

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number 2010/017784/07)

Annual Financial Statements
for the year ended 31 March 2023

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2023

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) Arolsen 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
Auditor	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 audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: Mark C. Daverin (CA) SA

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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 external auditor is engaged to express an independent opinion on the financial statements.

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 2024 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 external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and the report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 23, which have been prepared on the going concern basis, were approved and signed by the director on 25/04/2023.



T.A. Parmar

Independent Auditor's Report

To the shareholder of Suzlon Wind Energy South Africa Proprietary Limited

Opinion

We have audited the financial statements of Suzlon Wind Energy South Africa Proprietary Limited set out on pages 9 to 23, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Suzlon Wind Energy South Africa Proprietary Limited as at 31 March 2023, 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.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 24 in the financial statements, which indicates that the company had accumulated losses of R541 773 606 at 31 March 2023, and as of that date, the company's liabilities exceeded its total assets by R54 366 222. These conditions give rise to a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The director is responsible for the other information. The other information comprises the information included in the document titled "Suzlon Wind Energy South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2023" which includes the Director's Report as required by the Companies Act of South Africa and the supplementary information set out on pages 24 to 26. The other information does not include the financial statements and our auditor's report thereon.

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

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B-BBEE Status Level 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.

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

Responsibilities of the director for the financial statements

The director is responsible for the preparation and fair presentation of the 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



chartered accountants
& business advisers

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

PKF

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

Director: Gideon van Zyl CA (SA)
Registered Auditor

Date 25 April 2023
Gqeberha

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

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 2023.

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. The accounting policies have been applied consistently compared to the prior year.

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

3. Share capital

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

4. Dividends

As there are no distributable reserves, no dividends were declared or paid for the year under review (2022: R Nil).

5. Director

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

T.A. Parmar

There have been no changes to the directorate for the period under review.

6. Holding company

The company's holding company is Suzlon Energy Limited which holds 80% (2022 80%) of the company's equity. Suzlon Energy Limited is incorporated in Mauritius.

7. 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.

8. Going concern

The annual 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 2023, the company had accumulated losses of R541 773 606 and that the company's total liabilities exceed its total assets by R54 366 222.

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 8 of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

These conditions have given 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.

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Annual Financial Statements for the year ended 31 March 2023

Director's Report

9. Auditors

PKF (PE) Inc continued in office as auditors for the company for 2023.

10. Secretary

The company had no secretary during the year.

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Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Notes	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	431 197	76 790
Current Assets			
Inventories	3	23 718 239	17 186 916
Loan to shareholder	4	62	62
Trade and other receivables	5	63 124 208	61 937 298
Cash and cash equivalents	6	58 779 771	68 347 936
		145 622 280	147 472 212
Total Assets		146 053 477	147 549 002
Equity and Liabilities			
Equity			
Share capital	7	487 407 384	487 407 384
Accumulated loss		(541 773 606)	(546 850 010)
		(54 366 222)	(59 442 626)
Liabilities			
Non-Current Liabilities			
Loans from group companies	8	172 050 366	185 269 971
Current Liabilities			
Trade and other payables	9	28 369 333	21 721 657
Total Liabilities		200 419 699	206 991 628
Total Equity and Liabilities		146 053 477	147 549 002

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Statement of Comprehensive Income for the year ended 31 March 2023

	Notes	2023 R	2022 R
Revenue	12	50 760 362	48 439 265
Cost of sales	13	(16 345 403)	(9 825 887)
Gross profit		34 414 959	38 613 378
Other income	14	12 152 996	8 542 549
Operating profit	15	(39 947 661)	(38 823 561)
Operating profit		6 620 294	8 332 366
Investment revenue	16	207 266	53 728
Finance costs	17	(1 751 156)	(11 467 920)
Profit (loss) for the year		5 076 404	(3 081 826)

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Statement of Changes in Equity

	Share capital R	Share premium R	Total share capital R	Accumulated loss R	Total equity R
Balance at 1 April 2021	250	4 999 950	5 000 200	(543 768 184)	(538 767 984)
Loss for the year	-	-	-	(3 081 826)	(3 081 826)
Issue of shares	60	482 407 124	482 407 184	-	482 407 184
Balance at 1 April 2022	310	487 407 074	487 407 384	(546 850 010)	(59 442 626)
Profit for the year	-	-	-	5 076 404	5 076 404
Balance at 31 March 2023	310	487 407 074	487 407 384	(541 773 606)	(54 366 222)
Note	7	7	7		

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Statement of Cash Flows

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash generated from operations	20	12 083 749	24 352 149
Interest income		207 266	53 728
Finance costs		-	(968)
Net cash from operating activities		12 291 015	24 404 909
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(443 652)	(21 094)
Loans to group companies repaid		(21 415 528)	-
Net cash from investing activities		(21 859 180)	(21 094)
Cash flows from financing activities			
Repayment of shareholder's loan		-	(479 851)
Net cash from financing activities		-	(479 851)
Total cash movement for the year		(9 568 165)	23 903 964
Cash at the beginning of the year		68 347 936	44 443 972
Total cash at the end of the year	6	58 779 771	68 347 936

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Annual Financial Statements for the year ended 31 March 2023

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.

