

Standalone Financial report 2019/2020

AE-Rotor Holding B.V.

Amsterdam

18 June 2020

AE Rotor Holding B.V.

Standalone financial statements for the year ended 31 March 2020

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Financial Statements

AE Rotor Holding B.V.**Balance sheet as at 31 March 2020**

All amounts in EUR unless otherwise stated

Particulars	Note	31 March 2020		31 March 2019	
Assets					
Non-current assets					
Participations in group companies	5	18.000		18.000	
Receivable from group companies	6	37.662.873		28.012.563	
			3,76,80,873		28.030.563
Current assets					
Receivables from group companies	7	48.922		24.223.413	
Receivables from shareholder	8	1.329.978		1.039.200	
Taxes and social security contribution	9	-		1.811	
Other debtors, prepayments and accrued income	10	355.391		1.231.259	
			1.734.291		26.495.683
Cash and cash equivalents	11		25.649		157.275
Total assets			39.440.813		54.683.521
Equity and liabilities					
Equity					
Issued and paid-up share capital	12	687.237.120		68,72,37,120	
Share premium	13	387.707.811		38,77,07,811	
Other reserves	14	(1.672.579.737)		(1,62,75,09,461)	
			(597.634.806)		(55,25,64,530)
Non-current liabilities					
Non-current loan	15	71.086.167	71.086.167	572.199.373	572.199.373
Current liabilities					
Current loan	15	35.790.930		-	
Trade creditors	16	501.581		96.895	
Payables to group companies	17	3.079.103		527.010	
Payables to shareholder	18	525.912.875		34.039.470	
Other liabilities, accruals and deferred income	19	704.963		385.303	
			565.989.452		35.048.678
			39.440.813		54.683.521

AE Rotor Holding B.V.**Income statement for the year ended 31 March 2020**

All amounts in EUR unless otherwise stated

Particulars	Note	31 March 2020	31 March 2019
Salaries and wages	20	694.193	717.292
Other operating expenses	21	671.172	714.635
Total operating expenses		1.365.365	1.431.927
Operating profit/(loss)		(1.365.365)	(1.431.927)
Interest and similar income	22	3.064.252	3.365.135
Exchange rate results		13.654.998	47.361.375
Interest and similar expenses	23	19.168.223	30.950.025
Result from ordinary activities before taxation		(31.124.334)	76.378.192
Income from / (impairment on) receivables and participations in group and affiliated companies	24	(13.945.942)	(5.079.074)
Profit/(loss) after taxation		(45.070.276)	(81.457.266)

For and on behalf of AE Rotor Holding B.V.

**Authorised Signatory**

Frans H.J. Visscher

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Notes to the balance sheet and income statement

All amounts are in EUROS unless stated otherwise

1. Notes to the accounts

1.1 Activities

AE-Rotor Holding B.V.'s principal activities are asset management and provision of capital. AERH and Its subsidiaries / investments are engaged in the design, development, import, export and trade in wind turbine generators ('WTG') and parts and fittings.

1.2 Registered office

The Company has its registered office at Jan Tinbergenstraat 290, 7559 ST, Hengelo. The Company, registered under KvK number 08097459, has its statutory seat in Amsterdam. The ultimate parent company is Suzlon Energy Limited, situated at Pune, India.

1.3 Group structure

Suzlon Energy B.V., SE Blade Technology B.V., Valum Holding B.V., SE Drive Technik GmbH, and AE-Rotor Holding B.V. constitute a group. The head of this group is AE-Rotor Holding B.V.

1.4 Related parties

All group companies mentioned in Note 1.3 above and the affiliates / group companies mentioned in Notes below are considered to be related parties. The direct parent company Suzlon Wind Energy Limited, UK, intermediate parent company Suzlon Energy Limited, Mauritius and ultimate parent company Suzlon Energy Limited, India also qualify as related parties.

1.5 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question. Key estimates include those required in the accounting for valuation / impairment of participations and intercompany receivables and intangible assets. Actual results could differ from those estimates.

1.6 Going concern

The Company recognized a net loss of EUR 45.070.276 (2019 – EUR 81.457.266) in financial year 2019-2020.

