Suzlon Capital Limited 2) Suzlon Green Power Limited 3) AE-Rotor Holding B.V. 4) AE-Rotor Techniek B.V. 5) Suzlon Energy B.V. (formerly AE-Rotor B.V.) 6) Suzlon Wind Energy Corporation 7) Suzlon Energy GmbH 7) Suzlon Energy GmbH 8) Suzlon Energy A/S. 9) Sugati Holdings Private Limited 10) Samanvaya Holdings Private Limited 11) Cannon Ball Wind Energy Park-I LLC 12) Suzlon Rotor Corporation
3.	**Ajay Relan** **Non-Executive Independent Director** S/o Ramdhan Relan Citibank N.A. Jeevan Vihar Sansad Marg New Delhi 110 001 *Representative of Citicorp Professional Banker*	51	April 19, 2004 Not liable to retire by rotation	1) Citicorp Finance (India) Limited 2) I-flex Solutions Limited (Alternate) 3) Orbitech Limited 4) Gujarat Glass Limited 5) Monnet Ispat Limited 6) HT Media Limited 7) Yes Bank Limited 8) Micro Abrasives Limited 9) Jubilant Organosys Limited

Sr. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
4.	**Ashish Dhawan** **Non-Executive Independent Director** S/o Anand Kumar Dhawan Suite 101 The Oberoi Dr. Zakir Hussain Marg New Delhi 110 003 *Representative of ChrysCapital Service*	36	August 10, 2004 Not liable to retire by rotation	1) ChrysCapital I, LLC 2) ChrysCapital II, LLC 3) ChrysCapital III, LLC 4) Chrysalis Investment Advisors (India) Private Limited 5) Global Vantedge (Mauritius) 6) Ephinay India Private Limited 7) Ephinay Bermuda 8) MphasiS BFL Limited 9) CM nvestments, LLC 10) Global Vantedge (Bermuda) 11) Global Vantedge (India) Private Limited 12) Yes Bank Limited 13) IVRCL Infrastructure and Projects Limited
5.	**Pradip Kumar Khaitan** **Non-Executive Independent Director** S/o Late Bhagwati Prasad Khaitan B-103, Rai Enclave, 7/1A, Sunny Park, Kolkata 700 019 India *Lawyer*	64	August 25, 2004 Liable to retire by rotation	1) CESC Limited 2) Dalmia Cement (Bharat) Limited 3) Electrosteel Castings Limited 4) GIS Limited 5) Graphite India Limited 6) Hindustan Motors Limited 7) India Glycols Limited 8) Lanco Industries Limited 9) OCL India Limited 10) Pilani Investment & Industries Limited 11) Woodlands Hospital & Medical Research Centre Limited 12) Visa Steel Limited 13) South Asian Petrochem Limited

Tulsi R. Tanti has over twenty-five years of experience in various technical and commercial areas. He has been involved in Suzlon's operations since inception. Tulsi Tanti is a Commerce Graduate and holds a Diploma-in-Mechanical Engineering. He is also the President of Gujarat Chapter of Indian Wind Turbine Manufacturers Association. He was awarded the "World Wind Energy Award 2003" for his extraordinary achievements in the dissemination of the wind energy in India. He was also awarded the "Champions of Composites Technologies" award by Composite Centre International for his outstanding contribution in application of composite materials and development of composite technology and the "Business Leadership Award 2002" by Solar Energy Society of India.

Girish R. Tanti is responsible for all of our overseas operations including negotiating, liasioning and dealing with customers and suppliers. He has been involved with Suzlon since inception and has played a key role in acquiring the technology from Sudwind and in building a vendor base for our imported components. Girish Tanti is an Electronics Engineer and is a management graduate from Cardiff, United Kingdom. He is mainly engaged in identification of the new business opportunities, strategic planning for the execution of the objectives, long term planning for the growth of the group and human resource development for national and the International Markets.

Ajay Relan is the Managing Director of Citigroup International India. He is a former Chief Executive of Citicorp Securities & Investments Limited, a company focused on the equity and debt markets in India. He has had several years of corporate and investment banking experience in India, Saudi Arabia, Tunisia and Switzerland. He has a MBA from the Indian Institute of Management, Ahmedabad and a B.A. Honours (Economics) from the St. Stephen's College, Delhi.

Ashish Dhawan is the Senior Managing Director, ChrysCapital. He is the co-founder of ChrysCapital a private equity fund founded in India that manages US$450.0 million of funds for leading institutional clients. He previously worked in the Proprietary Investment Group at Goldman Sachs in New York. He was formerly at GP Investments, a private equity fund in Brazil and prior to that worked at McCown De Leeuw & Co, a private equity firm in the USA. He holds an MBA with distinction from Harvard University and a dual bachelors degree (B.S./B.A.) in applied mathematics and economics from Yale University.

Pradeep Kumar Khaitan, B.Com, L.L.B., Attorney-at-Law (Bell Chambers Gold Medallist) is a well-known lawyer and partner of Khaitan & Co. Advocates. He is a member of the Bar Council of India and Indian Council of Arbitration, New Delhi. His areas of specialisation are Commercial and Corporate Laws, Tax Laws, Arbitration, Joint Ventures, Mergers and Acquisition, Restructuring and De-mergers. He is on the Board of several well-known Companies in India. He is connected with several public charitable institutions as Trustee.

Remuneration of Directors

Tulsi Tanti

Under the terms of an agreement dated April 1, 2005, Tulsi Tanti has been appointed as the Managing Director of the Company with effect from April 1, 2005, for a term of three years. The remuneration payable to him under the said agreement is as follows:

Salary: Rs. 1,000,000 per month (including house rent allowance and contribution to superannuation fund and gratuity fund)

Perquisites:

- Medical benefits for Tulsi Tanti and his family;
- Personal accident insurance policy for Tulsi Tanti and his family;
- Leave and leave travel assistance;
- Membership fees for a maximum of two clubs not including admission and life membership fees;
- Fully maintained car with driver;
- Telephone expenses at residence along with expenses for cellular phone;
- Reimbursement of all actual expenses in the course of exercising his functions and duties; and
- Contribution towards provident fund subject to a ceiling of 12% of the salary and superannuation fund subject to a ceiling of 15% of the salary

Girish R. Tanti

Under the terms of an agreement dated April 1, 2005, Girish Tanti has been appointed as a whole-time director of the Company with effect from April 1, 2005, for a term of three years. The remuneration payable to him under the said agreement is as follows:

Salary:

- Rs. 350,000 per month (including house rent allowance and contribution to superannuation fund and gratuity fund)

Perquisites:

- Medical benefits for Girish Tanti and his family;
- Personal accident insurance policy for Girish Tanti and his family;
- Leave and leave travel assistance;
- Membership fees for a maximum of two clubs not including admission and life membership fees;
- Fully maintained car with driver;
- Telephone expenses at residence along with expenses for cellular phone;
- Reimbursement of all actual expenses in the course of exercising his functions and duties Company; and
- Contribution towards provident fund subject to a ceiling of 12% of the salary and superannuation fund subject to a ceiling of 15% of the salary

Payment or benefit to directors/ officers of our Company

Except as stated in section titled "Our Management" on page 100 of this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Corporate Governance

We have a broad-based Board of Directors, constituted in compliance with the Companies Act, SEBI Guidelines and listing agreements with the Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

The Board has five Directors, of which two are executive Directors. The Chairman of the Board is an executive Director.

Committees of the Board

Audit and Compliance Committee

The members of the Audit and Compliance Committee are:

- Ajay Relan (Chairman);
- Ashish Dhawan; and
- Pradip Kumar Khaitan

The Audit and Compliance Committee was constituted on December 20, 2004. The scope and functions of the Audit and Compliance Committee are as per Section 292A of the Companies Act. Its main functions are to:

- create an open avenue for communication between the Board of Directors, internal auditors and the independent auditors;
- recommend the appointment and removal of statutory and internal auditors, fix audit fees and approve payment for other services;
- provide directions and oversee the operation of the total audit function in the Company (internal as well as external);

  monitor the adequacy of the internal control environment including computerized information control system and security and management information systems;
- review the half yearly report obtained from the compliance officer appointed by the Company;
- interact with the external auditors before finalising the annual or half yearly financial statements;
- review the annual financial statements and analyse the performance of the Company, along with the management, before the same are forwarded to the Board with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements having financial statement implications;
- to scrutinise the reasons for default, if any, in payments to depositories, debenture holders, shareholders, creditors, etc., and legal matters that could have a significant impact on the financial statements;
- review all related party transactions; and
- if necessary, institute special investigation teams with complete access to all records, information and personnel of the Company.

In this financial year, the Audit Committee has met twice.

Investor Relations Committee (Shareholders' Redressal)

The members of the Investor Relations Committee are:

- P. K. Khaitan (Chairman);
- Tulsi Tanti; and
- Girish Tanti

The Investor Relations Committee was constituted on March 28, 2005. The Investor Relations Committee has been set up for the following purposes:

- redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates; and
- monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares and bonds issued by the Company.

Remuneration Committee

The members of the Remuneration Committee are:

- Ajay Relan; (Chairman)
- Ashish Dhawan; and
- Pradip Kumar Khaitan

The Remuneration Committee was constituted on December 20, 2004. The Remuneration Committee has been set up for the following purposes:

- to review the overall compensation structure and related policies with a view to attract, motivate and retain employees;
- the committee determines the Company's policies on remuneration packages payable to the Directors including pension rights, performance/achievement bonus and perquisites; and
- consider grant of stock options to employees and review compensation levels vis-à-vis other companies and the industry in general

As of date, the Board Remuneration Committee has met twice.

IPO Committee

The IPO Committee was constituted on March 28, 2005. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

- Tulsi Tanti (Chairman); and
- Girish Tanti

Shareholding of the Directors

Our Articles do not require our Directors to hold any qualification shares in our Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them directly as of June 30, 2005 is set forth below:

Shareholders	No. of Equity Shares held
Tulsi R.Tanti*	2,192,400
Girish R.Tanti**	23,216,400

* Tulsi Tanti also holds Equity Shares as karta of Tulsi Ranchhodbhai HUF, as karta of Ranchhodbhai Ramjibhai HUF and jointly with Vinod R. Tanti and Jitendra R. Tanti. For more details, see "Capital Structure –Shareholding Pattern" on page 24 of this Prospectus.

** Girish Tanti also holds Equity Shares as karta of Girish Ranchhodbhai HUF. For more details, see "Capital Structure - Shareholding Pattern" on page 25 of this Prospectus.

Interests of Directors

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses

payable to them under our Articles of Association. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Tulsi Tanti and Girish Tanti are also promoters/ directors of certain of the Associate Companies. For more details, please see the section titled "Related Party Transactions" on page 155 of this Prospectus.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, members, partners or trustees. Tulsi Tanti and Girish Tanti are entitled to receive remuneration from us. See the section titled "Our Management–Remuneration of Directors" on page 102 of this Prospectus.

Further, as provided above, Tulsi R.Tanti, our Chairman and Managing Director; and Girish R.Tanti our Director (International Business Development & HR) hold Equity Shares.

Borrowing Powers of our Board

Our Articles authorise our Board, to borrow moneys and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. See section titled "Main Provisions of the Articles of Association" on page 307 of this Prospectus. Our shareholders at an AGM on September 25, 2004 authorised our Board to borrow a maximum of Rs. 5,000 million.

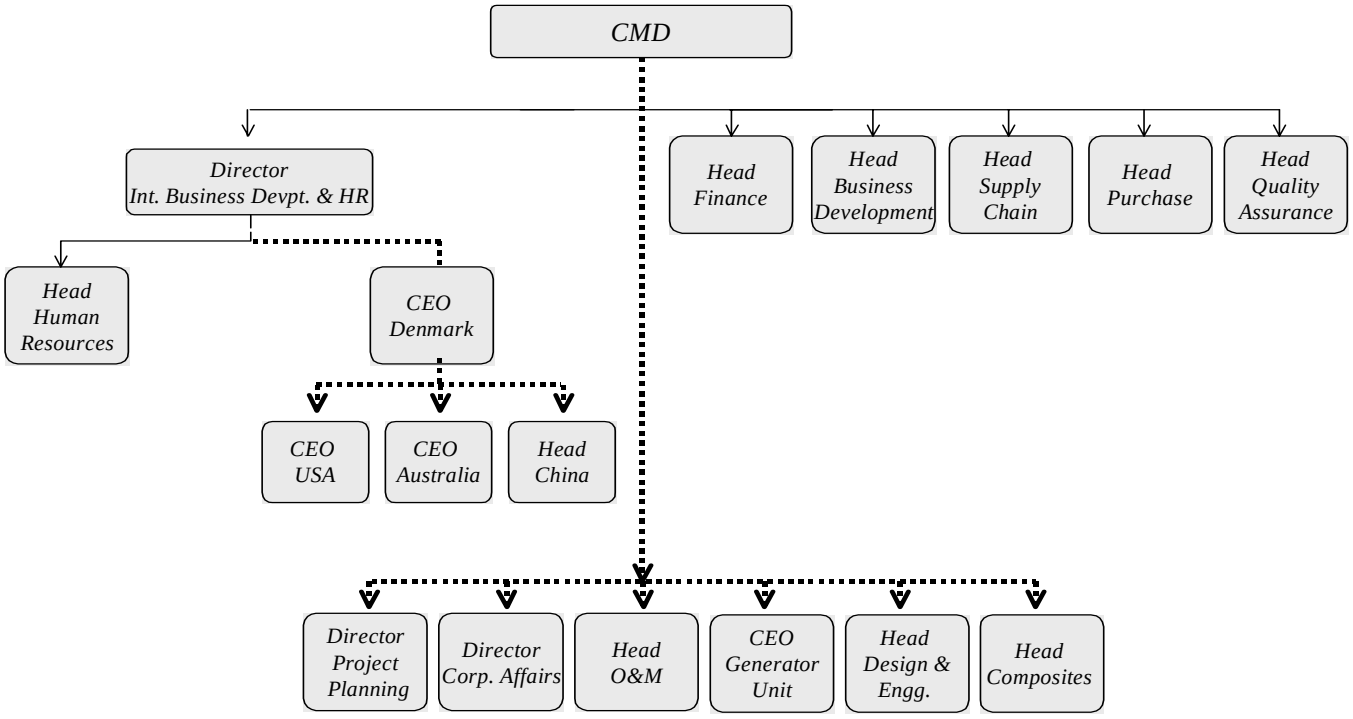
Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of the Company in the last three years:

Name	Date of Appointment	Date of Resignation
Ajay Relan	April 19, 2004*	—
	September 25, 2004	—
Ashish Dhawan	August 10, 2004*	—
	September 25, 2004	—
Pradip Kumar Khaitan	August 25, 2004*	—
	September 25, 2004	—
Vinod R. Tanti	—	July 1, 2005
Balrajsinh Paramar	—	July 1, 2005

* Appointment as Additional Director in a meeting of our Board

Organisational Structure



Key Managerial Personnel of our Company

For details regarding our Chairman and Managing Director and Director International Business Development and Human Resources, please see the section titled "Our Management" on page 100 of this Prospectus.

Anurag Rai, 43 , Vice President –Human Resources (Corporate), joined the Company in September 2004. He has earlier worked with Eicher Limited and Sterlite Optical Technologies Limited as Head – Corporate Human Resources. He has over 19 years of experience in the human resource management field. He is a lawyer with a Diploma in human resources development. During the last FY, he was paid a gross compensation of Rs. 878,651.

Chade W. Charles, 50, General Manager — Quality Assurance, has over 20 years of experience. He joined the Company in August 2004. He is responsible for quality monitoring. He has earlier worked with Duraeo Manufacturing Company, Lindal Ventil GmbH, Niesnev GmbH and Dewind GmbH. During the last FY, he was paid a gross compensation of Rs. 2,448,044.

Ishwar Chand Mangal, 34, Head – Business Development, North, has 12 years of experience. He is in charge of marketing in Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh, Rajasthan, Gujarat and Delhi. He has worked with the Rana Group and the Ganesh Group before joining Suzlon in March 1996. He is a Mechanical Engineer and has a Diploma in Export Import Management he is currently pursuing an MBA. During the last FY, he was paid a gross compensation of Rs. 2,306,791.

Kirti Vagadia, 40, Head – Corporate Finance, is a Chartered Accountant with over 18 years of experience in the areas of Finance, Accounting, Forex & Taxation. He has worked with Gujarat Steel Tubes Limited and Gujarat Intrux Limited before he joined the Company in 1995. During the last FY, he was paid a gross compensation of Rs. 2,908,362.

Paulo Fernando Gasper Soares, 40, as the Head - Operations, China has over 10 years of experience in the renewable energy industry. As a Vice President of Voith Siemens Hydro Power Generations, Shanghai, he was responsible for project management, field service and related functions. He was not paid any compensation in the last FY as he commenced his employment on July 1, 2005.

Praful C. Mehta, 50 , Head – Purchase, has over 27 years of experience. He worked with Ingersoll Rand India Limited before he joined the Company in December 1995. He is a Mechanical Engineer. During the last FY, he was paid a gross compensation of Rs. 2,616,833.

R. Sridhar, 40, Head – Supply Chain Management, has over 21 years of experience. He is responsible for the management of the foreign offices, management of projects, global purchases, supply chain management, purchase and quality assurance office in China, foreign collaborations and purchase agreements. He has worked with the IndusInd Bank and the State Bank of India before he joined the Company in October 1999. He is a post-graduate in commerce from Osmania University, Hyderabad, a Certified Associate of the Indian Institute of Bankers and also has a diploma in global strategic management from the Institute of Chartered Financial Analysts of India (in cooperation with Transworld University, USA). During the last FY, he was paid a gross compensation of Rs. 3,778,975.

Antonius Wilhelmus Peter van Megen, 53, Vice President - International Corporate Development and Director of the Supervisory Board in Suzlon Energy A/S, and is responsible for international business development, strategy and management. He has experience of over 29 years, which includes 7 years of senior management positions in the wind energy sector. He has managed a diversity of international projects and businesses including township infrastructure projects and electrical utility services before joining Suzlon in January 2004. During the last FY, he was paid a gross compensation of Rs. 9,475,000.

Key managerial personnel of our subsidiaries

Vinod R. Tanti, 42, is a Director in SWSL. He has over 20 years of experience in project planning and business operations. He is responsible for the overall supervision of the operations of SWSL. He is also responsible for detailed wind mapping and micrositing for projects carried out by SEL. He is a Civil Engineer.

Balrajsinh A. Parmar, 48, is a Director in SWSL. He has over 25 years of experience in execution of various projects and maintenance. Over and above his responsibilities at SWSL, his responsibilities also include liasioning with the central and the state governments on policy and other regulatory issues for SEL. He is a Mechanical and Electrical Engineer with specialisation in Instrumentation and Control.

Nilesh Vaishnav, 42, Head – O&M, SWSL, has over 21 years of experience in the power industry. His main responsibility is to look after O&M of wind-farms developed by the Company, ensuring optimal power generation and machine availability. He has worked with Enron India (P) Limited and Gujarat Gas Company before joining the Company. He is a Mechanical Engineer.

T. Pradeep Kumar, 49, Chief – Strategic Business Unit, Suzlon Generators, has over 29 years of experience. He has worked with Kirloskar Electrical Company Limited as Senior Engineer, Crompton Greaves Limited as Senior Executive, Thermax Limited as Business Chief, Bajaj Electricals as Vice President Corporate Planning and Bajaj Ventures Limited as Managing Director before he joined the Company in March 2004. He is a Mechanical and an Electrical Engineer with a MBA in marketing, M.I.E, MBIM, M.I.S.L.E.

Per Hornung Pedersen, 51, CEO –Suzlon Energy A/S (Denmark), has over 20 years of international experience, which includes 5 years of experience in the wind industry with NEG Micon before joining Suzlon Energy A/S in August 2004.

Andris E. Cukurs, 42, CEO, SWECO has over 22 years of experience in engineering, construction and project management, with the last six years in the wind energy industry as CEO of NEG Micon's operations in the USA and Canada before joining SWECO (USA) in October 2004.

Dan Kofoed Hansen, 46, Vice President Sales & Marketing (Asia Pacific) and CEO Suzlon Australia Pty. Ltd., has 18 years of experience in international contracting, which includes 10 years in the wind energy industry. He was previously with NEG Micon – Australia and USA. He joined Suzlon Australia in June 2004 to establish this company in Australia and New Zealand.

T. Spehr, 45, Head – WTG Design (Germany), SEG, has over 20 years of experience in the wind industry. He was one of the promoters of Sudwind, which was later taken over by Nordex.

William Verheij, 59, Head –Rotor Blade R&D (The Netherlands), AERT, has over 29 years of experience in various engineering industries in the areas of blade designing and as Project and Operations Manager. He worked with AERPAC prior to joining the Company in 2001.

All the key managerial personnel as mentioned above are permanent employees of the Company. None of the above mentioned key managerial personnel are related to each other except Tulsi Tanti and Vinod Tanti. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

Shareholding/ Interest of the Key Managerial Personnel

The list of our Key Managerial Persons holding Equity Shares and the number of Equity Shares held by each of them directly as of June 30, 2005 is set forth below:

Shareholders	No. of Equity Shares held
R. Sridhar	180,000
Kirti J. Vagadia*	180,000
Ishwar Chand Mangal**	180,000
Praful C. Mehta***	180,000

* Equity Shares held jointly with Beena Kirti Vagadia, wherein Beena Kirti Vagadia is the first holder.

** Equity Shares held jointly with Anita Ishwar Mangal, wherein Anita Ishwar Mangal is the first holder.

*** Equity Shares held jointly with Nila Praful Mehta, wherein Nila Praful Mehta is the first holder.

The Company has entered into two agreements with T. Spehr, (Head, Designs, Suzlon Energy GmbH) for design and development of certain models of WTGs. Under the term of these agreements, all intellectual property rights belong to the Company. The details of the same are as follows:

Date	Purpose	Consideration	Term
October 17, 2002	Development of 1.25 MW gearless WTG	Euro 76,700	5 years or completion of 250 WTGs whichever is later
October 17, 2002	Development of 2 MW series WTG	Euro 76,700	5 years or completion of 250 WTGs whichever is later

Employee Stock Option Plan ("Plan")

We have instituted a stock option plan to reward and help retain our employees and to enable them to participate in our future growth and financial success. The Plan includes provision for the grant of options to employees of SEL and and the subsidiaries except our subsidiaries in the United States of America. We have granted stock options to employees pursuant to the Plan. Pursuant to the Plan, the Company has granted 921,000 options to eligible employees at an exercise price, which is at a discount of 50% of the Issue Price. Under the terms of the Plan, 30% of the options will vest in the employees at the end of the first year, 30% at the end of the second year and the balance of 40% at the end of third year from the date of the grant.

Changes in the Key Managerial Personnel / key employees of our subsidiaries

The following are the changes in our key managerial personnel and key employees of our subsidiaries for the last three years:

Name and Designation of the Employee	Date of Resignation	Date of Appointment
Walter Thompson, Vice President, Projects, SWECO	June 30, 2003	
R.Bakul, Director, Enginering	September 30, 2003	
Antonius Wilhelmus Peter van Megen, Vice President - International Corporate Development		January 1, 2004
T. Pradeep Kumar, Chief – Strategic Business Unit, Suzlon Generators		March 1, 2004
Ravindra R Vora, CEO, SWECO	March 31, 2004	

Name and Designation of the Employee	Date of Resignation	Date of Appointment
T. Spehr, Head WTG Design (Germany), SEG		April 1, 2004
Andris E. Cukurs, CEO, SWECO		October 4, 2004
Dan Kofoed Hansen, Vice President Sales & Marketing (Asia Pacific) and acting CEO, Suzlon Australia Pty. Ltd.		June 15, 2004
Chade W. Charles, General Manager – Quality Assurance		August 19, 2004
Per Hornung Pedersen, CEO – Suzlon Energy A/S (Denmark)		August 1, 2004
Anurag Rai, Vice President – Human Resources (Corporate)		September 24, 2004
Paulo Frenando Gasper Soares, Head, Operations, China		July 1, 2005

OUR PROMOTERS

Promoters

The Promoters of our Company are as follows:

Tulsi Tanti

See the section titled "Our Management" on page 100 of this Prospectus for details.

His driver license number is MH12/04/500624. He does not have a voters identification card.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of Tulsi Tanti have been submitted to the NSE and the BSE at the time of filing the Draft Red Herring Prospectus with them.

GitaTanti

She is a commerce graduate and is on the board of directors of Samiran Jaipur Windfarms Private Limited and Samiran Jaisalmer Windfarms Private Limited.

She does not have a driver license or a voters identification card.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of Gita Tanti have been submitted to the NSE and the BSE at the time of filing the Red Herring Prospectus with them.

R.R. Family Trust

The R.R. Family Trust was formed pursuant to last will and testament of Mr. R. Ranchhodbhai. The trustees of this Trust are Tulsi Tanti, Vinod Tanti and Jitendra Tanti. The trust has been set up for the purposes of holding investments.

Tulsi Ranchhodbhai HUF

Tulsi Ranchhodbhai HUF is a hindu undivided family recognized under Indian Law. Tulsi Tanti is the karta of this HUF and is authorized to take all decisions in relation to the assets and properties of the HUF.

Ranchhodbhai Ramjibhai HUF

Ranchhodbhai Ramjibhai HUF is a hindu undivided family recognized under Indian Law. Tulsi Tanti is the karta of this HUF and is authorized to take all decisions in relation to the assets and properties of the HUF.

Suzlon Capital Limited

Corporate Information

Suzlon Capital Limited was incorporated on July 28, 1994, in the state of Gujarat. Its registered office is located at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad- 380009. It is engaged in the business of providing consultancy services.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	176,450	18.66%
2	Relatives of the Promoter forming part of the Promoter Group	729,200	77.10%
3	Others	40,100	4.24%
	Total	945,750	100.00%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Capital Limited consisted of:

1. Vinod R.Tanti;
2. Girish R.Tanti; and
3. Harish H. Mehta

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	2.95	13.37	133.01
Profit after tax	0.36	10.73	117.87
Equity Share Capital	9.46	9.46	9.46
Reserve and Surplus*	24.97	35.64	153.53
Earning per Share (of Rs. 10 each)	0.38	11.27	124.63
Book Value per share* (of Rs.10 each)	36.40	47.69	172.34

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

We confirm that the Permanent Account Number, Bank Account Numbers, the Company Registration Number and the address of the registrar of companies where Suzlon Capital Limited is registered have been submitted to the NSE and the BSE at the time of filing the Red Herring Prospectus with them.

Promoter Group

Relatives of the Promoter that are part of the Promoter Group

The following relatives form part of our Promoter Group:

S.No.	Name of the shareholders	Relationship	Percentage of Equity Shares held as of September 9, 2005
1.	Vinod R.Tanti	Brother	0.87%
2.	Jitendra R.Tanti	Brother	0.95%
3.	Sangita V.Tanti	Wife of Vinod R. Tanti	5.38%
4.	Lina J.Tanti	Wife of Jitendra R. Tanti	5.38%
5.	Girish R.Tanti	Brother	8.90%
6.	Rambhaben Ukabhai	Mother	5.38%
7.	Vinod R.Tanti as karta of Vinod Ranchhodbhai HUF	-	4.83%
10.	Jitendra R.Tanti as karta of Jitendra Ranchhodbhai HUF	-	1.47%
11.	Pranav T. Tanti	Son	4.53%
12..	Nidhi T. Tanti	Daughter	2.23%
13.	Rajan V. Tanti through guardian Vinod R.Tanti	Son of Vinod R. Tanti	1.27%
14.	Brij J. Tanti through guardian Jitendra R.Tanti	Son of Jitendra R. Tanti	4.63%
15.	Trisha J. Tanti through guardian Jitendra R.Tanti	Daughter of Jitendra R. Tanti	1.16%
16.	Girish R. Tanti as karta of Girish Ranchhodbhai HUF	-	4.83%
17.	Meena B. Babaria	Sister	Nil
18.	Mansukh K. Virani	Brother of Gita T. Tanti	Nil
19.	Dinesh K. Virani	Brother of Gita T. Tanti	Nil
20.	Kishor K. Virani	Brother of Gita T. Tanti	Nil
21.	Karsan B. Virani	Father of Gita T. Tanti	Nil
22.	Kesar K. Virani	Mother of Gita T. Tanti	Nil
23.	Hemlata Dhanani	Sister of Gita T. Tanti	Nil
24.	Savita Virani	Sister of Gita T. Tanti	Nil
25.	Jaya Virani	Sister of Gita T. Tanti	Nil

Companies Promoted by the Promoter Group

Suzlon Windfarm Services Limited

Corporate Information

Suzlon Windfarm Services Limited, a wholly-owned subsidiary of the Company, was incorporated on July 27, 1998, in the state of Gujarat. Presently, its registered office is located at Godrej Millennium, 5th Floor, 9, Koregaon Park Road, Pune – 411001. SWSL is engaged in the business of providing O & M services for WTGs.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No.of equity shares	Percentage of total equity holding
1	Suzlon Energy Limited	2,000,000*	100.00%
	Total	**2,000,000**	**100.00%**

* 200 shares held jointly with the Promoters and 400 shares held jointly with the relatives of the Promoters forming part of Promoter Group

Board of Directors

As of July 1, 2005, the board of directors of SWSL consisted of:

1. Amarsinh A. Parmar;
2. Vinod R.Tanti;
3. Jitendra R.Tanti; and
4. Balrajsinh A. Parmar

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	186.70	270.42	479.83
Profit after tax	13.18	34.17	37.44
Equity Share Capital	20.00	20.00	20.00
Reserve and Surplus*	21.34	49.91	72.25
Earning per Share (of Rs. 10 each)	4.09	14.52	11.05
Book Value per share* (of Rs.10 each)	20.67	34.96	46.13

* Net of miscellaneous expenses and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Hotels Limited

Corporate Information

Suzlon Hotels Limited was incorporated on May 28, 1997 in the state of Gujarat. Its registered office is located at “Suzlon”, 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad- 380009. It operates a hotel at Diu.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	293,300	26.61%
2	Relatives of the Promoters forming part of the Promoter Group	571,600	51.86%
3	Suzlon Energy Limited	202,900	18.41%
4	Others	34,400	3.12%
	Total	1102200	100.00%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Hotels Limited consisted of:

1. Jitendra R.Tanti;
2. Ranjitsinh A.Parmar; and
3. Bhupendra P. Khakhar

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	10.01	10.79	11.26
Profit after tax	0.06	0.15	0.14
Equity Share Capital	11.02	11.02	11.02
Reserve and Surplus*	(0.72)	0.01	0.72
Earning per Share (of Rs. 10 each)	(1.10)	(1.03)	(1.04)
Book Value per share* (of Rs.10 each)	8.19	8.85	9.49

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Infrastructure Limited

Corporate Information

Suzlon Infrastructure Limited was incorporated on April 21, 1998 in the state of Gujarat. Its registered office is located at Godrej Millennium, 5th Floor, 9, Koregaon Park Road, Pune – 411001. This company is engaged in the business of civil work, erection, installation and commissioning of WTGs.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	196,000	19.6%
2.	Relatives of the Promoters forming part of the Promoter Group	778,800	77.88%
3.	Others	25,200	2.52%
	Total	**1,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of SIL consisted of:

1. Ranjitsinh A. Parmar;
2. Jitendra R.Tanti; and
3. Harish H.Mehta

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	338.71	1,172.13	3,552.06
Profit after tax	1.75	47.80	168.52
Equity Share Capital	2.00	2.00	10.00
Reserve and Surplus*	28.21	70.99	230.20
Earning per Share (of Rs. 10 each)	(6.89)	224.74	389.01
Book Value per share* (of Rs.10 each)	150.91	364.58	240.20

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Green Power Limited

Corporate Information

Suzlon Green Power Limited, a wholly-owned subsidiary of the Company, was incorporated on January 25, 2000 in the state of Gujarat. Presently, its registered office is located at “Suzlon”, 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad- 380 009. It is engaged in the business of setting up independent power projects.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Suzlon Energy Limited	4,990,000*	100.00%
	Total	**4,990,000**	**100.00%**

* 200 shares held jointly with the Promoters and 400 shares held jointly with the relatives forming part of the Promoter Group.

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Green Power Limited consisted of:

1. Vinod R.Tanti;
2. Girish R.Tanti;
3. Balrajsinh A. Parmar; and
4. Harish H. Mehta

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	44.48	54.56	109.59
Profit after tax	12.74	8.54	23.08
Equity Share Capital	49.90	49.90	49.90
Reserve and Surplus*	3.96	6.02	22.58
Earning per Share (of Rs. 10 each)	1.89	0.39	3.29
Book Value per share* (of Rs.10 each)	10.79	11.21	14.53

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sarjan Realities Limited

Corporate Information

Sarjan Realities Limited was incorporated on September 5, 1997 in the state of Gujarat. Presently, its registered office is located at 285/10, Koregaon Park, Behind Singh Motors, Near Hotel Gulmohar Jupiter, Pune - 411001. It is engaged in the business of acquiring land for setting up of wind-farms.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	31,500	16.58%
2	Relatives of the Promoters forming part of the Promoter Group	143,300	75.42%
3	Others	15,200	8.00%
	Total	**190,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of SRL consisted of:

1. Harish H. Mehta;
2. Nilesh V. Dhanani; and
3. Amarsinh A. Parmar

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	33.42	171.68	349.92
Profit after tax	0.92	8.57	10.89
Equity Share Capital	1.90	1.90	1.90
Reserve and Surplus*	12.07	17.75	26.43
Earning per Share (of Rs. 10 each)	(10.39)	29.62	41.82
Book Value per share* (of Rs.10 each)	73.55	103.42	149.11

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Engitech Private Limited

Corporate Information

Suzlon Engitech Private Limited was incorporated on May 3, 2001 in the state of Maharashtra. Its registered office is located at 285/10, Koregaon Park, Behind Singh Motors, Near Hotel Gulmohar Jupiter, Pune - 411001. It is engaged in the business of manufacturing of engineering products.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	328,500*	100.00%
	Total	**328,500**	**100.00%**

* 100 shares held jointly the Promoters and 500 shares held jointly with relatives of the Promoters forming part of the Promoter Group and others.

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Engitech Private Limited consisted of:

1. Amarsinh A. Parmar
2. Jitendra R.Tanti; and
3. Vinod R. Tanti

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	—	0.57	6.18
Profit after tax	—	0.08	(1.13)
Equity Share Capital	0.10	0.10	3.29
Reserve and Surplus*	(0.13)	(0.02)	(1.13)
Earning per Share (of Rs. 10 each)	n.a.	7.59	(30.87)
Book Value per share* (of Rs.10 each)	(2.61)	7.51	6.57

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sarjan Infrastructure Finance Limited

Corporate Information

Sarjan Infrastructure Finance Limited was incorporated on June 7, 2001 in the state of Maharashtra. Its registered office is located at IL&FS Financial Centre, 6th Floor, East Quadrant, Plot No.22, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051. It is engaged in the business of financing infrastructure activities.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	560,100	22.40%
2	Relatives of the Promoters forming part of the Promoter Group	1,705,400	68.21%
3	Others	234,500	9.39%
	TOTAL	**2,500,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Sarjan Infrastructure Finance Limited consisted of:

1. Harish H. Mehta;
2. Jitendra R. Tanti; and
3. Amarsinh A. Parmar

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	6.69	6.13	11.57
Profit after tax	2.55	2.10	6.00
Equity Share Capital	25.00	25.00	25.00
Reserve and Surplus*	2.26	0.79	3.17
Earning per Share (of Rs. 10 each)	1.01	(0.63)	0.92
Book Value per share* (of Rs.10 each)	10.91	10.31	11.27

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Samiran Jaipur Windfarms Private Limited

Corporate Information

Samiran Jaipur Windfarms Private Limited was incorporated on July 11, 2003 in the state of Rajasthan. Its registered office is located at 1st Floor, "Neelkanth", 1, Bhawani Singh Road, Opposite Nehru Sahkar Bhawan, C-Scheme, Jaipur – 302001. It is engaged in the business of setting up of wind farm projects.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	5,000	50.00%
2	Others	5,000	50.00%
	TOTAL	**10,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Samiran Jaipur Windfarms Private Limited consisted of:

1. Sheela B. Parmar; and
2. Gita T. Tanti

Financial Performance

(In Rs. millions, except share data)

		Period ended March 31, 2004	Year ended March 31, 2005
Income		—	0.00
Profit after tax		—	(0.00)
Equity Share Capital		0.10	0.10
Reserve and Surplus*		(0.01)	(0.01)
Earning per Share (of Rs. 10 each)		0.00	(0.40)
Book Value per share* (of Rs.10 each)		8.98	8.78

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Samiran Jaisalmer Windfarms Private Limited

Corporate Information

Samiran Jaisalmer Windfarms Private Limited was incorporated on July 11, 2003 in the state of Rajasthan. Its registered office is located at 1st Floor, "Neelkanth", 1, Bhawani Singh Road, Opposite Nehru Sahkar Bhawan, C-Scheme, Jaipur – 302001. It is engaged in the business of setting up of wind-farm projects.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	5,000	50.00%
2	Relatives of the Promoters forming part of the Promoter Group	5,000	50.00%
	TOTAL	**10,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Samiran Jaisalmer Windfarms Private Limited consisted of:

1. Sangita V. Tanti; and
2. Gita T.Tanti

Financial Performance

(In Rs. millions, except share data)

	Period ended March 31, 2004	Year ended March 31, 2005
Income	—	0.00
Profit after tax	—	(0.00)
Equity Share Capital	0.10	0.10
Reserve and Surplus*	(0.02)	(0.00)
Earning per Share (of Rs. 10 each)	0.00	(0.40)
Book Value per share* (of Rs.10 each)	8.98	8.78

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Senergy Global Private Limited

Corporate Information

Senergy Global Private Limited was incorporated on April 5, 2004 in the state of Maharashtra. Its registered office is located at IL&FS Financial Centre, 6th Floor, East Quadrant, Plot No.22, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051. It is engaged in the business of carbon trading.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	175,000	17.50%
2	Relatives of the Promoters forming part of the Promoter Group	820,000	82.00%
3	Others	5,000	0.50%
	TOTAL	**1,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Senergy Global Private Limited consisted of:

1. Tulsi R.Tanti; and
2. Harish H. Mehta

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	1.01
Profit after tax	0.11
Equity Share Capital	10.00
Reserve and Surplus*	0.02
Earning per Share (of Rs. 10 each)	0.11
Book Value per share* (of Rs.10 each)	10.02

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Kurumadikere Energy Limited

Corporate Information

Kurumadikere Energy Limited was incorporated on August 12, 2002 in the state of Maharashtra and was acquired by SRL on April 15, 2004. Its registered office is located at IL&FS Financial Centre, 6th Floor, East Quadrant, Plot No.22, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051. It is engaged in the business of generation of electricity from wind energy.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Sarjan Realities Limited	50,000*	100%
	Total	**50,000**	**100.00%**

* 60 shares held jointly with others.

Board of Directors

As of August 31, 2005, the board of directors of Kurumadikere Energy Limited consisted of:

1. Harish H. Mehta;
2. Nilesh V. Dhanani; and
3. Kirti J. Vagadia

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	—	—	6.50
Profit after tax	(0.01)	(0.01)	3.39
Equity Share Capital	0.50	0.50	0.50
Reserve and Surplus*	(0.03)	(0.04)	3.37
Earning per Share (of Rs. 10 each)	(0.29)	(0.21)	67.88
Book Value per share* (of Rs.10 each)	9.33	9.21	77.19

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Generators Private Limited

Corporate Information

Suzlon Generators Private Limited, a subsidiary of the Company, was incorporated on April 29, 2004 in the state of Maharashtra. Its registered office is located at Godrej Millennium, Ground Floor, 9, Koregaon Park Road, Pune 411001. It is engaged in the business of manufacturing generators.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Suzlon Energy Limited	8,721,500	74.9%
2	Elin EBG Motoren GmbH	2,907,300	25.1%
3	Promoters	100	0.001%
4	Relatives of the Promoters forming part of the Promoter Group	400	0.004%
	Total	**11,629,300**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Generators consisted of:

1. Jitendra R.Tanti;
2. Franz J. Hrachowitz; and
3. Tulsi R. Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income**	—
Profit after tax	—
Equity Share Capital	116.29
Reserve and Surplus*	(1.02)
Earning per Share (of Rs. 10 each)	0.00
Book Value per share* (of Rs.10 each)	10.00

* Net of miscellaneous expenses not written off and revaluation reserves.

** As of March 31, 2005, Suzlon Generators had not commenced commercial operations.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Structures Private Limited

Corporate Information

Suzlon Structures Private Limited, a subsidiary of the Company, was incorporated on May 25, 2004 in the state of Gujarat Its registered office is located at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad- 380009. It is engaged in the business of manufacturing tubular towers.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Kalpesh R. Kalthia	5,000	0.03%
2	Suzlon Energy Limited	11,249,500	75.00%
3	Kalthia Investment Private Limited	3,745,000	24.97%
4	Promoters	100	0.001%
5	Relatives of the Promoters forming part of the Promoter Group	400	0.002%
	Total	**15,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Structures consisted of:

1. Jitendra R.Tanti;
2. Kalpesh R. Kalthia; and
3. Tulsi R. Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	18.37
Profit after tax	(3.91)
Equity Share Capital	150.00
Reserve and Surplus*	(5.56)
Earning per Share (of Rs. 10 each)	(1.96)
Book Value per share* (of Rs.10 each)	9.63

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Power Infrastructure Private Limited

Corporate Information

Suzlon Power Infrastructure Private Limited, a wholly-owned subsidiary of the Company, was incorporated on June 10, 2004 in the state of Tamil Nadu. Its registered office is located at 108, 2nd Floor, Srivari Gokul Tower, Race Course Road, Coimbatore 641018. It is engaged in the business of building infrastructure for evacuation of power out of wind power projects.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Ltd	3,010,000*	100.00%
	Total	**3,010,000**	**100.00%**

* 100 shares held jointly with the Promoters and 500 shares held jointly with the relatives of the Promoters forming part of the Promoter Group.

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Power Infrastructure Private Limited consisted of:

1. Jitendra R.Tanti;
2. Vinod R. Tanti; and
3. Balrajsinh A. Parmar

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	30.85
Profit after tax	0.31
Equity Share Capital	0.10
Reserve and Surplus*	0.31
Earning per Share (of Rs. 10 each)	31.44
Book Value per share* (of Rs.10 each)	40.58

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suzlon Gujarat Wind Park Limited

Corporate Information

Suzlon Gujarat Wind Park Limited, a wholly-owned subsidiary of the Company, was incorporated on July 5, 2004 in the state of Gujarat. Its registered office is located at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380009. It is engaged in the business of setting up of wind-farms projects.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Ltd	500,000*	100.00%
	Total	**500,000**	**100.00%**

* 100 shares held jointly with the Promoters and 500 shares held jointly with the relatives of the Promoters forming part of the Promoter Group.

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Gujarat Wind Park Limited consisted of:

1. Tulsi R.Tanti;
2. Balrajsinh A. Parmar; and
3. Harish H. Mehta

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income**	—
Profit after tax	(1.75)
Equity Share Capital	0.50
Reserve and Surplus*	(1.94)
Earning per Share (of Rs. 10 each)	(34.94)
Book Value per share (of Rs.10 each)	(28.85)

* Net of miscellaneous expenses not written off and revaluation reserves.

** As of March 31, 2005, this company had not commenced operations.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Suruchi Holdings Private Limited

Corporate Information

Suruchi Holdings Private Limited was incorporated on March 4, 2005 in the state of Maharashtra. Its registered office is located at C-501, Satellite Towers, Orion, Mundhwa, Pune 411036. It is engaged in the business of making investments in companies.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	600,000	20.00%
2	Relatives of the Promoters forming part of the Promoter Group	2,400,000	80.00%
	TOTAL	**3,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Suruchi Holdings Private Limited consisted of:

1. Tulsi R.Tanti; and
2. Vinod R.Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	-
Profit after tax	(0.05)
Equity Share Capital	30.00
Reserve and Surplus*	(0.25)
Earning per Share (of Rs. 10 each)	(0.12)
Book Value per share (of Rs.10 each)	9.92

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sugati Holdings Private Limited

Corporate Information

Sugati Holdings Private Limited was incorporated on March 4, 2005 in the state of Maharashtra. Its registered office is located at C-501, Satellite Towers, Orion, Mundhwa, Pune 411036. It is engaged in the business of making investments in companies.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	600,000	20.00%
2	Relatives of the Promoters forming part of the Promoter Group	2,400,000	80.00%
	TOTAL	**3,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Sugati Holdings Private Limited consisted of:

1. Girish R.Tanti; and
2. Tulsi R.Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	—
Profit after tax	(0.05)
Equity Share Capital	30.00
Reserve and Surplus*	(0.25)
Earning per Share (of Rs. 10 each)	(0.12)
Book Value per share (of Rs.10 each)	9.92

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sanman Holdings Private Limited

Corporate Information

Sanman Holdings Private Limited was incorporated on March 18, 2005 in the state of Maharashtra. Its registered office is located at C-501, Satellite Towers, Orion, Mundhwa, Pune 411036. It is engaged in the business of making investments in companies.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	600,000	20.00%
2	Relatives of the Promoters forming part of the Promoter Group	2,400,000	80.00%
	TOTAL	**3,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Sanman Holdings Private Limited consisted of:

1. Vinod R.Tanti; and
2. Jitendra R.Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	—
Profit after tax	(0.05)
Equity Share Capital	30.00
Reserve and Surplus*	(0.25)
Earning per Share (of Rs. 10 each)	(0.06)
Book Value per share (of Rs.10 each)	9.92

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Samanvaya Holdings Private Limited

Corporate Information

Samanvaya Holdings Private Limited was incorporated on March 18, 2005 in the state of Maharashtra. Its registered office is located at C-501, Satellite Towers, Orion, Mundhwa, Pune 411036. It is engaged in the business of making investments in companies.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Promoters	180,000	6.00%
2	Relatives of the Promoters forming part of the Promoter Group	2,820,000	94.00%
	TOTAL	**3,000,000**	**100.00%**

Board of Directors

As of August 31, 2005, the board of directors of Samanvaya Holdings Private Limited consisted of:

1. Jitendra R.Tanti; and
2. Girish R.Tanti

Financial Performance

(Rs. in millions, except share data)

	Year ended March 31, 2005
Income	—
Profit after tax	(0.05)
Equity Share Capital	30.00
Reserve and Surplus*	(0.25)
Earning per Share (of Rs. 10 each)	(0.06)
Book Value per share (of Rs.10 each)	9.92

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Kush Synthetics Private Limited

Corporate Information

Kush Synthetics Pvt. Ltd. was incorporated on October 20, 1997 in the state of Gujarat. Its registered office is located at 209, Thakorbhai Mithaiwala Market, Ring Road, Surat. It is engaged in the business of textiles.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Relatives of the Promoters forming part of the Promoter Group	36,300	90.07%
2	Others	4,000	9.93%
	Total	**40,300**	**100.00%**

Board of Directors

As of August 31, 2005, the Board of Directors of Kush Synthetics Private Limited consisted of:

1. Mansukh K. Virani;
2. Dinesh K. Virani; and
3. Karsanbhai B. Patel

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	0.26	0.12	0.11
Profit after tax	(0.07)	0.11	0.07
Equity Share Capital	0.40	0.40	0.40
Reserve and Surplus*	(0.19)	(0.08)	(0.01)
Earning per Share (of Rs. 10 each)	(1.76)	2.78	1.79
Book Value per share (of Rs.10 each)	5.19	8.01	9.84

* Net of miscellaneous expenses not written off and revaluation reserves.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Samimeru Windfarms Private Limited

Corporate Information

Samimeru Windfarms Private Limited was incorporated on August 30, 2005 in the state of Maharashtra. Its registered office is located at 285/10, Koregaon Park, Behind Singh Motors, Near Hotel Gulmohar Jupiter, Pune- 411001. It is engaged in the business of setting up of windfarm projects.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Sanman Holdings Private Limited	5,000	50%
2	Samanvaya Holdings Private Limited	5,000	50%
	TOTAL	**10,000**	**100.00%**

Board of Directors

As of August 31, 2005, the Board of Directors of Samimeru Windfarms Private Limited consisted of:

1. Harish H. Mehta; and
3. Nilesh V. Dhanani

Financial Performance

As this company was incorporated in August 2005, there is no financial information available.

Sunset Windfarms Private Limited

Corporate Information

Sunset Windfarms Private Limited was incorporated on August 30, 2005 in the state of Maharashtra. Its registered office is located at 285/10, Koregaon Park, Behind Singh Motors, Near Hotel Gulmohar Jupiter, Pune- 411001. It is engaged in the business of setting up of windfarm projects.

Shareholding Pattern (as of August 31, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Sanman Holdings Private Limited	5,000	50%
2	Sugati Holdings Private Limited	5,000	50%
	TOTAL	**10,000**	**100.00%**

Board of Directors

As of August 31, 2005, the Board of Directors of Sunset Windfarms Private Limited consisted of:

1. Harish H. Mehta; and
3. Nilesh V. Dhanani

Financial Performance

As this company was incorporated in August 2005, there is no financial information available.

SNS Textiles Limited

Corporate Information

SNS Textiles Limited, was incorporated as "Suzlon Fibres Limited" on March 4, 1992 in the State of Gujarat as public limited company. Its registered office is located at Survey No. 36-58, Village: Vasna-Iyava, Sanand – Viramgam Highway, Taluka: Sanand, Dist.: Ahmedabad – 382 170 in the State of Gujarat. It is engaged in the business of textiles.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares held	Percentage of holding
1.	Promoters	10,378,264	68.05%
2.	NRIs / OCBs	909,750	5.97%
3.	Indian Corporate Bodies	824,930	5.41%
4.	Financial Institutions/Banks	424,000	2.78%
5.	Indian Public	2,713,056	17.79%
	TOTAL	**15,250,000**	**100.00%**

There has been no change in the capital structure of SNS Textiles Limited in the previous six months from the date of this Red Herring Prospectus.

Board of Directors

As of August 31, 2005, the board of directors of SNS Textiles Limited consisted of:

1. Jitendra R. Tanti;
2. Mansukh K. Patel;
3. Ranjitsinh A. Parmar;
4. Priyesh G. Shah; and
5. Satish V. Batavia

Share Quotation:

Highest and lowest price on BSE in the last six months:

Month	High (Rs.)	Low (Rs.)
February, 2005	9.07	5.00
March, 2005	8.90	5.72
April, 2005	8.75	4.85
May, 2005	8.78	3.95
June, 2005	17.15	6.92
July, 2005	23.20	12.80
August, 2005	23.95	17.40

(Source: BSE Website)

Closing price on the BSE as of September 9, 2005 was Rs. 19.70.

Market Capitalisation on the BSE as of September 9, 2005 was Rs. 300.42 million.

Financial Performance

(In Rs. millions, except share data)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	339.79	190.82	149.90
Profit after tax	(19.43)	(52.36)	(13.66)
Equity Share Capital	147.94	147.94	147.94
Reserve and Surplus*	(224.53)	(274.27)	(142.67)
Earning per Share (of Rs. 10 each)	(1.36)	(3.36)	3.98
Book Value per share (of Rs.10 each)	(5.18)	(8.54)	0.36

* Net of miscellaneous expenses not written off and revaluation reserves.

Promise vis-à-vis performance

The following are the details of the last issue made by SNS Textiles Limited.

Issue Details	Issue size (Rs. / million)	Time of Issue
Right Issue of 3,325,000 equity share of Rs. 10/- each for cash at a premium of Rs. 5/-	49.875	Issue open date: June 30, 1997 Issue close date: July 30, 1997 Date of completion of dispatch of the share certificates: September, 1997

SNS Textiles Ltd. made the issue with the object to finance the cost of diversification into spinning of polyester viscose yarn and expansion of its existing furnishing fabrics capacity and to meeting the margin for working capital requirements. The said objectives were achieved.

The projections of sales and profitability were made as follows:-

(In Rupees million)

Financial Year	Projected sales	Actual sales	Variance (%)	Projected Net Profit	Actual Net Profit	Variance (%)
1996-97	540.70	534.70	- 1.11%	15.90	11.20	- 29.56%
1997-98	812.10	520.90	- 35.86%	43.40	4.60	- 89.40%
1998-99	849.60	401.30	- 52.77%	57.70	(68.20)	- 218.20%

The turnover and net profit of the company showed a declining trend. The factors attributable are as under:

- Decrease in realization price of the products of the company.
- Downturn in general economic conditions.
- Increase in the power cost due to upward revision of electricity charges by state owned utilities
- High interest rates on loans taken by the company adversely impacted the company's profitability.
- Increase in major raw material prices i.e. polyester staple fibre and viscose staple fibre also adversely impacted the company's profitability.
- Delay in implementation of spinning project and furnishing fabrics project resulted in cost overruns and the commencement of repayment obligations to banks/financial institutions.

Owing to the adverse factors mentioned above, SNS Textiles had become a sick company having eroded its net worth and registered with the Board of Industrial and Financial Reconstruction (Bearing Regd. no. 316/2001 dated July 20, 2001). As of March 31, 2005 the net worth of the company has become positive by Rs. 5.28 million. The BIFR by way of its order dated July 21, 2005 has discharged SNS Textiles Limited from the purview of SICA.

AE Rotor Holding B.V.

Corporate Information

AE Rotor Holding B.V. was incorporated on June 8, 2001 in The Netherlands. The Registered Office of this company is situated at Goudstraat 15, 7554 NG Hengelo Ov, The Netherlands. It is engaged in the business of making investments.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	172,500	100%

Board of Directors

As of August 31, 2005, the board of directors of AERH consisted of:

1. Tulsi R.Tanti; and
2. Girish R.Tanti

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (Euro)	Year ended March 31, 2004 (Euro)	Year ended March 31, 2005 (Euro)
Sales and other income	0.00	0.00	0.08
Profit after tax	0.008	0.003	(0.02)
Equity Capital	0.10	1.18	1.73
Reserves *	0.007	0.01	(0.01)
Earning per Share	0.82	0.03	(0.13)
Book Value**	10.68	10.09	9.93

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is EURO 10.00

AE Rotor Techneik B.V.

Corporate Information

AE Rotor Techneik B.V was incorporated on June 8, 2001 in The Netherlands. The Registered Office of AERT is situated at Goudstraat 15, 7554 NG Hengelo Ov, The Netherlands. AERT is engaged in the business of carrying out research and development related to designing of moulds, blades for WTGs and other wind energy products.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	AE-Rotor Holding B.V.	1,800	100%

Board of Directors

As of August 31, 2005, the Board of Directors of AE Rotor Techneik B.V consisted of :

1. Tulsi R.Tanti; and
2. Girish R.Tanti

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (Euro)	Year ended March 31, 2004 (Euro)	Year ended March 31, 2005 (Euro)
Sales and other income	2.70	1.44	1.95
Profit after tax	0.05	0.08	0.07
Equity Capital	0.02	0.02	0.02
Reserves *	0.10	0.18	0.25
Earning per Share	27.53	45.53	36.93
Book Value **	66.44	112.10	149.15

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is EURO 10.00 each

Suzlon Energy B.V.

Corporate Information

Suzlon Energy B.V was incorporated on June 8, 2001 in The Netherlands. The Registered Office of this company is situated at Goudstraat 15, 7554 NG Hengelo Ov, The Netherlands. It is engaged in the business of marketing of rotor blades.

Shareholding Pattern (As of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	AE-Rotor Holding B.V.	1,800	100%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Energy B.V consisted of:

1. Tulsi R.Tanti; and
2. Girish R.Tanti

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (Euro)	Year ended March 31, 2004 (Euro)	Year ended March 31, 2005 (Euro)
Sales and other income	0.00	0.00	-
Profit after tax	(0.002)	(0.02)	(0.003)
Equity Capital	0.02	0.02	0.02
Reserves *	(0.04)	(0.05)	(0.06)
Earning per Share	(1.13)	(9.69)	(1.848)
Book Value **	(10.26)	(19.82)	(21.54)

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is EURO 10.00.

