

**Suzlon Wind Energy South Africa
Proprietary Limited**

(Registration number 2010/017784/07)

Annual Financial Statements
for the year ended 31 March 2018

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2018

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Maintenance of renewable energy assets and wind turbines.
Directors	F H J Visscher S M Zimu
Registered office	Cookhouse Wind Farm The Farms, Zure Kop (1 & 2) Arolsen Cookhouse 5820
Postal address	Private Bag 6 Somerset East 5850
Holding company	Suzlon Energy Limited (Incorporated in Mauritius)
Bankers	Standard Bank of South Africa Limited
Auditor	PKF (PE) Inc. Registered Auditors Chartered Accountants (SA)
Company registration number	2010/017784/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: Accompt Financial Services (Pty) Ltd

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STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 8 to 31, which have been prepared on the going concern basis, were approved by the board on 17 May 2018 and are signed on its behalf by:

S M Zimu

F H J Visscher

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Suzlon Wind Energy South Africa Proprietary Limited

Opinion

We have audited the financial statements of Suzlon Wind Energy South Africa Proprietary Limited set out on pages 8 to 31, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Suzlon Wind Energy South Africa Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 24 in the financial statements, which indicates that, at 31 March 2018, the company's liabilities exceeded its total assets by R458 179 845. As stated in note 24, these events or conditions, along with other matters as set forth in note 24, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the directors' report as required by the Companies Act of South Africa and the supplementary information set out on pages 32 to 34. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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B-BBEE Status Level 6 • IRBA Reg No 930709E

PKF (PE) Inc. • Registered Auditors • Chartered Accountants (SA) • A member of PKF International Ltd • Reg No 2002/004678/21
Directors • DJ Robertson • L Battle • D Bodemer • MC Daverin • S Kerr • LD van Goeverden • GP van Zyl
Office Manager • T Botes

PKF (PE) Inc. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. PKF in South Africa practise as separate legal entities in the Eastern Cape, Free State, Gauteng, KwaZulu-Natal and the Western Cape.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF (PE) Inc .

PKF (PE) Inc.
Chartered Accountants (SA)
Registered Auditors

Per G.P. van Zyl CA (SA)
Registered Auditor

Port Elizabeth
17 May 2018

Suzlon Wind Energy South Africa Proprietary Limited

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DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2018.

1. Review of activities

Main business and operations

The company is engaged in maintenance of renewable energy assets and wind turbines. The company principally operates in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in the directors' opinion require any further comment.

2. Going concern

The directors have reviewed the company's cash flow forecast for the next 12 months to 31 March 2019 and in light of this review and the current financial position, they are satisfied that the company has reasonable prospects to continue in operational existence for the foreseeable future. Refer to note 24 in the financial statements regarding the going concern uncertainty of the company.

3. Events after the reporting period

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to the annual financial statements.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

5. Dividends

No dividends were declared or paid to the shareholders during the year under review.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

	Nationality
F H J Visscher	Dutch
S M Zimu	South African

7. Secretary

The company had no secretary during the year.

8. Holding company

The company's holding company is Suzlon Energy Limited incorporated in Mauritius.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	410 684	510 299
Current Assets			
Inventories	5	14 457 909	14 750 367
Trade and other receivables	6	75 856 623	105 783 113
Cash and cash equivalents	7	48 203 390	11 655 986
		138 517 922	132 189 466
Total Assets		138 928 606	132 699 765
Equity and Liabilities			
Equity			
Share capital	8	5 000 200	5 000 200
Accumulated loss		(463 179 845)	(449 239 918)
		(458 179 645)	(444 239 718)
Liabilities			
Non-Current Liabilities			
Loans from group companies	9	424 502 214	384 420 924
Provisions	10	11 200 000	28 000 000
		435 702 214	412 420 924
Current Liabilities			
Trade and other payables	11	144 606 037	147 718 559
Provisions	10	16 800 000	16 800 000
		161 406 037	164 518 559
Total Liabilities		597 108 251	576 939 483
Total Equity and Liabilities		138 928 606	132 699 765

