

**Independent Auditors' Report**

To,  
**The Members of Suzlon Generators Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Suzlon Generators Limited** (the "Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash flows and the Statement of Changes in Equity for the year ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("The Act") with respect to the preparation and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of The Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the financial position of the Company as at 31<sup>st</sup> March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, and according to information and explanation provided to us, we give in the Annexure - A, a statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable.

#### **As required by Section 143(3) of the Act, we report that:**

- i. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- iii. The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- iv. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder;
- v. On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the



Directors are disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a Director in terms of section 164(2) of the Act;

- vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure – B; and
- vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the Ind AS financial statements.
  - ii. The company did not have any long term contracts including derivative contract for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 9.1 to the Ind AS financial statements.

For SNK & Co.

ICAI Firm registration no.:109176W

Chartered Accountants

per Sanjay Kapadia  
Partner

Membership No.:38292



Place: Pune

Date : 23<sup>rd</sup> June, 2017

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## **Annexure A to the Auditors' Report**

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The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017, we report that:

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per information and explanation provided to us, the company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, Firms, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions 3(iii) (a), (b), (c) of the Order, is not applicable to the company and hence not commented upon.
- (iv) According to the information and explanation given to us, the Company has not advanced loans to Directors/to a company in which the Director is interested to which provision of Section 185 of the Companies Act, 2013 apply, hence not commented upon. The Company has complied with the provisions of Section 186 of the Companies Act, 2013, in respect of loans, investments, guarantees and securities.
- (v) The Company has not accepted any deposits from the Public.
- (vi) According to the information and explanation given to us and based on our examination, the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities..  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth



tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2017 for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess payable on account of any dispute except as given below :

Name of Statute	Nature of Dues	Amount Rs (in crore)	Accounting year to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax	Value Added Tax	1.42	2006-07 to 2011-12	Jt. Commissioner of Sales Tax, Appeals, Pune.

- (viii) Based on our audit procedures and as per the information and explanations given by the management, *the Company has delayed in repayment of dues to banks during the year to the extent of Rs. 0.52 Crores (the delay in such payments being for less than 2 days).*
- (ix) According to the information and explanations given by the Management, the company has not raised money by way of initial public offer or further public offer (including debt instruments). The company has applied the term loans for the purposes for which those are raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) Based on the information and explanations given to us by the management, no managerial remuneration is paid or provided by the Company. Accordingly, Clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given by the management and based on our audit procedure, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- (xv) According to the information and explanations given by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to information and explanation given by the management, the provision of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company, hence clause 3(xvi) of the order is not applicable.

**For SNK & Co.**

**ICAI Firm registration no.:109176W**

**Chartered Accountants**

  
**per Sanjay Kapadia**

**Partner**

**Membership No.:38292**



**Place : Pune**

**Date : 23<sup>rd</sup> June, 2017**

## **Annexure B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Suzlon Generators Limited** ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,



and that receipts and expenditures of the company are being made only in accordance with authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SNK & Co.**

**ICAI Firm registration no.:109176W**

**Chartered Accountants**

*Sanjay N. Kapadia*  
**per Sanjay Kapadia**  
**Partner**

**Membership No.:38292**



**Place : Pune**

**Date : 23<sup>rd</sup> June, 2017**



**Suzlon Generators Limited**
**Balance sheet as at March 31, 2017**

All amounts in Rupees Crore, unless otherwise stated

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Assets</b>				
<b>Non-current assets</b>				
(i) Property, plant and equipment	5	30.97	36.44	41.26
(ii) Other financial assets	6	0.21	0.18	0.17
<b>Total</b>		<b>31.18</b>	<b>36.62</b>	<b>41.43</b>
<b>Current assets</b>				
(i) Inventories	7	20.46	29.35	15.08
(ii) Financial assets				
(a) Trade receivables	8	16.60	56.23	43.07
(b) Cash and cash equivalents	9	1.15	0.97	0.44
(c) Other financial assets	6	7.18	6.50	7.44
(iii) Other current assets	10	7.83	4.69	0.78
<b>Total</b>		<b>53.22</b>	<b>97.74</b>	<b>66.81</b>
<b>Total assets</b>		<b>84.40</b>	<b>134.36</b>	<b>108.24</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
(i) Equity share capital	11	76.28	62.51	62.51
(ii) Other equity	12	(49.78)	(41.03)	(26.50)
<b>Total</b>		<b>26.50</b>	<b>21.48</b>	<b>36.01</b>
<b>Non-current liabilities</b>				
(i) Financial liabilities				
(a) Borrowings	13	0.59	2.50	14.15
(ii) Provisions	17	1.22	0.57	1.17
<b>Total</b>		<b>1.81</b>	<b>3.07</b>	<b>15.32</b>
<b>Current liabilities</b>				
(i) Financial liabilities				
(a) Borrowings	13	8.73	64.10	35.12
(b) Trade payables	15	42.38	41.68	16.47
(c) Other financial liabilities	14	4.05	2.65	3.96
(ii) Other current liabilities	16	0.31	0.23	0.92
(iii) Provisions	17	0.62	1.15	0.44
<b>Total</b>		<b>56.09</b>	<b>109.81</b>	<b>56.91</b>
<b>Total equity and liabilities</b>		<b>84.40</b>	<b>134.36</b>	<b>108.24</b>

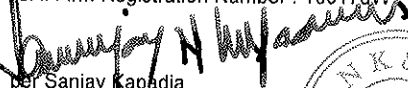
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SNK &amp; Co.

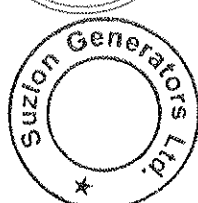
Chartered Accountants

CAI Firm Registration Number : 109176W



 per Sanjay Kapadia  
Partner

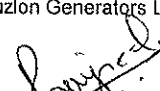
Membership No.: 38292

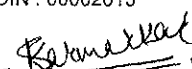


Place : Pune

Date : 23 JUN 2017


 For and on behalf of the Board of Directors of  
Suzlon Generators Limited

  
Ranjitsinh A. Pamar  
Managing Director  
DIN : 00002613

  
Shivani S. Karmarkar  
Company Secretary  
Membership No.: A33098

Place : Pune

Date : 23 JUN 2017

  
Vinod R. Tanti  
Director  
DIN : 00002266

  
Brajesh Rai  
Chief Financial Officer

**Suzlon Generators Limited****Statement of profit and loss for the year ended March 31, 2017**

All amounts in Rupees Crore, unless otherwise stated

Particulars	Notes	March 31, 2017	March 31, 2016
<b>Income</b>			
Revenue from operations	18	178.90	136.14
Other operating income		0.16	0.21
Other income	19	0.85	0.01
		<b>179.91</b>	<b>136.36</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	20	140.22	106.24
(Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade	20	0.04	(3.08)
Employee benefits expense	21	6.99	6.57
Depreciation/ amortisation	5	6.95	6.21
Finance costs	22	9.56	6.84
Other expenses	23	12.18	28.06
		<b>175.94</b>	<b>150.84</b>
<b>Profit/ (loss) before tax</b>		<b>3.97</b>	<b>(14.48)</b>
Income tax expense	24	-	-
<b>Profit/ (loss) after tax</b>		<b>3.97</b>	<b>(14.48)</b>
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified to profit or loss in subsequent years :</b>			
Remeasurements of the defined benefit plans		(0.20)	(0.17)
Income tax effect on the above		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(0.20)</b>	<b>(0.17)</b>
<b>Total comprehensive income for the year</b>		<b>3.77</b>	<b>(14.65)</b>
<b>Earnings/ (loss) per equity share attributable to equity holders :</b>			
Basic and diluted [Nominal value of share Rs 10 (Rs 10)]	25	0.60	(2.40)
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

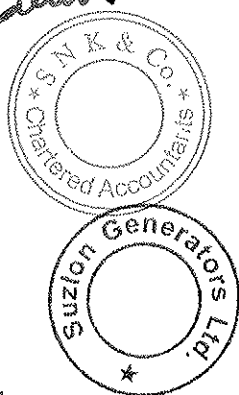
For SNK &amp; Co.