Suzlon Wind Energy Corporation

Corporate Information

Suzlon Wind Energy Corporation was incorporated on October 1, 2001 in the State of Delaware in the United States of America. The Registered Office of the SWECO is situated at The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, DE 19801. SWECO is engaged in the business of marketing and selling of WTGs.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy A/s	1,000	100%

Board of Directors

As of August 31, 2005, the board of directors of SWECO consisted of:

1. Girish R.Tanti;
2. Per Hornung Pedersen; and
3. Tomas Kjaer Andersen

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (US$)	Year ended March 31, 2004 (US$)	Year ended March 31, 2005 (US$)
Sales and other income	0.66	22.42	3.06
Profit after tax	(0.62)	(3.79)	(0.96)
Equity Capital	0.001	5.08	6.07
Reserves *	(0.63)	(4.42)	(6.22)
Earning per Share	(616.31)	(3,792.58)	(958.81)
Book Value **	(624.01)	658.41	(147.89)

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is USD 1.00 each.

Cannon Ball Wind Energy Park – I, LLC

Corporate Information

Cannon Ball Wind Energy Park – I, LLC was incorporated on July 25, 2002 in The State of North Dakota in United States of America. The Registered Office of the Company is situated at C T Corporation System, 314 East Thayer Bismarck, North Dakota 58501-4018 It is engaged in the business of development of wind energy parks in United States of America.

Shareholding Pattern

Suzlon Wind Energy Corporation, the sole member, has contributed $ 1000 in Cannon Ball Wind Energy Park, LLC.

Governors of the company

The company is managed by its governors appointed in accordance with local laws. As of August 31, 2005, the following are the governors of Cannon Ball Wind Energy Park – I, LLC:

1. Girish R.Tanti;
2. Per Hornung Pedersen; and
3. Tomas Kjaer Andersen

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (US$)	Year ended March 31, 2004 (US$)	Year ended March 31, 2005 (US$)
Sales and other income	0.00	0.00	-
Profit after tax	(0.07)	(0.04)	(0.03)
Equity Capital	0.001	0.001	0.001
Reserves *	(0.07)	(0.11)	(0.14)
Members contribution	(0.07)	(0.11)	(0.14)

* Net of miscellaneous expenses not written off.

Suzlon Energy GmbH

Corporate Information

Suzlon Energy GmbH was incorporated on November 26, 2001 in Germany and was acquired by the Company on March 19, 2002. The Registered Office of the company is situated at August- Bebel- Str. 10, 18055 Rostock, Germany. It is engaged in the business of carrying on research and development activities in relation to WTG designs.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	2	100%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Energy GmbH consisted of:

1. Tulsi R.Tanti; and
2. Girish R.Tanti

Financial Performance

(in millions except share data)

	Year ended March 31, 2003 (Euros)	Year ended March 31, 2004 (Euros)	Year ended March 31, 2005 (Euros)
Sales and other income	0.00	0.02	0.33
Profit after tax	(0.08)	0.001	0.02
Equity Capital	0.03	0.03	0.03
Reserves *	(0.08)	(0.08)	(0.06)
Capital Reserve	0.00	0.46	1.03
Earning per Share	(38,614.00)	715.00	9,567.50
Book Value	(27,046.00)	201,169.00	495,736.50

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is EURO 12,500.00.

Suzlon Energy Australia Pty Ltd.

Corporate Information

Suzlon Energy Australia Pty Ltd. was incorporated on January 15, 2004 in Australia. The Registered Office of the company is situated at C/o Cummings McCormack Flavel, Level 11, 390 St Kilda Road, Melbourne 3004. It is engaged in the business of carrying on marketing and selling WTGs.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy A/S	550,001	100%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Energy Australia Pty Ltd. consisted of:

1. Per Hornung Pederson;
2. Neelabh Bhattacharya; and
3. Malcom Cooper

Financial Performance

(in millions except share data)

	Year ended March 31, 2004 AUD	Year ended March 31, 2005 AUD
Sales and other income	0.00	-
Profit after tax	(0.01)	(1.82)
Equity Capital	0.00	0.55
Reserves *	(0.01)	(1.83)
Earning per Share	(7,966.00)	(3.31)
Book Value **	(8,909.00)	(2.33)

* Net of miscellaneous expenses not written off and revaluation reserves.

** Net of miscellaneous expenses not written off and revaluation reserves. Face value of each equity share is AUD $1.00.

*** AUD – Australian Dollar

Suzlon Energy A/S

Corporate Information

Suzlon Energy A/S was incorporated on August 20, 2004 in Denmark. The Registered Office of Suzlon Energy A/S is situated at Kystvejen 29, 8000 Aarhus C, Denmark. It is engaged in the business of management and consultancy in the area of wind energy.

Shareholding Pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	467,137	100%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Energy A/S consisted of:

1. Tulsi R.Tanti;
2. Girish R.Tanti; and
3. Antonius Wilhelmus Peter van Megen

Financial Performance

(in millions except share data)

	Year ended March 31, 2005 Euro
Income	0.43
Profit after tax	(0.88)
Equity Share Capital	5.55
Reserve and Surplus*	(0.88)
Earning per Share	(2.13)
Book Value per share*	20.13

* Net of miscellaneous expenses not written off and revaluation reserves.

SE Drive Technik GmbH

Corporate Information

SE Drive Technik GmbH was incorporated on July 16, 2005 in Germany. The registered office of SE Drive Technik GmbH is situated at Essen, Germany. It is engaged in the business of carrying out research and development activities in relation to design and manufacture of prototypes of WTG gear boxes.

Shareholding Pattern (as of August 30, 2005)

Sr. No.	**Name of the shareholder**	**No. of equity shares**	**Percentage of total equity holding**
1.	Suzlon Energy Limited	1*	100%

* Par value Euro 25,000

Board of Directors

As of August 31, 2005, the board of directors of SE Drive Technik GmbH consisted of:

1. Tulsi Tanti

As this company was incorporated in July, 2005, there is no financial information available.

Suzlon Windpark Management GmbH

Suzlon Windpark Management GmbH was incorporated on August 23, 2005 in Germany. The registered office of Suzlon Windpark Management GmbH is situated at Essen, Germany. It is engaged in the business of managing a 2 MW series demonstration windmill project in Olsdorf, Germany..

Shareholding Pattern (as of August 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	1*	100%

* Par value Euro 25,000

Board of Directors

1. Wolfang Werner Conrad

As of August 31, 2005, the board of directors of Suzlon Windpark Management GmbH consisted of:

1. Tulsi Tanti

As this company was incorporated in July, 2005, there is no financial information available.

Suzlon Rotor Corporation

Suzlon Rotor Corporation was incorporated on August 10, 2005 in Minnesota, USA. The registered office of Suzlon Rotor Corporation is situated at Corporate Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. It is in the process of setting up a unit for the manufacture of rotor blades.

Shareholding Pattern (as of August 31, 2005)

Sr.No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy Limited	1000	100%

Board of Directors

As of August 31, 2005, the board of directors of Suzlon Rotor Corporation consisted of:

1. Tulsi Tanti; and
2. Girish Tanti

As this company was incorporated in August, 2005, there is no financial information available.

Windpark Olsdorf Watt GmbH & Co. KG

Corporate Information

Windpark Olsdorf Watt GmbH & Co. KG (a partnership company as per laws of German) was incorporated on September 03, 2002 in Germany and was acquired by SEG (a 100% German subsidiary of the Company) on May 01, 2005. The Registered Office of the company is situated at Kirchenbungert 2, 54292 Trier, Germany. It is engaged in the business of setting up a demonstration WTG.

Shareholding Pattern / Partnership pattern (As of September 8, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Suzlon Energy GmbH (investing partner)	Fixed capital Euro 2500	100%
2.	Suzlon Windpark Management GmbH (managing partner)	Nil	0%

Partners

As of Aug 31, 2005, the partners of this company consisted of:

1. Suzlon Energy GmbH
2. Suzlon Windpark Management GmbH (under process of enlisting)

Financial Performance

(in millions except share data)

	Year ended Dec 31, 2002 (unaudited) (Euros)	Year ended Dec 31, 2003 (unaudited) (Euros)	Year ended Dec 31, 2004 (audited) (Euros)	Period ended May 01, 2005 (audited) (Euros)
Sales and other income	(0.000)	0.000	0.000	0.000
Profit after tax	(0.001)	(0.001)	(0.001)	(0.001)
Equity Capital	0.003	0.003	0.003	0.003
Reserves	(0.001)	(0.002)	(0.002)	(0.003)
Capital Reserve	0.000	0.000	0.000	0.000
Earning per Share	N.A.	N.A.	N.A.	N.A.
Book Value	N.A.	N.A.	N.A.	N.A.

Aryan Hospitality LLC

Company Information

Aryan Hospitality LLC was incorporated on December 27, 2004 and its registered office is located at DBA Suburban Lodge, 445 Hotel Circle South San Diego, California 92108, United States of America. It is engaged in the business of hotels and hospitality services.

Board of Governors

The company is managed by its governors appointed in accordance with local laws. As of June 30, 2005, the board of governors of Aryan Hospitality LLC consist of:

1. Kishor Virani;
2. Mitesh Kalthia; and
3. Dahyalal Gajera

Profit sharing ratios

Sr. No.	Name of the Partner	Profit Sharing (%)
1	Rakesh Bajaria	8.34%
2	Praful Bajaria	8.34%
3	K & B Savalia Investment Inc.	8.33%
4	Vinayak Kathrotia	8.33%
5	Himat Desai	8.33%
6	Rashmikant Vaghasia	8.33%
7	Kishor Virani	15.00%
8	Mitesh Kalathia	10.00%
9	Dahyalal Gajera	15.00%
10	Vipul Patel	5.00%
11	Rajesh Tiwari	5.00%
	Total	**100.00%**

Financial Performance (Unaudited)

As Aryan Hospitality LLC commenced its' business only in December 2004, no annual accounts are available.

Balaji Corporation (A S Corp Company)

Corporate Information

Balaji Corporation was incorporated on October 24, 1994 and its registered office is located at Hotel Circle Econolodge, 445 Hotel Circle South San Diego, California – 92108, United States of America. The firm is engaged in the business of operating hotels and providing hospitality services.

Board of Directors

The board of directors of Balaji Corporation consists of:

1. Kishor Virani; and
2. Mitesh Kalthia

Shareholding Pattern

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mitesh Kalthia	5,650	56.50%
2	Kishor Virani	4,350	43.50%
	Total	**10,000**	**100.00%**

Financial Performance (Un audited)

(In millions except share data)

	Year ended December 31, 2002 (US$)	Year ended December 31, 2003 (US$)	Year ended December 31, 2004 (US$)
Income	1.60	1.57	1.83
Profit Before Tax	0.04	0.11	0.65
Equity Share Capital	0.52	0.52	0.52
Reserves & Surplus*	0.68	0.89	1.42
Earning Per Share	4.35	10.77	64.60
Book Value per share	119.42	140.70	194.80

* Net of miscellaneous expenses not written off and revaluation reserves.

****** Net of miscellaneous expenses not written off and revaluation reserves. Face value of equity share is USD 50.00.

Harsha Hotel LLC

Corporate Information

Harsha Hotel LLC was incorporated August 8, 2000 and its registered office is located at Best Western Airport Inn, 7144 Gateway BLVD East, El Paso, Texas 79915, United States of America. It is engaged in the business of operating hotels and providing hospitality services.

Board of Governors

The company is managed by its governors appointed in accordance with local laws. The board of governors of Harsha Hotel LLC consists of:

1. Kishor Virani;
2. Kalpesh Kalthia;
3. Dhiru Ramani; and
4. Niraj Patel.

Profit sharing ratios

Sr. No.	Name of the Partner	Profit Sharing (%)
1	Kalpesh Kalathia	29.00%
2	Kishor Virani	17.00%
3	Niraj Patel	16.00%
4	Dhiru Ramani	38.00%
	Total	**100.00%**

Financial Performance (Unaudited)

(in millions)

	Year ended December 31, 2002 (US$)	Year ended December 31, 2003 (US$)	Year ended December 31, 2004 (US$)
Income	1.40	1.43	1.86
Profit After Tax	0.13	0.14	0.39
Partners' Capital Account	0.65	0.79	0.90

Kalthia Management Corporation (A C Corp Company)

Corporate Information

Kalathia Management Corporation was incorporated on July 2, 2001 and commenced its business on June 16, 2003. Its registered office is located at Holiday Inn Downtown (Shreveport, LA), 445, Hotel Circle, San Diego, California- 92108, United States of America. It is engaged in the business of hotels and providing hospitality services.

Board of Directors

As of June 30, 2005, the board of directors of Kalthia Management Corporation consist of:

1. Kishor Virani;
2. Mitesh Kalthia; and
3. Ratilal Kalthia.

Shareholding pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mitesh Kalthia	800	80.00%
2	Kishor Virani	200	20.00%
	Total	**1,000**	**100.00%**

Financial Performance (Unaudited)

(In millions except share data)

	Year ended December 31, 2003 (US$)	Year ended December 31, 2004 (US$)
Income	1.88	2.89
Profit after tax	0.35	0.45
Equity Share Capital	(0.08)	0.62
Reserve and Surplus*	0.35	0.46
Earning per Share	354.39	453.00
Book Value per share*	272.55	1,076.58

* Net of miscellaneous expenses not written off and revalutaion reserves.

****** Face value of equity share is USD 1,200.

Kalthia Construction & Management Corporation (A S Corp Company)

Corporate Information

Kalthia Construction & Management Corporation was incorporated on June 18, 1998 having its registered office at 445, Hotel Circle S, San Diego, California – 92108, United States of America. It is engaged in the business of hotels and providing hospitality services.

Board of Directors

As of June 30, 2005, the board of directors of Kalthia Construction & Management Corporation consists of:

1. Kishor Virani;
2. Mitesh Kalthia; and
3. Ratilal Kalthia

Shareholding pattern as of June 30, 2005

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mitesh Kalthia	535	53.50%
2	Kishor Virani	300	30.00%
3	Ratilal Kalthia	50	5.00%
4	Kalpesh Kalthia	50	5.00%
5	Hitesh Kalthia	15	1.50%
6	Atul Patel	50	5.00%
	Total	**1,000**	**100.00%**

Financial Performance (Unaudited)

(In millions except share data)

	Year ended December 31, 2003 (US$)	Year ended December 31, 2004 (US$)
Income	1.01	0.46
Profit Before Tax	0.06	0.06
Equity Share Capital	(0.33)	0.34
Reserve and Surplus*	0.06	(0.68)
Earning Per Share	55.69	57.33
Book Value per share	(277.76)	(345.43)

* Net of miscellaneous expenses not written off and revaluation reserves.

****** Face value of equity share is USD 1266.

Laxmi Investment LLC

Corporate Information

Laxmi Investment LLC was incorporated on March, 2004 and its registered office is located at 445, Hotel Circle South, San Diego, California – 92108, United States of America. It is engaged in the business of hotels and providing hospitality services.

Board of Governors

The company is managed by its governors appointed in accordance with local laws. The Board of Governors of Laxmi Investment LLC consists of:

1. Kishor Virani;
2. Mitesh Kalthia; and
3. Nikunj Parikh.

Profit sharing ratio

Sr. No.	Name of the Partner	Profit Sharing (%)
1	Nikunj Parikh	20.00%
2	Jagdis Shah	15.00%
3	Mitesh Kalthia	40.00%
4	Manoj Patel	10.00%
5	Kishor C. Mehta	5.00%
6	Kishor Virani	10.00%
	Total	**100.00%**

Financial Performance (Unaudited)

(in millions)

	Year ended December 31, 2004 (US$)
Income	0.74
Profit After Tax	0.03
Partners' Capital Account	0.03

Anjani Investments Inc (A C Corp Company)

Corporate Information

Anjani Investments Inc. was incorporated on March 11, 1999 and its registered office is located at Holiday Inn Express, 350 Smoketree Drive, EL CENTRO, California – 92243, United States of America. It is engaged in the business of hotels and providing hospitality services.

Board of Directors

As of June 30, 2005, the Board of Directors of Anjani Investments Inc. consists of:

1. Kishor Virani;
2. Mitesh Kalthia;
3. Vishnu Patel; and
4. Jitu Patel.

Shareholding pattern (as of June 30, 2005)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Vishnu Patel	450	45.00%
2	Mitesh Kalthia	125	12.50%
3	Kishor Virani	125	12.50%
4	Jitu Patel	300	30.00%
	Total	**1,000**	**100.00%**

Financial Performance (Unaudited)

(In millions except share data)

	Year ended December 31, 2002 (US$)	Year ended December 31, 2003 (US$)	Year ended December 31, 2004 (US$)
Income	0.25	2.24	2.33
Profit after Tax	(0.12)	(0.31)	(0.19)
Equity Share Capital	1.29	1.29	1.29
Reserve and Surplus*	(0.12)	(0.42)	(0.61)
Earning per Share	(116.14)	(306.85)	(191.84)
Book Value per share	1,168.86	862.01	670.17

* Net of miscellaneous expenses not written off and revaluation reserves.

** Face value of equity share is USD 1,285.

Partnership firms that are a part of the Promoter Group

Patel Karsandas Becharbhai & Co.

Firm Information

Patel Karsandas Becharbhai & Co., a partnership firm, having its principal office at Opp. Jolly Bunglows, Summair Club Road, Jamnagar – 360 115, Gujarat was set up with the object to carry on the business of general merchants and commission agents.

As of June 30, 2005, the partners are as follows:

Sr. No.	Name of the Partner	Interest
1	Karsanbhai Becharbhai Patel	30%
2	Mansukh K. Virani	30%
3	Dinesh K. Virani	40%
	Total	**100%**

Financial Performance (unaudited)

(In Rs. million)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	0.86	0.08	0.08
Profit Before Tax	0.21	0.04	0.04
Partner's Capital Account	0.85	0.86	0.58

Ganesh Cold Storage & Co.

Firm Information

Ganesh Cold Storage Co. a partnership firm, having its principal office at Rajkot Road, Nr. Subash Bridge, Jamnagar, Gujarat and was set up with the object to carry on the business of cold storage activities.

As of June 30, 2005, the partners are as follows:

Sr. No.	Name of the Partner	Interest
1	Narandas Samumal	5%
2	Ashokkumar Narandas HUF	8%
3	Mukeshkumar Narandas	5%
4	Kesarben Karsandas Patel	15%
5	Kundanben Natwarlal Sheth	15%
6	Meenaben Ashokkumar	7%
7	Bharatkumar Ashokkumar	20%
8	Amitkumar Ashokkumar	20%
9	Maheshkumar Narandas	5%
	Total	**100.00%**

Financial Performance

(in Rs. million)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	1.39	1.51	1.77
Profit Before Tax	0.03	(0.46)	0.01
Partners' Capital Account	1.16	0.56	0.84

Virani & Co.

Firm Information

Virani & Co. a partnership firm, having its principal office at Opp. Jolly Bunglows, Summair Club Road, Jamnagar – 360 115, was set up with the object to carry on the business of general merchants.

As of June 30, 2005, the partners are as follows:-

Sr. No.	Name of the Partner	Interest
1	Kesharbhai Becharbhai	20%
2	Mansukh K. Virani	20%
3	Dinesh K. Virani	20%
4	Kiranben Mansukhbhai Virani	20%
5	Rashilaben Dineshbhai Virani	20%
	Total	**100.00%**

Financial Performance (unaudited)

(In Rs. million)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	1.01	0.67	0.75
Profit Before Tax	0.54	(0.15)	0.28
Partner's Capital Account	4.76	4.67	5.01

B.R. Patel & Co.

Firm Information

B.R. Patel & Co. a partnership firm, having its principal office at Amrapali Cinema, Raiya Road, Rajkot, was set up with the object to carry on the business of general merchandising.

As of June 30, 2005, the partners are as follows:-

Sr. No.	Name of the Partner	Interest
1	Girish R. Patel	10.00%
2	Kirtibhai B. Patel	10.00%
3	Mangalaben B. Patel	10.00%
4	Tulsi Ranchhodbhai Tanti HUF	7.50%
5	Ranchhodbhai Ramjibhai HUF	10.00%
6	Vinod R. Patel	10.00%
7	Mahendra B. Patel	10.00%
8	Dilip B. Patel	21.25%
9	Gitaben Dhabjibhai	11.25%
	Total	**100.00%**

Financial Performance (Unaudited)

(Rs. in millions)

Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Income	-	-	-
Profit Before Tax	(0.10)	(0.07)	(0.07)
Partners' Capital Account	1.82	1.75	1.68

Companies with which the Promoter Group has been associated in the past

Relationship with Sarjan Securities Private Limited

As per clause 6.8.3.2 of the SEBI Guidelines, Sarjan Securities Private Limited ("SSPL") did not form part of the Promoter Group of Suzlon during last three years because there was no common shareholding or common control between the two entities. Presently, SSPL is not part of the Promoter Group. The Company holds no equity or preference shares in SSPL. As of the date of the Prospectus, the relationship between the Company and SSPL is limited to the extent of certain inter-corporate deposits that are owed by SSPL to the Company.

Background of SSPL

In 1999, a company named SSPL was promoted with the main object of making investments and to trade in securities and shares by Mr. Kirti J. Vagadia and Ms. Jagruti Parekh who are our employees. The first directors of SSPL were Mr. Kirti J. Vagadia, and Ms Jagruti Parekh. The key investment decisions of the SSPL as well as the resource mobilization function was handled by the aforesaid directors, whereas day to day operations and maintenance of records was handled by full time employees of SSPL.

SEBI registrations of SSPL

SSPL had obtained a certificate of registration as a sub-broker affiliated to Arcadia Share & Stock Brokers Pvt. Limited dated May 26, 2000, bearing registration no. INS23051930/ 23-07782, which SSPL surrendered on October 15, 2004.

Relationship between SSPL and the Company

Mr. Kirti J. Vagadia and Ms. Jagruti Parekh were the promoters and directors of SSPL. Mr. Kirti J. Vagadia, was at that time the General Manager, Finance, SEL. During this period Ms. Jagruti Parekh was our employee till September 30, 2000. On November 1, 2004, Mr. Kirti J. Vagadia and Ms. Jagruti Parekh resigned from the directorship of SSPL. Mr. Kirti J. Vagadia and Ms. Jagruti Parekh who are presently our employees however continue to hold a minority shareholding in SSPL which is 98 shares and 100 shares respectively.

Since its inception the Company advanced an amount aggregating Rs. 66,975,000/- to SSPL by way of inter-corporate deposits till March 30, 2002 and SSPL repaid an amount aggregating Rs. 29,427,941/- out of the said advances during that period. The outstanding inter-corporate deposits payable by SSPL to the Company as of March 30, 2002 was Rs. 37,547,059/-. No further advances were made by the Company to SSPL after March 30, 2002, the date on which the promoter group of the Company ceased to be shareholder of SSPL. SSPL repaid an amount of Rs. 21,847,059/- out of advances made by the Company by way of inter-corporate deposits upto August 31, 2005. The Company has also made a provision of Rs. 12,000,000/- for the financial year 2004 due to doubtful recovery of amounts due from SSPL. The outstanding inter-corporate deposits payable by SSPL to the Company as of August 31, 2005 is Rs. 15,700,000/-.

On January 1, 2001 certain members of the Tanti family who also held equity shares in the Company, were allotted 50,000 equity shares of SSPL of Rs. 10/- each constituting 99.6% of the paid up equity capital of SSPL and 50,000 preference shares of SSPL of Rs. 100 each. Therefore, during this period, as per the SEBI Guidelines, SSPL would have been considered a 'Promoter Group' company as more than 10% of its equity shares were held by the Promoter Group of the Company. There was no change in the directorship or management or day to day operations of the SSPL due to the change in the shareholding of SSPL. The Company and members of our Promoter Group, respectively also subscribed to 100,000 and 50,000 redeemable non cumulative preference shares of SSPL of Rs. 100/- each on January 1, 2001.

Being a non core investment incurring losses, Tanti family and the Company decided to exit from SSPL. The equity shares held by Tanti family were sold on March 30, 2002 to third parties, Sojitra family and Patel family at a price of Rs. 10/- per share. Therefore, once the Tanti family ceased to be shareholders in SSPL, active steps were taken by the Company and Tanti family to divest the respective preference shareholding in SSPL and the Company also continued its efforts to recover the outstanding sums due from SSPL under the inter-corporate deposits. After March 31, 2002, the Company ceased to provide any support to SSPL through inter-corporate deposits and is in the process of recovering the amounts due to it from SSPL. SSPL is repaying part of the inter-corporate deposits as per the available liquidity.

As mentioned above, while the efforts for divesting the preference shares were simultaneously being pursued by the Company and Tanti family, given the loss making status of SSPL, the same could not be sold immediately and were eventually sold by Tanti family in September 2003 to a third party, Vekaria Family at a price of Rs. 20/- per share. The preference shares held by the Company in SSPL were sold and transferred to Suzlon Capital on September 25, 2002 at price of Rs. 35/- per share and on April 20, 2004, Suzlon Capital sold and transferred these preference shares to a third party, Mr. J O Patel at price of Rs. 25/- per share.

Any action initiated by SEBI or any other regulatory authority against SSPL and/or its promoters/shareholders at any point of time.

We understand that the following notices were received by SSPL, its promoters and shareholders of SSPL from regulatory authorities:

a. Letter dated January 10, 2002, from the Deputy Commissioner of Police, Economic Offences Wing, to Kirti J. Vagadia, Director, SSPL, directing him to appear before the Deputy Commissioner of Police, Economic Offences Wing for interrogation in relation to the Tata Finance case.

b. Letter dated January 18, 2002 from the Chief General Manager, Securities Exchange Board of India calling for information from SSPL in relation to transactions pertaining to shares of Tata Finance Limited.

c. Summons dated August 8, 2002 addressed to SSPL was issued to appear before the Investigating Authority, SEBI, in relation to the investigation pertaining to the case of Dilip Pendse. Mr. Kirti J. Vagadia appeared on August 28, 2002.

d. For details of letter received from the Enforcement Directorate, Ministry of Finance, Government of India, see "Outstanding Litigation" on page 257 of this Prospectus.

The aforesaid letters are available for inspection. With reference to certain actions initiated by the regulatory authorities as mentioned above, please also refer to the risk factor "*In the past we have been associated with Sarjan Securities Private Limited ("SSPL") who in the past has been called upon by regulatory authorities to provide information relating to certain transactions in the shares of Tata Finance Limited*" on page xxxvi of the Prospectus.

RELATED PARTY TRANSACTIONS

DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Financial year ended March 31, 2003	Financial year ended March 31, 2004	Financial year ended March 31, 2005
Nature of relationship	**Name of Party**	**Name of Party**	**Name of Party**
Subsidiary Companies (See Note 1 below)	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited Suzlon Energy Australia Pty. Limited	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. (Formerly known as AE Rotor B.V.) Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited Suzlon Energy Australia Pty. Limited Suzlon Energy A/S Suzlon Windfarm Services Limited (Formerly Suzlon Windfarm Services Private Limited) Suzlon Structures Private Limited Suzlon Generators Private Limited
Associates		Suzlon Developers Limited Sarjan Realities Limited	Suzlon Developers Limited (Formerly Suzlon Developers Private Limited) Sarjan Realities Limited (Formerly Sarjan Realities Private Limited)
Key Management Personnel ('KMP')	Tulsi R. Tanti Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar Tulsi R. Tanti	Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar Tulsi R. Tanti	Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar
Relatives of Key Management Personnel ('RKMP')		Sheela B. Parmar Gita T. Tanti Nidhi T. Tanti Pranav T. Tanti Sangita V. Tanti Rajan V. Tanti Jitendra R. Tanti Rambhaben Ukabhai Ranjitsinh A. Parmar Amarsinh Parmar Kiritsinh Parmar	Sheela B. Parmar Gita T. Tanti Nidhi T. Tanti Pranav T. Tanti Sangita V. Tanti Rajan V. Tanti Jitendra R. Tanti Rambhaben Ukabhai Ranjitsinh A. Parmar Amarsinh Parmar Kiritsinh Parmar Isha G. Tanti

Related parties where KMP / RKMP exercise significant influence	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Windfarm Services Limited Suzlon Developers Finance Limited Suzlon Infrastructure Limited Sarjan Engitech Private Limited Sarjan Realities Limited	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Windfarm Services Limited SNS Textiles Limited Sarjan Infrastructure Finance Limited	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Gujarat Windpark Limited SNS Textiles Limited (Formerly Suzlon Fibres Limited) Sarjan Infrastructure Finance Limited Sarjan Engitech Private Limited Suzlon Power Infrastructure Private Limited (Formerly Suzlon Developers (South) Private Limited)
Employee Funds	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES

(All amounts in Rs million)

Particulars	Nature of Relationship	Financial Year Ended		
		March 31, 2003	March 31, 2004	March 31, 2005
Purchases & Sales				
Purchase of goods and services	Subsidiary Companies	57.54	29.05	367.74
	Associates	—	111.39	154.38
	Where KMP/RKMP exercise significant Influence	253.45	112.20	34.07
Purchase of fixed assets (including intangibles)	Subsidiary Companies	69.37	54.13	123.21
	Associates	—	5.00	—
	Where KMP/RKMP exercise significant Influence	8.00	—	—
Sale of goods	Subsidiary Companies	740.14	358.78	43.11
	Associates	—	0.10	361.17
	Where KMP/RKMP exercise significant Influence	0.03	301.52	—
Sale of fixed assets	Associates	—	—	0.24
	Where KMP/RKMP exercise significant Influence	0.58	—	—
	KMP	—	—	1.62
	Relative of KMP	—	—	0.60
Expenses :				
Managerial Remuneration	Key Management Personnel	5.98	10.51	16.31
Rent/ Hotel Charges Paid	Where KMP/RKMP exercise Significant Influence	1.93	2.39	4.09
	KMP	0.06	0.06	0.06
Discount given on Sale	Subsidiary Companies	—	—	45.46
Interest paid	Where KMP/RKMP exercise Significant Influence	—	1.09	—
Contribution to various funds	Employee benefit plans	2.59	7.52	13.44
Income				
Rent received	Subsidiary Companies	3.35	—	0.02
	Associates	—	1.53	0.52
	Where KMP/RKMP exercise significant Influence	—	0.02	—
Interest Received	Subsidiary Companies	7.44	21.62	43.83
	Associates	—	40.05	109.61
	Where KMP/RKMP exercise significant Influence	26.79	0.59	0.53

Dividend Received/ Accrued	Subsidiary Companies	4.97	1.96	20.65
	Associates	—	2.14	2.14
	Where KMP/RKMP exercise significant Influence	2.41	1.21	—
Finance				
Loans / Deposit given	Subsidiary Companies	189.77	491.28	646.33
	Associates	—	1,828.03	4,301.74
	Where KMP/RKMP exercise significant Influence	839.27	141.50	0.30
Guarantees Given	Subsidiary Companies	211.50	—	480.00
	Where KMP/RKMP exercise significant Influence	54.25	172.00	—
Subscription to/ Purchase of Equity Shares	Subsidiary Companies	39.90	317.18	848.10
	KMP	—	2.09	15.44
	RKMP	—	7.60	39.65
Subscription to/ Purchase of Preference Shares	Subsidiary Companies	15.10	—	8.91
	Associates	—	—	50.00
	Where KMP/RKMP exercise significant Influence	—	90.00	1.30
	KMP	—	—	24.53
	RKMP	—	—	27.94
Sale/ Redemption of Investments	Subsidiary Companies	—	—	196.47
	Where KMP/RKMP exercise significant Influence	13.50	—	12.42
	KMP	—	7.07	—
	RKMP	—	3.74	—
Outstanding Balances				
Investments	Subsidiary Companies	15.10	15.10	179.01
	Associates	—	16.50	66.50
	Where KMP/RKMP exercise significant Influence	34.50	108.00	8.70
Sundry Creditors	Subsidiary Companies	15.15	45.95	111.55
	Associates	—	5.98	1.98
	Where KMP/RKMP exercise significant Influence	4.97	0.24	1.44
	Employee Fund	—	—	4.49

Sundry Debtors	Subsidiary Companies	647.78	542.79	23.46
	Associates	—	—	104.07
	Where KMP/RKMP exercise significant Influence	11.70	—	—
	Relatives of KMP	—	—	0.10
Loans/ Deposits Outstanding	Subsidiary Companies	255.04	708.16	653.46
	Associates	—	474.67	1,861.35
	Where KMP/RKMP exercise significant Influence	380.32	147.00	39.15
Advances/ Deposits to suppliers	Where KMP/ RKMP exercise Significant Influence	15.67	—	17.29
Corporate Guarantees	Subsidiary Companies	163.50	152.67	629.16
	Associates	—	18.58	13.95
	Where KMP/RKMP exercise significant Influence	47.04	191.69	—

DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended	
			March 31, 2004	March 31, 2005
Purchase of fixed assets (including intangibles)	Subsidiary	AE Rotor Teckniek BV	54.13	60.56
	Subsidiary	Suzlon Energy GmbH	—	14.44
	Subsidiary	AE Rotor Holding BV	—	48.21
Sale of Fixed Assets	KMP	Girish R. Tanti	—	1.62
	RKMP	R.A. Parmar	—	0.60
Subscription to / purchase of preference Shares	Associate	Suzlon Developers Limited	—	50.00
	Entities where KMP / RKMP exercise significant influence	Suzlon Windfarm Services Limited	90.00	—
Subscription to / purchase of equity Shares	Subsidiary	Suzlon Energy A/S	—	527.43
	Subsidiary	Suzlon Generators Private Limited	—	87.12
	Subsidiary	Suzlon Structures Private Limited	—	107.45
	Subsidiary	AE Rotor Holding BV	58.52	30.81
	Subsidiary	Suzlon Wind Energy Corporation	234.56	44.70
Sale of investments	Subsidiary	Suzlon Energy A/S, Denmark	—	196.47
	KMP	Vinod Tanti	2.60	—
	KMP	Tulsi Tanti	3.44	—
	RKMP	Jitendra Tanti	2.70	—
Loan / Deposits given	Subsidiary	Suzlon Wind Energy Corporation	299.48	53.83
	Associate	Suzlon Developers Limited	897.10	2,064.14
	Associate	Sarjan Realities Limited	930.93	2,237.70
Sale of goods	Subsidiary	Suzlon Wind Energy Corporation	358.78	—
	Subsidiary	Suzlon Windfarm Services Limited	—	35.84
	Entities where KMP/RKMP exercise significant influence	Suzlon Windfarm Services Limited	300.80	—
	Associate	Suzlon Developers Limited	—	361.17
Discount given on sale	Subsidiary	Suzlon Wind Energy Corporation	—	45.46

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended	
			March 31, 2004	March 31, 2005
Purchase of goods and services rendered	Subsidiary	Suzlon Windfarm Services Limited	—	261.87
	Entities where KMP / RKMP exercise significant influence	Suzlon Windfarm Services Limited	111.55	—
	Subsidiary	AE Rotor Techniek BV	27.35	25.35
	Associate	Suzlon Developers Limited	111.39	154.38
Interest Received	Subsidiary	AE Rotor Holding BV	7.00	6.73
	Subsidiary	Suzlon Wind Energy Corporation	9.36	11.94
	Associate	Sarjan Realities Limited	31.66	78.07
	Associate	Suzlon Developers Limited	8.39	31.54
Interest Paid	Entities where KMP / RKMP exercise significant influence	Sarjan Infrastructure Finance Limited	1.09	—
Dividends Received / Accrued	Subsidiary	Suzlon Windfarm Services Limited	—	14.78
	Entities where KMP / RKMP exercise Significant influence	Suzlon Windfarm Services Limited	1.21	—
	Subsidiary	Suzlon Green Power Limited	1.96	5.87
	Associate	Suzlon Developers Limited	0.85	0.85
	Associate	Sarjan Realities Limited	1.30	1.30

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended	
			March 31, 2004	March 31, 2005
Rent Received	Associate	Suzlon Developers Limited	1.53	0.52
	Entities where KMP/RKMP exercise significant Influence	Suzlon Hotels Limited	2.39	1.69
		Sarjan Engitech Private Limited	—	2.40
Contribution to various funds	Employee Funds	Suzlon Energy Limited – Superannuation Fund	6.15	8.95
	Employee Funds	SEL – Employee Group Gratuity Scheme	1.38	4.49
Managerial Remuneration	KMP	Girish Tanti	2.41	3.91
	KMP	Tulsi Tanti	1.99	4.43
	KMP	Vinod Tanti	2.53	3.85
	KMP	Balrajsinh Parmar	3.58	4.12
Guarantees given	Subsidiary	Suzlon Structures Private Limited	—	320.00
	Subsidiary	Suzlon Windfarm Services Limited	—	160.00
	Entities where KMP/RKMP exercise significant Influence	Suzlon Windfarm Services Limited	172.00	—

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India, all references to "U.S. Dollars", and "US$" are to the legal currency of the United States of America and all references to "Euro" are to the legal currency of the European Union.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements, consolidated and standalone.

Currency of Presentation

For your convenience, this Prospectus contains translations of some Rupee amounts into U.S. Dollars, which should not be construed as a representation that those Rupee or U.S. Dollar amounts could have been, or could be, converted into U.S. Dollars or Rupees, as the case may be, at any particular rate, the rate stated below, or at all. Except as otherwise stated in this Prospectus, all translations from Rupees to U.S. Dollars contained in this Prospectus have been based on the noon buying rate in the City of New York on June 30, 2005 for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The noon buying rate on June 30, 2005 was Rs. 43.51 per US$1.00.

We have not converted any amounts appearing in Euros to Indian Rupees in this Prospectus. On June 30, 2005 the buying rate for Euro 1.00 was Rs. 52.64. This should not be construed as a representation that those Rupee or Euro amounts could have been, or could be, converted into Euros or Rupees, as the case may be, at any particular rate, the rate stated below, or at all.

We have not converted any amounts appearing in Australian Dollars (AUD) to Indian Rupees in this Prospectus. On June 30, 2005 the buying rate for AUD 1.00 was Rs. 33.15. This should not be construed as a representation that those Rupee or AUD amounts could have been, or could be, converted into AUD or Rupees, as the case may be, at any particular rate, the rate stated below, or at all.

We have not converted any amounts appearing in Danish Kroners (DKK) to Indian Rupees in this Prospectus. On June 30, 2005 the buying rate for DKK 1.00 was Rs. 7.06. This should not be construed as a representation that those Rupee or DKK amounts could have been, or could be, converted into DKK or Rupees, as the case may be, at any particular rate, the rate stated below, or at all.

All rates have been converted based on the noon buying rate for Rupee to USD and the noon buying rate of the respective currency to USD as of June 30, 2005.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. All dividend payments are made in cash to the shareholders of the Company.

(In Rs. million except for share data)

	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Face value of Equity Share (per share)	10	10	10	10	10
Interim Dividend on Equity Shares (in Rs. million)	231.84	73.04	60.86	170.43	12.17
Final Dividend on Equity Shares (in Rs. million)	115.92	170.43	Nil	Nil	48.69
Dividend rate (%)*	60	100	50	160	100
Sub-Total (A)	**347.76**	**243.47**	**60.86**	**170.43**	**60.86**
Face value of preference share (per share)	100	100	100	100	100
Dividend on preference shares (in Rs. million) (**B**)	15.08	0.9	1.33	1.03	0.17
Total (A+B)	**362.84**	**244.37**	**62.19**	**171.46**	**61.03**
Dividend tax (in Rs. million)	48.67	31.75	7.97	17.46	7.66

* Paid on a *pro-rata* basis.

However, the amounts paid as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.

FINANCIAL INFORMATION

INDEX

1. Statement of Assets and Liabilities and Profits and Losses, as restated, for the years ended March 31, 2001, 2002, 2003, 2004 and 2005
2. Statement of Consolidated Assets and Liabilities and Consolidated Profits and Losses, as restated, for the years ended March 31, 2002, 2003, 2004 and 2005
3. Management's Discussion and Analysis of Financial Conditions and Results of Operations
4. Indebtedness

STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, UNDER INDIAN GAAP FOR THE YEARS ENDED MARCH 31, 2001, 2002, 2003, 2004 AND 2005

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

June 24, 2005

To
The Board of Directors
Suzlon Energy Limited
5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura,
Ahmedabad – 380 009
India

Dear Sirs,

At your request, we SNK & Co., Chartered Accountants ('SNK') and S.R. Batliboi & Co., Chartered Accountants ('SRB') joint auditors of Suzlon Energy Limited ('SEL' or 'the Company') have examined the financial information annexed to this report which have been prepared in accordance with the requirements of:

a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 as amended by circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document of the Company in connection with its proposed Initial Public Offer ('IPO') and

d. The Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ('ICAI').

The Company proposes to make an IPO for the issue of 29,340,000 equity shares having a face value of Rs. 10 per equity at an issue price to be arrived at by the book building process. This IPO shall consist of a fresh issue of 26,762,680 equity shares by the Company and an Offer for Sale of 2,577,320 equity shares by Citicorp International Finance Corporation Inc. (together referred to as 'the Offer').

Financial information as per audited financial statements

1. We have examined the attached restated summary statement of assets and liabilities of the Company as at March 31, 2001, 2002, 2003, 2004 and 2005 and the attached restated summary statement of profits and losses for the years ended on those dates ('Summary Statements') (See Annexure I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes on adjustments appearing in Annexure III to this report. The summary statements for the years ended March 31, 2001, 2002, 2003 and 2004 are based on the financial statements of those years, which have been audited solely by SNK. Further, the impact of retrospective adjustments on account of changes in accounting policies and estimates, prior period items and regroupings in the years March 31, 2001, 2002, 2003 and 2004 have been verified by SNK, which SRB, has relied upon for the purpose of this report. SRB has not carried out any audit tests or review procedures for those years since they did not perform the audit. The summary statements for the year ended March 31, 2005 is based on the financial statements for the year ended March 31, 2005, which have been jointly audited by SNK and SRB.

Based on our examination of these summary statements, we confirm that:

- The impact arising on account of changes in accounting policies and estimates adopted by the Company as at and for the year ended March 31, 2005 have been adjusted with retrospective effect in the attached summary statements;
- The prior period items have been adjusted in the summary statements in the years to which they relate;
- There are no extraordinary items which need to be disclosed separately in the summary statements; and
- There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.

However, the retrospective adjustments on accounting of changes in accounting policies and estimates, prior period items and regroupings in the years March 31, 2001, 2002, 2003 and 2004 have been verified solely by SNK. Further, the identification of extraordinary items which are required to be disclosed in the summary statements for the years March 31, 2001, 2002, 2003 and 2004 has been performed and verified solely by SNK. Accordingly, in respect of the years ended March 31, 2001, 2002, 2003 and 2004, since SRB has not performed any audit procedures, they do not report on the same.

2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements for the year ended March 31, 2005 are enclosed as part of Annexure III to this report.

Other Financial Information

3. At your request, we have also examined the following other financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report:

Details of other financial information examined	**Annexure reference**
Statement of Cash Flows, as restated	IV-A
Details of Other Income and Other Income including exceptional items	IV-B
Details of rates of dividend	IV-C
Capitalisation statement as at March 31, 2005	IV-D
Details of Loans	IV-E and IV-E-1
Details of Investments	IV-F
Details of Sundry Debtors	IV-G
Details of Loans and Advances	IV-H
Details of Contingent Liabilities	IV-I
Details of Related Party transactions	
- Details of the list of related parties and nature of relationships	IV-J-1
- Details of transactions with related parties and details of outstanding balances	IV-J-2
- Disclosure of significant transactions with related parties	IV-J-3
Statement of Accounting ratios	IV-K
Statement of tax shelters	IV-L

4. In respect of matters covered by 'Other Financial Information', contained in this report, SRB has relied upon the audited financial statements for the years ended March 31, 2001, 2002, 2003 and 2004, which were audited solely by SNK. Accordingly, in respect of matters covered by the 'Other Financial Information' for the years ended March 31, 2001, 2002, 2003 and 2004, since SRB has not performed any audit procedures, they do not report on the same.

5. In our view, the financial information as per audited financial statements and other financial information mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

6. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

7. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No: 46238

Pune
June 24, 2005

S.R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No: 89802

Pune
June 24, 2005

ANNEXURE I : SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(All amounts in Rs. Million)

		Financial Year Ended				
		March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A.	**Fixed Assets :**					
	Gross Block	178.99	545.92	803.83	1,590.85	2,178.80
	Less : Depreciation	44.88	90.20	173.21	308.59	576.10
	Net Block	**134.11**	**455.72**	**630.62**	**1,282.26**	**1,602.70**
	Capital Work-in-Progress	43.07	24.82	72.29	124.27	179.28
	Total	**177.18**	**480.54**	**702.91**	**1,406.53**	**1,781.98**
B.	**Investments**	67.54	70.34	106.32	533.25	1,260.07
C.	**Deferred Tax Assets, Net**	**11.30**	**20.22**	**34.02**	**174.13**	**276.06**
D.	**Current Assets, Loans and Advances:**					
	Inventories	361.69	265.42	842.49	2,017.12	4,945.87
	Sundry Debtors	726.20	2,151.07	2,459.49	3,172.94	6,763.35
	Cash and Bank Balances	1,023.29	435.12	522.42	603.60	881.99
	Loans and Advances	332.53	821.61	1,275.78	2,286.59	3,759.82
	Total	**2,443.71**	**3,673.22**	**5,100.18**	**8,080.25**	**16,351.03**
E.	**Liabilities and Provisions :**					
	Secured Loans	136.98	388.59	766.42	1,723.76	2,854.57
	Unsecured Loans	—	—	82.83	482.83	370.83
	Current Liabilities and Provisions	1,194.52	1,467.24	2,225.51	4,004.66	7,148.02
	Total	**1,331.50**	**1,855.83**	**3,074.76**	**6,211.25**	**10,373.42**
F.	**Net Worth (A+B+C+D-E)**	**1,368.23**	**2,388.49**	**2,868.67**	**3,982.91**	**9,295.72**
	Net Worth represented by					
G.	**Share Capital**					
	Equity	60.87	121.74	121.74	243.48	869.23
	Preference	10.25	10.25	10.25	150.00	1,150.00
H.	**Share Application Money**	—	0.70	—	—	—
I.	**Reserves and Surplus**	1,299.02	2,256.30	2,736.99	3,590.05	7,276.49
J.	**Miscellaneous Expenditure to the extent not adjusted/ written off**	1.91	0.50	0.31	0.62	—
K.	**Net Worth (G+H+I-J)**	**1,368.23**	**2,388.49**	**2,868.67**	**3,982.91**	**9,295.72**

Note :

The above statement should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure III, to this report.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE II : SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
INCOME					
Sales					
Of products manufactured	3,849.16	5,241.61	3,276.36	7,756.47	19,154.15
Of products traded	26.21	6.12	48.17	149.09	12.48
Of services rendered	—	1.36	5.43	5.95	8.39
TOTAL	**3,875.37**	**5,249.09**	**3,329.96**	**7,911.51**	**19,175.02**
Other Income	69.35	86.03	86.58	137.40	232.64
TOTAL INCOME (A)	**3,944.72**	**5,335.12**	**3,416.54**	**8,048.91**	**19,407.66**
EXPENDITURE					
Cost of Goods sold	2,409.69	3,132.11	2,055.78	5,030.85	11,414.54
Operating and other Expenses	475.29	784.51	597.44	1,267.54	2,912.12
Employees' Remuneration & Benefits	36.69	84.46	107.17	176.57	353.19
Financial Charges	38.17	53.03	78.30	256.84	413.00
Depreciation	29.67	39.33	72.18	96.54	389.66
Preliminary Expenditure Written Off	0.19	0.19	0.19	0.32	0.62
TOTAL EXPENDITURE (B)	**2,989.70**	**4,093.63**	**2,911.06**	**6,828.66**	**15,483.13**
Net Profit before tax and exceptional items (A-B)	**955.02**	**1,241.49**	**505.48**	**1,220.25**	**3,924.53**
Add : Exceptional Items [Income / (Expense)]	—	—	172.02	266.93	—
Net Profit before Tax	**955.02**	**1,241.49**	**677.50**	**1,487.18**	**3,924.53**
Taxation [Expense/(Reversal)]					
- Current Tax	107.50	125.00	29.00	130.00	480.00
- Earlier Years	0.97	—	(3.52)	(7.77)	0.61
- Deferred Tax	—	—	(0.15)	(94.05)	(170.76)
Net Profit before adjustments	**846.55**	**1,116.49**	**652.17**	**1,459.00**	**3,614.68**
ADJUSTMENTS					
Impact of changes in accounting policies and estimates					
Depreciation (See Note No.I-1(a) of Annexure III)	6.96	(7.95)	(14.33)	(42.10)	70.88

Provision for Generation Gaurantees (See Note No.I-1 (b) of Annexure III)	35.17	53.27	(101.61)	(221.01)	204.54
Diminution in the value of investments (See Note No.I-1 (C) of Annexure III)	(32.54)	32.54	—	—	—
Dividend Income from subsidiaries (See Note No.I-1(d) of Annexure III)	—	—	0.98	0.98	(1.96)
Deferred Tax (See Note No.I-1 (e) of Annexure III)	8.49	8.92	13.65	46.06	(68.83)
Other adjustments					
Prior Period Items (See Note No.I-2(a) of Annexure III)	(2.05)	(0.20)	—	—	—
Total Impact of Adjustments	**16.03**	**86.58**	**(101.31)**	**(216.07)**	**204.63**
Current Tax Impact of Adjustments (See Note No.I-3 of Annexure III)	7.50	4.00	—	8.00	—
Total of Adjustments after Tax impact	**23.53**	**90.58**	**(101.31)**	**(208.07)**	**204.63**
Net Profit, as restated	**870.08**	**1,207.07**	**550.86**	**1,250.93**	**3,819.31**
Profit and loss account at the beginning of the year	**457.64**	**1,169.02**	**2,037.17**	**2,417.86**	**2,892.66**
Balance available for appropriation, as restated	**1,327.72**	**2,376.09**	**2,588.03**	**3,668.79**	**6,711.97**
Appropriations					
Interim Dividend on Equity Shares	12.17	170.43	60.87	73.04	231.84
Proposed Dividend on Equity Shares	48.70	—	—	170.44	115.92
Dividend on Preference Shares	0.17	1.03	1.33	0.90	15.08
Tax on Dividends	7.66	17.46	7.97	31.75	48.67
Transfer to General Reserve	90.00	150.00	100.00	500.00	1,000.00
Balance carried forward, as restated	**1,169.02**	**2,037.17**	**2,417.86**	**2,892.66**	**5,300.46**

Note:

1. The above statement should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure III, to the report.
2. The reconciliation between the audited and restated accumulated profit and loss balance as at April 1, 2000, is given in Annexure II-A.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE II-A : PROFIT AND LOSS ACCOUNT AS AT APRIL 1, 2000 (RESTATED)

(All amounts in Rs. Million)

Profit and Loss Account as at April 1, 2000 (Audited)	437.86
Depreciation (See Note No.I-1(a) of Annexure III)	(13.46)
Provision for Generation Guarantees (See Note No.I-1(b) of Annexure III)	29.64
Deferred Tax (See Note No.I-1(e) of Annexure III)	2.81
Prior Period Items (See Note No.I-2(a) of Annexure III)	0.41
Current Tax Impact on Adjustments (See Note No.I-3 of Annexure III)	0.38
Profit and Loss Account as at April 1, 2000 (Restated)	457.64

ANNEXURE III : NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS

(I) NOTES ON ADJUSTMENTS

1. Changes in Accounting Policies and Estimates

a) Depreciation

For and upto the year ended March 31, 2000, the Company had been providing for depreciation on its fixed assets on the straight line method ('SLM') based on the rates specified under Schedule XIV to the Companies Act, 1956 ('the Act'). From April 1, 2000, the Company had changed the method of depreciation from SLM to written down value ('WDV') method based on the rates specified under Schedule XIV to the Act. The additional impact due to the change in the method of depreciation from SLM to WDV, which was charged to the profit and loss account of the year ended March 31, 2001 has been adjusted to the Accumulated Profit and Loss balance as at April 1, 2000.

For and upto the year ended March 31, 2004, the Company had been providing depreciation on its fixed assets on WDV method based on the rates specified under Schedule XIV of the Act. Effective April 1, 2004, the Company revised its depreciation policy to depreciate its fixed assets based on the estimated useful lives of the fixed assets or at the WDV rates specified in Schedule XIV to the Act, whichever is higher.

Accordingly, the depreciation on fixed assets has been recomputed based on the revised estimated useful lives for the years ended March 31, 2001, 2002, 2003 and 2004. Further, the Accumulated Profit and Loss balance as at April 1, 2000 has been appropriately adjusted to reflect the impact of changes pertaining to prior years till March 31, 2000.

b) Provision for Generation Guarantee

Upto the year ended March 31, 2004, generation guarantee expense was provided for at a predetermined rate for each Wind Turbine Generator ('WTG'). During the year ended March 31, 2005, the Company changed its basis for providing power generation guarantee to an amount determined after considering various technical factors like wind velocity, grid availability, plant load factor, load shedding, historical data etc.

Accordingly, the provision for generation guarantee has been recomputed for the years ended March 31, 2001, 2002, 2003, 2004 and 2005, using the same basis for computing generation guarantee provision as applied in the current year. Further, the Accumulated Profit and Loss balance as at April 1, 2000 has been appropriately adjusted to reflect the impact of change pertaining to prior years till March 31, 2000.

c) Diminution in the value of investments

Upto the year ended March 31, 2001, the Company valued long-term investments at cost without making a provision for diminution, other than temporary, in the carrying value of the long-term investments. With effect from year ended March 31, 2002, the Company changed its accounting policy, to comply with Accounting Standard-13 ('AS-13') 'Accounting for Investments' issued by the Institute of Chartered Accountants of India ('ICAI') to provide for diminution, other than temporary, in the carrying value of its long-term investments.

Accordingly the effect of diminutions, other than temporary, in the carrying value of long-term investments has been recomputed and restated for the year ended March 31, 2001.

d) Dividend Income from subsidiaries

Upto the year ended March 31, 2004, the Company accounted for dividend income on receipt basis.

During the year March 31, 2005, the Company has changed its policy to recognize dividend when the right to receive payment is established. Further, the dividend income from subsidiary companies declared after the year end is accounted during the year. Accordingly, the dividend income from subsidiary companies has been restated for prior years.

e) Deferred Tax

The Company adopted Accounting Standard 22, ('AS-22')'Accounting for taxes on Income' issued by the ICAI for the first time in preparing the financial statements for the year ended March 31, 2003. For the purpose of this statement, AS-22 has been applied for the years ended March 31, 2001 and 2002 as if it was applicable since then. Accordingly,

the deferred tax asset/liability has been recomputed in the respective years of origination, considering the adjustment on account of changes in the accounting policy and other changes with the corresponding effect to the statement of profits and losses, as restated.

Further, the Accumulated Profit and Loss balance as at April 1, 2000 has been appropriately adjusted to reflect the impact of deferred tax asset/liability as on that date and accordingly the amount earlier adjusted to the opening general reserves for the year ended March 31, 2003, on account of first-time application of the standard has been reversed appropriately in the summary statement of profits and losses, as restated, and summary statement of assets and liabilities, as restated.

2. Other Adjustments

a) Prior Period Items

In the financial statements for the year ended March 31, 2003, 2002 and 2001, the Company had classified certain items of income/expense as prior period. For the purpose of this statement, the said income/expenses have been appropriately adjusted in the respective years.

3. Current Tax impact of adjustments

Current tax impact of adjustments relate to tax effect on adjustments made for restatement of the financial statements. The Company had filed Income-tax returns, wherein the tax liability was computed as per the provisions of Minimum Alternate Tax ('MAT') for the years ending on March 31, 2004, 2003, 2002 and 2001. Hence, the tax effects have been recomputed, at the MAT rate applicable to these respective years for adjustments which have altered the book profits for those years.

The effect of adjustments relating to financial years ending prior to March 31, 2001 has been adjusted against the Accumulated Profit and Loss balance as at April 1, 2000.