On 1 October 2019, the lenders of the Company has recalled the credit facility and Bonds which were backed by Standby Letters of Credit from certain lenders of Suzlon Energy Limited ("the ultimate parent of AE Rotor Holding B.V. / SEL or the Parent"). The Company is dependent on the direct and/or indirect financial support from SEL. On 27-March-20, the resolution plan of SEL along with its certain identified subsidiaries was approved by the consortium of lenders. Consequently, management of AE Rotor Holding BV is reasonably confident about implementation of resolution plan and consequently, continuation and strengthening of the business operations. Accordingly, these financial statements have been prepared on the basis that the Company shall be raise adequate resources to meet its financial obligations from its business operations and financial support from the Parent. Given these circumstances, the management believes that these statutory financial statements can be prepared under the going concern assumption.

2. Accounting policies for the balance sheet

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

2.2 Changes in accounting policies

The accounting policies are consistent with those used in the previous year.

2.3 Comparative figures

The previous year figures have been reclassified wherever necessary to confirm with the classification in the financial statement for the year ended 31 March 2020.

2.4 Foreign currencies

2.4.1 Transactions, assets and liabilities

The financial statements are prepared in EUROS, the functional currency of the Company.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at end of the month. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates ruling at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction.

Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the income statement.

The functional and presentation currency of the company and the foreign activities have not changed compared with the previous financial year.

2.5 Intangible assets

An intangible asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the company and,
- The cost of the asset can be reliably measured

Costs relating to intangible assets not meeting the criteria for capitalization are taken directly to the income statement.

Intangible assets are carried at the lower of cost of acquisition or production net of accumulated amortization and their recoverable amount (being the higher of value in use and fair value less costs to sell).

2.6 Financial assets

2.6.1 Investments

Due to the international structure of the group, participations are recognized at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement. The impaired value (recoverable amount) is determined on the basis of, amongst others, the net equity as per financial statements of the participating interests and their long-term forecasts. In case the impairment is no longer considered to be present, it is being reversed (up to the original amount of acquisition).

2.6.2 Receivable due from group companies/affiliated companies

Receivables are stated initially at fair value and subsequently at amortized cost based on the effective interest method less provisions considered necessary for doubtful receivables. Insofar the difference between the discounted and nominal value is not material, trade and other receivables are stated at cost.

If the receivable to subsidiaries is considered to be part of the net-investment, valuation is at cost or lower recoverable value. Reference is made to note 2.6.1.

2.7 Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognized impairment loss no longer exists or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in income statement.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

2.8 Receivables

Receivables are stated initially at fair value and subsequently at amortized cost based on the effective interest method less provisions considered necessary for doubtful receivables. Insofar the difference between the discounted and nominal value is not material, trade and other receivables are stated at cost.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Bank overdrafts are shown in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value. All cash and cash equivalents are at free disposal of management.

2.10 Non-current liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

2.11 Taxes

A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the group at the balance sheet date. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred and other tax assets and liabilities are netted off if the general conditions for netting off are met.

Taxes are calculated on the result disclosed in the income statement, taking account of tax-exempt items and partly or completely non-deductible expenses.

The Company is the fiscal parent of the fiscal unity for Dutch corporate income tax purposes (AE Rotor Holding B.V., SE Blades Technology B.V. and Valum Holding B.V. are included in the fiscal unity). The tax position of the fiscal unity has been appropriately split per unity member. The Company is responsible for the remittance of all tax payments to the tax authorities and is jointly and severally liable.

2.12 Exemption of consolidation

The company has not presented consolidated accounts as at 31-3-2020 as it avails itself of the facility of article 408, Book 2 of the Netherlands Civil Code. The annual accounts of the company and its subsidiaries are consolidated into the annual accounts of Suzlon Energy Limited, India. These accounts are filed at the Dutch Chamber of Commerce.

3. Accounting policies for the income statement

3.1 Result

Profit is determined as the balance of the realizable value of the products sold, services rendered and the costs and other charges for the year. Profits on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

3.2 Revenue recognition

3.2.1 Dividend

Dividends are recognized in the income statement if the group is entitled to them and the dividends are probable to be received.

3.2.2 Interest

Interest income is recognized pro rata in the income statement, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

3.3 Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared, provided all other conditions for forming provisions are met.

