

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number 2010/017784/07)

Annual financial statements
for the year ended 31 March 2021

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Maintenance of renewable energy assets and wind turbines
Director	T.A. Parmar
Registered office	Cookhouse Wind Farm The Farms, Zure Kop (1&2) Arosen Cookhouse 5820
Postal address	Private Bag 6 Somerset East 5850
Holding company	Suzlon Energy Limited incorporated in Mauritius
Ultimate holding company	Suzlon Energy Limited incorporated in Mauritius
Bankers	Standard Bank of South Africa Limited
Reviewers	PKF (PE) Inc. Chartered Accountants (SA) Registered Auditors
Company registration number	2010/017784/07
Tax reference number	9718521157
Level of assurance	These annual financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	These annual financial statements were prepared under the supervision of: Mark C. Daverin CA (SA)

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

INDEX

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

	Page
Director's Responsibilities and Approval	3
Independent Reviewer's Report	4 - 5
Director's Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 16
Notes to the Annual Financial Statements	17 - 25
Detailed Income Statement	26 - 27
Tax Computation	28

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

DIRECTOR'S RESPONSIBILITIES AND APPROVAL

The director is required by the Companies Act of South Africa, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his 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 the International Financial Reporting Standard for Small and Medium-sized Entities.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

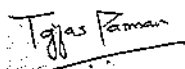
The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director sets standards for internal 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 director is 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 director has reviewed the company's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, he is satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewer and the report is presented on pages 4 and 5.

The annual financial statements set out on pages 6 to 25, which have been prepared on the going concern basis, were approved by the director on 23 April 2021 and were signed on its behalf by:



T.A. Parmar

INDEPENDENT REVIEWER'S REPORT

To the Shareholders of Suzlon Wind Energy South Africa Proprietary Limited

We have reviewed the financial statements of Suzlon Wind Energy South Africa Proprietary Limited set out on pages 8 to 25, which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The company's director is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Suzlon Wind Energy South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Tel + 27 41 398 5600 • Email pkf.pe@pkf.co.za • www.pkf.co.za
PKF House • 27 Newton Street • Newton Park • Gqeberha • 6045 • South Africa
PO Box 7606 • Newton Park • Gqeberha • 6055 • Docex 75
B-BBEE Status Level 2 • IRBA Reg No 930709E

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

PKF (PE) Inc. is a member firm of the PKF South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF (PE) Inc. nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

Material uncertainty related to going concern

We draw attention to note 27 in the financial statements, which indicates that, as at 31 March 2021, the company had incurred accumulated losses of R543 768 187 and, as of that date, the company's liabilities exceeded its total assets by R538 767 967. As stated in note 27, these events or conditions, along with other matters as set forth in note 27, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matter

Without modifying our conclusion, we draw attention to the fact that supplementary information set out on pages 26 to 28 does not form part of the financial statements and is presented as additional information. We have not reviewed these schedules and accordingly we do not express a conclusion thereon.

Other reports required by the Companies Act

The annual financial statements include the director's report as required by the Companies Act of South Africa. The director is responsible for the director's report. Our conclusion on the financial statements does not cover the director's report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the director's report and, in doing so, considered whether the director's report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the director's report, we will report that fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of Regulation 29 of the Companies Act Regulations, we report that we have identified a reportable irregularity as defined in the Regulations. We have reported such a matter to the Commissioner of Companies and Intellectual Property Commission. The matter pertaining to the reportable irregularity has been described in the Material Uncertainty related to going concern paragraph above.



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

Director: Gideon van Zyl CA (SA)
Registered Auditor

Gqeberha

Date: 23 April 2021

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

DIRECTOR'S REPORT

The director has pleasure in submitting his report on the annual financial statements of Suzlon Wind Energy South Africa Proprietary Limited for the year ended 31 March 2021.

1. Nature of business

Suzlon Wind Energy South Africa Proprietary Limited was incorporated in South Africa and is engaged in the maintenance of renewable energy assets and wind turbines. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. First time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). These are the company's first financial statements prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. Prior to 1 April 2020, the company's financial statements reporting framework was the International Financial Reporting Standards (IFRS).

An explanation of how the transition to IFRS for SMEs has affected the reported financial position, financial performance and cash flows of the company is provided in note 26.

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

The director does not recommend the declaration of a dividend for the year.