Chartered Accountants

ICAI Firm Registration Number : 109176W

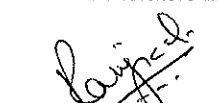
  
 per Sanjay N. Kulkarni  
 Partner

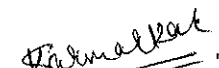
Membership No.: 38292



Place : Pune

Date : 23 JUN 2017


For and on behalf of the Board of Directors of  
Suzlon Generators Limited
  
 Ranjitsinh A. Parmar  
 Managing Director  
 DIN : 00002613

  
 Shivani S. Karmarkar  
 Company Secretary  
 Membership No.: A33098

Place : Pune

Date : 23 JUN 2017

  
 Vinod R. Tanti  
 Director  
 DIN : 00002266

  
 Brajesh Rai  
 Chief Financial Officer

# Suzlon Generators Limited

## Statement of changes in equity for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### a. Equity share capital

	No. in Crore	Rs in Crore
Equity shares of Rs 10 each, subscribed and fully paid		
As at April 1, 2015	6.25	62.51
Issue of share capital (Note 11)	-	-
As at March 31, 2016	6.25	62.51
Issue of share capital (Note 11)	1.37	13.77
As at March 31, 2017	<b>7.62</b>	<b>76.28</b>

### b. Other equity

	Equity component of compound financial instruments	Share based payment reserve	Retained earnings	Total
As at April 1, 2015	12.54	-	(39.04)	(26.50)
Profit/ (loss) for the year	-	-	(14.48)	(14.48)
Other comprehensive income	-	-	(0.17)	(0.17)
Total comprehensive income	12.54	-	(53.69)	(41.15)
Share based payments	-	0.12	-	0.12
As at March 31, 2016	<b>12.54</b>	<b>0.12</b>	<b>(53.69)</b>	<b>(41.03)</b>
As at April 1, 2016	12.54	0.12	(53.69)	(41.03)
Profit/ (loss) for the year	-	-	3.97	3.97
Other comprehensive income	-	-	(0.20)	(0.20)
Total comprehensive income	12.54	0.12	(49.92)	(37.26)
Other movements	-	0.02	-	0.02
Converted to equity	(12.54)	-	-	(12.54)
As at March 31, 2017	<b>-</b>	<b>0.14</b>	<b>(49.92)</b>	<b>(49.78)</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SNK & Co.  
Chartered Accountants  
ICAI Firm Registration Number : 109176W

per Sanjay Kapadia  
Partner  
Membership No.: 38292



For and on behalf of the Board of Directors of  
Suzlon Generators Limited

Ranjitsinh A. Parmar  
Managing Director  
DIN : 00002613

Shivani S. Karmarkar  
Company Secretary  
Membership No.: A33098

Vinod R. Tanti  
Director  
DIN : 00002266

Brajesh Rai  
Chief Financial Officer

Place : Pune

Date : 23 JUN 2017

Place : Pune

Date : 23 JUN 2017

**Suzlon Generators Limited**
**Cash flow statement for the year ended March 31, 2017**

All amounts in Rupees Crore, unless otherwise stated

Particulars	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
Profit/ (loss) before tax	3.97	(14.48)
Adjustments for:		
Depreciation/ amortisation	6.95	6.21
Interest expenses	7.55	5.99
Impairment allowance	(0.40)	0.13
Compensation in lieu of bank sacrifice	0.25	0.22
Contribution to provident and other funds	(0.20)	(0.17)
Employee stock option scheme	0.02	0.12
Amortisation of ancillary borrowing costs	(0.01)	0.01
Unrealised exchange loss on foreign currency loan	(0.43)	0.06
Interest income	(0.85)	(0.01)
<b>Operating profit before working capital changes</b>	<b>16.85</b>	<b>(1.92)</b>
<b>Movements in working capital</b>		
(Increase)/ decrease in inventories	8.89	(14.27)
(Increase)/ decrease in sundry debtors	39.89	(13.29)
(Increase)/ decrease in loans and advances	(3.17)	(3.89)
(Increase)/ decrease in other current assets	(0.68)	0.94
(Decrease)/ increase in trade payables, current liabilities and provisions	2.21	24.33
<b>Cash (used in)/ generated from operating activities</b>	<b>63.99</b>	<b>(8.10)</b>
Direct taxes paid (net of refunds)	-	(0.01)
<b>Net cash (used in)/ generated from operating activities</b>	<b>A 63.99</b>	<b>(8.11)</b>
<b>Cash flow from investing activities</b>		
Payment for purchase of fixed assets including capital advances	(1.48)	(1.39)
Interest received	0.01	0.01
<b>Net cash (used in)/ generated from investing activities</b>	<b>B (1.47)</b>	<b>(1.38)</b>
<b>Cash flow from financing activities</b>		
Proceeds of short-term borrowings	-	(3.43)
Proceeds of long-term borrowings	-	(13.11)
Repayment of short-term borrowings	(54.94)	32.37
Interest paid	(7.39)	(5.81)
<b>Net cash (used)/ generated in financing activities</b>	<b>C (62.33)</b>	<b>10.02</b>
<b>Net increase in cash and cash equivalents</b>	<b>A+B+C 0.19</b>	<b>0.53</b>
Cash and cash equivalents at the beginning of year	0.97	0.44
Cash and cash equivalents at the end of year	1.15	0.97
<b>Components of cash and cash equivalents</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Cash on hand	-	0.01
With scheduled banks		
In current accounts	0.54	0.80
In term deposits	0.61	0.16
	<b>1.15</b>	<b>0.97</b>

**Summary of significant accounting policies**

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**Notes:**

- The figures in brackets represent outflows.
- Previous year's figures have been regrouped / reclassified, wherever necessary to confirm with current year presentation.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SNK &amp; Co.

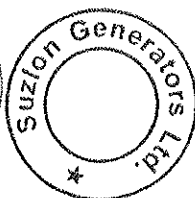
Chartered Accountants

ICAI Firm Registration Number : 109176W

per Sanjay Kapadia

Partner

Membership No.: 38292


 For and on behalf of the Board of Directors of  
Suzlon Generators Limited

Ranjitsinh A. Parmar

Managing Director

DIN : 00002613

Shivani S. Karmarkar

Company Secretary

Membership No.: A33098

Vinod R. Tanti

Director

DIN : 00002266

Brajesh Rai

Chief Financial Officer

Place : Pune

Date : 23 JUN 2017

Place : Pune

Date : 23 JUN 2017

# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 1. Company information

Suzlon Generators Limited ('SGL' or 'the Company') having CIN U31101PN2004PLC019205 is a Jointly Controlled Entity of Suzlon Energy Limited, a company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and Trasys Asia Limited, a company domiciled in Hong Kong. The registered office of the Company is located at Gat No.339/ 3/ 1 and Plot No. A-20/ 1, Chakan Industrial Area, Village Mahalunge, Taluka Khed, District Pune – 410501, India. The principal place of business is its headquarters located at One Earth, Hadapsar, Pune, India.

The Company is engaged in the manufacturing of wind turbine generators of various capacities and its components, repairing and after sales service for generators catering to both domestic and international markets and in generation of electricity.

### 2. Basis of preparation and significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees and all values are rounded to the nearest Crores (INR 00,00,000) upto two decimals, except when otherwise indicated.

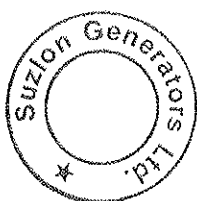
#### 2.2 Recent accounting developments

##### Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company.

## 2.3 Summary of significant accounting policies

### a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### b. Foreign currencies

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

#### Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

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(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### c. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

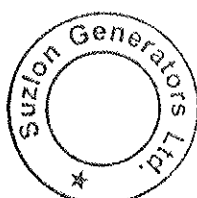
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the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

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

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

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### d. Revenue recognition

Revenue comprises sales of generators and various components and repairs/ service income and interest income. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

Revenue is recognised, net of trade discounts, sales tax, service tax, VAT or other taxes, as applicable.

#### Sale of goods

Sale of generators and various components are recognised in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order. Revenue from the sale of goods is measured at the consideration received or receivable, net of returns and allowances and discounts.

#### Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### e. Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where Company operates and generates taxable income.

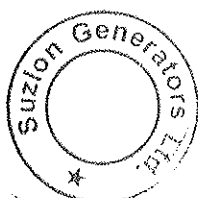
Current income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of





# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.

