

INDEPENDENT AUDITOR'S REPORT

To The Members of Suzlon Generators Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Suzlon Generators Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Material uncertainty related to Going Concern

We draw attention to note 34 in the financial statements regarding the losses incurred during the current year, increase in accumulated losses, various defaults, and insolvency proceedings mentioned in the said note that indicate a material uncertainty about the Company's ability to continue as a going concern that existed on the balance sheet date. The Company is dependent on direct or indirect financial support from Suzlon Energy Limited ("the joint venture partner"). However, having regard to the restructuring of borrowings of joint venture partner along with the Company, its certain fellow subsidiaries, waiver of all the events of default, subsequent to the year end and the Management's plans to meet financial obligations in foreseeable future out of the cash flows from future business plans and realisation of trade receivables the financial statements of the Company for the year ended March 31, 2020 have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 2.5 of the financial statements, which describes the undetermined circumstances relating to the COVID 19 pandemic and its implications on the management's assessment of the Company's ability to generate sufficient cash flows to meet its financial obligations in the foreseeable future under such undetermined circumstances.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements and our auditor's report thereon. The director's report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- 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 during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

Deloitte Haskins & Sells LLP

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 SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude 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'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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

24

Deloitte Haskins & Sells LLP

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided for managerial remuneration to its directors during the year and hence provisions of Section 197 of the Act are not applicable to the Company.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Jayesh Parmar
(Partner)
(Membership No. 106388)
(UDIN: 20106388AAAABQ7500)

Place: Mumbai

Date: July 06, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Suzlon Generators Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Deloitte Haskins & Sells LLP

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial controls over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Jayesh Parmar
(Partner)
(Membership No. 106388)
(UDIN: 20106388AAAABQ7500)

Place: Mumbai

Date: July 06, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is a lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
 - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - (iv) The Company has not granted any loans or provided guarantees under Section 185 of the Act and hence reporting under clause 3(iv) of the Order is not applicable. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause 3 (v) of the Order is not applicable.
 - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has not been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other

material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- (c) Details of dues to Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. in crore)	Amount paid under protest (Rs. in crore)
Maharashtra Value Added Tax, 2002	Value Added Tax	Maharashtra Sales Tax Tribunal	FY 2006-07 – FY 2007-08	0.50	0.05
		Joint Commissioner (Appeal)	FY 2008-09 & 2011-12	0.62	0.62

There are no dues of Income tax, Sales tax, Service tax, Custom duty, excise duty and Goods and Services Tax as on March 31, 2020 on account of dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, except as under

Particulars	Amount of default of repayment (Rs in crore)		Period of default
	Principal	Interest	
Dues to Banks (including working Capital loans):			
State Bank of India	1.84	0.30	September 2019 to March 2020
Axis Bank	1.37	0.06	

The Company does not have any borrowings from financial institutions and government nor has it issued any debentures.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration during the year. Accordingly, reporting under the clause 3 (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

Deloitte Haskins & Sells LLP

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Jayesh Parmar
(Partner)
(Membership No. 106388)
(UDIN: 20106388AAAABQ7500)

Place: Mumbai

Date: July 06, 2020

24

Suzlon Generators Limited

Balance sheet as at March 31, 2020

All amounts in ₹ Crore, unless otherwise stated

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	16.71	18.19
Right-of-use assets	28	0.19	-
Other financial assets	5	0.23	0.38
Other non-current assets	7	0.61	0.53
Total		17.74	19.10
Current assets			
Inventories	8	24.70	25.16
Financial assets			
Trade receivables	6	18.30	16.92
Cash and cash equivalents	9	0.18	0.02
Other financial assets	5	0.01	0.01
Current tax asset, net		-	0.00*
Other current assets	7	7.67	13.64
Total		50.86	55.75
Total assets		68.60	74.85
Equity and liabilities			
Equity			
Equity share capital	10	76.28	76.28
Other equity	11	(49.90)	(49.10)
Total		26.38	27.18
Non-current liabilities			
Financial liabilities			
Borrowings	12	0.59	0.59
Provisions	14	0.41	0.50
Total		1.00	1.09
Current liabilities			
Financial liabilities			
Borrowings	12	28.80	14.98
Trade payables	16		
Total outstanding dues of micro and small enterprises		0.78	2.96
Total outstanding dues of creditors other than micro and small enterprises		7.70	24.17
Other financial liabilities	13	3.50	3.61
Contract liabilities		0.01	0.03
Other current liabilities	15	0.10	0.40
Provisions	14	0.33	0.43
Total		41.22	46.58
Total equity and liabilities		68.60	74.85

*Less than ₹ 0.01 Crore

Summary of significant accounting policies

2.3

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/ W-100018

Jayesh Parmar
Partner
Membership No. 106388

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

Ranjitsinh A. Parmar
Managing Director
DIN : 00002613

Vinod R. Tanti
Director
DIN : 00002266

Shivani S. Karmarkar
Company Secretary
Membership No.: A33098

Rushiraj Shah
Chief Financial Officer
Membership No.: 114702

Place : Mumbai

Date : 06 JUL 2020

Place : Pune

Date : 06 JUL 2020

Suzlon Generators Limited

Statement of profit and loss for the year ended March 31, 2020

All amounts in ₹ Crore, unless otherwise stated

Particulars	Notes	March 31, 2020	March 31, 2019
Income			
Revenue from contract with customers	17	12.45	101.63
Other operating income		0.16	0.02
Other income	18	0.00*	0.25
		12.61	101.90
Expenses			
Cost of raw materials and components consumed	19	5.55	82.54
Changes in inventories of work-in-progress, semi finished and finished goods	19	(1.63)	(2.29)
Employee benefits expense	20	2.80	6.92
Finance costs	21	3.12	2.77
Depreciation/ amortisation expense	4	1.13	4.28
Other expenses	22	2.24	7.32
		13.21	101.54
Profit/ (loss) before tax		(0.60)	0.36
Income tax expense	23	-	-
Profit/ (loss) after tax		(0.60)	0.36
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent years :			
Remeasurements of the defined benefit plans	25	(0.20)	0.22
Income tax effect on the above		-	-
Other comprehensive income for the year, net of tax		(0.20)	0.22
Total comprehensive income for the year		(0.80)	0.58
Earnings/ (loss) per equity share:			
Basic and diluted [Nominal value of share ₹ 10 (₹ 10)]	24	(0.08)	0.05

