Suzlon Wind Energy South Africa Proprietary Limited

(Registration number 2010/017784/07)
Annual Financial statements
for the year ended 31 March 2017

GENERAL INFORMATION

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 8 to 32, which have been prepared on the going concern basis, were approved by the board on 8 May 2017 and are signed on its behalf by:

S M Zimu	**F H J Visscher**

PKF

chartered accountants
& business advisers

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Suzlon Wind Energy South Africa Proprietary Limited

Opinion

We have audited the financial statements of Suzlon Wind Energy South Africa Proprietary Limited set out on pages 8 to 32, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Suzlon Wind Energy South Africa Proprietary Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 24 in the financial statements, which indicates that, at 31 March 2017, the company's liabilities exceeded its total assets by R444 239 718. As stated in note 24, these events or conditions, along with other matters as set forth in note 24, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on pages 33 to 35. The other information does not include the financial statements and our auditor's report thereon.

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

Tel + 27 41 398 5600 • Fax + 27 41 364 1110 • Email pkf.pe@pkf.co.za • www.pkf.co.za
PKF House • 27 Newton Street • Newton Park • Port Elizabeth • 6045 • South Africa
PO Box 7606 • Newton Park • Port Elizabeth • 6055 • Docex 75
B-BBEE Status Level 3 • IRBA Reg No 930709E

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

chartered accountants
& business advisers

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

PKF (PE) Inc.

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

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

Port Elizabeth
8 May 2017

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2017.

1. Review of activities

Main business and operations

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

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

2. Going concern

The directors have reviewed the company's cash flow forecast for the next 12 months to 31 March 2018 and in light of this review and the current financial position, they are satisfied that the company has reasonable prospects to continue in operational existence for the foreseeable future. Refer to note 24 in the financial statements regarding the going concern uncertainty of the company.

3. Events after the reporting period

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

4. Authorised and issued share capital

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

5. Dividends

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

6. Directors

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

	Nationality	Changes
F H J Visscher	Dutch	
S M Zimu	South African	
R Modi	Indian	Resigned 12 March 2017

7. Secretary

The company had no secretary during the year.

8. Holding company

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	510 299	557 186
Current Assets			
Inventories	5	14 750 367	15 160 000
Trade and other receivables	6	105 783 113	165 164 968
Cash and cash equivalents	7	11 655 986	11 710 648
		132 189 466	**192 035 616**
Total Assets		**132 699 765**	**192 592 802**
Equity and Liabilities			
Equity			
Share capital	8	5 000 200	5 000 200
Accumulated loss		(449 239 918)	(500 439 371)
		(444 239 718)	**(495 439 171)**
Liabilities			
Non-Current Liabilities			
Loans from group companies	9	384 420 924	454 182 655
Provisions	10	28 000 000	44 800 000
		412 420 924	**498 982 655**
Current Liabilities			
Trade and other payables	11	147 718 559	172 249 318
Provisions	10	16 800 000	16 800 000
		164 518 559	**189 049 318**
Total Liabilities		**576 939 483**	**688 031 973**
Total Equity and Liabilities		**132 699 765**	**192 592 802**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue	12	24 539 637	24 500 002
Cost of services		(8 536 407)	(8 011 494)
Gross profit		**16 003 230**	**16 488 508**
Other income		51 867 066	4 626 647
Operating expenses		(6 499 351)	(105 464 804)
Operating profit (loss)	13	**61 370 945**	**(84 349 649)**
Investment revenue	15	533 054	966 885
Finance costs	16	(10 704 546)	(12 166 260)
Profit (loss) for the year		**51 199 453**	**(95 549 024)**

Suzlon Wind Energy South Africa Proprietary Limited
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Annual Financial Statements for the year ended 31 March 2017

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
Balance at 1 April 2015	**250**	**4 999 950**	**5 000 200**	**(404 890 347)**	**(399 890 147)**
Loss for the year	-	-	-	(95 549 024)	(95 549 024)
Balance at 1 April 2016	**250**	**4 999 950**	**5 000 200**	**(500 439 371)**	**(495 439 171)**
Profit for the year	-	-	-	51 199 453	51 199 453
Balance at 31 March 2017	**250**	**4 999 950**	**5 000 200**	**(449 239 918)**	**(444 239 718)**
Note	8	8	8		

STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash generated from (used in) operations	18	10 689 941	(250 752 658)
Interest income		(533 054)	966 885
Finance costs		(10 704 546)	(12 166 260)
Net cash from operating activities		**(547 659)**	**(261 952 033)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(68 996)	(388 848)
Proceeds on sale of property, plant and equipment	3	-	90 466
Proceeds from loans from group companies		561 993	261 317 175
Net cash from investing activities		**492 997**	**261 018 793**
Total cash movement for the year		**(54 662)**	**(933 240)**
Cash and cash equivalents at the beginning of the year		11 710 648	12 643 888
Total cash and cash equivalents at the end of the year	7	**11 655 986**	**11 710 648**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

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

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

1.1 Property, plant and equipment (continued)

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

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

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

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

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

1.2 Financial instruments (continued)

Derecognition

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

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables and measured at amortised cost.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

1.2 Financial instruments (continued)

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.3 Taxation

Income taxation assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

1.3 Taxation (continued)

Tax expenses

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

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

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

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

1.4 Leases

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

Operating leases – lessee

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

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

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

1.5 Inventories

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

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

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

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

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

1.6 Impairment of assets

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

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

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

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

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

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

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

1.7 Share capital and equity

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

1.8 Provisions and contingencies

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

1.8 Provisions and contingencies (continued)

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.9 Revenue

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

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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

1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard	Details of amendment	Annual periods beginning on or after
IFRS 7 *Financial Instruments: Disclosures*	*Annual Improvements 2012 - 2014 Cycle:* Amendments clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012 - 2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.	1 January 2016
IAS 1 *Presentation of Financial Statements*	*Disclosure Initiative:* Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	1 January 2016
IAS 16 *Property, Plant and Equipment*	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
	Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 *Property, plant and equipment*, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.	1 January 2016

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2017 or later periods:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 *Financial Instruments*	A finalised version of IFRS 9 has been issued which replaces IAS 39 *Financial Instruments : Recognition and Measurement*. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:	1 January 2018
	• IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. • IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015
IFRS 15 *Revenue from Contracts from Customers*	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.	1 January 2018

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 15 *Revenue from Contracts from Customers* (continued)	The new standard supercedes: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue; (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfer of Assets from Customers; and (f) SIC-31 Revenue - Barter Transactions Involving Advertising Services.	
IFRS 16 *Leases*	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. IFRS 16 contains expanded disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases-Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2017

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IAS 7 *Statement of Cash Flows*	*Disclosure Initiative:* Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017
IAS 12 *Income Taxes*	*Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12):* Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

Interpretations		Annual periods beginning on or after
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.	1 January 2018

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

3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	362 838	(149 877)	212 961	297 692	(76 277)	221 415
Furniture and fixtures	90 613	(41 889)	48 724	90 633	(24 248)	66 385
Computer equipment	377 624	(129 010)	248 614	373 754	(104 368)	269 386
Total	**831 075**	**(320 776)**	**510 299**	**762 079**	**(204 893)**	**557 186**

Reconciliation of property, plant and equipment - 2017

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

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Plant and machinery	-	32 648	-	246 733	(57 966)	221 415
Furniture and fixtures	345 441	10 472	(23 864)	(248 334)	(17 330)	66 385
Office equipment	-	-	(1 601)	1 601	-	-
Computer equipment	22 148	345 728	(19 066)	-	(79 424)	269 386
	367 589	**388 848**	**(44 531)**	**-**	**(154 720)**	**557 186**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

4. Deferred taxation

Deferred tax asset

	2017 R	2016 R
- Warranty provision	12 544 000	17 248 000
- Provision for leave pay	142 923	133 983
- Assessed loss	101 424 957	95 002 989

Reconciliation of deferred tax asset

	2017 R	2016 R
At beginning of year	-	-
Decrease in temporary difference on provision for warranty	(4 704 000)	(4 704 000)
Increase (decrease) in temporary difference on provision for leave pay	8 940	(136 345)
Increase in tax loss available for set off against future taxable income	6 421 968	4 856 765
Deferred tax not recognised	(1 726 908)	(16 420)
	-	-

	2017 R	2016 R
Potential deferred tax asset	114 111 880	112 384 972
Deferred tax asset provided for	-	-

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

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

5. Inventories

	2017 R	2016 R
Stores and spares	14 750 367	15 160 000

This consists of spares and consumables which are used for operational and maintenance services.