### **f. Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost directly attributable to acquisition are capitalized until the Property, Plant and equipment are ready for use, as intended by the Management.

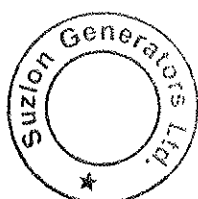
Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

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

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

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

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



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

Depreciation is provided on the straight line method ('SLM') unless otherwise stated, pro-rata to the period of use of assets and is based on the useful lives and residual values estimated by the management in accordance with Schedule II to the Companies Act, 2013.

The following are useful lives for the tangible assets:

Type of asset	Useful lives (Up to Years)
Buildings	30
Plant and machinery	15
Computers	3
Office equipment	5
Furniture and fixtures	10
Vehicles	8
Windmill	22

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

### g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### h. Leases

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

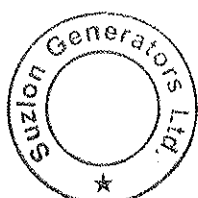
For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### Company as a lessee

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

#### Company as a lessor

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



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### i. Inventories

Inventories of raw materials including stores and spares and consumables, packing materials, semi-finished goods, components, work-in-progress, and finished goods are valued at the lower of cost and estimated net realisable value. Cost is determined on weighted average basis.

The cost of work-in-progress, semi-finished goods and finished goods includes the cost of material, labour and a proportion of manufacturing overheads.

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

### j. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

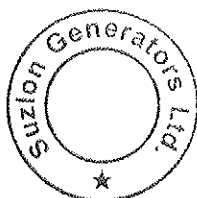
### k. Retirement and other employee benefits

Retirement and other employee benefits in the form of provident fund, employee state insurance and superannuation fund are defined contribution schemes. The Company has no obligation other than the contribution payable to the funds and the contribution payable to fund is recognised as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, a reduction in future payment or a cash refund.

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for on the basis of an actuarial valuation, using projected unit credit method as at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Short-term compensated absences are provided based on estimates. Long term compensated absences and other long-term employee benefits are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each balance sheet date. The entire leave is presented as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### I. Share-based payments

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply exemption for share based payments to equity instruments that are vested before date of transition to Ind AS. viz, April 1, 2015.

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### m. Financial instruments

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply following exceptions/exemptions prospectively from April 1, 2015.

- Derecognition of financial assets and financial liabilities have been applied prospectively
- Designated equity instrument as at fair value through other comprehensive income based on facts and circumstances that existed on the transition date.

Applied the requirements of relating to accounting for difference between fair value of financial asset or financial liability from its transaction price of Ind AS 109 prospectively.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

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

### Financial assets

#### *Initial recognition and measurement*

All financial assets are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

#### *Subsequent measurement*

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

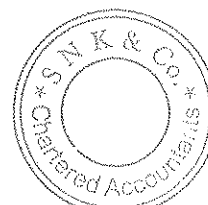
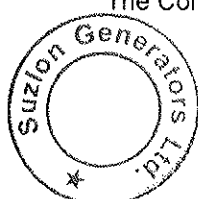
#### *Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

The Company has not designated any financial asset as at FVTOCI.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

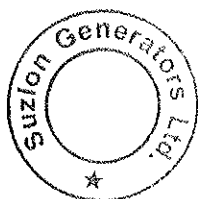
Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- d) Loan commitments which are not measured as at FVTPL
- e) Financial guarantee contracts which are not measured as at FVTPL

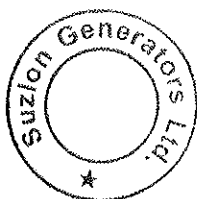
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivables balance and historical experience. Individual trade receivables are written off when management deems them not to be collectible.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- *Financial assets measured as at amortised cost and contractual revenue receivables:* ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- *Loan commitments and financial guarantee contracts:* ECL is presented as a provision in the balance sheet, i.e. as a liability.
- *Debt instruments measured at FVTOCI:* Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

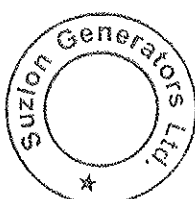
#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.





# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations.

If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

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

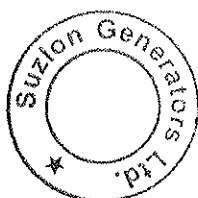
### n. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

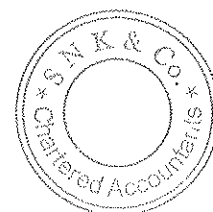
On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### **o. Earnings/ (loss) per share**

Basic earnings/ (loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors. For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

### **p. Cash and cash equivalents**

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

## **3. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

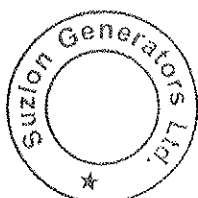
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

### Allowance for uncollectable trade receivables

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

### Share-based payments

The Company initially measures the cost of cash-settled transactions with employees using a Black-Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26.

### Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumption made, or future changes to such assumption, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

Further details about gratuity obligations are given in Note 25.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 30 for further disclosures.

### Property, plant and equipment

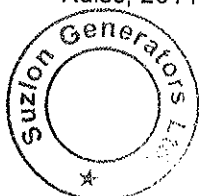
Refer Note 3 j for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in Note 5.

### Assumptions considered in ROR

Suzlon Energy Limited and its identified domestic subsidiaries and a jointly controlled entity (collectively 'the Group') and the CDR lenders executed a Master Restructuring Agreement ('MRA') during the financial year ending March 31, 2013. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, gives a right to the CDR lenders to get a recompense of their waivers and sacrifice made as part of the CDR Proposal. The Company is contemplating voluntary exit from the CDR scheme in near future. The Company has recognised recompense liability payable to CDR lenders based on reasonable estimate which is derived considering certain scenarios and assumptions in relation to interest rate, waiver in recompense, timing of loan repayment and CDR Exit etc. The amount payable by the Company as recompense is dependent on various factors and also on discussions and negotiations with the CDR lenders.

## 4. First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet is prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP ('IGAAP') financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its plant and equipment as recognised in its I GAAP financials as deemed cost at the transition date.
- Ind AS 102 share-based payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

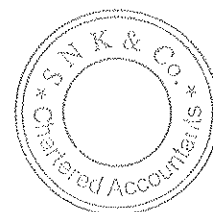
### Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from Impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.



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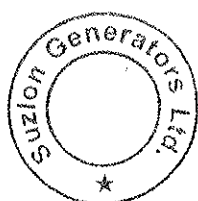
# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Reconciliation of equity as at April 1, 2015 and as at March 31, 2016

Particulars	Notes	April 1, 2015			March 31, 2016		
		I GAAP	Adjustments	Ind AS	I GAAP	Adjustments	Ind AS
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment		41.29	(0.03)	41.26	36.47	(0.03)	36.44
Financial assets							
Other financial assets		0.17	-	0.17	0.18	-	0.18
Other non-current assets		0.09	(0.09)	-	0.07	(0.07)	-
		<b>41.55</b>	<b>(0.12)</b>	<b>41.43</b>	<b>36.72</b>	<b>(0.10)</b>	<b>36.62</b>
<b>Current assets</b>							
Inventories		15.08	-	15.08	29.35	-	29.35
Financial assets							
Trade receivables	a	43.50	(0.43)	43.07	56.80	(0.57)	56.23
Cash and bank balances		0.44	-	0.44	0.97	-	0.97
Other financial assets		7.44	-	7.44	6.50	-	6.50
Other current assets		0.79	(0.01)	0.78	4.70	(0.01)	4.69
		<b>67.25</b>	<b>(0.44)</b>	<b>66.81</b>	<b>98.32</b>	<b>(0.58)</b>	<b>97.74</b>
<b>Total assets</b>		<b>108.80</b>	<b>(0.56)</b>	<b>108.24</b>	<b>135.04</b>	<b>(0.68)</b>	<b>134.36</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Equity share capital		76.28	(13.77)	62.51	76.28	(13.77)	62.51
Other equity	f	(36.04)	9.54	(26.50)	(50.03)	09.00	(41.03)
		<b>40.24</b>	<b>(4.23)</b>	<b>36.01</b>	<b>26.25</b>	<b>(04.77)</b>	<b>21.48</b>
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	d	12.43	1.72	14.15	0.59	1.91	2.50
Provisions		1.17	-	1.17	0.57	-	0.57
		<b>13.60</b>	<b>1.72</b>	<b>15.32</b>	<b>1.16</b>	<b>1.91</b>	<b>3.07</b>
<b>Current liabilities</b>							
<b>Financial liabilities</b>							
Borrowings	d	35.12	-	35.12	64.10	-	64.10
Trade payables		16.47	-	16.47	41.68	-	41.68
Other financial liabilities		2.01	1.95	3.96	0.47	2.18	2.65
Other current liabilities		0.92	-	0.92	0.23	-	0.23
Provisions		0.44	-	0.44	1.15	-	1.15
		<b>54.96</b>	<b>1.95</b>	<b>56.91</b>	<b>107.63</b>	<b>2.18</b>	<b>109.81</b>
<b>Total equity and liabilities</b>		<b>108.80</b>	<b>(0.56)</b>	<b>108.24</b>	<b>135.04</b>	<b>(0.68)</b>	<b>134.36</b>