*Less than ₹ 0.01 Crore

Summary of significant accounting policies

2.3

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/ W-100018



Jayesh Parmar
Partner
Membership No. 106388

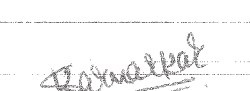
For and on behalf of the Board of Directors of
Suzlon Generators Limited




Ranjitsinh A. Parmar
Managing Director
DIN : 00002613



Vinod R. Tanti
Director
DIN : 00002266



Shivani S. Karmarkar
Company Secretary
Membership No.: A33098



Rushiraj Shah
Chief Financial Officer
Membership No.: 114702

Place : Mumbai
Date : 06 JUL 2020

Place : Pune
Date : 06 JUL 2020

Suzlon Generators Limited

Statement of changes in equity for the year ended March 31, 2020

All amounts in ₹ Crore, unless otherwise stated

a. Equity share capital

	No. In Crore	₹ in Crore
Equity shares of ₹ 10 each, subscribed and fully paid		
As at April 1, 2018	7.63	76.28
Issue of share capital (refer Note 10)	-	-
As at March 31, 2019	7.63	76.28
Issue of share capital (refer Note 10)	-	-
As at March 31, 2020	7.63	76.28

b. Other equity

	Reserves and surplus			Total
	Share option outstanding account	General reserve	Retained earnings	
As at April 1, 2018	0.14	-	(49.82)	(49.68)
Profit/ (loss) for the year	-	-	0.36	0.36
Employee stock option outstanding transferred to general reserve	(0.14)	0.14	-	-
Other comprehensive income (refer note 25)	-	-	0.22	0.22
As at March 31, 2019	-	0.14	(49.24)	(49.10)
As at April 1, 2019	-	0.14	(49.24)	(49.10)
Profit/ (loss) for the year	-	-	(0.60)	(0.60)
Other comprehensive income (refer note 25)	-	-	(0.20)	(0.20)
As at March 31, 2020	-	0.14	(50.04)	(49.90)

Summary of significant accounting policies

2.3

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/ W-100018



Jayesh Parmar
Partner
Membership No. 106388

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



Ranjitsinh A. Parmar
Managing Director
DIN : 00002613



Vinod R. Tanti
Director
DIN : 00002266



Shivani S. Karmarkar
Company Secretary
Membership No.: A33098



Rushiraj Shah
Chief Financial Officer
Membership No.: 114702

Place : Mumbai

Date : 06 JUL 2020

Place : Pune

Date : 06 JUL 2020

Suzlon Generators Limited

Statement of cash flow for the year ended March 31, 2020

All amounts in ₹ Crore, unless otherwise stated

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit/ (loss) before tax	(0.60)	0.36
Adjustments for:		
Depreciation/ amortisation expense	1.13	4.28
Other income	(0.00*)	(0.25)
Interest expense	3.07	1.86
Loss on disposal of property, plant & equipment, net	0.17	-
Allowance for doubtful debts and advances	0.38	-
Impairment allowance	0.01	0.03
Operating profit/(loss) before working capital changes	4.16	6.28
Movements in working capital		
(Increase)/ decrease in financial assets and other assets	5.95	1.60
(Increase)/ decrease in trade receivables	(1.77)	(3.45)
(Increase)/ decrease in inventories	0.46	(2.87)
(Decrease)/ increase in other liabilities, financial liabilities and provisions	(19.82)	5.55
Cash (used in)/ generated from operating activities	(11.02)	7.11
Direct taxes paid (net of refunds)	0.08	-
Net cash (used in)/ generated from operating activities	A (10.94)	7.11
Cash flow from investing activities		
Purchase of property, plant and equipment including capital advances	(0.01)	(0.41)
Interest received	0.01	0.25
Cash (used in)/ generated from investing activities	B -	(0.16)
Cash flow from financing activities		
Proceeds/ (repayment) from/ of short-term borrowings	11.78	(6.68)
Interest paid	(0.68)	(1.27)
Net cash (used)/ generated in financing activities	C 11.10	(7.95)
Net increase in cash and cash equivalents	A+B+C 0.16	(1.00)
Cash and cash equivalents at the beginning of year	0.02	1.02
Cash and cash equivalents at the end of year	0.18	0.02
Components of cash and cash equivalents		
	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand	0.00*	0.00*
Balances with bank	0.18	0.02
	0.18	0.02

* Less than ₹ 0.01 Crore

The figure in brackets represent outflows.

Summary of significant accounting policies

2.3

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/ W-100018

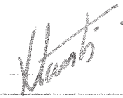


Jayesh Parmar
Partner
Membership No. 106388

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



Ranjitsinh A. Parmar
Managing Director
DIN : 00002613



Vinod R. Tanti
Director
DIN : 00002266



Shivani S. Karmarkar
Company Secretary
Membership No.: A33098



Rushiraj Shah
Chief Financial Officer
Membership No.: 114702

Place : Mumbai

Date : 06 JUL 2020

Place : Pune

Date : 06 JUL 2020

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

1. Company information

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

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

The financial statements were authorised for the issue in accordance with the resolution of the directors on July 06, 2020.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("the Rules").

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments and
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments 2.3(l)),

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Crore (₹ 0,000,000) up to two decimals, except when otherwise indicated.

2.2 Recent accounting developments

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not applicable as there were no standards issued but not effective at the time of adoption of the financial statements.

2.3 Summary of significant accounting policies

a. Current versus non-current classification

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

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

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

44

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

All other assets are classified as non-current.

A liability is current when:

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

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

b. Foreign currencies

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

Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

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

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

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

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

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

The Company management determines the policies and procedures for recurring and non-recurring fair value measurement. Involvement of external valuers is decided upon annually by Company management. The management decides after discussion with external valuers, about valuation technique and inputs to use for each case.

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

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (refer Note 32)
- Financial instruments (including those carried at amortised cost) (refer Note 2.3(I))

d. Revenue from contracts with customers

Revenue from contracts with customers is recognised at the point in time when control of the asset is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Sale of goods

Sale of generators and parts are recognised in the statement of profit and loss at the point in time when controls of the asset is transferred to the buyer as per the terms of the respective sales order and generally on delivery of the goods. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances and discounts.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties,). In determining the transaction price for the sale of generator, the Company considers the effects of variable consideration and consideration payable to the customer (if any).

i. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

ii. Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sale of services

Revenue from sale of services is recognised in the statement of profit and loss as and when the services are rendered.