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 R	2017 R
Revenue	12	24 567 548	24 539 637
Cost of services		(13 162 213)	(8 536 407)
Gross profit		11 405 335	16 003 230
Other income		18 916	51 867 066
Operating expenses		(13 866 704)	(6 499 351)
Operating (loss) profit	13	(2 442 453)	61 370 945
Investment revenue	15	454 831	533 054
Finance costs	16	(11 952 305)	(10 704 546)
(Loss) profit for the year		(13 939 927)	51 199 453

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STATEMENT OF CHANGES IN EQUITY

	Share capital R	Share premium R	Total share capital R	Accumulated loss R	Total equity R
Balance at 1 April 2016	250	4 999 950	5 000 200	(500 439 371)	(495 439 171)
Profit for the year	-	-	-	51 199 453	51 199 453
Balance at 1 April 2017	250	4 999 950	5 000 200	(449 239 918)	(444 239 718)
Loss for the year	-	-	-	(13 939 927)	(13 939 927)
Balance at 31 March 2018	250	4 999 950	5 000 200	(463 179 845)	(458 179 645)
Note	8	8	8		

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STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash generated from (used in) operations	18	14 776 841	10 689 941
Interest income		454 831	533 054
Finance costs		(11 952 305)	(10 704 546)
Net cash from operating activities		3 279 367	518 449
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(76 277)	(68 996)
Loans from group companies advanced (repaid)		33 344 314	(504 115)
Net cash from investing activities		33 268 037	(573 111)
Total cash movement for the year		36 547 404	(54 662)
Cash and cash equivalents at the beginning of the year		11 655 986	11 710 648
Total cash and cash equivalents at the end of the year	7	48 203 390	11 655 986

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ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except where stated otherwise and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and trade payables

The company assesses its trade receivables and trade payables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Depreciation is provided to write down property, plant and equipment as follows:

Item	Average useful life
Plant and machinery	4 years
Furniture and fixtures	5 years
Computer equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

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ACCOUNTING POLICIES

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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ACCOUNTING POLICIES

1.3 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value plus transaction cost, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.4 Taxation

Income taxation assets and liabilities

Income taxation for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Income taxation liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, effects neither accounting profit nor taxable profit (taxation loss).

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred taxation asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, effects neither accounting profit nor taxable profit (taxation loss).

A deferred taxation asset is recognised for the carry forward of unused taxation losses to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be set off.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxations are recognised as income or an expense and included in profit or loss for the period, except to the extent that the taxation arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current taxation and deferred taxes are charged or credited to other comprehensive income if the taxation relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current taxation and deferred taxes are charged or credited directly to equity if the taxation relates to items that are credited or charged, in the same or a different period, directly in equity.

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ACCOUNTING POLICIES

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

Operating lease payments are recognised in the statement of comprehensive income.

Any contingent rentals are expensed in the period they are incurred.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on a First-in-First-out (FIFO) basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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ACCOUNTING POLICIES

1.7 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added taxation.

Interest is recognised, in profit or loss, using the effective interest rate method.

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

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	<i>Annual Improvements 2014 - 2016 Cycle:</i> Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	1 January 2017
IAS 7 <i>Statement of Cash Flows</i>	<i>Disclosure Initiative:</i> Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017
IAS 12 <i>Income Taxes</i>	<i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12):</i> Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2018 or later periods:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	<i>Annual Improvements 2014 - 2016 Cycle:</i> Deletion of short-term exemptions that are no longer applicable.	1 January 2018
IFRS 3 <i>Business Combinations</i>	<i>Annual Improvements 2015 - 2017 Cycle:</i> Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.	1 January 2019