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Reconciliation of statement of profit and loss for the year ended March 31, 2016

Particulars	Notes	March 31, 2016		
		I GAAP	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations		136.14	-	136.14
Other operating income		0.21	-	0.21
Other income		0.01	-	0.01
		<b>136.36</b>	<b>-</b>	<b>136.36</b>
<b>Expenses</b>				
Cost of raw materials and components consumed		106.24	-	106.24
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade		(3.08)	-	(3.08)
Employee benefits expense	b, c	6.62	(0.05)	6.57
Depreciation / amortisation		6.21	0.00*	6.21
Finance costs	e	6.44	0.40	6.84
Other expenses		27.93	0.13	28.06
		<b>150.36</b>	<b>0.48</b>	<b>150.84</b>
<b>Profit/ (loss) before tax</b>		<b>(14.00)</b>	<b>(0.48)</b>	<b>(14.48)</b>
Tax expense		-	-	-
<b>Profit/ (loss) after tax</b>		<b>(14.00)</b>	<b>(0.48)</b>	<b>(14.48)</b>
<b>Other comprehensive income</b>				
Item that will not be reclassified to profit or loss in subsequent periods :				
Re-measurements of the defined benefit plans	b	-	(0.17)	(0.17)
Income tax effect on the above		-	-	-
		-	(0.17)	(0.17)
Items that will be reclassified to profit or loss in subsequent periods :				
Other comprehensive income for the year, net of tax		-	(0.17)	(0.17)
<b>Total comprehensive income for the year</b>		<b>(14.00)</b>	<b>(0.65)</b>	<b>(14.65)</b>

\* Less than Rs 0.01 Crore



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit and loss for the year ended March 31, 2016:

#### a) Trade receivables

Under I GAAP, the Company has created provision for impairment of receivables only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on expected credit loss model ('ECL'). Due to ECL model, the Company impaired its trade receivable which has been adjusted against retained earnings.

#### b) Defined benefit obligations

Both under I GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under I GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### c) Share-based payments

Under I GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period.

#### d) Borrowings

Under I GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

#### e) Compulsory convertible preference shares

The Company has issued compulsory convertible preference shares ('CCPS'). The CCPS carry a cumulative dividend which is non-discretionary. Under I GAAP, the CCPS were classified as equity and dividend payable thereon was treated as distribution of profit.

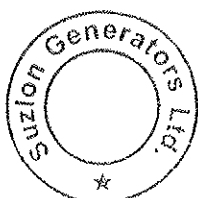
Under Ind AS, CCPS are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method.

#### f) Other comprehensive income

Under I GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled I GAAP profit or loss to profit or loss as per Ind AS. Further, I GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

#### g) Statement of cash flows

The transition from I GAAP to Ind AS has not had a material impact on the statement of cash flows.





# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 5. Property, plant and equipment

	Gross block				Depreciation / amortisation			Net block	
	As at April 1, 2015	Additions	Disposal	As at March 31, 2016	Charge for the year	Disposal	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land	2.56	-	-	2.56	-	-	-	2.56	2.56
Buildings	16.00	-	-	16.00	0.76	-	0.76	15.24	16.00
Plant and machinery	22.47	1.36	-	23.83	5.37	-	5.37	18.46	22.47
Computer and office equipments	0.05	0.03	-	0.08	0.02	-	0.02	0.06	0.05
Furniture and fixtures	0.18	-	-	0.18	0.06	-	0.06	0.12	0.18
Vehicles*	0.00	-	-	0.00	0.00	-	0.00	0.00	0.00
<b>Total</b>	<b>41.26</b>	<b>1.39</b>	<b>-</b>	<b>42.65</b>	<b>6.21</b>	<b>-</b>	<b>6.21</b>	<b>36.44</b>	<b>41.26</b>

	Gross block				Depreciation / amortisation			Net block	
	As at April 1, 2016	Additions	Disposal	As at March 31, 2017	As at April 1, 2016	Charge the year	Disposal	As at March 31, 2017	As at March 31, 2016
Land	2.56	-	-	2.56	-	0.01	-	0.01	2.55
Buildings	16.00	0.03	-	16.03	0.76	0.76	-	1.52	15.24
Plant and machinery	23.83	1.25	-	25.08	5.37	6.10	-	11.47	18.46
Computer and office equipments	0.08	0.06	-	0.14	0.02	0.03	-	0.05	0.06
Furniture and fixtures	0.18	0.14	-	0.32	0.06	0.05	-	0.11	0.12
Vehicles*	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00
<b>Total</b>	<b>42.65</b>	<b>1.48</b>	<b>-</b>	<b>44.13</b>	<b>6.21</b>	<b>6.95</b>	<b>-</b>	<b>13.16</b>	<b>30.97</b>

\* Less than Rs 0.01 Crore

- For property, plant and equipment existing on April 1, 2015, i.e its date of transition to Ind AS, the Company had considered IGAAP carrying value as deemed costs. Refer Note 4 on first time adoption.
- For contractual commitment with respect to plant, property and equipment, refer Note 28.

### 6. Other financial assets

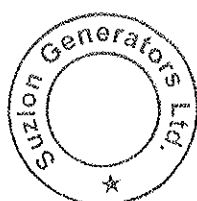
**Non-current:** It includes security deposits to Government agencies of Rs 0.21 Crore (March 31, 2016: Rs 0.18 Crore; April 1, 2015: Rs 0.17 Crore).

**Current:** It includes other assets includes DBK receivables and VAT refund of Rs 7.18 Crore (March 31, 2016: Rs 6.50 Crore; April 1, 2015: Rs 7.44 Crore).

### 7. Inventories (valued at lower of cost and net realisable value)

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials (including goods-in-transit)*	13.83	22.68	11.49
Finished goods, semi-finished goods and work- in- progress	6.63	6.67	3.59
<b>Total</b>	<b>20.46</b>	<b>29.35</b>	<b>15.08</b>

\*Goods in transit of Rs. 1.15 Crore (March 31, 2016: Rs 0.40 Crore; April 1, 2015: Rs 0.38 Crore)



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 8. Trade receivables

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current</b>			
Unsecured, considered good	16.77	56.80	43.50
Less : Impairment allowance	(0.17)	(0.57)	(0.43)
<b>Total</b>	<b>16.60</b>	<b>56.23</b>	<b>43.07</b>

Trade receivable include receivable of Rs 0.24 Crore (Rs 0.26 Crore) from co-venturer.

### 9. Cash and cash equivalent

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks	0.70	0.96	0.44
Cash in hand	0.00*	0.01	0.00*
Cheques on hand	0.45	-	-
<b>Total</b>	<b>1.15</b>	<b>0.97</b>	<b>0.44</b>

\*Less than Rs 0.01 Crore

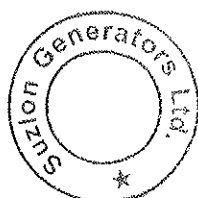
There are no restrictions with regard to cash and cash equivalents as the end of the reporting period and prior period.

