

SUZLON ENERGY AUSTRALIA PTY LTD  
A.B.N. 55 107 631 176  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 MARCH 2021

SUZLON ENERGY AUSTRALIA PTY LTD  
A.B.N. 55 107 631 176  
DIRECTORS' REPORT

Your directors present their report on the Company of Suzlon Energy Australia Pty Ltd (the Company) for year ended 31 March 2021.

The names of the directors in office during the financial year and until the date of this report are as follows:

Frans Visscher (Resigned on 30-Jun-2020)  
Mukesh Kolhe (Resigned on 8-Apr-2021)  
Paulo Soares (Resigned on 8-Oct-2020)  
Tejjas Parmar (Appointed on 8-Apr-2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The loss after tax of the Company for the financial year amounted to \$1,034,101 (2020: profit after tax of \$396,901). In the current year, the Company recorded a forex gain of \$1,247,026 (2020: forex loss of \$1,212,565) due to foreign currency movement on outstanding intercompany balances. The Company made an operating loss of \$2,281,127 (2020: operating loss of \$76,896 - also excludes inventory write-back of \$1,686,362) before this significant item. The operating loss for the current year is driven by higher rate of component failures during the year and impact of COVID-19 on the Company's supply chain,

The principal activity of the Company during the financial year was the service and maintenance of wind farms within Australia. While the Company expects to continue with the current service and maintenance contracts in the future, management intends to engage in new wind farm related business. The Company actively participated at the Annual Clean Energy Conference showcasing new products and during the year restarted Sales/Business development activity. Also a revised market strategy was drafted facilitating inputs to the new products development process and the company participated in new tenders issued by various clients/ developers with existing and new products.

No dividends were paid during the year and no recommendation is made as to dividends.

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

The financial statements have been prepared on a going concern basis. Having regard to the going concern uncertainty disclosed in Note 1(f), we consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

#### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, not otherwise disclosed in Note 19 of the financial statements.

#### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

SUZLON ENERGY AUSTRALIA PTY LTD  
A.B.N. 55 107 631 176  
DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307c of the Corporations Act 200 is attached.

Signed in accordance with a resolution of the Board of Directors.



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Tejas Parmar  
08 June 2021



**Building a better  
working world**

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## Auditor's Independence Declaration to the Directors of Suzlon Energy Australia Pty Ltd

As lead auditor for the audit of the financial report of Suzlon Energy Australia Pty Ltd for the financial year ended 31 March 2021, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Suzlon Energy Australia Pty Limited during the financial year.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Richard Bembridge".

Richard Bembridge  
Partner

8 June 2021

SUZLON ENERGY AUSTRALIA PTY LTD  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
Revenue from contracts with customers	2	24,000	19,339
Cost of sales		20,118	13,731
<b>GROSS PROFIT</b>		<b>3,882</b>	<b>5,608</b>
Other income / (expense)			
Finance income		35	68
Finance costs	5 (a)	(135)	(150)
Foreign exchange gain/(loss)		1,247	(1,213)
Other income	5 (b)	41	1,691
Expense			
Administration		728	637
Employee benefit	4 (a)	3,929	3,565
Consultancy		633	505
Travel		220	324
Depreciation	4 (b)	593	576
<b>TOTAL EXPENDITURE</b>		<b>6,103</b>	<b>5,607</b>
<b>NET PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>(1,033)</b>	<b>397</b>
Income tax expense	3	-	-
<b>NET PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>(1,033)</b>	<b>397</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(1,033)</b>	<b>397</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