6. Trade and other receivables

	2017 R	2016 R
Trade receivables	1 459 594	13 510 831
Deposits	942 333	942 333
Value added taxation	723 672	685 833
Project receivable	40 143 110	40 143 110
Advances	62 514 404	109 882 861
	105 783 113	**165 164 968**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

6. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Credit terms to customers are 30 days. Amounts outstanding for less than 30 days are not considered to be passed due or impaired.

The ageing of amounts owing by customers is as follows:

	2017 R	2016 R
Neither past due, nor impaired	117 962	274 994
1 month past due	55 206	-
2 months past due	206 535	6 243
3 months past due	-	163 527
4 + months past due	1 109 864	13 066 067
	1 489 567	**13 510 831**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 R	2016 R
Cash on hand	502	13 218
Bank balances	11 655 484	11 697 430
	11 655 986	**11 710 648**

8. Share capital

	2017 R	2016 R
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000

750 unissued ordinary shares are under the control of the directors in terms of a resolution of the shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2017 R	2016 R
Issued		
250 Ordinary shares of R1 each	250	250
Share premium	4 999 950	4 999 950
	5 000 200	**5 000 200**

9. Loans from group companies

	2017 R	2016 R
A E Rotor Holdings BV	(368 977 630)	(437 507 296)
Suzlon Energy BV	(15 443 294)	(16 675 359)
	(384 420 924)	**(454 182 655)**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

10. Provisions

Reconciliation of provisions - 2017

	Opening balance	Utilised during the year	Total
Product warranties	61 600 000	(16 800 000)	44 800 000

Reconciliation of provisions - 2016

	Opening balance	Utilised during the year	Total
Product warranties	78 400 000	(16 800 000)	61 600 000

	2017	2016
Non-current liabilities	28 000 000	44 800 000
Current liabilities	16 800 000	16 800 000
	44 800 000	**61 600 000**

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

11. Trade and other payables

	2017	2016
Trade payables	144 638 726	169 351 376
Amounts received in advance	2 041 664	2 041 664
Accrued leave pay	510 440	478 513
Payroll accruals	221 911	208 958
Other accruals	1	2 520
Audit fee accrual	154 500	65 000
Workmen's compensation	151 317	101 287
	147 718 559	**172 249 318**

12. Revenue

	2017	2016
Rendering of services	24 539 637	24 500 002

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

13. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

	2017 R	2016 R
Operating lease charges		
Premises		
• Straight-line amounts	-	150 965
Lease rentals on operating lease		
• Straight-line amounts	-	44 309
	-	**195 274**
Profit on sale of property, plant and equipment	-	(45 935)
(Profit) loss on exchange differences	(51 599 385)	97 531 669
Depreciation on property, plant and equipment	115 883	154 720
Employee costs	12 678 509	11 822 163

14. Auditor's remuneration

	2017 R	2016 R
Fees	89 500	421 529

15. Investment revenue

	2017 R	2016 R
Interest revenue		
Bank	533 054	966 885

16. Finance costs

	2017 R	2016 R
Group companies	10 607 248	12 166 260
Trade and other payables	97 298	-
	10 704 546	**12 166 260**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

17. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2017 R	2016 R
Accounting (loss) profit	51 199 453	(95 549 024)
Tax at the applicable tax rate of 28% (2016: 28%)	14 335 847	(26 753 727)
Tax effect of adjustments on taxable income		
SARS Employees tax incentive	(4 391)	(3 080)
Unrealised profit on exchange difference to connected persons	(19 392 133)	-
Unrealised loss on exchange difference to connected persons	3 333 769	26 740 387
Deferred tax asset not provided for	1 726 908	16 420
	-	-

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R362 231 990 (2016: R339 296 390).