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 11 - 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.

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.

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.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.2 Property, plant and equipment (continued)

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. They 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.

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.

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Accounting Policies

1.4 Tax (continued)

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.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment 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.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.10 Provisions and contingencies (continued)

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 excluded 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 exclusive of value added taxation.

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

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.

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	663 474	(490 297)	173 177	494 528	(469 471)	25 057
Furniture and fixtures	93 391	(60 205)	33 186	75 271	(48 117)	27 154
IT equipment	643 052	(418 218)	224 834	452 832	(428 253)	24 579
Total	1 399 917	(968 720)	431 197	1 022 631	(945 841)	76 790

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	25 057	168 946	-	(20 826)	173 177
Furniture and fixtures	27 154	18 120	-	(12 088)	33 186
IT equipment	24 579	256 586	(4)	(56 327)	224 834
	76 790	443 652	(4)	(89 241)	431 197

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
Plant and machinery	61 638	-	(36 581)	25 057
Furniture and fixtures	16 720	21 094	(10 660)	27 154
IT equipment	40 262	-	(15 683)	24 579
	118 620	21 094	(62 924)	76 790

3. Inventories

Stores and spares	23 718 239	17 186 916
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4. Loan to shareholder

Suzlon Wind Energy South Africa Employee Empowerment Trust	62	62
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The loan is unsecured and interest free with no fixed terms of repayment.

5. Trade and other receivables

Trade receivables	62 254 290	61 652 483
Prepayments	145 276	137 198
Deposits	163 678	147 618
VAT	560 964	-
	63 124 208	61 937 299

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Notes to the Annual Financial Statements

	2023 R	2022 R
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	64 178	21 203
Bank balances	58 715 593	68 326 733
	58 779 771	68 347 936
7. Share capital		
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Reconciliation of number of shares issued:		
At the beginning of the year	310	250
Issue of shares – ordinary shares	-	60
	310	310
Issued		
Ordinary	310	310
Share premium	487 407 074	487 407 074
	487 407 384	487 407 384
8. Loans from group companies		
Fellow subsidiaries		
A E Rotor Holdings B.V.	(63 464 646)	(50 591 824)
Suzlon Energy B.V. Loan 1	-	(19 046 447)
Suzlon Energy B.V. Loan 2	(108 585 720)	(115 631 700)
	(172 050 366)	(185 269 971)
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. The A E Rotor Holdings B.V. loan is subject to a subordination agreement in favour of the creditors of the company, until the assets of the company, fairly valued, exceed its liabilities. These loans are therefore deemed as long term as they will not be called for in the next 12 months.		
9. Trade and other payables		
Trade payables	18 634 574	12 766 480
Accrued leave pay	875 381	914 853
Payroll accrual	439 510	307 152
Accrued audit fees	360 000	360 000
Amounts received in advance	8 059 868	6 815 603
VAT	-	557 570
	28 369 333	21 721 658

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
10. Deferred tax		
The major components of the deferred tax balance are as follows:		
Deferred tax asset		
Arising as a result of temporary differences on:		
Unrealised forex loss	2 693 042	-
Amounts received in advance	2 176 165	1 840 213
Leave pay accrual	236 353	247 010
Deferred tax balance from temporary differences other than unused tax losses	5 105 560	2 087 223
Tax losses available for set off against future taxable income	107 735 343	107 817 624
Valuation allowance of deferred tax assets	(108 466 222)	(109 904 847)
Total deferred tax asset	4 374 681	-
Deferred tax liability		
Arising as a result of temporary differences on:		
Prepaid expenses	(39 225)	-
Tax allowance for doubtful debts based on aging	(4 335 456)	-
Total deferred tax liability	(4 374 681)	-
Deferred tax asset	4 374 681	-
Deferred tax liability	(4 374 681)	-
Total net deferred tax asset	-	-
Reconciliation of deferred tax asset (liability)		
Recognised in profit or loss:		
Decrease in tax loss available for set off against future taxable income	(82 281)	(1 306 981)
Originating temporary difference for doubtful debts based on aging	(4 335 456)	-
Unrealised forex loss	2 752 938	-
Prior period under provision of deferred tax	(59 896)	-
Movement in temporary differences on prepaid expenses	(39 225)	-
Leave pay accrual	(10 657)	25 158
Amounts received in advance	335 952	18 995
Provisions	-	(392 341)
Movement in valuation allowance	1 438 625	1 655 169
	-	-

