

SUZLON ENERGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

SUZLON ENERGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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DIRECTORS	<p>: Mrs Caryl Rey Mr Tulsi Ranchhodbhai Tanti Mr Kirtikant Vagadia Mr Frans Hilbert Jan Visscher (as from 21 April 2015) Mr Neermalsingh Poonie (as from 04 May 2015) Mr Nimish Harendra Shah - alternate to Mr Tulsi Tulsibhai Ranchhodbhai Tanti and Mr Kirtikant Vagadia (as from 22 April 2015)</p>
ADMINISTRATOR AND SECRETARY	<p>: ConSec Ltd (up to 4 May 2015) C/o Navitas Corporate Services 13, St Clement Street Curepipe Mauritius</p> <hr/> <p>Navitas Management Services Ltd (as from 4 May 2015) Navitas House Robinson Lane Floreal Mauritius</p>
REGISTERED OFFICE	<p>: c/o ConSec Ltd (Up to 12 May 2015) C/o Navitas Corporate Services Ltd Navitas House Robinson Lane Floreal Mauritius</p> <p>c/o Navitas Management Services Ltd (as from 13 May 2015) Navitas House Robinson Lane Floreal Mauritius</p>
AUDITORS	<p>: Ernst & Young 9th Floor NeXTeracom Tower I Cybercity Ebene Mauritius</p>
BANKERS	<p>: Barclays Bank Mauritius Limited 1st Floor, Barclays House Cybercity Ebene Mauritius</p> <p>: State Bank Of India London Main Branch 15 King Street London EC2V 8EA</p>

SUZLON ENERGY LIMITED
COMMENTARY OF DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016

2.

The directors present the audited financial statements of Suzlon Energy Limited (the "Company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The Company was incorporated in Mauritius under the Companies Act 2001 on 17 March 2006 as a private domestic company with liability limited by shares. The Company has been converted to a Category 1 Global Business Licence Company on 12 May 2015.

The principal activity of the Company is that of an investment holding company engaged in projects involving in the use of non-conventional resources such as wind energy and wave energy.

MEMBERS OF THE BOARD OF DIRECTORS

Mrs Caryl Rey

Mr Tulsi Tulsibhai Ranchhodbhai Tanti

Mr Kirtikant Vagadia

Mr Hilbert Jan Frans Visscher (as from 21 April 2015)

Mr Neermalsingh Poonie (as from 04 May 2015)

Mr Nimish Harendra Shah - alternate to Mr Tulsi Tulsibhai Ranchhodbhai Tanti and Mr Kirtikant Vagadia (as from 22 April 2015)

RESULTS AND DIVIDENDS

The Company's net loss for the year ended 31 March 2016 is EUR 63,798 (2015: Loss of EUR 1,051,350,980).

The directors do not recommend the payment of a dividend for the year under review (2015: Nil).

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position at 31 March 2016 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act 2001.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Approved and authorised for issue by the Board of Directors on.....2.1 JUL 2016.....

NAME OF DIRECTOR

SIGNATURE

FRANS H.J. VISSCHER

Caryl REY




SUZLON ENERGY LIMITED
SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2016

3.

Secretary's Certificate under section 166(d) of the Companies Act 2001

In accordance with section 166(d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001.

For and on behalf of
Navitas Management Services Ltd
Secretary

Date: 21 JUL 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SUZLON ENERGY LIMITED**

Report on the Financial Statements

We have audited the financial statements of Suzlon Energy Limited (the 'Company') on pages 6 to 26 which comprise the statement of financial position as at 31 March 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Companies Act 2001 applicable to a company holding a Category 1 Global Business Licence, as described in note 2 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the partners, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company for the year ended 31 March 2016 are prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements and the requirements of the Companies Act 2001 applicable to a company holding a Category 1 Global Business Licence.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SUZLON ENERGY LIMITED (CONTINUED)**

Report on the financial statements (Continued)

Other matters

This report has been prepared solely for the Company's member in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to the latter in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



ERNST & YOUNG
Ebène, Mauritius

21 JUL 2016

Date:



DARYL CSIZMADIA, C.A. (S.A).
Licensed by FRC

SUZLON ENERGY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

6.