SUZLON ENERGY AUSTRALIA PTY LTD  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		361	1,683
Trade and other receivables	6	6,052	11,806
Inventories	7	9,499	8,801
Other current assets	8	909	2,590
<b>TOTAL CURRENT ASSETS</b>		<b>16,821</b>	<b>24,880</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	8,652	-
Property, plant and equipment	9	963	925
Right-of-use assets	10	909	799
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,524</b>	<b>1,724</b>
<b>TOTAL ASSETS</b>		<b>27,345</b>	<b>26,604</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	16,625	18,436
Lease liabilities	10	536	466
Provisions	12	2,820	2,274
Other liabilities	13	4,793	1,825
<b>TOTAL CURRENT LIABILITIES</b>		<b>24,774</b>	<b>23,001</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	390	328
Provisions	12	154	214
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>544</b>	<b>542</b>
<b>TOTAL LIABILITIES</b>		<b>25,318</b>	<b>23,543</b>
<b>NET ASSETS</b>		<b>2,027</b>	<b>3,061</b>
<b>EQUITY</b>			
Contributed equity	15	107,778	107,778
Other reserves		(374)	(374)
Accumulated losses		(105,377)	(104,343)
<b>TOTAL EQUITY</b>		<b>2,027</b>	<b>3,061</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

SUZLON ENERGY AUSTRALIA PTY LTD  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity (\$'000's)	Other reserves (\$'000's)	Accumulated losses (\$'000's)	Total (\$'000's)
Balance at 1 April 2019	107,778	(374)	(104,740)	2,664
Profit (loss) for the year ended 31 March 2020	-	-	397	397
Other comprehensive income	-	-	-	-
Balance at 31 March 2020	107,778	(374)	(104,343)	3,061
Balance at 1 April 2020	107,778	(374)	(104,343)	3,061
Profit (loss) for the year ended 31 March 2021	-	-	(1,033)	(1,033)
Other comprehensive income	-	-	-	-
Balance at 31 March 2021	107,778	(374)	(105,376)	2,028

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SUZLON ENERGY AUSTRALIA PTY LTD  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
<u>Cash Flow from Operating Activities</u>			
Receipts from customers		22,845	18,356
Payments to suppliers and employees		(25,513)	(18,130)
Interest received		35	68
Interest paid		(97)	(102)
Net cash from/(used in) operating activities		<u>(2,730)</u>	<u>192</u>
<u>Cash Flow from Investing Activities</u>			
Payment for property, plant & equipment	9	<u>(399)</u>	<u>(231)</u>
Net cash from/(used in) investment activities		<u>(399)</u>	<u>(231)</u>
<u>Cash Flow from Financing Activities</u>			
Payment of the lease liabilities	10	(618)	(541)
Maturity of term deposit		2,425	-
Net cash from/(used in) financing activities		<u>1,807</u>	<u>(541)</u>
Net decrease in cash held		(1,322)	(580)
Cash at beginning of the financial year		<u>1,683</u>	<u>2,263</u>
Cash at the end of the financial year		<u>361</u>	<u>1,683</u>
Cash and cash equivalents comprises:			
Cash and cash equivalents		<u>361</u>	<u>1,683</u>
Cash and cash equivalents at end of financial year		<u>361</u>	<u>1,683</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.



SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies

(a) Reporting entity

Suzlon Energy Australia Pty Ltd ("the Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is: Level 1, 182 Stawell Street, Burnley, VIC 3121.

The financial statements are for 12 months ended 31 March 2021 and the comparative period is for the 12 months ended 31 March 2020.

The financial report was authorized for issue by the directors on 8 June 2021.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporation Act 2001, Australia Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australia Accounting Standards Board. The company is a for profit, private sector entity which is not publicly accountable.

The financial report has been prepared on a historical cost basis.

The amounts contained in this report are presented in Australian dollars (AUD). The Company is an entity to which ASIC Class Order 2016/191 applies and, accordingly the amounts contained in the financial report have been rounded to the nearest \$1,000.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

(i) Significant accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(d) Use of estimates and judgments (continued)

(i) Critical accounting estimates and assumptions (continued)

Warranty Provision

In determining the level of provision required for warranties, the Company has made judgements in respect of the expected performance of the wind turbines, and the costs of fulfilling the performance of the warranty. Historical experience from overseas wind farms and current knowledge of the performance of the wind turbines has been used in determining the provision.

Variable Consideration

In determining variable consideration, the Company makes judgements on likelihood of achieving availability bonuses or liquidated damages at balance date.

Inventory provision

In determining the inventory provision, the Company makes judgements in identifying components and spares critical for the functioning of the turbines. In line with Company policy, no provision is created in respect of critical inventory, where there is a reasonable expectation that the inventory will be utilised.

