

# T R Chadha & Co LLP

## Chartered Accountants

502, Marathon Icon,  
Off. Ganpatrao Kadam Marg  
Opp. Peninsula Corporate Park  
Lower Parel, Mumbai – 400 013  
Tel.: 022-49669000  
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### Independent Auditors' Report

#### To the Stockholder of Suzlon Wind Energy Corporation

We have audited the accompanying consolidated financial statements of Suzlon Wind Energy Corporation and its subsidiary (together referred to as "the Company") which comprises of Balance sheet as at March 31, 2018 and 2017 and the related statements of profit and loss, and Statement of Change in Equity for the years then ended, and related notes to financial statement.

#### Management's Responsibility for the Financial Statement

Management is the responsible for preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in India including the accounting standards specified under section 133 of the Companies Act, 2013 and rules prescribed therein, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standard generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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, these consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and the results of their operations for the years then ended in accordance with accounting principles generally accepted in India.

The financial statement of company for the year ended 31st March 2017 were unaudited. The same were incorporated based on Management certification. We are unable to express an opinion on misstatement in opening balances, if any.



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015)

Corporate Office : B-30, Connaught Place, Kuthiala Building, New Delhi – 110001

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Branches at:

❖ AHMEDABAD ❖ BENGALURU ❖ CHENNAI ❖ GURGAON ❖ HYDERABAD ❖ PUNE ❖ TIRUPATI

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### Restriction of Use

This report is issued to internal consumption of the Management including consolidation purpose and for the use of existing Lenders of the company and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or any third parties to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For T R Chadha & Co LLP

Chartered Accountants

Date:



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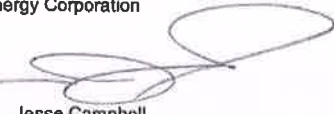
**Suzlon Wind Energy Corporation**  
**Consolidated Balance sheet as at March 31, 2018**  
All amounts in US Dollars, unless otherwise stated

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,937,719	2,249,948
Capital work-in-progress			26,629
Financial assets			
Trade receivables	7	45,492,240	55,467,012
Other financial assets	8	6,918,362	5,017,857
		<b>54,348,321</b>	<b>62,761,445</b>
<b>Current assets</b>			
Inventories	9	13,792,325	17,982,958
Financial assets			
Trade receivables	7	1,025,558	633,941
Cash and cash equivalents	10	6,960,737	1,844,249
Other financial assets	8	3,193,013	6,785,204
Current Tax Assets		300,998	214,069
Other current assets	11	467,655	489,491
		<b>25,740,284</b>	<b>27,949,913</b>
<b>Total assets</b>		<b>80,088,606</b>	<b>90,711,358</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	12	1,000	1,000
Other equity			
Share premium	13	82,314,746	82,314,746
Retained earnings		(91,020,182)	(72,384,531)
		<b>(8,704,436)</b>	<b>9,931,215</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	12,000,000	20,000,000
Other financial liabilities	15	46,226,531	32,840,986
Provisions	17	1,600,000	2,400,000
		<b>59,826,531</b>	<b>55,040,986</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables		6,659,586	4,123,348
Other financial liabilities	15	11,199,463	11,059,985
Other liabilities	16	7,555,784	5,895,707
Provisions	17	3,551,677	4,660,117
		<b>28,966,510</b>	<b>25,739,157</b>
<b>Total equity and liabilities</b>		<b>80,088,606</b>	<b>90,711,358</b>