Contract balances

i. Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

ii. Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (I) financial instruments – initial recognition and subsequent measurement.

iii. Contract liabilities (Advance from customers)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

[THIS PLACE INTENTIONALLY LEFT BLANK]

24

e. Taxes

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

[THIS PLACE INTENTIONALLY LEFT BLANK]

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

f. Property, plant and equipment ('PPE')

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

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

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

Depreciation is calculated on the straight line method ('SLM') based on the useful lives and residual values estimated by the management in accordance with Schedule II to the Companies Act, 2013. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Depreciation is calculated on a straight line method over the estimated useful lives of the assets (As per Schedule II of the Companies Act, 2013) as follows:

Type of asset	Useful lives (years)
Buildings	28-58 years
Plant and machinery	15
Windmill	22
Computers	3
Office equipment	5
Furniture and fixtures	10
Vehicles	10

Gains or losses arising from de recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset on the date of disposal and are recognised in the statement of profit and loss when the asset is derecognised.

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

g. Borrowing costs

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

h. Leases

Company as a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

ROU assets have been separately presented in the balance sheet.

Company as a lessor

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

i. Inventories

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

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

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

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

24

j. Provisions

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

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

k. Retirement and other employee benefits

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognised the following changes in defined benefit obligation as an expense in statement of profit or loss:

- Service cost comprising of current service cost, past service cost gains and loss on entitlements and non-routine settlement.
- Net interest expenses or income.

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

l. Financial instruments

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

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Investment in equity shares, compulsorily convertible debentures and compulsory convertible preference shares of subsidiaries, associates and jointly controlled entities have been measured at cost less impairment allowance, if any.

De-recognition

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

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

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

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

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- d) Loan commitments which are not measured as at FVTPL
- e) Financial guarantee contracts which are not measured as at FVTPL

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

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

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

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

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

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

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

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

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

NH

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

The Company on a contract by contract basis, elects to account for financial guarantee contracts, as a financial instrument or as an insurance contract, as specified in Ind AS 109 of Financial Instrument and Ind AS 104 on Insurance Contracts. For insurance contract, the Company performs a liability adequacy test (i.e. assesses the likelihood of any pay-out based on current discontinued estimates of future cash flows), and any deficiency is recognised in statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

M

m. Earnings/ (loss) per share

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

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

n. Cash and cash equivalents

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

o. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resource embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognise a contingent liability but discloses it as per Ind AS 37 in the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

2.4 Changes in accounting policies and disclosure

New and amended standards

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 *Leases* including its appendices (Appendix C of Ind AS 17

Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 *Operating Leases- Incentives* and Appendix B of Ind AS 17 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise operating leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. The Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual report for year ended March 31, 2019. On transition, the adoption of the new standard resulted in the recognition of ROU asset of ₹ 0.20 Crore and a lease liability of ₹ Nil. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116, Leases resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

- (i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- (ii) Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- (iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- (iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

2.5 Estimation of uncertainties relating to the global health pandemic from COVID-19:

- a. In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, inventories, receivables, other assets and liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic and impact of the same on future performance, the Company has used information from internal and external sources including likely impact on the industry. The Company based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. However, the Company believes that the difference should not be significant.
- b. The Company's ability to generate sufficient cash flows to meet its financial obligations in the foreseeable future could be impacted by the undetermined circumstances arising from the pandemic.

3. Significant accounting judgements, estimates and assumptions

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

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

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

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

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations*

The Company is engaged in manufacturing of generators for WTG's of various capacities and its various components and repairing and after sales service of generators. The Company determined that each of the activity can be performed distinctly on a stand-alone basis which indicates that the customer can benefit from respective performance obligations on their own. Further, the Company chose output method for measuring the progress of performance obligation.

b. Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Allowance for trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for expected credit loss. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. The carrying value of allowance for doubtful debts is ₹ 0.82 Crore (previous year: ₹ 0.38 Crore). Refer Note 6.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies. The Company has unabsorbed depreciation and unabsorbed business losses details which are given in Note 23. The unabsorbed depreciation can be carried forward indefinitely. The business loss can be carried forward for 8 years. Partial business losses have expired in March 2020 and balance will expire in March 2024. As there are not certain taxable temporary differences or tax planning operations, the Company has not recognised deferred tax assets on conservative basis.

Defined benefit plans (gratuity benefits)

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

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

74

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

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

Further details about gratuity obligations are given in Note 25.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 32 for further disclosures.

Property, plant and equipment

Refer Note 2.3(f) for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in Note 4.

Recompense liability

The Company is in negotiation with CDR lenders for a voluntary exit from CDR scheme. The Company has recognised recompense liability payable to CDR lenders based on management estimate which is derived considering certain scenarios and assumptions in relation to interest rate, waiver in recompense, timing of loan repayment and CDR Exit etc. The amount payable by the Company as recompense is dependent on various factors and also on settlement with the CDR lenders under debt resolution plan. Refer Note 12 (b).

4. Property, plant and equipment ('PPE')

Particulars	Gross block			Accumulated depreciation				Net block	
	As at April 01, 2019	Additions	Deduction/adjustment	As at March 31, 2020	As at April 01, 2019	Charge for the year	Deduction/adjustments	As at March 31, 2020	As at March 31, 2020
Land	2.39	-	0.20	2.19	0.01	-	0.01	-	2.19
Buildings	16.03	-	-	16.03	2.98	0.72	-	3.70	12.33
Plant and machinery	21.09	0.01	2.13	18.97	18.46	0.35	1.96	16.86	2.11
Computers and office equipments	0.18	-	-	0.18	0.18	0.00	-	0.18	-
Furniture and fixtures	0.32	-	-	0.32	0.19	0.05	-	0.24	0.08
Vehicles	0.00*	-	-	0.00*	0.00*	-	-	0.00*	0.00*
Total	40.01	0.01	2.33	37.69	21.82	1.12	1.97	20.98	16.71

*Less than ₹ 0.01 Crore

Particulars	Gross block			Accumulated depreciation				Net block	
	As at April 01, 2018	Additions	Deduction/adjustments	As at March 31, 2019	As at April 01, 2018	Charge for the year	Deduction/adjustment	As at March 31, 2019	As at March 31, 2019
Land	2.39	-	-	2.39	0.01	-	-	0.01	2.38
Buildings	16.03	-	-	16.03	2.26	0.72	-	2.98	13.05
Plant and machinery	20.69	0.40	-	21.09	15.02	3.44	-	18.46	2.63
Computer and office equipments	0.17	0.01	-	0.18	0.11	0.07	-	0.18	0.00
Furniture and fixtures	0.32	-	-	0.32	0.14	0.05	-	0.19	0.13
Vehicles	0.00*	-	-	0.00*	0.00*	-	-	0.00*	0.00*
Total	39.60	0.41	-	40.01	17.54	4.28	-	21.82	18.19

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

- a) For contractual commitment with respect to property, plant & equipment refer Note 26.
b) For details of property, plant and equipment given as security to lenders refer Note 12(e).