(ii) Critical judgements in applying the Company's accounting policies

Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecognised tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and reputation of retained earnings depend on management's estimate of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liability recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the statement of comprehensive income.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(e) Accounting policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(f) Going concern

The Company had a loss of \$ 1.03 million for the year ended 31 March 2021 (2020: Profit of \$0.39 million), and as of that date, the Company had a net current deficiency of \$7.95 million (2020: net current asset \$1.88 million), which includes intercompany payables of \$12.26 million, which are payable on demand. The Company's position as at 31 March 2021 included cash and cash equivalents of \$0.36 million.

Due to the COVID-19 impact and a higher rate of major component failures the Company has incurred an operating loss. The Company has been proactive and commenced engaging into a constructive dialogue with its key suppliers, with whom they have shared a very good business relationship for more than a decade, to put in place payment plans and hence manage their cash flow more effectively. The Company expects to be able to minimise payment of any contractual liquidated damages and to negotiate deferral of related party payables until adequate funds are available. The Company has also approached some external sources to obtain funding and has received a favourable initial response, but these applications are at an early stage of consideration as at the date of this report.

The Company has forecast that it will return to producing positive operating cashflows in FY22.

Accordingly, the financial report has been prepared on the basis that the Company will continue as a going concern.

Should the Company be unable to improve its operating performance, implement its planned working capital management initiatives or raise additional funding then these factors indicate the existence of an uncertainty that may cast doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(h) Investment in wind farms

Preliminary development costs are incurred on initial feasibility and planning permit applications for potential wind farm sites. Such costs are expensed as incurred. When costs are reimbursable under the contract if the project fails to proceed, these costs will be capitalised.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(i) Property, plant and equipment

(i) Recognition and measurement

Each class of property, plant and equipment is carried at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised net within "other income" in profit or loss.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(ii) Depreciation

Depreciation of all property, plant and equipment, excluding Land and Buildings are recognised in profit or loss using straight line method over the estimated useful lives of the specific assets.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u> 2021	<u>Estimated Useful Life</u> 2020
Plant and Equipment		
Installation Tools	2 - 5 years	2 - 5 years
Computer equipment	2 - 5 years	2 - 5 years
Vehicles	5 - 7 years	5 - 20 years
Fixtures and Equipment		
Office furniture and fittings	6 - 10 years	6 - 10 years
Computer software	2 - 5 years	2 - 5 years

Asset's depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(k) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company has lease contracts for various items of plant and vehicles used in its operations. Leases of plant generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms between 3 and 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 1 (t) Impairment of non-financial assets.

ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(k) Leases (continued)

iii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs in calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the Company's lease liabilities are included in Note 10.

(l) Employee benefits

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made to employee superannuation funds and are charged as expenses when incurred. There is no legal obligation to cover any shortfall in the funds obligation to provide benefits to employees on retirement.

Provision is made in respect of annual leave and long service leave at balance date.

(m) Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(n) Revenue from contracts with customers

The Company is in the business of servicing and maintaining wind farms in Australia. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 days upon delivery.

Maintenance services

The Company recognises revenue from maintenance services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some maintenance contracts include bonus for exceeding agreed availability targets and liquidated damages for failing to achieve these availability targets. The bonuses and liquidated damages in respect of availability targets give rise to variable consideration.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section Note 1 (t).

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Note 1 (t).

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(n) Revenue from contracts with customers (continued)

Contract balances (continued)

Contract liabilities (deferred revenue)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(o) Finance income and expenses

Finance income comprises interest income on intercompany transactions and on funds invested. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and bank interest. All borrowing costs are recognised in profit or loss using the effective interest method.

(p) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.



SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of an asset cost or as part of expenses incurred. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except the GST component of investing and financing activities which are disclosed as operating cash flows.

(r) Inventory

Inventory primarily relates to spares and consumables which are used in maintenance activities, or sold to customers. Inventories are valued at the lower of cost and net realisable value.

(s) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair values was determined.

(t) Financial instruments

A 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.