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Reg.No.006711N/N500026  
  
Pramod Tilwani  
Partner  
Membership No.76650

For Suzlon Wind Energy Corporation

  
Andy Cukurs  
CEO

  
Jesse Campbell  
CFO

Place: Chicago, IL  
Date: May 15, 2018

**Suzlon Wind Energy Corporation**

**Consolidated Statement of profit and loss for the year ended March 31, 2018**

All amounts in US Dollars, unless otherwise stated

Particulars	Notes	March 31, 2018	March 31, 2017
<b>Income</b>			
Revenue from operations	18	52,755,848	56,354,330
Other operating income	19	263,033	2,921,659
Other income	20	392,882	270,529
		<b>53,411,762</b>	<b>59,546,518</b>
<b>Expenses</b>			
Consumption of raw materials		23,309,704	18,636,829
Changes in inventories of finished goods, work-in-progress and stock-in-trade		4,190,634	3,148,721
Employee benefits expense	21	28,611,129	30,303,568
Depreciation / amortisation (including impairment losses)	6	1,472,472	2,672,233
Finance costs	22	3,592,670	2,542,251
Other expenses	23	10,870,803	5,309,496
		<b>72,047,412</b>	<b>62,613,099</b>
<b>Profit/ (loss) before tax</b>		<b>(18,635,650)</b>	<b>(3,066,581)</b>
Tax expense		-	147,093
<b>Profit/ (loss) after tax</b>		<b>(18,635,650)</b>	<b>(3,213,674)</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>(18,635,650)</b>	<b>(3,213,674)</b>

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Reg.No.006711N/N500028

Pramod Tilwani  
Partner  
Membership No.76650

Mumbai  
Date:



For Suzlon Wind Energy Corporation

Andy Cukurs  
CEO

Jesse Campbell  
CFO

Place: *Chicago, IL*  
Date: *May 15, 2018*

**Suzlon Wind Energy Corporation**

**Consolidated Statement of changes in equity for the year ended March 31, 2018**

**a. Equity share capital**

	US Dollars
Equity shares of US Dollar 1 each, subscribed and fully paid	
At April 1, 2016	500,000
Issue of share capital	-
At March 31, 2017	500,000
Issue of share capital	-
At March 31, 2018	500,000

**b. Other equity, attributable to the equity holders of the parent**

	Retained earnings	Share premium	Total equity
<b>As at April 1, 2017</b>	(72,384,531)	82,314,746	9,930,215
Profit/ (loss) for the year	(18,635,850)	-	(18,635,850)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	(91,020,181)	82,314,746	(8,705,435)
Other movements	-	-	-
<b>As at March 31, 2018</b>	(91,020,181)	82,314,746	(8,705,435)
<b>As at April 1, 2016</b>	(69,170,858)	82,314,746	13,143,888
Profit/ (loss) for the year	(3,213,674)	-	(3,213,674)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	(72,384,531)	82,314,746	9,930,215
Other movements	-	-	-
<b>As at March 31, 2017</b>	(72,384,531)	82,314,746	9,930,215

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Pramod Tilwani  
Partner  
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Mumbai  
Date:



For Suzlon Wind Energy Corporation

Andy Cukurs  
CEO

Jesse Campbell  
CFO

Place: *Chicago, IL*  
Date: *May 15, 2018*



## 1. Company information

Suzlon Wind Energy Corporation ('the Company' or 'SWECO') was incorporated on October 1, 2001 to market wind energy generators. SWECO provides turnkey solutions along with operations and maintenance services to the wind energy industry. Suzlon Wind Energy Corporation is the wholly owned United States Subsidiary of Suzlon Energy A/S, Denmark ('Parent'). Suzlon Energy A/S is a wholly owned subsidiary of Suzlon Energy Limited Mauritius, which is a wholly owned subsidiary of Suzlon Energy Limited incorporated in India.

The Consolidated financial statement relates to parents and its subsidiary companies namely i.e. Suzlon Project VIII LLC (collectively referred to as "the Group")

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("the Rules").

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value.

The financial statements are presented in USD and all values are rounded off to the nearest full number except when otherwise indicated.

### Basis of Consolidation

The Company consolidate entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- b) potential voting rights held by the Company, other vote holders or other parties;
- c) rights arising from other contractual arrangements; and
- d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a



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subsidiary acquired or disposed of during the year are included in the consolidated Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Particulars	Country of Incorporation	% of Voting Power As at March 31, 2018	% of Voting Power As at March 31, 2017
<b>Subsidiary Company - Direct</b>			
Suzlon Project VIII LLC	United States of America	100	100

## 2.2 Summary of significant accounting policies

### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Company classifies all other liabilities as non-current.

### b. Foreign currencies

The Company's financial statements are presented in USD, which is also the Company's functional currency.