11. Provisions

Reconciliation of provisions - 2022

	Opening balance	Utilised during the year	Closing balance
Provision for repairs	1 453 166	(1 453 166)	-

12. Revenue

Rendering of services	50 760 362	48 439 265
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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
13. Cost of sales		
Rendering of services		
Materials consumed	15 846 332	8 939 103
Consulting	499 071	886 784
	16 345 403	9 825 887
14. Other income		
Profit on exchange differences	-	3 294 309
Insurance proceeds	7 217 775	442 452
Employee tax incentives	-	55 838
Interest benefit on debt waiver	4 717 774	-
Recoveries	217 447	4 749 950
	12 152 996	8 542 549
15. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Loss on disposal of assets	4	-
Impairment on other financial assets	-	9 903 897
Loss on exchange differences	6 909 741	-
Depreciation on property, plant and equipment	89 241	62 924
Employee costs	16 708 754	15 955 743
16. Investment revenue		
Interest revenue		
Bank	207 266	53 728
17. Finance costs		
Trade and other payables	-	56
Late payment of tax	-	912
Group companies	1 751 156	11 466 952
	1 751 156	11 467 920

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
18. Taxation		
Major components of the tax expense		
Reconciliation of the tax expense		
Accounting profit (loss)	5 076 404	(3 081 826)
Tax at the applicable tax rate of 27% (2022: 28%)	1 370 629	(862 911)
Tax effect of adjustments on taxable income		
Exempt income		
Employee tax incentive	-	(15 635)
Unrealised profit on exchange differences to connected persons	-	(62 115)
Learnership allowance	-	(134 400)
	-	(212 150)
Non-deductible expenses		
Donations	8 100	18 200
SARS interest	-	255
Capital loss	-	2 773 091
	8 100	2 791 546
Other		
Prior period under provisions in deferred tax	59 896	14
Movement in valuation allowance	(1 438 625)	(1 716 499)
	(1 378 729)	(1 716 485)
	-	-
19. Auditor's remuneration		
Fees	360 000	360 000
Prior year over provision	(92 363)	-
	267 637	360 000
20. Cash generated from operations		
Profit (loss) before taxation	358 630	(3 081 826)
Adjustments for:		
Depreciation	89 241	62 924
Loss on sale of assets	4	-
Loss (profit) on foreign exchange	6 909 741	(3 294 309)
Interest received	(207 266)	(53 728)
Finance costs	1 751 156	11 467 920
Impairment loss	-	9 903 897
Movements in provisions	-	(1 453 166)
Changes in working capital:		
Inventories	(6 531 323)	(197 738)
Trade and other receivables	372 590	4 614
Trade and other payables	9 340 976	10 993 561
	12 083 749	24 352 149

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
21. Related parties		
Relationships		
Ultimate holding company	Suzlon Energy Limited (India)	
Holding company	Suzlon Energy Limited (Mauritius)	
Shareholder	Suzlon Wind Energy South Africa Employee Empowerment Trust	
Fellow subsidiaries	Suzlon Energy B.V. Suzlon Energy Australia Suzlon Energy A/S Suzlon Global Services Ltd Suzlon Wind Energy Espana S.L.U. Suzlon Wind Energy Turkey A E Rotor Holdings B.V. Suzlon Wind Energy Portugal, L da Suzlon Wind Energy Romania	
Related party balances		
Loan accounts - Owing (to) by related parties		
A E Rotor Holdings B.V.	(63 464 646)	(50 591 824)
Suzlon Energy B.V. Loan 1	-	(19 046 447)
Suzlon Energy B.V. Loan 2	(108 585 720)	(115 631 700)
Suzlon Wind Energy South Africa Employee Empowerment Trust	62	62
Amounts included in trade receivables (trade payables) regarding related parties		
A E Rotor Holdings B.V.	(3 234 244)	(3 234 244)
Suzlon Energy A/S	22 083 386	21 256 471
Suzlon Global Service Ltd	(112 553)	(6 192 139)
Suzlon Wind Energy Turkey	-	(97 419)
Suzlon Wind Energy Espana S.L.U.	(672 204)	146 691
Suzlon Energy Limited (India)	(6 279 142)	(618 926)
Suzlon Wind Energy Portugal, L da	(6 205 960)	-
Suzlon Energy Australia	(1 430 695)	-
Related party transactions		
Interest paid to related parties		
A E Rotor Holdings B.V.	1 541 595	11 071 905
Suzlon Energy B.V.	209 561	395 047
Purchases from related parties		
Suzlon Energy A/S	-	454 873
Suzlon Wind Energy Romania	98 745	-
Suzlon Wind Energy Portugal, L da	12 552 967	-
Management fees paid to related parties		
Suzlon Energy A/S	4 093 092	3 691 046
Suzlon Wind Energy Espana S.L.U.	1 760 615	757 093
Suzlon Energy Australia	2 273 300	1 921 212