5. Other financial assets

	March 31, 2020	March 31, 2019
Non-current		
Bank balances	-	0.17
Security deposits	0.23	0.21
Total	0.23	0.38
Current		
Advances recoverable in kind		
Unsecured, considered doubtful	-	0.05
Less : Allowance for doubtful debts	-	(0.05)
		-
Loans and advances to employees	0.01	0.00*
Interest accrued on deposits, loans and advances	0.00*	0.01
Total	0.01	0.01

All the financial assets are disclosed at amortised cost.

For details of financial assets given as security to lenders refer Note 12(e).

6. Trade receivables

	March 31, 2020	March 31, 2019
Non-current		
Considered doubtful	0.64	0.21
Less: Allowance for doubtful debts	(0.64)	(0.21)
Total	-	-
Current		
Unsecured considered good	18.48	17.09
Less : Impairment allowance	(0.18)	(0.17)
Total	18.30	16.92

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

For details of receivable given as security to lenders refer Note 12(e).

The movement in impairment allowance as per ECL model is as under:

	March 31, 2020	March 31, 2019
Balance as at the beginning of the year	(0.17)	(0.14)
Impairment allowance during the year	(0.01)	(0.03)
Balance as at the end of the year	(0.18)	(0.17)

* Less than ₹ 0.01 Crore

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

7. Other assets

	March 31, 2020	March 31, 2019
Non-current		
Capital advances	0.11	0.11
Advance income tax (net of provision)	0.50	0.42
Total	0.61	0.53
Current		
Advances recoverable in kind (unsecured)	2.00	2.07
Prepaid expenses	0.00*	0.13
Balances with government/ statutory authorities	5.67	11.44
Total	7.67	13.64

For details of other assets given as security to lenders refer Note 12(e).

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

	March 31, 2020	March 31, 2019
Raw materials [including goods-in-transit of ₹ 2.26 Crore (previous year: ₹ 1.56 Crore)]	10.23	12.29
Stores and spares	0.29	0.32
Semi-finished goods and work-in-progress	7.16	9.99
Finished goods	7.02	2.56
Total	24.70	25.16

For details of inventories given as security to lenders refer Note 12(e).

9. Cash and cash equivalents

	March 31, 2020	March 31, 2019
Balances with banks	0.18	0.02
Cash on hand	0.00*	0.00*
Total	0.18	0.02

There are no restrictions with regard to cash and cash equivalents at the end of the financial year and previous year.

10. Equity share capital

	March 31, 2020	March 31, 2019
Authorised share capital		
77,000,000 (previous year: 77,000,000) equity shares of ₹ 10/- each	77.00	77.00
	77.00	77.00
Issued, subscribed and paid-up capital		
76,280,968 (previous year: 76,280,968) equity shares of ₹ 10/- each	76.28	76.28
	76.28	76.28

* Less than ₹ 0.01 Crore

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

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

	March 31, 2020		March 31, 2019	
	Number of shares (Crore)	₹ in Crore	Number of shares (Crore)	₹ in Crore
At the beginning of the year	7.63	76.28	7.63	76.28
Issue of share capital	-	-	-	-
Outstanding at the end of the year	7.63	76.28	7.63	76.28

b. Terms/ rights attached to equity shares

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

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

c. Shares held by Co-venture

Out of equity shares issued by the Company, shares held by its Co-venture is 57,210,251 (previous year: 57,210,251) equity shares of ₹ 10/- each.

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

Name of the shareholder	March 31, 2020		March 31, 2019	
	Number of shares (Crore)	% holding	Number of shares (Crore)	% holding
Equity shares of ₹ 10/- each fully paid-up				
Suzlon Energy Limited, Co-venture	5.72	75.00%	5.72	75.00%
Trasys Asia Limited, Co-venture	1.91	25.00%	1.91	25.00%

Note: As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

11. Other equity

Refer statement of changes in equity for detailed movement in equity balance:

	March 31, 2020	March 31, 2019
General reserve	0.14	0.14
Retained earnings	(50.04)	(49.24)
Total	(49.90)	(49.10)

[THIS PLACE INTENTIONALLY LEFT BLANK]

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

12. Borrowings

	March 31, 2020	March 31, 2019
Non-current		
Term loans from banks (secured)	0.59	0.59
Total	0.59	0.59
Current		
Working capital facilities from banks (secured)	6.68	8.04
Loans from related party (unsecured)	22.12	6.94
Total	28.80	14.98

a. Corporate debt restructuring

During the financial year ended March 31, 2013, Suzlon Energy Limited ('SEL') along with its identified domestic subsidiaries and the Company (a joint venture of SEL) collectively referred to as the 'Borrowers' or 'STG' and individually as the 'Borrower', had restructured various financial facilities (restructured facilities) from the secured CDR lenders under the Corporate Debt Restructuring Proposal. Pursuant to approval of CDR Package by the CDR Empowered Group ('CDR EG'), the implementation of the CDR package was formalised upon execution of Master Restructuring Agreement (MRA) between the CDR Lenders and Borrowers during the financial year ended March 31, 2013.

b. Defaults during the year and Resolution Plan

The Borrowers have defaulted in payment of dues towards term loan, SBLC facility, working capital facility and interest during the year ended and as at March 31, 2020. The Borrowers had proposed the debt resolution plan to the Lenders for restructuring of the debt of STG ('Resolution Plan') formulated under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by Reserve Bank of India vide its circular dated June 7, 2019 ('the RBI Circular'). With a view towards resolution of the indebtedness of the Borrowers, the Lenders had entered into an inter-creditor agreement dated July 1, 2019 ("ICA") within the Regulatory Framework, as amended from time to time. Pursuant to the ICA, the Lenders have unanimously approved a resolution plan in terms of which the existing facilities are to be restructured. On March 27, 2020, the Resolution Plan was approved by 100% of the consortium lenders subject to certain conditions precedent.

c. Implementation of resolution plan post year end

Subsequent to the year end on June 5, 2020, the Borrowers has entered into Framework Restructuring Agreement (FRA) to give effect to the resolution plan. On June 30, 2020, the Resolution Plan was implemented upon completion of compliance of all conditions precedent to the satisfaction of the consortium lenders and Resolution Plan is effective from June 30, 2020 (Effective date).