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## Transactions and balances

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## c. Revenue recognition

Revenue comprises of service income from rendering operation and maintenance services, sale of components, income from wind power generation and interest income. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

Revenue is recognised, net of trade discounts, and any other applicable taxes.

### Revenue from operations and maintenance service

Revenues from operation and maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

### Revenue from sale of components

Revenue from sale of components is recognised in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

### Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable. Interest income is included in other income in the statement of profit and loss.

## d. Taxes

### Current income tax

Current income tax assets and liabilities 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.



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Current income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates the 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 balance sheet 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any 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.

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 re-assessed 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 (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI 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 tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **e. Property, plant and equipment ('PPE')**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

Capital work-in-progress comprises of the cost of PPE that are not yet ready for their intended use as at the balance sheet date. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss when they are incurred.

Depreciation is calculated on the straight line method ('SLM') based on the useful lives and residual values estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.



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Type of asset	Useful lives (years)
Leasehold Improvements	25 Years, the rate based on lease period
Plant and machinery	3 to 7 years
Computers and Office Equipments	3 to 5 years
Furniture and fixtures	3 to 7 years
Vehicles	3 to 5 years

Leasehold land is amortised on a straight line basis over the period of lease.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **f. Borrowing costs**

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

#### **g. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### **Company as a lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

##### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets other than land and building subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.



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#### **h. 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') net selling price and its value in use. The 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. Impairment losses are recognised in the statement of profit and loss. 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimates of recoverable amount. The carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### **i. Inventories**

Inventories comprise of components, stores and spares and are valued at lower of cost and estimated net realisable value. Inventories include some materials that are repaired as well as repairable as at the balance sheet date. Cost of inventory is determined on a weighted average basis.

#### **j. 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **k. Retirement and other employee benefits**

The company recognized its liability towards Social Security contributions in Profit & Loss account.

The company contributes to 401(k) program and recognized its contribution towards the fund in Profit & Loss account.

Short-term compensated absences are provided based on estimates. The entire leave is presented as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for 12 months after the reporting date.

#### **l. Cash and cash equivalents**



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Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### **m. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resource embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognise a contingent liability but discloses it as per Ind AS 37 in the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

### **3. 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 reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **a. Significant judgements in applying the Company's accounting policy**

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:

##### **Revenue recognition and presentation**

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as principal or as an agent. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction.

#### **b. Significant accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Allowance for trade receivables**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.



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#### 4. Fair value measurements

The company measures financial instruments at fair value in accordance with accounting policies 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 by the company

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### 5. Financial instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (a) Financial Assets:

##### Initial recognition and measurement:

The company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)



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### **i. Financial assets measured at amortized cost:**

A financial asset is measured at the amortized cost if both the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

### **ii. Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI.

However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss.

However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

### **iii. Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

### **De-recognition**

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) 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.



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When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes 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.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### **Impairment of financial assets**

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Receivable from group companies assessing net off payable.

### **(b) Financial Liabilities:**

#### **Initial recognition and measurement**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are initially measured at Fair value.

#### **Subsequent measurement**

All non-current financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.



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## De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

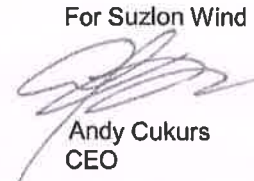
**Offsetting of financial instruments** Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

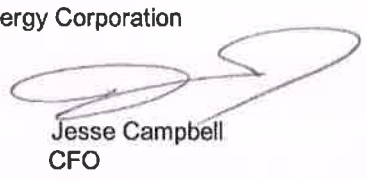
For T R Chadha & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number :  
006711N/N500028