3.4 Interest expense

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the income statement, with the amortized cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

4. The Company's direct interests in group companies comprise the following:

Name, registered office	Share in issued capital as percentage	
	31 March 2020	31 March 2019
SE Blade Technology B.V., the Netherlands	100	100
Suzlon Energy B.V., the Netherlands	100	100
Valum Holding B.V., the Netherlands	100	100
SE Drive Technik GmbH., Germany	100	100

5. Participation in group companies

	31 March 2020	31 March 2019
SE Blade Technology B.V. (1,800 (1,800) equity shares of Euro 10 each)	18.000	18.000
Provision on participation SE Blade Technology B.V.	(18.000)	(18.000)
Suzlon Energy B.V. (540,000 (540,000) equity shares of Euro 10 each)	172.000.095	172.000.095
Provision on participation Suzlon Energy B.V.	(172.000.095)	(172.000.095)
SE Drive Technik GmbH (25,000 (25,000) equity shares of Euro 1 each)	585.834.452	585.834.452
Provision on participation SE Drive Technik GmbH	(585.834.452)	(585.834.452)
Valum Holding B.V. (1,800 (1,800) equity shares of Euro 10 each)	18.000	18.000
Total	18.000	18.000

6. Receivable from group companies – Non-current

	31 March 2020	31 March 2019
Suzlon Wind Energy South Africa ⁽ⁱ⁾	29.941.446	29.152.203
Less: Impairment provision	(29.941.446)	(29.152.203)
Suzlon Energy Tianjin Ltd, China	6.061.587	6.245.273
Less: Impairment provision	(6.061.587)	(6.245.273)
Royalty Suzlon Rotor Corporation, USA	2.030.227	2.030.227
Less: Impairment provision	(2.030.227)	(2.030.227)
Receivable Suzlon Rotor Corporation, USA	4.064.762	3.905.421
Less: Impairment provision	(4.064.762)	(3.905.421)
Suzlon Wind Energy Nicaragua	25.259	1.774.000
Less: Impairment provision	(25.259)	(1.774.000)
Suzlon Energy A/S, Denmark ⁽ⁱⁱ⁾	11.546.389	11.716.970
Suzlon Energy B.V ⁽ⁱⁱⁱ⁾	111.386	100.538
Suzlon Wind Energy Corporation ^(iv)	33.401.966	30.923.081
Less: Impairment provision	(17.967.195)	(14.728.026)
Tarilo Holding B.V ^(v)	8.397.467	-
Less: Impairment provision	(8.397.466)	-
SE Drive Technik GmbH ^(vi)	155.212.853	-
Less: Impairment provision	(144.642.527)	-
	37.662.873	28.012.563

^I The interest is charged at a floating rate of 1 year EUR LIBOR + 3% p.a. on a 360-day year base on daily basis.

^{II} The interest is charged at a floating rate of 6 months EURIBOR + 1% p.a. on monthly average balance being 6 months EURIBOR adjusted twice during the year.

^{III} The interest is charged at a floating rate of 3 months EURIBOR + 3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.

^{IV} The interest is charged at a fixed rate of 4% p.a. on a 365-day year base on daily basis.

^V The interest is charged at a fixed rate of 0,5% p.a. on a daily basis.

7. Receivable from group companies – Current

	31 March 2020	31 March 2019
SE Blade Technology B.V.*	-	1.039.510
Less: Impairment provision	-	(88.641)
Suzlon Energy Limited	-	6.558
Tarilo Holding B.V. **	-	8.178.445
Suzlon Wind Enerji, Turkey	24.906	24.760
Suzlon Wind Energy Romania	11.554	11.504
Suzlon Wind Energy Equipment Trading Co. Ltd.	12.462	8.588
Suzlon Rotor Corporation, USA	715.363	696.661
Provision on receivables from Suzlon Rotor Corporation, USA	(715.363)	-
SE Drive Technik GmbH ***	-	158.098.206
Less: Impairment provision	-	(143.752.178)
	48.922	24.223.413

* The amount is inclusive of interest calculated at a fixed rate of 6,5% on a daily basis.

** The interest is charged at a floating rate of 3 months EURIBOR + 3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.