6. Director

The director in office at the date of this report are as follows:

Director	Changes
T.A. Parmar	Appointed 31 October 2020
F.H.J. Visscher	Resigned 30 June 2020
P.F. Soares	Resigned 31 October 2020

7. Holding company

The company's holding company is Suzlon Energy Limited which holds 80% (2020: 80%) of the company's equity. Suzlon Energy Limited is incorporated in Mauritius.

8. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report that requires disclosure.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

DIRECTOR'S REPORT

9. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 31 March 2021, the company had accumulated losses of R543 768 187 and that the company's total liabilities exceed its assets by R(538 767 987).

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the director continues to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 9 of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

10. Review

The annual financial statements are subject to an independent review and have been reviewed by PKF (PE) Inc.

11. Secretary

The company had no secretary during the year.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	118 620	1 033 361
Current Assets			
Inventories	3	16 989 178	16 174 262
Loan to shareholder	4	50	50
Trade and other receivables	5	73 009 499	78 766 059
Loan receivable	6	-	30 000
Cash and cash equivalents	7	44 443 972	47 384 386
		134 442 699	142 354 757
Total Assets		134 561 319	143 388 118
Equity and Liabilities			
Equity			
Share capital	8	5 000 200	5 000 200
Accumulated loss		(543 768 187)	(611 958 583)
		(538 767 987)	(606 958 383)
Liabilities			
Non-Current Liabilities			
Loans from group companies	9	661 737 007	720 426 455
Finance lease liabilities		-	45 880
		661 737 007	720 472 335
Current Liabilities			
Trade and other payables	11	10 139 133	28 950 597
Finance lease liabilities		-	923 569
Provisions	12	1 453 166	-
		11 592 299	29 874 166
Total Liabilities		673 329 306	750 346 501
Total Equity and Liabilities		134 561 319	143 388 118

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 R	2020 R
Revenue	13	51 304 035	30 392 437
Cost of sales	14	(8 782 024)	(5 210 773)
Gross profit		42 522 011	25 181 664
Other income	15	66 800 438	1 999 512
Operating expenses		(26 886 649)	(116 564 548)
Operating profit (loss)	16	82 435 800	(89 383 372)
Investment revenue	17	137 632	9 599 087
Finance costs	19	(14 383 036)	(12 775 505)
Profit (loss) for the year		68 190 396	(92 559 790)

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
Balance at 1 April 2019	250	4 999 950	5 000 200	(519 398 793)	(514 398 593)
Loss for the year	-	-	-	(92 559 790)	(92 559 790)
Balance at 1 April 2020	250	4 999 950	5 000 200	(611 958 583)	(606 958 383)
Profit for the year	-	-	-	68 190 396	68 190 396
Balance at 31 March 2021	250	4 999 950	5 000 200	(543 768 187)	(538 767 987)
Note	8	8	8		

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF CASH FLOWS

	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash used in operations	21	(3 077 288)	(8 078 671)
Interest income		137 632	9 599 087
Finance costs		-	(3 138)
Net cash from operating activities		(2 939 656)	1 517 278
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(30 758)	(69 866)
Movement in loans from group companies		-	1 721 390
Loan receivable repaid		30 000	-
Net cash from investing activities		(758)	1 651 524
Cash flows from financing activities			
Lease payments		-	(1 115 867)
Total cash movement for the year		(2 940 414)	2 052 935
Cash at the beginning of the year		47 384 386	45 331 451
Total cash at the end of the year	7	44 443 972	47 384 386

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, 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, except for the changes set out in note 26 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

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.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	4 years
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	5 years

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest rate method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.4 Tax

Current tax assets and liabilities

Current tax 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.

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

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax 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.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

1.6 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.10 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.11 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it has completed its contractual obligations in relation to services rendered to a customer.

Revenue from operation and maintenance contracts are recognised pro rata over the period of the contract as and when the services are rendered. Revenue is stated at the invoice amount and is inclusive of value added taxation.