  
Pramod Tiwari  
Partner  
Membership No.: 76650



For Suzlon Wind Energy Corporation

  
Andy Cukurs  
CEO

  
Jesse Campbell  
CFO

Place: *Chicago, IL*  
Date: *May 15, 2018*

Suzlon Wind Energy Corporation  
6: Property, plant and equipment

Particulars	Gross block				Depreciation / amortisation					Net block	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	For the year	Impairment	Disposals	As at March 31, 2017	As at March 31, 2017	As at April 2016
Freehold land	9,800	-	-	9,800	-	-	-	-	-	9,800	9,800
Leasehold Improvements	743,271	56,573	228,969	570,875	140,419	253,239	-	228,969	164,869	406,186	602,852
Plant and Machinery	4,584,042	44,313	29,893	4,598,462	589,184	513,190	1,840,000	26,231	2,817,143	1,681,319	3,994,858
Computer and office equipments	250,262	5,139	9,521	245,870	74,905	58,934	-	9,521	125,318	120,552	175,347
Furniture and fixtures	11,484	29,362	-	40,846	5,472	3,284	-	-	8,756	32,090	6,012
Vehicles	8,510	-	-	8,510	5,924	2,586	-	-	8,510	(0)	2,586
Total	5,607,359	135,387	268,383	5,474,364	815,904	832,233	1,840,000	263,721	3,224,416	2,249,948	4,791,455
Capital Work In Progress	-	26,629	-	26,629	-	-	-	-	-	26,629	-
Grand Total	5,607,359	162,017	268,383	5,500,993	815,904	832,233	1,840,000	263,721	3,224,416	2,276,577	4,791,455

Particulars	Gross block				Depreciation / amortisation					Net block	
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	For the year	Impairment	Disposals	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Freehold land	9,800	-	9,800	-	-	-	-	-	-	-	9,800
Leasehold Improvements	570,875	14,850	50,200	535,525	164,689	87,531	-	26,279	223,941	311,584	406,186
Plant and Machinery	4,598,462	256,371	30,390	4,824,443	2,917,143	457,400	-	30,380	3,344,163	1,480,290	1,681,319
Computer and office equipments	245,870	49,650	-	295,520	125,318	51,451	-	-	176,769	118,751	120,552
Furniture and fixtures	40,846	-	-	40,846	8,758	4,997	-	-	13,753	27,064	32,090
Vehicles	8,510	-	-	8,510	8,510	-	-	-	8,510	(0)	(0)
Total	5,474,364	320,871	90,390	5,704,845	3,224,416	601,379	-	58,669	3,767,126	1,937,719	2,249,948
Capital Work In Progress	26,629	844,464	-	871,093	-	-	871,093	-	871,093	-	26,629
Grand Total	5,500,993	1,165,336	90,390	6,575,938	3,224,416	601,379	871,093	58,669	4,638,219	1,937,719	2,276,577



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**Suzlon Wind Energy Corporation**

**Notes to consolidated financial statements for the year ended March 31, 2018**

**7 Trade receivables**

	March 31, 2018	March 31, 2017
<b>Non-current</b>		
<b>Unsecured</b>		
Considered good	45,492,240	55,467,012
Considered doubtful	2,055,202	1,982,491
	<b>47,547,442</b>	<b>57,449,503</b>
Less : Impairment allowance for ECL	(72,711)	-
Less : Provision for doubtful receivables	(1,982,491)	(1,982,491)
<b>Total</b>	<b>45,492,240</b>	<b>55,467,012</b>
<b>Current</b>		
Unsecured, considered good	1,025,558	633,941
<b>Total</b>	<b>1,025,558</b>	<b>633,941</b>

**8 Other financial assets**

	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Non-current bank balances	820,487	988,593
Security deposits	2,800	2,800
Loans and advances to employees	240,002	320,000
Advances recoverable in cash from related party	5,855,073	3,706,464
<b>Total</b>	<b>6,918,362</b>	<b>5,017,857</b>
<b>Current</b>		
Advances recoverable in cash	3,193,013	6,785,204
	<b>3,193,013</b>	<b>6,785,204</b>

**9 Inventories (valued at lower of cost and net realisable value)**

	March 31, 2018	March 31, 2017
Finished goods, semi-finished goods and work-in-progress	3,314,225	5,884,583
Stores and spares	10,478,099	12,098,375
<b>Total</b>	<b>13,792,325</b>	<b>17,982,958</b>

**10 Cash and cash equivalents**

	March 31, 2018	March 31, 2017
Balances with banks in current accounts	6,959,354	1,842,866
Cash on hand	1,383	1,383
<b>Total</b>	<b>6,960,737</b>	<b>1,844,249</b>