*** The interest is charged at a fixed rate of 0,5% p.a. on a daily basis.

8. Receivable from shareholder

	31 March 2020	31 March 2019
Suzlon Energy Limited, India	1.329.978	1.039.200
Suzlon Wind Energy Limited, UK	161.812	144.753
Less : Impairment provision	(161.812)	(144.753)
	1.329.978	1.039.200

9. Taxes and social security contribution

	31 March 2020	31 March 2019
VAT input credit	-	1.811
	-	1.811

10. Other debtors, prepayments and accrued income

	31 March 2020	31 March 2019
Royalty Suzlon Energy Tianjin Ltd, China	1.162.750	1.162.750
Provision for Royalty Suzlon Energy Tianjin Ltd, China	(1.162.750)	(1.162.750)
Prepaid expenses	-	1.205.560
Other debtors	355.391	25.699
	355.391	1.231.259

11. Cash and cash equivalents

	31 March 2020	31 March 2019
Rabobank	25.649	157.275
	25.649	157.275

12. Issued and paid-up share capital

The authorized share capital of AE-Rotor Holding B.V. is EUR 1.200.000.000 divided into 120.000.000 ordinary shares of EUR 10 each. The issued share capital comprises of 68.723.712 ordinary shares (31 March 2019 - 68.723.712) of EUR 10 each.

There is a negative lien in favour of the "Offshore Security Trustee" by Suzlon Energy Limited, Mauritius for all the shares held by it in Suzlon Wind Energy Limited, United Kingdom ("SWEL"), the direct parent company of AE Rotor Holding B.V., and by SWEL & SEL for all the shares held by them in AE Rotor Holding B.V.

Whereas "Offshore Security Trustee" means, the security trustee acting inter alia for and on behalf of the CDR Lenders in relation to the Security over the offshore assets pursuant to the Security Documents.

13. Share premium

	31 March 2020	31 March 2019
Balance as at 1 April	387.707.811	387.707.811
Movement during the year	-	-
Closing balance	387.707.811	387.707.811

14. Other reserves

	31 March 2020	31 March 2019
Balance as at 1 April	(1.627.509.461)	(1.546.052.195)
Results after taxation	(45.070.276)	(81.457.266)
Closing balance	(1.672.579.737)	(1.627.509.461)

15. Non-current loan

	31 March 2020	31 March 2019
Term Loan*	-	505.136.951
Suzlon Energy Limited, India**	71.086.167	67.062.422
	71.086.167	572.199.373

Maturity profile	Total	Repayment obligation in 1 year	Remaining term > 1 year	Remaining term > 5 year
Balance as at 31 March 2020	106.877.097	35.790.930	71.086.167	-
Balance as at 31 March 2019	572.199.373	-	572.199.373	-

* On 1 October 2019, the lenders of the Company has recalled the credit facility and Bonds which were backed by Standby Letters of Credit from certain lenders of Suzlon Energy Limited.

Pursuant to the approval of Corporate Debt Restructuring proposal by CDR Empowered Group, the lenders approved the restructuring of their outstanding facilities and the Standby Letter of Credit ('SBLC') facilities to the Suzlon Group (which consists as of now ultimate parent company and its identified Indian subsidiaries). Both the restructuring facilities and SBLC facilities were implemented by executing definitive Master Restructuring Agreement and SBLC Agreement respectively. Further the ultimate parent holding and/ or Suzlon Group has also availed specific working capital facilities to meet its business requirements during the year. The Restructuring facilities, SBLC facilities, and specific working capital facilities hereinafter referred to as "facilities" are required to be secured by way of pledge of shares of the Company and its subsidiaries.

** The interest is calculated monthly at a fixed rate of 6% p.a. from the date of disbursement of loan based on an average value using month's opening and closing balance.

On 01 April 2017, the Company and Suzlon Energy Limited, India ("SEL"), entered into an amended Supplementary Loan Agreement. As per this Loan Agreement, SEL will not raise any demand on the Company to make any repayment of Principal and/or Interest against the loan provided until 31 March 2023.

Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Current loan

	31 March 2020	31 March 2019
Term Loan*	35.790.930	-
	35.790.930	-

The Company has a credit facility from Bank of Baroda, Dubai.