The key features of the Resolution Plan are as follows:

- The existing facilities of STG is restructured in following manner and divided into 3 parts:

Part A – Existing facilities to the extent of ₹ 5,188.41 Crore is restructured as follows:

- i. Repayment of Rupee Term Loan ('RTL') of ₹ 3,600 Crore in 40 structured quarterly instalments commencing from September, 2020 to June, 2031 at the rate of interest of 9.00% per annum,
- ii. Repayment of Rupee Term Loan under project specific facility of ₹ 261 Crore on or before December 31, 2020,
- iii. Continuation of existing non-fund based working capital facilities of ₹ 1,300 Crore.

74

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Part B – Existing facilities to the extent of ₹ 4,100 Crore is converted in to 410,000, 0.01% Secured Optionally Convertible Debentures ('OCD') of face value of ₹ 100,000 each of SEL issued to the Lenders.

Part C – Existing facilities to the extent of ₹ 4,453.01 Crore is converted in to 4,45,301, 0.0001% Unsecured Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 100,000 each of Suzlon Global Services Limited(a subsidiary of SEL) issued to the Lenders and 99,71,76,872 equity shares of face value of ₹ 2 each of SEL for an aggregated consideration of ₹ 1 per Lender.

- Issuance of 49,85,88,439 warrants of SEL to the Lenders as a security towards achieving upgrade of the account within a period of 18 months from the implementation date.
 - Restructuring of foreign currency convertible bonds ('Bonds') with bondholders i.e. roll over / conversion into equity shares of SEL.
 - Waiver of existing defaults, events of defaults and penal interest and charges and waiver of right to recompense in accordance with Master Restructuring Agreement (MRA) dated March 28, 2013 till effective date.
 - Equity infusion of ₹ 342.16 Crore and issue of compulsory convertible debentures of ₹ 49.98 Crore by promoters and investors in SEL.
- d. The effective rate of interest on cash credit from banks and long-term borrowings is 11.00% p.a. during the year.

e. The details of security for the current and non-current secured loans are as follows:

In case of financial facilities from CDR lenders in accordance with MRA and non-CDR lenders, FITL aggregating ₹ 0.59 Crore (previous year: ₹ 0.59 Crore), fund based working capital facilities of ₹ 6.68 Crore (previous year: ₹ 8.04 Crore), and non-fund based working capital facilities are secured by first pari passu charge except PFC's FITL I and II on all chargeable present and future tangible/ intangible movable assets of each of the Borrowers, first charge on all chargeable present and future immovable assets (excluding the identified properties) of each of the Borrowers, first charge on all present and future chargeable current assets of each of the Borrowers, first charge over Trust and Retention Account ('TRA') and other bank accounts of the Borrowers, pledge of equity shares held by SEL in its identified domestic subsidiaries and the Company which are forming part of the Borrowers, negative lien over the equity shares held by SEL in SE Forge Limited, negative lien over the shares of Suzlon Energy Limited, Mauritius ('SELM') and AE Rotor Holding BV held by SEL, pledge of certain equity shares of SEL held by its promoters, personal guarantee of the chairman and managing director of SEL and limited personal guarantee of an erstwhile director of a subsidiary.

f. The details of repayment of long-term borrowing are as follows:

Particulars	Up to 1 year	2 to 5 years	Above 5 years	Total
March 31, 2020	-	0.59	-	0.59
March 31, 2019	-	0.59	-	0.59

[THIS PLACE INTENTIONALLY LEFT BLANK]

TH

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

- g. The Company has made certain defaults in repayment of financial facilities and payment of interest. The details of continuing default as at March 31, 2020 is as below:

Particulars	March 31, 2020		March 31, 2019	
	Amount	Period of delay	Amount	Period of delay
	₹ Crore	in days	₹ Crore	in days
Repayment of interests and other finance cost	0.36	*	-	-
Repayment of working capital facility	3.21	*	-	-
Letter of credit	-	-	4.70	Upto 8 days

* The Company is having a continuing default during the year of working capital facility and its interest for a period from 1 day to 365 days.

In addition to above defaults in repayment of financial facilities and payment of interest, there were event of defaults and cross defaults in debt facility agreements and delay in submission of documents. On implementation of the Resolution Plan, there is waiver of existing defaults, events of defaults and penal interest and charges and waiver of right to recompense in accordance with MRA dated March 28, 2013 till effective date.

h. Classification of borrowings

During the year and as at March 31, 2020, the Company has made defaults in repayment of term loan. After March 31, 2020, the Company has obtained balance confirmation and repayment schedule of outstanding Rupee Term Loan as of March 31, 2020 from the lenders. Based on the maturity of the term loan instalments payables as per the balance confirmation, the Company has classified the borrowings under current and non-current as per the terms of the MRA and for the purpose of classification of term loans as at March 31, 2020, the impact as per Resolution Plan has not been considered since it is a subsequent non-adjusting event.

13. Other financial liabilities

	March 31, 2020	March 31, 2019
Current		
Interest accrued on borrowings	0.36	-
Other liabilities**	3.14	3.61
Total	3.50	3.61

** Primarily includes provision for recompense liability, incentive and bonus payable.

14. Provisions

Non-current: It consists of provision for employees benefits of ₹ 0.41 Crore (previous year: ₹ 0.50 Crore).

Current: It consists of provision for employees benefits of ₹ 0.33 Crore (previous year: ₹ 0.43 Crore).

15. Other current liabilities

It consists of statutory dues of ₹ 0.10 Crore (previous year: ₹ 0.40 Crore).

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

16. Trade payables

	March 31, 2020	March 31, 2019
Outstanding dues of micro enterprises and small enterprises (refer Note below)	0.78	2.96
Trade payables to related parties	1.95	1.77
Trade payables to others	5.75	22.40
Total	8.48	27.13

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

Sl. no.	Particulars	March 31, 2020	March 31, 2019
a.	The principal amount remaining unpaid to any supplier as at the end of the accounting year	0.78	2.96
b.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.01	0.13
c.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	3.09	9.19
d.	The amount of interest due and payable for the year of delay in making payment but without adding the interest specified under this Act	0.02	0.20
e.	The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	0.03	0.33

The Company has identified small enterprises and micro enterprises, as defined under the MSMED Act, 2006 by requesting confirmation from the vendors through the letters circulated by the Company.