4. Material Regroupings

a) Cost of goods sold

Upto the year ended March 31, 2004, '(increase)/decrease in stocks' was classified under 'Income' and 'Consumption of raw material' was disclosed as a separate line item in the profit and loss account. During the current year ended March 31, 2005, the Company has changed its classification and accordingly 'Consumption of raw material' and '(increase)/decrease in stocks' has now been grouped under 'Cost of Goods sold'. The classification in the summary statement of profits and losses as restated, for the previous years ended March 31, 2001, 2002, 2003 and 2004 has been regrouped and disclosed accordingly.

b) Operating and other expenses

Upto the year ended March 31, 2004, Manufacturing and Operating Expenses and Selling and Administrative Expenses were disclosed as separate line items in the Profit and Loss Account. During the current year ended March 31, 2005 the Company has combined these expenses under Operating and Other Expenses. The classification in the summary statement of profits and losses as restated, for the previous years ended March 31, 2001, 2002, 2003 and 2004 has been regrouped and disclosed accordingly.

c) Netting off of Advance tax and Provision for taxation

Upto the year ended March 31, 2004, advance tax paid was grouped under Loans and Advances and the corresponding provision for tax was shown under Provisions. During the current year ended March 31, 2005, the Company has netted off the advance tax paid against the provision and the net impact is disclosed either under Provisions or under Loans and Advances. The classification in the restated summary statement of assets and liabilities, for the previous years ended March 31, 2001, 2002, 2003 and 2004 has been regrouped and disclosed accordingly.

d) Capital Work-in-Progress

Upto the year ended March 31, 2004, Capital Advances were grouped under Advances Recoverable In Cash Or Kind Or For Value To Be Received and hence classified as part of Loans and Advances. During the current year ended March 31, 2005, these have been regrouped under Capital Work-in-Progress. The classification in the restated summary statement of assets and liabilities, for the previous years ended March 31, 2001, 2002, 2003 and 2004 has been regrouped and disclosed accordingly.

5. Non-Adjustment items

a) Leave encashment

Upto the year ended March 31, 2002 the Company accounted for leave encashment as and when claimed by the employees. Further, for the year ended March 31, 2003 the Company provided for leave encashment on the basis of accumulated leave, lying to the credit of the employees as at the end of the year.

During the year ended March 31, 2004, the Company changed the basis of providing leave encashment to an amount determined on actuarial valuation basis from the year ended March 31, 2004, as prescribed by Accounting Standard-15 ('AS-15') 'Accounting for Retirement benefits in the statement of employers' issued by the ICAI. No adjustment has been made for earlier periods since in the opinion of the Company the impact of the same on the summary statement of profits and losses, as restated is not material.

b) Inventory Valuation

Upto the year ended March 31, 2004, the Company did not include freight inward and insurance costs in the valuation of inventory.

The Company modified the basis from the year ended March 31, 2005, to bring the same in line with Accounting Standard on 'Valuation of Inventories' ('AS-2'). No adjustments have been made in the financial statements for the earlier years in the absence of available information. However, in the opinion of the Company the impact of the same on the summary statement of profits and losses, as restated is not material.

c) Short/excess provision for Income Tax

The profit and loss account of certain years include amounts paid/provided for or refunded, in respect of shortfall/ excess income-tax arising out of assessments, appeals etc. Since in the opinion of the Company, the impact of the same is not material, no adjustments have been made in respect of this item.

(II) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared on the historical cost convention to comply in all material respects, with the mandatory accounting standards issued by The Institute of Chartered Accountants of India ('ICAI'), generally accepted accounting principles, and provisions of Companies Act, 1956 ('the Act') following mercantile system of accounting as adopted consistently by the Company. Accounting policies not referred to otherwise, are consistent with generally accepted accounting principles.

b) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

c) Revenue Recognition

Sale of goods

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the goods are transferred to the customer, as per the terms of the respective sales order.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend

Dividend income from investments is recognized when the right to receive payment is established. Dividend from subsidiary companies declared after the year end, is accounted during the year as required by Schedule VI to the Companies Act, 1956.

d) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalised inclusive of all direct costs and attributable overheads. Capital Work in Progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertaking, pre-operative expenses are capitalised upon the commencement of commercial production.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

The carrying amounts of the assets belonging to each cash generating unit ('CGU') are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying amounts exceed the recoverable amount of the assets' CGU, assets are written down to their recoverable amount. Further, assets held for disposal are stated at the lower of the net book value or the estimated net realisable value.

e) Depreciation/Amortisation

Depreciation/Amortisation is provided on the written down value method ('WDV'), unless otherwise mentioned, *pro-rata* to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or at rates specified in Schedule XIV to the Act, whichever is higher:

Type of asset	**Rate**
Leasehold land	Amortised over the period of lease
Office building	5%
Factory building	10%
Plant and machinery	13.91%
Moulds	13.91% or useful life based on usage
Patterns	30% or useful life based on usage
Wind research and measuring Equipment	50%
Computers and software	40%
Office equipment	13.91%
Furniture and fixture	18.10%
Motor car and Others	25.89%
Trailers	30%
Intangible Assets	Amortised on a straight line basis over a period of five years

f) Inventories

Inventories of raw materials, semi-finished goods, work in progress and finished goods are valued at the lower of the cost and estimated net realisable value. Cost is determined on a first-in-first-out basis.

The cost of work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and manufacturing overheads.

Stock of land and land lease rights is valued at lower of cost and net realisable value. Cost is determined based on the weighted average basis. Net realisable value is determined by management using technical estimates.

g) Investments

Long Term Investments are carried at cost. However, provision is made to recognise a decline, other than temporary, in the value of long term investments.

Current investments are carried at lower of cost and fair value, determined on an individual basis.

h) Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the month during which the transaction occurred. Foreign currency monetary items are reported using the closing rate. Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognized as income or expense in the Profit and Loss Account, except in case of liabilities incurred for acquiring imported fixed assets, where the differences are adjusted to the carrying amount of such fixed assets in compliance with the Schedule VI of the Act.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

Foreign Operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

j) Retirement and other employee benefits

Defined contributions to provident fund and family pension fund are charged to the Profit and Loss Account on accrual basis and paid to the relevant authorities.

Liabilities with regard to gratuity are determined under Group Gratuity Scheme with Life Insurance Corporation of India (LIC) and the provision required is determined as per actuarial valuation carried out by LIC, as at the balance sheet date.

Contributions to Superannuation fund with LIC through its employees' trust are charged to the profit and loss account on an accrual basis.

The Company makes a provision in its books for unutilised leave lying to the credit of employees, subject to the maximum period of leave, based on actuarial valuation as at the balance sheet date.

k) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of Notes to the accounts.

Contingent assets are not recognized.

l) Income Tax

Tax expense for a year comprises of current tax and deferred tax. Current tax is measured after taking into consideration deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax resulting from timing differences which originate during the tax holiday period but reverse after tax holiday period is recognized in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted by the balance sheet date.

m) Lease Assets

Operating Leases:

Assets acquired as leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the Profit and Loss Account as incurred.

Initial direct costs in respect of assets given on lease are expensed off in the year in which such costs are incurred.

n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate.

As per our report of even date

For SNK & Co.	**For S.R. BATLIBOI & Co.**	**For and on behalf of the Board of**
Chartered Accountants	*Chartered Accountants*	**Suzlon Energy Limited**
Jasmin B. Shah	**Arvind Sethi**	**Girish R. Tanti**
Partner	*Partner*	*Director*
M. No. 46238	**M. No. 89802**	
Pune	**Pune**	**Mumbai**
Date : June 24, 2005	**Date : June 24, 2005**	**Date : June 24, 2005**

ANNEXURE IV-A:STATEMENT OF CASH FLOWS, AS RESTATED

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A. Cash flow from operating activities					
Profit before taxation and exceptional items	962.56	1,319.15	390.52	958.12	4,197.98
Exceptional Items	—	—	172.02	266.93	—
Profit before taxation	**962.56**	**1,319.15**	**562.54**	**1225.05**	**4,197.98**
Adjustments for:					
Depreciation	22.71	47.28	86.51	138.64	318.78
Loss on sale of fixed assets	—	3.30	1.55	5.15	4.43
(Profit) / Loss on sale of Investments	0.04	2.59	6.88	(8.96)	100.88
Interest Income	(63.84)	(81.14)	(75.54)	(121.13)	(205.58)
Dividend Income	(0.08)	(2.95)	(7.41)	(5.34)	(18.29)
Interest Expense	12.20	29.27	56.19	198.40	319.27
Bad debts written off	—	—	—	3.93	—
Preliminary expenses incurred	—	—	—	(0.62)	—
Preliminary expenses written off	0.19	0.19	0.19	0.32	0.62
Provision for Warranties and Guarantees	263.94	338.41	190.32	627.66	985.31
Provision for doubtful debts	—	—	—	44.10	89.30
Diminution in value of Investments	32.54	—	—	—	—
Wealth Tax	0.15	0.15	0.17	0.15	0.14
Operating profit before working capital changes	**1,230.41**	**1,656.25**	**821.40**	**2,107.35**	**5,792.84**
Movements in working capital :					
Decrease / (Increase) in sundry debtors	(168.80)	(1,424.86)	(308.43)	(717.54)	(3,686.20)
Decrease / (Increase) in inventories	(148.24)	96.27	(577.08)	(1,174.62)	(2,928.75)
Decrease / (Increase) loans and advances	(79.66)	(228.20)	(165.49)	(484.06)	(152.10)
Increase / (Decrease) in current liabilities	39.01	26.82	500.57	1,159.02	2,024.45
Cash generated from operations	**872.72**	**126.28**	**270.97**	**890.15**	**1,050.24**
Direct taxes paid	**62.07**	**182.49**	**58.04**	**104.02**	**417.98**
Net cash from / (used in) operating activities	**810.65**	**(56.21)**	**212.93**	**786.13**	**632.26**
B. Cash flows from investing activities					
Purchase of fixed assets	(108.03)	(354.42)	(314.10)	(895.29)	(702.80)
Pre-Operative Expenses	(1.21)	1.21	—	—	—
Proceeds from sale of fixed assets	0.10	0.48	3.68	1.12	4.24
Purchase of Investments	(54.56)	(5.79)	(57.51)	(430.44)	(853.78)
Inter Corporate Deposits granted	(75.86)	(183.18)	(89.76)	(181.37)	(1,355.24)
Sale of Investments	—	0.39	14.65	12.46	26.03
(Loans granted to) / Repayments received from Subsidiaries	—	(86.01)	(169.03)	(453.11)	149.34

Interest received	52.95	89.44	73.86	116.97	204.64
Dividends received	0.08	2.95	6.43	4.36	0.84
Net Cash used in investing activities	**(186.53)**	**(534.93)**	**(531.78)**	**(1,825.30)**	**(2,526.73)**
C. Cash flows from financing activities					
Share Application Money		0.70	(0.70)	—	—
Proceeds from issuance of share capital including Premium	10.25	—	—	150.00	2,000.00
Redemption of preference share capital	—	—	—	(10.25)	-
Share issue expenses	—	—	—	—	(75.73)
Proceeds from borrowings	51.36	257.34	676.24	1,552.38	1,711.33
Repayment of borrowings	(22.87)	(5.74)	(215.56)	(222.14)	(692.52)
Interest paid	(12.20)	(29.27)	(53.57)	(197.07)	(314.37)
Dividends paid	(41.78)	(197.45)	(0.26)	(135.23)	(403.18)
Tax on dividends paid	(6.92)	(22.61)	—	(17.34)	(52.68)
Net Cash from / (used in) financing activities	**(22.16)**	**2.97**	**406.15**	**1,120.35**	**2,172.85**
Net increase in cash and cash equivalents (A + B + C)	**601.96**	**(588.17)**	**87.30**	**81.18**	**278.38**
Cash and cash equivalents at the beginning of the period	**421.33**	**1,023.29**	**435.12**	**522.42**	**603.60**
Cash and cash equivalents at the end of the period	**1,023.29**	**435.12**	**522.42**	**603.60**	**881.98**
Components of cash and cash equivalents as at	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Cash and cheques on hand	0.73	0.91	1.31	1.56	2.03
With scheduled banks					
- on current account	167.07	121.16	201.05	169.37	182.98
- on deposit account	855.49	313.05	320.06	432.67	696.97

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-B : DETAILS OF OTHER INCOME AND OTHER INCOME INCLUDING EXCEPTIONAL ITEMS

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Other Income, as per Summary Statement of Profits and Losses, as restated **(A)**	69.35	86.03	87.56	138.38	230.68
Other Income, including Exceptional Items **(B)**	69.35	86.03	259.58	405.31	230.68
Net Profit before tax, as per Summary Statement of Profits and Losses, as restated **(C)**	962.56	1,319.15	562.54	1,225.05	4,197.99
Percentage (A/C)	**7.21%**	**6.52%**	**15.57%**	**11.30%**	**5.50%**
Percentage (B/C)	**7.21%**	**6.52%**	**46.14%**	**33.09%**	**5.50%**

Sources and Particulars of Other Income	**Nature**	**Financial Year Ended**				
		March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Interest Income						
- from banks	Recurring	42.46	41.54	20.34	17.80	32.00
- from inter-corporate deposits and bonds	Recurring	3.65	22.99	34.52	65.13	154.00
- from debtors	Recurring	17.73	16.61	20.68	38.20	19.59
Dividend Income	Recurring	0.08	2.95	7.41	5.34	18.29
Profit on sale of investments	Non-recurring	—	—	—	8.96	—
Lease rent income	Recurring	—	—	—	1.40	2.40
Rent income	Recurring	0.04	1.42	3.35	1.55	0.54
Miscellaneous balances written back	Non-recurring	5.38	0.46	0.06	—	3.86
Insurance claim received	Non-recurring	—	—	—	—	—
Discount received	Non-recurring	—	0.06	—	—	—
Others	Non-recurring	0.01	—	1.20	—	—
Other Income as per restated profit and loss account (D)		**69.35**	**86.03**	**87.56**	**138.38**	**230.68**

Sources and Particulars of Other Income including Exceptional Items	Nature	Financial Year Ended				
		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Other Income as per (D) above		69.35	86.03	87.56	138.38	230.68
Add: Exceptional Items						
Provisions for Plant Load Factor written back	Non-recurring	—	—	172.02	144.41	—
Unclaimed creditors written back	Non-recurring	—	—	—	122.52	—
Total Exceptional Items (E)		**—**	**—**	**172.02**	**266.93**	**—**
Other Income including exceptional items (D+E)		**69.35**	**86.03**	**259.58**	**405.31**	**230.68**

Note :

1. The details of "Other Income" disclosed above are stated after adjusting the effect of restatement. The same have been shown gross of restatement in the Summary Statement of Profits and Losses, as restated and the adjustments have been listed separately under the head "Adjustments" therein.
2. Exceptional items given in the above table refer to items which have been grouped as "Exceptional items" in the Summary Statement of Profits and Losses as restated, but are in the nature of "Other Income."
3. The classification of "Other Income" as recurring or non-recurring and related or not related to business activity is based on the current operations and business activity of the Company as determined by Management.
4. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-C : DETAILS OF RATES OF DIVIDEND

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the shareholders, in their discretion and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends declared by our Company during the last five fiscal years are presented below.

(All amounts in Rs. Million, unless otherwise stated)

	Face Value (Rs. Share)	Financial Year Ended				
		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Class of Shares						
Equity share capital	10	60.87	121.74	121.74	243.48	869.23
13% Cumulative Redeemable Preference Shares	100	10.25	10.25	10.25	—	—
10% Cumulative Redemable Preference Shares	100	—	—	—	150.00	150.00
0.01% Cumulative Redemable Preference Shares	100	—	—	—	—	1,000.00
Dividend on Equity Shares						
Interim Dividend						
- Rate		20.00%	160.00%	50.00%	30.00%	40.00%
- Amount		12.17	170.43	60.87	73.04	231.84
Final Dividend						
- Rate		80.00%	—	—	70.00%	20.00%
- Amount		48.70	—	—	170.43	115.92
Dividend on 13% Cumulative Redemable Preference Shares						
- Rate		10.00%	10.00%	13.00%	—	—
- Amount		0.17	1.03	1.33	—	—
Dividend on 10% Cumulative Redemable Preference Shares						
- Rate		—	—	—	10.00%	10.00%
- Amount		—	—	—	0.90	15.00
Dividend on 0.01% Cumulative Redeemable Preference Shares						
- Rate		—	—	—	—	0.01%
- Amount		—	—	—	—	0.08
Corporate Dividend Tax		7.66	17.46	7.97	31.75	48.67

Note :

1. The amounts paid as dividend or bonus in the past is not indicative of our dividend policy in the future.
2. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-D : CAPITALISATION STATEMENT AS AT MARCH 31, 2005

(All amounts in Rs. Million)

	Pre-issue as at March 31, 2005	Post Issue*
Short-term debt (A)	329.70	329.70
Long-term debt (B)	2,895.70	2,895.70
Total debt (C = A + B)	**3,225.40**	**3,225.40**
Shareholders' funds		
- Equity share capital	869.23	2,875.31
- Preference share capital	150.00	150.00
- Reserves, as restated	7,276.49	18,919.37
Total shareholders' funds (D)	**8,295.72**	**21,944.69**
Long-term debt/Shareholders' funds (B/D)	**0.35**	0.13
Total debt/ Shareholders' funds (C/D)	**0.39**	0.15

** Share Capital and Reserves, post issue can be ascertained only on the conclusion of the book building process.*

Notes:

1. Short –term debt represents debts which are due within twelve months from March 31, 2005 and include current portion of vehicle loans, current portion of long-term debt, secured and long-term debt, unsecured.
2. Long-term debt represents debt other than short-term debt, as defined above.
3. Reserves exclude revaluation reserves and include General Reserve, Capital Redemption Reserve, Securities Premium Account and accumulated balance of Profit and Loss Account as at March 31, 2005.
4. Preference share capital of Rs.1,000 million will be compulsorily redeemed at par if an Initial Public Offering occurs before December 31, 2005 and the balance preference share capital amounting to Rs.150 million is repayable at any time at the option of the Company or the preference shareholders. As prescribed by paragraph 105 (ii) of the Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the ICAI, since the preference share capital of Rs.1,000 million is likely to be redeemed within twelve months from March 31, 2005, the same has not been considered as part of equity.
5. Subsequent to March 31, 2005, the shareholders have approved a bonus issue of equity shares in the ratio of two equity shares for every one held which has increased the equity share capital from Rs. 869.23 million as at March 31, 2005 to Rs. 2,607.69 million post March 31, 2005.
6. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited as at March 31, 2005.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-E : DETAILS OF LOANS

(All amounts in Rs. Million)

SECURED LOANS

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Term Loans					
- from banks	25.00	20.70	394.24	607.29	153.76
- from others	—	176.92	100.00	250.00	531.23
Total	**25.00**	**197.61**	**494.24**	**857.29**	**684.99**
Working Capital Facilities from Banks and Financial Institutions					
- rupee loan	111.24	38.79	238.87	863.05	2,028.50
- foreign currency loans	—	152.19	33.32	—	130.93
	111.24	190.98	272.18	863.05	2,159.43
Vehicle Loans	**0.74**	**—**	**—**	**3.42**	**10.15**
Total Secured Loans	**136.98**	**388.59**	**766.42**	**1,723.76**	**2,854.57**

UNSECURED LOANS

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Long Term					
- from other than banks	—	—	32.83	195.53	370.83
Short Term					
- from banks	—	—	—	75.00	—
- from others	—	—	50.00	212.30	—
Total Unsecured Loans	**—**	**—**	**82.83**	**482.83**	**370.83**

Notes :

The details of principal terms and conditions of the secured loans and unsecured loans outstanding as at March 31, 2005 are disclosed in Annexure IV-E-1.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-E-1 : DETAILS OF PRINCIPAL TERMS AND CONDITIONS OF LOANS OUTSTANDING AS AT MARCH 31, 2005

SECURED LOANS

(All amounts in Rs. Million)

Term Loans from banks and others (Rs. 684.99 million)

Sr. No.	Name of the Institution	Amount	Interest Rate	Repayment Terms	Security
1.	State Bank of India ('SBI')	5.11	1% above SBI medium term loan rate-2	Repayment to be made through 20 quarterly instalments of Rs. 1.25 million each commencing June 7, 2001	Secured by first charge over specific immovable properties and second charge over current assets of the Company
2.	UTI Bank Limited	22.09	0.75% over the Prime Lending Rate ('PLR')	Repayable in 12 quarterly instalments commencing after 9 month from moratorium	Secured by first charge over specific Immovable properties and second charge over current assets of the Company
3.	Karur Vysya Bank Limited	29.23	12%	Repayable in 30 monthly instalmentsof Rs. 5 million each	Secured by hypothecation of certain specific receivables
4.	Lakshmi Vilas Bank Limited	42.53	12%	Repayable in 36 monthly instalmentsof Rs. 3.98 million each	Secured by hypothecation of certain specific receivables
5.	Saraswat Cooperative Bank Limited	12.02	11%	Repayable in 20 monthly instalments of Rs. 7,737,610/- each	Secured by hypothecation of certain specific receivables
6.	Rabo India Finance Private Limited	200.00	Variable interest rate linked to the lender's borrowing reference rate with a cap of 11.5%	Repayable in 14 equal quarterly commencing from 18 months from the date of first draw down	Secured by first charge over specific Immovable properties and second charge over current assets of the Company. Corporate guarantees by SRL, and SWSL
7.	Rabo India Finance Private Limited	112.50	Variable interest rate linked to the lender's borrowing reference rate with a cap of 11.5%	Repayable in 8 equal quarterly instalments commencing from end of 12 months from first draw down	Secured by first charge over specific Immovable properties and second charge over current assets of the Company. Corporate guarantees by Sarjan Realities Limited ('SRL') and Suzlon Developers Limited ('SDL') and Suzlon Windfarm Services Limited ('SWSL')
8.	UCO Bank	42.79	1% below PLR with a minimum of 10.50% p.a.	Repayable in 30 monthly installments of Rs. 2,853,323/- each and 36 monthly installments of Rs. 268,145/- each commencing from January 1, 2004.	Secured by hypothecation of specific receivables
9.	Deutsche Investitions-und entwicklungsgesellschaft mbh (DEG)	218.73	Six months US$ LIBOR + 2.7%	Repayable in 12 semi-annual installments of US$ 830,000	Secured by first / second charge over specific Immovable properties and second charge over current assets and specific movables of the Company. Corporate guarantees by SRL and SIL
		684.99			

Vehicle Loan (Rs. 10.15 million)

(All amounts in Rs. Million)

Sr. No.	Name of the Institution	Amount	Interest Rate	Repayment Terms	Security
1.	ICICI Bank	6.57	4.53 to 7.24%	Amount due within one year from the balance sheet date Rs. 5,473,536	Secured against the Vehicles purchased from the proceeds of such loans
2.	Ashok Leyland	3.59	3.76%	Amount due in the period between one year and three years Rs. 4,678,345	Secured against the Vehicles purchased from the proceeds of such loans
		10.15			

Working Capital Facilities

(All amounts in Rs. Million)

Sr. No.	Name of the Institution	Amount	Interest Rate	Repayment Terms	Security
	Supplemental Working Capital Consortium Agreement with various banks:	2,159.43	6.15% to 12.5%	As stipulated by each of the Banks.	(Secured by hypothecation of inventories, book-debts and other current assets of the Company, both present and future, first charge on certain immovable fixed assets, second charge on all other immovable fixed assets and personal guarantees of directors in certain cases
	State Bank of India	595.84			
	IDBI Bank Limited	102.56			
	UTI Bank Limited	160.66			
	Bank of Maharashtra	100.10			
	Standard Chartered Bank	45.00			
	Infrastructure Development Finance Company Limited	375.00			
-	ING Vyasa Bank Limited	173.99			
-	State Bank of Hyderabad	3.95			
-	Indian Overseas Bank	130.94			
-	State Bank of Indore	92.06			
-	State Bank of Bikaner & Jaipur	94.73			
-	State Bank of Patiala	72.87			
-	Bank of Baroda	113.20			
-	Punjab National Bank	98.52			

UNSECURED LOANS

Sr. No.	Source	Amount	Interest Rate	Repayment terms
1.	Landesbank Baden-Wuttemberg	151.58	Libor + 80 Basic Points	10 equal semi-annual instalments each
2.	Landesbank Baden-Wuttemberg	219.25	Libor + 80 Basic Points	12 equal semi-annual instalments each
		370.83		

Libor refers to London Inter-bank Offer Rate

ANNEXURE IV-F : DETAILS OF INVESTMENTS

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Quoted Investments					
In Promoter Group Companies	26.35	26.35	26.35	26.35	—
In Associate Companies	—	—	—	—	—
Others	13.68	11.03	5.69	3.20	—
Total (A)	**40.03**	**37.38**	**32.04**	**29.55**	**—**
Unquoted Investments					
In Promoter Group Companies	33.54	38.95	83.25	500.61	1,193.45
In Associate Companies	16.50	16.50	16.50	16.50	66.50
Others	10.01	10.05	2.51	12.53	0.12
Total (B)	**60.05**	**65.50**	**102.26**	**529.64**	**1,260.07**
Grand Total C = (A+B)	**100.08**	**102.88**	**134.29**	**559.19**	**1,260.07**
Less : Provision for diminution in value of investments (D)	32.54	32.54	27.97	25.94	—
Net Investment C-D	67.54	70.34	106.32	533.25	1,260.07
Market Value of Quoted Investments	3.93	4.09	3.44	3.67	—

Notes:

1. Promoter refers to Mr. Tulsi R. Tanti
2. Associate Companies refers to the following :
   i) Suzlon Developers Ltd.
   ii) Sarjan Realities Ltd.
3. Promoter Group Companies refers to the following

i)	Suzlon Windfarm Services Ltd.	xxi)	Sarjan Infrastructure Finance Ltd.
ii)	Suzlon Green Power Ltd.	xxii)	Synergy Global Pvt. Ltd.
iii)	Suzlon Generators Pvt. Ltd.	xxiii)	Suruchi Holdings Pvt. Ltd.
iv)	Suzlon Structures Pvt. Ltd.	xxiv)	Sugati Holdings Pvt. Ltd.
v)	Suzlon Power Infrastructure Pvt. Ltd.	xxv)	Sanman Holdings Pvt. Ltd.
vi)	Suzlon Gujarat Wind Park Ltd.	xxvi)	Samanvaya Holdings Pvt. Ltd.
vii)	AE Rotor Holding B.V.	xxvii)	SNS Textiles Ltd.
viii)	AE Rotor Techneik B.V.	xxviii)	Kush Synthetics Pvt. Ltd.
ix)	Suzlon Energy B.V.	xxix)	Aryan Hospitality LLC
x)	Suzlon Wind Energy Corporation	xxx)	Balaji Corporation
xi)	Cannon Ball Wind Energy Park – 1, LLC	xxxi)	Harsha Hotel LLC

xii)	Suzlon Energy GmbH	xxxii)	Kalthia Management Corporation
xiii)	Suzlon Energy Australia Pty. Ltd.	xxxiii)	Kalthia Construction & Management Corporation
xiv)	Suzlon Energy A/S	xxxiv)	Laxmi Investment LLC
xv)	Sarjan Engitech Pvt. Ltd.	xxxv)	Anjani Investments Inc
xvi)	Samiran Jaipur Windfarms Pvt. Ltd.	xxxvi)	Patel Karsandas Becharbhai & Co.
xvii)	Samiran Jaisalmer Windfarms Pvt. Ltd.	xxxvii)	Ganesh Cold Storage & Co.
xviii)	Kurumadikere Energy Ltd.	xxviii)	Virani & Co.
xix)	Suzlon Capital Ltd.	xxxix)	B.R. Patel & Co.
xx)	Suzlon Hotels Ltd.		

4. The list of entities classified as 'Promoter', 'Associate Companies' and 'Promoter Group Companies' is determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether this list is accurate or complete.

5. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-G : DETAILS OF SUNDRY DEBTORS

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Debts outstanding for a period					
- exceeding six months	78.04	431.46	478.62	1,348.97	1.038.62
- other debts	648.16	1,719.61	1.980.87	1,828.07	5,824.62
	726.20	**2,151.07**	**2,459.49**	**3,177.04**	**6,863.24**
Unsecured—Considered good	726.20	2,151.70	2,459.49	3,172.94	6,763.35
Unsecured— Considered doubtful	—	—	—	4.10	99.89
	726.20	**2,151.07**	**2,459.49**	**3,177.04**	**6,863.24**
Less: Provision for doubtful debts	—	—	—	4.10	99.89
Total Debtors	**726.20**	**2,151.07**	**2,459.49**	**3,172.94**	**6,763.35**

Selective Financial Information on Sundry Debtors as at March 31, 2005 is as follows :

	As at March 31, 2005
Debts outstanding for a period exceeding six months	
- from Promoter Group Companies, considered good	23.46
- from Associate Companies, considered good	104.07
- from Others	
- Considered good	811.21
- Considered doubtful	99.89
Total (A)	**1,038.62**
Other debts (Considered good) (B)	5,824.62
Total (A + B)	**6,863.24**
Less : Provision for doubtful debts	99.89
Total Debtors	**6,763.35**

Notes:

1. Promoter Group Companies and Associate Companies, referred to above have been defined in the notes to Annexure IV-F to this report.
2. The list of entities classified as 'Promoter', 'Associate Companies' and 'Promoter Group Companies' is determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
3. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.	**For S.R. BATLIBOI & Co.**	**For and on behalf of the Board of**
Chartered Accountants	*Chartered Accountants*	**Suzlon Energy Limited**
Jasmin B. Shah	**Arvind Sethi**	**Girish R. Tanti**
Partner	*Partner*	*Director*
M. No. 46238	**M. No. 89802**	
Pune	**Pune**	**Mumbai**
Date : June 24, 2005	**Date : June 24, 2005**	**Date : June 24, 2005**

ANNEXURE IV-H : DETAILS OF LOANS AND ADVANCES

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Loans to Subsidiaries					
- In Foreign Currency	—	86.01	240.96	599.66	266.18
- In Indian Rupees	—	—	14.08	108.48	292.63
Deposits					
- With customers as security deposits	94.98	298.01	358.07	488.55	319.41
- Others	12.56	21.56	21.86	31.01	120.84
Advance payment against Taxes	—	—	27.22	16.83	—
Advances recoverable in cash or kind or for value to be received (See table below)					
- Considered Good	225.00	416.03	613.60	1,042.06	2,760.76
- Considered Doubtful				40.00	33.51
Less Provision for doubtful loans and advances				40.00	33.51
Total	**332.53**	**821.61**	**1,275.78**	**2,286.59**	**3,759.82**

Advances recoverable in cash or kind or for value to be received include the following, considered good:

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Share application money pending allotment	10.15	2.00	2.00	3.61	38.90
Intercorporate deposits	75.86	259.03	348.79	530.17	1,886.35

Selective Financial Information on Loans and Advances as at March 31, 2005 is as follows:

(All amounts in Rs. Million)

		As at March 31, 2005
Loans to subsidiaries (Promoter Group Companies)		
- In Foreign Currency	266.18	
- In Indian Rupees	292.63	558.81
Deposits		
- With customers as security deposits	259.41	
- With Promoter Group Companies	60.00	
- Others	120.84	440.25
Advances recoverable in cash or kind or value to be received*		
Considered Good		
- From Promoter Group companies	91.08	
- From Associate companies	1,861.35	
- From Others	808.33	
Considered Doubtful		
- From Others	33.51	2,794.27
		3,793.33
Less: Provision for doubtful loans and advances		33.51
		3,759.82

1. Promoter Group companies and Associate companies referred to above have been defined in the notes to Annexure IV-F to this report.
2. The list of entities classified as 'Promoter', 'Associate Companies' and 'Promoter Group Companies' is determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
3. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-I : DETAILS OF CONTINGENT LIABILITIES

The year wise break up of contingent liabilities is as under

(All amounts in Rs. Million)

	Financial Year Ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Guarantees given on behalf of subsidiary companies in respect of loans granted to them by banks	—	—	163.50	152.67	590.50
Guarantees given on behalf of other companies in respect of loans granted to them by banks	—	—	47.04	210.27	13.95
Unclaimed liability on partly paid up shares	0.01	0.01	0.01	0.01	—
Claims against the Company not acknowledged as debts	—	—	14.86	14.86	17.46
Bills discounted with banks	—	—	—	90.25	33.25

The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE V-J-1 : DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Financial year ended March 31, 2003	Financial year ended March 31, 2004	Financial year ended March 31, 2005
Nature of relationship	**Name of Party**	**Name of Party**	**Name of Party**
Subsidiary Companies (See Note 1 below)	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited Suzlon Energy Australia Pty. Limited	AE Rotor Holding B.V. AE Rotor Techniek B.V. Suzlon Energy B.V. (Formerly known as AE Rotor B.V.) Suzlon Energy GmbH Suzlon Wind Energy Corporation Suzlon Wind Project Services Corporation Cannon Ball Wind Energy Park Suzlon Green Power Limited Suzlon Energy Australia Pty. Limited Suzlon Energy A/S Suzlon Windfarm Services Limited (Formerly Suzlon Windfarm Services Private Limited) Suzlon Structures Private Limited Suzlon Generators Private Limited
Associates		Suzlon Developers Limited Sarjan Realities Limited	Suzlon Developers Limited (Formerly Suzlon Developers Private Limited) Sarjan Realities Limited (Formerly Sarjan Realities Private Limited)
Key Management Personnel ('KMP')	Tulsi R. Tanti Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar Tulsi R. Tanti	Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar Tulsi R. Tanti	Girish R. Tanti Vinod R. Tanti Balrajsinh A. Parmar
Relatives of Key Management Personnel ('RKMP')		Sheela B. Parmar Gita T. Tanti Nidhi T. Tanti Pranav T. Tanti Sangita V. Tanti Rajan V. Tanti Jitendra R. Tanti Rambhaben Ukabhai Ranjitsinh A. Parmar Amarsinh Parmar Kiritsinh Parmar	Sheela B. Parmar Gita T. Tanti Nidhi T. Tanti Pranav T. Tanti Sangita V. Tanti Rajan V. Tanti Jitendra R. Tanti Rambhaben Ukabhai Ranjitsinh A. Parmar Amarsinh Parmar Kiritsinh Parmar Isha G. Tanti

Related parties where KMP / RKMP exercise significant influence	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Windfarm Services Limited Suzlon Infrastructure Finance Limited Suzlon Developers Limited Sarjan Engitech Private Limited Sarjan Realities Limited	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Windfarm Services Limited SNS Textiles Limited Sarjan Infrastructure Finance Limited	Suzlon Hotels Limited Suzlon Capital Limited Suzlon Gujarat Windpark Limited SNS Textiles Limited (Formerly Suzlon Fibres Limited) Sarjan Infrastructure Finance Limited Sarjan Engitech Private Limited Suzlon Power Infrastructure Private Limited (Formerly Suzlon Developers (South) Private Limited)
Employee Funds	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme	Suzlon Energy Limited – Superannuation Fund Suzlon Energy Limited – Employee Group Gratuity Scheme

Notes :

1. The parties listed under the category 'subsidiaries' are the related parties where control exists during each of the respective years.
2. The classification and the disclosure of information of related parties for each of the years is as per the audited standalone financial statements of Suzlon Energy Limited for the respective years, which have been adjusted for restatements as listed in Annexure III.
3. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-J-2: DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES

(All amounts in Rs. million)

Particulars	Nature of Relationship	Financial Year Ended		
		March 31, 2003	March 31, 2004	March 31, 2005
Purchases & Sales				
Purchase of goods and services	Subsidiary Companies	57.54	29.05	367.74
	Associates	—	111.39	154.38
	Where KMP/RKMP exercise significant Influence	253.45	112.20	34.07
Purchase of fixed assets (including intangibles)	Subsidiary Companies	69.37	54.13	123.21
	Associates	—	5.00	—
	Where KMP/RKMP exercise significant Influence	8.00	—	—
Sale of goods	Subsidiary Companies	740.14	358.78	43.11
	Associates	—	0.10	361.17
	Where KMP/RKMP exercise significant Influence	0.03	301.52	—
Sale of fixed assets	Associates	—	—	0.24
	Where KMP/RKMP exercise significant Influence	0.58	—	—
	KMP	—	—	1.62
	Relative of KMP	—	—	0.60
Expenses :				
Managerial Remuneration	Key Management Personnel	5.98	10.51	16.31
Rent/ Hotel Charges Paid	Where KMP/RKMP exercise significant Influence	1.93	2.39	4.09
	KMP	0.06	0.06	0.06
Discount given on Sale	Subsidiary Companies	—	—	45.46
Interest paid	Where KMP/RKMP exercise significant Influence	—	1.09	—
Contribution to various funds	Employee benefit plans	2.59	7.52	13.44
Income				
Rent Received	Subsidiary Companies	3.35	—	0.02
	Associates	—	1.53	0.52
	Where KMP/RKMP exercise significant Influence	—	0.02	—
Interest Received	Subsidiary Companies	7.44	21.62	43.83
	Associates	—	40.05	109.61
	Where KMP/RKMP exercise significant Influence	26.79	0.59	0.53

Dividend Received/ Accrued	Subsidiary Companies	4.97	1.96	20.65
	Associates	—	2.14	2.14
	Where KMP/RKMP exercise significant Influence	2.41	1.21	—
Finance				
Loans / Deposit given	Subsidiary Companies	189.77	491.28	646.33
	Associates	—	1,828.03	4,301.74
	Where KMP/RKMP exercise significant Influence	839.27	141.50	0.30
Guarantees given	Subsidiary Companies	211.50	—	480.00
	Where KMP/RKMP exercise significant Influence	54.25	172.00	—
Subscription to/ Purchase of Equity Shares	Subsidiary Companies	39.90	317.18	848.10
	KMP	—	2.09	15.44
	RKMP	—	7.60	39.65
Subscription to/ Purchase of Preference Shares	Subsidiary Companies	15.10	—	8.91
	Associates	—	—	50.00
	Where KMP/RKMP exercise significant Influence	—	90.00	1.30
	KMP	—	—	24.53
	RKMP	—	—	27.94
Sale/ Redemption of Investments	Subsidiary Companies	—	—	196.47
	Where KMP/RKMP exercise significant Influence	13.50	—	12.42
	KMP	—	7.07	—
	RKMP	—	3.74	—
Outstanding Balances				
Investments	Subsidiary Companies	15.10	15.10	179.01
	Associates	—	16.50	66.50
	Where KMP/RKMP exercise significant Influence	34.50	108.00	8.70
Sundry Creditors	Subsidiary Companies	15.15	45.95	111.55
	Associates	—	5.98	1.98
	Where KMP/RKMP exercise significant Influence	4.97	0.24	1.44
	Employee Fund	—	—	4.49

Sundry Debtors	Subsidiary Companies	647.78	542.79	23.46
	Associates	—	—	104.07
	Where KMP/RKMP exercise significant Influence	11.70	—	—
	Relatives of KMP	—	—	0.10
Loans/ Deposits Outstanding	Subsidiary Companies	255.04	708.16	653.46
	Associates	—	474.67	1,861.35
	Where KMP/RKMP exercise significant Influence	380.32	147.00	39.15
Advances/ Deposits to suppliers	Where KMP/ RKMP exercise Significant Influence	15.67	—	17.29
Corporate Guarantees	Subsidiary Companies	163.50	152.67	629.16
	Associates	—	18.58	13.95
	Where KMP/RKMP exercise significant Influence	47.04	191.69	—

Notes :

1. The classification and the disclosure of information of related parties for each of the years is as per the audited standalone financial statements of Suzlon Energy Limited for the respective years, which have been adjusted for restatements as listed in Annexure III.
2. Guarantees amounting to Rs. 425.08 million for the year ended March 31, 2005 (Rs. 285.00 million for the year ended March 31, 2004) have been given jointly by a combination of either or all of the following entities in connection with various loans taken by the Company: Suzlon Windfarm Services Limited, Suzlon Developers Limited, Suzlon Wind Energy Corporation and Sarjan Realities Limited.
3. Certain subsidiaries and group companies have been allowed to make free of charge use of SAP software owned by the Company, implemented by the Company in 2004-05.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-J-3 : DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended	
			March 31, 2004	March 31, 2005
Purchase of fixed assets (including intangibles)	Subsidiary	AE Rotor Teckniek BV	54.13	60.56
	Subsidiary	Suzlon Energy GmbH	—	14.44
	Subsidiary	AE Rotor Holding BV	—	48.21
Sale of Fixed Assets	KMP	Girish R. Tanti	—	1.62
	RKMP	R.A. Parmar	—	0.60
Subscription to / purchase of preference Shares	Associate	Suzlon Developers Limited	—	50.00
	Entities where KMP / RKMP exercise significant influence	Suzlon Windfarm Services Limited	90.00	—
Subscription to / purchase of equity Shares	Subsidiary	Suzlon Energy A/S	—	527.43
	Subsidiary	Suzlon Generators Private Limited	—	87.12
	Subsidiary	Suzlon Structures Private Limited	—	107.45
	Subsidiary	AE Rotor Holding BV	58.52	30.81
	Subsidiary	Suzlon Wind Energy Corporation	234.56	44.70
Sale of investments	Subsidiary	Suzlon Energy A/S, Denmark	—	196.47
	KMP	Vinod Tanti	2.60	—
	KMP	Tulsi Tanti	3.44	—
	RKMP	Jitendra Tanti	2.70	—
Loan / Deposits given	Subsidiary	Suzlon Wind Energy Corporation	299.48	53.83
	Associate	Suzlon Developers Limited	897.10	2,064.14
	Associate	Sarjan Realities Limited	930.93	2,237.70
Sale of goods	Subsidiary	Suzlon Wind Energy Corporation	358.78	—
	Subsidiary	Suzlon Windfarm Services Limited	—	35.84
	Entities where KMP/RKMP exercise significant influence	Suzlon Windfarm Services Limited	300.80	—
	Associate	Suzlon Developers Limited	—	361.17
Discount given on sale	Subsidiary	Suzlon Wind Energy Corporation	—	45.46

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended	
			March 31, 2004	March 31, 2005
Purchase of goods and services rendered	Subsidiary	Suzlon Windfarm Services Limited	—	261.87
	Entities where KMP / RKMP exercise significant influence	Suzlon Windfarm Services Limited	111.55	—
	Subsidiary	AE Rotor Techniek BV	27.35	25.35
	Associate	Suzlon Developers Limited	111.39	154.38
Interest Received	Subsidiary	AE Rotor Holding BV	7.00	6.73
	Subsidiary	Suzlon Wind Energy Corporation	9.36	11.94
	Associate	Sarjan Realities Limited	31.66	78.07
	Associate	Suzlon Developers Limited	8.39	31.54
Interest Paid	Entities where KMP / RKMP exercise significant influence	Sarjan Infrastructure Finance Limited	1.09	—
Dividends Received / Accrued	Subsidiary	Suzlon Windfarm Services Limited	—	14.78
	Entities where KMP / RKMP exercise Significant influence	Suzlon Windfarm Services Limited	1.21	—
	Subsidiary	Suzlon Green Power Limited	1.96	5.87
	Associate	Suzlon Developers Limited	0.85	0.85
	Associate	Sarjan Realities Limited	1.30	1.30

(All amounts in Rs. million)

Type of the Transaction	Type of relationship	Name of entity/person	Financial Year ended March 31, 2004	Financial Year ended March 31, 2005
Rent Received	Associate	Suzlon Developers Limited	1.53	0.52
Rent/Hotel Charges paid	Entities where KMP/RKMP exercise significant influence	Suzlon Hotels Limited	2.39	1.69
	Entities where KMP/RKMP exercise significant Influence	Sarjan Engitech Private Limited	—	2.40
Contribution to various funds	Employee Funds	Suzlon Energy Limited – Superannuation Fund	6.15	8.95
	Employee Funds	SEL – Employee Group Gratuity Scheme	1.38	4.49
Managerial Remuneration	KMP	Girish Tanti	2.41	3.91
	KMP	Tulsi Tanti	1.99	4.43
	KMP	Vinod Tanti	2.53	3.85
	KMP	Balrajsinh Parmar	3.58	4.12
Guarantees given	Subsidiary	Suzlon Structures Private Limited	—	320.00
	Subsidiary	Suzlon Windfarm Services Limited	—	160.00
	Entities where KMP/RKMP exercise significant Influence	Suzlon Windfarm Services Limited	172.00	—

Notes:

1. The following abbreviations have been used in the Annexure above

Key Management Personnel	'KMP'
Relative of Key Management Personnel	'RKMP'

2. The above disclosures are required to be made as per the Accounting Standard Interpretation-13 ('ASI-13') issued by the Institute of Chartered Accountants of India. Since ASI-13 was not effective during the year ended March 31, 2003, the audited financial statements do not contain these disclosures. Accordingly, the disclosures as prescribed by ASI-13 have been made prospectively from year ended March 31, 2004.
3. The classification and the disclosure of information of related parties for each of the years is as per the audited standalone financial statements of Suzlon Energy Limited for the respective years, which have been adjusted for restatements as listed in Annexure III.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238
Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802
Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE IV-K : STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

	Financial Year ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Earnings per Share (Rs.)	3.97	5.50	2.51	5.70	15.03
Return on Net Worth %	63.59%	50.54%	19.20%	31.41%	46.04%
Net Asset Value per Equity Share (Rs.)	223.10	195.36	234.80	157.42	93.71
Total Debt/ Equity Ratio	0.10	0.16	0.30	0.55	0.39
Interest Coverage Ratio	79.90	46.05	11.01	7.17	14.15
Debt Service Coverage Ratio	39.07	150.56	3.00	7.41	6.03
Weighted average number of equity shares outstanding during the year/ period	219,130,200	219,130,200	219,130,200	219,130,200	253,005,660
Total number of equity shares outstanding at the end of the year	6,086,950	12,173,900	12,173,900	24,347,800	86,922,900

Notes :

1. The ratios have been computed as below :

Earnings per share (Rs.)	Net profit as restated, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
Return on Net Worth (%)	Net profit after tax, as restated and after deducting dividend on Preference shares redeemable within 12 months from March 31, 2005 / Net worth less preference shares redeemable within 12 months from March 31, 2005
Net Assets Value per Equity Share (Rs.)	Net worth less all preference capital / Number of equity shares outstanding at the end of the year
Total Debt/ Equity Ratio	Long term debt + Short term debt / Equity Share Capital + Preference Share Capital + Reserves and Surplus (Preference share capital excludes those preference shares redeemable within twelve months from March 31, 2005)
Interest Coverage Ratio	Profit before interest and taxes ('PBIT') / Interest expenses
Debt Service Coverage Ratio	Profit after tax + Depreciation + Interest on Long Term Loan / Interest on Long Term Loan + Repayment of Long Term Loan

Notes :

2. Networth means Equity Share Capital + Preference Share Capital + Reserves and Surplus – Miscellaneous expenditure not written off or adjusted.
3. The figures disclosed above are based on the standalone restated financial statements of Suzlon Energy Limited.
4. Of the total equity capital of 86,922,900 equity shares, 57,948,600 equity shares were issued as bonus shares in the ratio of 2 equity shares of every 1 equity share held during the financial year 2004-05. Further, after the balance sheet date, on June 16, 2005, a further issue of 173,845,800 shares was made as bonus shares in the ratio of 2 equity shares for every 1 equity share held. These, as per the requirements of Accounting standard-20 'Earnings per share ('AS-20') issued by the Institute of Chartered Accountants of India ('ICAI'), have been considered in the computation of weighted average number of shares for computation of EPS.

5. As per the requirement of AS-20, issued by the ICAI, the corresponding figures relating to all previous reporting periods have been restated to give the effect of bonus shares. In respect of bonus shares on those equity shares which were issued during the year the weight of the bonus shares has been considered as outstanding from the date the consideration for the shares on which bonus shares issued was received. Since, these equity shares were not existing during the previous years no effect of restatement has been given for the bonus shares on these equity shares in the corresponding number of shares of the previous years. The position taken by the Company has also been supported by an independent opinion of an expert.

6. As per the terms of agreement with the preference shareholders holding 10,000,000 redeemable preference shares of Rs.100 each (referred to in Schedule O, Note 3b of the standalone financial statements of Suzlon Energy Limited), these preference shares, are to be compulsorily redeemed if an Initial Public Offering ('IPO') occurs before December 31, 2005. Since, the Company is in the process of filing its Offer Document with the Securities and Exchange Board of India ('SEBI'), management considers it reasonably certain that the IPO will occur before December 31, 2005 and hence the redeemable preference shares will be redeemed in full. Accordingly, no dilutive effect of these preference shares has been considered. In the event that the IPO does not occur before December 31, 2005, the Preference shareholders will be entitled to convert the Preference Shares at certain specified prices in the future. If the most favourable conversion price to the preference shareholders is considered, the diluted EPS for the current year would be Rs.14.05 per share.

As per our report of even date

For SNK & Co.	**For S.R. BATLIBOI & Co.**	**For and on behalf of the Board of**
Chartered Accountants	*Chartered Accountants*	**Suzlon Energy Limited**
Jasmin B. Shah	**Arvind Sethi**	**Girish R. Tanti**
Partner	*Partner*	*Director*
M. No. 46238	**M. No. 89802**	
Pune	**Pune**	**Mumbai**
Date : June 24, 2005	**Date : June 24, 2005**	**Date : June 24, 2005**

ANNEXURE IV-L : STATEMENT OF TAX SHELTERS

(All amounts in Indian rupees)

		Financial Year ended				
		March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Profit before current and deferred taxes	A	940,622,699	1,234,024,094	455,590,287	1,342,765,674	3,924,526,765
Tax rate (%)	B	39.55%	35.70%	36.75%	35.875%	36.5925%
Tax impact	C=(A*B)	372,016,277	440,546,602	167,429,430	481,717,186	1,436,082,456
Adjustments						
Permanent Differences						
Deduction under section 80IB of the Income-tax Act 1961 ('the Act')		(1,196,891,262)	(1,575,057,140)	(289,088,121)	(1,399,205,130)	(3,870,991,204)
Other Deductions under Chapter VI-A of the Act		(1,250,605)	(743,223)	(7,126,070)	(5,367,878)	(31,028,769)
(Profit) / Loss on sale of Investments, Net		38,884	2,598,364	6,882,967	(4,458,764)	100,879,301
Dividend exempt under the Act		(78,600)	(2,952,639)	—	(4,361,623)	(20,256,516)
Provision for doubtful advances		—	—	—	34,536,317	—
Donation disallowed under the Act		3,220,311	1,756,102	1,422,160	15,913,942	51,733,268
Provision for diminution in the value of shares		—	32,537,707	—	—	—
Others		201,341	234,036	10,686,282	(659,163)	1,024,389
Total	D	**(1,194,759,931)**	**(1,541,626,793)**	**(277,222,782)**	**(1,363,602,299)**	**(3,768,639,531)**
Temporary Differences						
Difference between book depreciation and tax depreciation		7,045,674	(15,474,278)	(38,100,306)	(81,122,840)	42,492,416
Loss on sale/discard of Fixed Assets		500	3,303,082	1,551,562	6,343,307	4,425,794
Provision for doubtful debts		—	—	—	9,565,693	89,301,764
Provision for late delivery		—	—	—	—	39,724,000
Provision for expenses not deductible under the Act, Net		269,231,078	323,361,479	(61,175,806)	297,224,129	986,556,557
Others		—	3,437,693	(3,026,065)	7,072,801	(3,116,273)
Total	E	**276,277,252**	**314,627,976**	**(100,750,615)**	**239,083,090**	**1,159,384,258**
Net adjustments	F = D+E	(918,482,679)	(1,226,998,817)	(377,973,397)	(1,124,519,209)	(2,609,255,273)
Tax saving thereon	G =F*B	(363,259,900)	(438,038,578)	(138,905,223)	(403,421,266)	(954,791,735)

Tax Liability, after considering the effect of adjustments	H = C+G	8,756,377	2,508,024	28,524,207	78,295,920	481,290,721
Taxable income (Book Profits) as per MAT*	I	1,209,775,177	1,554,432,934	384,832,688	1,627,214,488	4,890,826,806
MAT Rate	J	8.475%	7.65%	7.875%	7.6875%	7.84125%
Tax liability as per MAT	K = I*J	102,528,446	118,914,119	30,305,574	125,092,114	383,501,957
Tax liability being higher of H or K	L	102,528,446	118,914,119	30,305,574	125,092,114	481,290,721
Interest payable under the Act	M	9,508,850	3,316,214	286,433	1,994,141	11,866,446
Tax payable for the year	N = L+M	**112,037,296**	**122,230,333**	**30,592,007**	**127,086,255**	**493,157,167**

* MAT refers to Minimum Alternative Tax as referred to in section 115 JB of the Act.

Notes to the tax shelter statement

1. The aforesaid Statement of Tax Shelters has been prepared as per the standalone audited accounts of Suzlon Energy Limited and is not based on the profits as per the 'Summary statements of Profits and Losses, as restated'.
2. The permanent/timing differences have been computed considering the acknowledged copies of the income-tax returns filed by the Company for each of the respective years stated above. The changes in the tax liability and the interest thereon arising on account of assessment proceedings, notices, appeals etc. has been adjusted in the tax liability of the year to which the liability pertains.
3. The figures for the year ended March 31, 2005 are based on the provisional computation of Total Income prepared by the Company. Since the same has not been filed, it is subject to any changes which may be made between the date of this statement and the date of filing the income-tax return with the Income-tax authorities.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AND CONSOLIDATED PROFITS AND LOSSES, AS RESTATED, UNDER INDIAN GAAP (INCLUDING SUBSIDIARIES) FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004 and 2005

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

June 24, 2005

To
The Board of Directors
Suzlon Energy Limited
5, Shrimali Society,
Near Shri Krishna Complex,
Navrangpura,
Ahmedabad – 380 009
India

Dear Sirs,

At your request, we SNK & Co., Chartered Accountants ('SNK') and S.R.Batliboi & Co., Chartered Accountants ('SRB') joint auditors of Suzlon Energy Limited ('SEL' or 'the Company'), have examined the financial information of the Company and its subsidiaries consisting of Suzlon Green Power Limited ('SGPL'), Suzlon Windfarm Services Limited ('SWSL'), Suzlon Generators Private Limited ('SGrPL'), Suzlon Structures Private Limited ('SSPL'), Suzlon Wind Energy Corporation ('SWECO') (consolidated), AE Rotor Holding B.V. ('AE Rotor') (consolidated), Suzlon Energy A/S (consolidated), Suzlon Energy GmbH, ('Suzlon GmbH'), Suzlon Energy Australia Pty Ltd. ('Suzlon Australia') [together referred to as 'the Group'] as at March 31, 2002, 2003, 2004 and 2005 annexed to this report which have been prepared in accordance with the requirements of:

a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 as amended by circular No SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

c. The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document of the Company in connection with its proposed Initial Public Offer ('IPO'); and

d. The Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ('ICAI').

The Company proposes to make an IPO for the issue of 29,340,000 equity shares having a face value of Rs. 10 per equity at an issue price to be arrived at by the book building process. This IPO shall consist of a fresh issue of 26,762,680 equity shares by the Company and an Offer for Sale of 2,577,320 equity shares by Citicorp International Finance Corporation Inc. (together referred to as 'the Offer').

Consolidated Financial Information as per audited consolidated financial statements

1. We have examined the attached restated summary statement of consolidated assets and liabilities of the Group as at March 31, 2002, 2003, 2004 and 2005 and the attached restated summary statement of consolidated profits and losses for the years ended on those dates ('Summary Statements') [See Annexure I and II to this report] as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes on adjustments appearing in Annexure III to this report. The Summary Statements for the years ended March 31, 2002, 2003 and 2004 are based on the consolidated financial statements of those years, which have been audited solely by SNK. Further, the impact of retrospective adjustments on account of changes in accounting policies and estimates, prior period items and regroupings in the years March 31, 2002, 2003, and 2004 have been verified by SNK, which SRB has relied upon for the purpose of this report. SRB has not carried out any audit tests or review procedures for those years since they did not perform the audit. The

summary statements for the year ended March 31, 2005 is based on the consolidated financial statements for the year ended March 31, 2005, which have been jointly audited by SNK and SRB.

2. The consolidated financial information is based on the audited balance sheets and profit and loss accounts of the respective companies being consolidated. In respect of those companies where neither SNK nor SRB are the auditors, we have relied on the financial statements of the subsidiaries which have been reported upon by the respective auditors and which have been prepared under the relevant applicable Generally Accepted Accounting Principles ('GAAP') of the country where the subsidiary is registered. Adjustments have been made to realign the significant accounting policies of these subsidiaries to those of SEL which have been reviewed jointly by us for the year ended March 31, 2005. Further, where the reporting dates of the respective subsidiary is not the same as SEL, adjustments have been made for the effects of significant transactions or other events that have occurred between the reporting date of the subsidiary and the date of SEL's financial statements. For the year ended March 31, 2002, 2003 and 2004 these adjustments have been verified by SNK, which SRB has relied upon. For the year ended March 31, 2005, the statutory auditors of the respective companies have either audited or conducted a limited review of the significant transactions that have occurred between the reporting date of the subsidiary and the date of SEL's financial statements, on which we as joint auditors have placed reliance.