16. Trade creditors

	31 March 2020	31 March 2019
Trade creditors	501.581	96.895
	501.581	96.895

17. Payables to group companies

	31 March 2020	31 March 2019
Valum Holding B.V.	195.945	187.948
Suzlon Energy B.V.	589.061	81.735
SE Blade Technology B.V.	2.078.473	-
Suzlon Wind Energy Uruguay SA	215.624	257.327
	3.079.103	527.010

18. Payables to shareholder

	31 March 2020	31 March 2019
Payable to Suzlon Energy Limited	525.912.875	34.039.470
	525.912.875	34.039.470

19. Other liabilities, accruals and deferred income

	31 March 2020	31 March 2019
Interest accrued but not due on TL	574.146	168.919
VAT payable	27.664	-
Other liabilities	103.153	216.384
	704.963	385.303

Interest amount outstanding on year-end is added to the principal loan amount on the last day of the financial year.

20. Salaries and wages

	31 March 2020	31 March 2019
Salaries and wages	599.649	524.299
Social security premiums	10.290	20.194
Pension charges	84.254	172.799
	694.193	717.292

21. Other operating expenses

	31 March 2020	31 March 2019
General expenses		
Audit costs	15.375	99.225
Consultancy fees	549.043	297.071
Miscellaneous general expenses	3.808	5.813
Balance written off	-	106.571
Rates & taxes	28.810	8.531
Travelling expenses	74.136	197.424
	671.172	714.635

22. Interest and similar income

	31 March 2020	31 March 2019
Interest SE Drive Technik GmbH	789.872	824.907
Interest Suzlon Energy B.V.	377	15.095
Interest Suzlon Blade Technology B.V.	-	312.755
Interest Suzlon Wind Energy Corporation	1.275.657	1.242.598
Interest Suzlon Energy A/S	45.544	52.624
Interest Tarilo Holding B.V.	219.022	129.887
Interest Suzlon Wind Energy South-Africa (Pty) Limited	731.872	709.919
Interest Suzlon Uruguay	-	73.868
Interest from bank	1.908	3.482
	3.064.252	3.365.135

23. Interest and similar expense

	31 March 2020	31 March 2019
Interest loan Suzlon Energy Limited, India	4.023.745	3.795.986
Interest Valum Holding B.V.	4.779	5.001
Interest Suzlon Blade Technology B.V.	70.284	-
Interest Suzlon Wind Energy Uruguay SA	12.693	4.390
Interest and other expenses on Bonds & Term Loan	15.053.202	27.140.351
Bank charges	3.520	4.297
	19.168.223	30.950.025

24. Income from / (impairment on) receivables and participations in group and affiliated companies

	31 March 2020	31 March 2019
Provision on receivables from Suzlon Rotor Corporation, USA	(715.363)	-
Reversal of provision on receivable from Suzlon Wind Energy Uruguay SA	-	611.122
Provision on receivables from Suzlon Wind Energy South Africa (Pty) Limited	(742.137)	(602.506)
Reversal / (Provision) of receivables from SE Drive Technik GmbH	(890.350)	3.215.261
Reversal of provision on receivable Suzlon Energy Portugal Energia Eo Un Lda	-	12.079
Provision on receivables from Suzlon Wind Energy Nicaragua	(7.400)	(7.590)
Provision on receivables from Suzlon Wind Energy Limited, UK	(17.000)	(10.477)
Provision on receivables from Suzlon Wind Energy Corporation, USA	(3.239.168)	(8.190.322)
Reversal of / (provision) on receivable SE Blade Technology BV	88.641	(88.641)
Reversal of / (Provision) on Participation of SE Blade Technology BV	-	(18.000)
Provision on receivable Tarilo Holding BV	(8.397.466)	-
Provision on receivable other	(25.699)	-
	(13.945.942)	(5.079.074)

25. Average number of employees

During the year 2019/20, the average number of employees as calculated on a full-time equivalent basis was 1 (2018/19: 1), i.e., Whole-time Director.

26. Director's remuneration

The Company paid remuneration to Director of EUR 694.193 (2019 - EUR 717.292).

27. Income tax expense

The income tax payable for the year is Nil (2018/19 - Nil).

No corporate income benefit has been accounted for as future taxable profits are uncertain.

The Company has unutilized carry forward losses of approximately EUR 158.313.704 as on the balance sheet date.

The Company has incurred losses in the period and has carried forward losses from previous periods. It is not clear that the company can substantiate a future claim to use these losses and no deferred tax asset has been booked as a result. Also the tax returns of the company are currently under routine audit by the tax authorities and there may be a possibility of difference of opinion between the position of the company and of the tax authorities. Given the uncertainty of any outcome, no provision has been recognized nor does the company recognizes the need to disclose a contingent liability in this respect.