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2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 <i>Financial Instruments</i>	<p>A final version of IFRS 9 has been issued which replaces IAS 39 <i>Financial Instruments : Recognition and Measurement</i>. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:</p> <ul style="list-style-type: none"> IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets. IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. 	<p>1 January 2018</p> <p>*IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015*</p>
	<p><i>Prepayment Features with Negative Compensation</i>. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.</p>	<p>1 January 2019</p>
IFRS 15 <i>Revenue from Contracts from Customers</i>	<p>New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p>	<p>1 January 2018</p>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 15 <i>Revenue from Contracts from Customers</i> (continued)	<p>The new standard supercedes:</p> <ul style="list-style-type: none"> • IAS 11 Construction Contracts; • IAS 18 Revenue; • IFRIC 13 Customer Loyalty Programmes; • IFRIC 15 Agreements for the Construction of Real Estate; • IFRIC 18 Transfer of Assets from Customers; and • SIC-31 Revenue-Barter Transactions Involving Advertising Services. 	
IFRS 16 <i>Leases</i>	<p>IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.</p> <p>IFRS 16 contains expanded disclosure requirements for lessees.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p> <p>IFRS 16 supersedes the following Standards and Interpretations:</p> <ul style="list-style-type: none"> • IAS 17 Leases; • IFRIC 4 Determining whether an Arrangement contains a Lease; • SIC-15 Operating Leases - Incentives; and • SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 	1 January 2019

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IAS 12 <i>Income Taxes</i>	<i>Annual Improvements 2015 - 2017 Cycle:</i> Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises.	1 January 2019
IAS 23 <i>Borrowing Costs</i>	<i>Annual Improvements 2015 - 2017 Cycle:</i> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019

Interpretations		Annual periods beginning on or after
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.	1 January 2018
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	The interpretation specified how an entity should reflect the effects of uncertainties in accounting for income taxes.	1 January 2019

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	362 838	(230 147)	132 691	362 838	(149 877)	212 961
Furniture and fixtures	143 913	(64 437)	79 476	90 613	(41 889)	48 724
Computer equipment	400 602	(202 085)	198 517	377 624	(129 010)	248 614
Total	907 353	(496 669)	410 684	831 075	(320 776)	510 299

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Plant and machinery	212 961	-	(80 270)	132 691
Furniture and fixtures	48 724	53 300	(22 548)	79 476
Computer equipment	248 614	22 977	(73 074)	198 517
	510 299	76 277	(175 892)	410 684

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Plant and machinery	221 415	65 146	(73 600)	212 961
Furniture and fixtures	66 385	-	(17 661)	48 724
Computer equipment	269 386	3 850	(24 622)	248 614
	557 186	68 996	(115 883)	510 299

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
4. Deferred taxation		
Deferred tax asset		
- Warranty provision	7 840 000	12 544 000
- Leave pay accrual	145 430	142 923
- Assessed loss	108 143 277	101 424 957
Reconciliation of deferred tax asset		
At beginning of year	-	-
Decrease in temporary difference on provision for warranty	(4 704 000)	(4 704 000)
Increase in temporary difference on leave pay accrual	2 507	8 940
Increase in tax loss available for set off against future taxable income	6 718 319	6 421 968
Deferred tax asset not recognised	(2 016 826)	(1 726 908)
	-	-
Potential deferred tax asset	115 976 873	114 111 880
Deferred tax asset provided for	-	-

The recovery of deferred tax assets is dependent on the generation of sufficient future taxable income. In order to recognise the asset, it must be probable that deductible temporary differences in excess of existing taxable temporary differences will be used.

The company does not generate any taxable income and thus the deferred tax asset cannot be recognised.

5. Inventories

Stores and spares	14 457 909	14 750 367
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This consists of spares and consumables which are used for operational and maintenance services.

6. Trade and other receivables

Trade receivables	285 747	1 459 594
Deposits	942 333	942 333
Value added taxation	1 114 423	723 672
Project receivable	40 143 110	40 143 110
Advances	33 371 010	62 514 404
	75 856 623	105 783 113

Fair value of trade and other receivables

The fair value of trade and other receivables approximate the carrying value.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
6. Trade and other receivables (continued)		
Trade and other receivables past due but not impaired		
Credit terms to customers are 30 days. Amounts outstanding for less than 30 days are not considered to be passed due or impaired.		
The ageing of amounts owing by customers is as follows:		
Neither passed due, nor impaired	-	117 962
1 month past due	-	55 206
2 months past due	-	206 535
4+ months past due	315 719	1 109 864
Provision for bad debts	(29 973)	(29 973)
	285 746	1 459 594
Trade and other receivables impaired		
No additional provision for bad debts was raised during the year (2017: R(29 973)).		
Bad debts written off in full during the year amount to R658 767 (2017: R -).		
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3 246	502
Bank balances	8 057 031	11 655 484
Other cash and cash equivalents	40 143 113	-
	48 203 390	11 655 986
8. Share capital		
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
750 unissued ordinary shares are under the control of the directors in terms of a resolution of the shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
250 Ordinary shares of R1 each	250	250
Share premium	4 999 950	4 999 950
	5 000 200	5 000 200