17. Revenue from contract with customers

17.1 Disaggregated revenue information

	March 31, 2020	March 31, 2019
Type of goods and services		
Sale of generators and other goods	7.62	86.75
Income from operation and maintenance service	4.83	14.88
Total	12.45	101.63
Geography		
India	12.45	93.45
Outside India	0.00*	8.18
Total	12.45	101.63
Timing of revenue recognition		
Goods transferred at a point in time	7.62	86.75
Services transferred over time	4.83	14.88
Total	12.45	101.63

* Less than ₹ 0.01 Crore

MH

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

17.2 Contract balances

	March 31, 2020	March 31, 2019
Trade receivables	18.30	16.92
Contract liabilities	0.01	0.03

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 45 days on completion of contract milestone.

Contract liabilities includes advances received to deliver goods and to render services.

17.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	March 31, 2020	March 31, 2019
Revenue as per contracted price	12.45	101.63
Less: Variable consideration	-	-
	12.45	101.63

17.4 Performance obligation

Generators

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 to 45 days.

18. Other income

	March 31, 2020	March 31, 2019
Interest income on Financial assets measured at amortised cost on deposits with banks	0.00*	0.01
on other financial assets	-	0.24
Total	0.00*	0.25

19. Cost of raw materials and components consumed

	March 31, 2020	March 31, 2019
Consumption of raw materials		
Opening inventory	12.61	12.03
Add : Purchases	3.46	83.12
	16.07	95.15
Less : Closing inventory	10.52	12.61
	5.55	82.54
Changes in inventories of work-in-progress, semi-finished goods and finished goods		
Opening inventory	12.55	10.26
Closing inventory	14.18	12.55
Changes in inventory	(1.63)	(2.29)

* Less than ₹ 0.01 Crore

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

20. Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries, wages, allowances and bonus	2.46	6.00
Contribution to provident fund and other funds	0.21	0.39
Staff welfare expenses	0.13	0.53
Total	2.80	6.92

21. Finance costs

	March 31, 2020	March 31, 2019
Interest expense	3.07	1.86
Bank charges	0.05	0.91
Total	3.12	2.77

22. Other expenses

	March 31, 2020	March 31, 2019
Stores and spares consumed	0.10	0.52
Power and fuel	0.71	1.62
Factory expenses	0.04	0.13
Repairs and maintenance	0.24	0.59
Rates and taxes	0.10	0.07
Testing charges	0.10	0.14
Insurance	0.13	0.11
Travelling, conveyance and vehicle expenses	0.10	0.80
Communication expenses	0.04	0.06
Auditors' remuneration and expenses (refer details below)	0.04	0.04
Consultancy charges	0.07	0.20
Salary contractor	0.79	2.41
Miscellaneous expenses	0.40	0.67
Exchange differences, net	(1.18)	(0.07)
Impairment allowance	0.01	0.03
Allowance for doubtful debts and advances, net	0.38	-
Loss on disposal of property, plant and equipment	0.17	-
Total	2.24	7.32

Payments to auditors is towards statutory audit fees of ₹ 0.04 Crore (previous year: ₹ 0.04 Crore).

23. Income tax

- As the Company has tax losses, there is no income tax expenses charge to statement of profit and loss account.
- Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

	March 31, 2020	March 31, 2019
Accounting profit/ (loss) before income tax	(0.60)	0.36
Enacted tax rates in India	34.94%	33.38%
Computed tax expense	(0.21)	0.12
Non-deductible expenses for tax purpose	-	-
Unused tax loss	0.21	
Utilisation of previously unrecognised tax losses	-	(0.12)
Tax expense as per statement of profit and loss	-	-

- c. Details of carry forward losses and unused credit on which no deferred tax asset is recognised by the Company are as follows:

Particulars	March 31, 2020	March 31, 2019
Business loss	22.93	23.11
Unabsorbed depreciation	16.94	16.04
MAT credit	1.46	1.46
Total	41.33	40.61

24. Earnings per share (EPS)

	March 31, 2020	March 31, 2019
Net profit/ (loss) after tax attributable to equity shareholders	(0.60)	0.36
Weighted average number of equity shares	76,280,968	76,280,968
Basic and diluted earnings/ (loss) per share of ₹ 10 each	(0.08)	0.05

25. Post-employment benefit plans

Defined contribution plan:

During the year the Company has recognised the following amounts in the statement of profit and loss:

Employer contribution towards provident fund / pension fund is ₹ 0.12 Crore (previous year: 0.21 Crore).

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

Net employee benefits expense recognised in statement of profit and loss and in other comprehensive income:

	March 31, 2020	March 31, 2019
Current service cost	0.05	0.08
Net interest cost	0.01	0.02
Net defined benefit cost recognised in profit and loss	0.06	0.10
Other comprehensive income		
Re-measurement for the period - obligation (gain)/ loss	0.20	(0.21)
Re-measurement for the period - plan assets (gain)/ loss	0.00	(0.01)
Total defined benefit cost recognised in OCI	0.20	(0.22)
Total	0.26	(0.12)

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

Changes in the defined benefit obligation:

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	0.90	0.95
Current service cost	0.05	0.08
Interest cost	0.07	0.07
Benefits paid	(0.63)	-
Acquisition adjustment/ settlement cost	0.11	0.01
Re-measurement adjustments		
Experience adjustments	0.20	(0.23)
Actuarial changes arising from changes in demographic assumptions	(0.02)	0.01
Actuarial changes arising from changes in financial assumptions	0.02	0.01
Closing defined benefit obligation	0.70	0.90

Changes in the fair value of plan assets:

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	0.84	0.60
Interest income	0.05	0.05
Contributions by employer towards approved fund	0.06	0.17
Benefits paid	(0.63)	-
Acquisition adjustment/ settlement cost	0.11	0.01
Re-measurement-return on plan assets, excluding amount recognised in net interest expense	(0.00)*	0.01
Closing fair value of plan assets	0.43	0.84
Actual return on plan assets	0.27	0.06

Major categories of plan assets (as percentage of total plan assets):

Funds managed by insurer is 100% for March 31, 2020 (previous year: 100%).

The composition of investments in respect of funded defined benefit plans are not available with the Company, the same has not been disclosed.