#### 9.1 Disclosure on Specified Bank Notes ('SBN')

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	In Rupees		
	SBN*	Other denomination notes	Total
<b>Closing cash on hand as on November 8, 2016</b>	<b>2,500</b>	<b>59,169</b>	<b>61,669</b>
Add: Amount withdrawn from banks	-	59,000	59,000
Add: Permitted receipts	-	15,000	15,000
Less: Permitted payments	2,500	70,116	72,616
Less: Amount deposited in banks	-	-	-
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>63,053</b>	<b>63,053</b>

\* For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 10. Other current assets

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances (unsecured, considered good)	0.08	0.02	0.17
Advances recoverable in kind (unsecured, considered good)	7.58	4.55	0.49
Advance income tax (net of provisions)	0.07	0.07	0.08
Prepaid expenses	0.10	0.05	0.04
<b>Total</b>	<b>7.83</b>	<b>4.69</b>	<b>0.78</b>

### 11. Equity Share capital

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Authorised share-capital</b>			
77,000,000 (March 31, 2016: 65,000,000; April 1, 2015: 65,00,000) equity shares of Rs 10/- each	77.00	65.00	65.00
<b>Issued, subscribed and paid-up capital</b>			
76,280,968 (March 31, 2016: 62,510,546; April 1, 2015: 62,510,546) equity shares of Rs 10/- each	76.28	62.51	62.51

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the financial year

	March 31, 2017		March 31, 2016	
	Number of shares (Crore)	Rs. in Crore	Number of shares (Crore)	Rs. in Crore
At the beginning of the year	6.25	62.51	6.25	62.51
Add : Conversion of preference shares (refer Note 2.3 n )	1.37	13.77	-	-
<b>Outstanding at the end of the year</b>	<b>7.62</b>	<b>76.28</b>	<b>6.25</b>	<b>62.51</b>

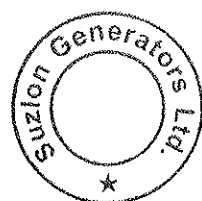
#### b. Terms/ rights attached to equity shares

Company has only one class of equity shares having a par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by Co-venture

Out of equity shares issued by the Company, shares held by its Co-venture is 57,210,251 (March 31, 2016: 46,882,434; April 1, 2015: 46,882,434) equity shares of Rs 10/- each.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### d. Details of shareholders holding more than 5% shares in the Company:

	March 31, 2017		March 31, 2016	
	Number of shares (Crore)	% holding in class	Number of shares (Crore)	% holding in class
<b>Equity shares of Rs 10/- each fully paid</b>				
Suzlon Energy Limited, Co-venture	5.72	75.00%	4.69	75.00%
Trasys Asia Limited	1.91	25.00%	1.56	25.00%

### 12. Other equity

Refer statement of changes in equity for detailed movement in other equity

	March 31, 2017	March 31, 2016	April 1, 2015
Equity component of compound financial instruments	-	12.54	12.54
Share option outstanding account	0.14	0.12	-
Retained earnings	(49.92)	(53.69)	(39.04)
<b>Total</b>	<b>(49.78)</b>	<b>(41.03)</b>	<b>(26.50)</b>

#### a. Equity component of compound financial instruments

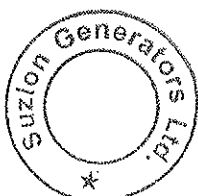
The Company had 13,770,422 compulsorily convertible preference shares ("CCPS") of Rs 10/- each fully paid-up at par as on March 31, 2016 which were converted into 13,770,422 equity shares of Rs 10/- each on January 3, 2017 as per the terms and conditions of CCPS.

#### b. Share option outstanding account

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

### 13. Borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Non-current</b>			
Term loan from banks/ financial institutions (secured)	0.59	0.59	12.43
Liability component of compulsory convertible preference shares (unsecured)	-	1.91	1.72
<b>Total</b>	<b>0.59</b>	<b>2.50</b>	<b>14.15</b>
<b>Current</b>			
Cash credit from banks (secured)	8.73	16.04	19.41
Loans from related party (unsecured)	-	48.06	15.71
<b>Total</b>	<b>8.73</b>	<b>64.10</b>	<b>35.12</b>



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### a) Corporate Debt Restructuring ('CDR')

During the financial year ended March 31, 2013, Suzlon Energy Limited ('SEL') along with its identified domestic subsidiaries and a jointly controlled entity collectively referred to as the 'Borrowers' and individually as the 'Borrower', had restructured various financial facilities (restructured facilities) from the secured CDR lenders under the Corporate Debt Restructuring Proposal. Pursuant to approval of CDR Package by the CDR Empowered Group ('CDR EG'), the implementation of the CDR package was formalised upon execution of Master Restructuring Agreement (MRA) between the CDR Lenders and Borrowers during the financial year ending March 31, 2013. The MRA inter-alia covers the provisions to govern the terms and conditions of restructured facilities.

The key features of the CDR package are as follows:

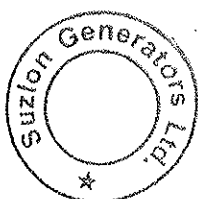
- i. Repayment of Restructured Term Loans ('RTL') after moratorium of 2 years from cut-off date in 32 structured quarterly instalments commencing from December 2014 to September 2022. The moratorium period of 2 years has expired on September 30, 2014.
- ii. Conversion of various irregular / outstanding / devolved financial facilities into Working Capital Term Loan ('WCTL') and the repayment terms of which are in similar to that of RTL with enabling mandatory prepayment obligations on realisation of proceeds from certain asset sale and capital infusion.
- iii. Restructuring of existing fund based and non-fund based working capital facilities, subject to renewal and reassessment every year.
- iv. Unpaid Interest due on certain existing facilities on cut-off date, interest accrued during the moratorium period on RTL and WCTL and interest on fund based working capital facilities for certain period were to be converted into Funded Interest Term Loans ('FITLs') and which were to be converted into equity shares of the Company.
- v. The rate of interest on RTL, WCTL, FITL and fund based working capital facilities were reduced to 11.00% per annum with reset option in accordance with MRA.
- vi. Waiver of existing events of defaults, penal interest and charges etc. in accordance with MRA.
- vii. Contribution of Rs 250.00 Crore in SEL by promoters, their friends, relatives and business associates as stipulated, conversion of existing promoter's loan of Rs 145.00 Crore into equity shares / CCDs at the price determined in compliance with Securities and Exchange Board of India.

Other key features of the CDR Package are:

- i. Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA and;
- ii. SEL to issue equity shares in lieu of sacrifice of the CDR Lenders for the first three years from cut off date at the price determined in compliance with Securities and Exchange Board of India, if exercised by CDR lenders.

In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

During the financial year ended March 31, 2015, the restructuring proposal with Power Finance Corporation ('PFC') which is a non-CDR lender was approved by CDR EG. As per the terms of restructuring, the PFC has converted certain portion of interest accrued into FITL I and FITL II. Repayment of outstanding term loan would be in accordance with terms and conditions similar to those of RTL, whereas repayment of FITL I would be made in 32 equal quarterly instalments and



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

should be co-terminus with RTL. Repayment of FITL II would be made in 12 quarterly instalments from December 2022 to September 2025. To give effect to the restructuring a bilateral agreement between the Borrower and PFC was entered into on August 12, 2015.

- b) Loans from related parties comprise of Inter Corporate Deposit from the holding company SEL, which carry interest @11% p.a. which is used for business operations. The said loan was repaid during the year.
- c) The rate of interest on cash credit from banks and long-term borrowings is ~11.00% p.a. depending upon the prime lending rate of the bank and financial institutions, wherever applicable, and the interest rate spread agreed with the banks
- d) The details of security for the current and non-current secured loans are as follows:

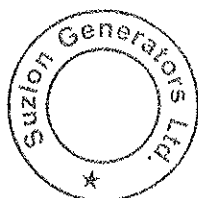
In case of financial facilities from CDR Lenders in accordance with MRA and non-CDR lenders, RTL of Rs 0.59 Crore (March 31, 2016: Rs 0.59 Crore; April 1, 2015: Rs 14.60 Crore) of which Rs 0.59 Crore (March 31, 2016: Rs 0.59 Crore; April 1, 2015: Rs 12.43 Crore) classified as long-term borrowings and Rs Nil (March 31, 2016: Rs Nil; April 1, 2015: Rs 0.90 Crore) classified as current maturities of long-term borrowings, fund based working capital facilities of Rs 8.73 Crore (March 31, 2016: Rs 16.04 Crore; April 1, 2015: Rs 19.41 Crore), and non-fund based working capital facilities are secured by first pari passu charge on all chargeable present and future tangible / intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its identified domestic subsidiaries and a jointly controlled entity which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, pledge on shares of Suzlon Energy Limited, Mauritius ('SELM') held by SEL, negative lien over the equity shares of certain overseas subsidiaries of SEL held by its step down overseas subsidiaries, pledge of certain equity shares of SEL held by its promoters, personal guarantee of the chairman and managing director of SEL and limited personal guarantee of an erstwhile director of a fellow subsidiary.