3. The details of the auditors of the respective companies and the years/period for which the audited financial statements have been consolidated, including the percentage share of revenues and assets of each entity consolidated, as a percentage of the total consolidated revenues and assets respectively as at each period/year end is as described below:

Name of the Company	Year/Period ended	Audited by	% share of revenues	% share of assets
SEL	March 31, 2002	SNK	100.00	97.41
	March 31, 2003	SNK	98.87	83.83
	March 31, 2004	SNK	88.01	84.30
	March 31, 2005	SNK jointly with SRB	98.19	84.89
SWSL	March 31, 2005	SNK.	1.14	4.35
SGPL	March 31, 2003	SNK.	1.10	4.22
	March 31, 2004	SNK.	0.62	3.46
	March 31, 2005	SNK	0.45	1.10
SGrPL	March 31, 2005	SNK	—	0.70
SSPL	March 31, 2005	SNK	—	3.49
SWECO	March 31, 2002	Weaver and Tidwell L.L.P.	—	0.35
	March 31, 2003	Weaver and Tidwell L.L.P.	0.01	10.03
	March 31, 2004	Weaver and Tidwell L.L.P.	11.36	10.01
	February 28, 2005	Weaver and Tidwell L.L.P.	0.21	—
A.E. Rotor	March 31, 2002	Hendriksen Accountants and Advisors	—	2.22
	March 31, 2003	Hendriksen Accountants and Advisors	0.02	1.85
	March 31, 2004	Hendriksen Accountants and Advisors	0.01	1.74
	March 31, 2005	Hendriksen Accountants and Advisors	—	1.03
Suzlon GmbH	March 31, 2002	PWC Deutsche Revision	—	0.02
	March 31, 2003	Dr Schlage & Co. OHG	—	0.07
	March 31, 2004	Dr Schlage & Co. OHG	—	0.50
	March 31, 2005	Dr Schlage & Co. OHG	—	0.62
Suzlon Australia	February 28 , 2005	Cummings McCormack Flavel	—	—
Suzlon Energy A/S	March 31, 2005	Ernst & Young	0.01	3.82

Based on our examination of these summary statements, we confirm that:

- The impact arising on account of changes in accounting policies adopted by the Group as at and for the year ended March 31, 2005 have been adjusted with retrospective effect in the attached summary statements;
- The prior period items have been adjusted in the summary statements in the period/years to which they relate;
- There are no extraordinary items which need to be disclosed separately in the summary statements; and
- There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.

However, the retrospective adjustments on accounting of changes in accounting policies and estimates, prior period items and regroupings in the years March 31, 2002, 2003 and 2004 have been verified solely by SNK. Further, the identification of extraordinary items which are required to be disclosed in the summary statements for the years March 31, 2002, 2003 and 2004 has been performed and verified solely by SNK. Accordingly, in respect of the years ended March 31, 2002, 2003 and 2004, since SRB has not performed any audit procedures, they do not report on the same.

4. The summary of significant accounting policies adopted by the Group pertaining to the audited financial statements for the year ended March 31, 2005 are enclosed as part of Annexure III to this report.

Consolidated Other Financial Information

5. At your request, we have also examined the statement of consolidated cash flows, as restated proposed to be included in the Offer Document as approved by you and annexed to this report for the years ended March 31, 2002, 2003, 2004 and 2005. The statement of consolidated cash flows, as restated referred to above, for the years ended March 31, 2002, 2003 and 2004 are based on the consolidated financial statements for the respective years which have been audited solely by SNK and have been adjusted for changes in accounting policies and estimates, prior period items and regroupings as referred to above. These have been verified solely by SNK and hence in respect of the years ended March 31, 2002, 2003 and 2004, since SRB has not performed any audit procedures, they do not report on the same. The statement of consolidated cash flows, as restated for the years ended March 31, 2005 is based on the consolidated financial statements for the year ended March 31, 2005, which have been jointly audited by SNK and SRB.
6. In our view, the consolidated financial information as per audited consolidated financial statements and consolidated other financial information mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
7. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.
8. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

SNK & Co.
Chartered Accountants

per Jasmin B. Shah
Partner
Membership No: 46238

Pune
June 24, 2005

S.R. BATLIBOI & Co.
Chartered Accountants

per Arvind Sethi
Partner
Membership No: 89802

Pune
June 24, 2005

ANNEXURE I : SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(All amounts in Rs. Million)

		Financial Year ended			
		March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A.	**Fixed Assets:**				
	Gross Block	567.04	1,108.36	1,912.22	3,596.88
	Less : Depreciation	92.26	211.93	384.48	807.68
	Net Block	**474.78**	**896.43**	**1,527.74**	**2,789.20**
	Capital Work in Progress	24.82	71.64	124.27	289.40
	Total	**499.60**	**968.07**	**1,652.01**	**3,078.60**
B.	**Investments**	**68.66**	**49.72**	**142.74**	**77.62**
C.	**Deferred Tax Assets, Net**	**20.22**	**34.02**	**174.13**	**241.06**
D.	**Current Assets, Loans and Advances:**				
	Inventories	307.93	1,343.76	2,212.83	5,755.68
	Sundry Debtors	2,151.07	1,827.22	3,442.80	6,928.89
	Cash and Bank Balances	451.16	559.73	680.64	1,544.64
	Loans and Advances	739.86	1,160.94	1,801.40	3,247.32
	Total	**3,650.02**	**4,891.65**	**8,137.67**	**17,476.53**
E.	**Liabilities and Provisions:**				
	Secured Loans	388.59	931.40	1,878.55	3,567.18
	Unsecured Loans	—	104.67	505.08	390.93
	Current Liabilities and Provisions	1,458.64	2,282.61	3,996.60	7,809.02
	Total	**1,847.23**	**3,318.68**	**6,380.23**	**11,767.13**
F.	**Minority Interest**	**—**	**8.15**	**—**	**64.48**
G.	**Preference Shares issued by Subsidiary Company**	**—**	**30.00**	**30.00**	**2.97**
H.	**Net Worth (A+B+C+D-E-F-G)**	**2,391.27**	**2,586.63**	**3,696.32**	**9,039.23**

	Net Worth represented by				
I.	**Share Capital**				
	Equity	**121.74**	**121.74**	**243.48**	**869.23**
	Preference	**10.25**	**10.25**	**150.00**	**1,150.00**
J.	**Share Application Money**	**0.70**	**—**	**—**	**0.50**
K.	**Reserves and Surplus**	**2,259.79**	**2,456.97**	**3,304.95**	**7,023.59**
L.	**Miscellaneous Expenses to the extent not written off**	**1.21**	**2.33**	**2.11**	**4.09**
M.	**Net Worth (I+J+K-L)**	**2,391.27**	**2,586.63**	**3,696.32**	**9,039.23**

Note:

The above statement should be read with the Notes on adjustments and significant accounting policies for restated financial statements as appearing in Annexure III, to this report.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE II : SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(All amounts in Rs. Million)

	Financial Year ended			
	March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
INCOME				
Sales				
Of products manufactured	5,241.61	2,552.09	8,419.95	19,208.40
Of products traded	6.12	48.17	149.09	12.48
Of services rendered	1.36	5.43	5.95	203.94
TOTAL	**5,249.09**	**2,605.69**	**8,574.99**	**19,424.82**
Other Income	84.43	91.44	173.63	234.38
TOTAL INCOME (A)	**5,333.52**	**2,697.13**	**8,748.62**	**19,659.20**
EXPENDITURE				
Cost of Goods Sold	3,115.77	1,548.31	5,541.37	11,376.78
Operating and other Expenses	759.26	609.87	1,313.04	2,737.77
Employees' Remuneration and Benefits	121.86	122.84	269.37	617.79
Financial Charges	53.05	88.56	275.65	458.25
Depreciation	41.38	99.62	136.12	493.25
Preliminary Expenditure Written Off	0.37	0.70	0.87	1.81
TOTAL EXPENDITURE (B)	**4,091.69**	**2,469.90**	**7,536.42**	**15,685.65**
Profit before tax and exceptional items (A-B)	**1,241.83**	**227.23**	**1,212.20**	**3,973.55**
Add : Exceptional items [Income / (Expense)]	—	172.02	266.93	—
Net Profit before Tax	**1,241.83**	**399.25**	**1,479.13**	**3,973.55**
Taxation [Expense/(Reversal)]				
- Current Tax	125.10	30.78	131.74	489.09
- Earlier Years	—	(3.52)	(7.78)	0.63
- Deferred Tax	—	(0.14)	(94.05)	(167.41)
Profit before Minority Interest	**1,116.73**	**372.13**	**1,449.22**	**3,651.24**
Add : Share of loss of minority	**—**	**3.80**	**—**	**2.11**
Add : Share of Profits of Associates	**3.57**	**0.02**	**—**	**—**
Profit after Minority Interest and share of profits of Associates	**1,120.30**	**375.95**	**1,449.22**	**3,653.35**
Add :Transferred to Goodwill	**—**	**—**	**4.00**	**—**
Net Profit before Adjustments	**1,120.30**	**375.95**	**1,453.22**	**3,653.35**

ADJUSTMENTS				
Impact of changes in accounting policies and estimates				
Depreciation *(See Note No. I-1(a) of Annexure III)*	(7.95)	(13.91)	(41.09)	69.45
Provision for Generation Guarantees *(See Note No. I-1(b) of Annexure III)*	53.27	(103.34)	(221.01)	206.26
Diminution in investments *(See Note No. I-1(c) of Annexure III)*	32.54	—	—	—
Deferred Tax *(See Note No. I-1(d) of Annexure III)*	8.92	13.65	46.06	(68.83)
Valuation of inventory of foreign subsidiaries *(See Note No. II-1 of Annexure III)*	(0.45)	(3.35)	5.46	(1.66)
Other adjustments				
Prior Period Items *(See Note No. I-2(a) of Annexure III)*	(0.20)	—	—	—
Total Impact of Adjustments	**86.13**	**(106.95)**	**(210.58)**	**205.22**
Tax Impact of Adjustments *(See Note No. I-3 of Annexure III)*	4.00	—	8.00	—
Total of Adjustments after Tax impact (B)	**90.13**	**(106.95)**	**(202.58)**	**205.22**
Net Profit, as restated	1,210.43	269.00	1,250.64	3,858.57
Profit and loss account at the beginning of the year	1,169.02	2,040.53	2,137.70	2,607.56
Balance available for appropriation, as restated	**2,379.45**	**2,309.53**	**3,388.34**	**6,466.13**
Appropriations				
Interim Dividend on Equity Shares	170.43	60.20	73.04	231.84
Proposed Dividend on Equity Shares	—	—	170.44	115.92
Dividend on Preference Shares	1.03	3.28	4.80	19.62
Tax on Dividends	17.46	8.35	32.50	51.22
Transfer to General Reserve	150.00	100.00	500.00	1,000.00
Balance carried forward, as restated	**2,040.53**	**2,137.70**	**2,607.56**	**5,047.53**

Note:

1) The above statement should be read with the Notes on Adjustments and Significant Accounting Policies for consolidated restated financial statements as appearing in Annexure III, to the report.

2) The reconciliation between the audited and restated accumulated profit and loss balance as at April 1, 2001, is given in Annexure II-A.

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

ANNEXURE II-A

PROFIT AND LOSS ACCOUNT AS AT APRIL 1, 2001 (RESTATED)

(All amounts in Rs. Million)

Profit and Loss Account as at April 1, 2001 (Audited)	**1,126.12**
Depreciation *(See Note No.I-1(a) of Annexure III)*	(6.50)
Provisions for Generation Guarantees *(See Note No. I-1(b) of Annexure III)*	64.81
Provisions for Diminution in value of investments *(See Note No. I-1(c) of Annexure III)*	(32.54)
Deferred Tax *(See Note No. I-1(d) of Annexure III)*	11.30
Prior Period Items *(See Note No. I-2(a) of Annexure III)*	(2.05)
Tax impact on Adjustments	7.88
Profit and Loss Account as at April 1, 2001 (Restated)	**1,169.02**

ANNEXURE III: NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED RESTATED FINANCIAL STATEMENTS

(I) NOTES ON ADJUSTMENTS IN CONSOLIDATED RESTATED SUMMARY STATEMENTS PERTAINING TO PARENT COMPANY, SUZLON ENERGY LIMITED

Listed below are the adjustments which have been made in the restated summary statements of consolidated profits and losses and consolidated assets and liabilities, to the extent they pertain to the parent company, Suzlon Energy Limited. Adjustments, which get eliminated on consolidation, have been excluded from the list of adjustments given below.

1. Changes in Accounting Policies and Estimates

a) Depreciation

For and upto the year ended March 31, 2000, the Company had been providing for depreciation on its fixed assets on the straight line method ('SLM') based on the rates specified under Schedule XIV to the Companies Act, 1956 ('the Act'). From April 1, 2000, the Company had changed the method of depreciation from SLM to written down value ('WDV') method based on the rates specified under Schedule XIV to the Act. The additional impact arising due to the change in the method of depreciation from SLM to WDV, which was charged to the profit and loss account of the year ended March 31, 2001, has been adjusted to the Accumulated Profit and Loss balance as at April 1, 2001.

For and upto the year ended March 31, 2004, the Company had been providing depreciation on its fixed assets on WDV method based on the rates specified under Schedule XIV to the Act. Effective April 1, 2004, the Company revised its depreciation policy to depreciate its fixed assets based on the estimated useful lives of the fixed assets or at the WDV rates specified in Schedule XIV to the Act, whichever is higher.

Accordingly, the depreciation on fixed assets has been recomputed based on the revised estimated useful lives for the years ended March 31, 2001, 2002, 2003 and 2004. Further, the Accumulated Profit and Loss balance as at April 1, 2001 has been appropriately adjusted to reflect the impact of changes pertaining to prior years till March 31, 2001.

b) Provision for Generation Guarantees

Upto the year ended March 31, 2004, generation guarantee expense was provided for at a predetermined rate for each Wind Turbine Generator ('WTG'). During the year ended March 31, 2005, the Company changed its basis for providing power generation guarantee to an amount determined after considering various technical factors like wind velocity, grid availability, plant load factor, load shedding, historical data etc.

Accordingly, the provision for generation guarantee has been recomputed for the years ended March 31, 2001, 2002, 2003 and 2004. Further, the Accumulated Profit and Loss balance as at April 1, 2001 has been appropriately adjusted to reflect the impact of change pertaining to prior years till March 31, 2001.

c) Diminution in the value of investments

Upto the year ended March 31, 2001, the Company valued long-term investments at cost without making a provision for diminution, other than temporary, in the carrying value of the long-term investments. With effect from year ended March 31, 2002, the Company changed its accounting policy, to comply with Accounting Standard-13 ('AS-13') 'Accounting for Investments' issued by the Institute of Chartered Accountants of India ('ICAI') to provide for diminution, other than temporary, in the carrying value of its long-term investments.

Accordingly the effect of diminutions, other than temporary, in the carrying value of long-term investments has been recomputed and restated for the year ended March 31, 2001, which has been adjusted in the Accumulated Profit and Loss balance as at April 1, 2001.

d) Deferred Tax

The Company adopted Accounting Standard 22, ('AS-22') 'Accounting for taxes on Income issued by the ICAI for the first time in preparing the financial statements for the year ended March 31, 2003. For the purpose of this statement, AS-22 has been applied for the years ended March 31, 2001 and 2002 as if it was applicable since then. Accordingly, the deferred tax asset/liability has been recomputed in the respective years of origination, considering the adjustment on account of changes in the accounting policies and estimates and other changes with the corresponding effect to the summary statement of consolidated profits and losses, as restated.

The Accumulated Profit and Loss balance as at April 1, 2001 has been appropriately adjusted to reflect the impact of deferred tax asset/liability as on that date and accordingly the amount earlier adjusted to the opening reserves for the year ended March 31, 2003, on account of first-time application of the standard has been reversed appropriately in the summary statement of consolidated profits and losses, as restated and summary statement of consolidated assets and liabilities, as restated.

2. Other Adjustments

a) Prior Period Items

In the financial statements for the years ended March 31, 2003, 2002 and 2001, the Company had classified certain items of income/expense as prior period. For the purpose of this statement, the said income/expenses have been appropriately adjusted in the respective years.

3. Current Tax impact of adjustments

Current tax impact of adjustments relate to tax effect on adjustments made for restatement of the financial statements. The Company had filed Income-tax returns which computed the tax liability as per the provisions of Minimum Alternate Tax ('MAT') for the years ending on March 31, 2004, 2003, 2002 & 2001. Hence, the tax effect of adjustments which have altered the book profits for these years, have been recomputed, at the MAT rate applicable to these respective years.

The effect of adjustments relating to financial years upto March 31, 2001 has been adjusted against the Accumulated Profit and Loss balance as at April 1, 2001.

4. Material Regroupings

a) Cost of goods sold

Upto the year ended March 31, 2004, '(increase)/decrease in stocks' was classified under 'Income' and 'Consumption of raw material' was disclosed as a separate line item in the profit and loss account. During the current year ended March 31, 2005, the Company has changed its classification and accordingly 'Consumption of raw material' and '(increase)/decrease in stocks' has now been grouped under 'Cost of Goods sold'. The classification in the restated summary statement of consolidated profits and losses, for the previous years ended March 31, 2002, 2003 and 2004 have been regrouped accordingly.

b) Operating and other expenses

Upto the year ended March 31, 2004, 'Manufacturing and Operating Expenses' and 'Selling and Administrative Expenses' were disclosed as separate line items in the Profit and Loss Account. During the current year ended March 31, 2005 the Company has combined these expenses under 'Operating and Other Expenses'. The classification in the restated summary statement of consolidated profits and losses for the previous years ended March 31, 2002, 2003 and 2004 have been regrouped accordingly.

c) Netting off of Advance tax and Provision for taxation

Upto the year ended March 31, 2004, advance tax paid was grouped under 'Loans and Advances' and the corresponding provision for tax was shown under 'Provisions'. During the current year ended March 31, 2005, the Company has netted off the advance tax paid against the provision and the net impact is disclosed either under 'Provisions' or under 'Loans and Advances'. The classification in the restated summary statement of consolidated assets and liabilities, for the previous years ended March 31, 2002, 2003 and 2004 have been regrouped accordingly.

d) Capital Work-in-Progress

Upto the year ended March 31, 2004, Capital Advances were grouped under 'Advances Recoverable in Cash or Kind or for Value to be Received' and hence classified as part of Loans and Advances. During the current year ended March 31, 2005, these have been regrouped under 'Capital Work-in-Progress'. The classification in the restated summary statement of consolidated assets and liabilities, for the previous years ended March 31, 2002, 2003 and 2004 have been regrouped accordingly.

5. Non-Adjustment items

a) Leave encashment

Upto the year ended March 31, 2002 the Company accounted for leave encashment as and when claimed by the

employees. Further, for the year March 31, 2003 the Company provided for leave encashment on the basis of accumulated leave, lying to the credit of the employees at the end of the year.

During the year ended March 31, 2004, the Company changed the basis of providing leave encashment to actuarial valuation basis, as prescribed by Accounting Standard-15 ('AS-15') 'Accounting for Retirement benefits in the statement of employers' issued by the ICAI. No adjustment has been made for earlier periods since in the opinion of the Company the impact of the same on the restated summary statements of consolidated profits and losses is not material.

b) Inventory Valuation

Upto the year ended March 31, 2004, the Company did not include freight inward and insurance costs in the valuation of inventory. The Company modified the basis from the year ended March 31, 2005, to bring the same in line with Accounting Standard-2 ('AS-2') on 'Valuation of Inventories'. No adjustments have been made in the financial statements for the earlier years in the absence of available information. However, in the opinion of the Company the impact of the same on the restated summary statements of consolidated profits and losses is not material.

c) Short/excess provision for Income-Tax

The profit and loss account of certain years includes amounts paid/provided for or refunded, in respect of shortfall/ excess income-tax arising out of assessments, appeals etc. Since in the opinion of the Company, the impact of the same is not material, no adjustments have been made in respect of this item.

(II) NOTES ON ADJUSTMENTS IN CONSOLIDATED RESTATED SUMMARY STATEMENTS PERTAINING TO SUBSIDIARY COMPANIES

Listed below is the adjustment which has been made in the restated summary statements of consolidated profits and losses and consolidated assets and liabilities, to the extent they pertain to the subsidiaries. Adjustments, which get eliminated on consolidation, have been excluded from the list of adjustments given below.

1. Changes in Accounting Policies and Estimates

Valuation of Inventory of Foreign Subsidiaries

For and upto the year ended March 31, 2004, the inventories of foreign subsidiaries as at year end were converted using exchange rates, prevailing at year-end, as per the requirements of the then prevailing Accounting Standard – 11 'Accounting for the Effects of Changes in Foreign Exchange Rates' (AS-11) issued by the ICAI. Effective April 1, 2004, AS-11 has been revised, which now requires the inventories to be valued at rates prevailing on the date of transaction. Accordingly, the Company adopted the revised AS-11 for the first time in preparing the financial statements for the year ended March 31, 2005. For the purpose of this statement, AS-11 (revised) has been applied for the years ended March 31, 2002, 2003 and 2004 as if it was applicable since then. Accordingly, the closing balance of inventory has been recomputed in the respective years, with the corresponding effect to the restated summary statement of consolidated profits and losses.

(III) BASIS OF PREPARATIION OF CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared under the historical cost convention, on an accrual basis of accounting in conformity with accounting principles generally accepted in India, to reflect the financial position of the Company and its subsidiaries.

2. Principles of Consolidation

The consolidated financial statements relate to Suzlon Energy Limited ('the Company') and its subsidiaries (together referred to as 'Suzlon'). The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions have been eliminated as per Accounting Standard 21 – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India ('ICAI').

b) The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on

the acquisition date is recognized in the financial statements as Goodwill. The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and adjusting the charge/(reversal) on account of realignment to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

c) The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

(IV) SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

The presentation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

b) Revenue Recognition

Sale of goods

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the goods are transferred to the customer, as per the terms of the respective sales order.

Power Generation Income

Power Generation Income is recognized on the basis of electrical units generated, net of wheeling and transmission loss, as applicable, as shown in the Power Generation Reports issued by the concerned authorities.

Sales Tax Entitlement

Revenues on account of sale of Sales Tax Entitlement Certificates are recognized as per the terms of agreement/ arrangement with the concerned parties.

Service and Maintenance Income

Revenue from annual service and maintenance contracts is recognized on the proportionate basis for the period for which the service is provided net of taxes.

Lease Rental Income

Lease rental income is recognized on accrual basis taking into consideration the data and facts available upon which the computation of lease rent depends.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

Dividend

Dividend income from investments is recognized when the right to receive payment is established.

c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalised inclusive of all direct costs and attributable overheads. Capital Work in Progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertaking, pre-operative expenses are capitalised upon the commencement of commercial production.

The carrying amount of the assets belonging to each cash generating unit ('CGU') are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying amounts exceed the recoverable amount of the assets' CGU, assets are written down to their recoverable amount. Further, assets held for disposal are stated at the lower of the net book value or the estimated net realisable value.

d) Intangible Assets

Research and Development Costs

Development cost incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding five years.

The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events and changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

e) Depreciation/Amortization

Depreciation/Amortisation is provided on the written down value method ('WDV') unless otherwise mentioned, *pro-rata* to the period of use of assets and is based on management's estimate, of useful lives of the fixed assets or at rates specified in Schedule XIV to the Companies Act 1956 ('the Act'), whichever is higher:

Type of asset	Rate
Goodwill	Amortized on a straight line basis over a period of ten years
Leasehold land	Amortized over the period of lease
Office building	5%
Factory building	10%
Plant and machinery	
- Single Shift	13.91%
- Double Shift	20.87%
- Triple Shift	27.82%
Wind Mills	15.33%
Moulds	13.91% or useful life based on usage
Patterns	30% or useful life based on usage
Wind research and measuring	
Equipment	50%
Computers and software	40%
Office equipment	13.91%
Furniture and fixture	18.10%
Motor car and Others	25.89%
Trailers	30%
Intangible Assets	Amortized on a straight line basis over a period of five years

f) Inventories

Inventories of raw materials, semi-finished goods, work in progress and finished goods are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in-first-out basis.

The cost of work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and manufacturing overheads.

Inventories of traded goods are stated at the lower of the cost and net realizable value.

Stock of land and land lease rights is valued at lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is determined by management using technical estimates.

g) Investments

Long Term Investments are carried at cost. However, provision is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are carried at lower of cost and fair value, determined on an individual basis.

h) Foreign currency transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing in the month during which the transaction occurred. Outstanding balances of foreign currency monetary items are reported using the closing rate.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognized as income or expense in the Profit and Loss Account, except in case of liabilities incurred for acquiring imported fixed assets, where the differences are adjusted to the carrying amount of such fixed assets in compliance with the Schedule VI of the Act.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself. In case of the Foreign Subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All the monetary assets and liabilities are converted at the rates prevailing at the end of the year. Non-monetary items like Fixed Assets and Inventories, are converted at the average rate prevailing in the month during which the transaction occurred.

i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

j) Retirement and other employee benefits

Defined contributions to provident fund and family pension fund are charged to the Profit and Loss Account on accrual basis and paid to the relevant authorities.

Liabilities with regard to gratuity, where applicable, are determined under Group Gratuity Scheme with Life Insurance Corporation of India (LIC) and the provision required is determined as per actuarial valuation carried out by LIC, as at the balance sheet date.

Contributions to Superannuation fund with LIC through its employees' trust are charged to the profit and loss account on an accrual basis.

The provision in the books for leave lying to the credit of employees, subject to the maximum period of leave, are made on the basis of actuarial valuation as at the balance sheet date.

k) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of notes to the accounts. Contingent assets are not recognized.

l) Income Tax

Tax expense for a year comprises of current tax and deferred tax. Current tax is measured after taking into consideration deductions and exemptions admissible under the provisions of applicable laws.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets arising on account of unabsorbed depreciation or losses under tax laws are recognized only when there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax resulting from timing differences which originate during the tax holiday period but reverse after tax holiday period is recognized in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted by the balance sheet date.

m) Lease Assets

Operating Leases

Assets acquired as leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the Profit and Loss Account as incurred.

Initial direct costs in respect of assets given on lease are expensed off in the year in which such costs are incurred.

n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate.

As per our report of even date

For SNK & Co.	**For S.R. BATLIBOI & Co.**	**For and on behalf of the Board of**
Chartered Accountants	*Chartered Accountants*	**Suzlon Energy Limited**
Jasmin B. Shah	**Arvind Sethi**	**Girish R. Tanti**
Partner	*Partner*	*Director*
M. No. 46238	**M. No. 89802**	
Pune	**Pune**	**Mumbai**
Date : June 24, 2005	**Date : June 24, 2005**	**Date : June 24, 2005**

ANNEXURE : IV STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(All Amounts in Rs. Million)

		Financial Year Ended			
		March 31, 2002	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A.	**Cash flow from operating activities**				
	Profit before taxation and exceptional items	**1,319.03**	**106.97**	**955.53**	**4,247.65**
	Add: Exceptional Items	—	172.02	266.93	—
	Profit before Taxation	**1,319.03**	**278.99**	**1,222.46**	**4,247.65**
	Adjustments for:				
	Depreciation	49.33	113.53	177.21	423.80
	Loss on sale of fixed assets	3.30	1.55	6.56	4.78
	(Profit)/Loss on sale of investments	2.60	6.88	(5.36)	0.08
	Interest Income	(79.53)	(68.91)	(138.55)	(181.01)
	Dividend Income	(2.95)	(2.44)	(3.38)	(3.42)
	Interest Expense	29.27	64.42	215.53	352.49
	Provision for bad and doubtful debts and advances	—	—	44.10	93.30
	Bad debts written off	—	—	3.93	—
	Provision for Warrantee and Guarantees	264.52	(189.01)	628.86	822.88
	Adjustments on Consolidation	0.06	4.27	—	68.11
	Preliminary expenses incurred	(30.09)	(1.86)	(0.65)	—
	Preliminary expenses written off	30.79	0.74	0.87	1.81
	Wealth Tax	0.15	0.17	0.15	0.14
	Operating profit before working capital changes	**1,586.48**	**208.33**	**2,151.73**	**5,830.61**
	Movements in working capital :				
	Decrease/(Increase) in sundry debtors	(1,424.86)	348.73	(1,623.61)	(3,540.87)
	Decrease/(Increase) in loans and advances	(207.54)	(380.66)	(419.08)	(127.39)
	Decrease/(Increase) in inventories	53.76	(1,035.83)	(869.03)	(3,412.53)
	(Decrease)/Increase in current liabilities	107.16	814.02	997.76	2,847.10
	Cash generated from operations	**115.00**	**(45.41)**	**237.77**	**1,596.92**
	Direct taxes paid(net of refunds)	(175.28)	(60.15)	(119.46)	(415.52)
	Net cash from operating activities	**(60.28)**	**(105.56)**	**118.31**	**1,181.40**

B.	**Cash flow from investing activities**				
	Purchase of fixed assets	(382.15)	(423.08)	(914.35)	(1,520.76)
	Proceeds from sale of fixed assets	7.08	16.43	2.45	99.07
	Preoperative expenses incurred	—	—	—	(4.77)
	Purchase of investments	(0.17)	(2.47)	(113.25)	(49.87)
	Purchase consideration paid for acquisition of a subsidiary	—	(55.00)	—	(98.10)
	Deposits with other companies	(191.48)	(7.38)	(181.38)	(1,356.17)
	Sale of investments	0.17	14.59	12.45	15.96
	Interest received	71.23	75.44	104.99	209.44
	Dividends received	2.95	2.44	3.38	3.42
	Net cash used in investing activities	**(492.37)**	**(379.03)**	**(1,085.71)**	**(2,701.78)**
C.	**Cash flow from financing activities**				
	Proceeds from issuance of share capital	—	12.35	150.00	2,000.00
	Share Issue expenses	—	—	—	(75.73)
	Share application money	0.70	(0.70)	—	0.50
	Redemption of preference share capital	—	—	(10.25)	—
	Proceeds from long term borrowings	256.85	860.43	1,528.65	3,416.33
	Repayment of long term borrowings	(5.25)	(212.95)	(212.35)	(2,144.08)
	Interest Paid	(29.27)	(64.42)	(212.83)	(347.59)
	Dividends Paid	(242.51)	(1.55)	(154.91)	(465.06)
	Net cash from/ (used in) activities	**(19.48)**	**593.16**	**1,088.31**	**2,384.37**
	Net Increase in cash and cash equivalents (A+B+C)	**(572.13)**	**108.57**	**120.91**	**863.99**
	Cash and cash equivalents at the beginning of the year	**1,023.29**	**451.16**	**559.73**	**680.64**
	Cash and cash equivalents at the end of the year	**451.16**	**559.73**	**680.64**	**1,544.63**

As per our report of even date

For SNK & Co.
Chartered Accountants

Jasmin B. Shah
Partner
M. No. 46238

Pune
Date : June 24, 2005

For S.R. BATLIBOI & Co.
Chartered Accountants

Arvind Sethi
Partner
M. No. 89802

Pune
Date : June 24, 2005

For and on behalf of the Board of
Suzlon Energy Limited

Girish R. Tanti
Director

Mumbai
Date : June 24, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements prepared in accordance with paragraph B(1) of Part II of Schedule II to the Companies Act and SEBI Guidelines, including the schedules, annexure and notes thereto and the reports thereon, which appear in this Prospectus, beginning on page 165. Indian GAAP and U.S. GAAP differ in certain material respects. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements as restated.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this section, any reference to "we", "us" or "our" refers to Suzlon Energy Limited on a consolidated basis.

Overview

We are India's leading manufacturer of wind turbine generators, or WTGs. Our accumulated sales were 1,126.6 MW as of March 31, 2005. We also installed 42.8% of the total capacity installed in India during the year ended December 31, 2004 and were the sixth largest wind turbine manufacturer in the world in terms of annual installed capacity for the year ended December 31, 2004. *(Source: BTM Consult ApS March 2005)* We develop and manufacture technologically advanced WTGs with an emphasis on high performance and cost-efficient WTGs. Together with our Associate Companies in our Group, we have positioned ourselves as an integrated solution provider of services related to wind energy in the Indian market. Besides manufacturing WTGs, we are involved in wind resource mapping, identification of suitable sites and technical planning of wind power projects. We also provide after-sale O&M services for WTGs supplied by us. Our Associate Companies acquire sites we have identified as suitable for wind energy projects, which are then sold or leased to our customers, and undertake the technical implementation of wind farms, including infrastructure development, installation of WTGs and connection to power grids.

Our product range includes 0.35 MW, 0.60 MW, 0.95 MW, 1.00 MW, 1.25 MW and 2.00 MW WTGs and we were among the first Asian-based companies to manufacture WTGs with MW and multi-MW capabilities. (See "Business — Products" on page 64 of this Prospectus.) We consider ourselves to be an integrated developer of WTGs, focused on the design, engineering and development of WTGs and components, as well as on the development and manufacture of rotor blades for our MW and multi-MW WTGs, control panels and nacelle covers. Recently, we have begun focusing on the development and manufacture of key components for WTGs such as control panels, generators and tubular towers. We also have an established supply management function for the components that we do not manufacture in-house, such as rotor blades for our 0.35 MW WTGs, gearboxes, castings and a portion of our generator, nacelle cover and tower requirements. These components are sourced from leading external suppliers, either on a purchase order basis or through negotiated supply agreements. We have also entered into supply agreements for raw materials used in the construction of rotor blades, such as glass fibre, epoxy resin and foam.

Subsidiary Companies

The table below lists our subsidiaries included in the consolidation of our financial statements and our respective holdings in each.

Name of subsidiaries and country of incorporation	**For the year ended March 31,**		
	2003	**2004**	**2005**
AE Rotor Holding BV, Netherlands	100.0%	100.0%	100.0%
Suzlon Wind Energy Corporation, U.S.A[(1) (2)]	100.0%	100.0%	0.0%
Suzlon Energy GmbH, Germany	100.0%	100.0%	100.0%
Suzlon Green Power Limited, India	80.0%	100.0%	100.0%
Suzlon Windfarm Services Limited, India	n/a	n/a	100.0%

Name of subsidiaries and country of incorporation	For the year ended March 31,		
	2003	2004	2005
Suzlon Generators Pvt. Limited, India	n/a	n/a	74.9%
Suzlon Rotor Corporation, USA [3]	n/a	n/a	n/a
SE Drive Technik GmbH, Germany[3]	n/a	n/a	n/a
Suzlon Windpark Management GmbH, Germany[3] [4]	n/a	n/a	n/a
Windpark Olsdorf WATT GmbH & Co. KG, Germany[3]	n/a	n/a	n/a

[1] *Suzlon Wind Energy Corporation and Suzlon Energy Australia Pty Limited have become 100.0% subsidiaries of Suzlon Energy AS effective March 1, 2005.*

[2] *Suzlon Wind Energy Corporation has a 100%-owned subsidiary Cannon Ball Wind Energy Park; and AE Rotor Holding B.V. has two 100%-owned subsidiaries AE Rotor Techniek BV and Suzlon Energy B.V.*

[3] *Incorporated after March 31, 2005.*

[4] *SEG and Suzlon Windpark Management GmbH jointly own 100% of Windpark Olsdorf WATT GmbH & Co. KG, Germany which was acquired after March 31, 2005.*

We acquired 100% of the shares in SWSL in the beginning of fiscal 2005 and began including SWSL in our consolidated financial statements for the fiscal year ended March 31, 2005 from April 8, 2005. Therefore, our fiscal 2005 results include revenues and expenses attributable to SWSL that were not included in our results for fiscal 2004 and fiscal 2003.

Key factors influencing results of operations

Several factors influence our results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

- *General economic and business conditions in India:* India has been our principal market and we derive a substantial portion of our revenues from the Indian market. We therefore are affected by general economic conditions in the country, particularly economic conditions affecting the Indian power sector. India's GDP growth, industrial growth and power demand has been and will continue to be important factors in determining our operating results and future growth.
- *Demand for power and specifically from wind energy sources:* Changes in prices of oil, coal, natural gas and other conventional energy sources influence the demand for renewable energy sources such as wind power. The demand for power in general and from wind energy in particular has been and will continue to affect our operating results and future growth.
- *Government polices including taxes and duties affecting wind energy sector:* Historically, the wind energy industry and we in particular have benefited from fiscal benefits extended to investments in wind energy by state governments in India, the Indian central government and foreign governments. Changes in these policies have affected, and will continue to affect, the investment plans of our customers and us and our business, financial condition and results of operations.
- *Price of raw materials and components used in the manufacture of WTGs and their availability:* Raw materials and components used in manufacturing of WTGs are sourced from domestic as well as international suppliers and the price thereof is dependent on various factors over and above supply and demand factors. The fluctuations in prices of such raw materials and components and their availability (which is primarily driven by our suppliers' manufacturing capacities and capital expenditure plans, as the components are primarily customized for our requirements) will affect our operating results. We are in the process of expanding our in-house manufacturing capabilities with a view to reducing our dependency on outside suppliers for key components such as tubular towers and generators. (See "Business – Manufacturing Facilities" on page 69 of this Prospectus.)
- *Fluctuations in exchange rates and interest rate:* Since our imported purchases are invoiced in foreign currencies, the rate of exchange between such currencies and the Rupee will affect our operating results to the extent it is not passed on to our customer by commensurate escalation in our prices. Similarly, changes in interest rates, both international and domestic, affect our operating results and the viability of wind power projects in general, as interest rates affect the ability of potential customers to obtain financing for wind power projects.
- *Seasonality in our operations:* WTG installations in India are affected by seasonal variations. The number of WTG installations are typically higher during the second and fourth quarter of each fiscal year in order for customers to avail of relevant tax incentives and to take advantage of high wind seasons. The majority of our sales and direct expenses occur

during these two quarters. However, we believe that this will lessen as we expand our international operations, as well as our domestic operations to states, such as Tamil Nadu and Kerala, that have different high wind seasons.

- *Our ability to expand international operations:* Historically, India has remained our primary market. We are in the process of enhancing our international presence, although this involves meeting challenges such as competitive pressures, the acceptance of our products in these markets and other risks, including our limited experience in these international markets.
- *Ability to design and market technologically advanced and cost-competitive WTG models:* Although we have successfully launched 1.00 MW, 1.25 MW and 2.00 MW WTGs, our operating results and future growth depends on our ability to continue to develop and market technologically advanced and cost competitive WTG models.
- *Our ability to source and manage working capital requirements:* Our business operations are working capital intensive. The element of seasonality results in fluctuations in inventory of WTG components, with inventory levels higher during certain quarters of our fiscal year. Historically we have managed to optimize our working capital cycle time and to source the required working capital from banks and internal cash accruals. Our operating results and future growth depend on our ability to optimize the working capital cycle time and to source adequate working capital commensurate with the size of our business.

For more information on these and other factors/developments which have or may affect us, see "Risk Factors" on page xi of this Prospectus and "Business" on page 60 of this Prospectus.

Results of Operations

The following table sets forth certain information with respect to our income, expenditures and profits, for the periods indicated.

	For the year ended March 31, *(amounts are in Rs. millions)*					
	2003	**% of Total Income**	**2004**	**% of Total Income**	**2005**	**% of Total Income**
Income						
Sales	2,605.7	96.6%	8,575.0	98.0%	19,424.8	98.8%
Other Income	91.4	3.4%	173.6	2.0%	234.4	1.2%
Total Income	**2,697.1**	**100.0%**	**8,748.6**	**100.0%**	**19,659.2**	**100.0%**
Expenditure						
Cost of Goods Sold	1,548.3	57.4%	5,541.4	63.3%	11,376.8	57.9%
Operating and Other Expenses	609.9	22.6%	1313.0	15.0%	2,737.8	13.9%
Employees' Remuneration and Benefits	122.8	4.6%	269.4	3.1%	617.7	3.1%
EBITDA	**416.1**	**15.4%**	**1,624.8**	**18.6%**	**4,926.9**	**25.0%**
Financial Charges	88.6	3.3%	275.6	3.2%	458.3	2.3%
Depreciation	99.6	3.7%	136.1	1.6%	493.2	2.5%
Preliminary Expenditure Written Off	0.7	-(1)	0.9	-(1)	1.8	-(1)
Profit Before Tax and Exceptional Items	**227.2**	**8.4%**	**1,212.2**	**13.8%**	**3,973.6**	**20.2%**
Exceptional Items	172.0	6.4%	266.9	3.1%	—	—

	For the year ended March 31, *(amounts are in Rs. millions)*					
	2003	**% of Total Income**	**2004**	**% of Total Income**	**2005**	**% of Total Income**
Net Profit Before Taxation	**399.3**	**14.8%**	**1,479.2**	**16.9%**	**3,973.6**	**20.2%**
Taxation						
Current Tax	30.8	1.1%	131.7	1.5%	489.1	2.5%
Income Tax for earlier years	(3.5)	(0.1)%	(7.8)	(0.1)%	0.6	-(1)
Deferred Tax	(0.1)	-(1)	(94.1)	(1.1)%	(167.4)	(0.9)%
Profit Before Minority Interest	**372.1**	**13.8%**	**1,449.2**	**16.6%**	**3,651.2**	**18.6%**
Minority Interest	3.8	0.1%	—	—	2.1	-(1)
Profit After Minority Interest and share of Profits of Associates	**375.9**	**13.9%**	**1,449.2**	**16.6%**	**3,653.4**	**18.6%**
Transferred to Goodwill	—	—	4.0	-(1)	—	—
Net Profit Before Adjustments	**375.9**	**13.9%**	**1,453.2**	**16.6%**	**3,653.4**	**18.6%**
Adjustment on account of Change in Accounting Estimates						
Depreciation	(13.9)	(0.5)%	(41.1)	(0.5)%	69.4	0.4%
Provision for Generation Guarantees	(103.3)	(3.8)%	(221.0)	(2.5)%	206.3	(1.1)%
Deferred Tax	13.7	0.5%	46.1	0.5%	(68.8)	(0.4)%
Valuation of Inventory of Foreign Subsidiaries	(3.4)	(0.1)%	5.5	0.1%	(1.7)	—
Total Impact of Adjustments	**(106.9)**	**(3.9)%**	**(210.6)**	**(2.4)%**	**205.2**	**1.0%**
Tax Impact of Adjustments	—	—	8.0	0.1%	—	—
Total of Adjustments After Tax Impact	**(106.9)**	**(3.9)%**	**(202.6)**	**(2.3)%**	**205.2**	**1.0%**
Net Profit, as restated	**269.0**	**10.0%**	**1,250.6**	**14.3%**	**3,858.6**	**19.6%**

(1) Less than 0.1%.

Income

Our total income is broken down as follows:

	For the year ended March 31, *(amounts are in Rs. millions)*					
	2003	**% of Total Income**	**2004**	**% of Total Income**	**2005**	**% of Total Income**
Sales:						
WTG and its Components	2,586.3	95.9%	8,540.0	97.6%	19,177.6	97.6%
Operations and Maintenance	5.4	0.2%	5.9	0.1%	203.9	1.0%
Sale of Power	14.0	0.5%	29.1	0.3%	43.3	0.2%
Total Sales	2,605.7	96.6%	8,575.0	98.0%	19,424.8	98.8%
Other Income	91.4	3.4%	173.6	2.0%	234.4	1.2%
Total Income	**2,697.1**	**100.0%**	**8,748.6**	**100.0%**	**19,659.2**	**100.0%**

Geographic Breakdown of Income

As of the date of this Prospectus India remains our primary market, although we have reorganized our business geographically in order to address increased overseas sales. The following table represents the percentage breakdown of our total income geographically:

Particulars	For the year ended March 31,		
	2003	**2004**	**2005**
India	100.0%	88.4%	99.7%
United States	0.0%	11.6%	0.3%
Total Income	**100.0%**	**100.0%**	**100.0%**

Income (after elimination) of overseas subsidiaries were less than 0.1% of total income in fiscal 2003, 2004 and 2005.

Sales

Sales of WTGs and WTG components

Our sales include income derived from the sale of WTGs and WTG components such as rotor blades and nacelles.

All the terms of WTG orders, including the technical specifications of the WTG or WTG components to be supplied, payment terms and delivery schedules, are set forth in the purchase order issued by the customer and accepted by us. Income from WTG sales is recognized at the time of dispatch to the customer of the final WTG component, which is when the significant risks and rewards in respect of WTG ownership are transferred to our customer in accordance with the terms of its order.

The following table breaks down our WTG sales for the last three fiscal years per WTG model:

Model	For the year ended March 31,					
	2003		2004		2005	
	No. of WTGs	MW	No. of WTGs	MW	No. of WTGs	MW
0.35 MW	20	7.0	21	7.4	62	21.7
0.95 MW	-	-	24	22.8	-	-
1.00 MW	6	6.0	7	7.0	1	1.0
1.25 MW	48	60.0	162	202.5	388	485.0
2.00 MW	-	-	1	2.0	-	-
Total	**74**	**73.0**	**215**	**241.7**	**451**	**507.7**

We provide customers with a generation warranty for each WTG sold by us for the periods generally ranging from one to three years from commissioning date that covers either the number of units of power generated or a power curve based on assumption regarding wind speed and machine and grid availability. We also provide free operation and maintenance services for periods generally ranging from one to three years after commissioning date. We generally charge a higher price for WTGs that are covered by generation warranties exceeding one year and for which we provide more than a year's free operation and maintenance services. See "Risk Factors — We face product liability and warranty risks and may face related claims" on page xx of this Prospectus.

Operations and Maintenance

Up to and including fiscal 2004, we did not derive substantial income from providing operations and maintenance services. However, in fiscal 2005 we acquired a 100% ownership interest in SWSL from members of our Promoter Group. Historically, SWSL had provided operations and maintenance services for all WTGs sold by us.

As such, beginning in April 2005, income from sales also includes fees for operation and maintenance services provided to our customers, which are provided after the expiration of the free operation and maintenance period which we provide to purchasers. Fees for operations and maintenance services are generally calculated as a fixed sum per WTG purchased by the customer and payable either on a monthly, quarterly, semi-annual or annual basis, depending on the terms of the operation and maintenance agreement separately entered into with the customer. The terms of these agreements generally range from one to 17 years. For more information, see "Risk Factors — We face product liability and warranty risks and may face related claims" on page xx of this Prospectus and "Business — Products — Operation and Maintenance Services" on page 68 of this Prospectus.

Sale of Power

We have installed WTGs at certain sites as follows, primarily as pilot projects for our WTG models and to avail of tax incentives offered by certain India states. The electricity generated from these WTGs is sold to state electricity boards and to private parties.

Company	Installed Capacity	State
Suzlon Energy Limited	0.225 MW	Gujarat
Suzlon Green Power Limited	3.80 MW	Maharashtra
	2 MW	Rajasthan
Suzlon Wind Farm Services Limited	0.7 MW	Maharashtra
	6.00 MW	Andhra Pradesh
	1.00 MW	Rajasthan

The income from sale of power in fiscal 2003, 2004 and 2005 was Rs. 14.0 million, Rs. 29.0 million and Rs. 43.3 million, respectively.

Other Income

Other income consists primarily of interest received from bank deposits, interest received from customers for delayed payments and interest on loans granted to Associate Companies, as well as dividend income, net profits from the sale of investments and other miscellaneous income, which is primarily comprised of rent for premises leased by certain of our Associate Companies. See "Related Party Transactions" on page 155 of this Prospectus. Other income also includes income from the sale of tax incentives relating to our activities in the state of Maharashtra. Other income as a percentage of total income was 3.4%, 2.0% and 1.2% in fiscal 2003, fiscal 2004 and fiscal 2005, respectively. The following table sets forth details of other income for the last three fiscal years.

	For the year ended March 31, *(amounts in Rs. millions)*		
	2003	**2004**	**2005**
Interest Received:			
From Banks	21.1	18.4	35.4
From Others	47.8	120.2	145.6
Dividend	2.4	3.4	3.4
Profit on Sale of Investment (Net)	—	5.4	—
Excess Provision Written Back	—	—	3.0
Sale of Incentives	15.5	22.0	29.9
Miscellaneous Income	4.6	4.2	17.1
Total Income	**91.4**	**173.6**	**234.4**

Expenditures

Our total expenditures are comprised of:

- Cost of Goods Sold;
- Operating and Other Expenses;
- Employees' Remuneration and Benefits;
- Financial Charges;
- Depreciation; and
- Preliminary Expenditures Written Off.

Cost of Goods Sold

Cost of goods sold represents the raw materials and components utilized in the manufacture of WTGs and WTG components sold during each accounting period. The cost is measured using the value of our stock of raw materials and components at the beginning of the accounting period plus raw materials and components purchased during the such period (or portion thereof) less the value of our stock of raw materials and components at the close of the accounting period.

Cost of goods sold also includes the increase or decrease, as the case may be, of inventory, which represents the difference between the value of stock of semi-finished and finished goods and work in progress on the last day of our fiscal year as compared to the first day of our fiscal year. Stocks of raw materials, components, semi-finished and finished goods and work in progress are valued at the lower of cost and estimated net realizable value. Cost is determined on a first-in-first-out basis. The cost of work in progress, semi-finished and finished goods includes the cost of materials, labour and manufacturing.

In addition, as we import a portion of our raw material and component requirements, which are principally de-nominated in foreign currencies such as the Euro, the Danish Kroner ("DKK") and U.S. Dollars, our costs are affected by fluctuations in the

exchange rate between the Rupee and these currencies. All foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction, as discussed in greater detail on Note (IV)(h) to our consolidated financial statements on page 177 of this Prospectus. For more information regarding the effect of fluctuation of the exchange rate between the Rupee and these currencies on the cost of material consumed, please see "Risk Factors — Fluctuation in the value of the Rupee against other currencies could adversely affect the cost of our borrowings and repayment of indebtedness, the costs of our raw materials and revenues from exports" on page xxv of this Prospectus.

Operating and Other Expenses

The following table breaks down the components of our operating and other expenses and the percentage of each item relative to total income.

	For the year ended March 31, *(amounts are in Rs. millions)*					
	2003	**% of Total Income**	**2004**	**% of Total Income**	**2005**	**% of Total Income**
Maintenance Warranty and Guarantee Expenses	82.1	3.0%	407.9	4.7%	1,029.1	5.2%
Stores, Spares, Power & Fuel & Factory Expenses	37.9	1.4%	59.4	0.7%	108.4	0.6%
Freight, Packaging and Forwarding Charges	102.0	3.8%	148.5	1.7%	245.9	1.3%
R&D Certification and Product Development & Quality Assurance	42.8	1.6%	69.8	0.8%	120.0	0.6%
Sales Commission	39.5	1.5%	92.9	1.1%	97.8	0.5%
Advertisement & Sales Promotion	31.7	1.2%	56.1	0.6%	61.0	0.3%
Consultancy Charges	34.2	1.3%	50.5	0.6%	78.7	0.4%
Travelling, Conveyance and Vehicle	65.0	2.4%	88.0	1.0%	160.2	0.8%
Bad Debts Written off & Provisions for Doubtful Debts	-	-	48.0	0.6%	93.3	0.5%
Other Selling and Administrative Expenses	63.1	2.3%	143.3	1.6%	233.9	1.2%
Other Expenses	111.6	4.1%	148.7	1.7%	509.5	2.5%
Total	**609.9**	**22.6%**	**1,313.0**	**15.0%**	**2,737.8**	**13.9%**

Maintenance Warranty and Guarantee Expenses

We provide customers with generation warranty for each WTG sold by us. This warranty can consist of (a) a "unit" warranty on the number of units of electricity that will be generated by the WTG based on assumptions regarding machine and grid availability or (b) a power curve warranty pursuant to which we warrant that a WTG will produce a specified number of units of electricity based on assumptions regarding wind speed, machine availability and grid availability. These generation warranties generally extend for periods ranging from one to three years from the date a WTG is commissioned. We also provide free operation and maintenance services for periods generally ranging from one to three years after WTG commissioning. See "Risk Factors — We face product liability and warranty risks and may face related claims" on page xx of this Prospectus.

Provisions for our estimated liability with regard to maintenance warranty and guarantee expenses for WTGs for which we extend a unit warranty are made in the fiscal year the WTG is sold based on our technical evaluation, terms of our contract

with the customer and past experience regarding the capabilities of our WTGs. We also make provisions for estimated liquidated damages relating to delays in the supply of WTGs to customers. The provisions are reviewed every fiscal year and necessary revisions are made in order that the provisions correctly represent our expected future liability for warranties and guarantees we have provided. During fiscal 2003, 2004 and 2005, the total amounts paid for warranty and guarantee claims were Rs. 199.8 million, Rs. 109.4 million and Rs. 200.3 million, respectively.

R & D certification and Product Development & Quality Assurance

This represents the expenses incurred on research and development, certification of WTG by technical institutes, expenses on new product development and upgrading existing products and expenses on outsourcing to third parties of inspections of components purchased from our suppliers, as well as components manufactured in-house.

Expenses relating to remuneration to employees engaged in the foregoing activities and administrative and operating expenses of our research and development subsidiaries in Germany and the Netherlands are included as part of the relevant line items and are not included as research and development expenses. During fiscal 2003, fiscal 2004 and fiscal 2005, the total amounts paid for administrative and operating expenses of our research and development subsidiaries in Germany and the Netherlands (including depreciation) were Rs. 75.1 million, Rs. 106.2 million and Rs. 157.8 million, respectively.

Other expenses include expenses that are related to our sales and marketing activities, as well as other administrative expenses.

Employees' Remuneration and Benefits

Employees' remuneration and benefits includes salaries, wages, allowances, incentives and bonuses, contribution to provident and other funds and staff welfare expenses. During fiscal 2003, 2004 and 2005, these totalled Rs. 122.8 million, Rs. 269.4 million and Rs. 617.7 million, respectively, corresponding to 4.6%, 3.1% and 3.2% of total income during each such fiscal year. Upward adjustments to employee wages are usually made during the first quarter of each fiscal year.

Employee Stock Option Plan

The AGM of the Company on June 16, 2005, approved an Employees Stock Option Plan, or the Scheme, for the issue of up to 1,000,000 options to the our employees (except employees of Subsidiaries in the United States of America). Pursuant to the Scheme, the Company has granted 921,000 options to eligible employees at an exercise price, which is at a discount of 50% of the Issue Price. Under the terms of the Scheme, 30% of the options will vest in the employees at the end of the first year, 30% at the end of the second year and the balance of 40% at the end of third year from the date of the grant. An employee's ability to exercise his options is subject to his or her continued employment with us.

The impact of our ESOP on our profit and loss statement is expected to be as follows:

Year	**Total**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Vesting Schedule	100%		30%	30%	40%
No. of Vested Options	921,000		276,300	276,300	368,400
IPO Price (Fair Value) (Rs)	510				
Exercise Price (Rs)	255				
Intrinsic Value of Option (Rs)	255				
Debit under Employee Compensation Expenses at Upper Band of IPO Price (Rs in Million)	234.9	81.8	98.7	44.9	9.4

For more information regarding our Plan, see "Capital Structure — 7. Employee Stock Option Plan" on page 26 of this Prospectus.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Our earnings before interest, taxes, depreciation and amortization for fiscal 2003, 2004 and 2005 were Rs. 416.1 million, Rs. 1,624.8 million and Rs. 4,926.9 million respectively.