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

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.12 Borrowing costs

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

1.13 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	494 528	(432 890)	61 638	463 770	(391 503)	72 267
Furniture and fixtures	54 177	(37 457)	16 720	54 177	(26 797)	27 380
Motor vehicles	-	-	-	3 671 344	(2 831 154)	840 190
IT equipment	452 832	(412 570)	40 262	452 832	(359 308)	93 524
Total	1 001 537	(882 917)	118 620	4 642 123	(3 608 762)	1 033 361

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Derecognised due to first time adoption of IFRS for SME's	Depreciation	Closing balance
Plant and machinery	72 267	30 758	-	(41 387)	61 638
Furniture and fixtures	27 380	-	-	(10 660)	16 720
Motor vehicles	840 190	-	(840 190)	-	-
IT equipment	93 524	-	-	(53 262)	40 262
	1 033 361	30 758	(840 190)	(105 309)	118 620

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	124 977	17 636	-	(70 346)	72 267
Furniture and fixtures	50 869	-	(1 415)	(22 074)	27 380
Motor vehicles	-	1 758 026	-	(917 836)	840 190
IT equipment	124 006	52 230	-	(82 712)	93 524
	299 852	1 827 892	(1 415)	(1 092 968)	1 033 361

Motor vehicles represent right-of-use assets previously capitalised under International Financial Reporting Standards.

3. Inventories

Stores and spares	16 989 178	16 174 262
-------------------	------------	------------

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
4. Loan to shareholder		
Suzlon Wind Energy South Africa Employee Empowerment Trust	50	50
The loan is unsecured and interest free.		
5. Trade and other receivables		
Trade receivables	625 973	-
Prepayments	100 610	123 467
Deposits	111 908	115 114
VAT	294 437	117 937
Project receivable	40 143 110	40 143 110
Advances	31 733 461	38 266 431
	73 009 499	78 766 059
6. Loan receivable		
At amortised cost		
Engeli Finance Solutions Proprietary Limited	-	30 000
This loan was unsecured and interest free. This loan was repaid in March 2021.		
Current assets		
At amortised cost	-	30 000
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	27 421	38 804
Bank balances	44 416 551	47 345 582
	44 443 972	47 384 386

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
8. Share capital		
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 1 April 2020	250	250
750 unissued ordinary shares are under the control of the director 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
9. Loans from group companies		
Fellow subsidiaries		
A E Rotor Holdings B.V.	(527 090 616)	(582 400 088)
Suzlon Energy B.V. Loan 1	(19 014 691)	(22 394 667)
Suzlon Energy B.V. Loan 2	(115 631 700)	(115 631 700)
	(661 737 007)	(720 426 455)

These 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 denominations and have no set terms of repayment. Loan 2 from Suzlon Energy B.V. is interest free. These loans are subject to subordinations 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.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
10. Deferred tax		
Deferred tax liability	-	(235 253)
Deferred tax asset	-	235 253
Total net deferred tax asset	-	-
The major components of the deferred tax balance are as follows:		
Deferred tax liability		
Arising as a result of temporary differences on:		
Right-of-use assets	-	(235 253)
Deferred tax asset		
Arising as a result of temporary differences on:		
Amounts received in advance	1 888 671	1 779 457
Leave pay accrual and warranty provision	636 955	141 277
IFRS 16 lease liability	-	271 446
Deferred tax balance from temporary differences other than unused tax losses	2 525 626	2 192 180
Tax losses available for set off against future taxable income	113 166 257	114 161 567
Valuation allowance of deferred tax assets	(115 691 883)	(116 118 494)
Total deferred tax asset, net of valuation allowance recognised	-	235 253
Reconciliation of deferred tax asset (liability)		
Recognised in profit or loss:		
Tax loss available for set-off against future taxable income	(995 310)	(292 734)
Right-of-use asset	235 253	(235 253)
IFRS 16 lease liability	(271 446)	271 446
Leave pay accrual	88 792	(1 235)
Amounts received in advance	109 214	1 207 790
Provisions	406 886	(3 136 000)
Deferred tax assets utilised (not provided for)	426 611	2 185 986
	-	-
11. Trade and other payables		
Trade payables	2 058 110	21 622 957
Amounts received in advance	6 745 253	6 355 204
Accrued leave pay	821 675	504 560
Payroll accrual	274 095	251 876
Accrued assurance remuneration	240 000	216 000
	10 139 133	28 950 597