In addition to above, the loans outstanding as on March 31, 2015, were secured by pledge of shares of certain overseas subsidiaries held by SEL's step down overseas subsidiaries including pledge of shares of Senvion SE and guarantee by an overseas subsidiary. Post April 29, 2015, the pledged shares and guarantee are cede from the charge.

The rate of interest on cash credit from banks and long-term borrowings is ~11.00% p.a. depending upon the prime lending rate of the bank and financial institutions, wherever applicable, and the interest rate spread agreed with the banks.

- e) The details of repayment of secured long-term borrowings are as follows:

Particulars	Upto 1 year	2 to 5 years	Above 5 years	Total
March 31, 2017	-	-	0.59	0.59
March 31, 2016	-	-	0.59	0.59
April 1, 2015	0.90	6.26	6.18	13.34



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 14. Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current</b>			
Current maturities of long-term borrowings	-	-	0.90
Interest accrued on borrowings	0.01	-	0.36
Other liabilities*	4.04	2.65	2.70
	<b>4.05</b>	<b>2.65</b>	<b>3.96</b>

\* Primarily includes provision for CDR recompense.

### 15. Trade payables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	41.35	23.90	10.54
Outstanding dues of micro enterprises and small enterprises (refer Note 29 c)	0.77	1.67	0.32
Trade payables to related parties	0.26	16.11	5.61
	<b>42.38</b>	<b>41.68</b>	<b>16.47</b>

### 16. Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Advance from customer	0.10	0.02	0.80
Statutory dues	0.21	0.21	0.12
<b>Total</b>	<b>0.31</b>	<b>0.23</b>	<b>0.92</b>

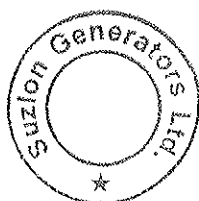
### 17. Provisions

**Non-current:** It consists of provisions for employee benefits of Rs 1.22 Crore (March 31, 2016: Rs 0.57 Crore; April 1, 2015: Rs 1.17 Crore).

**Current:** It consists of provisions for employee benefits of Rs 0.62 Crore (March 31, 2016: Rs 1.15 Crore; April 1, 2015: Rs 0.44 Crore).

### 18. Revenue from operations

	March 31, 2017	March 31, 2016
Sale of generators	142.50	97.29
Sale of power	1.58	1.18
Income from operation services	30.18	32.63
Scrap sales	4.64	5.04
<b>Total</b>	<b>178.90</b>	<b>136.14</b>



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 19. Other income

	March 31, 2017	March 31, 2016
Interest income on		
Bank deposits	0.01	0.01
Others	0.84	-
<b>Total</b>	<b>0.85</b>	<b>0.01</b>

### 20. Cost of raw materials and components consumed

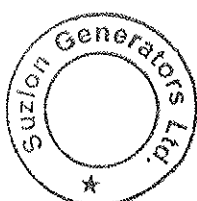
	March 31, 2017	March 31, 2016
<b>Consumption of raw materials</b>		
Opening inventory	22.68	11.49
Add : Purchases	131.37	117.43
	<b>154.05</b>	<b>128.92</b>
Less : Closing inventory	13.83	22.68
	<b>140.22</b>	<b>106.24</b>
<b>(Increase)/ decrease in stocks of finished, semi-finished goods and work- in- progress:</b>		
Opening inventory	6.67	3.59
Closing inventory	6.63	6.67
	<b>0.04</b>	<b>(3.08)</b>

### 21. Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries, wages, allowances and bonus	5.82	5.57
Contribution to provident fund and other funds	0.43	0.23
Share based payments (refer Note 26)	0.02	0.12
Staff welfare expenses	0.72	0.65
<b>Total</b>	<b>6.99</b>	<b>6.57</b>

### 22. Finance cost

	March 31, 2017	March 31, 2016
Interest on:		
Fixed loans	-	0.18
Others	7.55	5.81
Bank charges	1.76	0.63
Compensation in lieu of bank sacrifice	0.25	0.22
<b>Total</b>	<b>9.56</b>	<b>6.84</b>





# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 23. Other expenses

	March 31, 2017	March 31, 2016
Stores and spares consumed	2.79	1.53
Power and fuel	2.20	1.94
Factory and site expenses	0.16	0.15
Repairs and maintenance	0.95	1.03
Rates and taxes	0.34	0.24
Testing charges	0.12	0.17
Other selling and distribution charges	1.20	0.92
Salary contractor	3.71	3.15
Repair and warranty cost	-	15.55
Insurance	0.14	0.10
Travelling, conveyance and vehicle expenses	1.14	1.68
Communication expenses	0.09	0.08
Auditors' remuneration and expenses	0.04	0.04
Consultancy charges	0.26	0.19
Exchange differences, net	(0.56)	1.16
Provision for doubtful debts and advances	(0.40)	0.13
<b>Total</b>	<b>12.18</b>	<b>28.06</b>

#### Payment to auditor:

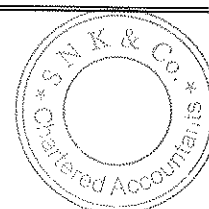
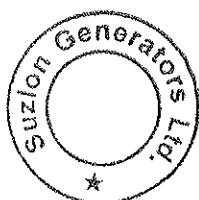
As auditor:

Statutory audit fees	0.03	0.03
Tax audit fees	0.01	0.01
<b>Total</b>	<b>0.04</b>	<b>0.04</b>

### 24. Income tax

- As the Company has tax losses, there is no income tax expense charge to statement of profit and loss account.
- Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	March 31, 2017	March 31, 2016
Accounting profit before income tax	3.97	(14.48)
Enacted tax rates in India	34.61%	34.61%
Computed tax expense	1.37	(5.01)
Non-deductible expenses as per income tax	-	0.01
Utilisation of previously unrecognised tax expenses	(1.37)	(5.00)
<b>At the effective income tax rate of 34.61% (March 31, 2016: 34.61%)</b>	<b>-</b>	<b>-</b>



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### c. Carried forward losses

	March 31, 2017	March 31, 2016	April 1, 2015
Business loss	(29.86)	(36.97)	(29.44)
Unabsorbed depreciation	(19.44)	(19.44)	(16.47)
MAT credit	(1.99)	(1.99)	(1.99)
<b>Total</b>	<b>(51.29)</b>	<b>(58.40)</b>	<b>(47.90)</b>

### 25. Earnings per share (EPS)

	March 31, 2017	March 31, 2016
<b>Basic</b>		
Net profit/ (loss) after tax	3.97	(14.48)
Less: Preference dividend and tax thereon	-	(0.50)
Profit/ (loss) attributable to equity shareholders	3.97	(14.98)
Weighted average number of equity shares	65,830,538	62,510,546
Basic earnings /(loss) per share of Rs.10 each*	0.60	(2.40)

\* For FY 2015-16, the earnings/ (loss) per share computation list on diluted weighted average no of shares is anti-diluted, the basic and diluted earnings/ (loss) per share is same.

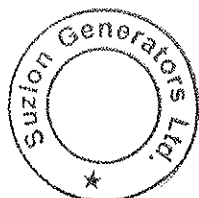
### 26. Post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary based on last drawn salary for each completed year of service. The scheme is partially funded with an insurance company in the form of a qualifying insurance policy.