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

	March 31, 2020	March 31, 2019
Current portion	0.07	0.08
Non-current portion	0.63	0.82
Present value of defined benefit obligation as at the end of the financial year	0.70	0.90
Fair value of plan assets as at the end of the year	0.43	0.84
Net asset/ (liability) recognised in the balance sheet	(0.27)	(0.06)

Principal assumptions used in determining gratuity obligations:

	March 31, 2020	March 31, 2019
Discount rate (in %)	6.50	7.55
Future salary increase (in %) 0% for first year and 8% thereafter		8.00
Life expectation (in years)	23.76	24.92
Attrition rate 14.30% at younger ages and reducing to 9.40% at older ages according to graduated scale		18.65% at younger ages and reducing to 8.69% at older ages according to graduated scale

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

During the year, the Company has reassessed the actuarial assumption for attrition rate based on trend of attrition.

Quantitative sensitivity analysis for significant assumption:

Particulars	March 31, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%)	0.06	(0.06)	0.09	(0.08)
Future salary increases (- / + 1%)	(0.06)	0.06	(0.08)	0.09
Attrition rate (- / + 50% of attrition rates)	0.04	(0.02)	0.01	(0.01)

For the year ending on March 31, 2021 the Company expects to contribute ₹ 0.31 Crore (previous year: ₹ 0.14 Crore) towards its defined benefit plan.

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (previous year: 9 years).

26. Capital and other commitments

Estimated amount of contract remaining to be executed on capital accounts and not provided for, net of advances is ₹ 0.32 Crore (previous year: ₹ 0.36 Crore).

27. Contingent liabilities

- Interest payable under MSMED Act, 2006 is ₹ 0.03 Crore (previous year: ₹ 0.33 Crore).
- The Company has stood as co-borrower for loans granted to SEL and its identified domestic subsidiaries for which certain securities are provided, the amount of which is not ascertainable.

28. Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" using the modified retrospective method along with the transition option to recognise Right-of-use asset (ROU) at an amount equal to the lease liability.

The Company has lease contracts for land used in its operations. Leases of land have lease terms of 95 years. The Company obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right of use assets recognised and the movements during the year ended March 31, 2020 are as follows:

Particulars	Land
Balance as of April 1, 2019	-
Reclassified on account of adoption of Ind AS 116 (refer notes 2.3, 2.4)	0.20
Additions	-
Depreciation	0.01
Balance as of March 31, 2020	0.19

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

For details of securities provided on behalf of borrowers under the CDR package refer Note 12 (a) and Note 12 (e).

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

30. Segment information

The Company has a single reportable segment as defined in Ind AS 108 – Operating Segment. The Company supplies only in India and hence the entire amount of revenue is from India and all non-current assets are also located in India.

31. Related party transactions

A. List of related parties and nature of relationships where control exists :

Sl. no.	Name of party	Nature of relationship
1.	Suzlon Energy Limited	Co-venture
2.	Trasys Asia Limited	Co-venture
3.	Suzlon Gujarat Wind Park Limited	Fellow subsidiary
4.	Suzlon Global Services Limited	Fellow subsidiary
5.	Suzlon Energia Eólica do Brasil Ltd*	Fellow subsidiary
6.	SE Australia Pty. Ltd.	Fellow subsidiary
7.	Suzlon Wind Energy South-Africa (PTY) Limited	Fellow subsidiary
8.	Suzlon Energy A/S	Fellow subsidiary
9.	Suzlon Wind Energy Uruguay SA	Fellow subsidiary
10.	Suzlon Wind Energy Nicaragua S.A	Fellow subsidiary
11.	Suzlon Wind Energy Espana	Fellow subsidiary
12.	Suzlon Wind Energy Corporation, USA	Fellow subsidiary
13.	Suzlon Energy (Tianjin) Ltd	Fellow associate Company
14.	Sanjay Agrawal**	Key Management Personnel (KMP)
15.	Ranjitsinh A. Parmar	Key Management Personnel (KMP)
16.	Rushiraj Shah ***	Key Management Personnel (KMP)
17.	Shivani Karmarkar	Key Management Personnel (KMP)
18.	Vaidhyanathan Raghuraman	Key Management Personnel (KMP)
19.	Venkataraman Subramanian ****	Key Management Personnel (KMP)
20.	Per Torben Hornung Pederson *****	Key Management Personnel (KMP)
21.	Vinod R. Tanti	Key Management Personnel (KMP)
22.	Wolfgang Landler	Key Management Personnel (KMP)
23.	SE Freight and Logistics India Pvt. Ltd	Entities where KMP have significant influence
24.	Elin Motoren GmbH	Entities where KMP have significant influence
25.	Suzlon Generators Limited- Employee Group - Gratuity Fund	Employee fund

* Under liquidation and cease to be fellow subsidiary w.e.f. July 14, 2017.

** Ceased as KMP w.e.f October 15, 2019

*** Appointed as KMP w.e.f. October 15, 2019

**** Ceased as KMP w.e.f October 10, 2019

***** Appointed as KMP w.e.f. November 11, 2019

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

74

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

B. Transactions between the Company and related parties during the year and the status of outstanding balances as at March 31, 2020 :

Particulars	Co-venture	Fellow subsidiary	Fellow associate	Entities where KMP have significant influence	KMP	Employee fund
Sale of goods and services	6.45 (78.28)	5.32 (18.02)	- (-)	- (-)	- (-)	- (-)
Purchase of goods and services	0.09 (3.25)	0.38 (0.84)	- (-)	0.09 (1.34)	- (-)	- (-)
Loans received	13.15 (34.16)	- (-)	- (-)	- (-)	- (-)	- (-)
Interest expenses	2.03 (0.59)	- (-)	- (-)	- (-)	- (-)	- (-)
Rent expense	0.04 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Remuneration	- (-)	- (-)	- (-)	- (-)	0.22 -0.52	- (-)
Directors sitting fees	- (-)	- (-)	- (-)	- (-)	0.01 (0.01)	- (-)
Reimbursement of expenses payable	0.09 (0.08)	1.35 (-)	- (-)	- (-)	- (-)	- (-)
Contribution to gratuity fund	- (-)	- (-)	- (-)	- (-)	- (-)	0.06 (0.18)

Outstanding balances

Equity share capital	76.28 (76.28)	- (-)	- (-)	- (-)	- (-)	- (-)
Trade receivables	5.45 (3.32)	11.49 (12.74)	0.39 (0.36)	0.11 (0.10)	- (-)	- (-)
Remuneration payable	- (-)	- (-)	- (-)	- (-)	0.07 (-)	- (-)
Directors sitting fees payable	- (-)	- (-)	- (-)	- (-)	0.00* (-)	- (-)
Trade payables	0.08 (-)	0.97 (-)	- (0.01)	0.9 (1.76)	- (-)	- (-)
Contract liabilities	- (-)	0.02 (0.02)	- (-)	- (-)	- (-)	- (-)
Unsecured borrowing	22.12 (6.94)	- (-)	- (-)	- (-)	- (-)	- (-)

* Less than ₹ 0.01 Crore.