EBITDA is not a measure of performance under Indian GAAP and you should not consider EBITDA as an alternative to (a) operating profit or net profit (as determined in accordance with Indian GAAP) as a measure of our operating performance, (b) cash flow from operating, investing and financing activities (as determined in accordance with Indian GAAP) as a measure of our ability to meet cash needs or (c) any other measures of performance under Indian GAAP. We believe that EBITDA is a measure of a company's operating performance because it assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon accounting methods (particularly when acquisitions are involved) or non-operating factors. Accordingly, we have included this information in this Prospectus to permit a more complete and comprehensive analysis of our operating performance relative to other companies. Because all companies do not calculate EBITDA identically, our presentation of EBITDA may not be comparable to similarly titled measures used by other companies. The following table presents the manner in which EBITDA is reconciled to Profit After Tax:

	For the year ended March 31, *(amounts in Rs. millions)*					
	2003		**2004**		**2005**	
EBITDA	**416.1**	**15.4%**	**1,624.8**	**18.6%**	**4,926.9**	**25.0%**
Financial Charges	88.6	3.3%	275.6	3.2%	458.3	2.3%
Depreciation	99.6	3.7%	136.1	1.6%	493.2	2.5%
Preliminary Expenditure Written Off	0.7	-(1)	0.9	-(1)	1.8	-(1)
Profit Before Tax and Exceptional Items	**227.2**	**8.4%**	**1,212.2**	**13.8%**	**3,973.6**	**20.2%**
Exceptional Items	172.0	6.4%	266.9	3.1%	—	—
Net Profit Before Tax	**399.3**	**14.8%**	**1,479.2**	**16.9%**	**3,973.6**	**20.2%**
Taxation						
Current Tax	30.8	1.1%	131.8	1.5%	489.1	2.5%
Income Tax for earlier years	(3.5)	(0.1)%	(7.8)	(0.1)%	0.6	-(1)
Deferred Tax	(0.2)	-(1)	(94.1)	(1.1)%	(167.4)	(0.9)%
Profit Before Minority Interest	**372.1**	**13.8%**	**1,449.2**	**16.6%**	**3,651.2**	**18.6%**
Share of Loss of Minority and profits of Associates	3.8	0.1%	—	—	2.1	-(1)
Profit After Minority Interest	**375.9**	**13.9%**	**1,449.2**	**16.6%**	**3,653.4**	**18.6%**
Transferred to Goodwill	—	—	4.0	-(1)	—	—
Net Profit Before Adjustments	**375.9**	**13.9%**	**1,453.2**	**16.6%**	**3,653.4**	**18.6%**

Financial Charges

The following table breaks down our financial charges and the percentage of each item relative to total income for each of the last three fiscal years.

	For the year ended March 31, *(amounts are in Rs. millions)*					
	2003	**% of Total Income**	**2004**	**% of Total Income**	**2005**	**% of Total Income**
Interest:						
Fixed Loans	*20.4*	0.8%	*95.4*	1.1%	*120.2*	0.6%
Others	*44.0*	1.6%	*120.1*	1.4%	*232.3*	1.2%
Bank Charges	*24.2*	0.9%	*60.1*	0.7%	*105.8*	0.5%
Total	***88.6***	**3.3%**	***275.6***	**3.2%**	***458.3***	**2.3%**

Interest on fixed loans represent interest expense incurred during each fiscal year on our secured and unsecured long-term debt. Other interest primarily relates to interest expenses incurred during each fiscal year on short-term loans from banks and other financial institutions and on credit provided to us under supplier lines of credit. Bank charges represent processing fees for various loans and facilities, charges for letters of credit and bank guarantees and other charges levied by banks.

Depreciation

Depreciation is calculated using the Written Down Value method and prorated to the period of use based on either management's estimate of the useful lives of our fixed assets or at the rates specified in Schedule XIV of the Companies Act, whichever results in higher depreciation expense.

For more information on our depreciation policies, please refer to Note (IV)(e) to our restated consolidated financial statements beginning on page 176 of this Prospectus.

Preliminary expenditures written off

These are expenses incurred during incorporation, expansion of manufacturing facilities or increases in capital, among others, which are classified as preliminary expenses in our financial statements. These are amortized over five fiscal years in accordance with our accounting policies, which are consistent with Indian GAAP.

Profit Before Taxes and Exceptional Items

Our profit before taxes and exceptional items for fiscal 2003, 2004 and 2005 was Rs. 227.2 million, Rs. 1,212.2 million and Rs. 3,973.6 million, respectively.

Exceptional Items

This includes both income and expenditures that do not arise during the ordinary course of our business and are not expected to be recurring in nature, as set forth in the following table.

	For the year ended March 31, *(amounts in Rs. millions)*		
	2003	**2004**	**2005**
Write Back of Creditors	—	122.5	—
Excess Provision Written Back	172.0	144.4	—
Total	**172.0**	**266.9**	**—**

Prior to fiscal 2003, we had provided warranties to customers in Maharashtra that the WTGs we had sold to them would comply with specified plant load factors, or PLF, and we had made provisions to cover potential liabilities under these PLF warranties. As and when these PLF warranties expired during 2003 and 2004, we wrote back these provisions that we had made in prior fiscal years.

During fiscal 2004 we wrote back liabilities to certain suppliers totalling Rs. 122.5 million (net of foreign exchange fluctuation provisions made for such liabilities). These liabilities were written back after our management determined that these liabilities were no longer owed to such suppliers because of disputes on defects in the products designed/supplied by such suppliers and our counterclaims against these suppliers for losses and expenses.

Taxation

Income Taxes are accounted for in accordance with AS – 22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise both current and deferred taxes

Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. The major benefit we avail of is under Section 80IB of the Income Tax Act, 1961 as our manufacturing facilities are located in industrially backward areas as defined in the statute. However, in case our liability for current taxes as calculated is less than 7.5% of our book profit (as defined by statute), we are liable to pay the Minimum Alternate Tax, or MAT, in accordance with Section 115JB of the Income Tax Act, 1961.

Deferred taxes arise from timing differences between recording our book profits and our taxable profits that originate during an accounting period and which can be reversed in subsequent periods. Deferred taxes are measured using the tax rates and laws that have been enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets. Significant sources of deferred tax liabilities and assets include: the timing difference in recording depreciation under Indian GAAP and under the Income Tax Act, 1961; and the inadmissibility of provisions for guarantees and warranties under Income Tax Act, 1961 and benefits available under Section 80IB of the Income Tax Act, 1961.

Minority Interest

For fiscal 2003, we added back a total of Rs. 3.8 million corresponding to the share of the minority shareholders of Suzlon Green Power Limited in the net loss of this subsidiary during that fiscal year and our share in the profit of Suzlon Capital Limited, in which we had a 20% ownership interest. In March 2004, we acquired the balance of the shares in Suzlon Green Power Limited that we did not own and sold our minority interest in Suzlon Capital Limited. For fiscal 2005, we have added back Rs. 2.1 million corresponding to the share of the minority shareholder of Suzlon Structures in the net loss of that subsidiary, which was incorporated in May 2004.

Transfer to Goodwill

After the acquisition of the minority interest in Suzlon Green Power Limited in March 2004, in accordance with Accounting Standard 21 ("AS 21") issued by the ICAI, 20% of Suzlon Green Power Limited's net loss for entire fiscal year was recorded as a pre-acquisition loss and recorded as goodwill.

Net Profit Before Adjustments

Our profit before adjustments for fiscal 2003, 2004 and 2005 was Rs. 375.9 million, Rs. 1,453.2 million and Rs. 3,653.4 million, respectively.

Adjustments

Our consolidated financial information of each of fiscal 2001, 2002, 2003, 2004 and 2005 has been restated in compliance with SEBI guidelines. The effects of the restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our income statement. Consistent with this presentation, in the comparison of our results of operations from fiscal period to fiscal period, we have provided a discussion of the effects of the restatement on our adjusted profit at the end of each such fiscal period to fiscal period comparison.

In accordance with SEBI guidelines, our previous years' financial statements included as part of the Prospectus have been restated to conform to methods used in preparing our latest financial statements, as well as to conform to any changes in accounting policies and estimates. The cumulative effects of these adjustments for fiscal 2003, 2004 and 2005 were Rs. 106.9 million, Rs. 202.6 million and Rs. 205.2 million, respectively. The principal adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below:

Changes in Accounting Policies and Estimates

Depreciation

Up to the year ended March 31, 2000, we provided for depreciation on our fixed assets using the straight-line method based on the depreciation rates specified under Schedule XIV to the Companies Act for each relevant class of assets. Beginning April 1, 2000 and through March 31, 2004, we used the write down value method for depreciation, based on depreciation rates specified under Schedule XIV to the Companies Act for each relevant asset. Beginning April 1, 2004, we revised our depreciation policy to depreciate fixed assets based on the higher of depreciation expense calculated using the write down value method at rates specified under the Companies Act, and at rates based on our management's determination of the estimated useful lives of our fixed assets.

Provision for Generation Guarantee

Up to the year ended March 31, 2004, provisions for generation guarantees in our profit and loss statements were based on predetermined rates set by our management for each WTG. During the year ended March 31, 2005, we changed the basis for determining the amount of provisions for generation guarantee to an amount that is determined based on various factors, such as wind velocity, grid availability, plant load factor, load shedding and historical operational data.

Diminution in the value of investments

Through the year ended March 31, 2001, we valued long-term investments at cost without making any provisions for diminution, other than temporary diminution, in the carrying value of these long-term investments. From April 1, 2002, we changed our accounting policy in order to comply with Accounting Standard 13 ("AS-13") "Accounting for Investments" issued by the ICAI and began making provisions for diminution, other than temporary diminution, in the carrying value of our long-term investments.

Deferred Tax

We adopted Accounting Standard 22 ("AS-22") "Accounting for taxes on Income" issued by the ICAI for the first time in preparing our financial statements for the year ended March 31, 2003. For the purpose of this Prospectus, AS-22 has also been applied to the years ended March 31, 2001 and 2002 as if it was applicable in those years.

Our deferred tax assets/liabilities have also been recomputed to take into account the effects of changes in deferred taxes for prior years resulting from the accounting changes discussed in this section of the Prospectus.

Other Adjustments

Prior Period Items

In our financial statements for the years ended March 31, 2001, 2002 and 2003, we had classified certain items of income and expense as prior period adjustments. In accordance with SEBI guidelines, these items of income and expenses have now been recognized in the years in which they were earned or incurred, as the case may be.

Current tax impact of adjustments

Our current tax expenses in each period has been recomputed and adjusted in order to reflect the changes discussed above.

Net Profit as Restated

Our Net Profit as Restated for fiscal 2003, 2004 and 2005 was Rs. 269.0 million, Rs. 1,250.6 million and Rs. 3,858.6 million, respectively.

Critical Accounting Policies

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the ICAI and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the report of our Chartered Accountants appearing on page 175 of this Prospectus.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies". Our management uses our historical experience and analyses, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming our assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

For more information on our significant accounting policies, please refer to Schedule XIV to our restated consolidated financial statements beginning on page 175 of this Prospectus.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

Revenue Recognition

Revenue from sale of goods is recognized when the significant risks and rewards in respect of ownership of the products are transferred to the customer, in accordance with the terms of the purchase order issued by the customer. Interest income is recognized on proportion of time, except for interest received from customers, which is recognized on documentary evidence for acceptance of liability. Dividend income is recognized on establishment of right to receive.

Fixed Assets

Fixed Assets are stated at cost (including all expenditure necessary to bring the asset to its working condition for intended use) less accumulated depreciation and impairment losses. Intangible assets are recorded at the consideration paid for their acquisition. Manufactured assets and other internally generated assets comprise of all direct costs and all expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing or making the assets ready for its intended use. Pre-operative expenses for new undertakings are capitalised on commencement of commercial production. Assets held for disposal are stated at lower of net book value or estimated net realizable value.

The carrying amounts of assets belonging to each cash generating unit are assessed at each balance sheet date and where the carrying amounts are in excess of their recoverable amount, the assets are written down to their recoverable amount.

Depreciation / Amortization

Depreciation/Amortization is calculated using the Written Down Value method and prorated to the period of use based on either management's estimate of the useful lives of our fixed assets or at the rates specified in Schedule XIV of the Companies Act, whichever results in higher depreciation expense.

Inventories

Inventories of raw materials, semi-finished goods, work in progress and finished goods are valued at lower of the cost and estimated net realizable value. The cost of semi-finished goods, work in progress and finished goods includes cost of material, labour and manufacturing overheads is determined on a FIFO basis.

Stock of land and lease rights is valued at lower of the cost and estimated net realizable value. Cost is determined on weighted average basis. Net realizable value is determined by management using technical estimates.

Foreign Currency Transactions

Transactions in foreign currency are normally recorded at the exchange rate prevailing at the date of the transaction.

The following table shows the reporting rate for various items:

Particulars	Reporting rate
Monetary Items	Closing rate
Non-monetary items:	
- Carried in terms of historical cost denominated in foreign currency	Rate prevailing at the date of transaction
- Carried at fair value / similar valuation denominated in foreign currency	Rate prevailing at the date of determination of such value

Exchange differences arising as a result of the above are recognized as either income or expenditures in our profit and loss account, except liabilities incurred for acquiring imported fixed assets, in which case the exchange gain or loss is adjusted to the carrying amount of the fixed asset concerned. In the case of forward contracts, the premium or discount at the inception of the contract is recognized as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract or exchange differences arising out of such contracts are recognized as income or expense for the period. The financial statements of integral foreign operations are translated as if the transactions of the foreign operations were ours.

Provisions for maintenance warranties and guarantees

Provisions for operation and maintenance guarantees are made on the basis of (a) expected operation and maintenance expenditures over the period of the free operation and maintenance provided to customers and (b) claims on account of failure of WTG parts. The provision for generation guarantees is made on the basis of expected claims for generation shortfalls over the guarantee period, based on assumptions regarding, among other matters, wind velocity, grid availability, load shedding and historical operating data. Provisions for liquidated damages are made for expected claims relating to non-fulfilment of delivery commitments.

Provisions, contingent liabilities and contingent assets

A provision is recognized when we have a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value. These are reviewed at each balance sheet date and adjusted to reflect the management's current best estimate of the amount required to settle the obligation. Contingent liabilities are disclosed by way of notes to our consolidated financial statements. Contingent assets are not recorded.

Results of Operations — fiscal 2005 compared to fiscal 2004

An overview of trends and developments and a comparison of significant items of income and expenditure for fiscal 2005 compared to fiscal 2004 are provided as follows:

- Increase in the number of WTGs sold to 451 in fiscal 2005 from 215 in fiscal 2004;
- Increased demand for energy related to the continued growth of the Indian economy;
- First full-year of operations of the our new manufacturing facilities Pondicherry during fiscal 2005;
- Entry into new markets such as Karnataka;
- The acquisition of SWSL in April 2005, which increased our income from operation and maintenance services; and
- Equity and Preference Share financing totalling Rs. 2,000.0 million obtained from the Private Equity Investors.

Income

Our total income increased by 124.7% to Rs 19,659.2 million in fiscal 2005 from Rs. 8,748.6 million in fiscal 2004. This increase was primarily due to increased WTG sales.

Sales

Total sales increased by 126.5% to Rs. 19,424.8 million in fiscal 2005 from Rs. 8,575.0 million in fiscal 2004. The increase was due to the increase in WTG sales in fiscal 2005 to 451 WTGs (with an aggregate capacity of 507.70 MW) as compared to 215 WTGs sold in fiscal 2004 (with an aggregate capacity of 241.65 MW). Factors contributing to our increased sales included: increased demand arising from the continued growth of the Indian economy; an improvement in the price per MW of capacity sold, due to the increase in the number of 1.25 MW WTG models sold; the first full year of operations of our new manufacturing facilities in Pondicherry during fiscal 2005; and sales in new markets such as Karnataka, where we sold 90 of our 1.25 MW WTG model in fiscal 2005.

Our sales income in fiscal 2005 also included Rs. 195.5 million from operations and maintenance fees received by SWSL, which we acquired in April 2004 and began consolidating in our financial statements beginning fiscal 2005.

Other Income

Other income increased by 35.0% to Rs. 234.4 million in fiscal 2005 from Rs. 173.6 million in fiscal 2004. The increase was primarily due to increases in interest income and dividends.

Expenditures

Cost of Goods Sold

Our cost of good sold increased by 105.3% to Rs. 11,376.8 million in fiscal 2005 from Rs. 5,541.4 million in fiscal 2004 as the increase in WTG production and sales during fiscal 2005 led to a corresponding increase in the total cost of materials used for WTG manufacture. However, as a percentage of total income, cost of goods sold declined to 57.9% of total income in fiscal 2005 from 63.3% of total income in fiscal 2004. This was due to economies of scale attributable to our increased production, as well as improvements and upgrades made to the technical design and specifications of our WTGs that served to lower manufacturing costs.

Operating and Other Expenses

Operating and other expenses increased by 108.5% to Rs. 2,737.7 million in fiscal 2005 from Rs. 1,313.0 million in fiscal 2004. The increase was primarily due to an increase in provisions for maintenance, warranty and guarantee expenses by 152.3% to Rs. 1,029.1 million in fiscal 2005 from Rs. 407.9 million in fiscal 2004, which resulted from increases WTG sales in fiscal 2005 as compared to fiscal 2004 and a change in our provisioning estimates.

Other expenses increased by 242.6% to Rs. 509.4 million in fiscal 2005 from Rs. 148.7 million in fiscal 2004 primarily due to higher operation and maintenance charges arising from extending the operation and maintenance warranty periods for certain customers and voluntary modifications and updates made to our customers' WTGs at our cost with a view to reducing future maintenance costs. Infrastructure development expenses increased to Rs. 146.3 million in fiscal 2005 from Rs. 17.4 million in fiscal 2004 as a result of the construction of transformers and sub-stations on wind farm sites. Provisions for doubtful debts, which includes both receivables from customers and other loans and advances extended by us, increased by 111.6% to Rs. 93.3 million during fiscal 2005 from Rs. 44.1 million during fiscal 2004 due to the aging of certain receivables.

As a percentage of total income, operating and other expenses declined to 13.9% in fiscal 2005 from 15% in fiscal 2004 as fixed and semi-variable expenses such as advertising and sales promotion expenses and administrative expenses were spread over a larger volume of sales. Further, our strategy of locating our manufacturing facilities in India close to our principal Indian markets led to lower logistical costs, such freight, packaging and forwarding charges, which declined as a percentage of total income to 1.3% in fiscal 2005 from 1.7% in fiscal 2004.

It should be noted that due to a revision of our estimates regarding the operational reliability of our WTGs based on our review of WTG operations over the past few years, in fiscal 2005 we adjusted our policy on provisions for maintenance, warranty and guarantee expenses. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations - fiscal 2005 compared to fiscal 2004 - Net Profit as Restated" on page 238 of this Prospectus.

Employees' Remuneration and Benefits

Employees' remuneration and benefits expenses increased by 129.3% to Rs. 617.7 million in fiscal 2005 from Rs. 269.4 million in fiscal 2004. The increase was due to increase in number of employees to 2,071 as of the end of fiscal 2005 from 949 as of the end of fiscal 2004, primarily resulting from the inclusion of SWSL's 656 employees as part of our total workforce following our acquisition of SWSL in April 2005 and an increase in the number of employees of our overseas subsidiaries.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA increased by 203.2% to Rs. 4,926.9 million in fiscal 2005 from Rs. 1,624.8 million in fiscal 2004. As a result of our increased WTG sales in fiscal 2005, the improvement in the price per MW of capacity sold and the decline in our cost of goods sold and other operating expenses as a percentage of total income, EBITDA as a percentage of total income increased to 25.0% in fiscal 2005 from 18.6% in fiscal 2004.

See "Results of Operations – EBITDA" on page 233 of this Prospectus for an explanation of EBITDA and the manner in which it is reconciled to Indian GAAP operating measures.

Financial Charges

Financial charges increased by 66.3% to Rs. 458.3 million in fiscal 2005 from Rs. 275.6 million in fiscal 2004. The increase was primarily due to an increase in our total debt to Rs. 3,958.1 million as of March 31, 2005 from Rs. 2,383.6 million as of March 31, 2004 and the consequent increase in interest expenses to Rs. 352.5 million in fiscal 2005 from Rs. 215.5 million in fiscal 2004. The additional debt consisted primarily of financing obtained during fiscal 2005 to fund the additional working capital required to meet the increased demand for and sales of our WTGs during fiscal 2005. As a percentage of total income, finance charges declined to 2.3% in fiscal 2005 from 3.2% in fiscal 2004 due to improvements our management of our working capital requirements and in the rupee and foreign currency mix of our borrowings. We also benefited from the equity financing obtained from the Private Equity Investors, which served to reduce our dependence on bank financing during fiscal 2005.

Depreciation

Depreciation expense increased by 262.4% to Rs. 493.2 million in fiscal 2005 from Rs. 136.1 million in fiscal 2004, primarily due to the full-year impact of depreciation of our Pondicherry and Daman manufacturing facilities and changes in estimates of the useful lives of certain of our fixed assets, such as moulds and patterns and metmasts. In previous fiscal years these assets were depreciated over their estimated useful lives. Beginning in fiscal 2005, acquisition costs of these assets were fully depreciated and carrying costs of such assets from previous years were also fully depreciated.

It should be noted that in fiscal 2005 we revised our depreciation policy due to management's reassessment of the estimated economic useful lives of certain of our fixed assets, such as moulds and patterns, metmasts and other low cost assets. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations - fiscal 2005 compared to fiscal 2004 – Net Profit as restated" on page 238 of this Prospectus.

Preliminary expenditure written off

In fiscal 2005 we wrote off preliminary expenditure in the amount of Rs. 1.8 million, compared to Rs. 0.9 million in fiscal 2004.

Profit Before Taxes and Exceptional Items

As a result of the foregoing, profit before taxes and exceptional items increased by 227.8% to Rs. 3,973.6 million (or 20.2% of total income) in fiscal 2005 from Rs. 1,212.2 million (or 13.8% of total income) in fiscal 2004.

Exceptional Items

Exceptional items recorded during fiscal 2005 totaled nil, compared to Rs. 266.9 million during fiscal 2004. The exceptional items in fiscal 2004 included a one-time write back of unclaimed amounts due from certain suppliers totaling Rs. 122.5 million and a write back of provisions in the amount of Rs. 144.4 million relating to PLF warranties that had already expired.

Taxation

Current Taxes

Current taxes increased by 271.2% to Rs. 489.1 million in fiscal 2005 from Rs. 131.8 million in fiscal 2004 due to the increase in our book profits for tax purposes, as well as the partial expiry of the Section 80IB tax holiday for our manufacturing unit in Daman, which began operations in fiscal 2000.

Deferred Taxes

Deferred tax assets increased by 77.9% to Rs. 167.4 million in fiscal 2005 from Rs. 94.1 million in fiscal 2004. The increase was due to timing differences arising because of our of policy of expensing provisions for maintenance warranties and guarantees under Indian GAAP in the year in which the WGT is sold, as opposed to the requirements of the Income Tax Act, 1961, which allows provisions to be deducted for income tax purposes only in the year in which these provisions are utilized.

In fiscal 2005 we adjusted our policy on provisions for maintenance warranties and guarantees and depreciation, which resulted in changes to our deferred taxes. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations - fiscal 2005 compared to fiscal 2004 – Net Profit as Restated" on page 238 of this Prospectus.

Minority Interest

For fiscal 2005, we added back Rs. 2.1 million corresponding to the share of the minority shareholder in the net loss of Suzlon Structures for fiscal 2005. Suzlon Structures was incorporated during fiscal 2005. There were no charges relating to minority interests during fiscal 2004.

Transfer to Goodwill

During fiscal 2004, after we acquired the minority interest in Suzlon Green Power Limited we were required, in accordance with Accounting Standard 21 ("AS 21") issued by the ICAI, to record as goodwill 20% of Suzlon Green Power Limited's net loss for all of fiscal 2004. We did not record any transfers to goodwill during fiscal 2005.

Net Profit Before Adjustments

Net Profit before adjustments increased by 151.4% to Rs. 3,653.4 million (or 18.6% of total income) in fiscal 2005 from Rs. 1,453.2 million (or 16.6% of total income) in fiscal 2004.

Net Profit as Restated

Our net profit as restated for fiscal 2005 has been restated due to, among other matters, changes in accounting policies and estimates and material adjustments, as well as certain items attributable to prior periods. As a result, our adjusted profit increased by 208.5% to Rs. 3,858.6 million in fiscal 2005, compared to Rs. 1,250.6 million for fiscal 2004.

The main adjustments for fiscal 2005 were as follows:

- Depreciation expense declined by Rs. 69.4 million due to revisions to the estimated useful lives of certain assets. As a result, our depreciation expense for previous fiscal years correspondingly increased.
- Provisions for maintenance guarantees and warranties declined by Rs. 206.3 million due to the change in estimates regarding the operational reliability of our WTGs. Provisions for maintenance guarantees and warranty expenses for previous fiscal years have increased correspondingly.
- Our deferred tax assets declined by Rs. 68.8 million as a result of the foregoing adjustments.

The main adjustments for fiscal 2004 were as follows:

- Depreciation expenses increased by Rs. 41.1 million as a result of the revisions and adjustments discussed above.
- Provisions for maintenance guarantees and warranties increased by the Rs. 221.0 million due the revised estimates regarding the operational reliability of our WTGs.
- Our deferred taxes increased by Rs. 46.1 million due to the foregoing adjustments.
- Our current taxes declined by Rs. 8.0 million as a result of the foregoing adjustments.

RESULTS OF OPERATIONS — FISCAL 2004 COMPARED TO FISCAL 2003

An overview of trends and developments and a comparison of significant items of income for fiscal 2004 compared to fiscal 2003 are provided as follows:

- Increase in the number of WTGs sold to 215 in fiscal 2004 from 74 in fiscal 2003;
- Increased demand for energy related to the growth of the Indian economy;
- Completion of our first international order, which was to supply 24 WTGs of 0.95 MW each in the United States;
- Increased sales during fiscal 2004 of our 1.25 MW WTG models, which were introduced during fiscal 2003; and
- As a percentage of total income, cost of good sold increased to 63.3% of total income in fiscal 2004 from 57.4% in fiscal 2003, primarily due to an increase in the cost of raw materials such as steel and an increase in the cost of imported components due to the appreciation of the Euro against the Rupee.

Income

Total income increased by 224.4% to Rs. 8,748.6 million in fiscal 2004 from Rs. 2,697.1 million in fiscal 2003. This increase was primarily due to increased WTG sales.

Sales

Sales increased by 229.1% to Rs. 8,575.0 million in fiscal 2004 from Rs. 2,605.7 million in fiscal 2003. During fiscal 2004 we sold 215 WTGs (with an aggregate capacity of 241.65 MW) as compared to 74 WTGs sold during fiscal 2003 (with an aggregate capacity of 75.00 MW). The increase in sales was attributable to the following factors: (a) increased demand for WTGs in India; (b) increased sales in the Tamil Nadu market during fiscal 2004 following our entry into that market in fiscal 2003; (c) increased market acceptance and sales of our 1.25 MW WTG model to 162 WTGs in fiscal 2004 from 48 in fiscal 2003; and (d) the sale of 24 WTGs (with an aggregate capacity of 22.80 MW) in the United States, which was our first international order.

Other Income

Other income increased by 89.9% to Rs. 173.6 million in fiscal 2004 from Rs. 91.4 million in fiscal 2003. The increase was primarily due to increase in interest income and dividends, as well as profits on the sale of our investment in Suzlon Capital Limited to our Promoters.

Cost of Goods Sold

Cost of goods sold increased by 257.9% to Rs. 5,541.4 million in fiscal 2004 from Rs. 1,548.3 million in fiscal 2003. This increase was attributable to the increase in WTG production and sales, which led to corresponding increase in the total cost of materials used in WTG manufacture. As a percentage of total income, cost of good sold increased to 63.3% of total income in fiscal 2004 from 57.4% in fiscal 2003, primarily due to an increase in the cost of raw materials such as steel and an increase in the cost of imported components due to the appreciation of the Euro against the Rupee.

Operating and Other Expenses

Operating and other expenses increased by 115.3% to Rs 1,313.0 million in fiscal 2004 from Rs. 609.9 million in fiscal 2003, as our increased WTG production and sales resulted in the increase of variable expenses such as provisions for maintenance and warranty and guarantee expenses. Warranty and guarantee expenses increased by 396.8% to Rs. 407.9 million in fiscal 2004 from Rs. 82.1 million in fiscal 2003. Write offs for bad debts and provisions for doubtful debts increased to Rs. 48.0 million in fiscal 2004 from Rs. Nil in fiscal 2003. However, operating and other expenses as a percentage of total income declined to 15.0% during fiscal 2004 from 22.6% in fiscal 2003. This was primarily due to our fixed and semi-variable operating expenses, such as selling and promotion costs and administrative expenses being spread over a larger amount of total income, as well as to savings in logistic costs as our strategy of locating our manufacturing units in close proximity to our principal Indian markets resulted in our lowering freight, packaging and forwarding charges as a percentage of total income from to 1.7% in fiscal 2004 from 3.8% in fiscal 2003.

It should be noted that due to a revision of our estimates regarding the operational reliability of our WTGs based on our review of WTG operations over the past few years, in fiscal 2005 we adjusted our policy on provisions for maintenance,

warranty and guarantee expenses. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations - fiscal 2004 compared to fiscal 2003 – Net Profit as Restated" on page 242 of this Prospectus.

Employees' Remuneration and Benefits

Employee remuneration and benefits expenses increased by 119.3% to Rs. 269.4 million in fiscal 2004 from Rs. 122.8 million in fiscal 2003. The increase was primarily due to the increase in the number of our employees to 949 as of March 31, 2004 from 480 as of March 31, 2003, particularly the number of employees for our overseas subsidiaries.

Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA increased by 290.5% to Rs. 1,624.8 million in fiscal 2004 from Rs. 416.1 million in fiscal 2003, primarily due to improvements in operating efficiency. As a result of the increase in WTG sales during fiscal 2004 and the improvement in the ratio of our operating expenses to our total income, EBITDA as a percentage of total income increased to 18.6% in fiscal 2004 from 15.4% in fiscal 2003.

See "Results of Operations – EBITDA" on page 233 of this Prospectus for an explanation of EBITDA and the manner in which it is reconciled to Indian GAAP operating measures.

Financial Charges

Financial charges increased by 211.1% to Rs. 275.6 million in fiscal 2004 from Rs. 88.6 million in fiscal 2003. The increase was primarily due to the increase in our total debt to Rs. 2,383.6 million as of March 31, 2004 from Rs. 1,036.1 million as of March 31, 2003 and the consequent increase in the total interest expense to Rs. 215.5 million in fiscal 2004 from Rs. 64.4 million in fiscal 2003. The additional debt incurred related to additional working capital required to meet the increase in demand for our WTGs.

Depreciation

Our depreciation expense increased by 36.6% to Rs. 136.1 million in fiscal 2004 from Rs. 99.6 million in fiscal 2003. The increase was primarily due to depreciation relating to our additional manufacturing facilities established at Pondicherry and Daman during fiscal 2004, as well as to higher depreciation of assets used in the ordinary course of business, such as computer equipment and office furnishings.

In fiscal 2005 we revised our depreciation policy due to management's reassessment of the estimated economic useful lives of certain of our fixed assets, such as moulds and patterns, metmasts and other low cost assets. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations – fiscal 2004 compared to fiscal 2003 – Adjusted/Recast Profit" on page 244 of this Prospectus.

Preliminary expenditure written off

In fiscal 2004 we wrote off preliminary expenditure in the amount of Rs. 0.9 million, compared to Rs. 0.7 million in fiscal 2003.

Profit Before Taxes and Exceptional Items

As a result of the foregoing, our profit before taxes and exceptional items increased by 433.5% to Rs. 1,212.2 million in fiscal 2004 from Rs. 227.2 million in fiscal 2003.

Exceptional Items

Exceptional items recorded during fiscal 2004 increased by 55.2% to Rs. 266.9 million, compared to Rs. 172.0 million during fiscal 2003. Extraordinary items in fiscal 2004 included Rs. 122.5 million of unclaimed amounts owing to suppliers that were written back as discussed in "Results of Operations-Extraordinary and Exceptional Items", as well as Rs. 144.4 million in provisions for potential PLF warranty claims that were written back after the expiration of the relevant warranties.

Taxation

Current Taxes

Current taxes increased by 327.6% to Rs. 131.7 million in fiscal 2004 from Rs. 30.8 million in fiscal 2003. The increase was due to the increase in our taxable profits, particularly our Other Income, which is not eligible for tax exemptions.

Deferred Taxes

Deferred tax assets increased to Rs. 94.1 million in fiscal 2004 from Rs. 0.1 million in fiscal 2003. The increase was due to timing differences arising from our of policy of expensing provisions for maintenance warranties and guarantees under Indian GAAP in the year the provision is made, as opposed to the requirements of the Income Tax Act, 1961, which allows provisions to be deducted for income tax purposes only in the year in which these provisions are utilized.

In fiscal 2005 we adjusted our policy on provisions for maintenance warranties and guarantees and depreciation, which resulted in changes to our deferred taxes. The adjustments are discussed in "Results of Operations – Adjustments" on page 235 of this Prospectus and the effect of the adjustments on our profit after tax is discussed in "Results of Operations - fiscal 2004 compared to fiscal 2003 – Net Profit as Restated" on page 242 of this Prospectus.

Minority Interest

For fiscal 2003, we added back a total of Rs. 3.8 million corresponding to the share of the minority shareholders of Suzlon Green Power Limited in the net loss of this subsidiary during that fiscal year and our share in the profit of Suzlon Capital Limited, in which we had a 20% ownership interest. In March 2004, we acquired the balance of the shares in Suzlon Green Power Limited that we did not own and sold our minority interest in Suzlon Capital Limited. As a result, we did not record any minority interests during fiscal 2004.

Transfer to Goodwill

During fiscal 2004, after we acquired the minority interest in Suzlon Green Power Limited we were required, in accordance with Accounting Standard 21 ("AS 21") issued by the ICAI, to record as goodwill 20% of Suzlon Green Power Limited's net loss for all of fiscal 2004. We did not record any transfers to goodwill during fiscal 2004.

Net Profit Before Adjustment

As a result of the foregoing, net profit before adjustment increased by 286.6% to Rs. 1,453.2 million (or 16.6% of total income) in fiscal 2004 from Rs. 375.9 million (or 13.9% of total income) in fiscal 2003.

Net Profit as Restated

Our net profit as restated for fiscal 2004 has been restated due to, among other matters, changes in accounting policies and estimates and material adjustments, as well as certain items attributable to prior periods. As a result, our adjusted profit increased by 364.9% to Rs. 1,250.6 million in fiscal 2004, compared to Rs. 269.0 million for fiscal 2003.

The main adjustments for fiscal 2004 are discussed in "Results of Operations - fiscal 2005 compared to fiscal 2004 – Net Profit as Restated" on page 241 of this Prospectus.

The main adjustments for fiscal 2003 were as follows:

- Depreciation expenses increased by Rs. 13.9 million due to the revision of estimates relating to the useful lives of certain assets.
- Provisions for maintenance guarantees and warranties increased by Rs. 103.3 million due to the revised estimates regarding the operational reliability of our WTGs.
- Our deferred tax assets increased by Rs. 13.7 million due to the foregoing adjustments.

Seasonality and Inflation

Seasonality has historically had an impact on our results of our operations. In India, which is currently our primary market, WTGs sales are usually higher during the second and fourth quarters of each fiscal year. The second and fourth quarters are

when a majority of the WTG sales are made so that customers can avail of accelerated depreciation incentives relating to the acquisition of power generation equipment and to ensure that WTGs are commissioned before the onset of the annual monsoon season. Therefore, a large portion of revenue is generated and cost of materials are incurred during these two fiscal quarters. See "Risk Factors – Our revenues and results of operations fluctuate depending on many factors, particularly on the timing of sales, and can vary significantly from period to period, which could adversely affect our results of operations and could cause our share price to decline" on page xv of this Prospectus.

During fiscal 2003, 2004 and 2005, the All India Wholesale Price Index (all commodities) increased by 3.1%, 5.3% and 6.5% respectively. Inflation has not had a significant effect on our results of operations to date.

Liquidity and Capital Resources

Our primary liquidity requirements have been to finance our working capital requirements and our capital expenditures. We have met these requirements from cash flows from operations, equity capital contributions from private equity investors and short-term and long-term borrowings.

Net Working Capital

As of March 31, 2004 and March 31, 2005, our consolidated net working capital, is defined as the difference between (a) current assets, loans and advances and (b) current liabilities and provisions, was Rs. 4,141.1 million and Rs. 9,667.5 million, respectively.

Current Assets, Loans and Advances

Current assets, loans and advances (or Total Current Assets) consist of inventories, unsecured sundry debtors, cash and bank balances and loans and advances. Total Current Assets as of March 31, 2004 and March 31, 2005 were Rs. 8,137.7 million and Rs. 17,476.5 million, respectively.

The following table sets forth details of our Total Current Assets:

	As of March 31, *(amounts in Rs. millions)*					
	2003		**2004**		**2005**	
		% of Total Current Assets		**% of Total Current Assets**		**% of Total Current Assets**
Inventory	1,343.8	27.5%	2,212.8	27.2%	5,755.7	32.9%
Sundry Debtors (net of Provisions)	1,827.2	37.4%	3,442.8	42.3%	6,928.9	39.7%
Loans and Advances (net of provisions)	1,160.9	23.7%	1,801.4	22.1%	3,247.3	18.6%
Cash and Bank Balances	559.7	11.4%	680.6	8.4%	1,544.6	8.8%
Total Current Assets	**4,891.6**	**100.0%**	**8,137.6**	**100.0%**	**17,476.5**	**100.0%**

Inventory

Inventories, which is comprised of raw materials, semi-finished goods, work-in-progress, finished goods and land/lease rights, as of each of March 31, 2003, 2004 and 2005 was valued at Rs. 1,343.8 million, Rs. 2,212.8 million and Rs. 5,755.7 million, respectively.

Sundry Debtors

Sundry debtors consist of receivables from customers. In turn, these receivables are divided into those that have been outstanding for periods up to six months and those that have remained outstanding for over six months. Receivables that

have been outstanding for more than six months are sub-divided into those that are considered good based on our internal guidelines and those that are considered doubtful. Provisions are made for all receivables that management has determined are doubtful. The following table presents the details of our debtors:

(in Rs. millions, except for percentages)

	As of March 31,		
	2003	**2004**	**2005**
Amount due from debtors (net of provisions)	1,827.2	3,442.8	6,928.9
Gross amounts due from debtors outstanding for up to six months	735.2	1,847.0	5,842.7
Gross amounts due from debtors outstanding for up to six months as a percentage of debtors (net of provisions)	40.2%	53.6%	84.4%
Gross amounts due relating to Deferred Credit Receivables	659.1	405.5	224.8
Gross amounts due relating to Deferred Credit Receivables as a percentage of debtors (net of provisions)	36.1%	11.8%	3.2%
Gross amounts due from debtors outstanding for more than six months	432.9	1,194.4	965.3
Gross amounts due from debtors outstanding for more than six months as a percentage of debtors (net of provisions)	23.7%	34.7%	13.9%
Provisions for doubtful debts as at end of the period	Nil	4.1	103.9
Amount of provisions for doubtful debts as a percentage of debtors (net of provisions)	—	(0.1)%	(1.5)%

Amounts due from debtors outstanding for more than six months (excluding deferred credit receivables) as a percentage of total debtors has declined from 23.7% in fiscal 2003 and 34.7% in fiscal 2004 to 13.9% in fiscal 2005. The total for fiscal 2003 included amounts due from small and medium-sized customers which experienced delays in obtaining financing for the WTGs purchased from us. The total for fiscal 2004 included a large amount due from our first customer in the United States which was invoiced in September 2003 but was only able to pay us after March 31, 2004. The delay resulted from delays by our U.S. customer, a partnership of farmers in Minnesota, in obtaining equity commitments from John Deere and Edison Capital to enable them to project finance the development of their wind farm. The improvement during fiscal 2005 has primarily been due to the improved ability of our customers to obtain financing for their WTG acquisitions the increase in the number of financial institutions willing to finance these purchases and our acquiring larger customers from our larger WTG models. As a result, our ability to collect payments from customers has improved, although we are still actively pursuing efforts to further improve our collection efforts. See "Risk Factors — Our revenues and results of operations fluctuate depending on many factors, particularly on the timing of sales, and can vary significantly from period to period, which could adversely affect our results of operation and could cause our share price to decline" on page xv of this Prospectus.

Amounts due from Deferred Credit Receivables relate primarily to our entry into the Tamil Nadu and Rajasthan markets during fiscal 2003, as well as to the introduction of new WTG models during the same fiscal year. At the time we entered the Tamil Nadu and Rajasthan markets, the practice of WTG manufacturers was to provide customers anywhere from 24 to 36 months to pay for WTG purchases. We adopted this practice in fiscal 2003 for our initial customers in Tamil Nadu and Rajasthan in order to gain entry into these new markets. Beginning in fiscal 2004 we ceased offering these extended payment terms to customers in Tamil Nadu and Rajasthan and now offer these customers payment terms in line with the terms we offer other customers in India, which is payment from three to six months from invoice date.

Loans and Advances

Loans and advances consist of unsecured loans and advances that are considered good. These include, among other items, amounts retained by customers as security deposits, as well as advances to Associate Companies that are recoverable in

cash or in kind or for value to be received (net of provisions for doubtful advances). As of March 31, 2003, 2004 and 2005, loans and advances totalled Rs. 1,160.9 million, Rs. 1,801.4 million and Rs. 3,247.3 million, respectively. Provisions for doubtful advances were Rs. Nil, Rs. 40.0 million and Rs. 33.5 million for each of fiscal 2003, 2004 and 2005, respectively.

Current Liabilities and Provisions

Current liabilities and provisions consist primarily of liabilities to sundry creditors, provisions for guarantees and warranties, advances from customers and liabilities for interim dividends as well as provisions for dividend payments, wealth taxes, dividend taxes and income taxes.

The following table presents details of our current liabilities and provisions:

	As of March 31, *(amounts in Rs. millions)*					
	2003		2004		2005	
		% of Total Current Liabilities & Provisions		% of Total Current Liabilities & Provisions		% of Total Current Liabilities & Provisions
Current Liabilities:						
Sundry Creditors	1,699.7	74.5%	2,505.8	62.7%	4,591.3	58.8%
Advances from Customers	37.1	1.6%	197.5	4.9%	386.9	4.9%
Acceptances	Nil	-	106.9	2.7%	614.5	7.9%
Interest accrued but not due			2.7	0.1%	7.6	0.1%
Other Current Liabilities	30.8	1.4%	176.9	4.4%	379.7	4.9%
Provisions:						
Provision for Taxes	12.1	0.5%	0.2	0.0%	70.9	0.9%
Guarantees and Warranties	431.3	18.9%	806.4	20.2%	1,596.2	20.4%
Provision for Dividend	62.2	2.7%	175.2	4.4%	131.0	1.7%
Tax on Dividend	8.4	0.4%	23.1	0.6%	20.9	0.3%
Employee Benefits	1.0	- [1]	1.9	- [1]	10.0	0.1%
Total Current Liabilities & Provisions	**2,282.6**	**100.0%**	**3,996.6**	**100.0%**	**7,809.0**	**100.0%**

[1] *Less than 0.1%*

Net Cash Flows

The table below summarizes our consolidated cash flows as restated for fiscal 2003, 2004 and 2005:

(in Rs. millions)

	For the year ended March 31,		
	2003	2004	2005
Net Cash Generated from (Used in) Operating Activities	(105.6)	118.3	1,181.4
Net Cash from (Used in) Investing Activities	(379.0)	(1,085.7)	(2,701.8)
Net Cash Generated from (Used in) Financing Activities	593.2	1,088.3	2,384.4
Net Increase/(Decrease) in Cash and Cash Equivalents	**108.6**	**120.9**	**864.0**

Operating Activities

Cash flow from operating activities primarily depends upon our operating profits and changes in net working capital. The table below summarizes our cash flow from operations for fiscal 2003, 2004 and 2005:

(in Rs. millions)

	For the year ended March 31,		
	2003	**2004**	**2005**
Operating Profits before Working Capital Changes and Exceptional Items (net of Tax)	36.3	1,884.8	5,830.6
Cash Flow from Exceptional and Extraordinary items	172.0	266.9	-
Cash Flow from Direct Taxes Paid (Net of Refund)	(60.1)	(119.5)	(415.5)
Change in net working capital	(253.8)	(1,913.9)	(4,233.7)
Net Cash Generated from Operating Activities	**(105.6)**	**118.3**	**1,181.4**

Operating profits before working capital changes (net of tax) increased due to the growth of our operating income in fiscal 2005. Cash flow from exceptional and extraordinary items mainly represents write backs of excess provisions for operation and maintenance warranties, generation guarantees and write backs of amounts due to creditors. Changes in net working capital arise from changes in working capital requirements, which vary depending on our production volume.

Investing Activities

Net cash used in investing activities represents capital expenditure, investments, intercorporate deposits (primarily to Associate Companies, including SIL and SRL) and income from dividends and interest. The table below summarizes our net cash used in investing activities for fiscal 2003, 2004 and 2005:

(in Rs. millions)

	For the year ended March 31,		
	2003	**2004**	**2005**
Purchase of Fixed Assets (net)	(406.6)	(911.9)	(1,421.7)
Preoperative expenses incurred	—	—	(4.8)
Purchase of Investments (net)	12.1	(100.8)	(33.9)
Purchase/Acquisition of Subsidiaries	(55.0)	—	(98.1)
Inter Corporate Deposits	(7.4)	(181.4)	(1,356.2)
Dividend and Interest Income	77.9	108.4	212.9
Net Cash from (Used in) Investing Activities	**(379.0)**	**1,085.7**	**(2,701.8)**

Financing Activities

Net cash from financing activities is determined by the level of principal and interest payout on debts, new indebtedness and issue of new capital stock and dividend and interest payouts. The table below summarizes our net cash from investing activities for fiscal 2003, 2004 and 2005:

Particulars	For the year ended March 31,		
	2003	**2004**	**2005**
Incurrence of Indebtedness (net)	647.5	1,316.3	1,272.3
Issue of new capital Stock (net)	12.4	139.7	2,000.0
Share Issue Expenses and Share Application Money	(0.7)	—	(75.2)
Interest Payout	(64.4)	(212.8)	(347.6)
Dividend Payout	(1.6)	(154.9)	(465.1)
Net Cash Generated from (Used in) Financing Activities	**593.2**	**1,088.3**	**2,384.4**

Capital Expenditures

Our capital expenditures in fiscal 2003, 2004 and 2005 totaled Rs. 550.0 million, Rs. 817.5 million and Rs. 1,787.4 million respectively. Expenditures were used to fund the construction of new manufacturing facilities at Pondicherry, Daman, Gandhidham and Chakan at Pune, as well as of our offices at Mumbai, Chennai and Delhi and the acquisition of assets used in the ordinary course of business, such as computer equipment and office furnishings, as well as the acquisition of SWSL for Rs. 72.4 million in April 2005.

We expect to continue investment in establishing new manufacturing facilities in Vadodara, Daman, Mandvi and Nandurbar, Hyderabad, China and the United States, in improving and expanding our existing manufacturing facilities and construction of corporate offices and a corporate learning center at Pune. To this end, our Board has approved capital expenditures of Rs. 7,518.3 million for fiscal 2006. We also intend to invest some of our budgeted capital expenditure in our subsidiaries and joint ventures in connection with their expansion plans. We may from time to time in the course of expanding our international presence, consider making equity investments in, acquisitions of or mergers in targeted international markets and/or enter into strategic alliances.

We expect to fund our capital expenditure requirements through a combination of funds generated from operations, net proceeds of the fresh Issue and borrowings. Our capital expenditure plans are subject to a number of variables, including: possible cost overruns; governmental approvals including approvals of regulators in our target markets; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We cannot assure you that we will execute our capital expenditure plans as contemplated. For more information, please see "Objects of the Issue" on page 29 of the Prospectus.

Contractual Obligations, Including Long-term Debt

The following table discloses our contractual and other obligations, excluding contingent liabilities, that were outstanding as of March 31, 2005 and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments Due By Period (in Rs. millions)				
	Total[(1)]	**Within 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Short-term Loans	2,221.4	2,216.1	5.3	0.0	0.0
Long-term Liabilities[(2)]	1,736.7	452.8	665.7	449.6	168.6
Capital Lease Obligations	0.0	0.0	0.0	0.0	0.0
Operating Lease Obligations	140.4	50.2	65.5	24.7	—
Total	**4,098.5**	**2,719.1**	**736.5**	**474.3**	**168.6**

(1) *All foreign currency borrowings have been converted using the exchange rate prevailing as of March 31, 2005 and the payment due have been computed based on the approximate Rupee amounts as of that date.*

(2) *Including Long-Term Debt.*

Debt Obligations and Facilities

We rely on both Rupee and foreign currency-denominated, secured and unsecured short-term and long-term borrowings.

Total consolidated debts were Rs. 1,036.1 million, Rs. 2,383.6 million and Rs. 3,958.1 million as of March 31, 2003, 2004 and 2005, respectively. Long-term debt was Rs. 713.9 million, Rs. 1,227.8 million and Rs. 1,736.7 million as of March 31, 2003, 2004 and 2005, respectively. The weighted average rate of interest with respect to outstanding long-term loans for the respective periods was 12.249%, 9.683% and 8.310% per annum, respectively.

We fund our short-term working capital requirements through cash flow from operations, overdraft facilities with domestic banks, short- and medium-term borrowings from banks and financial institutions. Consolidated short-term borrowings were Rs. 322.2 million, Rs. 1,155.8 million and Rs. 2,221.3 million as of March 31, 2003, 2004 and 2005 respectively.

The following table breaks down our total indebtedness:

(In Rs. millions)

	As at March 31,		
	2003	**2004**	**2005**
Short-Term Debt:			
Secured	272.2	866.4	2,221.3
Unsecured	50.0	289.4	0.0
Long-Term Debt (including current portion):			
Secured	659.2	1,012.1	1,345.9
Unsecured	54.7	215.7	390.9
Total	**1,036.1**	**2,383.6**	**3,958.1**

The terms of certain of our borrowings contain certain restrictive covenants, such as requiring lender consent *inter alia* for incurring further indebtedness, creating further encumbrances on our assets, disposing of our assets, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. Some of these borrowings also contain covenants, which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring, enlarge or diversify our scope of business. Certain of our long-term debt are secured by a charge over our immoveable and moveable property, and certain of our short-term debt are secured by a charge on our current assets, including, but not limited to, our inventory and receivables.

Transactions with Associate Companies and Related Parties

We have substantial transactions with our Associate Companies, which are controlled by members of our Promoter Group. For details please refer to the section entitled “Related Party Transactions” on page 155 of this Prospectus.

For more information, see “Risk Factors - We are highly dependent on our Associate Companies in providing integrated wind energy solutions packages to customers in India; we do not control our Associate Companies” on page xvii of this Prospectus, “Risk Factors — We have a significant number of transactions with our Associate Companies” on page xviii of this Prospectus and “Our Promoters” on page 110 of this Prospectus.

Off-Balance Sheet Arrangements

As of March 31, 2003, 2004 and 2005, we were financial guarantors for obligations of Associate Companies totalling Rs. 47.0 million, Rs. 210.3 million and Rs. 14.0 million, respectively. For more information, see Schedules to our restated consolidated financial statements on page 174 of this Prospectus.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk from changes in foreign exchange rates and interest rates. The following discussion is based on our consolidated financial statements under Indian GAAP.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations. Our long-term Rupee-denominated debts, which bear interest at floating rates linked with prime lending rates of the respective lenders, as determined from time to time totaled Rs. 406.9 million outstanding as at March 31, 2005. Our long-term foreign currency-denominated debts, which bear interest at floating rates linked with six-month U.S. Dollar LIBOR totaled Rs. 589.5 million outstanding as at March 31, 2005. Approximately 99.5% of our short-term Rupee-denominated debts, which totalled Rs. 2,211.2 million outstanding as at March 31, 2005, bear interest at floating rates linked with prime lending rates of the respective lenders, as determined from time to time.

We use derivative instruments to hedge against adverse movements in interest rates with the objective of reducing the cost of debt. The underlying notional amounts covered as of March 31, 2005 under one contract was Rs. 100.0 million and U.S.$ 2.0 million under a separate contract. The values of these derivative instruments are subject to movements in interest rates and may result in a negative carry from time to time.

Upward fluctuations in interest rates increase the cost of both existing and new debts. An increase in interest rates of 1% on our existing floating rate debts would increase our annual interest charges by Rs. 32.1 million based upon the long-term and short-term loans outstanding as at March 31, 2005.

Exchange Rate Risk

We maintain accounting records and prepare our financial statements in Rupees, although our export sales are priced in U.S. Dollars. Similarly, we import a significant amount of raw materials and key components and most of these imports are denominated in foreign currencies such as the Euro, the DKK and the U.S. Dollar. Additionally, changes in exchange rates influence the cost of our borrowings denominated in currencies other than Rupees and the Rupee value of such borrowings in our balance sheet.

The following table summarizes certain information regarding the proportion of our non-Rupee denominated debt to our total outstanding debt.

	As at March 31		
	2003	**2004**	**2005**
Total foreign currency denominated debt (U.S. Dollars millions)	1.9	5.0	18.9
Total foreign currency denominated debt (Rs. millions)	88.9	219.9	827.4
Total foreign currency denominated debt as percentage of total outstanding debt	8.6%	9.2%	20.9%

From time to time, we use derivative instruments to hedge our foreign exchange exposure. Nevertheless, a weakening of the Rupee against the Euro, the U.S. Dollar and other major foreign currencies may have an adverse effect on our cost of borrowing and imports and consequently may increase the cost of financing and raw materials. At the same time, it will generally cause a foreign exchange gain on sales to international customers. Our foreign subsidiaries operate in respective countries in their respective currencies. We are subject to translation gains and losses on the assets and liabilities of such subsidiaries for the purpose of consolidation in our financial statements.

In addition, we have experienced and can be expected to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings, debtors and creditors.

Commodity Price Risk

We are exposed to market risk with respect to the prices of raw material and components used in the manufacture of WTGs and WTG components. These commodities include steel and copper. The costs for these raw materials and components are subject to fluctuation based on commodity prices. The costs of components and various small parts sourced from outside manufacturers may also fluctuate based on their availability from suppliers. In the normal course of business, we purchase these raw materials and components either on a purchase order basis or pursuant to supply agreements.

Effect of New Accounting Pronouncements

The following are accounting pronouncements issued by the ICAI during the last three fiscal years that have had an effect on our financial reporting:

Accounting for Taxes on Income

The ICAI issued Accounting Standard 22 (“AS 22”) for Taxes on Income, which prescribes guidelines for addressing the problem of permanent and timing differences between accounting income and taxable income. It is not applicable to taxes on

distribution of dividends. Under AS 22, tax expense for an accounting period is the total of current tax and deferred tax. Deferred tax is the tax effect of timing differences; permanent differences do not result in deferred tax assets or liabilities and hence should not be recognized. AS 22 also states that considerations of prudence should not be ignored while recognizing the impact of timing differences and prescribes conditions under which deferred tax assets should not be recognized. AS 22 came into effect for the fiscal year beginning April 1, 2001 and became mandatory for us for the fiscal year beginning April 1, 2002. This accounting standard has had an impact on our reported profit after tax as the tax impact of timing differences is now recognized as an expense or an item of income.

Accounting for Provisions, Contingent Liabilities and Contingent Assets

The ICAI issued Accounting Standard 29 ("AS 29") for Provisions, Contingent Liabilities and Contingent Assets, which prescribes appropriate recognition criteria and measurement bases to be applied for Provisions and Contingent Liabilities. AS 29 requires that an enterprise should disclose sufficient information to enable users to understand their nature, timing and amount. AS 29 came into effect for the fiscal year beginning April 1, 2004 and became mandatory for us from that date. We do not believe that adoption of AS 29 has had a material impact on our financial statements and results of operations.

Known Trends or Uncertainties

Other than as described in the section entitled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operations" and elsewhere in this Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the section entitled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operations" and elsewhere in this Prospectus, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

New Products or Business Segment

Other than as described in this Prospectus, we do not have any new products or business segments.

Competitive Conditions

We expect competition in the wind power sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competition in the sections entitled "Risk Factors" and "Business" beginning on pages xi and 60, respectively, of this Prospectus.

Significant Developments after March 31, 2005 that may affect our future Results of Operations

Except as stated below in this Prospectus and in compliance with AS 4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in the Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company and its subsidiaries (taken as a whole), or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months.