	Note	2016	2015
		EUR	EUR
Income			
(Loss)/gain on foreign exchange		(117)	19
		(117)	19
Expenses			
Directors' fees		(3,855)	(3,756)
Secretarial fees		(9,373)	(7,724)
Audit fees		(6,374)	(5,924)
Reversal of excess provision of audit fees		-	8,087
Licence fees		(230)	(276)
External assistance/consultancy		(35,127)	(7,489)
Bank charges		(1,364)	(1,025)
Impairment of investment		-	(1,051,332,892)
Insurance - other		(7,358)	-
		(63,681)	(1,051,350,999)
Loss before taxation		(63,798)	(1,051,350,980)
Taxation	8	-	-
Loss for the year		(63,798)	(1,051,350,980)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year, net of tax		(63,798)	(1,051,350,980)

The notes on pages 10 to 26 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

SUZLON ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

7.

	Notes	2016 EUR	2015 EUR
ASSETS			
Non-current assets			
Investment in subsidiary	5	1	139,000,000
		1	139,000,000
Current assets			
Prepayments		1,755	1,835
Cash at bank		173,142	262
Cash in transit		1,219,598	-
		1,394,495	2,097
TOTAL ASSETS		1,394,496	139,002,097
EQUITY AND LIABILITIES			
Stated capital	6	1,119,291	1,191,067,008
Revenue deficit		(24,807)	(1,052,908,726)
Shareholders' interest		1,094,484	138,158,282
Current liabilities			
Trade and other payables	7	300,012	843,815
		300,012	843,815
TOTAL EQUITY AND LIABILITIES		1,394,496	139,002,097

Approved and authorised for issue by the Board of Directors on 21 JUL 2016

NAME OF DIRECTORS

SIGNATURE

FRANS H.J. VISSCHER



Caryl REY



The notes on pages 10 to 26 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

SUZLON ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

8.

	Notes	Stated capital	Revenue deficit	Total
		EUR	EUR	EUR
At 01 April 2014		1,191,067,008	(1,557,746)	1,189,509,262
Loss for the year		-	(1,051,350,980)	(1,051,350,980)
Other comprehensive income for the year		-	-	-
As at 31 March 2015/ 01 April 2015		1,191,067,008	(1,052,908,726)	138,158,282
Loss for the year		-	(63,798)	(63,798)
Reduction in share capital	6	(1,052,947,717)	1,052,947,717	-
Buyback of shares during the year	6	(137,000,000)	-	(137,000,000)
Other comprehensive income for the year		-	-	-
As at 31 March 2016		1,119,291	(24,807)	1,094,484

The notes on pages 10 to 26 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

SUZLON ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

9.

	2016	2015
	EUR	EUR
Cash flow from operating activities		
Gain for the year before taxation	(63,798)	(1,051,350,980)
<i>Adjustments for:</i>		
Loss/(gain) on exchange difference	117	(19)
Impairment of Investment	-	1,051,332,892
<i>Changes in working capital :</i>		
Prepayments	80	8
Trade and other payables	(543,804)	14,324
Net cash used in operating activities	(607,405)	(3,775)
Cash flows from investing activities		
Proceeds from disposal of investment in subsidiary	139,000,000	-
Net cash generated from investing activities	139,000,000	-
Cash flows from financing activities		
Buyback of shares from holding company	(137,000,000)	-
Net cash used in financing activities	(137,000,000)	-
Net movement in cash and cash equivalents	1,392,595	(3,775)
Cash and cash equivalents at beginning of year	262	4,018
Cash in transit at end of year	(1,219,598)	-
Effect of foreign exchange difference	(117)	19
Cash and cash equivalents at end of year	173,142	262

The notes on pages 10 to 26 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

1. GENERAL INFORMATION

Suzlon Energy Limited ("the Company") was incorporated in Mauritius under the Companies Act 2001 on 17 March 2006 as a private company limited by shares and has its registered office at c/o Navitas Corporate Services Ltd, Navitas House, Robinson Lane, Floreal, Mauritius. The Company has been converted into a Category 1 Global Business Licence company on 12 May 2015.

The principal activity of the Company is that of an investment holding in companies engaged in projects involved in the use of non-conventional resources such as wind energy and wave energy.

The financial statements of the Company for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on the date as stamped on page 7.

2. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention and are presented in Euro ('EUR'). The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company is the holder of a Category 1 Global Business Licence and has a subsidiary. The Company has elected, in accordance with the Fourteenth Schedule of the Companies Act 2001, Section 12, to not prepare group financial statements in accordance with Section 211 of the Companies Act 2001 "Contents and form of financial statements".