(i) Financial assets

Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15 Revenue from contracts with customers. Refer to the accounting policies in section in Note 1 (n).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(t) Financial instruments (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- I. Financial assets at amortised cost (debt instruments)
- II. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- III. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon
- IV. Financial assets at fair value through profit or loss

The Company only holds financial assets at amortised cost.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- I. The rights to receive cash flows from the asset have expired; or
- II. 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.

Impairment of financial asset

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on a lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(t) Financial instruments (continued)

Impairment of financial asset (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The amounts are unsecured and are usually paid within 30 days of recognition.

The Company's financial liabilities include trade and other payables and intercompany loans.

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

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

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Significant accounting policies (continued)

(u) New Accounting standards and interpretations

New accounting standards and interpretations issued and effective period

(i) Amendments to AASB 16 COVID-19 Related Rent Concessions

On 28 May 2020, the AASB issued COVID-19-Related Rent Concessions - amendment to AASB 16 Leases. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
2 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Maintenance services	21,256	16,248
Other goods and services	2,744	3,091
	<u>24,000</u>	<u>19,339</u>
Timing of revenue recognition:		
Services transferred over time	23,414	18,166
Goods transferred at point in time	586	1,173
	<u>24,000</u>	<u>19,339</u>
All revenue was generated in Australia.		
3 INCOME TAX EXPENSE		
Accounting (loss)/ profit before tax	(1,034)	397
Australia statutory income tax rate of 30% (2020: 30%)	(310)	120
Non-deductible expenses	30	-
Temporary differences not recognised	681	-
Utilisation of tax losses	(400)	(120)
Income tax expense	<u>-</u>	<u>-</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	<u>-</u>	<u>-</u>

At 31 March 2020, the Company has \$31.40m remaining carried forward tax losses. Further, Suzlon Energy Australia has utilised tax losses of \$1.33m during the year ended 31 March 2021.

There are no deferred tax assets recognised on these losses and temporary differences. Based upon management's view it is not considered probable that sufficient future taxable income will arise to enable utilisation of existing tax temporary differences and carried forward tax losses.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Year Ended 31 March 2021 (\$'000's)	Year ended 31 March 2020 (\$'000's)
4 ADMINISTRATIVE AND OTHER EXPENSES		
(a) Employee benefit expenses		
Salaries	3,529	3,180
Training	110	116
Superannuation	290	269
	<u>3,929</u>	<u>3,565</u>
(b) Depreciation		
Depreciation on property, plant and equipment	360	343
Depreciation on right-of-use assets	233	233
	<u>593</u>	<u>576</u>
(c) Depreciation and lease payments included in cost of sales		
Depreciation on right-of-use assets	381	255
Expenses relating to short term lease payments	1,975	823
	<u>2,356</u>	<u>1,078</u>
5 OTHER INCOME/ EXPENSE		
(a) Finance costs		
Interest expense on lease liabilities	38	49
Other finance costs	97	101
	<u>135</u>	<u>150</u>
(b) Other income		
Inventory provision write back	-	1,686
Other income	41	5
	<u>41</u>	<u>1,691</u>
6 TRADE AND OTHER RECEIVABLES		
<u>Current</u>		
Receivables from Suzlon Group companies (Note 16)	4,000	10,162
Trade receivables	412	364
Contract assets	1,606	1,254
Others	34	26
	<u>6,052</u>	<u>11,806</u>
<u>Non-current</u>		
Receivables from Suzlon Group companies (Note 16)	8,652	-
	<u>8,652</u>	<u>-</u>

As at 31 March 2021, the Company has classified intercompany receivables of \$8.7m as non-current as it does not expect to collect this balance within 12 months.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Year Ended 31 March 2021 (\$'000's)	Year ended 31 March 2020 (\$'000's)
7 INVENTORIES		
Inventory at cost	10,098	9,530
Provision for inventory obsolescence	(599)	(729)
	<u>9,499</u>	<u>8,801</u>
8 OTHER CURRENT ASSETS		
Prepaid expenses and advances	909	166
Other financial assets	-	2,424
	<u>909</u>	<u>2,590</u>
9 PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment	2,514	2,194
Less: Accumulated depreciation	(1,919)	(1,679)
	<u>595</u>	<u>515</u>
Fixtures and equipment	786	707
Less: Accumulated depreciation	(597)	(480)
	<u>189</u>	<u>227</u>
Land and building	198	198
Less: Accumulated depreciation	(19)	(15)
	<u>179</u>	<u>183</u>
Total property, plant and equipment	<u>963</u>	<u>925</u>