**11 Other current assets**

	March 31, 2018	March 31, 2017
Prepaid expenses	324,624	402,638
Advance for Goods	143,031	86,853
<b>Total</b>	<b>467,655</b>	<b>489,491</b>

**12 Share capital**

	March 31, 2018	March 31, 2017
<b>Authorised shares</b>		
500,000 equity shares of US dollar 1 each	500,000	500,000
<b>Issued, subscribed &amp; paid-up</b>		
1000 equity shares of US dollar 1 each fully paid up.	1,000	1,000
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

**Terms/ rights attached to equity shares**

The company has only one class of equity shares having par value of US Dollar 1 per share. Each holder of equity share is entitled to one vote per share. Suzlon Wind Energy Corporation is the wholly owned United States Subsidiary of Suzlon



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Suzlon Wind Energy Corporation

Notes to consolidated financial statements for the year ended March 31, 2018

13 Other equity

	March 31, 2018	March 31, 2017
Securities premium	82,314,746	82,314,746
Retained earnings	(91,020,181)	(72,384,531)

14 Borrowings

	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Term loan from banks/ financial institutions	12,000,000	20,000,000
<b>Total</b>	<b>12,000,000</b>	<b>20,000,000</b>
<b>Current</b>		
Current maturity of long-term borrowings	8,000,000	8,000,000
<b>Total</b>	<b>8,000,000</b>	<b>8,000,000</b>

The Company has obtained a long term loan from Exim Bank of India - London Branch. Loan carries interest at USD months) + 575 bps p.a payable quarterly. The loan carries a moratorium period of 2 years and 3 months. The first ins was paid on December 17, 2015. The loan is payable in 20 quarterly installments ending on 18 Sep 2020. Loan taken secured against receivables. The loan is guaranteed by AE Rotor Holding and Suzlon Energy Limited. AE Rotor Hold ultimate guarantor of the loan.

The security for the facility is given as follows:

- Exclusive charge on the receivables arising out of all Operations and Maintenance Services [OMS] contracts of SV with a minimum cover of 1.50 times during the currency of loan.
- Exclusive charge over the TRA/Escrow account(s) capturing the entire receivables arising out of all OMS contracts
- Undertaking from SWECO to route all payments received under OMS contracts through the Escrow/TRA accounts
- Confirmation from the Project Owners for remittance of OMS proceeds in the designated TRA/Escrow account.
- Corporate Guarantee of AE Rotor Holdings, Netherlands
- Pledge of entire shareholding of SWECO

15 Other financial liabilities

	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Loans from related parties		
Due to group companies	3,591,884	1,213,809
Due to Group Companies	42,634,847	31,427,177
<b>Total</b>	<b>46,226,531</b>	<b>32,640,986</b>
<b>Current</b>		
Current maturity of long-term borrowings	8,000,000	8,000,000
Statutory dues	454,265	469,997
Others	2,745,199	2,588,988
<b>Total</b>	<b>11,199,463</b>	<b>11,058,985</b>

16 Other current liabilities

	March 31, 2018	March 31, 2017
Advance from customer	10,000	10,000
Income received in advance	7,518,735	5,888,100
Others	27,050	(2,392)
<b>Total</b>	<b>7,555,784</b>	<b>5,895,707</b>

17 Provisions

	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Provision for Liquidated damages	1,600,000	2,400,000
<b>Total</b>	<b>1,600,000</b>	<b>2,400,000</b>
<b>Current</b>		
Provision for leave benefits	1,104,732	1,098,312
Provision for performance guarantee	305,299	424,982
Provision for liquidated damages	800,000	800,000
Provision for warranty	1,341,646	2,336,823
Provision for taxation (net of advance tax)	-	-
<b>Total</b>	<b>3,551,677</b>	<b>4,660,117</b>



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**Suzlon Wind Energy Corporation**

**Notes to consolidated financial statements for the year ended March 31, 2018**

**18 Revenue from operations**

	March 31, 2018	March 31, 2017
Sale of finished goods/spare parts	10,140,782	9,124,027
Service income	42,615,066	47,230,303
<b>Total</b>	<b>52,755,848</b>	<b>56,354,330</b>