The basis of preparation of these financial statements complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), except for the application of IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities. Instead of presenting consolidated financial statements of the Group, the Company only presents separate financial statements as described in IAS 27 - Separate Financial Statements.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 January 2015:

Amendments

	Effective for accounting period beginning on or after
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2010-2012 Cycle	
IFRS 2 Share-based Payment	1 July 2014
IFRS 3 Business Combinations	1 July 2014
IFRS 8 Operating Segments	1 July 2014
IFRS 13 Fair value measurement	1 July 2014

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Amendments

Effective for
accounting period
beginning on or after

Annual Improvements 2010-2012 Cycle

IAS 16 Property, Plant and Equipment	1 July 2014
IAS 38 Intangible Assets	1 July 2014
IAS 24 Related Party Disclosures	1 July 2014

Annual Improvements 2011-2013 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 3 Business Combinations	1 July 2014
IFRS 13 Fair Value Measurement	1 July 2014
IAS 40 Investment Property	1 July 2014

Where the adoption of the improvement is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

Annual Improvements 2010-2012 Cycle- effective 1 July 2014

- IAS 24 Related Party Disclosures- clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

The amendment had no effect on the financial position and performance of the Company but had an impact on the disclosures.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

Foreign currency transactions

Functional and presentation currency

The Company's functional currency is the Euro ("EUR"), which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in EUR. Therefore, the EUR is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company's presentation currency is also in EUR.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities are translated at the spot rate of exchange ruling at the reporting date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition gain or loss on change in fair value of the item (i.e. translation differences are recognised in other comprehensive income or profit or loss).

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiary

Investments in subsidiary is shown at cost less impairment, if any, in the Company's separate financial statements. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidated financial statements

The Company owns 100% of the issued share capital in Suzlon Wind Energy Limited. The Company, being the parent company is required to prepare consolidated financial statements under IFRS 10 "Consolidated Financial Statements". The Company has taken advantage of the exemption provided by the Companies Act 2001 allowing a wholly owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements which contain financial information of the Company. These financial statements are for the individual company only and do not contain consolidated financial information as the parent of the group.

Under IFRS 10 "Consolidated Financial Statements", consolidated financial statements of the Company and its subsidiary as a group should have been presented as the Company's ultimate parent does not produce consolidated financial statements available for public use that comply with International Financial Reporting Standards. The directors are of the opinion that preparation of consolidated financial statements that comply with IFRS will not be useful to its parent as the Company is wholly owned by its ultimate parent, Suzlon Energy Limited (India) which produces consolidated financial statements prepared in accordance with Indian Generally Accepted Accounting Principles.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash at bank and cash in transit.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in profit or loss.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net realisable price and value in use, that is the present value of estimated future cash flows expected to arise from continuing to use the assets and from its disposal at the end of its useful life.

An impairment loss is recognised as an expense in profit or loss immediately, unless the asset is carried at revalued amount in which case the impairment loss is recognised against the revaluation or fair value reserve for the assets to the extent that the impairment loss does not exceed the amount held in the revaluation or fair value reserve for that same asset. Any excess is recognised immediately in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities consist of trade and other payables.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs, and are classified as equity.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Taxes

Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (Continued)

Deferred tax (Continued)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

Related parties

Related parties are individuals and companies where the individual or the Company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Expenses

All expenses are recognised in profit or loss on an accruals basis.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them:

	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Effective date postponed indefinitely
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
Annual improvements 2012 - 2014 Cycle	1 January 2016
Disclosure initiative - Amendments to IAS 1	1 January 2016
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
Disclosure Initiative (Amendment to IAS 7)	1 January 2017

The new or revised standards which are expected to have an impact on the Company's financial statements are described below:

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

(a) *Classification and measurement of financial assets*

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL).

Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

(b) *Classification and measurement of financial liabilities*

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

(c) *Impairment*

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

(d) *Hedge accounting*

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Company plan to adopt the new standard on the required effective date.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Annual improvements 2012 – 2014 Cycle - effective 1 January 2016

The annual improvements 2012-2014 Cycle make amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 - Additional guidance given to clarify whether a servicing contract is continuing involvement in a transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 19 - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and
- IAS 34 - Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

The directors will assess the impact of the amendments, if any, when they become effective.