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements for each class of property, plant and equipment for the year ended 31 March 2021:

	Plant and Equipment (\$'000's)	Fixtures and Equipment (\$'000's)	Land and Building (\$'000's)	Total (\$'000's)
<b>Cost</b>				
Cost at 1 April 2019	1,998	672	198	2,868
Additions	197	35	-	232
Disposals	(1)	-	-	(1)
Cost as at 31 March 2020	2,194	707	198	3,099
Additions	320	79	-	399
Disposals	-	-	-	-
Cost as at 31 March 2021	2,514	786	198	3,498
<b>Accumulated Depreciation</b>				
Accumulated Depreciation at 1 April 2019	(1,474)	(346)	(12)	(1,832)
Depreciation during the year	(206)	(134)	(3)	(343)
Disposals	1	-	-	1
Accumulated Depreciation at 31 March 2020	(1,679)	(480)	(15)	(2,174)
Depreciation during the year	(240)	(117)	(4)	(361)
Disposals	-	-	-	-
Accumulated Depreciation at 31 March 2021	(1,919)	(597)	(19)	(2,535)
Carrying amount as at 31 March 2021	595	189	179	963
Carrying amount as at 31 March 2020	515	227	183	925

**Impairment of property plant and equipment**

There are no indicators of impairment related to property, plant and equipment.



SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10 LEASES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

RIGHT OF USE ASSET	Property leases (\$'000's)	Vehicle leases (\$'000's)	Total (\$'000's)
As at 1 April 2020	518	281	799
Additions	80	644	724
Depreciation expense	(233)	(381)	(614)
As at 31 March 2021	<u>365</u>	<u>544</u>	<u>909</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

LEASE LIABILITY	Property leases (\$'000's)	Vehicle leases (\$'000's)	Total (\$'000's)
Interest Rate	5.65%	3.49%	
As at 1 April 2020	(534)	(261)	(794)
Additions	(80)	(644)	(724)
Accretion of interest	(23)	(15)	(38)
Payments	255	363	618
As at 31 March 2021	<u>(382)</u>	<u>(556)</u>	<u>(938)</u>

	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
Current lease liabilities	(536)	(466)
Non-Current lease liabilities	(390)	(328)
Total lease liabilities	<u>(926)</u>	<u>(794)</u>

	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets (Note 4 (b) and Note 4 (c))	614	488
Interest expense on lease liabilities (Note 5)	38	49
Expense relating to leases of low value assets (included in cost of sales) (Note 4(c))	1,975	1,804
Total amount recognised in profit or loss	<u>2,627</u>	<u>2,341</u>

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
11 TRADE AND OTHER PAYABLES		
Trade payables	4,243	1,962
GST Payable	124	209
Intercompany payables (Note 16)	12,258	16,266
	<u>16,625</u>	<u>18,436</u>
12 PROVISIONS		
a) Current provision		
Provision for warranty	30	54
Provision for project completion costs	220	196
Other employee liabilities	2,281	1,753
Other provisions	289	271
Total current provisions	<u>2,820</u>	<u>2,274</u>
b) Non-current provision		
Provision for long service leave	154	214
Total non-current provisions	<u>154</u>	<u>214</u>
	Provision for warranty (\$'000's)	Provision for project completion costs (\$'000's)
At 1 April 2020	54	196
Arising during the year	-	140
Utilised	(24)	(116)
At 31 March 2021	<u>30</u>	<u>220</u>
13 OTHER LIABILITIES		
Accruals	1,101	473
Deferred revenue	1,573	976
Liquidated damages	2,119	376
	<u>4,793</u>	<u>1,825</u>
14 CONTINGENT LIABILITIES		

The following bank guarantees are entered into by Suzlon Energy Australia Pty Ltd as at 31 March 2021:

	Bank	Expiry	(\$'000's)
Contract Security for AGL	CBA	30-Sep-23	208
Contract Security for AGL	CBA	30-Sep-23	525
Contract Security for AGL	CBA	30-Sep-23	267
Contract Security for Pacific Hydro	ANZ	30-Sep-21	2,000
Contract Security for Trustpower	ANZ	10-May-21	<u>2,500</u>
Total			<u>5,500</u>

The Trustpower bank guarantee has been renewed subsequent to the year end and now expires on 10-May-2023.