28. Contingent liabilities

The Company has given certain indemnities to the buyer of shares of its certain subsidiaries, whereby the company has obligations for payment of dues and rights to receive dues depending upon the outcome of matters stipulated in the agreement. The Company has considered the maximum amount of claims forming part of the indemnities as contingent liability and disclosed the same under Claims against the Company not acknowledged as debt. The Company has also rights to receive certain dues which are in the nature of contingent assets. Hence claims against the Company not acknowledged as debts aggregating to EUR 25 Million Euro (2019 – EUR 25 Million).

Based on Dutch law the Company (head) is jointly and severally liable for income taxes payable by the fiscal unity.

29. Commitments

Refer to note 5 and note 12 with respect to the pledges, note 2.11 and note 28 with respect to taxes and note 15 with respect to long term loans. Further, the Company (head) forms together with SE Blade Technology B.V. and Suzlon Energy B.V. a fiscal unity for VAT. The Company is jointly and severally liable as a member of the fiscal unity.

30. Related party transactions

Transactions take place between the Company and other subsidiaries of the Suzlon Group. These transactions are conducted in the ordinary course of business at an arm's length basis and are subject to commercial agreements. The main transactions with related parties relate to SBLC commission paid by Suzlon Energy Limited, India to various Banks on behalf the Company.

31. Financial risks

Foreign exchange risk

The Company is influenced by transactions in foreign currencies. The Company does not enter into any forward currency contracts. Sometimes it enters into intercompany swap deal agreement to hedge the foreign exchange risk. As at 31 March 2020, the Company has a non-intercompany term loan of USD 39.15 million, and a debt to its shareholder of USD 537.6 million. The foreign currency exchange risk on these positions are not hedged.

Interest rate risk

As the Company's long-term receivables and loans bear floating rates of interest, the company runs the risk that receivables and loans will decrease or increase in value respectively due to changing market rates of interest. The company does not hedge this risk by entering into interest rate swap contracts to cover expected significant increases or decreases in market interest rates.

Credit risk/ liquidity risk

The Company is primarily involved with transactions with related parties. The Company has liability towards repayment of the term loan. It expects to get the proceeds from its assets and support from parent. The Company also has a significant concentration of credit risk with respect to the long term loan receivable due from SE Drive Technik GmbH, Suzlon Wind Energy Corporation and Suzlon Wind Energy South Africa.

32. Proposed appropriation of the net result for the year 2020

The proposal to the General Meeting of Shareholders for the appropriation of the net result for the year 2020, being a loss of EUR 45.070.276 is to add this loss to the retained earnings.

33. Subsequent events

There have been no material events after the balance sheet date.

Amsterdam, 18 June 2020

AE-Rotor Holding B.V.

Director



(Frans Visscher)

Other information

Provisions regarding the appropriation of result

The Articles of Association state the following concerning the appropriation of the net result:

Article 20. Profits and Distributions:

The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by law.

Independent auditor's report

To: the shareholders of AE Rotor Holding B.V.

Report on the financial statements for the year ended March 31, 2020

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of AE Rotor Holding B.V. as at March 31, 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

What we have audited

We have audited the accompanying financial statements for the financial year ended March 31, 2020 of AE Rotor Holding B.V., Amsterdam ('the Company'). The financial statements comprise:

- the balance sheet as at March 31, 2020;
- the profit and loss account for the year then ended;
- the notes, comprising a summary of accounting policies and other explanatory information.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of AE Rotor Holding B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe 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 the going concern paragraph in the notes on page 6 of the financial statements which indicates that the company is dependent upon financial support of its ultimate parent company (SEL) and successful finalisation and implementation of the resolution plan of SEL as approved by the consortium of lenders. Consequently, management of AE Rotor Holding BV is reasonably confident about implementation of this resolution plan and the willingness of the parent company to provide adequate support. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

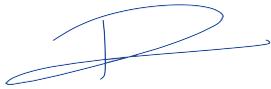
We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included amongst others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.
- Obtaining 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 internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company 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.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Den Haag, 18 June 2020

Ruitenburg Audit B.V.

A handwritten signature in blue ink, appearing to be 'R.L. Kalberg', written over a horizontal line.

R.L. Kalberg MSc RA