- Suzlon Gujarat Wind Park Limited and Suzlon Power Infrastructure Private Limited became wholly-owned subsidiaries effective April 2, 2005. These two entities were earlier held by members of our Promoter Group and became subsidiaries by acquiring for cash all of their respective issued share capital book value. The total consideration paid was Rs. 0.6 million. Suzlon Engitech Private Limited became a wholly-owned subsidiary effective June 27, 2005. This entity was incorporated and owned by members of our Promoter Group and became subsidiary upon our acquisition of all its issued share capital at book value. The total consideration paid was Rs. 3.3 million.
- We have adopted an employee stock option plan for the grant of up to 921,000 options to purchase equity shares of SEL at a discount of 50% to the Issue Price. For more information please see the section titled "Capital Structure – Notes to capital Structure" on page 19 of this Prospectus.
- On September 8, 2005, we announced our unaudited consolidated financial statements for the three-month period ended June 30, 2005. For the three months ended June 30, 2005, we recorded total sales and other income of Rs. 3,257.9 million and total expenditures of Rs. 2,782.9 million, which included: cost of goods sold of Rs. 1,762.5 million; operating and

other expenses of Rs. 534.6 million; employee remuneration and benefits of Rs. 198.5 million; financial charges of Rs. 154.6 million; depreciation of Rs. 132.4 million; and preliminary expenses written off of Rs. 0.4 million. Our profit before tax and minority interest was Rs. 475.0 million. We incurred taxation expenses of Rs. 28.9 million and minority interests totaled Rs. 7.5 million. As a result, we had a net profit of Rs. 453.6 million for the three months ended June 30, 2005.

Insofar as our balance sheet was concerned, as of June 30, 2005:

- Shareholder's Funds of Rs. 9,489.5 million
- Preference Shares issued by Subsidiary Companies of Rs. 25.0 million, and Minority Interest of Rs. 57.0 million
- Loan Funds of Rs. 4,660.0 million including Secured Borrowings of Rs. 3,678.6 million and Unsecured Borrowings of Rs. 981.4 million
- Fixed Assets of Rs. 3,685.8 million
- Investments of Rs. 77.6 million
- Deferred tax Assets of Rs. 303.0 million
- Current Assets, Loans and Advances of Rs. 20,415.2 million including inventories of Rs. 10,040.8 million, Sundry Debtors of Rs. 5,722.0 million, including Rs. 1,309.2 million in amounts due from customer that have been outstanding for more than six months, Cash and Bank Balances of Rs. 1,358.2 million and Loans and Advances of Rs. 3,294.3 million including Rs. 1,334.1 million in loans and advances to Associate Companies
- Current Liabilities & Provisions of Rs, 10,254.1 million including Current Liabilities of Rs. 8,439.5 million and Provisions of Rs. 1,814.6 million and
- Miscellaneous Expenditure (to the extent not written off or adjusted) of Rs. 4.0 million

With respect to cash flows, we recorded net cash used in operating activities of Rs. 580.9 million, net cash used in investing activities of Rs. 183.2 million, net cash provided by financing activities of Rs. 577.7 million, and change in cash and cash equivalents of Rs. 186.4 million.

On May 1, 2005, our wholly-owned subsidiary, Suzlon Energy GmbH, acquired a 100% ownership interest in Windpark Olsdorf WATT GmbH & Co. KG**.** As the operations of Windpark Olsdorf WATT GmbH & Co. KG were not material in relation to the size of our consolidated operations, the financials statements of Windpark Olsdorf WATT GmbH & Co. KG did not form part of our unaudited consolidated financial statements as of and for the three months ended June 30, 2005, although we expect to consolidate Windpark Olsdorf WATT GmbH & Co. KG for all subsequent accounting periods.

The foregoing is a summary of certain profit and loss, balance sheet and cash flow items, extracted from unaudited consolidated financial statements prepared by us which have been reviewed by SNK & Co. Chartered Accountants, S.R. Batliboi & Co., Chartered Accountants, in accordance with relevant procedures prescribed by the Institute of Chartered Accountants of India. The foregoing is not a comprehensive statement of our results of operations or financial position or cash flows for the three-month period ended June 30, 2005.

The financial information mentioned above should not be taken as an indication of our future performance.

As of the date of this Prospectus, our wholly-owned subsidiary Suzlon Energy A/S is in negotiations with JS Wind Energy Invest A/S to acquire its 20% ownership interest in S.R.L. Renerg, a company that holds development rights for windfarm projects in Italy. The amount of investment is expected to be approximately Euro 92,000. We can provide no assurance that the acquisition will be completed or that it will be completed for the amount specified above.

We have entered into serveral arms'-length transactions with our Associate Company, SIL, for the sale of four 1.25 MW WTGs and several WTG tower stubs. The total consideration for these transactions was Rs. 296.4 million. We are also expecting to sell a 0.60 MW WTG to SIL.

Except as stated above, there are no subsequent developments after the date of the report of our Auditors dated June 24, 2005 which we believe are expected to have material impact on the reserves, profits, earnings per share or book value of the Company and its subsidiaries (taken as a whole).

INDEBTEDNESS

Details of Secured Borrowings

Our secured borrowings as of June 30, 2005 are as follows:

S. No.	Nature of borrowing/debt	Amount (In Rs. million)	Outstanding (in Rs. million)	Repayment and Interest	Security
1.	Agreement of Loan for overall limit dated October 23, 2000 with State Bank of India. (1)	25.00	5.26	1% above SBI medium term loan rate-2. Repayment to be made through 20 quarterly instalments of Rs. 1.25 million each commencing June 7, 2001	Secured by first charge over specific immovable properties and second charge over current assets of the Company.
2.	Term Loan Agreement dated March 17, 2003 with UTI Bank Limited. (2)	58.00 (sanctioned amount 150)	18.41	0.75% over the PLR. Repayable in 12 quarterly instalments commencing after a 9-month moratorium.	Secured by first charge over specific immovable properties and second charge over current assets of the Company.
3.	Agreement of Working Capital Term Loan dated March 27, 2003 with Karur Vysya Bank.	150	15.02	12% p.a. Repayable in 30 monthly instalments of Rs. 5 million each.	Secured by hypothecation of specific receivables.
4.	Letter of Hypothecation dated June 30, 2003 with the Lakshmi Vilas Bank Limited.	120	31.36	12% per annum. Repayable in 36 monthly instalments of Rs. 3.98 million	Secured by hypothecation of specific receivables.
5.	Loan Agreement dated July 14, 2004 with Infrastructure Development Finance Company Limited. (3)	750	375.00	Interest at 9.25% upto 45 crores and 9.52% for the balance. Entire amount repayable at the end of 12 months from date of first disbursement.	Secured by first/second charge over certain immovable properties at specific locations and first charge over current assets of the Company.
6. a)	Loan Agreement dated July 18, 2003 with Rabo India Finance Private Limited. (4)	150	93.75	Variable interest rate linked to the lender's borrowing reference rate. Repayable in 8 equal quarterly instalments commencing from end of 12 months from first draw down	Secured by first charge over specific immovable properties and second charge over current assets of the Company. Corporate guarantees by SRL, SDL, SWSL and SWECO.
b)	Loan Agreement dated May 19, 2004 with Rabo India Finance Private Limited. (4)	200 (sanctioned amount - 400 million)	200.00	Variable interest rate linked to the Lender's reference rate Repayable in 14 equal quarterly instalments commencing from 18 months from the date of first draw down.	Secured by first charge over specific immovable properties and second charge over current assets of the Company. Corporate guarantees by SRL, SDL and SWSL

S. No.	Nature of borrowing/debt	Amount (In Rs. million)	Outstanding (in Rs. million)	Repayment and Interest	Security
7.	Term Loan agreement dated November 20, 2003 with UCO Bank	83.25	34.47	Interest at 4.5% over RBI rate with a minimum of 10.50% p.a. Repayable in 30 monthly instalments of Rs.2,853,323/- each and 36 monthly instalments of Rs.268,145/- each commencing from January 1, 2004.	Secured by hypothecation of specific receivables.
8.	Loan Agreement dated July 16, 2003 with Deutsche Investitions- und entwicklungsgesellschaft mbh (DEG)(5) (CONVERSION RATE AS ON 30.06.2005 = Rs. 43.515/USD)	US$ 5 million (sanctioned amount-US$ 10 million)	US$ 5 million	Six months US$ LIBOR + 2.7%. Repayable in 12 semi-annual instalments of US$ 830,000.	Secured by first/ second charge over specific immovable properties and second charge over current assets and specific movables of the Company. Corporate guarantees by SRL and SDL.
9.	Supplemental Working Capital Consortium Agreement dated November 8, 2004 with: (6) ● State Bank of India; ● Industrial Development Bank of India Limited; ● UTI Bank Limited; ● Bank of Maharashtra; ● Standard Chartered Bank; ● ING Vysya Bank Limited; ● State Bank of Hyderabad; ● Indian Overseas Bank; ● State Bank of Indore; ● State Bank of Bikaner & Jaipur; ● State Bank of Patiala; ● Bank of Baroda; ● Punjab National Bank	9550	7689.36	As stipulated by each of the Banks.	First charge by way of hypothecation of the current assets and certain movable and immovable properties and second charge over certain immovable properties.
10	Factoring Agreement for overall limit dated December 22,2004 with SBI Factors & Commercial Services Private Limited	100.00	0.00	Bullet Repayment within 120 days from the date of invoice 9% with monthly rests	Assignment of Debts

(1) It is provided that the Company cannot alter its capital structure or withdraw or allow to be withdrawn moneys brought in by the promoters or relatives and friends of the promoters or directors of the Company without the consent of the lender. Further it is required that the Company cannot invest in any funds by way of deposits or loans or in share capital of any other concern (including subsidiaries) so long as amount is overdue to the lender without the consent of the lender except for deposits of funds by way of security in the normal course of business.

(2) It is provided that the Company cannot permit any change in the ownership or control or effect any material change in the management of the business without the prior consent of the lender. Further, the Company is also prohibited from making any change in its Memorandum or Articles without the prior consent of the lender.

(3) Under this agreement, the Company is required to ensure that the long term debt to equity ratio does not exceed 0.5:1, the total debt to equity ratio does not exceed 1:1 and the current assets to current liabilities ratio is at least 1.33:1. Further, the Company is prohibited from providing loans or making investments or making advances to such group companies, which do not operate in the business of wind power generation related activities. Further, the Company cannot issue any debentures, raise any loans, accept deposits from public or issue equity or preference capital or change its capital structure without the consent of the lender. This covenant does not relate to unsecured loans, normal trade guarantees, overdrafts or cash credit in the ordinary course of business. The lender has a right to appoint nominee director on the Board of the Company.

(4) The Company is required to maintain a debt to EBITDA ratio of 2.5 in FY 2004-2005 and 1.8 thereafter and the current ratio not exceeding 2.25. The Company is prohibited form disposing off any property or grant any loans or advance or financing to any party other than in ordinary course of business. It is provided that the Company cannot take any further exposure in any group company other than those specified (SRL, SIL, SWSL and SWECO) or in business other than of wind power generation. The Company is also required to inform the lender of any change in the capital structure or material change in the management.

(5) The Company is required to design, control, operate and maintain its projects to ensure that the local environment, health and safety laws and regulations and the applicable World Bank/International Finance Corporation guidelines are complied with. The Company is prohibited from entering into any partnership, profit sharing, preferential allotment of shares or other similar arrangements whereby the Company's income or profits can be shared with any other person and is also required to inform the lender of any change in the capital structure or material change in the management. Further, the Company is required to maintain an equity ratio of not less than 30%, current ratio not less than 1.3 and not more than 20% of the total accounts receivables should be of 180 days or more.

(6) The Company cannot effect any change in its capital structure or make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with, any other concern without the approval of the lenders except in ordinary course of business. The lender also has a right to appoint nominee director on the board of the Company. Further the Company is also obligated to inform the lender if it proposes to create or issue new shares.

Further, SEL has also availed unsecured loans from various banks. As of June 30, 2005, the total amount outstanding for repayment under the said loans was Rs. 961.4 million. There are no outstanding debentures or bonds issued by the Company as of the date of this Prospectus.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below and in the notes to the financial statements in this Prospectus, there are no contingent liabilities not provided for, outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the Company, its Directors, its subsidiaries and its Group companies that would have a material adverse effect on its business, except the following:-

Litigations filed against the Company

Land Related Disputes

1. The Collector, Satara Maharashtra issued an order under Section 48 of the Maharashtra Land Revenue Code, 1966, dated June 16, 2003 confirming his earlier order dated September 9, 2002 whereby the Company was directed to pay a sum of Rs. 14,864,068/-. In the said order, the Company was held liable for carrying on unauthorized mining activity and extracting morum from the land used by the Company for wind farm purposes located at Satara. The liability comprises a royalty payment of Rs. 2,338,168/- and a penalty of Rs. 12,525,900/-. The said fresh order was issued after the Minister for Revenue and Forest, Government of Maharashtra, issued an order dated December 11, 2002 staying the operation of the order dated September 9, 2002. The Company has already paid an amount of Rs. 10,006,168/- out of imposed liability of Rs. 12,525,900/- and of Rs. 2,338,168/- towards the royalty imposed. An appeal has also been filed against the said order dated September 9, 2002 before Commissioner, Pune, which is in process for disposal. This appeal was decided in the favour of the Company and the Commissioner, Pune, remanded the matter to the Collector for conducting fresh enquiry in pursuance of which the aforesaid order dated June 16, 2003 was passed. A criminal complaint being Criminal Case No. 706/2003 has been filed in the court of the Chief Judicial Magistrate, Satara in relation to the above mentioned matter under section 21 read with section 4 of the Mines and Minerals Act, 1957. The matter is pending.
2. The Company received a notice dated October 24, 2001 under section 48 of the Maharashtra Land Revenue Code, 1966, stating that the Company was carrying on mining activities in the wind farm situated in Shahjahanpur, District Ahmednagar, Maharashtra from the Tahasildar Parner, District Ahmednagar. An order dated November 6, 2001 was subsequently passed, imposing a liability of Rs. 28,632,044/- comprising royalty payment of Rs. 534,044/- and a penalty of Rs. 28,098,000/-. The Company filed a civil suit for permanent injunction against the order before Civil Judge, Senior Division, Ahmednagar. The Company deposited an amount of Rs. 1,971,514/- under protest towards the liability imposed by the order dated November 6, 2001. The Company has withdrawn the said suit. It filed an appeal against the said order of the Tahasildar Parner, District Ahmednagar, before the Sub-divisional Officer, District Ahmednagar who upheld the same by his order dated March 3, 2003. The Company made a further payment of Rs. 8,590,000/- under protest. The Company preferred an appeal before the Divisional Commissioner, Nasik who by his order dated March14, 2005 rejected the appeal. . The Company has filed an appeal against the said order of the Divisional Commissioner, Nasik praying for a stay against the recovery of the balance amount of Rs. 16,100,000/-, before the Aurangabad Bench of the High Court, Bombay, under Article 227 of the Constitution. SIL is also a petitioner in this matter. The High Court, by way of its interim order, has directed the Company to deposit an amount of Rs. 7,500,000 and stayed the recovery of the balance amount pending final disposal of the appeal. This appeal is pending for admissal.
3. A suit for permanent injunction has filed against the Company, SRL and one of the customers of the Company before the District Munsif Court, Palladum to restrain the erection of a wind mill on the grounds that the minimum distance from the land of the plaintiff has not been maintained as required under the norms prescribed by Tamil Nadu Electricity Board. The dispute relates to 6 acres of land in the Kallapalayam village, Tamil Nadu. The interim order for temporary injunction was vacated and the matter has been posted for trial.
4. A suit has been filed against the Company before Civil Judge, Dhoraji, Gujarat, in relation to the cancellation of purchase of a piece of land in village Dhank, District Rajkot by the Company where the plaintiff is seeking the finalisation of the document for purchase. The amount in the question is Rs. 180,900 and the Company has already paid an advance of Rs. 20,100/-. The suit is pending.

5. A suit has been filed against the Company before Civil Judge (Judicial), Kalyanpur for permanent injunction restraining the erection of wind pole on the adjacent land on the grounds of damage to the crops and disturbance to assets like animals. The suit is pending.

6. A suit has been filed against the Company before Civil Judge, Senior Division, Bhavnagar on the grounds that the land owned by the plaintiff was illegally entered into. The claim made in the matter is to the tune of Rs. 105,000/- and this suit does not relate to a land where a WTG has been erected. The court had passed an interim order staying the installation of a wind mill which is pending disposal.

7. A suit has been filed against the Company before the Civil Judge, Junior Division, Chitradurga, for an order restraining the installation of windmill on the grounds that the land where the windmill is being installed belongs to the plaintiff. The land in question measures 10 acres.

8. The Company has been made a party to a partition suit pending before the court of Principal Sub Judge, Pondicherry, wherein the two plaintiffs are claiming 1/3 share in the property sold by one of the defendants to the Company.

9. Two suits have been filed against the Company in the Civil Court, Satara, seeking injunction against the Company restricting it from interfering with the plaintiff's possession of the land in question on the grounds that the said land was never transferred to the Company. This suit relates to a piece of land where a WTG has been erected.

10. A dispute is pending before the Sub-divisional officer, Karad, Satara, wherein the applicant has claimed a share in the property in question and has prayed for cancellation of revenue entries. This suit relates to a piece of land where a WTG has been erected.

11. The Forest Department, Chitradurga District has booked the Company for an offence under the Karnataka Forest Rules, 1969 and the Karnataka Forest Act, 1963 for installing three additional WTGs on the land that was leased to the Company by the Forest Department. The Range Forest Officer, Chitradurga Range has directed the Company to stop all operations on the three locations.

12. An appeal has been filed before the Court of the Sub-Divisional Officer at Miraj under the Maharashtra Land Revenue Code 1966, against the Company for the cancellation of the mutation entries entered pursuant to the Company purchasing the disputed land. The appeal is pending.

13. A writ petition has been filed before the High Court at Bombay by M/s Vestas R.R.B India Limited against a Dhondiba Lakhu Shinde and others including the Company for a writ of certiorari or any other writ in the nature of a writ of certiorari to be issued against the judgement and the order passed by the Additional District Judge, Satara which has granted an injunction against the use of disputed land that the petitioner had purchased from Company, pending fixing of the boundaries for same and that a stay be granted against the injunction so granted until the final disposal of the writ petition. The matter is currently pending.

14. Two suits have been filed before the District Munsif Court, Pollachi against the Company wherein the plaintiffs have prayed that the Court issue an injunction restraining the Company from erecting WTGs on the disputed property on the grounds that the minimum distance between the disputed land and the WTG has not been maintained. Shubh Realty (South) Private Limited and SIL are also parties to one of these litigations.

Civil Suits

1. A civil suit has been filed before the City Civil Judge, Mayo Hall, Bangalore by BPDL Investment Private Limited against the Company and Department of Energy, Government of Karnataka in relation to a memorandum of understanding entered into by the Company with the plaintiff wherein the plaintiff had been appointed to negotiate on behalf of the Company with possible investors for a wind energy project in Karnataka being carried out by the Company. The Company has terminated the said memorandum of understanding and this suit has been filed for a declaration that the said termination was illegal and that the memorandum of understanding is still valid and subsisting. Further a permanent injunction has been sought against the Company executing the said project in association with any third party. The interim application for temporary injunction was dismissed by the court by its order dated July 26, 2004 and the Company has filed a caveat in the High Court of Karnataka apprehending that BPDL Investment Private Limited shall appeal against the said order dismissing the temporary injunction. The suit is pending.

2. A civil suit has been filed suit before the High Court of Judicature at Madras by NEG Micon (India) Private Limited against an employee of one the Associate Company, SIL and has made the Company a party to the suit in relation to said employee allegedly violating his secrecy and non-compete obligations under the competition and invention clauses of his contract with the plaintiff upon him terminating his employment with the plaintiffs and joining the Company. The plaintiff has sought for compensation to be paid by the employee and for a permanent injunction restraining the said employee from seeking employment with the Company for a period of one year from his resignation from the plaintiff and

for a mandatory injunction directing the said employee to comply with his secrecy obligations for a period of three years as per the secrecy and invention clauses of his employment contract. The plaintiff has also sought for interim relief against the employee seeking employment with the Company and the Company or its Associate Companies employing the employee pending the disposal of the suit.

3. A claim application has been filed before the Motor Accident Claims Tribunal at Aurangabad for the death of a person by the alleged rash driving of the employee of the Company and the Company has been made a party to the proceedings. The applicant has sought that the employee of the Company along with the Company and the Insurance Company pay jointly and severally a sum of Rs. 50,000 towards interim compensation with interest at 18% per annum from the date of the accident till the date of actual realisation.

Criminal Cases

1. A criminal complaint being Criminal Case No. 706/2003 has been filed against SEL in the court of the Chief Judicial Magistrate, Satara under section 21 read with section 4 of the Mines and Minerals Act, 1957. This complaint relates to alleged unauthorized mining activity and unauthorized extraction of morum from the land used by SEL for wind farm purposes located at Satara. The matter is pending.

Tax related Cases

1. An appeal dated February 25, 2005 against an order dated January 5, 2005 passed by the Commissioner of Customs (Appeals), Mumbai has been filed before the Customs, Excise and Service Tax Appellate Tribunal, West Zone, Pune. This appeal relates to a demand of Rs. 2,539, 633/- made by the Department of Customs by its enforcement order dated March 3, 2004, in relation to the import of a consignment of glass vide bill of entry No. 372047 dated July 4, 2003 in respect of which the Company had claimed an exemption from duty under Notification No. 21/2002Cus. The said enforcement order was upheld by the Commissioner of Customs (Appeals), Mumbai by its order in appeal dated January 5, 2005. The said appeal dated February 25, 2005 is pending before Customs, Excise and Service Tax Appellate Tribunal, West Zone, Pune.
2. A demand for tax and penalty along with interest to the tune of Rs. 3,789,818 was made by the Department of Sales Tax, Ahmedabad, in relation to contract executed in Gujarat for installation and commissioning of WTGs wherein the WTGs were supplied by the plant of the Company situated at Diu. The Department of Sales Tax has sought to levy works contract tax in respect of the said transaction. . The Company paid the aforesaid amount and appealed against the said demand before the Assistant Commissioner (Appeals). The said appeal was dismissed and the Company has appealed against this order before the Sales Tax Tribunal, Ahmedabad. The Company has already deposited the disputed amount in the question with the Sales Tax Tribunal. This appeal is pending.
3. The Company has filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad, against the order of the Commissioner of Income Tax (Appeals) dated August 21, 2003 on the grounds that the said order upheld the assessment order of the Department of Income Tax for the assessment year 2001-02, charging interest under Section 234B and 234C of the Income Tax Act, 1961 and failing to take into account the fact that the Company was liable to pay tax as per provisions relating to minimum alternate tax. The amount of interest on income tax, which is the subject matter of dispute, is Rs. 9,508,852. This amount has already been adjusted by the Department of Income Tax from the refund payable to the Company. This appeal is pending.
4. On February 4, 2005, the Flying Squad Unit of the Department of Sales Tax, Government of Gujarat detained a consignment of tower material despatched by the Company on the grounds that the said consignment was directly being moved to the customer site in Tamil Nadu and that the required sales tax under the provisions of the Gujarat Sales Tax, 1969, was not being paid. In pursuance thereof, a notice under Section 59 of the Gujarat Sales Tax, 1969, dated February 5, 2004, was issued directing the Company to furnish information in relation to transactions involving the supply of tower materials in the previous two financial years. In order to get the consignment released, the Company paid an amount of Rs. 2,500,000 under dispute. The Department of Sales Tax has not passed a final order and the Company is pursuing the same.
5. The Department of Income Tax has filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad against the order dated January 22, 2002, of the Commissioner of Income Tax (Appeals), ("CIT (A)") partly allowing the Company's appeal from the order of the Joint Commissioner of Income Tax ("JCIT") dated February 23, 2001, in respect of the assessment year 1998-99. The Company has also filed cross objections before the ITAT in the said matter. The order of the CIT (A) affirmed the order of the JCIT in disallowing commission at an enhanced rate amounting to Rs. 5,985,358/-, in

disallowing deduction u/s. 80IA of the Income Tax Act for miscellaneous income amounting to Rs. 88,378/-, in allowing levy of interest under u/s. 234B and 234C and in refusing to quash the penalty proceedings u/s. 271(1)(c), and overruled the order of the JCIT by deleting the disallowance made in respect of provision of maintenance warranty expenditure to the tune of Rs. 14,000,000/-, by deleting the disallowance on account of foreign currency fluctuation to the tune of Rs.7,356,273/- and permitting the deduction u/s. 80IA for interest income amounting to Rs.2,384,543/-. The said appeal is pending.

Other Material Development

1. During the period January 2000- March 2002, the Company made various supplies of WTGs to Tata Finance Limited and Niskalp Investment and Trading Company Limited. Pursuant to certain investigations into the affairs of Tata Finance Limited and its associated companies like Niskalp Investment and Trading Company Limited, the Enforcement Directorate, Ministry of Finance, Government of India, issued a letter dated November 29, 2002 to the Company under Section 37 of the Foreign Exchange Management Act, 1999. The said letter directed the Company to furnish the details in relation to the transaction for the supply of WTGs between the Company and Niskalp Investment and Trading Company Limited. The Company replied to the said letter furnishing all details by way of its letter dated December 9, 2002. The Company has not received any further correspondence in this regard.
2. A showcause notice has been issued to the Company and M/s. Urja Engineers Limited (Urja) by the Directorate of Central Excise Intelligence, Ahmedabad Zonal Unit. The showcause notice relates to exemptions available to wind energy operated generators and components. The said notice states that this exemption has been wrongly claimed by Urja on the supply of fabricated and galvanized towers to the Company. The said showcause notice seeks to impose a penalty on the Company for having given the certificate to the Department of Excise and Customs that the goods supplied by Urja were exempted from payment of excise duty. Pursuant to a letter dated August 1, 2005, received from the Commissioner of Central Excise and Customs, the Company was given opportunity to present its case before the concerned official
3. Three showcause notices have been issued to the Company and three of its suppliers by the Directorate of Central Excise Intelligence, Ahmedabad Zonal Unit. These showcause notices relate to exemptions available to wind energy operated generators and components. It states that this exemption has been wrongly claimed by the said suppliers on the fabricated and galvanized towers supplied to the Company. The said showcause notices seek to impose a penalty on the Company for being involved in the purchasing, procuring, transporting and dealing in such goods in respect of which the exemptions have been claimed. A similar notice has been issued to another supplier and five windmill manufacturing companies including the Company and SIL.
4. We were awarded a tender by the Rajasthan Renewable Energy Corporation Limited ("RRECL") for the setting up a 25 MW wind farm at Jaisalmer in Rajasthan. The WTGs situated at this site are owned by Power Finance Corporation Limited ("PFCL") and leased to RRECL. We have received various letters from RRECL alleging certain non-compliances with the terms of our contract for setting up of the wind farm. The amount due from RRECL is Rs. 20.51 million and the amount due from PFCL is Rs. 80.79 million. We have through our letters responded to these allegations. Through our letter dated February 22, 2005 and subsequent letters we have given notice to RRECL and PFCL that a dispute has arisen under the terms of the contract and have requested for the initiation of reconciliation and arbitration proceedings. We recently had a meeting with RRECL to discuss mutual resolution of the dispute.
5. The Compay has received a legal notice dated July 6, 2005, from one of its suppliers of windmill components who has alleged that a payment Rs. 896,057/- remains pending in relation to the components supplied to the Company. The said notice has called upon the Company to make the said payment at the earliest along with interest at the rate of 24% for the period starting April 1, 2000. The Company has replied to the said notice by way of its letter dated July 28, 2005 refuting the said allegations.
6. A show cause notice was issued to the Company by the Directorate General of Central Excise Intelligence, Vadodara Regional Unit. The show cause notice relates to compliance with the provisions of the Central Excise Act, 1944 and the Finance Act, 2004 and summons the Company to provide information and evidence into the alleged non-compliance of the Central Excise Act, 1944 and the Finance Act, 2004 by the Company.
7. The Company has received two summons dated September 5, 2005 from the Directorate General of Central Excise Intelligence directing the Company to appear before the Senior Intelligence Officer along with documents in relation to certain transactions undertaken by the Company.

Litigation/ Material Developments against Pradeep Khaitan, Director of the Company

1. A criminal complaint has been filed against CESC Limited and its directors, including Pradeep Khaitan for alleged offences under sections 406, 465, 467 and 468 read with section 120B of the Indian Penal Code. All proceedings in this matter have been stayed by the High Court, Calcutta.
2. A criminal complaint has been filed against CESC Limited and its directors, including Pradeep Khaitan, for alleged offences under sections 406, 420, 465, 467 and 468 read with section 120B of the Indian Penal Code. All proceedings in this matter have been stayed by the High Court, Calcutta.
3. A criminal revision petition has been filed in the High Court, Calcutta against CESC Limited and its directors, including Pradeep Khaitan in his capacity as a director CESC Limited against the order passed by the Chief Metropolitan Magistrate in a criminal complaint filed under section 406, 420 read with section 120B of the Indian Penal Code.
4 A showcause notice has been issued by the Joint Director General of Foreign Trade against Electrosteel Castings Limited and its directors including Pradeep Khaitan, for having failed to fulfil the stipulated export obligation under the EPCG license granted to Electrosteel Castings Limited. Electrosteel Castings Limited has fulfilled the export obligation and is trying to get the notice vacated.
5. A showcause notice has been issued by the Joint Director General of Foreign Trade against Eveready Industries Limited and its directors including Pradeep Khaitan, for having failed to fulfil the stipulated export obligation under the EPCG license or failing to submit the required documents towards discharge of the same. Eveready Industries Limited has carried out its obligations and is trying to get this notice vacated.
6. A showcause notice has been issued by the Joint Director General of Foreign Trade against Mcleod Russel Limited and its directors including Pradeep Khaitan, for violations of license conditions and carrying out imports in violation of the Export Import Policy.
7. A notice have been issued by Deputy Director (Inspection), Ministry of Company Affairs against Williamson Tea Assam Limited and its directors, asking for explanations to be provided in relation to certain deficiencies in the minutes book of the board of directors.

Litigation by/ against Promoter Group Companies

1. A writ petition has been filed by SRL against the Chief Secretary, Non-Conventional Energy Sources, Government of Tamil Nadu, NEG Micon Private Limited Company and Arvind A. Traders before the Tamil Nadu High Court, Madurai Bench against the order of respondent granting no-objection certificate to NEG Micon Private Limited Company for erection of wind mills on land bearing survey No. 166, village Dhannakkarkulam. An order of injunction restraining NEG Micon Private Limited Company from erecting windmills has been prayed for. This writ petition is pending.
2. A petition for the cancellation of the Suzlon trademark has been filed against SWECO by National Rural Electrical Cooperative Association before the Trademark, Trial and Appeal Board, United States Patent and Trademark Office on the grounds that the Petitioner has a similar trademark to the Suzlon trademark and that such trademark was registered prior to the Suzlon trademark. This petition is pending for trial.
3. A suit has been filed before the Civil Judge, Chitradurga, against SIL and Kurumadikere Energy Limited by Hatti Gold Mines Company for permanent injunction restraining the defendants from undertaking construction of road and other construction related activities on the land in dispute on the grounds that the defendant has exclusive right to possession of the land in question by way of a mining lease granted by the government. The application for temporary injunction filed by the plaintiff was dismissed against which the plaintiff has preferred an appeal before the High Court of Karnataka. Kurumadikere Energy Limited has also filed a writ petition against the Government of Karnataka before the High Court of Karnataka, impleading Hatti Gold Mines Company seeking a writ of certiorari to quash the government notification renewing the mining lease in favour of Hatti Gold Mines Company.
4. An application under the Industrial Disputes Act, 1947 has been filed before the Junagadh Labour Court against SWSL by one of its ex-employees after the employee in question was dismissed from service for having abandoned his service. The ex-employee has prayed for a direction of reintendment and the monthly wage of Rs. 3,616 in arrears for the last two years.

5. An application under the Industrial Disputes Act, 1947 has been filed before the Jamnagar Labour Court against SWSL by one of its ex-employees after the employee refused to accept a transfer as directed by SWSL. The ex-employee has prayed for direction of reintendment and the monthly wage in arrears for since 2001 for an aggregate sum of Rs. 174,000/-.

6. There are 40 land related cases pending against SRL in the District Munsif Court, Valliyoor, 3 cases in the court of Subordinate Judge, Tirunelveli and one case pending before District Munsif Court, Sankarankoil. The total financial value of the claims made through these cases is Rs.8,900,000. SIL is also a party to 5 of these cases. In addition, there are 3 suits pending in Satara civil courts and one dispute pending before the sub-divisional officer, Miraj, Satara.

   Out of these, 14 cases pertain to such pieces of land where a WTG has been erected, 13 cases pertain to land adjacent to the piece of land where a WTG has been erected, 3 cases pertain to land where an electricity transmission pole has been erected and 3 cases pertain to such land through which a pathway to a WTG site has been constructed.

   In addition, there are 2 cases pending against Shubh Realty (South) Private Limited, which relates to a piece of land where a WTG has been erected.There are five land related cases pending in relation to SRL as a party in the District Munsif Court, Tenkasi. One of these cases pertains to land upon which a windmill has been erected. One case has been initiated by SRL against the interference of SRL's possession of the land. There are two land related cases pending against SRL in the District Munsif Court, Sankarankoil. One of these relates to a piece of land where a windmill has been erected. There is one case pending before the District Munsif Court, Tirunelveli which pertains to land where a WTG has been erected The total quantum involved in these cases is Rs. 1,16,100.

   These cases pertain to (a) injunction against the erection of WTG or electricity transmission poles on the disputed land on grounds such as minimum distance not being maintained from the land of the plaintiff, disturbing the peaceful enjoyment of the land by the plaintiff etc; (b) partition suit whereby the plaintiff is claiming a share in the piece of land which has already been sold; or (c) suit for declaration of title over the disputed land.

   Also see "Outstanding Litigation and Material Developments- Litigations filed against the Company- Land Related Disputes" on page 257 of this Prospectus for details on such cases where the Company is a party.

7. Certain construction work carried out by Suzlon Hotels Limited on property leased by it in Diu was challenged by a charitable trust by way of public interest litigation before the High Court, Mumbai. The writ petition was filed on the grounds that the said construction violated the coastal area regulations. The said public interest litigation was dismissed and the petitioner was directed to approach the Daman & Diu Islands Coastal Zone Management Committee, Daman (DDICZMA). Pursuant to an order dated April 8, 2005 passed by DDICZMA, the Collector, Diu, has directed that certain portion of the said property be demolished.

8. The Department of Income Tax has issued two assessment orders against SNS Textiles Limited for the assessment year 1996-97 and 1998-99. Both matters are currently pending before the Commissioner of Appeals.

9. SNS Textiles Limited has filed an appeal before the Customs, Excise and Gold (Control) Appellate Tribunal against the order passed by the Central Excise & Customs Commissionerate, Surat vide Order-In-Original No.:04/MP/2001 dated January 31, 2001 for payment of duty of Rs. 3,562,620, interest at the rate of 24% per annum, penalty of Rs. 3,562,620 and a penalty of Rs. 50,000 against erstwhile director of SNS Textiles Limited, Mr. Vinod Tanti.

10. SNS Textiles Limited has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, West Region Bench at Mumbai against the order passed by the Commissioner of Central Excise (Appeals), Surat vide Order-In-Appeal No.: YPP/61-62/SRT-II/2003 dated April 10, 2003 against SNS Textiles Limited demanding payment of duty of Rs. 336,123 and a penalty of Rs. 50,000 against erstwhile director of SNS Textiles Limited, Mr. Vinod Tanti.

11. SNS Textiles Limited has filed an appeal before the Commissioner of Appeals against the Order-In-Original No.101/JC-SRP/OA/2002 dated July 17, 2002 passed by the Central Excise & Customs Commissionerate, Surat against SNS Textiles Limited for payment of duty of Rs. 91,883, penalty of Rs. 91,883 and a penalty of Rs. 20,000 against erstwhile director of SNS Textiles Limited, Mr. Vinod Tanti.

12. SNS Textiles Limited has filed an appeal before the Commissioner of Appeals against the Order-In-Original No. 27/ADC-RPS/OA/2003 dated August 13, 2003 passed by the Central Excise & Customs Commissionerate, Surat against SNS Textiles Limited for payment of duty of Rs. 45,012, penalty of Rs. 120,012 and interest at the appropriate rate.

13. Tikoo Traders Private Limited has filed a suit before the City Civil Court at Ahmedabad against SNS Textiles Limited for non-payment of contractual fees and has demanded an amount of Rs. 111,673. The matter is currently pending.

14. M/s Wood Board has filed a suit before the City Civil Court at Ahmedabad against SNS Textiles Limited for non-payment of contractual fees and has demanded an amount of Rs. 7,500. The matter is currently pending.

15. A suit has been filed against the State of Karnataka, The Thasildhar, Chitradurga, the Divisional Forest Officer, Chitradurga and SIL before the Additional Civil Judge, Senior Division, Chitradurga for an injunction against the Company restricting it from interfering with the plaintiff's possession of the land in question on the grounds that the said land was illegally transferred to SIL and that the land in question belongs to the plaintiff. The land in question measures 20 acres.

16. An appeal has been filed in the Court of the Sub-Divisional Officer at Dhule under section 247 of the Maharashtra Land Revenue Code, 1966, for the alleged illegality of the mutation entry of the land which has been acquired by SRL from the opponents to the appeal. SRL has been added as a party to the proceedings. The land in question measures 5 hectares and 54 ares. The matter is currently pending.

18. A special civil suit has been filed before the Court of the Civil Judge, Senior Division, Pune with respect to land measuring 2 hectares and 60 ares for which a sale deed has been executed between the defendant vendors and Suzlon Generators Private Limited. Suzlon Generators Private Limited has been added as a party. The suit has been filed for the defendant vendors to execute a sale deed in favour of the plaintiff, for a declaration that the sale deed entered into by the defendant vendors with Suzlon Generators Private Limited be declared as void ab-intio and for a perpetual injunction against the defendant vendors and Suzlon Generators Private Limited against creating any third party interests in respect of the said land. The Court has issued a show cause notice against the company as to whether a temporary injunction be granted against the defendant vendors and the company in favour of the plaintiff.

Other Material developments in relation to the Promoter Group Companies

19. Suzlon Windfarm Services Limited received a notice dated April 27, 2005 from the Department of Factories and Boilers, Government of Rajasthan, in relation to non compliance with certain conditions under under the Factories Act, 1948 and Payment of Wages Act, 1936 and rules framed thereunder.

Complaints received after the date of filing the Draft Red Herring Prospectus with SEBI

We have received copies of letters from Non Conventional Energy Equipment Manufacturers Association ("Neema"), dated June 21, July 2, July 9, July 27, July 29, July 31, and August 24, 2005 containing allegations against us in relation to various items.

The allegations made by Neema against the Company include:

- Large scale and serial collapses of the Company's WTGs, in Rajasthan, Maharashtra and Tamil Nadu have occurred over a period of two years as a result of design and structural flaws in the WTGs manufactured by the Company. Raising doubts relating to the performance of our WTGs, Neema has stated that our WTGs have not yet completed a sufficient track record of operational performance as in their opinion all wind mills require a track record of six to seven years to establish performance;
- Investors in the Company have suffered losses due to the collapse of the WTGs which has resulted in an adverse impact to the wind energy sector due to the collapse of the WTGs.
- The competency and the efficiency of the Company in designing, constructing and maintaining the WTGs is questionable in light of the alleged collapses;
- The Government of Rajasthan has appointed a committee to investigate the cause of the collapse of the Company's WTG and projections made by the Company with respect to the performance of its WTGs. Neema has alleged that the government has banned the Company's WTGs as they have not performed and huge penalties have been levied. Neema has alleged that Government of Tamil Nadu is upset over the second collapse of the Company's WTG in the state;
- The Company will suffer huge cash loss in future due to the guarantees that have been given by the Company to customers regarding the failure of the WTGs in terms of performance;
- Public investors in the Issue will be 'hoodwinked' by investing in the shares of the Company by basing their decisions to invest in the Company on the information contained in the draft red herring prospectus;
- The Company's projections have been window dressed for glamorous presentation and hyped up based on unrealistic data as opposed to the industry standards;

- The Company has engaged in unethical marketing campaigns and that the Company has attempted to influence various state governments by giving distorted information and half truths;
- The Government of Maharashtra has been cheated to the tune of Rs. 350 crores by the Company and that the said government has banned the Company;
- The Company has inflated the value of imported WTGs to avail of higher incentives from the Government;
- The financial statements of the Company and the comparison of the same with peers has been made with other companies which are multi-product manufacturers which has resulted in the comparison being misleading to boost the figures of the Company;
- The Company is a 'tainted' company and has been included in investigations against kick backs that were received by an ex-managing director of Tata Finance Limited and transactions in the shares of Tata Finance Limited;
- The 'Objects of the Issue' chapter in the draft red herring prospectus is without any definite object and it also indicates that there is no certainty about the usage of the funds which may be utilised at the discretion of the management which needs to be specifically mentioned due to the large size of the Issue;
- The Company's claim that back ward integration has reduced the cost and increased the profits is erroneous. Further, since the manufacture of generators and gearboxes has not commenced as yet the statement that such back ward integration would increase profits is hypothetical;
- The product range mentioned in the draft red herring prospectus is misleading as the 2 MW series WTG is still in the experimental phase and has not been sold;
- The list of competitors that has been mentioned in the draft Red Herring Prospectus has not accounted for the Company's competitors within India which has been done with the intention of suppressing the real competitors of the Company;
- The book value of the shares that has been mentioned in the draft Red Herring Prospectus is high and is a result of artificially inflated profits which is misleading; and
- The Company's EBIDT estimate is glaringly high as compared to other Indian companies which leads to the apprehension that the estimates are doctored and hypothetical.

All of these allegations and aspersions, in our view, are incorrect and unsubstantiated. The Company deny all the allegations made by Neema. The Company has replied to the allegations that have been made against the Company through letters dated July 20, 2005, August 10, 2005 and September 6, 2005 and has also highlighted that NEEMA operates from an office located No. 36, Wallajah Road, Chennai 600 002, which is also the office of one of our competitors. The copies of these correspondences are available for inspection.

LICENSES AND APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority/RBI is required to continue these activities.

Type Certifications

1. CWET provisional type certificate No. PTCII-002-R2 for the N-3335/350kW model and for the N-3330/300kW model dated November 25, 2004 valid until November 24, 2005.
2. Germanischer Lloyd type certificate No. TZ-007B-2005 for the S/64/1.25 MW model dated September 2, 2005 and valid until September 1, 2007.
3. Germanischer Lloyd type certificate No. TZ-002A-2004 for the S/66/1.25 MW model dated January 30, 2004 and valid until February 2, 2006.
4. Germanischer Lloyd type certificate No. TZ-008B-2005 for the S/64/1 MW model dated September 2, 2005 and valid until September 1, 2007.
5. Germanischer Lloyd type certificate No. TZ-006A-2004 for the S/66/1.25 MW, 65 m lattice tower model dated September 23, 2004 and valid until September 22, 2006.
6. Work Order for the Germanischer Lloyd certification No. SEL/IMP/SCS/04-05/16 dated July 8, 2004 for the S88.2 MW series 80 m tubular tower.

Overseas Direct Investment

7. Letter Ref. No. FE.CO.OID. 5218/19.19.391/2003-2004 from RBI dated February 28, 2004 pursuant to the investment by the Company in the wholly owned subsidiary in The Netherlands where permission was granted for the conversion of the loan into equity.
8. Letter No. Ref. No. FE.CO.OID2614/19.19.603/2004-2005 dated February 10, 2005 and FE.CO.OID4450/19.19.603/2004-2005 dated June 20, 2005, from RBI granting approval for the transfer of the entire shareholding in the wholly owned subsidiary in Australia and in the United States in favour of the wholly owned subsidiary in Denmark.

External Commercial Borrowings

9. Letter No. DESACS/BPSD/222/04.61.19/2003-04 dated July 23, 2004 from RBI acknowledging that the loan agreement dated July 16, 2004 of US$ 10,000,000 by the Company from DEG-Deutsche Investitions-UndEntwicklungsgesellschaft Mbh, Germany came under the automatic route and granted the Loan Registration No.2004623.
10. Letter No. FED.CO.ECBD/03.02.764(Auto)/2003-04 dated August 21, 2004 from RBI granting approval for the creation of the security by the Company pursuant to the loan agreement entered into with DEG-Deutsche Investitions-UndEntwicklungsgesellschaft Mbh, Germany dated July 16, 2004 and for the issue of corporate guarantee by the associate companies for a period co-terminus with the term of the ECB.
11. Letter No. FED.CO.ECBD/793/03.02.764(Auto)/2004-05 dated September 14, 2004 from RBI approving the cash deposit of up to US$ 1,000,000 out of the Company's internal resources with Rabobank, Frankfurt as security for the ECB.
12. Letter No. FED.CO.ECBD/1011/03.02.764(Auto)/2004-05 dated October 16, 2004 from RBI for change in location for the cash deposit from Rabobank Frankfurt to Rabobank Utrecht .
13. Letter No. FED.C0.ECBD//03.02.764(Auto)/2004-05 dated November 6, 2004 from RBI rectifying the earlier approval and changing the currency of loan to Euro from US Dollars.
14. Letter No. FED.C0.ECBD/1620/03.02.764(Auto)/2004-05 dated January 24, 2005 from RBI granting permission for the Company to place a cash deposit with LandesBank Baden-Wurttemberg, Stuttgart, Germany.

Factory/Unit approvals

Unit 1: Plot No. 77/13 Vanakbara Rd., Opp GDDIDC Malala, Diu

15. Secretariat for Industrial Assistance Acknowledgement No. 1042/SIA/IMO/2001 dated May 14, 2001for setting up a 100 MW unit.

16. Registration as Ancilliary Unit No. 60/02/00012 dated June 25, 1997 from the Directorate of Industries to employ local people from Diu and to develop a green belt around the factory that the factory has been inspected as per the list of purchase, sale, machinery etc.

17. Order No. 1(8)/ CIF&P/DIU/FACT/96/219 dated July 31, 1996 from the office of the Chief Inspector of Factories and Boilers, Dadra & Nagar Haveli, Daman for the construction of a factory building under the Factories Act 1948 and the Goa, Daman and Diu Factories Rules. 1985.

18. License to work a factory employing not more than 20 people issued on May 16, 1997 at Diu. Registration and license No. 648 is valid until December 31, 2005

19. NOC No. PHC/G/DIU/NOC/95-96/265 from the Health Officer, Primary Health Centre, Ghoghla dated May 30, 1997

20. NOC No. BVP/F-13-C/96-97/848 from the Village Panchayat Bhucharwada dated July 11, 1996 for the transfer of electric connection.

21. Letter Ref. No. ED/EE/T-12/5619 dated December 18, 1996 from the Electricity Department, Daman granting approval to release power connection with a connected load of 75 L.T. voltage.

22. Occupancy certificate No. PWD/DIU/SD-1/F.14-A/2424/1995-96 dated December 7, 1996 from the Office of the Assistant Engineer. Public Works Department.

23. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 dated September 8, 2005 for the assembling of WTGs. This is valid till April 30, 2006.

Unit 2 : Plot No. H-24 and 25, Mahatma Gandhi Udyognagar OIDC Village Dabhel, Daman

24. Secretariat for Industrial Assistance Acknowledgement No. 1043/SIA/IMO/2001 dated May 14, 2001for setting up a 300 MW unit.

25. Registration and License No. 1683 to work a factory employing not more than 50 people dated July 21, 2000 at Daman is valid until December 31, 2005.

26. Letter No. DMN/DIC/PROV-2675/98-99/227 dated May 28, 1999 from the Directorate of Industries granting Provisional Registration No. 600102675 as a Small Scale Industry for the manufacture of wind mill, windmill parts and power generation plants with a power load of 75 H.P .

27. Letter No. OIDC/DMN/CD/MGU/H24-R25/99-2000/85 dated June 21, 1999 from the Omnibus Industrial Development Corporation approving the building plans in Mahatma Gandhi Udyognagar at Dabhel, O.I.D.C, Daman.

28. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section. 21 of the Air (Prevention and Control of Pollution) Act, 1981 dated March 24, 2003 for the operation of one DG Set of 100 KVA is valid until January 31, 2008.

29. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section 25 of Water (Prevention and Control of Pollution) Act, 1974 for the manufacture of windmills and parts only is valid until January 31, 2008.

30. NOC No. DMHS/D&D/NOC/1999-2000/51 dated July 2, 1999 from the Directorate of Medical and Health Services, Primary Health Centre, Daman for the establishment of a unit for the manufacture of wind turbine generators.

31. NOC No. VP/NOC/99/2000/h6 dated July 9, 1999 from the Dabhel Group Gram Panchayat for the establishment of a small scale industry for the manufacture of the wind turbine generator and parts and for the unit obtaining power connectivity from the electricity department.

32. Grant from the electricity department No. ED/EE/T-12/108 dated August 16, 2002 for the increase in the power connection for a connected load from 75 H.P. (vide grant No. ED/EE/T-12/1308 dated December 23, 1999) to 96 HP at LT voltage.

33. NOC No. DMN/DIC/NOC/01-02/28 dated May 30, 2002 from the Administration of Daman and Diu for the release of additional power of 21 H.P.

34. Occupancy Certificate No. OIDC/DMN/CD/DAB/PLOT H-24&25/99-2000/290 dated December 20, 1999 from the Omnibus Industrial Development Corporation of Daman and Diu and Dadra and Nagar Haveli Limited.

Unit 3 : Plot No. 306/1&306/3 at Bhimpore, Nani Daman, Daman

35. Secretariat for Industrial Assistance Acknowledgement No. 1048/SIA/IMO/2001 dated May 14, 2001 for setting up a 300 MW unit.

36. In principle clearance for the expansion of existing industrial undertaking / large scale industry for the manufacture of wind operated electricity generators dated July 10, 2001 from the Department of Industries, District Industries Centre, Daman.

37. Registration and license No. 2124 to work a factory employing not more than 150 people dated October 21, 2002 at Daman. is valid until December 2005.

38. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section 25 of Water (Prevention and Control of Pollution) Act, 1974 dated October 3, 2002 for the manufacture of 192 rotor blades only.

39. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli. under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 dated October 3, 2002 for the manufacture of 192 rotor blades only.

40. NOC No. DMHS/D&D/NOC/2001-02/22 dated August 30, 2001 from the Directorate of Medical and Health Services, Primary Health Centre, Daman for the establishment of a unit for the manufacture of wind turbine generators.

41. NOC No. BVP/NOC/01.02/192 dated August 2, 2001 from the Bhimpore Group Gram Panchayat granting release of power to the unit.

42. Grant from the Electricity Department No. ED/EE/T-14/155 dated August 27, 2001 for the power connection with a contract demand of 475 KVA at HT voltage, subject to the availability of power at the sub-station and augmentation of transmission / transformation capacity of 66/11 KV Sub-Station.

43. Occupancy Certificate No. D P/D & D/Tech-Officer/Occup.Cert./2002-03/195 dated September 20, 2002 from the Office of the Assistant Engineer and Technical Officer PWD Panchayat Sub-division District Panchayat, Moti Daman.

Unit 4 : RS. No. 9/1A, 94A, 59, Thiruvandarkoil,Mannadipet Commune, Pondicherry

44. Registration Certificate No. 31/LO(E)/BOCW/2003 dated September 11, 2003 from the Labour Department, Pondicherry under Section 7 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 for employing not more than 300 people.

45. Letter No. 67/DIC/EI/SWC/MCP/03-04 dated September 12, 2003 from the District Industries Centre, Government of Pondicherry noting that the Agricultural Department has accorded permission for the conversion of agricultural land for the setting up of an industrial unit vide Agri Dept. Letter No. 972/Agri/SLUB/2003-04 dated September 5, 2003.

46. Letter No. 67/DIC/EI/SWC/MCP/03-04 dated September 12, 2003 from the District Industries Centre, Government of Pondicherry noting that the Agricultural Department has accorded permission for conveying ground water vide Agri Dept. Letter No. 11/30/SGWU&SC/03-04/IL dated August 29, 2003.

47. NOC No. PPCC/NOC/MCP/JE/2003/2641 dated October 7, 2003 from the Pondicherry Pollution Control Committee for the setting up of an industrial unit.

48. Permission from the Pondicherry Planning Authority No. PPA/2092/2355/RA-I/2003 dated October 21, 2003 for the setting up of an industrial building is valid until October 20, 2006.

49. Registration Certificate No. 06/2003/CL/Regn. dated October 31, 2003 under the Contract Labour (R&A) Act, 1970 and the Pondicherry Contract Labour (R&A) Rules, 1973.

50. Approval from the Chief Inspector of Factories and Boilers dated January 28, 2004 for plan of the building layout.

51. NOC No. I-13/3622/IND&COM/ A6/2003 dated January 12, 2004 from the Directorate of Industries and Commerce for the setting up of a medium scale unit.

52. Letter No. 7855/ED/SE-III/AE(Tech)/F.36/03-04 from the Electricity Department, Pondicherry dated March 12, 2004 granting approval for the installation of two 415V 3 Phase, 4 Wire 380 KVA generator sets.

53. Letter No. 1156/ED/AEE-EHF/F.21/2003-04 from the Electricity Department, Pondicherry dated January 20, 2004 informing that it is feasible to extend power supply to the Unit for a load of 1100 KVA (connected load of 2,445 HP) for the manufacture of wind operated electricity generators and parts thereof.

54. Registration and License No. PMC – 165 under the Factories Act, 1948 to work as a factory employing not more than 800 persons on any one day during the year and installation of motive power not exceeding 2,500 H.P. and is valid until December 31, 2005.

55. Secretariat for Industrial Assistance Acknowledgement No. 2580/SIA/IMO/2003 dated September 11, 2003 for a proposed capacity of 900 numbers.

56. License No.34-223/MCP/License/2004 dated March 4, 2004 from the Mannadipet Commune Panchayat for carrying on of trade, which is the manufacture of wind operated electricity generators and parts is valid until March 2006.

57. Certificate No. I-13/3622/IND/ADA/A6/2002 dated May 12, 2004 from the Directorate of Industries and Commerce, Government of Pondicherry certifying that the acknowledgment from the SIA No. 2580/SIA/IMO/2003 dated September 11, 2003 has been obtained upon the filing of the industrial entrepreneurs memorandum.

58. Water Consent Order No. PPCC/CON/WTR/MCP/JE/2005/707 under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 dated March 28, 2005 from the Pondicherry Pollution Control Committee for the discharge of effluents by the plant. This consent is valid until February 28, 2007.

59. Air Consent Order No. PPCC/CON/AIR/MCP/JE/2005/708 under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 dated March 28, 2005 from the Pondicherry Pollution Control Committee for the plant. This consent is valid until February 28, 2007.

60. Certificate No. 3503/PPA/RA-I/2004 dated November 5, 2004 from the Pondicherry Planning Authority, Jawahar Nagar, Boomianpet, Pondicherry that the building has been constructed under the supervision of the registered engineer and that the building has been inspected and is in conformity with the byelaws and is fit for occupation.

61. Letter No. 11/30/SGWU&SC/Q3-04/IL dated November 12, 2004 from the Hydrogeologist-II State Ground Water Unit and Soil Conservation Thattanchavady according permission for the enhancement of the daily consumption of water from 25,000 lpd to 60,000 lpd only for domestic and gardening purpose.

Unit 5 : . S.No 42/2 & 3, 54/1,2 & 3, Bhenslore Rd. Dunetha, Nani Daman.

62. Secretariat for Industrial Assistance Acknowledgment No. 2761/SIA/IMO/2003 dated September 28, 2003 for a proposed capacity of 700 numbers.

63. In-principle clearance dated No. DMN/DIC/LS1/358 November 19, 2003 from the Department of Industries, District Industries Centre, Daman for the establishment of new industrial undertaking / large scale industry.

64. Registration and License No. 2339 to work a factory employing not more than 100 people dated March 4, 2004 at Daman is valid until December 31, 2004 and has been renewed thereafter until December 31, 2005.

65. NOC No. DMHS/D&D/NOC/2003-04/138 dated February 26, 2004 from the Directorate of Medical and Health Services, Primary Health Centre, Daman for the establishment of a unit for the manufacture of wind turbine generators.

66. NOC No. 143/OC/04/24 dated February 28, 2004 from the Sarpanch Varkund Group Gram Panchayat for the construction of a factory building.

67. NOC No. VVP/NOC/2003-04/626 dated February 20, 2004 from the Varkund Group Gram Panchayat for the issue of industrial electrical connection of 500 KVA.

68. Grant from the Electricity Department No. ED/EE/T-14/715 dated March 4, 2004 for the power connection with a contract demand of 500 KVA at HT voltage, subject to the availability of power at the sub-station and augmentation of transmission / transformation capacity of 66/11 KV Sub-Station.

69. Power Connection Release Order No. ED/EE/T-14/845 dated March 15, 2004 from the Electricity Department approving the release of the power connection to the installation.