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
9. Loans from group companies		
A E Rotor Holdings BV	(410 544 262)	(368 977 630)
Suzlon Energy BV	(13 957 952)	(15 443 294)
	(424 502 214)	(384 420 924)

The loans are unsecured, bear interest at Euro Libor one year rate plus 300 basis points but not exceeding the base rate of the country of denomination and have no set terms of repayment. These loans are subject to subordination agreements in favour of the creditors of the company, until the assets of the company fairly valued, exceed its liabilities. These loans are therefore deemed long term as they will not be called for in the next 12 months.

10. Provisions

Reconciliation of provisions - 2018

	Opening balance	Utilised during the year	Total
Product warranties	44 800 000	(16 800 000)	28 000 000

Reconciliation of provisions - 2017

	Opening balance	Utilised during the year	Total
Product warranties	61 600 000	(16 800 000)	44 800 000
Non-current liabilities		11 200 000	28 000 000
Current liabilities		16 800 000	16 800 000
		28 000 000	44 800 000

The warranty provision represents management's best estimate of the company's liability over a period of 5 years for warranties granted on major components, a transformer and materials for routine operations based on knowledge of the industry and averages for defective equipment.

11. Trade and other payables

Trade payables	141 644 227	144 638 726
Amounts received in advance	2 041 668	2 041 664
Accrued leave pay	519 393	510 440
Payroll accruals	210 749	221 911
Other accruals	-	1
Audit fee accrual	190 000	154 500
Workmen's compensation	-	151 317
	144 606 037	147 718 559

Fair value of trade and other payables

The fair value of trade and other payables approximate the carrying values.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
12. Revenue		
Rendering of services	24 567 548	24 539 637
Revenue arising from contracts		
Opening balance	65 333 333	89 833 333
Recognised during the year	(24 500 000)	(24 500 000)
Remaining contract balances	40 833 333	65 333 333
13. Operating (loss) profit		
Operating (loss) profit for the year is stated after accounting for the following:		
Loss (profit) on exchange differences	6 783 016	(51 599 385)
Depreciation on property, plant and equipment	175 892	115 883
Employee costs	12 317 201	12 678 509
14. Auditor's remuneration		
Fees	150 000	89 500
Prior years over provision	(34 500)	-
	115 500	89 500
15. Investment revenue		
Interest revenue		
Bank	454 831	533 054
16. Finance costs		
Group companies	11 952 149	10 607 248
Trade and other payables	156	97 298
	11 952 305	10 704 546

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	2018 R	2017 R
17. Taxation		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(13 939 927)	51 199 453
Tax at the applicable tax rate of 28% (2017: 28%)	(3 903 180)	14 335 847
Tax effect of adjustments on taxable income		
SARS employee tax incentive	-	(4 391)
Unrealised profit on exchange difference to connected persons	(44 183)	(19 392 133)
Unrealised loss on exchange difference to connected persons	1 930 537	3 333 769
Deferred tax asset not provided for	2 016 826	1 726 908
	-	-
No provision has been made for 2018 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R386 225 988 (2017: R362 231 990).		
18. Cash generated from operations		
Loss before taxation	(13 939 927)	51 199 453
Adjustments for:		
Depreciation	175 892	115 883
Interest received	(454 831)	(533 054)
Finance costs	11 952 305	10 704 546
Movements in provisions	(16 800 000)	(16 800 000)
Unrealised foreign exchange loss	6 894 774	11 906 317
Unrealised foreign exchange profit	(157 798)	(69 257 616)
Changes in working capital:		
Inventories	292 458	409 633
Trade and other receivables	29 926 490	47 475 538
Trade and other payables	(3 112 522)	(24 530 759)
	14 776 841	10 689 941