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Year Ended 31 March 2021 (\$'000's)	Year Ended 31 March 2020 (\$'000's)
15 CONTRIBUTED EQUITY		
Opening balance	107,778	107,778
Issued during year	-	-
Closing balance	<u>107,778</u>	<u>107,778</u>
	('000's)	('000's)
Opening balance (shares)	107,778	107,778
Issued during year (shares)	-	-
Closing balance (shares)	<u>107,778</u>	<u>107,778</u>
16 RELATED PARTY DISCLOSURES	(\$'000's)	(\$'000's)
(a) Transactions with related entities		
Purchase of goods and services from related entities		
- Ultimate parent company	251	154
- Other related parties	8	724
Warranty claims raised to parent company		
- Ultimate parent company	2,965	2,270
Interest paid to related entities		
- Parent company	41	55
(b) Outstanding balances arising from sales/purchases of goods and services		
Current receivables		
- Ultimate parent company	3,959	10,088
- Parent company	5	20
- Other related parties	36	54
Non-current receivables		
- Ultimate parent company	8,652	-
Current payables		
- Ultimate parent company	4,397	4,082
- Parent company	6,728	11,056
- Other related parties	1,133	1,128
Non current payables		
- Ultimate parent company	-	-
(c) Key management personnel disclosures		
- Short term employee benefits	404	355
- Other long term employee benefits	-	-
- Defined contribution superannuation plans	36	31
Total compensation paid to key management personnel	<u>440</u>	<u>386</u>
(d) Related party list		
Name	Relationship	
Suzlon Energy Limited	Ultimate parent company	
Suzlon Energy A/S Denmark	Parent company	
Suzlon Global Services Limited	Under common control	
Suzlon Generators Limited	Under common control	
Suzlon Wind Energy South Africa Pty Limited	Under common control	
Suzlon Wind Energy Equipment Trading Co. Limited	Under common control	

SUZLON ENERGY AUSTRALIA PTY LTD  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

17 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the Statement of Financial Position and notes to the financial statements.

18 COMPANY DETAILS

The Company's registered office and principal place of business is located at Level 1, 182 Stawell Street, Burnley, VIC 3121.

19 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the balance date which significantly affected or may significantly affect the operations of the Company or the results of those operations or affairs of the Company.

SUZLON ENERGY AUSTRALIA PTY LTD  
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Suzlon Energy Australia Pty Ltd, I state that:

- (a) The financial statements and notes are in accordance with the Corporations Act 2001 , including:
  - (i) complying with the Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its performance for the year ended on that date; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

A handwritten signature in blue ink that reads "Tejas Parmar". The signature is written in a cursive style with a horizontal line underneath.

Tejas Parmar  
Director  
08 June 2021



**Building a better  
working world**

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## Independent Auditor's Report to the Members of Suzlon Energy Australia Pty Ltd

### Opinion

We have audited the financial report of Suzlon Energy Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 1(f) in the financial report which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

### Emphasis of Matter - Basis of Accounting and Restriction of Use

We draw attention to Note 1(b) to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001* and to meet Section 3CA of the *Taxation Administration Act 1953*. Our report is intended solely for Suzlon Energy Australia Pty Ltd and its members and should not be used by parties other than Suzlon Energy Australia Pty Ltd and its members. Our opinion is not modified in respect of this matter.

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Report

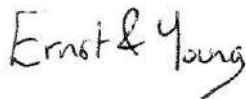
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.



Ernst & Young



Richard Bembridge  
Partner

Melbourne  
8 June 2021