Figure in the brackets are in respect of the previous year.

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

C. Disclosure of significant transactions with related parties

Type of the transaction	Type of relationship	Name of the entity/ person	March 31, 2020	March 31, 2019
Sale of goods and services	Co-venture	Suzlon Energy Limited	6.45	78.28
	Fellow subsidiary	Suzlon Global Services Limited	5.32	11.46
Purchase of goods and services	Co-venture	Suzlon Energy Limited	0.09	3.25
	Fellow subsidiary	Suzlon Global Services Limited	0.38	0.84
	Entities where KMP has Significant influence	SE Freight & Logistics India Pvt. Limited	0.09	1.34
Loans received	Co-venture	Suzlon Energy Limited	13.15	34.16
Rent expense	Co-venture	Suzlon Energy Limited	0.04	-
Interest paid	Co-venture	Suzlon Energy Limited	2.03	0.59
Reimbursement of expenses payable	Fellow subsidiary	Suzlon Gujarat Wind Park Limited	1.35	-
Remuneration	KMP	Rushiraj Shah	0.16	-
		Shivani Karmarkar	0.06	0.05
Director sitting fees	KMP	Raghu Raman Vaidhyanathan	0.01	0.01
Contribution to various funds	Employee fund	Suzlon Generators Limited - Gratuity fund	0.06	0.18

Compensation of key management personnel recognised as an expenses during the financial year:

	March 31, 2020	March 31, 2019
Short-term employee benefits	0.20	0.46
Post-employment benefits	0.02	0.06
Total	0.22	0.52

32. Fair value measurements and fair value hierarchy

The fair value of the financial assets and liabilities are considered to be same as their carrying values. Accordingly the Company has not disclosed fair value hierarchy.

33. Financial risk management

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

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

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk, such as commodity risk.

M

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

The Company's exposure to market risk is primarily on account of interest risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, FVTPL investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Recompense liability payable by the Company to CDR lenders could be affected due to changes in market interest rate (refer Note 3(b)).

ii. Foreign currency risk

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

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

	March 31, 2020		March 31, 2019	
	USD	Euro	USD	Euro
Financial assets				
Trade receivables	11.98	0.28	10.77	0.13
Other assets	-	0.13	-	-
Total	11.98	0.41	10.77	0.13
Financial liabilities				
Loans	0.11	2.20	0.10	1.02
Trade payables	-	0.23	-	-
Other payables	0.67	0.20	0.13	0.95
Total	0.78	2.63	0.23	1.97

iii. Foreign currency sensitivity

The Company's currency exposures in respect of monetary items as at March 31, 2020 and March 31, 2019 that result in net currency gains and losses in the income statement and equity arise principally from movement in US Dollar and Euro exchange rates.

Currency	Change in currency rate	Effect on profit before tax	
		March 31, 2020	March 31, 2019
USD	+5%	0.56	0.09
USD	-5%	(0.56)	(0.09)
EURO	+5%	0.11	0.53
EURO	-5%	(0.11)	(0.53)

iv. Price risk

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

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

b. Credit risk

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

i) Trade receivables

The Company's exposure to trade receivables is limited due to diversified customer base. The Company consistently monitors progress under its contracts with customers and sales proceeds are being realised as per the milestone payment terms agreed to minimise the loss due to defaults or insolvency of the customer.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

Refer Note 2.3(i) for accounting policy on financial instruments.

ii) Financial instruments

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

The Company's maximum exposure to credit risk as at March 31, 2020 and as at March 31, 2019 is the carrying value of each class of financial assets.

c. Liquidity risk

Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. In doing this, management considers both normal and stressed conditions. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flow forecast and by matching the maturity profiles of financial assets and liabilities. The Company has defaulted in repayment of principle and interest payable to lenders aggregating to ₹ 3.57 Crore. This condition indicates liquidity stress and management plans to address this condition which is more fully described in Note 34.

	Up to 1 year	1-5 years	> 5 years	Total
Year ended March 31, 2020				
Borrowings	28.80	0.59	-	29.39
Other financial liabilities	3.50	-	-	3.50
Trade payables	8.48	-	-	8.48
Total	40.78	0.59	-	41.37
Year ended March 31, 2019				
Borrowings	14.98	0.59	-	15.57
Other financial liabilities	3.61	-	-	3.61
Trade payables	27.13	-	-	27.13
Total	45.72	0.59	-	46.31

74

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise

34. Other matters

Going concern

The Company has incurred losses during the year of ₹ 0.60 Crore as on March 31, 2020. The Company has also defaulted in repayment of credit facilities and interest to Lenders and making payments to overdue creditors during the year. One of the creditor has issued notice to the Company under the Indian Bankruptcy Code. These events and conditions indicated a material uncertainty about the Company's ability to continue as a going concern on the balance sheet date and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company is dependent on the direct or indirect financial support from Suzlon Energy Limited (the joint venture partner / SEL). Subsequent to the balance sheet date, the debt (including interest due) of the Company and STG has been restructured with the unanimous approval of the lenders. On implementation of the Resolution Plan, there is waiver of existing defaults, events of defaults and penal interest and charges and waiver of right to recompense in accordance with MRA dated March 28, 2013 till effective date. These events would substantially enable the Company to mitigate the aforesaid uncertainty about the going concern. The Management has plans to meet the financial obligations in the foreseeable future including settling dues of the creditor who have issued notice as aforesaid out of the future business plan and realisation of trade receivables.

Accordingly, these financial statements have been prepared on the basis that the Company will continue as a going concern and hence, no adjustments have been made to the carrying values (including adjustment on account of impairment of assets) or classification of assets and liabilities.

[THIS PLACE IS INTENTIONALLY LEFT BLANK]

24

Suzlon Generators Limited

Notes to financial statements for the year ended March 31, 2020

All amounts are in ₹ Crore, unless stated otherwise


35. Capital management

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


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


	March 31, 2020	March 31, 2019
Equity share capital	76.28	76.28
Other equity	(49.90)	(49.10)
Total	26.38	27.18

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


Ranjitsinh A. Parmar
Managing Director
DIN:00002613


Vinod R. Tanti
Director
DIN: 00002266


Shivani Karmarkar
Company Secretary
Membership No.: A33098


Rushiraj Shah
Chief Financial Officer
Membership No.: 114702

Place : Pune

Date : 06 JUL 2020

74