**Net employees benefit expense recognised in statement of profit and loss and in other comprehensive income:**

	March 31, 2017	March 31, 2016
Current service cost	0.09	0.08
Net interest cost	0.03	0.01
<b>Net defined benefit cost recognised in statement of profit and loss</b>	<b>0.12</b>	<b>0.09</b>
<b>Other comprehensive income</b>		
Re-measurement for the period - Obligation (gain)/ loss	0.20	0.17
Re-measurement for the period – Plan assets (gain)/ loss	(0.00)*	0.00*
<b>Total defined benefit cost recognised in OCI</b>	<b>0.20</b>	<b>0.17</b>
<b>Total</b>	<b>0.32</b>	<b>0.26</b>

\* Less than Rs 0.01 Crore



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Changes in the defined benefit obligation:

	March 31, 2017	March 31, 2016
Opening defined benefit obligation	0.77	0.56
Current service cost	0.09	0.08
Interest cost	0.06	0.04
Benefits paid	(0.10)	(0.07)
Actuarial changes arising from changes in financial assumptions	0.20	0.17
<b>Closing defined benefit obligation</b>	<b>1.02</b>	<b>0.77</b>

### Changes in the fair value of plan assets:

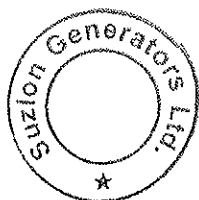
	March 31, 2017	March 31, 2016
Opening fair value of plan assets	0.37	0.41
Experience adjustments	-	-
Interest income	0.03	0.03
Contributions by employer	0.04	0.01
Benefits paid	(0.10)	(0.07)
Actuarial changes arising from changes in financial assumptions	0.00	(0.00)
Expected return on plan assets	0.03	0.03
<b>Closing fair value of plan assets</b>	<b>0.35</b>	<b>0.37</b>

### Net asset/ (liability) recognised in the balance sheet:

	March 31, 2017	March 31, 2016
Present value of defined benefit obligation as at the end of the period	1.02	0.77
Fair value of plan assets as at the end of the period	0.35	0.37
Surplus/ (deficit)	(0.67)	(0.40)
Current portion of the above	0.11	-
Non-current portion of the above	0.91	0.77
Amount not recognised as asset due to asset ceiling	-	-
<b>Net asset/ (liability) recognised in the balance sheet</b>	<b>0.67</b>	<b>0.37</b>

### Principal assumptions used in determining gratuity and post-employment medical benefit obligations:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate (in %)	7.00	7.90	7.80
Future salary increases (in %)	10.00	8.00	8.00
Life expectation (in years)	7.18	13.31	13.46



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Quantitative sensitivity analysis for significant assumption:

Assumptions	March 31, 2017		March 31, 2016		March 31, 2017		March 31, 2016	
	Discount rate				Future salary increases			
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Sensitivity level								
Impact on defined benefit obligations	0.95	1.10	0.69	0.87	1.09	0.96	0.86	0.69

Within next 12 months (i.e. next annual reporting period) Rs 0.04 Crore (March 31, 2016: Rs 0.01 Crore) are expected as contributions to the defined benefit plan.

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.36 years (March 31, 2016: 16.03 years).

## 27. Share-based payments

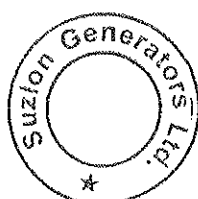
### Employees Stock Option Plan 2014

The Scheme shall be applicable to the Employees of the Company, its subsidiary companies in India and abroad, any successor company thereof and may be granted to the employees of the Company and its subsidiary companies, as determined by the Nomination and Remuneration Committee. Options granted under this scheme would vest in tranches not earlier than one year and not later than a maximum of three years (revised to five years) from the date of grant of such options. Vesting of options would be subject to continued employment with the Company or subsidiary companies, as the case may be, and thus the options would vest on passage of time. The Options would be granted at an exercise price equal to the closing market price of the shares of the Company or certain discount to the closing market price on the NSE on the date of grant or such other price as may be decided by the Nomination and Remuneration Committee. Once the options vest as per the schedule, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period provided however that the shares allotted on such exercise cannot be sold for a period of 30 days from the date of allotment in terms of the insider trading code of the Company. The employee stock options granted shall be capable of being exercised within a period of three years (revised to five years) from the date of first vesting i.e June 23, 2015. The exercise period ends on March 31, 2019. Payment of the exercise price shall be made by a crossed cheque or a demand draft drawn in favour of the company or in such other manner as the Nomination and Remuneration Committee may decide.

The Company has provided above employee stock option and purchase schemes to its employees. The total expense arising from equity-settled share-based payment transactions is Rs 0.02 Crore (March 31, 2016: Rs 0.12 Crore).

### Fair value of options

The Company measures the cost of cash-settled transactions with employees using a Black-Scholes model to determine the fair value of the liability incurred.



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### 28. Capital and other commitments

Estimated amount of contract remaining to be executed on capital accounts and not provided for, net of advances is of Rs 0.36 Crore (March 31, 2016: Rs 0.42 Crore; April 1, 2015: Rs Nil).

### 29. Contingent liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Preference shares dividend and tax thereon	-	2.23	1.73
Interest under MSMED Act, 2006 (Refer Note 29 c)	3.53	2.71	2.13
Others	0.07	0.05	0.21

- a) The Company has stood as co-borrower for loans granted to the Company, SEL and its fellow subsidiaries for which certain securities are provided, the amount of which is not ascertainable.
- b) The Company along with other borrowers has provided securities to secure Stand-by Letter of Credit ('SBLC') facilities of USD 655 Million issued for securing covered bonds and foreign currency loan issued / availed by AE Rotor Holding B.V. ('AERH') The outstanding balance of borrowing in AERH as on March 31, 2017 is USD 626 Million (USD 647 Million).

#### c) Details of due to micro and small enterprises as defined under MSMED Act, 2006

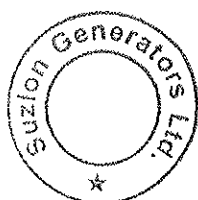
	March 31, 2017	March 31, 2016
Principal amount remaining unpaid to any supplier as at the end of the year	0.77	1.67
Interest due on the above amount	0.21	0.14
Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006	-	-
Amounts of payment made to the suppliers beyond the appointed day during the year	0.77	5.74
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	0.17	0.10
Amount of interest accrued and remaining unpaid at the end of the year*	0.77	0.04
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	3.53	2.71

### 30. Disclosure required under Sec 186(4) of the Companies Act, 2013

For details of securities provided on behalf of borrowers under the CDR package refer Note 13(a) and Note 13(c).

### 31. Segment information

As permitted by paragraph 4 of Ind AS 108, 'Operating Segments', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by Ind AS 108 are given in consolidated financial statements.

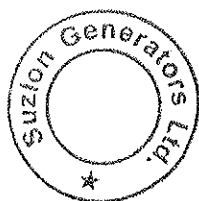
### 32. Related party transactions

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

Sr.No.	Name of the party	Nature of relationship
1.	Suzlon Energy Limited	Co-venture
2.	Suzlon Wind International Ltd.*	Fellow subsidiary
3.	SE Electricals Limited*	Fellow subsidiary
4.	Suzlon Gujarat Wind park Limited	Fellow subsidiary
5.	Suzlon Global Services Ltd**	Fellow subsidiary
6.	Suzlon Energia Eólica do Brasil Ltd	Fellow subsidiary
7.	SE Australia Pty. Ltd.	Fellow subsidiary
8.	Suzlon Wind Energy South-Africa (PTY) Limited	Fellow subsidiary
9.	Suzlon Energy A/S	Fellow subsidiary
10.	Suzlon Wind Energy Uruguay SA	Fellow subsidiary
11.	Suzlon Wind Energy Nicaragua S.A	Fellow subsidiary
12.	Suzlon Wind Energy Espana	Fellow subsidiary
13.	Suzlon Wind Energy Corporation, USA	Fellow subsidiary
14.	Suzlon Energy (Tianjin) Ltd	Joint venture
15.	Trasys Asia Limited	Joint venture
16.	SE Freight & Logistics India Pvt. Ltd	Entities where key management personnel ('KMP')/relatives of key management personnel ('RKMP') have significant influence
17.	Mr. Vinod R. Tanti	Key Management Personnel (KMP)
18.	Mr. Ranjitsinh A. Parmar	Key Management Personnel (KMP)
19.	Mr. Wolfgang Landler	Key Management Personnel (KMP)
20.	Mr. Vaidhyanathan Raghuraman	Key Management Personnel (KMP)
21.	Mr. Veankataraman Subramaniam	Key Management Personnel (KMP)
22.	Suzlon Generators Limited- Employee Group Gratuity Scheme	Employee funds

\* Now merged with Suzlon Energy Limited

\*\* Now merged with Suzlon Structures Limited and subsequently renamed as Suzlon Global Services Limited