70. NOC No. ED/EE/T-15/04 dated April 7, 2004 from the Electricity Department, Daman for the installation and the operation of 380 KVA DG set.

71. Occupancy Certificate no. DP/D&D/Tech-Officer/Occp.Cert./2002-03/3389 dated February 19, 2004 from the Office of the Assistant Engineer and Technical Officer PWD Panchayat Sub-division District Panchayat, Moti Daman.

72. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section 25 of Water (Prevention and Control of Pollution) Act, 1974 for the manufacture of wind turbine generators and parts only is valid until March 31, 2006.

73. Consent from the Pollution Control Committee of Daman, Diu and Dadra Nagar Haveli under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 for DG set with 350 kva valid until March 31, 2006.

Unit 6: Plot no. 52, Mukut Nagar, Manjusar, Baroda-Savli Road, Taluka Savli, Vadodara and Zenith Tin Compound, Near GSFC Toll Naka, Chhani, Vadodara, Gujarat

74. Secretariat for Industrial Assistance Acknowledgement No. 4709/SIA/IMO/2004 dated December 9, 2004 for a proposed capacity of 600 numbers for the unit located at Chhani, Vadodara, Gujarat.

75. Secretariat for Industrial Assistance Acknowledgement No. 3767/SIA/IMO/2004 dated October 5, 2004 for a proposed capacity of 300 numbers for the unit located at Manjusar, Savli, Vadodara, Gujarat.

76. Secretariat for Industrial Assistance Acknowledgement No. 2562/SIA/IMO/2005 dated June 1, 2005 for a proposed capacity of 100 numbers for the unit located at Plot No.E41, Ishwarpura, Asoj Vad-Hal Road, Vadodara, Gujarat.

77. NOC No. GPCB/NOC/VRD-2559/38392 dated December 29, 2004 from the Gujarat Pollution Control Board under the Water (Prevention of Pollution) Act 1974, the Air (Prevention of Pollution) Act 1981 and the Environment Pollution Act 1986 for setting up a plant at Manjusar, Savli, Vadodara, Gujarat.

78. NOC No. GPCB/BO/TECH/VRD-2344/816/2005 dated March 9, 2005 from the Gujarat Pollution Control Board under the Water (Prevention of Pollution) Act 1974, the Air (Prevention of Pollution) Act 1981 and the Environment Pollution Act 1986 for setting up a plant at Channi, , Vadodara, Gujarat. This is valid until March 8, 2010.

79. License No. 3692 dated August 4, 2005 from the Joint Director Industrial Safety and Health, Vadodara to work a factory with 50 persons valid until December 31, 2005

Unit 7: S.R. No. 282, Chhadvel (V), Dhule Maharashtra

80. Secretariat for Industrial Assistance Acknowledgement No. 2650/SIA/IMO/2005 dated June 1, 2005, for a proposed capacity of 200 sets of wind operated electricity generators/generator sets part like rotor blades.

Unit 8: S.R. NO. 588, Paddhar (V), Bhuj, Kutch, Gujarat

81. Secretariat for Industrial Assistance Acknowledgement No. 2652/SIA/IMO/2005 dated June 1, 2005, for a proposed capacity of 200 sets of wind operated electricity generators/generator sets part like rotor blades.

Taxation related approvals

82. Certificate from the Commissioner of Income Tax at Ahmedabad, Gujarat dated June 21, 1999 allotting the Permanent Account No. PAN No. AADCS0472N to the Company.

Maharashtra

83. Certificate of Registration No. 400021/S/3295 dated October 16, 1998 valid from September 21, 1998, under Section 22/ 22A of the Bombay Sales Tax Act, 1959 from the Sales Tax Department, Maharashtra in relation to registration as a dealer in Wind Turbine Generators parts, accessories, electrical and civil goods. This certificate is valid till the Company continues to deal in the above-mentioned goods or it is surrendered.

84. Certificate of Registration No. 400021/C/3131 dated October 16, 1998, under Section 7(1)/7(2) of the Central Sales Tax Act, 1956 in relation to registration as a dealer in Wind Turbine Generators parts, accessories, electrical and civil goods. This certificate is valid till the Company continues to deal in the above-mentioned goods or it is cancelled.

85. Certificate of Registration under Works Contract Tax (WCT) No. 400021/W/01091 dated. November 7, 2001 under Section 8 of Maharashtra Works Contract Act.

Daman & Diu

86. Certificate of Registration No. DI/600 dated September 26, 1996 under Section 13 from the Assistant Sales Tax Officer, Diu in relation to registration as a manufacturer of electric motors, hydraulic pumps, bearing, rings nuts, bolts, studs and other coupling and clamps, electrical cables, wires, joints, holders, couplings, switches and panels, electronic

components and pipes. This certificate is valid till the Company continues to deal in the above-mentioned goods or it is cancelled.

87. Certificate of Registration No. DI/600 dated February 3, 2000, under Section 13 of the Goa, Daman and Diu Sales Tax Act, 1964 from the Assistant Sales Tax Officer, Diu in relation to registration as a dealer having more than one place of business being Plot No.H.24 & H.25, Mahatma Gandhi Udhyognagar Industries Estate, Daman.

88. Amendment to the Registration Certificate No. DI/600 dated February 3, 2000 in accordance with Rule 7 of the Goa, Daman and Diu Sales Tax Rules, 1964 from the Assistant Sales Tax Officer, Diu amending the registration certificate to be deemed to be issued under Section 11 of the Goa, Daman and Diu Sales Tax Act, 1964 with effect from January 6, 1997.

89. Amendment to the Registration Certificate No. DI/600 dated May 3, 2001 in accordance with Rule 7 of the Goa, Daman and Diu Sales Tax Rules, 1964 from the Assistant Sales Tax Officer, Diu noting the second additional place of business at Survey No. 306/1 & 306/3, Bhimpore, Nani Daman with effect from March 30, 2001.

90. Amendment to the Registration Certificate No. DI/600 dated February 25, 2004 under Section 11(4) of the Goa, Daman and Diu Sales Tax Act, 1964 read with Rule 7 of the Rules made thereunder from the Assistant Sales Tax Officer, Diu noting the third additional place of business at Bhenslore, Dunetha, Nani Daman with effect from February 16, 2004.

91. Certificate of Registration No. DI/CST/371 dated September 26, 1996 under Section 7(2) of the Central Sales Tax Act, 1956 from the Assistant Sales Tax Officer, Diu in relation to registration as a dealer in Wind Mill / Turbine Generator with tower and parts thereof. This certificate is valid till the Company continues to deal in the above-mentioned goods or it is cancelled.

92. Amendment to the Registration Certificate No. DI/CST/371 dated September 26, 1996 in accordance with Rule 7 (1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 from the Assistant Sales Tax Officer, Diu amending the registration certificate to be deemed to be issued under Section 7(1) of the Central Sales Tax Act, 1956 with effect from September 26, 1996.

93. Amendment to the Registration Certificate No. DI/CST/371 dated February 3, 2000 made in accordance with Rule 7(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 from the Assistant Sales Tax Officer, Diu noting new place of business at Plot No.H.24 & H.25, Mahatma Gandhi Udhyognagar Industries Estate, Daman.

94. Amendment to the Registration Certificate No. DI/CST/371 dated May 3, 2001 made in accordance with Rule 7(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 from the Assistant Sales Tax Officer, Diu noting new place of business at Survey No. 306/1 & 306/3, Bhimpore, Nani Daman with effect from March 30, 2001.

95. Amendment to the Registration Certificate No. DI/CST/371 dated February 25, 2004 made in accordance with Rule 7(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 from the Assistant Sales Tax Officer, Diu noting new place of business at Bhenslore, Dunetha, Nani Daman with effect from February 16, 2004.

Pondicherry

96. Certificate of Registration No. 14277/PRC/Dt21/08/2003 dated August 21, 2003 under Section 7(1) / 7(2) of the Central Sales Tax Act, 1956 from the Deputy Commercial Tax Officer, Pondicherry in relation to the registration of the main office located at Thiruvandar Koil, Manadipet, Pondicherry as a dealer in the business of manufacturing wind operated electricity generators and parts thereof. This certificate is to remain valid until cancelled.

97. Certificate of Registration No. D1/703915/2003-2004 dated August 21, 2003 under Section 22 of the Pondicherry General Sales Tax Act, 1967 from the Deputy Commercial Tax Officer, Pondicherry in relation to registration of the main office located at Thiruvandar Koil, Manadipet, Pondicherry as a dealer and having not more than one place of business.

Chennai

98. Certificate of Registration No. CST 31383 dated December 3, 2003 valid from March 11 2002 under Section 7(1) / 7(2) of the Central Sales Tax Act, 1956 from the Commercial Tax Officer in relation to the registration as a dealer for the business of windmills and spares. This certificate is to remain valid until cancelled.

99. Certificate of Registration TNGST No. 0600695 dated December 3, 2003 valid from March 11 2002 under Section 20 of the Tamil Nadu General Sales Tax Act, 1959 in relation to the registration as a dealer.

Rajasthan

100. Certificate of Registration TIN No. 08822108057 dated May 26, 2003 with effect from May 19 2003 under Rule 18 of the Rajasthan Sales Tax Act 1994 from the Assistant Commissioner, Jaipur in relation to registration as a wholesaler and retailer. This certificate is valid until cancelled.

Baroda

101. Certificate of Registration No. Guj 99915272 dated December 3, 2004 with effect from November 23, 2004 under Section 7(1) & 7(2) of the Central Sales Tax Act, 1956 in relation to registration as a manufacturer of wind mill and job works. This certificate is valid until cancelled.

102. Certificate of Registration No. AADCS0472NXM001 dated May 6, 2005 under Rule 9 of the Central Excise Rules, 2002 in relation to registration as a manufacturer of excisable goods for the unit located at Manjusar, Savli, Vadodara, Gujarat.

103. Certificate of Registration No. AADCS0472NXM002 dated May 6, 2005 under Rule 9 of the Central Excise Rules, 2002 in relation to registration as a manufacturer of excisable goods for the unit located at Chhanni, Vadodara, Gujarat.

104. Certificate of Registration No. AADCS0472NXM003 dated June 8, 2005 under Rule 9 of the Central Excise Rules, 2002 in relation to registration as a manufacturer of excisable goods for the unit located at Vadadala, Savli, Plot No. 111, Vadodara, Gujarat.

105. Certificate of Registration No. AADCS0472NXM004 dated June 9, 2005 under Rule 9 of the Central Excise Rules, 2002 in relation to registration as a manufacturer of excisable goods for the unit located at Plot No. 541, Halol, Vadodara Road, Ishwarpura, Asoj, Jarod, Vadodara, Gujarat.

Miscellaneous

106. Certificate of Importer-Exporter Code No. 2495002021 (IEC Code) issued on September 28, 1995.

107. Letter No. 24/04/130/00202/AM'96 dated August 8, 2004 from the office of the Joint. Director of Foreign Trade recognising the following branches as export-import units.:

- Diu –Vanakbara Road, Malala;
- Mahatma Gandhi Udyognagar, Dabhel, Daman;
- NR Hotel, Gulmohar Pune, Maharashtra;
- Rajkot, Gujarat;
- Bhimpore Nani Daman Diu and Nagar Havelli;
- Godrej Millenium, 5th Floor 9, Koregaon Park Road, Pune;
- 1204-1208 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai - 400021
- Thiruvandarkoil, Tehsil Villianur Dist. Mannadipet, Pondicherry;
- Bhenslore. Village Dunetha Nani Daman, Daman;
- 104, 1st floor Delta Wings, Raheja Towers, 177 Anna Salai Chennai;
- Unit 101, Prestige Towers, 100/25 Ward No. 76 FM KM Cariappa Road, Bangalore;
- 106 1st floor Delta Wings, Raheja Towers 177, Anna Salai, Chennai;
- Room No. 2325, No. 1 Block China World Trade Centre, Jianguomenwai Street, Chaoyang Dist, Beijing, China; and
- Plot No. 50, 51, 52, 54 and 55 Village Manjusar, Taluk Savli, District Baroda.

108. Registration Certificate No. RCMC:B:MFG:728:2000-2001 dated August 8, 2000 from the Engineering Export Promotion Council. This certificate is valid until November 30, 2005.

109. Registration Certificate RCMC No. FIEO/WR/A-7944/2004-05 August 25, 2004 from the Federation of Indian Export

Organisations. This certificate is valid until March 31, 2006.

110. Export House Certificate of Recognition No. 012730 dated April 7, 2004 issued by the Joint Director General of Foreign Trade. This certificate is valid until March 31, 2007.

Pending Applications

111. Work Order for the Germanischer Lloyd type certification No. SEL/IMP/SCS/04-05/16 dated July 8, 2004 for the S88.2 MW series 80 m tubular tower.

112. Application dated November 23, 2004 for the change of place for Certificate of Registration No. 0929005872 dated August 12 2002 with effect from July 01, 2002 under Rule 10 of Gujarat Sales Tax Act 1969 which was for Dhank in the State of Gujarat to Ahmedabad.

113. Application dated March 21, 2005 for the renewal of consent to use the diesel generator sets dated October 20, 2003 for Unit 3.

114. Agreement No. 33725 dated August 17, 2005 between the Company and C-WET for testing of the S52 / 0.6 MW WTG.

115. Agreement No.11284 dated August 16, 2005 between the Company and C-WET for certification of the S52 / 0.6 MW WTG.

116. Agreement No. 33724 dated August 17, 2005 between the Company and C-WET for testing of the S70 / 1.25 MW WTG.

117. Agreement No. 11401 dated August 17, 2005 between the Company and C-WET for certification of the S70 / 1.25 MW WTG.

118. Work Order for the Germanischer Lloyd type certification No. 4600000185 dated July 16, 2005 for the S64 / 1.25 MW re-certification.

119. Work Order for the Germanischer Lloyd type certification No. 4600000145 dated April 4, 2005 for the S66 / 1.25 MW certification.

120. Applications dated December 6, 2004 from the Company to the Joint Director Industrial Safety and Health, Vadodara for the Factory License for the unit located at Manjusar, Savli, Vadodara

121. Applications dated December 6, 2004 and January 7, 2005 from the Company to the Joint Director Industrial Safety and Health, Vadodara for the approval of the plan for the unit located at Manjusar, Savli, Baroda.

122. Application dated June 28, 2005 for factory license from the Company to the Joint Director Industrial Safety and Health, Baroda for the approval of the plan for the unit located at for the unit located at Plot No. 541, Halol, Vadodara Road, Ishwarpura, Asoj, Jarod, Vadodara, Gujarat.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on March 28, 2005, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the general meeting of the shareholders of the Company held on June 16, 2005 at Ahmedabad.

The board of directors of Citicorp at its meeting held on June 15, 2005 approved the Offer for Sale of Equity Shares by Citicorp.

The Company is in the process of applying to the Reserve Bank of India for permission for the sale of Equity Shares as part of the Issue.

Prohibition by SEBI, RBI or governmental authorities

Neither we, nor our Directors or the Selling Shareholder or the Promoters or the Promoter Group Companies, or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Neither we nor our directors, subsidiaries, directors of subsidiaries or associates, promoters, promoter group companies or relatives of promoters have been detained as wilfull defaulters by the RBI or government authorities. There are no violations of securities laws committed by any them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained under with eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;
- Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years; and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;
- The proposed Issue size is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Clause 2.2.1(e) of the SEBI Guidelines;

The Company's unconsolidated net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Prospectus under the section "Financial Information", as at, and for the last five years ended FY 2005 are set forth below:

(In Rs. millions)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Net Tangible Assets(1)	1,426.4	2,678.6	3,565.6	5,471.5	10,870.7
Monetary Assets(2)	1,023.3	435.1	522.4	603.6	882.0
Net profits, as restated	870.1	1,207.1	550.9	1,250.9	3,819.3
Net worth, as restated	1,368.2	2,387.8	2,868.7	3,982.9	9,295.7

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(2) Monetary assets include cash on hand and bank. Detailed figures are given in the section titled "Financial Information" beginning on page 165 of this Prospectus.

(3) The distributable profits of the Company as per section 205 of the Companies Act has been calculated from the audited financial statements of the respective years/period before making adjustments for restatement of Financial Statements.

Further, the Issue is subject to the fulfilment of the following conditions as required by the SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, THE SENIOR CO-BOOK RUNING LEAD MANAGER, CLSA INDIA LIMITED AND THE CO-BOOK RUNING LEAD MANAGER, YES BANK LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS AND CO- BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND THE SENIOR CO-BOOK RUNING LEAD MANAGER, CLSA INDIA LIMITED AND CO-BOOK RUNNING LEAD MANAGER, YES BANK LIMITED HAVE FURNISHED TO SEBI, DUE DILIGENCE CERTIFICATES DATED JULY 11, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**
3. **WE CONFIRM THAT:**
   - **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
   - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**

- **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."**

4. **WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

   ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY."

   THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Note:

Our Company, our Directors, the Selling Shareholder, the BRLMs and the CBRLMs accept no responsibility for statements made otherwise than in this Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.suzlon.com, would be doing so at his or her own risk.

The BRLMs and the CBRLMs accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLMs, the CBRLMs, the Selling Shareholder and us dated July 9, 2005 and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and us.

All information shall be made available by us, the BRLMs and the CBRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non-residents including FIIs, NRIs and other eligible foreign investors. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any person to whom it is

unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Accordingly, the Equity Shares are only being offered or sold in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act"), in reliance on Rule 144A of the Securities Act and outside the United States to certain persons in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter dated August 1, 2005, permission to us to use NSE's name in this Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 100 million and the market capitalization shall not be less than Rs. 250 million at the time of listing). The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated July 19, 2005, permission to the Company to use BSE's name in this Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, was delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with RoC.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight (8) days after our Company and the Selling Shareholder becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, the Selling Shareholder and every Director of the Company who is an officer in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allocation for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue; and (b) Book Running Lead Managers, Co- Book Running Lead Managers, Syndicate Members, Escrow Collection Bank(s) Registrar to the Issue and the Monitoring Agency, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

SNK & Co., our Auditors and S.R. Batliboi & Co., Chartered Accountants, our Joint Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for filing with the RoC.

Expert Opinion

We have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expenses (in Rs. millions)
Lead management fees and underwriting commissions	270.0
Advertising and Marketing expenses	33.0
Printing and stationery	57.0
Registrars	10.0
Others (monitoring agent, legal fee, etc.)	100.0
Total estimated Issue expenses	470.0

The lead management fees and the underwriting commissions shall be shared between the Company and the Selling Shareholder in the proportion to the number of shares sold to the public as part of the Issue. In addition to the above, listing fees will be paid by the Company

Fees Payable to the BRLMs, the CBRLMs, Brokerage and Selling Commission

The total fees payable to the BRLMs and the CBRLM including brokerage and selling commission for the Issue will be as per the memorandum of understanding executed between the Company, the Selling Shareholder and the BRLMs and the CBRLMs dated July 9, 2005, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar's memorandum of understanding dated July 1, 2005 copy of which are available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post or speed post or under certificate of posting.

Bidding Period / Issue Period

BID / ISSUE OPENS ON : SEPTEMBER 23, 2005

BID / ISSUE CLOSES ON : SEPTEMBER 29, 2005

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the NSE and the BSE .

The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and the CBRLMs and at the terminals of the Syndicate.

Designated Date and Allotment of Equity Shares

(a) The Company and the Selling Shareholder will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.

(b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Letters of Allotment or refund orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. We shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for the purpose shall be made available to the Registrar by us.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Issue Closing Date; and
- We shall pay interest at 15.0% per annum (for any delay beyond the 15-day time period as mentioned above), if Allotment is not made, refund orders are not despatched and/or demat credits are not made to Bidders within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Companies Under The Same Management

Except as stated in "Our Promoters" on page 110 of the Prospectus, there are no companies under the same management.

Particulars Regarding Public Issues During The Last Five Years

We have has not made any public issue during the last five years.

Promise *versus* Performance

This is the first public Issue of the Company.

Issues otherwise than for cash

Other than as stated in "Capital Structure" on page 17 of the Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Purchase of Property

Except as stated in the section titled "Objects of the Issue" in this Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 155 of this Prospectus, we have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Stock Market Data For Our Equity Shares

This being the initial public Issue, the Equity Shares are not listed on any stock exchange.

Mechanism For Redressal of Investor Grievances

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Karvy Computershare Private Limited giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the respective Syndicate Member or collection centre where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue to address routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Hemal A. Kanuga, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

"Suzlon", 5, Shrimali Society
Near Shri Krishna Complex
Navrangpura
Ahmedabad 380009
Tel: (91 79) 2647 1100
Fax: (91 79) 2656 5540

Changes in Auditors

Name of Auditor	Date of Appointment	Reasons for change
SNK & Co.	September 25, 2004	Reappointment as Auditor
S.R.Batliboi & Co., Chartered Accountants	September 25, 2004	Appointment as Joint Auditor

Capitalisation of Reserves or Profits

Except as stated below we have not capitalised our reserves in the last five years, which have been utilised for the issue of bonus shares currently outstanding:

Date of AGM/EGM	No. of Bonus Shares Issued
February 25, 2002	6,086,950
September 30, 2003	12,173,900
September 25, 2004	57,948,600
June 16, 2005	173,845,800

Revaluation of Assets

We have not revalued our assets in the past five years.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and the Articles of Association of the Company, the terms of this Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on March 28, 2005, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the general meeting of the shareholders of the Company held on June 16, 2005 at Ahmedabad.

The board of directors of Citicorp at its meeting held on June 15, 2005, approved the Offer for Sale of Equity Shares.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and the Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company, including rights in respect of dividends. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled “Main Provisions of the Articles of Association” on page 307 of this Prospectus.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Prospectus at a total price of Rs. 510 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The face value of the shares is Rs. 10 and the Issue Price is 51 times of the face value

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled “Main Provisions of the Articles of Association” on page 307 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 12 Equity Shares. For details of allocation and allotment, see the section titled "Issue Procedure—Basis for Allotment" on page 302 of this Prospectus.

Nomination Facility to the Investor

In the nature of the rights specified in Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the Registrar and Transfer Agents of our Company.

In the nature of the rights stated in Section 109B of the Companies Act, any person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Fresh Issue to the public to the extent of the amount payable on application, including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount (i.e., 60 days from the Bid Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

The requirement for minimum subscription is not applicable to the Offer for Sale.

In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Subscription by Non-Residents, NRI, FIIs

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered

with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Issue.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company and the Selling Shareholder, in consultation with the BRLMs and CBRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

ISSUE STRUCTURE

The present Issue of 29,340,000 Equity Shares Rs. 10 each, at a price of Rs. 510 for cash aggregating Rs. 14,963.4 million is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	Not less than 17,253,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 2,875,500 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 8,626,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 585,000 Equity Shares
Percentage of Issue Size available for allocation	Not less than 60% of Net Issue or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum 10% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 30% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 2% of the Issue Size
Basis of Allocation if respective category is oversubscribed	Discretionary	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares thereafter.	12 Equity Shares and in multiples of 12 Equity Share thereafter.	12 Equity Shares and in multiples of 12 Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 5,000,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with	NRIs, Resident Indian individuals, HUF (in the name of *Karta*), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Eligible Employees

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.			
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum- Application Form to the Syndicate Members.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid -cum-Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid -cum-Application Form to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum - Application Form to the Syndicate Members.
Margin Amount	Nil	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price subject to minimum 60% of the Net Issue being allocated to QIBs. Under-subscription, if any, in any category, would be allowed to be met with spillover from any other portions at the discretion of the Company and the Selling Shareholder, in consultation with the BRLMs and the CBRLMs.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Undersubscription, if any, in the Employee Reservation Portion will be added back to Retail Portion. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not less than 60% of the Net Issue shall be available for allocation on a discretionary basis to QIB Bidders. Further not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. The Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate, without assigning any reason thereof. In case of Non-Institutional Bidders, Retail Individual Bidders and Employee Reservation Portion, the Company and the Selling Shareholder would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised us to make the necessary changes in this Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian public including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders	Green
NRIs and FIIs	Blue
Eligible Employees	Red

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs, the CBRLMs the Syndicate Members and any associate of the BRLMs, the CBRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary and will not be eligible in the QIB Portion. Further, the BRLMs, the CBRLMs and Syndicate Members shall not be entitled to subscribe to or purchase Equity Shares in this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by NRIs

Bid-cum-Application Forms have been made available for NRIs at the registered office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 287,531,380 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed the limits prescribed under these regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 12 Equity Shares and in multiples of 12 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter. The maximum Bid in this category by an employee cannot exceed Rs. 5,000,000.

Information for the Bidders

(a) The Company has filed the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date/ Issue Opening Date.

(b) The members of the Syndicate have circulated copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

(c) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs, CBRLM or Syndicate Members or their authorized agent(s) to register their Bid.

(d) Any investor (who is eligible to invest in our Equity Shares according to the terms of this Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

(e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) The Company, the BRLMs and the CBRLMs shall declare the Bid Opening Date/Issue Opening Date, Bid Closing Date/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Gujarati). This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The Syndicate Members shall accept Bids from the Bidders during the Issue Period.

(b) Investors who are interested in subscribing for the Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

(c) The Bidding Period shall be a minimum of three working days and not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in three national newspapers (one each in English and Hindi, a Gujarati newspaper and at the terminals of the members of the Syndicate as well as on the websites of BRLMs and CBRLMs). The Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding ten working days.

(d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure–Bids at Different Price Levels" on page 290 of this Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure–Build up of the Book and Revision of Bids" on page 293 of this Prospectus.

(f) The Syndicate Members will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.

(h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page 299 of this Prospectus.

Bids at Different Price Levels

1. The Price Band was fixed at Rs. 425 to Rs. 510 per Equity Share of Rs. 10 each, Rs. 425 being the Floor Price and Rs.510 being the Cap Price. The Bidders could bid at any price within the Price Band.

2. In accordance with SEBI Guidelines, the Company and the Selling Shareholder reserve the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE, by issuing a public notice in three national newspapers (one each in English, Hindi and Gujarati), and also by indicating the change on the websites of the BRLMs, the CBRLMs and at the bidding terminals of the members of the Syndicate.

4. The Company and the Selling Shareholder, in consultation with the BRLMs and the CBRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

5. Bidders can bid at any price within the Price Band. Bidders have to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders, Non-Institutional Bidders and Eligible Employees bidding in excess of Rs. 100,000 and such Bids from QIB Bidders, Non Institutional Bidders and Eligible Employees shall be rejected.**

6. Retail Individual Bidders who bid at the Cut-off Price and employees bidding under the Employee Reservation Portion at Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees, who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and employees bidding under the Employee Reservation, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 12 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company and the Selling Shareholder shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Selling Shareholder, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, who is required to pay Margin Amount greater than 0% shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled “Issue Procedure-Payment Instructions” on page 299 of this Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for

the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and permanent employees in the Employee Reservation Portion, would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" on page 285 of this Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and the CBRLMs. If the payment is not made favouring the appropriate Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the members of the Syndicate, do not waive such payment, the full amount of payment has to be made at the time of submission of the bid form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The Syndicate Members will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) BSE and NSE will aggregate demand and price for Bids registered on the electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at www.nseindia.com.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor;
- Investor Category –Individual, Corporate, FII, NRI or mutual fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid price;
- Bid-cum-Application Form number;
- Whether payment is made upon submission of Bid-cum-Application Form; and
- Depository Participant identification No. and client identification No. of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate, the Selling Shareholder or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Bids under the Non-Institutional Portion, Bids under the Retail Portion and Bids under Employee Reservation Portion, would not be rejected except on the technical grounds listed in this Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the Selling Shareholder, the BRLMs or the CBRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the CBRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price-level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs and the CBRLMs, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid Closing Date/Issue Closing Date, the BRLMs and the CBRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company and the Selling Shareholder.

(b) The Company and the Selling Shareholder, in consultation with the BRLMs and the CBRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted in each portion and the allocation to successful QIB Bidders. The allocation will be decided based *inter alia*, on the quality of the Bidder, and the size, price and time of the Bid.

(c) The allocation for QIB Bidders for not less than 60% of the Net Issue would be discretionary. The allocation to Non-Institutional Bidders of not less than 10% of the Net Issue and Retail Individual Bidders of not less than 30% of the Net

Issue, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under subscription, if any, in Non-Institutional, Retail and Employee Reservation categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company, BRLMs and CBRLMs.

(e) Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for Allotment of Equity Shares to them.

(f) The BRLMs and the CBRLMs, in consultation with the Company and the Selling Shareholder, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) The Company reserves the right to cancel the Fresh Issue any time after the Bid Opening Date/Issue Opening Date but before Allotment without assigning any reasons whatsoever. The Selling Shareholder reserves the right to cancel the Offer for Sale any time after the Bid Opening Date/Issue Opening Date but before Allotment without assigning any reasons whatsoever.

(h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date.

(i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

(a) The Company, the Selling Shareholder, the BRLMs, the CBRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) The BRLMs, the CBRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.

(b) The BRLMs, the CBRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (green in colour) or Non-Resident Bid cum Application Form (blue in colour) or Employee Reservation Portion Bid cum Application Form (red in colour), as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the bid is within the price band;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating Allotment of PAN along with the application for the purpose of verification of the number, with the Bid-cum-Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
- Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not provide your GIR number instead of your PAN;
- Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000);
- Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Bid accompanied with Stockinvest.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (green colour for Resident Indians, blue colour for NRIs and FIIs and applying on repatriation basis and red colour for Bidders under Employee Reservation portion).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

- The Bids from the Retail Individual Bidders must be for a minimum of 12 Equity Shares and in multiples of 12 thereafter subject to a maximum Bid Amount of Rs. 100,000.
- For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 12 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- For Employee Reservation Category, the Bid must be for a minimum of 12 Equity Shares in multiple of thereafter subject to a maximum of Bid Amount does not exceed Rs. 5,000,000.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of SEL and its subsidiaries who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be :

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. red colour Form).
- Eligible Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form:
- Employee Number
- The sole/ first bidder should be Eligible Employees as defined above.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- The maximum bid in this category by any Eligible Employee cannot exceed Rs. 5,000,000.
- Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 585,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder, BRLMs and the CBRLMs. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than 585,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para “Basis of Allotment” on page 302 of this Prospectus.
- This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant**. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the CBRLMs nor the Company nor the Selling Shareholder nor the Registrar shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the Selling Shareholder nor the BRLMs nor the CBRLMs nor the Registrar shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye-laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company and the Selling Shareholder in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that the Company, the Selling Shareholder and the BRLMs and the CBRLMs may deem fit.

In the event that the Bid cum Application Form of a Bidder is rejected for any reason, the Company and the Selling Shareholder in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid-cum-Application Forms from the Registrar to the Issue or BRLMs or the CBRLMs whose addresses are printed on the cover page of this Prospectus.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By FIIs for a minimum of such number of Equity Shares and in multiples of 12 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled “Issue Procedure–Maximum and Minimum Bid Size” on page 289 of this Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees, foreign venture capital investors.
- Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for NRIs and FIIs. All NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company and the Selling Shareholder shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account

- The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and the CBRLMs.
- The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Bidders : **"Escrow Account Suzlon Energy Limited Public Issue"**
  - In case of Non Resident Bidders: **"Escrow Account Suzlon Energy Limited Public Issue -NR"**
  - In case of Eligible Employees: **"Escrow Account Suzlon Energy Limited Public Issue -Employee"**

In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non-Resident Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Banker to the Issue.
- On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/ money orders/postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. Mention application form number on reverse of instrument to avoid misuse.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate bid may be made in respect of each scheme of the mutual fund registered with SEBI and such bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the bids clearly indicate the scheme concerned for which the bid has been made.

Bid-cum-Application Form by Eligible Employees can also be made in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

The Company and the Selling Shareholder reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all portion.

PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card; (b) Passport; (c) Driving License; (d) Identity Card issued by any institution; (e) Copy of the electricity bill or telephone bill showing residential address; (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address; and (g) Any other documentary evidence in support of address given in the declaration. **It may**

be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

Right to Reject Bids

The Company, the Selling Shareholder, the BRLMs and the CBRLMs reserve the right to reject any Bid without assigning any reason therefore in case of QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company, the Selling Shareholder have a right to reject Bids on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- PAN photocopy/ PAN Communication/ Form 60 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- Submission of the GIR number instead of the PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders applying for greater than 100,000 Equity Shares;
- Bids for number of Equity Shares, which are not in multiples of 12;
- Category not ticked;
- Multiple Bids as defined in this Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and /or joint Bidders missing;
- Bid-cum-Application Forms does not have the stamp of the BRLMs, the CBRLMs or the Syndicate Members;
- Bid-cum-Application Forms does not have Bidder's depository account details;
- Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid Opening Date/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure–Bids at Different Price Levels" at page 290 of this Prospectus;
- Bids by OCBs;
- Bids by employees of SEL or its subsidiaries who are not Indian nationals and are not in India on the date of submission of the Bid-cum-Application form in the Issue;
- Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 8,626,500 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 8,626,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,875,500 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 2,875,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allocation would be decided by the Company and the Selling Shareholder in consultation with the BRLMs and the CBRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price aggression and earliness of the Bid.
- The aggregate allocation to QIB Bidders shall not be less than 17,253,000 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 585,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 585,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 12 Equity Shares and in multiple of 12 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

Method of proportionate basis of allocation in the Retail, Non-Institutional and Employee Reservation Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate Allotment to a Bidder is a number that is more than 12 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate Allotment is less than 12 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 12 Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be Allotted a minimum of 12 Equity Shares.

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialised Form with NSDL or CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated August 6, 2005, with NSDL, us and Registrar to the Issue; and
- a tripartite agreement dated July 19, 2005, with CDSL, us and Registrar to the Issue. This is to be executed prior to the filing of the Red Herring Prospectus with the RoC.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;
- that the funds required for dispatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Selling Shareholder undertake that:

- the Equity Shares being sold pursuant to the offer to the public, such shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- the funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- that the Complaints received in respect of this Issue shall be attended to by the Selling Shareholder expeditiously and satisfactorily. The Selling Shareholder has authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors; and
- that the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time.

The Company and the Selling Shareholder shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Company shall transfer to the Selling Shareholder, the proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Fresh Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company and the Selling Shareholder shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Disposal of Applications and Applications Money and Interest in Case of Delay in Despatch of Allotment Letters/Refund Orders

We shall ensure dispatch of Allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of finalisation of Allotment of Equity Shares. The Company and the Selling Shareholder shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder's sole risk and adequate funds for the purpose shall be made available to the Registrar by the Company and the Selling Shareholder.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of Allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- allotment shall be made only in dematerialised form within 15-days of the Bid Closing Date/Issue Closing Date;
- dispatch refund orders within 15 days of the Bid Closing Date/Issue Closing Date would be ensured; and
- we shall pay interest at 15% per annum (for any delay beyond the 15-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

The Company is in the process of applying to the Reserve Bank of India for permission for the sale of Equity Shares as part of the Issue.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of Suzlon Energy Limited.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of Suzlon Energy Limited are set forth below:

Copies of Memorandum and Articles to be furnished by the Company

4. Pursuant to Section 39 of the Act, the Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a prescribed fee, a copy of each of the following documents, as in force for the time being

   (i) the Memorandum;

   (ii) the Articles, if any;

   (iii) every other agreement and every resolution referred to in Section 192, of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.

Company's funds may not be applied in purchase of or lent for shares of the Company.

5. (i) Notwithstanding anything contained in the Articles but subject to the Section 77A and Section 77B of the Act, the Company may purchase its own shares ("Buy Back") out of:

   (a) its free reserves;

   (b) the Share premium account;

   (c) the proceeds of any Shares;

   provided that no Buy-Back of any kind of Shares shall be made out of the proceeds of an earlier issue of the same kind of Shares.

   (ii) The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

   Provided that nothing in this clause shall be taken to prohibit:

   (a) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or

   (b) the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.

   (c) No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.

   (d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

6. (a) The Authorized Share Capital of the Company shall be as per Paragraph V of the Memorandum of Association of the Company with power to increase or reduce the share capital of the Company and divide the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

7. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

(a) Subject to the provisions of Sections 80, 81 and 85 to 90 to the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of capital

(b) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of the increased share capital.

(i) such further shares shall be offered to the persons who at the date of 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.

(ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than one month from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice shall contain a statement of this right.

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(c) Notwithstanding anything contained in the preceding sub-clause the Company may:

(i) by a special resolution; or

(ii) where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Offer further shares to any person or persons, and such person or persons may or may not include the person/s who at the date of the offer, are the holders of the equity shares of the Company.

(d) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

(e) Notwithstanding anything contained in these Articles, and subject to the provisions of Article 243, the Company may create, issue or allot equity Shares if in each instance, except in a case falling under clause (g) herein, the then shareholders of the Company shall have previously or simultaneously adopted at a general meeting of the Company a special resolution under Section 81(1A) of the Act pursuant to which CC and CIFC shall effectively be granted a right to subscribe for a portion of such proposed issue of equity Shares or instruments to ensure that CC and CIFC shall have the option to subscribe to additional equity Shares in accordance with the terms of the Shareholders' Agreements and Subscription Agreements;

(f) The Company shall keep available for issue sufficient equity Shares to enable it to comply with its obligations under Article 7 (e) as above.

(g) Subject to Article 243(b)(viii), if the Company proposes to create, issue or allot (other than pursuant to an Initial Public Offering) equity Shares at a price lower than the CIFC Equity Subscription Price and/or the CC Equity Subscription Price, the Company shall, in the first instance, offer to issue such equity Shares to CC and CIFC. CC and CIFC shall have a period of 90 (ninety) days to accept the offer, in whole or in part.

(i) Should CC and CIFC reject the offer, the equity Shares rejected by CC and CIFC may then be offered to Third Parties.

(ii) Should CIFC and CC accept the whole offer, the equity Shares shall be allotted to CIFC and CC *pro-rata* to their respective shareholdings in the Company at that time.

(iii) Should CIFC and CC accept only part of the Offer, and if the aggregate of the acceptances is less than the offered equity Shares, then CIFC and CC shall be allotted the equity Shares as accepted by them and the balance rejected equity Shares may then be offered to Third Parties, (e.g. Offer = 100 shares. Accepted - CIFC = 30 shares and CC = 40 shares. Allotment CIFC = 30 shares and CC = 40 shares and balance 30 shares to Third Parties).

(iv) Should CIFC and CC accept only part of the Offer, and if the aggregate of the acceptance is more than the offered equity Shares, then CIFC and CC shall be allotted to CIFC and CC *pro rata* to their respective shareholdings in the Company at that time, provided that (i) if CIFC or CC have accepted additional equity Shares after accounting for such *pro rata* allotment, it shall be allotted such additional equity Shares and (ii) neither CIFC nor CC shall be required to take any equity Shares in excess of the number which they have accepted nor shall either of them be entitled to acquire equity Shares pursuant to this Article in excess of the number of equity Shares offered by the Company in the offer.

Directors may allot shares as fully paid up

(h) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

(i) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

8. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed.

Provided that:

(i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;

(ii) no such shares shall be redeemed unless they are fully paid;

(iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;

(iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.

(b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.

(c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized Share Capital.

(d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

(e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

9. Notwithstanding any other provision in the Articles, the preference shares issued to CIFC and CC ("Investor Preference Shares") shall have the following rights, privileges and restrictions:

(a) Income

The profits of the Company available for distribution shall be applied in the following order and manner:

(aa) first, in paying CIFC and CC a fixed cumulative preferential dividend of 0.01% per annum (*pro rata*) until March 31, 2007 and thereafter, 4% per annum (*pro rata*) until conversion or redemption ("Fixed Dividend"), as the case may be and in either case, calculated on the nominal amount paid up or credited as paid up thereon. The Fixed Dividend is payable within 30 (thirty) days of an AGM.

(bb) The rights of repayment and payment of the Investor Preference Shares shall rank *pari passu* as to priority of payment with the dividend rights of the Existing Redeemable Cumulative Preference Shares.

(cc) If the Company is unable to pay the whole of any Fixed Dividend due on its due date because it has insufficient distributable profits, it shall then pay as much of such Fixed Dividend as it is then able to pay and shall pay any balance of such dividend as soon as it is lawfully able to do so.

(dd) The Company shall take all necessary steps lawfully available to it to ensure that its profits available for distribution are sufficient to enable the lawful and prompt payment of the Fixed Dividend on the due dates.

(b) Capital

In the event of the winding up or reduction of capital the assets of the Company available for distribution to the Members shall be paid in the following manner and order of priority, subject to Article 9(b)(iii) below:

(i) Firstly, in paying CIFC and CC all unpaid arrears and accruals of the Fixed Dividend calculated down to and including the date of payment and to be paid whether declared or not and irrespective of whether such unpaid arrears and accruals have become due and payable in accordance with these Articles;

(ii) Secondly, in paying CIFC and CC a sum equal to the capital paid up or credited as paid up on preference shares issued to them;

(iii) Such rights of repayment and payment to rank *pari passu* with the rights attached to the Existing Redeemable Cumulative Preference Shares in relation to repayment of amounts paid up thereof and to payment of any arrears or deficiency of dividend thereon.

(c) Conversion

CIFC is entitled by notice to the Company to convert the CIFC Preference Shares (i) on the occurrence of a Liquidity Event (aa) after December 31, 2005 but before December 31, 2006, into such equity Shares at such price per Share so as to give CIFC a post conversion shareholding of 12.66% of the total equity capital of the Company, (bb) on or after December 31, 2006 but before the Redemption Date, into such equity Shares at such conversion price per Share so as to give CIFC a total post conversion shareholding of 15.60% (assuming there is no further issue of capital) of the total equity capital of the Company; and (ii) if an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 (other than by reason of a *force majeure* event in accordance with the CIFC Shareholders Agreement), into such equity Shares at such conversion price per Share as may be determined between the Parties.

CC is entitled by notice to the Company to convert the CC Preference Shares (i) on the occurrence of a Liquidity Event (aa) after December 31, 2005 but before December 31, 2006, into such equity Shares at such price per Share so as to give CC a post conversion shareholding of 9.72% of the total equity capital of the Company, (bb) on or after December 31, 2006 but before the Redemption Date, into such equity Shares at such conversion price per Share so as to give CC a total post conversion shareholding of 12.10% (assuming there is no further issue of capital) of the total equity capital of the Company; and (ii) if an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 (other than by reason of a *force majeure* event in accordance with the CC Shareholders Agreement), into such equity Shares at such conversion price per Share as may be determined between the Parties. The shareholding percentage mentioned in this paragraph is based on the assumption that the CIFC Preference Shares shall also be converted, failing which, the shareholding by CC in the Company shall be correspondingly higher.

(d) Redemption

The Investor Preference Shares should be redeemed on the Redemption Date subject to the following:

(i) if the Initial Public Offering occurs before December 31, 2005 the Investor Preference Shares should be compulsorily redeemed. Such redemption shall be made out of the proceeds of the Initial Public Offering;

(ii) CIFC and CC are entitled to serve notice upon the Company requiring the Company to redeem their respective Investor Preference Shares on: (aa) on the occurrence a Liquidity Event (and instead of conversion); (bb) the Redemption Date, if an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 (other than by reason of a *force majeure* event in accordance with the Shareholders' Agreements).

In all such cases, redemption of the Investor Preference Shares shall be at par along with all unpaid arrears (and accruals) of the Fixed Dividend calculated down to and including the date of payment and to be paid whether declared or not and irrespective of whether such unpaid arrears (and accruals) have become due and payable in accordance with these Articles.

(e) Voting

In respect to the Investor Preference Shares, CIFC and CC are entitled to all such rights to attend, vote and receive notices of general meetings as set out in Section 87 of the Act.

(f) Further Issues and Modification of Rights

Except for the *pari passu* rights of the Existing Redeemable Cumulative Preference Shares referred to in Articles 9 (a)(bb) and 9 (b) (iii) above), no class of shares shall rank *pari passu* in any respect with, and no class of shares shall rank in priority to, the Investor Preference Shares, without the consent of CIFC and CC.

(g) Arrears of Preferential Dividend

On the date of conversion or redemption, as the case may be, the Company shall simultaneously record in its books of account as a liability due to CIFC and CC, any arrears of cumulative accrued dividends due to CIFC and CC with respect to the Investor Preference Shares.

(h) The provisions of Article 10 shall not apply to the Investor Preference Shares.

Provision in case of Redemption of Preference Shares

10. Except in relation to the Investor Preference Shares, the Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the divided shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:

(a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made as its registered office in the presence of one Director at least; and

(b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefor.

Reduction of capital

11. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorized by law and in particular without prejudice to the generality of the foregoing power may be:

(a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

12. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:

(a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;

(c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;

(d) cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

13. (a) If the Company has:

(i) consolidated and dividend its Share Capital into shares of larger amount than its existing shares;

(ii) converted any shares into stock;

(iii) reconverted any stock into shares;

(iv) sub-divided its share or any of them;

(v) redeemed any redeemable preference shares; or

(vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act, the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modification of rights

14. If at any time the share capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall *mutatis mutandis* apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 111 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing shareholders

15. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 87 of the Act to apply

16. The provisions of Sections 85 to 87 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

17. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a Foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filing of Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

18. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

19. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be sub-divided

20. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

21. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Share Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in general meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

Every share transferable etc.

22. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.

(ii) Each share in the Company shall be distinguished by its appropriate number.

(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be *prima facie,* evidence of the title of the member of such shares.

Application of premium received on issue of shares

23. (a) Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.

(b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.

(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(ii) in writing off the preliminary expenses of the Company;

(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company, or

(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

24. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares

25. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Deposits and calls etc. to be a debt payable immediately

26. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name

of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognized

27. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

28. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

(b) The Certificate of Title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorized persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

(c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

29. (a) Every member shall be entitled, without payment, to one Certificate for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such Certificates within the time provided by Section 113 of the Act unless the conditions of issue thereof otherwise provide. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Director shall prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be sufficient delivery to all such holders.

(b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity Shares/10 (Ten) Debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in Clause (a) above, the Directors shall, however, comply with such requirements of the Stock Exchange where shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place of one defaced lost or destroyed

30. If any Certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any Certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Re. 1/- for each Certificate) as the Directors shall prescribe. Out of pocket expenses incurred by the Company in investigating the evidence as to the loss or destruction shall be paid to the Company if demanded by the Directors.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or Rules applicable in this behalf.

31. The provisions of the Articles under this heading shall *mutatis mutandis* apply to debentures of the Company.

LISTING OF SHARES

32. (A) The Company will undertake to make an Initial Public Offering and be listed on the National Stock Exchange, the Bombay Stock Exchange or any other recognized international stock exchange approved by CC and/or CIFC before December 31, 2006. In such event, the Promoters agree to exercise their respective voting rights in the Company, and to cause the Board of Directors, to take all actions required for the Company to undertake and complete such Initial Public Offering and be registered for trading as aforesaid, in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 (the "**Guidelines**") (as amended from time to time and as applicable at that point of time) or the regulations or requirements applicable to issuing Shares or securities to investors and listing the same in the Relevant Market. Upon the Company passing a resolution to undertake an Initial Public Offering, the Promoters shall exercise their voting rights in the Company to ensure: (a) such amendments to the Articles as are required for the Initial Public Offering and consequent listing; and (b) the issuance of such number of Shares as are required to meet the minimum dilution requirements, if any, of the relevant stock exchange.

(B) In the event of a listing of the securities of the Company on an international stock exchange, CC and CIFC shall have the right but not the obligation, by providing 3 (three) months' written notice to the Company (the "**Registration Notice**"), to require the Company (a) to convert all or part of their Shares into Depository Receipts as may be permissible under the Indian laws, and (b) to register such Depository Receipts with all appropriate and necessary regulatory authorities ("**Demand Registration"**) provided (1) (one) such Demand Registration may be requested on no more than a total of two occasions with no more than one such request in any period of 12 (twelve) months, (2) such Demand Registration will be subject to limitations recommended by an independent adviser, and (3) the Company shall have the option to delay the Demand Registration for up to 90 (ninety) days to enable it to make the necessary disclosures of material information that would not otherwise be disclosed that time. The Company, CC and CIFC, as the case may be, shall enter into a registration rights agreement in customary form and on customary terms and conditions within 30 (thirty) days of the Registration Notice and, in any event, not later than 3 (three) months prior to the Initial Public Offering.

DEMATERIALISATION OF SECURITIES

33. (1) Notwithstanding anything contained in these Articles, the shareholders/debenture holders of the Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its securities held in the Depository and the Company shall offer fresh shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

(2) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

(3) The share in the capital shall be numbered progressively according to their several denominations. Provided that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

(4) Every person subscribing to shares, debentures or other securities offered by the Company shall have the option to receive such shares, debentures or securities in physical form or to hold the same with a Depository in dematerialised form. Such a person who is the Beneficial owner of the securities can at any time opt out of a depository, if permitted and in the manner provided by law and the Company shall, in the manner and within the time prescribed, issue to the Beneficial owner the required Certificates.

(5) In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act shall apply.

(6) If the shares of the Beneficial owner are held with a Depository, the Company shall intimate such Depository, the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records, the names of the allottees as the Beneficial owner of the security.

(7) (i) A Depository shall be deemed to be the registered owner of the securities for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. Such voting rights shall be vested with the Beneficial owner of the shares of the Company.

(8) Beneficial owner deemed as absolute owner. Save as herein otherwise provided, the Company shall be entitled to treat the persons whose name appears as the Beneficial owner of the shares, debentures and other securities in the records of the Depository as the absolute owner thereof as regard receipt of dividends or bonus on shares, interest/ premium on debentures and other securities and repayment thereof or for service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by the Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares, debentures or other securities as the case may be, on the part of any other person whether or not it shall have express or implied notice thereof but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors or the survivors of them.

(9) Notwithstanding anything in these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(10) The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. Notwithstanding anything in these Articles to the contrary, the Register and Index of Beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch of Register of Members resident in that state or country.

(11) Notwithstanding anything contanced in these Articles to the contrary, the Register and Index of Beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Debenture holders for the purposes of the Act.

(12) Nothing contained in Section 108 of the Act or these Articles shall apply to the transfer of shares, debentures or other securities effected by the transferor or transferee, both of whom are entered as Beneficial owners in the records of the Depository, provided that in respect of the shares, debentures and other securities held by the Depository on behalf of a Beneficial owner, Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall not apply.

(13) Issue of Certificates, if required, in the case of dematerialised shares/debentures/other securities and rights of Beneficial owner of such shares/debentures/other securities. Notwithstanding anything contained in these Articles, certificate, if required, for dematerialised share, debenture and any other security shall be issued in the name of the Depository and all the provisions contained in these Articles in respect of the rights of a member/debenture holder of the Company shall *mutatis mutandis* apply to the Depository as if it were a Member/debenture holder/security holder excepting that and notwithstanding that the Depository shall have been registered as the holder of a dematerialised share, debenture and any other security, the person who is the Beneficial owner of such shares, debentures and other securities shall be entitled to all the rights (other than those set out in these Articles) available to the registered shares, debentures and other securities, in the Company as set out in the other provisions of these Articles.

(14) If a Beneficial owner seeks to opt out of a Depository in respect of any security, the Beneficial owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial owner or the transferee as the case may be.

(15) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

(16) Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

CALLS

Directors may make calls

35. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/ debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all monies unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution

36. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.

Notice of call

37. Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

38. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls

39. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Instalments on shares to be duly paid

40. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

41. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares

42. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When interest on call or instalment payable

43. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

44. Neither a judgment nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

45. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

46. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the monies due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not however be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

47. The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.

LIEN

Company's lien on Shares/Debentures

48. The company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 24 hereof will have full effect.

And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

49. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorize one of their member or appoint any officer or agent to execute a transfer on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/ or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

50. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or instalment not paid notice must be given

51. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other monies remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him pay such call or instalment or such part thereof or other monies as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

(b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other monies as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other monies is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

52. If the requirements of any such notice as aforesaid are not complied with any shares/ debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other monies due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other monies payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

53. When any shares/debenture shall have been so forfeiture, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

54. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

55. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

56. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as, the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

57. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

58. A Certificate in writing under the hand of one Director and countersigned by the Secretary or any other officer authorized by the Directors for the purpose that the call in respect of a Share of debenture was made and notice thereof given and that default in payment of the calls was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 49 and 54

59. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debentures the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/ debentures

60. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

61. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

62. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

63. The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of transfer

64. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, shall be duly complied with in respect of all transfer of share and registration thereof.

Instrument of transfer to be executed by transferor and transferee

65. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

66. (a) Subject to the provisions of Section 111 of the Act, the Directors, may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

(b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transferor, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

67. (a) The Company shall not register any transfer of shares from the Promoters, CC or CIFC unless the transfer is in accordance with the provisions given below:

(b) (i) The Promoters, CC and CIFC shall have an unrestricted right to transfer their shares (and rights relating thereto) or any part thereof to (i) its Affiliates (excluding for the purposes of CC and CIFC, any entity which, directly or indirectly, is engaged in, or has invested in, any business similar to the Business (the **"Excluded Affiliates"**), (ii) *inter-se* between Promoters and/or to any person controlled by any of the Promoters and (iii) up to 1,250,000 equity shares to employees of the Company or Subsidiaries or of any company controlled by the Promoters. Such a Transfer by any Party shall not require the prior consent of the other Parties and shall only be subject to the transferee entity executing a Deed of Adherence.

(ii) Notwithstanding any transfer of rights by the Promoters *inter se* the Promoters or to any person controlled by the Promoters as mentioned in Article 67(b)(i) and notwithstanding the execution of a Deed of Adherence by any transferee of Shares or rights from the Promoters, Mr. Tulsi R. Tanti, Mr. Girish R. Tanti, Mr. Vinod R. Tanti and Mr. Balrajsinh A. Parmar shall continue to be jointly and severally responsible and liable for ensuring that the obligations and liabilities of the Promoters under the Subscription Agreements, Shareholders Agreements, Escrow Agreements and Amendment Agreement are, and continue to be, fulfilled. In the event of any such transfer of rights by the Promoters to a person controlled by the Promoters, such person shall continue to be wholly owned and controlled by any one or more of the Promoters so long as such person holds any Shares or so long as either Shareholders' Agreement continues to subsist.

(iii) Any transfer of rights / Shares by the Promoters *inter se* the Promoters or to any person controlled by the Promoters as mentioned in Article 67(b)(ii) above shall not include transfer of rights / Shares held by any one or more Promoters to Suzlon Capital Limited (notwithstanding that Suzlon Capital Limited is a Promoter). It is further agreed by the Promoters that the equity shareholding of all or any of the Promoters, either directly or indirectly, in Suzlon Capital Limited shall not be reduced to below 50.1% of Suzlon Capital Limited paid-up equity share capital and that the Promoters shall continue to be in control of Suzlon Capital Limited.

(c) Until January 1, 2005 (the **"Permitted Transfer Date"**), CC and CIFC shall not Transfer their shares to any Third Party other than in accordance with the manner provided in Article 67 (b) above.

(d) If, at any time prior to an Initial Public Offering, and, in the case of CC and CIFC, after the Permitted Transfer Date, the Promoters, CIFC or CC (**"Transferor")** desires to transfer all or a portion of the shares (**"Offered Shares"**) held by it/ them to any Third Party, the following procedures shall be complied with:

(i) The Transferor shall notify the other Shareholders (i.e. the Promoters, CIFC or CC, as the case may be) (**"Offeree")** in writing **(**"**Notice of Transfer")** of its intention to Transfer the Offered Shares.

(ii) Within 7 (seven) days from the receipt of Notice of Transfer, the Offeree shall notify the Transferor of its/ their intention to exercise its/ their right of first refusal to purchase the Offered Shares and specify in such notice (**"Exercise Notice"**) the price ("**Offer Price"**) at which it is desirous of purchasing the Offered Shares.

(iiia) If there are more than one Offerees with the same Offer Price and they desire to purchase in excess of the number of Offered Shares and if the Offer Price offered by both the Offerees is the same and is found acceptable by the Transferor, the purchase of the Offered Shares by all such Offerees shall be appropriated *pro-rata*, to the extent possible, to the Shares of the Company then held by such Offerees and the transaction shall be closed within 30 (thirty) days of receipt of such notices of exercise by the Transferor subject to receipt of all required approvals for such transfer.

(iiib) If there are more than one Offerees with different Offer Prices, the Transferor shall sell to the Offeree with the highest Offer Price such of the Offered Shares as such Offeree has agreed to purchase and shall sell the balance of the Offered Shares (if any) to the Offerees if the Offer Price offered by them is found acceptable by the Transferor, and the purchase of the Offered Shares by such Offeree(s) shall be closed within 30 (thirty) days of receipt of such notices of exercise by the Transferor subject to receipt of all required approvals for such transfer.