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	2018 R	2017 R
19. Related parties		
Relationships		
Ultimate holding company	Suzlon Energy Limited (India)	
Holding company	Suzlon Energy Limited (Mauritius)	
Fellow subsidiaries	Suzlon Energy B.V. SE Electricals Limited Suzlon Energy A/S Suzlon Global Service Ltd Suzlon Energy GmbH Germany Suzlon Rotor Corporation Suzlon Energia Eolica Do Brasil Ltd Suzlon Wind International Ltd Suzlon Wind Energy Espana S.L.U Suzlon Wind Enerji Tic Ve San. Ltd SGS India Ltd Suzlon Wind Energy Portugal A E Rotor Holdings B.V. Suzlon Energy Shipping Lines PTE Ltd	
Common directors		
Related party balances		
Loan accounts - Owing to related parties		
A E Rotor Holdings B.V.	410 544 262	368 977 630
Suzlon Energy B.V.	13 957 952	15 443 294
Amounts included in trade and other receivables (trade payables) regarding related parties		
A E Rotor Holdings B.V.	(3 234 244)	(8 313 697)
SE Electricals Limited	-	(351 788)
Suzlon Energy A/S	(14 236 562)	(10 725 589)
Suzlon Energy B.V.	(115 631 700)	(115 631 700)
Suzlon Energy Limited (India)	(6 057 326)	(6 269 622)
Suzlon Global Service Ltd	(73 965)	(950 039)
Suzlon Energy GmbH Germany	-	(808 986)
Suzlon Rotor Corporation	-	(533 043)
Suzlon Energia Eolica Do Brasil Ltd	-	165 750
Suzlon Wind International Ltd	-	285 746
Suzlon Energy Shipping Lines PTE Ltd	33 371 010	62 276 723
Related party transactions		
Management fees paid to related party		
Suzlon Energy A/S	2 419 397	-
Purchases from (sales to) related parties		
A E Rotor Holdings B.V.	47 178	25 720
SE Electricals Limited	-	662 543
Suzlon Energy A/S	5 438 482	2 758 406
Suzlon Energy Limited (India)	240 777	2 116 735
Suzlon Global Service Ltd	88 159	51 248
Suzlon Wind Energy Espana S.L.U	58 316	-
Suzlon Wind Energy Portugal	55 811	-
Suzlon Wind Enerji Tic Ve San. Ltd	(67 551)	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
19. Related parties (continued)		
Interest paid to related parties		
A E Rotor Holdings B.V.	11 565 375	10 203 346
Suzlon Energy B.V.	386 774	403 902
20. Directors' and prescribed officer emoluments		
No emoluments were paid to the directors or any individuals holding a prescribed office during the year.		
21. Financial assets by category		
The accounting policies for financial instruments have been applied to the line items below:		
2018		
	Loans and receivables	Total
Trade and other receivables	75 856 623	75 856 623
Cash and cash equivalents	48 203 390	48 203 390
	124 060 013	124 060 013
2017		
	Loans and receivables	Total
Trade and other receivables	105 783 113	105 783 113
Cash and cash equivalents	11 655 986	11 655 986
	117 439 099	117 439 099
22. Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
2018		
	Financial liabilities at amortised cost	Total
Loans from group companies	424 502 214	424 502 214
Trade and other payables	144 606 037	144 606 037
	569 108 251	569 108 251
2017		
	Financial liabilities at amortised cost	Total
Loans from group companies	384 420 924	384 420 924
Trade and other payables	147 718 558	147 718 558
	532 139 482	532 139 482

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	2018	2017
	R	R

23. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9 cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2018 and 2017 respectively were as follows:

Total borrowings

Loans from group companies	9	(424 502 214)	(384 420 924)
Less: cash and cash equivalents	7	48 203 390	11 655 986
Net debt		(376 298 824)	(372 764 938)
Total equity		(458 179 645)	(444 239 718)
Total capital		(834 478 469)	(817 004 656)

Financial risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the company has no significant interest-bearing assets, other than cash and cash equivalents, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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2018 R	2017 R
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24. Going concern

The company's liabilities exceeded its assets by R458 179 648 (2017: R444 239 718) as at 31 March 2018.