**Details of finished goods sold:**

Spares parts and others	10,140,782	9,124,027
<b>Total</b>	<b>10,140,782</b>	<b>9,124,027</b>

**Details of services rendered:**

Operation and maintenance services	39,594,901	44,236,399
Extended warranty services	3,020,165	2,993,904
<b>Total</b>	<b>42,615,066</b>	<b>47,230,303</b>

**19 Other operating income**

	March 31, 2018	March 31, 2017
Exchange differences (net)	-	1,562,570
Other miscellaneous income	263,033	1,359,089
<b>Total</b>	<b>263,033</b>	<b>2,921,659</b>

**20 Other income**

	March 31, 2018	March 31, 2017
Interest income on		
Bank deposits	2,879	2,971
Others	390,003	267,558
<b>Total</b>	<b>392,882</b>	<b>270,529</b>

**21 Employee benefits expense**

	March 31, 2018	March 31, 2017
Salaries, wages, allowances and bonus	23,074,991	23,804,869
Social security cost	5,435,387	6,410,762
Staff welfare expenses	100,751	87,937
<b>Total</b>	<b>28,611,129</b>	<b>30,303,568</b>

**22 Finance costs**

	March 31, 2018	March 31, 2017
Interest	3,522,807	2,487,330
Bank charges	69,863	54,920
<b>Total</b>	<b>3,592,670</b>	<b>2,542,251</b>

**23 Other expenses**

	March 31, 2018	March 31, 2017
Rent	888,297	1,117,219
Rates and taxes	150,285	81,206
Repairs and maintenance		
Building	2,358	3,526
Others	16,514	19,533
Insurance	66,846	76,301
Advertisement and sales promotion	262,000	331,081
Travelling and conveyance	586,120	752,649
Vehicle hire charges	1,537,287	1,491,349
Communication expenses	268,844	325,498
Auditors' remuneration and expenses	6,899	35,000
Consultancy charges	261,333	390,305
Charity and donations	-	10,094
Other selling and administrative expenses	446,278	456,141
IT related costs	202,314	219,595
Exchange differences (net)	5,041,929	-
Provision for doubtful debts and advances	1,133,499	-
<b>Total</b>	<b>10,870,803</b>	<b>5,309,496</b>



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**Suzlon Wind Energy Corporation, USA**  
**Related Party Disclosures**  
**March 31, 2018**

**A. Related parties with whom transactions have taken place during the year**

**a. Ultimate parent company**

1. Suzlon Energy Limited

**b. Holding company**

1. Suzlon Energy A/S, Denmark  
2. Suzlon Energy Limited, Mauritius

**c. Fellow Subsidiary company**

1. AE Rotor Holding B.V., Netherlands  
2. SE Drive Technik GmbH, Germany  
3. Sure Power LLC, USA  
4. Suzlon Energy B.V, Netherlands  
5. Suzlon Generators Limited, India  
6. Suzlon Global Services Limited (formerly Suzlon Structures Limited), India  
7. Suzlon Rotor Corporation, USA  
8. Suzlon Wind Energy Espana, Spain  
9. Suzlon Wind Energy Portugal, Lda, Portugal  
10. Suzlon Wind Energy Nicaragua  
11. SE Forge

**d. Key Management Personnel of Suzlon Wind Energy Corporation**

1. Andy Cukurs - Chief Executive Officer  
2. Jesse Campbell - Chief Financial Officer  
3. Claudia Mann, VP - Human Resources (former)  
4. Hope Whitfield - General Counsel  
5. Scott Bryan - VP Operations and Maintenance Services  
6. Terry Callahan - VP Operations and Maintenance Services (former)  
7. Todd Karasek - VP - Health, Safety and Environment  
8. Tulsil R. Tanti - Director

**All in USD**

**B Transactions between the Group and related parties during the period and the status of outstanding balances as at March 31, 2018**

Particulars	Ultimate parent company	Holding company	Subsidiary companies	KMP
Loan given		(10,091,539)	647,595	
Security deposit given				
Sale of goods and services	54,316	5,141	1,906,200	
Interest Income			192,285	
Miscellaneous Income			616	
Purchase of goods and services	1,990,735	26,406	980,179	
Interest expense		26,492	1,493,510	
Lease rent Income				
Other expenses		17,054	165,900	
Managerial Remuneration		-	616	2,253,498