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R		
12. Provisions				
Reconciliation of provisions - 2021				
	Opening balance	Additions	Utilised during the year	Total
Provision for repairs	-	2 153 666	(700 500)	1 453 166
Reconciliation of provisions - 2020				
		Opening balance	Utilised during the year	Total
Warranty provision		11 200 000	(11 200 000)	-
13. Revenue				
Rendering of services		51 304 035		30 392 437
14. Cost of sales				
Rendering of services				
Materials consumed		8 223 880		4 592 212
Consulting		558 144		618 695
		8 782 024		5 210 907
15. Other income				
Profit on exchange differences		66 133 498		-
Employee Tax Incentives		89 958		112 004
Recoveries		576 982		1 887 508
		66 800 438		1 999 512
16. Operating profit (loss)				
Operating profit (loss) for the year is stated after accounting for the following:				
Property, plant and equipment			-	(1 414)
Clogged capital loss			-	(699 950)
Depreciation on property, plant and equipment		105 309		1 092 968
Employee costs		15 268 532		13 159 404

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
17. Investment revenue		
Interest revenue		
Bank	72 321	9 599 087
Interest charged on trade and other receivables	65 311	-
	137 632	9 599 087
18. Reviewer's remuneration		
Fees	240 000	290 593
Adjustment for previous year	119 000	(5 000)
	359 000	285 593
19. Finance costs		
Trade and other payables	-	1 373
Finance leases	-	149 034
Late payment of tax	-	1 765
Group companies	14 383 036	12 623 333
	14 383 036	12 775 505
20. Taxation		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	68 190 396	(92 559 790)
Tax at the applicable tax rate of 28% (2020: 28%)	19 093 311	(25 916 741)
Tax effect of adjustments on taxable income		
Employee tax incentive	(25 188)	(31 361)
Unrealised (profit) loss on exchange difference to connected persons	(18 517 379)	27 231 113
Prior period adjustment	-	(49 912)
Deferred tax asset (utilised) not provided for	(426 611)	(2 185 986)
Interest and penalties	-	756 901
Clogged capital loss	-	195 986
Learnership allowance	(124 133)	-
	-	-

No provision has been made for 2021 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R404 165 204 (2020: R407 719 882).

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
21. Cash used in operations		
Profit (loss) before taxation	68 190 396	(92 559 790)
Adjustments for:		
Depreciation	105 309	1 092 968
(Profit) loss on foreign exchange	(66 133 498)	97 253 975
Interest received	(137 632)	(9 599 087)
Finance costs	14 383 036	12 775 505
Movements in provisions	1 453 166	(11 200 000)
Accrued expenses	363 333	503 686
Derecognised Right of use asset	840 190	-
Derecognised Lease liability	(969 449)	-
Changes in working capital:		
Inventories	(814 916)	(1 781 212)
Trade and other receivables	(776 409)	122 646
Trade and other payables	(19 580 814)	(4 687 362)
	(3 077 288)	(8 078 671)

22. Related parties

Relationships

Ultimate holding company
Holding company
Shareholder

Fellow subsidiaries

Suzlon Energy Limited (India)
Suzlon Energy Limited (Mauritius)
Suzlon Wind Energy South Africa Employee Empowerment Trust
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 Roto Holdings B.V.
Suzlon Energy Shipping Lines PTE Ltd

Common directors

Related party balances

Loan accounts - Owing (to) by related parties

A E Rotor Holdings B.V.	(527 090 615)	(582 400 088)
Suzlon Energy B.V. Loan 1	(19 014 691)	(22 394 667)
Suzlon Energy B.V. Loan 2	(115 631 700)	(115 631 700)
Suzlon Wind Energy South Africa Employee Empowerment Trust	50	50

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
22. Related parties (continued)		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
A E Rotor Holdings B.V.	(3 234 244)	(3 234 244)
Suzlon Energy A/S	9 558 442	(18 284 680)
Suzlon Energy Limited (India)	(5 632 088)	(6 184 593)
Suzlon Global Service Ltd	(93 793)	(113 103)
Suzlon Energy Shipping Lines PTE Ltd	31 733 461	38 266 431
Suzlon Wind Energy Espana S.L.U	(697 184)	-
Related party transactions		
Interest paid to related parties		
A E Rotor Holdings (Pty) Ltd	13 897 701	12 177 406
Suzlon Energy B.V.	485 335	445 927
Purchases from related parties		
Suzlon Energy A/S	1 323 205	5 248 630
Management fees paid to related parties		
Suzlon Energy A/S	4 874 504	3 485 504
Suzlon Wind Energy Espana S.L.U	766 915	-
23. Director's emoluments		
No emoluments were paid to the director or any individuals holding a prescribed office during the year.		
24. Financial assets by category		
At amortised cost		
Loans to shareholders	50	50
Trade and other receivables	72 614 452	78 524 655
Loan receivable	-	30 000
Cash and cash equivalents	44 443 972	47 384 386
	117 058 474	125 939 091
25. Financial liabilities by category		
At amortised cost		
Loans from group companies	(661 737 007)	(720 426 455)
Finance lease liability	-	(969 449)
Trade and other payables	(2 058 110)	(21 622 957)
	(663 795 117)	(743 018 861)

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2021	2020
R	R

26. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.