Management believes that the company has reasonable prospects to generate the required cash flow to settle its third party liabilities in the short term. The project has entered the maintenance contract phase which includes less performance risk and in management's view should show more stability in margins and profits.

The directors have negotiated with Suzlon Energy B.V. ('SEBV') and AE Rotor Holdings B.V. ('AERH') to subordinate their loans to the company in favour of the other creditors until the assets of the company, fairly valued, exceed its liabilities. Management also believes that SEBV and AERH will not demand for repayment of the loans in the near future, however there is a material uncertainty as to whether SEBV or AERH can honour the subordination agreements as AERH was unable to pay interest on its long term finances and SEBV is technically and commercially insolvent. As a result Suzlon Energy Limited, a company incorporated in Mauritius, signed an agreement of support to enable the company to complete its obligations under the Operations and Maintenance contract and any other operational cash requirements until the company breaks even. The agreement of support further provides that Suzlon Energy Limited, Mauritius will arrange for the company to settle its creditors as they become due and payable.

Continued foreign exchange volatility and pressure on margins will continue to place pressure on the profitability of the entity. Accrued interest charges on EURO denominated loans put further pressure on the profitability of the company. Management does not at present have other contracts in the pipeline and the company is reliant on revenue from one contract which will end in November 2019. Management however expects that the five-year renewal option will be exercised by the customer.

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STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
Revenue		
Rendering of services	24 567 548	24 539 637
Cost of sales		
Purchases	(13 162 213)	(8 536 407)
Gross profit (loss)	11 405 335	16 003 230
Other income		
Recoveries	18 916	252 000
Employee tax incentive	-	15 681
Interest received	454 831	533 054
Profit on exchange differences	-	51 599 385
	473 747	52 400 120
Expenses (Refer to page 33)	(13 866 704)	(6 499 351)
Operating loss	(1 987 622)	61 903 999
Finance costs	(11 952 305)	(10 704 546)
(Loss) profit for the year	(13 939 927)	51 199 453

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STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
Operating expenses		
Accounting fees	642 903	360 114
Advertising	1 400	-
Auditor's remuneration	115 500	89 500
BEE verification	8 500	-
Bad debts	658 767	29 973
Bank charges	54 002	49 843
Cleaning	52 125	1 676
Commission paid	674 072	-
Computer expenses	49 659	19 316
Depreciation	175 892	115 883
Employee costs	12 317 201	12 678 509
Entertainment	2 732	-
Grid report	45 286	44 676
Insurance	309 260	276 406
Legal expenses	-	63 958
Loss on foreign exchange differences	6 783 016	-
Management fees	2 419 397	-
Motor vehicle expenses	74 635	50 648
Printing and stationery	13 354	56 120
Project costs	-	158 175
Project guarantee costs	237 680	3 275 864
Protective clothing	14 028	198 756
Repairs and maintenance	10 175	-
Security	2 604 816	2 253 324
Staff accommodation	1 112 822	1 029 738
Staff relocation costs	-	9 570
Staff welfare	61 918	45 598
Telephone and fax	352 381	363 809
Training	247 712	483 392
Transport and freight	15 783	14 204
Travel - local	1 397 462	1 554 841
Travel - overseas	134 163	-
Utilities	80 063	75 458
Warranty provision release	(16 800 000)	(16 800 000)
	13 866 704	6 499 351

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TAX COMPUTATION

	2018 R
Net loss per statement of comprehensive income	(13 939 927)
Permanent differences (Non-deductible/Non-taxable items)	
Unrealised exchange profit: connected persons (s 24I(10A))	(157 798)
Unrealised exchange loss: connected persons (s 24I(10A))	6 894 774
	6 736 976
Temporary differences	
Depreciation according to financial statements	175 892
Wear and tear allowance (s 11(e))	(175 892)
Warranty provisions not deductible current year	28 000 000
Provision for leave pay not deductible current year	519 393
Reversal of warranty provisions prior year	(44 800 000)
Reversal of leave pay provision prior year	(510 440)
	(16 791 047)
Calculated tax loss for the year	(23 993 998)
Assessed loss brought forward	(362 231 990)
Assessed loss for 2018 - carried forward	(386 225 988)
Tax thereon @ 28c in the Rand	Nil