(iv) If the Offer Price is/are found unacceptable by the Transferor, then subject to the tag-along rights set out at Article 69(A) the Transferor shall be entitled, for a period of 90 (ninety) days from receipt of such Exercise Notice**s** by the Transferor, to sell the Offered Shares to a Financial Investor at a price higher than the highest offer price with the Transferor has found unacceptable and otherwise on terms no more favourable. The acquiring Financial Investor will, however, not be entitled to any rights under these Articles without the consent of the Promoters and the remaining offerees i.e. CIFC or CC, as the case may be.

(e) Notwithstanding anything contained in these Articles, the Promoters shall not be entitled to withdraw the Shares deposited by them with the Escrow Agent except (a) in accordance with the provisions of the Escrow Agreement; or (b) with the prior written consent of CIFC and CC.

68. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

(e) The Company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the Company.

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in share/debenture certificate to several parties involving, splitting of share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

(i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;

(ii) the transfer of the entire Equity shares/debentures by an existing shareholder/ debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity shares/10 (ten) debentures.

(iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing shareholder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

TAG-ALONG RIGHTS

69. (A) In the event that the Promoters, either directly or indirectly, propose to transfer the equity Shares held by them or a part thereof except in accordance with Article 67(b), and so long as an Initial Public Offering has not occurred, CC and CIFC shall have tag-along rights, exercisable at their sole discretion, to participate in such Transfer in the following manner:

(a) If the equity Shares proposed to be transferred represent not less than 25.1% of the equity Shares of the Company, CC and CIFC, as the case may be, shall have the right to require the Promoters to ensure that, in the first instance, all the equity Shares held by CC and CIFC, as the case may be, (or such lesser amount as may be determined by CC and CIFC, as the case may be, in their sole discretion) are transferred for consideration and on terms and conditions at least as favourable as are being offered to the Promoters; and

(b) If the equity Shares proposed to be Transferred represent less than 25.1% of the equity Shares of the Company, CC and CIFC, as the case may be, shall have the right to require a *pro-rata* transfer of the equity Shares held by CC and CIFC, as the case may be, (or such lesser amount as may be determined by CC and CIFC, as the case may be, in their sole discretion) are transferred for consideration and on terms and conditions at least as favourable as are being offered to the Promoters.

(B) The Promoters shall promptly communicate any proposal to transfer their equity Shares pursuant to Article 69(A) above to CC and CIFC, as the case may be, setting out the following details in relation to the Third Party's offer (the "**Sale Notice**"): (i) price per equity Share; (ii) number of equity Shares proposed to be transferred; (iii) identity and material particulars regarding the Third Party; and (iv) material terms and conditions for the proposed transfer. CC and CIFC, as the case may be, shall, within a period of 30 (thirty) days from the date of receipt of the Sale Notice, be entitled to exercise their tag along rights in accordance with Article 69(A) above.

(C) CC and CIFC shall also have unlimited tag-along rights (i.e. the right to make a simultaneous Offer for Sale) in all primary and secondary offerings of the equity Shares of the Company provided that CC and CIFC shall not exercise this right if the exercise of such tag along rights by CC and CIFC, as the case may be, would, in the reasonable opinion of the Lead Arranger, adversely impact the offer price for the equity Shares in a material way solely by reason of a

larger number of equity Shares being offered. Subject to applicable laws, the Company will pay all the expenses of CC and CIFC, as the case may be, (including the fees and expenses of one counsel for CC and CIFC, as the case may be, but excluding underwriters' discounts and selling commissions) in relation to the exercise of such rights.

OTHER SALE RIGHTS

70. (a) In the event that an Initial Public Offering of the equity Shares does not occur prior to January 1, 2007, CC and/or CIFC may, in their sole discretion, exercise any of their sale rights conferred by Article 70(b) and (c) below.

(b) CC and CIFC, as the case may be, may sell their Shares to the Financial Investors and assign their rights under the Transaction Documents including, without limitation, the rights under Articles 243 (viii) and (x), to such Financial Investors provided that at no time can such rights be exercised by more than two (2) investors, including CC and CIFC, as the case may be, and provided further that each such investor holds at least 5% of the paid up share capital of the Company. The provisions of Article 67(d) shall not be applicable to a sale and/or assignment of Shares or rights pursuant to this Article.

(c) (i) CC and CIFC, as the case may be, may require the Company to make an Offer for Sale of the equity Shares. Such Offer for Sale shall be achieved by sale of the equity Shares of the Promoters, CIFC and CC *pro-rata* to the equity Shares deposited by the Promoters, CIFC and CC as set out below.

(ii) In order to give effect to this provision, (a) CIFC has deposited/shall deposit in escrow equity Shares representing 25% (twenty-five per cent) of the CIFC Equity Shares (which include the equity Shares obtained pursuant to the exercise of CIFC's conversion rights in respect of the CIFC Preference Shares) (together the **"CIFC Deposited Shares"**) pursuant to the terms of the Escrow Agreement; (b) CC has deposited/shall deposit in escrow equity Shares representing 25% (twenty-five per cent) of the CC Equity Shares (which include the equity Shares obtained pursuant to the exercise of CC's conversion rights in respect of the CC Preference Shares) (together the **"CC Deposited Shares"**) pursuant to the terms of the Escrow Agreement; (c) the Promoters have deposited/shall deposit in escrow such number of equity Shares as along with the CIFC Deposited Shares and the CC Deposited Shares represent in the aggregate 25% (twenty-five per cent) of the total equity capital of the Company pursuant to the terms of the Escrow Agreement.

(iii) Should however the Public Offer Regulations specify a percentage lower than 25% (twenty-five per cent) for making a net offer to the public (**"Minimum Net Offer Requirement"**), equity Shares in excess of the Minimum Net Offer Requirement may be offered *pro-rata* to the equity Shares deposited by the Promoters, CIFC and CC in escrow, provided however that CIFC and/or CC shall be entitled to offer such further number of equity Shares, as, in the reasonable opinion of the Lead Arranger would not adversely impact the offer price for the equity Shares in a material way solely by reason of a larger number of equity Shares being offered. The Promoters and the Company shall co-operate and do all necessary acts to enable a successful completion of such Offer for Sale.

(iv) Where CIFC or CC proposes to sell its equity Shares in accordance with these Articles, then they shall be entitled to withdraw the equity Shares deposited by them respectively with the Escrow Agent in accordance with the provisions of the Escrow Agreement.

Custody of instrument of transfer

71. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer books and Register of members when closed

72. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Transfer to Minors, etc.

73. Only fully paid shares or debentures shall be transferred to a minor acting through his/ her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title of shares of deceased holder

74. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 77 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

75. (a) Subject to the provisions of Articles 74 and 86(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee and instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Claim and to be entitled to same advantage

76. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

77. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or monies as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other monies payable in respect of the share/debenture.

78. Article 77 shall not prejudice the provisions of Article 48 and 59.

Refusal to register nominee

79. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

80. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No fees on transfer or transmission

81. No fees shall be charged for registration of transfer, probate, succession certificate and letters of administration, certificate

of death or marriage, power of attorney or similar other documents.

The Company not liable for disregard of a notice prohibiting registration of transfer

82. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting, so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

83. The provisions of these Articles shall *mutatis mutandis* apply to the transfer or transmission by operation of law, of debentures of the Company.

Directors may refuse any application for split or consolidation of Certificate(s)

84. Subject to the power of the Directors stated in Article 66 and the provisions of this clause, transfer of Shares/Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/Debenture Certificate into several scripts of very small denominations or to consider a proposal for transfer of Shares/Debentures comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/ transfer appears to be unreasonable or without a genuine need or a marketable lot.

JOINT HOLDERS

Joint holders

85. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

86. (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

(b) In the case of a transfer of share/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

(c) The joint holder of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

(d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

(e) Any one of such joint holders may give effectual receipts of any dividends, interest or other monies payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first name holder

(f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (3)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holder

(g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney than that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by an Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

87. The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 186 of the Articles of Association of the Company:

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies where the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will 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.

(e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent, of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act, during the three financial years immediately preceding, whichever is greater.

Conditions on which money may be borrowed

88. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc. to be subject to the control of Directors

89. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.

Securities may be assignable free from equities

90. Debentures, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

91. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of certificate

(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of and Inspect Trust Deed

(h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.

(1) in the case of a printed Trust Deed such sum as may be prescribed under the Act or Rules framed thereunder and

(2) in the case of a Trust Deed which has not been printed of Rupee One for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

Mortgage of uncalled capital

92. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

93. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Trust not recognized

95. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS

Powers to issue share warrants

96. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

97. (a) The bearer of share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting, and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.

(b) Not more than one person shall be recognized as depositor of the Share Warrant.

(c) The Company shall on two days' written notice return the deposited share warrant to the depositor.

Privileged and disabilities of the holders of share warrant

98. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of the privileged of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

Issue of new share warrant or coupon

99. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARE INTO STOCK AND RECONVERSION

Share may be converted into stock

100. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of Stock holders

101. The holders of stock shall, according to the amount of stock, held by them have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the share from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and the assets on winding up) shall be conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

GENERAL MEETINGS

Annual General Meeting or AGM

102. Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting, and shall specify, the meeting as such in the Notice calling it.

An AGM shall be held each calendar year within 6 (six) months following the end of the previous financial year of the Company.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table, the Directors' report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holding of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

103. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate.

Sections 171 to 186 of the Act shall apply to meetings

104. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Power of Director's to call Extraordinary General Meeting or EGM

105. All other General Meetings, other than the AGM, shall be EGMs. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Postal ballot

106 Subject to the provisions of Section 192A of the Act, the Company may pass a resolution by means of postal ballot instead of transacting business in a General Meeting.

Calling of Extra Ordinary General Meeting on requisition

107. (a) The Boards of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.

(c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such member of them as hold at the date of the deposit of the requisition not less than one-tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.

(e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.

(f) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty-five days from the date of the requisition, the meeting may be called:

(i) by the requisitionists themselves;

(ii) by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by section 189 of the Act.

(g) A meeting, called under clause (f) above, by the requisitionists or any of them:

(i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but

(ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(h) Where two or more persons hold any shares or interest in the Company jointly, requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.

(i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

108. (a) A general meeting of the Company may be called by giving not less than twenty-one days' notice in writing.

(b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;

(i) in the case of an annual general meeting by all the members entitled to vote thereat; and

(ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety-five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution of resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

109. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(b) Notice of every meeting of the Company shall be given:

(i) to every member of the Company, in any manner authorized by sub-sections (1) to (4) of Section 53 of the Act;

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency has not occurred;

(iii) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of any member or members of the Company and

(iv) to all the Directors of the Company.

Provided that where the notice of a meeting is given by advertising the same in newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

110. (A) For the purpose of this Article:

(i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to

(a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors;

(b) the declaration of a dividend;

(c) the appointment of Directors in the place of those retiring, and

(d) the appoint of and the fixing of the remuneration of the auditors, and

(ii) in the case of any other meetings, all business shall be deemed special.

(B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other company of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act.

(C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

111. (a) Five members personally present shall be the quorum for a general meeting of the Company.

If quorum not present meeting to be dissolved or adjourned

(b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.

(ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

112. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of Chairman whilst chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the chair is vacant.

Chairman of general meeting

(c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for

holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take chair, the members present shall choose one of themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

(e) No business, shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

(f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

(g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

113 (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.

(c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty-eight) hours before the meeting in order that the appointment may be effective thereat.

(d) The instrument appointing a proxy shall:

(i) be in writing, and

(ii) be signed by the appointer or his attorney duly authorized in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

Form of proxy

(e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstance will admit, be in usual common form.

(f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.

(g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the

meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restriction on exercise of voting rights of members who have not paid calls

114. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

115. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 114.

Equal rights of shareholders

116. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands In first instance

117. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

118. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hand unless such member is a body corporate present by proxy or by a representative duly authorized under Section 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members' non-compos minutes and minor may vote

(c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or insolvent members etc.

(d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty-eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of instrument

(e) If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

(f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

(g) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

(h) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

119. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

120. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion or shall be ordered to be taken by him on demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

121. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty-eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

122. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutineers at poll

123. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

124. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power of regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll shall be taken.

Casting Vote

125. In the case of an equality of votes, whether on show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

126. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorize such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

127. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act, or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

Public Trustee

(c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

128. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

129. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolution passed at adjourned meeting

130. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolution and agreements

131. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolution and agreements.

Special Shareholders' Meeting

132. In addition to the provisions contained in the Company's Articles and any resolutions required to be passed as Special Resolutions as defined under Section 189(2) under the Companies Act, 1956, any resolution of the Shareholders' Meeting concerning the matters listed in Article 184, of these presents, if said matters are brought to the decision of the Shareholders' Meeting in the event that the Board of Directors is unable to adopt a resolution in respect thereof, shall be adopted with a majority of 75% of the votes.

Minutes of proceedings of general meeting and of Board and other meetings

133. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

(i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorized by the Board for the purpose.

(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(i) the names of the Directors present at the meeting, and

(ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.

(g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

(i) is or could reasonably be regarded, as defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

(h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

134. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceeding thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

135. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall:

(i) be kept at the registered office of the Company, and

(ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.

(b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to in Clause (a) above, on payment of Rupee One of every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

136. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

137. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

BOARD OF DIRECTORS

Board of Directors

138. Unless otherwise determined by the Company in General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than three (3) and more than twelve (12).

139. The first Directors shall consist the following:

1. TULSIBHAI RANCHHODBHAI TANTI
2. VINODBHAI RANCHHODBHAI TANTI
3. JITENDRA RANCHHODBHAI TANTI

140. (i) Subject to the Act, the Board of Directors of the Company shall comprise a maximum of 12 (twelve) Directors of which ½ (one half) shall be nominees of the Promoters, 1 (one) director shall be a nominee of CIFC, one director shall be nominee of CC and the balance shall be Independent Directors.

(ii) Each Promoter, agree to exercise its votes at General Meetings of the Company and the meetings of the Board of Directors to give effect to the composition of the Board of Directors as set out in this Article 140(i).

Appointment of Board of Directors

141. Subject to the provisions of the Companies Act, 1956, the Board of Directors to be appointed at the General Assembly of the Shareholders.

Debenture Director

142. Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

143. Notwithstanding anything to the contrary contained in these Article, so long as any monies remain owing by the Company to the Industrial Development Bank of India (IDBI), ICICI Limited (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC, UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company

to the Corporation or so long as the Corporation holds shares and / or debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the monies owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director's is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Wholetime Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercisable or available to a wholetime Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Appointment of Alternate Director

144. (a) The Board of Directors of the Company may appoint an alternate Director ("**Alternate Director**") to act for a Director (hereinafter in this Article called "**the Original Director**") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

(b) Subject to the provisions of the Act, CC and CIFC shall be entitled to recommend a name for the post of an Alternate Director in place of the Original Director respectively nominated by them from time to time and it shall be obligatory on part of the Board of Directors to accept such recommendation.

(c) The Alternate Director shall be entitled to receive notice of all meetings of the Board or any committees of the Board which the Original Director has been appointed and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in his absence.

(d) An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held.

(e) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Appointment of Additional Directors

145. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an Additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by this Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

146. (a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

(b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director of the Company by a single resolution unless a resolution that it shall be so made as first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of these Articles shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring directors by virtue of this Article and the Act in default of another appointment shall apply.

Appointment of Chairman

147. The directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their member to be chairman of the meeting.

Qualification of Director

148. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

149. (a) Subject to the provision of the Act, a Managing Director or a Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(b) Subject to the provisions of the Act, a Director, who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or

(ii) by way of commission if the Company by a special resolution has authorized such payment.

(c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Remuneration for extra services

151. If any Director, being willing shall be called upon to perform extra services or take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors to require Government sanction:

152. (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Wholetime Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or their Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by Board of Directors, shall not have any effect unless approved by Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

Increase in remuneration of Managing Director on re-appointment or appointment

(b) If the terms of any re-appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration with the Managing or Joint Managing or Wholetime Director, as a case may be was receiving immediately before such reappointment or appointment shall not have any effect unless approved by the Central Government, and shall become void if, and in so far as, it is disapproved by the Government.

Directors not to act when number falls below minimum

153. When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

154. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act.

Directors vacating office

155. (a) The Office of a Director shall become vacant if:

(i) he is found to be of unsound mind by a Court of competent jurisdiction;

(ii) he applies to be adjudicated an insolvent;

(iii) he is adjudged an insolvent;

(iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;

(v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;

(vi) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;

(vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;

(viii) he acts in contravention of Section 299 of the Act;

(ix) he becomes disqualified by an order of court under Section 203 of the Act;

(x) he is removed in pursuance of Section 284 of the Act;

(xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;

(xii) he resigns his office by notice in writing given to the Company;

(xiii) he is already a director of a public company which:

(a) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or

(b) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more.

(b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;

(i) for thirty days from the date of the adjudication, sentence or order;

(ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or

conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or

(iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of directors

156. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-offico directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.

(b) CC or CIFC, as the case may be, may require the removal of any Director nominated by it and nominate another individual as a Director in his/her place, and the Promoters shall exercise their rights to ensure the appointment of the individual nominated as aforesaid. In the event of the resignation, retirement or vacation of office of the Director appointed by CC and CIFC, CC or CIFC, as the case may be, shall be entitled to appoint another Director in place thereof and the Promoters shall exercise their rights to ensure the appointment of the individual nominated as aforesaid.

(c) Special notice as provide by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(d) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.

(e) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so.

(i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and

(ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

(f) A vacancy created by the removal of Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by, the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (c) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

(g) If the vacancy is not filled under clause (f), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly.

Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(h) Nothing contained in this Article shall be taken:

(i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or

(ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

157. (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 372A and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that Section be applicable.

(b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.

Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.

(c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Directors may be Directors of companies promoted by the Company

158. A Director, Managing Director, Officer or employee of the Company may be or become a director of any company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such Director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.

Duty of Directors etc. to make disclosure

159. (A) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act). Managing Director, Manager or Secretary of the Company who is appointed to or relinquishes the office of the Director, Managing Director, Manager or Secretary of any other body corporate shall, within twenty days of his appointment or relinquishment of such office as the case may be, disclose to the Company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(B) Every Director of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

160. The provision of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said Section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.

Loans to Directors

161. The Company shall observe the restriction imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

ROTATION OF DIRECTORS

Rotation of Directors

165. Not less than two-thirds of the total number of Directors shall

(a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and

(b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

166. Notwithstanding what is stated in these Articles, the Directors appointed by CC and CIFC shall be non-rotational Directors.

Ascertained of Directors retiring by rotation and filling up vacancies

167. (a) At every annual general meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearest to one-third, shall retire from office.

(b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between person who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

(c) At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(d) (i) If the place of retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(ii) If at the adjourned, meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless

(1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;

(2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed.

(3) he is not qualified or is disqualified for appointment;

(4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or

(5) The proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Explanation: In this Article and Article 168 the expression 'Retiring Director' means Director retiring by rotation.

Right of persons other than retiring Directors to stand for Directorship

168. (a) A person who is not retiring Director shall, in accordance with Section 257 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than fourteen days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of director or the intention of such member or members to propose him as a candidate for that office, as the case may be along with a deposit of such sum as may be prescribed by the Act, or the central government from time to time which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.

(b) The Company shall inform its members of the candidature of a person for the office of director or the intention of members(s) to propose a person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting in the manner provided under Section 257 of the Act.

Consent of candidate for Directorship to be filed with the Register

169. Every person who is proposed as a candidate for the office of Director of the Company shall sign and file with the

Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 264 of the Act in so far as they may be applicable.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

170. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

When meeting to be convened

171. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Directors entitled to notice

172. (a) At least 14 (fourteen) days written notice shall be given to each of the Directors and their alternates in respect of each meeting of the Board, at the address notified from time to time by each Director of the Company. For Directors resident outside India, such notice shall be given by facsimile transmission and by e-mail with confirmation copy by courier and a copy of such notice shall also be served at the address within India specified by such Director in writing to the Company. Notice may be waived or a meeting may be called by giving shorter notice with the consent of the majority of the Directors subject to the consent of at least one Director each nominated by the Promoters, CC and CIFC.

(b) An agenda specifying in reasonable detail the matters to be discussed at the relevant meeting and accompanied by all necessary written information shall be given to each of the Directors and alternates in the manner set out in Article 172(a) above at least 7 (seven) days prior to the date of the relevant meeting or such shorter time as consented by the majority Directors subject however to consent of at least one Director each nominated by the Promoters, CIFC and CC.

Questions at Board meeting how decided

173. Question arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

Who to preside at meetings of the Board

174. (a) The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Directors may also appoint a Vice Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office.

(b) All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice Chairman, if present shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Quorum

175. (a) Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, PROVIDED THAT where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say, the number of remaining who are not interested) present at the meeting being not less than two shall be the quorum during such time.

(b) For the purpose of clause (a)

(i) "Total strength", means total strength of the Board of Directors of the Company determined in pursuance of the Act, after deducting therefrom number of the Directors, if any, whose places may be vacant at the time; and

(ii) "Interested Directors" means any Director whose presence cannot by reason of any provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

Quorum competent to exercise power

(c) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

Procedure in case of want of quorum

(d) If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

Directors may appoint committee

176. Subject to the provision of Section 292 and other provisions of the Act and Article 178 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit, and they may, from time to time revoke and discharge any such Committee either wholly or in part, either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. Director(s) nominated by CC and CIFC shall, if so required by CC or CIFC, as the case may be, be appointed as member of any Committee constituted by the Board of Directors. All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

Resolution by circular

177. Subject to the provisions of Section 289 of the Act, a written resolution circulated to all the Directors, whether in India or overseas, and signed by a majority of them as approved shall, subject to consent of CC and CIFC in accordance with Article 243, for the matters set out therein, be as valid and effective as a resolution duly passed at a meeting of the Board called and held in accordance with the provisions of these Articles (provided that it has been circulated in draft form, together with the relevant papers, if any, to all the Directors).

Limit of Directors' numbers

178. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles.

Acts of Board or Committee valid notwithstanding defect of appointment

179. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that itself afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

Minutes of proceedings of the Board and the Committees to be valid

180. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.

Board Minutes to be evidence

181. Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purposes whatsoever *prima facie* evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

Register of Directors and Managing Directors etc.

182. The Directors shall cause to be kept at the registered office of the Company:

(a) (i) A Register of the Directors, Managing Directors, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act.

(ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and

(iii) A Register of Directors' shareholding containing the particulars required by Section 307 of the Act. They shall also cause to be kept other registers and indexes as required by the Act.

(b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Section of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

183. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

(i) The power to make calls on shareholders in respect of money unpaid on their shares;

(ii) The power to issue debenture;

(iii) The power to borrow monies otherwise than on debentures;

(iv) The power to invest the funds of the Company;

(v) The power to make loans; and

(vi) The power to authorize the buy-back of shares under Section 77A of the Act.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

(b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time up to which monies may be borrowed by the delegate.

(c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

(d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.

(e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv), (v) and (vi) of clause (a) above.

Restriction of powers of Board

184. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:

(i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(ii) remit, or give time for the repayment of any debt, due by a Director;

(iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises

or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(iv) borrow monies, where the money to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will 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; or

(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.

(b) Nothing contained in sub-clause (a) above shall affect:

(i) The title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or

(ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

(c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorize the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.

(d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

(e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

Power to form committee for certain matters

185. When the Board of Directors deem fit, it shall be entitled to form Committee for execution of certain specific matters relating to the affairs of the Company by adopting members of the Committee, which need not be a member of the Board.

General powers of the Company vested in Directors

186. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorized to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers given to Directors

187. Without prejudice to the general powers conferred by Article 186 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers:

To pay registration expense

(i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;

To acquire property

(iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorized to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

(iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

To construct buildings

(v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

(vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

To pay for property etc.

(vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extend as they may think proper, all or any part of the building machinery, goods, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

To open accounts

(ix) Subject to Section 292 of the Act, to open account with any bank or bankers or with any company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

(x) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

(xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

To accept surrender, of shares

(xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

(xiii)To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

(xiv)To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company.

To refer to arbitration

(xv) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

(xvi)To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

(xvii) To make and give receipts, releases and other discharges for monies payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

To authorize acceptances

(xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To Invest moneys

(xix) Subject to the provisions of Sections 292, 293, 372A of the Act, invest and deal with any of the monies of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments;

To provide for personal liabilities

(xx) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on;

To give to Directors, etc. an interest in business

(xxi)Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

To provide for welfare of employees

(xxii)To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependents or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

(xxiii) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other company as aforesaid, and the wives, widows, families and dependents of any such persons and, also to establish and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interest and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid.

(xxiv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years;

To create Reserve Fund

(xxv) Before recommending any dividend to set aside out of profit of the Company such sums as they may think proper for depreciation or to depreciation fund or Reserve fund or sinking fund or any other special fund to meet contingencies or to repay redeemable preference shares debentures or debenture stock or for special dividends or for equalizing dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in the absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the Director may think fit and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital monies of the Company might rightly be applied or expended; and to divide to Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the depreciation Fund, in the business of the Company or in repayment or redemption of redeemable preference share, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

(xxvi) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments require security in such instances and to such amount as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by the clause.

To authorize by power of attorney

(xxvii) At any time and from time to time by power of attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such condition as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, Directors nominees or manager of any company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such power for the protection or convenience or person dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub delegates all or any of the powers, authorities, and discretions for the time being vested in them.

To authorize, delegate

(xxviii) Subject to the provisions of the Act generally and from time to time and at any time to authorize, empower or delegate to (with or without power of sub delegation) any Directors, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authority and discretion for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

To negotiate

(xxix) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name or on the behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTOR

Power to appoint Managing or Wholetime Directors

188. (a) The day-to-day management of the Company shall be delegated to the Managing Director appointed in accordance with the Act, who shall exercise such powers as may be delegated to him by the Board of Directors subject to its overall control and supervision. The Managing Director shall report all material actions undertaken, or proposed to be undertaken, by him in the exercise of powers delegated to him by the Board of Directors at their meetings. Until the expiry of 18 (eighteen) months from the completion of the Initial Public Offer, unless otherwise agreed to by CC and CIFC, Mr. Tulsi R. Tanti shall be the Managing Director. The Promoters shall exercise their voting rights for the initial appointment of Mr. Tulsi R. Tanti as Managing Director for a period of three years in accordance with the Act and for his re-appointment thereafter for such periods as would be required to give effect to the provisions of this Article.

(b) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/ Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such restrictions as it may determine, the remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation of profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

(c) Subject to Article 188(a), if the Directors appoint more than one Managing Director, then they shall designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be.

Remuneration of Managing or Whole-time Director

(d) The remuneration of the Managing Director or Whole-time Director shall (subject to Section 309 and other applicable provisions of the Act, including Schedule XIII of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits or by any other mode not expressly prohibited by the Act.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

191. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

192. The profit of the Company subject to any special right relating thereto created or authorized to be created by these presents shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up on the shares held by them respectively.

193. If an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 (other than by reason of *a force majeure* event in accordance with the Shareholders Agreements), CIFC or CC, as the case may be can require the Company to follow a high dividend policy of paying 50% of the Profit After Tax as dividend or such lower amount that may be permitted under the covenants of the lenders of the Company. The Company shall follow the high dividend policy until the capital invested by CIFC and/or CC is paid back to CIFC or CC as the case may be by way of dividends.

Dividend payable to registered holder

194. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

195. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

196. Where the capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

197. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any capital paid up on a share during the period in respect of which a divided is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

198. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment.

Power of Directors to limit dividends

199. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

200. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of monies provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years.

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that years as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

201. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

202. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

203. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom.

204. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such Share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of monies so due from him to the Company.

Transferred shares must be registered

205. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

206. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

207. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank in the name of Unpaid Dividend Account of the Company and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account as may be preferred by the Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

208. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

209. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profit or reserve of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALIZATION

Capitalization

210. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any monies investment or other assets forming part of the undivided profits (including profits or surplus monies arising from the realization and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalized. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalized:

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or

(ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in:

(1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(2) in writing off the preliminary expenses of the Company;

(3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or

(4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.

(b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.

(c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.

(d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the valued so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the

acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

(e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalization may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

211. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

ACCOUNTS

Books of Accounts to be kept

213. (a) The Company shall keep at its Registered Office proper books of accounts as required by Section 209 of the Act with respect to:

(i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;

(ii) all sales and purchases of goods by the Company; and

(iii) the assets and liabilities of the Company;

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decide, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(b) If the Company shall have a branch office, whether in or outside India, proper books of accounts relating to the transactions effected at that office shall be kept at that office and proper summarized returns made up to date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.

Books to give fair and true view of the Company's affairs

214. (a) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be with respect to the matters aforesaid, and explain the transactions.

(b) The books of account shall be open to inspection by any Director during business hours as provided by Section 209 of the Act.

(c) The books of account of the Company relating to a period of not less than eight years immediately the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

Inspection by members

215. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by statute or authorized by the Directors or by a resolution of the Company in general meeting.

Statement of Accounts to be furnished to General Meeting

216. The Board of Directors shall lay before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

Balance Sheet and Profit and Loss Account

217. (a) Subject to the provisions of Section 211 of the Act, every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit. There shall be annexed to every Balance Sheet a statement showing the bodies corporate (indicating separately the bodies corporate in the same group) in the shares of which investment have been made by it (including all investments, whether existing or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.

(b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 212 and other applicable provisions of the Act.

(c) If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

Authentication of Balance Sheet and Profit & Loss Account

218. (a) (i) Save as provided by item (ii) of this clause every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Manager or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director, if any.

(ii) When only one of the Directors of the Company is for the time being in India, the Balance Sheet and Profit and Loss Account shall be signed by such Director, but in such a case, there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason for non compliance with the provisions of the above item (i).

(b) The Balance Sheet, and the Profit and Loss Account, shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the auditors for their report therein.

Profit and Loss Account to be annexed and Auditors' Report to be attached to the Balance Sheet

219. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report including the Auditors' separate, special or supplementary report, if any, shall be attached thereto.

Board's Report to be attached to Balance Sheet

220. (a) Every Balance Sheet laid before the Company in general meeting shall have attached to it a Report by the Board of Directors with respect to the state of the Company's affairs; the amounts, if any which it proposes to carry to any reserves in such Balance Sheet, the amount, if any, which it recommends to be paid by way of dividends and material changes and commitments, if any, affecting the financial year of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

(b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries or in the nature of the business in which the Company has an interest.

(c) The Board shall also give the fullest information and explanations in its Report or in cases failing under the provision to Section 222 of the Act, in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report.

(d) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorized in that behalf by the Board; and where he is not so authorized shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of clauses (a) and (b) of Article 218.

(e) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of clauses (a) and (c) of this Article are complied with.

(f) Every Balance Sheet and Profit and Loss Account of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards any matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of Directors and or

considered proper by reason of any provisions of relevant applicable statutes and approved by shareholders at a subsequent general meeting.

Right of Member to copies of Balance Sheet and Auditors' Report

221. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' Report and every other document required by Law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21days before the meeting.

Three copies of Balance Sheet etc. to be filed with Registrar

222. After the Balance Sheet and Profit and Loss Account have been laid before the Company at the annual general meeting, three copies of the Balance Sheet and Profit and Loss Account duly signed as provided under Section 220 of the Act together with three copies of all documents, which are required to be annexed thereto shall be filed with the Registrar, so far as the same be applicable to the Company.

DOCUMENTS AND NOTICES

Service of Notice by member

230. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate of posting or by registered post or by leaving it at its Registered Office.

The term 'Notice' in this and the following clauses shall include summons, notice, requisition, order, judgment or other legal papers and any document.

Service of Notice on Registrar

231. A notice may be served on the Registrar by sending it to him office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

232. (a) A notice may be served by the Company on any member either personally or by sending it by post him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.

(b) Where a Notice is sent by Post:

(i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

(ii) Such service shall be deemed to have been effected:

(1) in the case of a Notice of a meeting at the expiration of 48 hours after the letter containing the same is posted, and

(2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

(c) A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him.

On Joint holder

(d) Any Notice may be served by the Company on the joint holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On personal Representative

(e) A notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

233. Any Notice given by the Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

234. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorized Officer of the Company and need not be under its Common Seal.

WINDING UP

Distribution of Assets

235. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up Capital such assets shall be distributed so that, as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the right of the holders of share issued upon special terms and conditions.

Distribution in specie or kind

236. Subject to the provisions of the Act

(a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

(b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (Subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) in case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

237. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

239. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

240. Subject to the provisions of Section 201 of the Act, no Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title of any property acquired by order of the Directors for or on behalf of the Company or for insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or for those act of any person, company or corporation, with whom any monies, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the officer or in relation thereto, unless the same happens through his own dishonesty.

SOCIAL OBJECTIVE

241. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.

GENERAL POWER

242. Wherever in the Companies Act, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction duly if the Company if so authorized by its Articles, then and in that case these regulations hereby authorize and empower the Company to have such rights, privilege or authority and carry transactions as have been permitted by the Act.

FUNDAMENTAL MATTERS

243. Notwithstanding anything to the contrary contained in these Articles, the following decisions with respect to the matters listed below shall not be taken and/or implemented by either the Company or in relation to the Subsidiaries: (a) in the case of decisions taken at a meeting of the Board of Directors, without the written consent of CC and CIFC which consent may be given (i) prior to the date of the meeting of the Board, or (ii) where no prior written consent is given, shall be deemed to have been given unless a letter objecting to the resolution passed at a meeting of the Board is sent to the Company within 7 (seven) days of passing the necessary Board resolution; (b) in the case of decisions to be taken at General Meetings without the affirmative vote of CC and CIFC unless CC and CIFC have, by a written communication to the Company, waived its right of affirmative vote:

(i) mergers, consolidations, reconstructions, bankruptcy winding up and/or liquidation;

(ii) the divestment, sale, lease, license, transfer of any freehold or leasehold property or any other fixed assets or any

interest in any of the same of a value exceeding Rs.250,000,000 (Rupees Two Hundred Fifty million);

(iii) disposal or transfer of any intellectual property developed by the Company or which is essential for the continued operation of the business, other than licensing in the ordinary course of business;

(iv) acquisition of other businesses (by way of share purchase, business transfer, slump sale, asset sale or any other mode of acquiring a business or assets), creation of joint ventures/ partnerships;

(v) creation or investment in subsidiaries or any other investments (including acquisition of shares, securities, debentures and bonds of any company) exceeding 10% of the net worth of the Company in any given period of 12 (twelve) months (other than short term liquid investments in bank deposits offered by scheduled commercial banks or financial institutions with an asset base greater than Rs.100,000,000,000 (Rupees One Hundred billion);

(vi) capital expenditures or acquisitions of fixed assets, in excess of 15% net worth of the Company in any given period of 12 (twelve) months;

(vii) incurrence of indebtedness in excess of 10% (ten per cent) over and above the amount stated in the annual budget approved by CC and CIFC or the amount agreed with CC and CIFC respectively;

(viii) increase, decrease or other alteration or modification in authorized or issued share capital, or creation or issue of other securities (including equity shares, preference shares, non-voting shares, warrants, options, convertible instruments, etc.) except in relation to the Initial Public Offering or consequent to exercise of any conversion rights / redemption rights attached to the CIFC Preference Shares or the CC Preference Shares.

(ix) buy back of the Company's shares;

(x) declaration or payment of any dividend in excess of Rs.330,000,000 (Rupees Three Hundred Thirty million) or 30% of the net profits after tax of the Company in any financial year, except in the case of dividend payable in accordance with the terms of the CIFC Preference Shares or the CC Preference Shares or the Promoter's Preference Shares, or pursuant to Article 193;

(xi) giving or renewing any guarantee, indemnity or security in respect of the Subsidiaries and/or Business Affiliate in excess of 10% (ten per cent) over and above the amount stated in the annual budget approved by CC and CIFC or the amount agreed with CC and CIFC respectively;

(xii) giving or renewing any guarantee, indemnity or security in respect of any Affiliates in excess of 10% (ten per cent) over and above the amount stated in the annual budget approved by CC and CIFC or the amount agreed with CC and CIFC;

(xiii) transactions with Business Affiliates in excess of the exposure limit specified in the annual budget approved by CC and CIFC or any amount agreed with CC and CIFC;

(xiv) any transaction with Affiliates (other than Business Affiliates) exceeding Rs.10,000,000 (Rupees Ten million);

(xv) amendments to memoranda and/or articles of association (including but not limited to any changes to the number of Directors) other than those required by any regulatory authority for the Relevant Market;

(xvi) commencement of any new line of business, which is unrelated to the business, or cessation or material alteration to the business;

(xvii) appointment, termination of employment or replacement of Chief Executive Officer/ Managing Director and any change in their remuneration;

(xviii) appointment, termination or replacement of the Auditors;

(xix) approval of, or amendment to, the annual budget;

(xx) deviations of more than 15% in the key line items in the annual budget approved by CC and CIFC;

(xxi) settlement of any litigation where the amount exceeds 15% (fifteen per cent) of the net worth of the Company in any given period of 12 (twelve) months;

(xxii) changes to material accounting or tax policies or practices unless required by law;

(xxiii) any change in the financial year for preparation of audited accounts unless required by law;

(xxiv) sale of shares, securities, debentures, and bonds in or of any other company in excess of 15% of the net worth of the Company in any given period of 12 (twelve) months;

(xxv) any commitment or agreement or arrangement (oral or written) to do any of the foregoing.

It is clarified that in relation to the Subsidiaries, where a decision pertaining to any of the matters listed in this Article 243 is to be considered which is likely to have an effect, on any of the matters listed in this Article 243, the delegation of authority to represent the Company at shareholder meetings of the Subsidiary, and the terms of such delegation (including directions in relation to the manner in which the Company's votes are to be exercised) shall require approval by the Board of Directors of the Company with the prior written consent of CC and CIFC. Additionally, the exercise of rights by directors nominated on the Board of Directors of the Subsidiaries by the Company in relation to any of the aforesaid matters, which exercise is likely to have an effect on any of the matters listed in this Article 243 shall also require the approval of the Board of Directors of the Company with the prior written consent of CC and CIFC. It is further clarified that the provisions of Articles 243 (xvii) to (xxiv) inclusive will cease to apply on an Initial Public Offering.

INDEMNITY AND LIMITATION IN LIABILITIES

244 (1) In the event of an Initial Public Offering or Offer for Sale pursuant to Articles 32(A), 32(B) and 69(A) above, and subject to CC and CIFC, as the case may be, providing the Company with requisite authority to defend and full co-operation in the defence, the Company agrees to indemnify and hold harmless CC and CIFC, as the case may be, for including their Shares in such Initial Public Offering/Offer for Sale, their officers and directors, and each person, if any, who controls CC and CIFC, as the case may be, participating in such Initial Public Offering/Offer for Sale, from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any statement or prospectus relating to the Company (as amended or supplemented if applicable) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein by the Company or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such actual or alleged untrue statement or omission based upon information relating to CC and CIFC, as the case may be, or any information furnished in writing to the Company by or on behalf of CC and CIFC, as the case may be, expressly for use therein.

(2) The Company agrees to indemnify, defend and hold harmless CC and CIFC and their respective lawful successors and permitted assigns from and against any and all losses, liabilities, claims, damages, taxes (including any interest and penalties thereon), costs and expenses, including reasonable legal fees and disbursements in connection therewith (collectively "Claims") asserted against or incurred by CC and CIFC which directly arise out of, result from or may be payable by virtue of any breach of any representation, warranty, covenant or agreement made or obligation required to be performed by any of the Promoters and/or the Company pursuant to the Shareholders' Agreements.

(3) In the event, CC and CIFC, as the case maybe, receive any notice or communication from any third party in relation to any Claim, CC and CIFC, as the case maybe, shall promptly notify the Company of such Claim. CC and CIFC, as the case may be, shall not admit, compromise or settle the Claim without the prior written consent of the Company. The Promoters and/or the Company may, if it so desires, by notice to CC and CIFC, as the case may be, decide to defend such Claim on its own. In such circumstances, CC and CIFC, as the case may be, shall provide all further information or records at its disposal that may be necessary for the Company for this purpose. The Company's obligation to indemnify pursuant to this Article 244 shall arise immediately upon CC and CIFC, as the case may be, being required to make any payments or incur any liability pursuant to a Claim.

(4) CC and CIFC, as the case may be, shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any losses, which in the absence of mitigation might give rise to a liability in respect of any claim for indemnity under this Article 244.

(5) The Company shall not be liable in respect of any claim for indemnity in relation to any losses or damages suffered by CC and CIFC, as the case may be, to the extent of any corresponding financial savings by or net financial benefit to CC and CIFC, as the case may be, arising directly therefrom.

TERM AND TERMINATION

245 (i) If the CIFC Shareholders' Agreement terminates, CIFC's rights under the Amendment Agreement, under the CIFC Subscription Agreement or CIFC Shareholders' Agreement (as modified by the Amendment Agreement) and under the Amendment Agreement shall also terminate (save and except for accrued rights, which shall continue to survive) and consequently the provisions of these Articles including without limitation Articles 7(e), (f) and (g), 32(A) and (B), 67, 69(A), (B) and (C), 70(a), 140(i), 156(b), 188(a) and 243 as far as it refers to or relates to any rights of CIFC shall not be applicable.

(ii) If the CC Shareholders' Agreement terminates, CC's rights under the Amendment Agreement, under the CC Subscription Agreement or CC Shareholders Agreement (as modified by the Amendment Agreement) and under the Amendment Agreement shall also terminate (save and except for accrued rights, which shall continue to survive) and consequently the provisions of Article 7(e), (f) and (g), 32(A) and (B), 67, 69(A), (B) and (C), 70(a), 140(i), 156(b), 188(a) and 243 as far as it refers to or relates to any rights of CC shall not be applicable.

246 Upon termination of the CC Shareholders' Agreement and the CIFC Shareholders' Agreement by virtue of Articles 250(A) or 254(A), the Promoters shall unless CIFC and CC, as the case may be, otherwise agree in writing, take all steps necessary to effect the immediate winding-up of the Company, the liquidation of the assets of the Company and the distribution of any proceeds from the liquidation of the assets of the Company between the shareholders in accordance with the provisions of the Articles.

TERM AND TERMINATION OF THE CC SHAREHOLDERS' AGREEMENT

247 The provisions of these Articles including without limitation Articles 7(e), (f) and (g), 32(A) and (B), 67, 69(A), (B) and (C), 70(a), 140(i), 156(b), 188(a) and 243 shall remain valid and binding on the Company, the Promoters and CC until such time that it is terminated in accordance with Articles 247 to 250 or until CC holds 5% or more of the paid-up equity share capital of the Company or until the redemption of the CC Preference Shares, whichever is later.

248 There shall be an event of default ("**Event of Default**") for the purposes of these Articles if an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 other than by reason of a *force majeure* event in accordance with Article 255.

249 Consequences of Event of Default

Upon the occurrence of an Event of Default, CC shall have the following options:

(i) to terminate the CC Subscription Agreement and/or the CC Shareholders' Agreement and the agreement(s) terminated as aforesaid shall cease to have effect upon receipt of written notice of termination thereof by CC, provided that any termination shall be without prejudice to any rights or obligations accrued to or in respect of CC prior to the date of termination;

(ii) to cause the Company to redeem the CC Preference Shares with the accrued dividends on the Redemption Date;

(iii) to convert the CC Preference Shares and require the Company to follow a high dividend policy of paying 50% of the Profit After Tax as dividend or such lower amount that may be permitted under the covenants of the lenders of the Company. The Company shall follow the high dividend policy until the capital invested by CC is paid back to CC by way of dividends;

(iv) to convert the CC Preference Shares and, sell their shareholding and assign their rights under the CC Shareholders' Agreement and the Escrow Agreement including, without limitation, the rights under Articles 177 and 243 to such Third Party purchaser provided that at no time can such rights be exercised by more than 2 (two) investors, including CC and provided further that each such investor holds at least 5% of the paid up Share Capital of the Company. Provided however that the sale of shares by CC shall be subject to the condition that such shares shall not be sold at a price lower than any offer or subsequent offers made by the Promoters for purchase of such shares. This condition shall however not apply if CC has entered into a binding sale agreement for sale of the shares prior to any offer or subsequent offers made by the Promoters.

250 Without prejudice to Articles 248 and 249 above, in the event that:

(a) the Company is wound-up, dissolved or liquidated (other than a winding-up, dissolution or liquidation for the purposes of a merger, amalgamation or other reorganization of the Company); or

(b) the Company ceases to or is unable to (due to any regulatory, judicial action or otherwise) engage in its present business; or

(c) all the Promoters are declared insolvent; or

(d) CC is wound up, dissolved or liquidated (other than a winding-up, dissolution or liquidation for the purposes of a merger, amalgamation or other reorganization);

then, save as otherwise agreed between the Promoters and CC in writing and without prejudice to either rights or obligations which may have accrued to or in respect of the Promoters and CC under the CC Shareholders' Agreement:

(A) in a case falling under Article 250 (a), 250 (b) and 250 (c), CC may at its option terminate the CC Shareholders' Agreement and thereupon the CC Shareholders' Agreement shall terminate as between the Company, the Promoters and CC, and

(B) in a case falling under Article 250 (d), the Company or the Promoters may at its / their option terminate the CC Shareholders' Agreement and thereupon the CC Shareholders' Agreement shall terminate as between the Company, the Promoters and CC.

TERM AND TERMINATION OF THE CIFC SHAREHOLDERS' AGREEMENT

251 The provisions of these Articles including without limitation Articles 7(e), (f) and (g), 32(A) and (B), 67, 69(A), (B) and (C), 70(a), 140(i), 156(b), 188(a) and 243 shall remain valid and binding on the Company, the Promoters and CIFC until such time that it is terminated in accordance with Articles 251 to 254 or until CIFC holds 5% or more of the paid-up equity share capital of the Company or until the redemption of the CIFC Preference Shares, whichever is later.

252 There shall be an event of default ("Event of Default") for the purposes of these Articles if an Initial Public Offering or an Offer for Sale does not occur prior to July 1, 2008 other than by reason of a *force majeure* event in accordance with Article 255.

253 Consequences of Event of Default

Upon the occurrence of an Event of Default, CIFC shall have the following options:

(i) to terminate the CIFC Subscription Agreement and/or the CIFC Shareholders' Agreement and the agreement(s) terminated as aforesaid shall cease to have effect upon receipt of written notice of termination thereof by CIFC, provided that any termination shall be without prejudice to any rights or obligations accrued to or in respect of CIFC prior to the date of termination;

(ii) to cause the Company to redeem the CIFC Preference Shares with the accrued dividends on the Redemption Date;

(iii) to convert the CIFC Preference Shares and require the Company to follow a high dividend policy of paying 50% of the Profit After Tax as dividend or such lower amount that may be permitted under the covenants of the lenders of the Company. The Company shall follow the high dividend policy until the capital invested by CIFC is paid back to CIFC by way of dividends;

(iv) to convert the CIFC Preference Shares and, sell their shareholding and assign their rights under the CIFC Shareholders' Agreement and the Escrow Agreement including, without limitation, the rights under Articles 177 and 243 to such third party purchaser provided that at no time can such rights be exercised by more than 2 (two) investors, including CIFC and provided further that each such investor holds at least 5% of the paid up Share Capital of the Company. Provided however that the sale of shares by CIFC shall be subject to the condition that such shares shall not be sold at a price lower than any offer or subsequent offers made by the Promoters for purchase of such shares. This condition shall however not apply if CIFC has entered into a binding sale agreement for sale of the shares prior to any offer or subsequent offer made by the Promoters.

254 Without prejudice to Articles 252 and 253 above, in the event that:

(a) the Company is wound-up, dissolved or liquidated (other than a winding-up, dissolution or liquidation for the purposes of a merger, amalgamation or other reorganization of the Company); or

(b) the Company ceases to or is unable to (due to any regulatory, judicial action or otherwise) engage in its present business; or

(c) all the Promoters are declared insolvent; or

(d) CIFC is wound up, dissolved or liquidated (other than a winding-up, dissolution or liquidation for the purposes of a merger, amalgamation or other reorganization); then, save as otherwise agreed between the Promoters and CIFC in writing and without prejudice to either rights or obligations which may have accrued to or in respect of the Promoters and CIFC under the CIFC Shareholders' Agreement:

(A) in a case falling under Article 254 (a), 254(b) and 254(c), CIFC may at its option terminate the CIFC Shareholders Agreement and thereupon the CIFC Shareholders' Agreement shall terminate as between the Company, the Promoters and CIFC, and

(B) in a case falling under Article 254(d), the Company or the Promoters may at its / their option terminate the CIFC Shareholders' Agreement and thereupon the CIFC Shareholders' Agreement shall terminate as between the Company, the Promoters and CIFC.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also were available inspection at the Registered Office of our Company between 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts to the Company

1. Subscription Agreement dated April 14, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company and Citicorp.
2. Shareholder Agreement dated April 14, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company and Citicorp.
3. Subscription Agreement dated August 3, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company and ChrysCapital.
4. Shareholder Agreement dated August 3, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company and ChrysCapital.
5. Private Equity Escrow Agreement dated August 6, 2004 entered into among the Promoter, certain members of the Tanti Family, the Company, Berjis Desai, Citicorp and ChrysCapital.
6. Amendment Agreement dated August 6, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company, Chryscapital and Citicorp.
7. Second Amendment Agreement dated December 18, 2004 entered into among the Promoter, the Tulsi Tanti Entities, the Company, Chryscapital and Citicorp.
8. Third Amendment Agreement dated June 9, 2005 entered into among the Promoter, the Tulsi Tanti Entities, the Company, Chryscapital and Citicorp.
9. Memorandum of understanding dated January 20, 2005 between the Company and Kalpesh Kalthia.
10. Joint Venture Agreement dated May 7, 2004 between the Company and Elin EBG Motoren GmbH, Austria
11. Agreement for services dated June 11, 2005, between the Company and SRL.
12. Agreement for services dated June 11, 2005, between the Company and SIL.
13. Capacity Allocation Agreement dated June 28, 2005 amongst the Company, Samiran Udaipur Windfarms Private Limited and Samiran Jodhpur Windfarms Private Limited.
14. Capacity Allocation Agreement dated June 28, 2005 amongst the Company, Samiran Jaipur Windfarms Limited, Samiran Jaisalmer Windfarms Limited, Sarjan Realities Limited, and Suzlon Infrastructure Limited.
15. Capacity Allocation Agreement dated September 6, 2005 amongst the Company, Sunset Windfarms Private Limited and Samimeru Windfarms Private Limited
16. Technical Consultancy Agreement dated April 1, 2004 between the Company and Suzlon Energy GmbH.
17. Technical Consultancy Agreement dated April 1, 2003 between the Company and AERT.
18. Technical Consultancy Agreement dated September 1, 2002 between the Company and AERT.
19. Technical Consultancy Agreement dated November 1, 2002 between the Company and AERT.
20. Technical Consultancy Agreement dated August 1, 2003 between the Company and AERT.
21. Technical Consultancy Agreement dated April 1, 2004 between the Company and AERT.
22. Product Development and Purchase Agreement dated November 1, 2002 between the Company and SEG.
23. Product Development and Purchase Agreement dated August 31, 2002 between the Company and AERH.

24. Product Development and Purchase Agreement dated November 1, 2002 between the Company and AERH.
25. Product Development and Purchase Agreement dated July 1, 2001 between the Company and AERH.
26. Product Development and Purchase Agreement dated August 1, 2003 between the Company and AERH.
27. Product Development and Purchase Agreement dated April 1, 2004 between the Company and AERH.
28. Contract of appointment dated April 1, 2005, between us and our Chairman and Managing Director.
29. Contracts of appointment dated April 1, 2005, between us and our whole time director.
30. Agreement for the acquisition dated April 4, 2005 of 100% shares of Windpark Olsdorf WATT GmbH & Co. KG with Jorg Temme Kirchenbungert.
31. Contract for the accedence of debts dated July 21, 2005 with Windpark Olsdorf WATT GmbH & Co. KG.

Material Contracts to the Issue

1. Engagement Letters for appointment of JM Morgan Stanley Private Limited, and Enam Financial Consultants Private Limited, as BRLMs; and to CLSA India Limited appointing them as the Senior CBRLM and Yes Bank Limited appointing them as the CBRLM.
2. Memorandum of Understanding amongst our Company, the Selling Shareholder, the BRLMs and the CBRLMs dated July 9, 2005.
3. Memorandum of Understanding executed by our Company, the Selling Shareholder and the Registrar to the Issue dated July 1, 2005,
4. Escrow Agreement dated September 12, 2005 among the Company, the Selling Shareholder, the BRLMs, the CBRLMs, Escrow Collection Bank(s) and the Registrar to the Issue.
5. Syndicate Agreement dated September 12, 2005 among the Company, the Selling Shareholder, the BRLMs, the CBRLMs and the Syndicate Members.
6. Underwriting Agreement dated October 3, 2005 among the Company, the Selling Shareholder, the BRLMs, the CBRLMs and the Syndicate Members.
7. Monitoring Agency Agreement dated September 15, 2005 between the Company and Infrastructure Development Finance Company Limited.

Material Documents

1. RBI Letters dated August 10, 2005 and August 12, 2005 granting permission for the sale of Equity Shares by the Selling Shareholder.
2. Certified true copies of the Memorandum and Articles of Association of the Company as amended from time to time.
3. Shareholders' resolution dated June 16, 2005 in relation to this Issue and other related matters.
4. Resolutions of the Board of Directors dated March 28, 2005 in relation to this Issue and other related matters.
5. Reports of the statutory Auditors dated June 24, 2005 prepared as per Indian GAAP and mentioned in this Prospectus, and consents of the Auditors being SNK & Co. and S.R. Batliboi & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
6. General Power of Attorney executed by the Directors of our Company favour of Person(s) for signing and making necessary changes to the Red Herring Prospectus and other related documents.
7. Consents of BRLMs, CBRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic Legal Counsel to the Company, International Legal Counsel, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
8. Initial listing applications dated July 11, 2005 and July 11, 2005 filed with NSE and BSE.
9. In-principle listing approvals dated August 1, 2005and July 19, 2005from NSE and BSE, respectively.
10. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated August 6, 2005.
11. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated July 19, 2005.

12. Due diligence certificate dated July 11, 2005 to SEBI from JM Morgan Stanley Private Limited, Enam Financial Consultants Private Limited, CLSA India Limited and Yes Bank Limited.

13. SEBI observation letter no. CFD/DIL/UR/48832/2005 dated September 5, 2005 and our reply to the same dated September 12, 2005.

14. Copies of registration certificates/letters from Indian Wind Energy Association, Indian Wind Power Association, European Wind Energy Association and Indian Wind Turbine Manufacturers Association in relation to memberships/registrations with industry associations.

15. Following documents in relation to the SSPL matter:

    a. Letter dated January 10, 2002, from the Deputy Commissioner of Police, Economic Offences Wing, to Kirti J. Vagadia, Director, SSPL, directing him to appear before the Deputy Commissioner of Police, Economic Offences Wing for interrogation in relation to the Tata Finance case.

    b. Letter dated January 18, 2002 from the Chief General Manager, Securities Exchange Board of India calling for information from SSPL in relation to transactions pertaining to shares of Tata Finance Limited.

    c. Summons dated August 8, 2002 addressed to SSPL was issued to appear before the Investigating Authority, SEBI, in relation to the investigation pertaining to the case of Dilip Pendse. Mr. Kirti J. Vagadia appeared on August 28, 2002.

    d. Letter received from the Enforcement Directorate, Ministry of Finance, Government of India dated November 29, 2002 to the Company under section 37 of the Foreign Exchange Management Act, 1999.

16. Copies of letters received from Non Conventional Energy Equipment Manufacturers Association, dated June 21, July 2, July 9, July 27, July 29, July 31, and August 24, 2005 and our replies dated July 20, 2005, August 10, 2005 and September 6, 2005.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

Tulsi R.Tanti

Girish R.Tanti

Ajay Relan

Ashish Dhawan

Pradip Kumar Khaitan

SIGNED BY

CHAIRMAN AND MANAGING DIRECTOR

HEAD –CORPORATE FINANCE

SIGNED ON BEHALF OF THE SELLING SHAREHOLDER BY THE DULY CONSTITUTED POWER OF ATTORNEY HOLDER

Date: October 3, 2005

Place: Mumbai

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