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# Suzlon Generators Limited

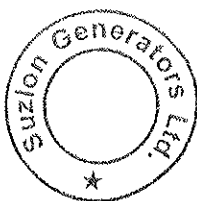
## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### B. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2017:

Particulars	Co-venture	Fellow subsidiary	Joint venture	Entities where KMP has significant influence	KMP/RKMP	Employee funds
<b>Transactions during the year</b>						
Sale of goods	140.90 (92.81)	27.57 (33.06)	- (0.14)	- (-)	- (-)	- (-)
Job work sales	0.03 (-)	4.06 (3.51)	- (-)	- (-)	- (-)	- (-)
Purchase of goods and services	- (-)	1.62 (0.29)	- (-)	3.14 (2.84)	- (-)	- (-)
Operation and maintenance charges	- (-)	0.21 (0.20)	- (-)	- (-)	- (-)	- (-)
Loans taken	79.20 (325.24)	- (-)	- (-)	- (-)	- (-)	- (-)
Interest paid	5.97 (4.24)	- (-)	- (-)	- (-)	- (-)	- (-)
Contribution to employee funds	- (-)	- (-)	- (-)	- (-)	- (-)	0.05 (0.03)
Directors sitting fees*	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Outstanding balances</b>						
Equity share capital	57.21 (46.88)	- (-)	19.07 (15.63)	- (-)	- (-)	- (-)
Preference share capital	- (10.33)	- (-)	- (3.44)	- (-)	- (-)	- (-)
Trade receivables	0.66 (17.85)	14.67 (37.70)	0.24 (0.26)	- (-)	- (-)	- (-)
Trade payables	-* (15.57)	0.05 (-)	- (-)	0.21 (0.54)	- (-)	- (-)
Loans taken	- (48.06)	- (-)	- (-)	- (-)	- (-)	- (-)

\*Less than Rs 0.01 Crore.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### D. Disclosure of significant transactions with related parties

Type of the Transaction	Type of relationship	Name of the entity/person	March 31, 2017	March 31, 2016
Sale of goods	Holding company	Suzlon Energy Limited	140.90	92.81
	Fellow subsidiary	SE Electricals Limited	19.59	19.03
	Fellow subsidiary	Suzlon Global Services Limited	7.87	12.17
Job work sale	Holding company	Suzlon Energy Limited	0.03	-
	Fellow subsidiary	SE Electricals Limited	0.07	0.05
	Fellow subsidiary	Suzlon Global Services Limited	3.99	3.46
Purchase of goods and services	Fellow subsidiary	SE Electricals Limited	1.62	0.29
	Entities where KMP has significant influence	SE Freight & Logistics India Pvt. Ltd	3.14	2.84
Loans taken	Holding company	Suzlon Energy Limited	79.20	325.24
Operation and maintenance charges	Fellow subsidiary	Suzlon Global Services Limited	0.21	0.20
Interest paid	Holding company	Suzlon Energy Limited	5.97	4.24
Contribution to various funds	Employee Funds	Suzlon Generators Limited - Gratuity (LIC)	0.05	0.03

### 33. Fair value measurements and fair value hierarchy

The fair value of the financial assets and liabilities are considered to be same as their carrying values. In case of investment in subsidiary it being carried at deemed cost. Accordingly the Company has not disclosed fair value hierarchy.

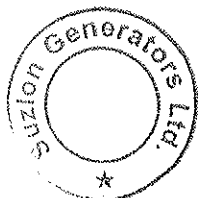
### 34. Financial instruments and risk review

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

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

#### a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings and deposits.





# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is under CDR and the loans and borrowings of the Company are primarily with fixed interest rates. Hence, the Company is not significantly exposed to interest rate risk.

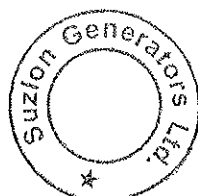
### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.

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

	March 31, 2017		March 31, 2016		April 1, 2015	
	USD	Euro	USD	Euro	USD	Euro
<b>Financial assets</b>						
Trade receivables	(0.17)	(0.03)	0.22	(0.00)*	0.03	(0.01)
Bank balance in EEFC account						
<b>Total</b>	<b>(0.17)</b>	<b>(0.03)</b>	<b>0.22</b>	<b>(0.00)</b>	<b>0.03</b>	<b>(0.01)</b>
<b>Financial liabilities</b>						
Loans	(0.02)	(0.11)	(0.01)	(0.03)	-	(0.01)
Other payables	0.42	0.01	0.24	0.03	0.05	0.02
<b>Total</b>	<b>0.40</b>	<b>0.10</b>	<b>0.23</b>	<b>-</b>	<b>0.05</b>	<b>0.01</b>

\* less than Rs. 0.01 crore



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### Foreign currency sensitivity

The Company's currency exposures in respect of monetary items at March 31, 2017 and March 31, 2016 that result in net currency gains and losses in the income statement and equity arise principally from movement in US Dollar and EURO exchange rates.

	Change in currency rate	Effect on profit before tax
<b>March 31, 2017</b>		
USD	+5%	(2.12)
USD	-5%	2.12
EURO	+5%	(0.33)
EURO	-5%	0.33
<b>March 31, 2016</b>		
USD	+5%	(0.33)
USD	-5%	0.33
EURO	+5%	(0.67)
EURO	-5%	0.67

### iii) Price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of generators and therefore require a continuous supply of steel, copper and other raw materials which are affected by the commodity price. The Company has a risk management strategy and planning regarding commodity price risk and its mitigation.

### b. Credit risk

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

#### i) Trade receivables

The Company's exposure to trade receivables is limited as majority of sale is to related parties. The Company consistently monitors the financial health of its customer's progress under its contracts and sales proceeds are being realised as per the milestone payment terms agreed to minimise the loss due to defaults or insolvency of the customer.

#### ii) Financial instruments and cash deposits

Financial instruments that are subject to concentrations of credit risk primarily consist of cash and cash equivalents, term deposit with banks and other financial assets. Investments of surplus funds are made only with approved counterparties and within credit limits assigned.

The Company's maximum exposure to credit risk as at March 31, 2017 and as at March 31, 2016 is the carrying value of each class of financial assets.



# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

### c. Liquidity risk

The Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. In doing this, management considers both normal and stressed conditions. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flow forecast and by matching the maturity profiles of financial assets and liabilities. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Maturity profile of Company's borrowing is disclosed in Note 13, while that of other financial liabilities are of short-term.

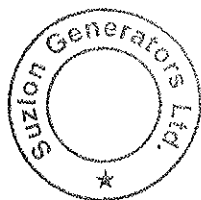
### 35. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard its ability to reduce the cost of capital and to maximise shareholder value.

The capital structure of the Company is based on the management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The calculation of the capital for the purpose of capital management is as below.

	March 31, 2017	March 31, 2016	April 1, 2015
Equity	76.28	62.51	62.51
Other equity including equity component of preference shares	(49.78)	(41.03)	(26.50)
<b>Total capital</b>	<b>26.50</b>	<b>21.48</b>	<b>36.01</b>



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# Suzlon Generators Limited

## Notes to financial statements for the year ended March 31, 2017

All amounts in Rupees Crore, unless otherwise stated

36. Prior year amounts have been reclassified wherever necessary to conform with current year presentation. Figures in the brackets are in respect of the previous year.

For SNK & Co  
Chartered Accountants  
ICAI Firm Registration number: 109176W

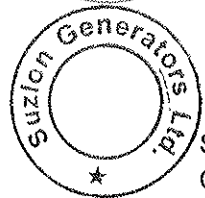
*Sanjay N. Karpadia*  
per Sanjay Karpadia  
Partner  
Membership No.: 38292



For and on behalf of the Board of Directors of  
Suzlon Generators Limited

*Ranjitsinh A. Parmar*  
Ranjitsinh A. Parmar  
Managing Director  
DIN:00002613

*Vinod R. Tanti*  
Vinod R. Tanti  
Director  
DIN:00002266



*Shivani Karmarkar*  
Shivani Karmarkar  
Company Secretary  
Membership No.: A33098

*Brajesh Rai*  
Brajesh Rai  
Chief Financial Officer

Place : Pune

Date : 23 JUN 2017

Place : Pune

Date : 23 JUN 2017