**C Outstanding balances**

Particulars	Ultimate parent company	Holding company	Subsidiary companies	KMP
Trade receivables	48,032,719	5,141	2,480,074	
Other receivables			616	
Loans given outstanding			8,505,378	
Loans taken outstanding		6,255,116	40,762,747	
Interest receivable			516,514	
Interest payable		45,429	1,628,239	
Advances given			110,766	
Trade payables	2,055,006		1,021,867	



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Suzlon Wind Energy Corporation  
Notes to Consolidated financial statements for the year ended March 31, 2018

25 Contingent Liability - NIL

26 Capital Commitment - NIL

27 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. Operations and Maintenance services for wind turbines and the activities incidental thereto within United States of America and Canada, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments"

28 Fair value Measurement

Financial Instruments by category

Particulars	3/31/2018			3/31/2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised
<b>Financial Assets</b>						
Trade Receivable	-	-	46,517,798	-	-	56,100,952
Other financial assets	-	-	10,111,375	-	-	11,803,061
Cash and Cash equivalents	-	-	6,960,737	-	-	1,844,249
<b>Total financial assets</b>	-	-	63,589,910	-	-	69,748,263
<b>Financial Liabilities</b>						
Trade payables	-	-	6,659,566	-	-	4,123,348
Borrowings	-	-	12,000,000	-	-	20,000,000
Other financial liability	-	-	57,425,995	-	-	43,700,971
<b>Total financial liabilities</b>	-	-	76,085,560	-	-	67,824,319

The carrying amounts of cash and cash equivalent including other current bank balances, Trade Receivable, other financials assets and other liabilities including borrowings and other financials liability etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

29 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

30 Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.

31 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

32 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide support to its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: Interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings.

1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.



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## II) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk as at the end of the reporting period expressed in million USD are as follows:

	March 31, 2018		
	USD	Euro	Others
<b>Financial assets</b>			
Trade receivables	-	-	-
<b>Total</b>	-	-	-
<b>Financial liabilities</b>			
Borrowings		31.21 mn	
Trade payables		0.44 mn	
<b>Total</b>		<b>31.65 mn Euro</b>	

### Foreign currency sensitivity

The Company's currency exposures in respect of monetary items at March 31, 2018 and March 31, 2017 that result in net currency gains and losses in the Income statement and equity arise principally from movement in US Dollar and Euro exchange rates and US Dollar and Canadian Dollar exchange rates.

The following tables demonstrate the sensitivity to a reasonably possible change in EURO and USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	% Change in Currency	Effect on Profit Before Tax (Million USD)
March 31, 2018		
Euro	+5%	-2
Euro	-5%	2
CAD	+5%	0.06
CAD	-5%	-0.06
March 31, 2017		
Euro	+5%	-1.7
Euro	-5%	1.7
CAD	+5%	0.06
CAD	-5%	-0.06

### b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities (primarily loans). The Company consistently monitors the financial health of its customers and sales proceeds are being realised as per the milestone payment terms agreed to minimise the loss due to defaults or insolvency of the customer. Progressive liquidity management is being followed to de-risk the Company from any non-fulfilment of its liabilities to various creditors, statutory obligations, or any stakeholders.

### 1) Trade receivables

The Company's exposure to trade receivables is limited due to diversified customer base. The Company consistently monitors progress under its contracts with customers and sales proceeds are being realised as per the milestone payment terms agreed to minimise the loss due to defaults or insolvency of the customer.

An Impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Receivable from group companies assessed net off payable basis.

### c. Liquidity risk

Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. In doing this, management considers both normal and stressed conditions. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flow forecast and by matching the maturity profiles of financial assets and liabilities.

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Reg. No. 00671/MUM/580028

Pranod Tilwari  
Partner  
Membership No. 78650  
Mumbai  
Dated :



For Szezon Wind Energy Corporation

Andy Cukurs CEO  
Jesse Campbell CFO

Place: Chicago, IL  
Date: May 15, 2018