Disclosure Initiative (Amendments to IAS 1) - effective 1 January 2016

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

No early adoption of these standards and interpretations is intended by the Board of directors.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) – effective 01 January 2017

Amends IAS 12 Income Taxes to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Company is still assessing the impact of this new standard, but it is not expected to have a significant effect on financial position of the Company.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Disclosure Initiative (Amendments to IAS 7) – effective 01 January 2017

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Company is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

No early adoption is intended by the Board of directors.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS , ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The Company's primary capital raising currency is the EUR and the Company's performance and liquidity is evaluated and managed in EUR. Therefore, the Company considers the EUR as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

SUZLON ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

21.

5. INVESTMENT IN SUBSIDIARY

	2016	2015
	EUR	EUR
At 01 April	139,000,000	1,190,332,892
Impairment	-	(1,051,332,892)
Disposal of investment*	(138,999,999)	-
At 31 March	1	139,000,000

*On 18 May 2015, the Board of Directors of Suzlon Wind Energy Limited ("SWEL") (the Company's subsidiary) entered into a capital restructuring, whereby it repurchased part of its shares for Euro 139 million, which the Company received on 19 May 2015.

Details of investment are as follows:

Name of company	Type of shares	Place of incorporation	% Holding		2016	2015
			2016	2015	EUR	EUR
Suzlon Wind Energy Limited	Equity	United Kingdom	100%	100%	1	139,000,000

There is a negative lien in favour of 'Offshore Security Trustee' for all its shares in Suzlon Wind Energy Limited as on 31 March 2016.

On 22 January 2015, AE Rotor Holding B.V. a step-down wholly owned subsidiary of the Company and its subsidiaries signed a binding agreement with Centerbridge Partners LP, USA to sell 100% stake in Servion SE, for a consideration of Euro 1,000 Million and future earn out of up to Euro 50 Million, which was concluded on 29 April 2015. Accordingly, the Company has recorded impairment of investment in Suzlon Wind Energy Limited of Euro 1,051,332,892 as on 31 March 2015.

6. STATED CAPITAL

	2016	2015
	EUR	EUR
<i>Issued and fully paid:</i>		
4,358,552,059 (2014: 4,890,681,979) ordinary shares at no par value.	1,119,291	1,191,067,008

On 19 May 2015, the Company notified the Registrar of Companies of a reduction in its stated capital to MUR 43,235,455,162 (Euro 1,052,947,717). Following the reduction, on 20 May 2015, the Company purchased 532,129,920 of its own shares, at a price of MUR 10 per share, for a total consideration of MUR 5,321,299,200 (Euro 137,000,000) as permitted by its constitution and in accordance with Section 69 of the Companies Act 2001.

7. TRADE AND OTHER PAYABLES

	2016	2015
	EUR	EUR
Accruals	13,926	18,292
Amount due to related companies (note 9)	286,086	825,523
	300,012	843,815

Amount due to related companies are unsecured, interest-free and repayable on demand.

8. TAXATION

No tax liability arises for the year ended 31 March 2016 (2015: Nil). As at 31 March 2016, the Company had accumulated tax losses of EUR 403,497 (2015: EUR 339,582), which are available for offset against future taxable profits.

A reconciliation between accounting profit and tax expense for the years 31 March 2016 and 2015 is as follows:

	2016	2015
	EUR	EUR
Loss for the year	(63,798)	(1,051,350,980)
(Less)/Add: Exempt (income)/expense	(117)	19
Add: Expenditure disallowed	-	1,051,332,892
Chargeable income	(63,915)	(18,069)
Loss brought forward	(25,795)	(321,513)
Tax losses lapsed	-	313,787
Loss carried forward	(89,710)	(25,795)

9. RELATED PARTY DISCLOSURES

During the year, the Company had the following transactions on an arm's length basis with related entities. Details of the nature, volume of transactions and balances with these related entities are as follows:

Name of company	Nature of transactions	Volume of transactions during the year (net)	Balances payable at 31 March 2016	Balances payable at 31 March 2015
		EUR	EUR	EUR
AE Rotor Holding B.V (AERH)	Loans and advances	30,325	61,961	31,636
Suzlon Wind Energy (SEAS)	Loans and advances	(793,887)	-	793,887
Suzlon Wind Energy Corp.	Loans and advances	219,598	219,598	-
Navitas Corporate Services Ltd	Administration, secretarial and directors fees	31,967	4,527	-

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair values

The carrying amount of the Company's financial assets and financial liabilities approximate their fair values.