The company has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2021 year end. The company changed from International Financial Reporting Standards to the International Financial Reporting Standard for Small and Medium-sized Entities. On principle this standard has been applied prospectively and the 2020 comparatives contained in these annual financial statements remain unchanged from those published in the annual financial statements published for the year ended 31 March 2020.

The only impact was in respect of right of use assets and the corresponding lease liability, this was derecognised during the current year.

27. Going concern

We draw attention to the fact that at 31 March 2021, the company had accumulated losses of R543 768 187 and that the company's total liabilities exceed its assets by R(538 767 987).

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the director continues to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 9 of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

DETAILED INCOME STATEMENT

	2021 R	2020 R
Revenue		
Rendering of services	51 304 035	30 392 437
Cost of sales		
Purchases	(8 782 024)	(5 210 773)
Gross profit	42 522 011	25 181 664
Other income		
Employee tax incentive	89 958	112 004
Recoveries	576 982	1 887 508
Profit and loss on exchange differences	66 133 498	-
	66 800 438	1 999 512
Expenses (Refer to page 27)	(26 886 649)	(116 564 548)
Operating profit (loss)	82 435 800	(89 383 372)
Investment income	137 632	9 599 087
Finance costs	(14 383 036)	(12 775 505)
	(14 245 404)	(3 176 418)
Profit (loss) for the year	68 190 396	(92 559 790)

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

DETAILED INCOME STATEMENT

	2021 R	2020 R
Operating expenses		
Accounting fees	490 179	457 867
Administration and management fees	5 641 419	3 485 504
Bank charges	136 567	96 090
Cleaning	75 865	77 785
Commission paid	-	1 304 651
Computer expenses	99 959	40 315
Depreciation	105 309	1 092 968
Employee costs	15 268 532	13 159 404
Enterprise development expense	90 000	-
Entertainment	20 351	56 288
Fines and penalties	-	2 701 454
Forecast services	58 298	49 243
Insurance	430 457	320 067
Legal expenses	-	143 304
Motor vehicle expenses	83 532	126 629
Municipal expenses	50 047	79 206
Other expenses	2 830	-
Printing and stationery	64 060	52 434
Profit and loss on exchange differences	-	97 253 975
Profit and loss on sale of assets and liabilities	-	701 364
Protective clothing	238 400	324 562
Recruitment fee	-	44 300
Repairs and maintenance	181 383	14 005
Reviewer's remuneration	359 000	285 593
Secretarial fees	34 876	25 580
Security	-	2 830 775
Staff accommodation	1 223 981	1 162 769
Staff welfare	18 254	23 139
Telephone and fax	444 237	438 959
Training	519 059	440 329
Transport and freight	73 827	18 929
Travel - local	1 176 227	639 098
Travel - overseas	-	317 962
Warranty provision release	-	(11 200 000)
	26 886 649	116 564 548

Suzlon Wind Energy South Africa Proprietary Limited

(Tax registration number 9718521157)

(Registration number 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2021

TAX COMPUTATION

	2021
	R
Net profit per statement of comprehensive income	68 190 396
Permanent differences (Non-deductible/Non-taxable items)	
Employee tax incentive	(89 958)
Unrealised exchange loss: connected persons (s24I(10A))	(66 133 498)
Learnership allowance (s12H)	(443 333)
	(66 666 789)
Temporary differences	
Amounts received in advance	6 745 253
Amounts previously taxed as received in advance	(6 355 204)
Provision for future expense	1 453 166
Depreciation according to financial statements	105 309
Wear and tear	(105 309)
Provision for leave pay not deducted in prior period	(504 560)
Provision for leave pay not deductible in current period	821 675
Derecognition of right of use asset - IFRS 16	840 190
Derecognition of lease liability recognised in terms of IFRS 16	(969 449)
	2 031 071
Calculated tax profit for the year	3 554 678
Assessed loss brought forward	(407 719 882)
Assessed loss for 2011 - carried forward	(404 165 204)
Tax thereon @ 28% in the Rand	-