18. Cash (used in) generated from operations

	2017 R	2016 R
(Loss) profit before taxation	51 199 453	(95 549 024)
Adjustments for:		
Depreciation	115 883	154 720
Profit on sale of property, plant and equipment	-	(45 935)
Interest received	(533 054)	(966 885)
Finance costs	10 704 546	12 166 260
Movements in provisions	(16 800 000)	(16 800 000)
Unrealised foreign exchange loss	11 906 317	95 501 382
Unrealised foreign exchange profit	(69 257 616)	-
Changes in working capital:		
Inventories	409 633	(719 851)
Trade and other receivables	47 475 538	15 922 551
Trade and other payables	(24 530 759)	(260 415 876)
	10 689 941	**(250 752 658)**

	2017 R	2016 R

19. Related parties

Relationships

Holding company	Suzlon Energy Limited
Fellow subsidiaries	Suzlon Energy B.V.
	SE Electricals Limited
	Suzlon Energy A/S
	Suzlon Brazil
	Suzlon Global Services Ltd
	Suzlon Energy Gmbh Germany
	Suzlon Rotor Corporation
	Suzlon Energia Eolica Do Brasil Ltd
	Suzlon Wind International Ltd
	SGS India Ltd
Common directors	A E Rotor Holdings B.V.
	Suzlon Energy Shipping Lines PTE Ltd

Related party balances

	2017 R	2016 R
Loan accounts - Owing to related parties		
A E Rotor Holding B.V.	368 977 630	437 507 296
Suzlon Energy B.V.	15 443 294	16 675 359
Amounts included in trade receivables (trade payables) regarding related parties		
A E Rotor Holdings B.V.	(8 313 697)	(8 289 244)
Suzlon Energy Limited	(482 773)	(535 285)
SE Electricals Limited	(351 788)	(390 014)
Suzlon Energy A/S	(10 725 589)	(20 300 043)
Suzlon Brazil	-	(447 753)
Suzlon Energy B.V.	(115 631 700)	(129 631 700)
Suzlon Energy Ltd	(5 917 834)	(3 813 474)
Suzlon Global Services Ltd	(950 039)	(2 461 713)
Suzlon Energy Gmbh Germany	(808 986)	(955 907)
Suzlon Rotor Corporation	(533 043)	(591 023)
Suzlon Energia Eolica Do Brasil Ltd	165 750	185 654
Suzlon Wind International Ltd	285 746	285 746
Suzlon Energy Shipping Lines PTE Ltd	62 276 723	109 572 976

Related party transactions

	2017 R	2016 R
Purchases from (sales to) related parties		
A E Rotor Holdings B.V.	25 720	-
SE Electricals Limited	662 543	570 285
Suzlon Energy A/S	2 758 406	1 227 990
Suzlon Energy Ltd	2 104 360	3 763 945
Suzlon Global Services Ltd	51 248	1 527 536
SGS India Ltd	12 375	-
Suzlon Energy Gmbh Germany	-	205 441
Interest paid to related parties		
A E Rotor Holdings B.V.	10 203 346	-
Suzlon Energy BV	403 813	-

	2017 R	2016 R

20. Directors' and prescribed officer emoluments

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

21. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Loans and receivables	Total
Trade and other receivables	105 783 113	105 783 113
Cash and cash equivalents	11 655 986	11 655 986
	117 439 099	**117 439 099**

2016

	Loans and receivables	Total
Trade and other receivables	165 164 968	165 164 968
Cash and cash equivalents	11 710 648	11 710 648
	176 875 616	**176 875 616**

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Financial liabilities at amortised cost	Total
Loans from group companies	384 420 924	384 420 924
Trade and other payables	147 718 558	147 718 558
	532 139 482	**532 139 482**