22. Director's emoluments

No emoluments were paid to the director or any individuals holding a prescribed office during the year.

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
23. Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	58 779 771	68 347 936
Loan to shareholder	62	62
Trade and other receivables	62 417 968	61 800 100
	121 197 801	130 148 098
Financial liabilities at amortised cost		
Loans from group companies	172 050 366	185 269 971
Trade and other payables	19 434 080	13 433 628
	191 484 446	198 703 599

24. Going concern

The annual 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 2023, the company had accumulated losses of R541 773 606 and that the company's total liabilities exceed its total assets by R54 366 222.

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 8 of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

These conditions have given 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.

Suzlon Wind Energy South Africa Proprietary Limited

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Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

	2023 R	2022 R
Revenue		
Sale of goods	50 760 362	48 439 265
Cost of sales		
Purchases	(16 345 403)	(9 825 887)
Gross profit	34 414 959	38 613 378
Other income		
Insurance proceeds	7 217 775	442 452
Employee tax incentive	-	55 838
Interest benefit on debt waiver	4 717 774	-
Recoveries	217 447	4 749 950
Profit on exchange differences	-	3 294 309
	12 152 996	8 542 549
Expenses (Refer to page 25)	(39 947 661)	(38 823 561)
Operating profit	6 620 294	8 332 366
Investment income	207 266	53 728
Finance costs	(1 751 156)	(11 467 920)
	(1 543 890)	(11 414 192)
Profit (loss) for the year	5 076 404	(3 081 826)

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

	2023 R	2022 R
Operating expenses		
Accounting fees	321 391	579 801
Administration and management fees	8 827 075	6 369 351
Advertising	2 310	-
Auditor's remuneration	267 637	360 000
Bank charges	67 152	187 644
Cleaning	94 965	77 466
Computer expenses	159 951	641 504
Depreciation and capital loss	89 241	9 966 821
Donations	30 000	65 000
Employee costs	16 708 754	15 955 743
Enterprise development expense	562 000	-
Entertainment	55 248	30 359
Exhibition costs	15 996	-
Forecast services	50 172	51 982
Insurance	270 854	368 738
Legal expenses	-	79 452
Loss on disposal of assets	4	-
Loss on exchange differences	6 909 741	-
Motor vehicle expenses	300 499	153 197
Other expenses	20 800	40 966
Printing and stationery	40 466	56 059
Protective clothing	583 456	329 064
Repairs and maintenance	26 678	1 565
Secretarial fees	24 128	24 128
Staff accommodation	1 440 401	1 385 204
Staff welfare	140 666	43 629
Subscriptions	3 008	-
Telephone and fax	455 180	428 807
Training	534 630	791 284
Transport and freight	362 896	69 807
Travel - local	1 021 986	765 990
Travel - overseas	560 376	-
	39 947 661	38 823 561

Suzlon Wind Energy South Africa Proprietary Limited

(Taxpayer reference number 9718521157)

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2023

Tax Computation

	R
Net profit per statement of comprehensive income	5 076 404
Permanent differences (Non-deductible/Non taxable items)	
Donations	30 000
Temporary differences	
Depreciation	89 241
Wear and tear allowance	(89 241)
Leave pay accrual - current year	875 381
Leave pay accrual - prior year	(914 853)
Prepaid expenses - current year	(145 276)
Amounts received in advance - current year	8 059 868
Amounts received in advance - prior year	(6 815 603)
S11(j) allowance	(16 057 244)
Unrealised forex gain - prior year	221 838
Unrealised forex loss - current year	9 974 230
	<u>(4 801 659)</u>
Calculated tax profit for the year	304 745
Assessed loss brought forward	<u>(399 324 535)</u>
Assessed loss for 2023 - carried forward	<u>(399 019 790)</u>
 Tax thereon @ 27%	 <u>-</u>

The taxable income is less than R1 million and therefore the assessed loss brought forward from 2022 can be utilised. The 20% rule does not apply in this instance.