Financial risk factors

The Company's activities expose it to a variety of financial risks such as credit risk, market risk (including cash flow interest rate risk, foreign currency risk and other price risk) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's main credit risk concentration is its cash at bank and cash in transit.

With respect to credit risk arising from financial assets, which comprises of its cash at bank and cash in transit, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

2016

	Carrying Amount	Of which: neither impaired or past due	Of which: not impaired and past due in the following periods		
	EUR	EUR	Less than 90 days	Between 91 and 180 days	More than 180 days
Cash at bank	173,142	173,142	-	-	-
Cash in transit	1,219,598	1,219,598	-	-	-
At 31 March	1,392,740	1,392,740	-	-	-

2015

	Carrying Amount	Of which: neither impaired or past due	Of which: not impaired and past due in the following periods		
	EUR	EUR	Less than 90 days	Between 91 and 180 days	More than 180 days
Cash at bank	262	262	-	-	-
At 31 March	262	262	-	-	-

The financial assets are neither past due nor impaired at the reporting date. The cash balance is held with reputable institutions.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The types of risk that the Company is exposed in relation to market prices are: cash flow interest rate risk, foreign currency risk and other price risk.

Foreign currency risk

The Company has financial assets and financial liabilities which are denominated in Mauritian Rupee ("MUR") and United States Dollar ("USD"). Consequently, the Company is exposed to the risk that the exchange rate of the EUR relative to the MUR and USD may change in a manner which has a material effect on the reported value of the Company's financial assets and financial liabilities denominated in MUR and USD.

The impact in exchange rates on the Company's financial assets and liabilities is minimal. As such, the effect of a sensitivity analysis on the Company's profit before tax is negligible.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2016		2015	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	EUR	EUR	EUR	EUR
Mauritian Rupee	15	4,527	16	978
Euro	1,392,713	281,559	210	825,523
United States Dollar	12	13,926	36	17,314
	<u>1,392,740</u>	<u>300,012</u>	<u>262</u>	<u>843,815</u>

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

At 31 March 2016, the Company did not hold any instruments which were measured at market prices.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains sufficient cash to address any liquidity risks that may arise.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Residual contractual maturity of financial liabilities are presented below in Euro (EUR).

	31 March 2016		
	Within 1 year	Greater than 1 year	Total
	EUR	EUR	EUR
Trade and other payables	300,012	-	300,012

	31 March 2015		
	Within 1 year	Greater than 1 year	Total
	EUR	EUR	EUR
Trade and other payables	843,815	-	843,815

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The impact of changes in interest rates on the Company's financial assets and liabilities is nil since there are no interest sensitive financial assets and financial liabilities.

The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company's only significant interest earning financial asset is cash at bank. Interest income from cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

The table below analyses the Company's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The floating rate column represents the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

	Total	Floating	Non-interest sensitive
	EUR	EUR	EUR
As at 31 March 2016			
Financial assets	1,392,740	173,142	1,219,598
Financial liabilities	300,012	-	300,012

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

	Total	Floating	Non-interest sensitive
	EUR	EUR	EUR
As at 31 March 2015			
Financial assets	262	262	-
Financial liabilities	843,815	-	843,815

The impact of changes in interest rates on the Company's financial assets and liabilities is minimal. As such, the effect of a sensitivity analysis on the Company's profit before tax is negligible.

11. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 March 2016 and 31 March 2015.

12. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the Company are presented in Euro ("EUR"). The directors of the Company have determined that the functional currency should be the EUR. As the company conducts most of its transactions in foreign currencies, the Company has chosen Euro as its functional and presentation currency. Its "domiciled" currency, the Mauritian Rupee, does not reflect the fundamentals of the business as the major transactions are carried in Euro. After careful evaluation, the Company has opted for the Euro as its functional and presentation currency as the presentation of the financial statements in Euro results in the financial statements providing a more faithful view of the Company's affairs than by presentation in Mauritius currency.

13. HOLDING AND ULTIMATE HOLDING COMPANY

The directors consider Suzlon Energy Limited (India), the registered office of which is "Suzlon", 5, Shrimati Society, Near Shri Krishna Complex, Navarangpura, Ahmedabad - 380009 as the Company's holding and ultimate holding company.