2016

	Financial liabilities at amortised cost	Total
Loans from group companies	454 182 655	454 182 655
Trade and other payables	172 249 318	172 249 318
	626 431 973	**626 431 973**

		2017 R	2016 R

23. Risk management

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

The gearing ratio at 2017 and 2016 respectively were as follows:

	Note	2017 R	2016 R
Total borrowings			
Loans from group companies	9	(384 420 924)	(454 182 655)
Less: Cash and cash equivalents	7	11 655 986	11 710 648
Net debt		(372 764 938)	(442 472 007)
Total equity		(444 239 718)	(495 439 171)
Total capital		**(817 004 656)**	**(937 911 178)**

Financial risk management

Liquidity risk

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

Interest rate risk

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

Credit risk

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

	2017 R	2016 R

24. Going concern

The company's liabilities exceeded its assets by R444 239 718 (2016: R495 439 171) as at 31 March 2017.

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

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

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

STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
Revenue		
Rendering of services	24 539 637	24 500 002
Cost of sales		
Purchases	(8 536 407)	(8 011 494)
Gross profit	**16 003 230**	**16 488 508**
Other income		
Recoveries	252 000	4 569 712
Employee tax incentive	15 681	11 000
Interest received	533 054	966 885
Gains on disposal of assets	-	45 935
Profit on exchange differences	51 599 385	-
	52 400 120	**5 593 532**
Expenses (Refer to page 34)	**(6 499 351)**	**(105 464 804)**
Operating profit (loss)	**61 903 999**	**(83 382 764)**
Finance costs	(10 704 546)	(12 166 260)
Profit (loss) for the year	**51 199 453**	**(95 549 024)**

Suzlon Wind Energy South Africa Proprietary Limited

(Registration number 2010/017784/07)
Annual Financial Statements for the year ended 31 March 2017

STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
Operating expenses		
Accounting fees	360 114	207 780
Auditor's remuneration	89 500	421 529
Bad debts	29 973	2 040
Bank charges	49 843	42 842
Cleaning	1 676	23 815
Computer expenses	19 316	176 208
Depreciation	115 883	154 720
Employee costs	12 678 509	11 822 163
Entertainment	-	4 157
Grid report	44 676	41 730
Insurance	276 406	320 052
Lease rentals on operating lease	-	195 274
Legal expenses	63 958	-
Loss on foreign exchange differences	-	97 531 669
Management fees	-	401 431
Motor vehicle expenses	50 648	42 089
Postage	-	6 375
Printing and stationery	56 120	39 296
Project costs	158 175	288 163
Project guarantee costs	3 275 864	3 384 407
Protective clothing	198 756	263 837
Repairs and maintenance	-	1 750
Security	2 253 324	1 976 300
Staff accommodation	1 029 738	1 152 859
Staff relocation costs	9 570	449 525
Staff welfare	45 598	116 048
Telephone and fax	363 809	570 064
Training	483 392	153 618
Transport and freight	14 204	68 830
Travel - local	1 554 841	2 221 383
Travel - overseas	-	94 299
Utilities	75 458	90 551
Warranty provision release	(16 800 000)	(16 800 000)
	6 499 351	**105 464 804**

TAX COMPUTATION

	2017 R
Net profit per statement of comprehensive income	51 199 453
Permanent differences (Non-deductible/Non-taxable items)	
SARS Employees tax incentive	(15 681)
Unrealised exchange profit: connected persons (s 24I(10A))	(69 257 616)
Unrealised exchange loss: connected persons (s 24I(10A))	11 906 317
	(57 366 980)
Temporary differences	
Depreciation according to financial statements	115 883
Wear and tear allowance (s 11(e))	(115 883)
Warranty provisions not deductible current year	44 800 000
Provision for leave pay not deductible current year	510 440
Reversal of warranty provisions prior year	(61 600 000)
Reversal of leave pay provision prior year	(478 513)
	(16 768 073)
Calculated tax loss for the year	**(22 935 600)**
Assessed loss brought forward	(339 296 390)
Assessed loss for 2017 - carried forward	**(362 231 990)**
Tax thereon @ 28c in the Rand	**Nil**