

CONFIDENTIAL

SE Blades Technology BV
Jan Tinbergenstraat 290
7559 ST Hengelo Ov

- 2016/2017 -

Annual report 2016/2017

May 19, 2017



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To the shareholder of
SE Blades Technology BV
Jan Tinbergenstraat 290
7559 ST Hengelo Ov

ACCOUNTANT'S COMPILATION REPORT

Hengelo, 19 mei 2017

The financial statements of SE Blades Technology BV have been compiled by us using the information provided by you. The financial statements comprise the balance sheet for the year ended March 31, 2016, and the profit and loss account for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of SE Blades Technology BV. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

Hendriksen Accountants en Adviseurs

M.M. Looijanus AA

SE Blades Technology BV, Hengelo (O)
1 RESULTS
1.1 Development of income and expenses

The result after taxation for 2016/2017 amounts to negative € 1,115,317 compared to € 1,286,571 for 2015/2016. The results for both years can be summarized as follows:

	2016/2017		2015/2016	
	€	%	€	%
Net turnover	-	-	6,843,699	100.0
Movement of work in progress	41,985	-	-	-
Cost price	23,111	-	715,946	10.5
Gross turnover result	18,874	-	6,127,753	89.5
Gross margin	18,874	-	6,127,753	89.5
Expenses				
Employee expenses	-31,206	-	3,399,712	49.7
Amortisation and depreciation	-	-	351,958	5.1
Accommodation expenses	-1,163	-	283,191	4.1
Office expenses	75	-	234,203	3.4
Car expenses	-	-	18,419	0.3
Selling and distribution expenses	-	-	6	-
General expenses	-45,610	-	236,661	3.5
	-77,904	-	4,524,150	66.1
Operating result	96,778	-	1,603,603	23.4
Financial income and expenses	-1,212,095	-	-317,032	-4.6
Resultaat voor belastingen	-1,115,317	-	1,286,571	18.8
Belastingen resultaat	-	-	-	-
Result after taxation	-1,115,317	-	1,286,571	18.8



SE Blades Technology BV, Hengelo (O)
1 BALANCE SHEET AS AT MARCH 31, 2017
 (after appropriation of result)

	March 31, 2017	March 31, 2016
	€	€
ASSETS		
Current assets		
Receivables, prepayments and accrued income	(1)	
Trade receivables	2,127,266	2,127,266
Receivables from group companies	12,062,786	12,515,966
Taxes and social securities	-	86,015
Other receivables, deferred assets	6,999,246	7,042,048
	21,189,298	21,771,295
Cash and cash equivalents	(2)	
	284,732	68,434
	21,474,030	21,839,729



	March 31, 2017	March 31, 2016
	€	€
EQUITY AND LIABILITIES		
Equity	(3)	
Issued share capital	18,000	18,000
Other reserves	<u>1,294,277</u>	<u>2,409,594</u>
	1,312,277	2,427,594
Current liabilities	(4)	
Trade creditors	5,393	198,253
Payables to group companies	19,457,460	18,951,378
Taxes and social securities	15,109	48,760
Other liabilities, accruals and deferred income	<u>683,791</u>	<u>213,744</u>
	20,161,753	19,412,135
	<u>21,474,030</u>	<u>21,839,729</u>



SE Blades Technology BV, Hengelo (O)
2 PROFIT AND LOSS ACCOUNT 2015/2016

		2016/2017	2015/2016
		€	€
Net turnover	(5)	-	6,843,699
Movement of inventories of finished goods and work in progress		41,985	-
Cost price	(6)	23,111	715,946
Gross operating result		18,874	6,127,753
Expenses			
Wages and salaries	(7)	-103,554	2,279,799
Social security charges	(8)	6,936	295,064
Pension costs	(9)	5,105	285,309
Other personnel costs	(10)	60,307	539,540
Depreciation of tangible fixed assets		-	351,958
Other operating expenses		-46,698	772,480
		-77,904	4,524,150
Operating result		96,778	1,603,603
Interest and similar income	(11)	-	85,593
Interest and similar expenses	(12)	-1,212,095	-402,625
Financial income and expenses		-1,212,095	-317,032
Resultaat voor belastingen		-1,115,317	1,286,571
Belastingen resultaat		-	-
Result after tax		<u>-1,115,317</u>	<u>1,286,571</u>



SE Blades Technology BV, Hengelo (O)
3 CASH FLOW STATEMENT 2016/2017

The cash flow statement has been prepared using the indirect method.

	2016/2017	2015/2016
	€	€
Cash flow from operating activities		
Operating result	96,778	1,603,603
Adjustments for:		
Amortisation and depreciation	-	351,958
Movement of working capital:		
Movement of inventories	-	20,175
Movement of accounts receivable	581,997	-6,060,505
Movement of short-term liabilities (excluding finance company debt)	749,618	<u>3,924,218</u>
Cash flow from operating activities	<u>1,428,393</u>	-160,551
Interest paid	-1,212,095	-317,032
Cash flow from operating activities	<u>216,298</u>	<u>-477,583</u>
Cash flow from investment activities		
Investments in tangible fixed assets	-	-95,307
Disposal of intangible fixed assets	-	<u>351,404</u>
Cash flow from investment activities	-	<u>256,097</u>
	<u>216,298</u>	<u>-221,486</u>



SE Blades Technology BV, Hengelo (O)

4 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Activities

The activities of SE Blades Technology BV, with registered office in Hengelo (O), mainly consist of the exploitation and development of durable windenergy.

Registered address

The registered and actual address of SE Blades Technology BV is Jan Tinbergenstraat 290 in Hengelo (O).

Group structure

SE Blades Technology BV is part the AE Rotor Holding BV group. The ultimate parent company of this group is Suzlon Energy Limited in Pune (India).

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The annual accounts have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention.

Comparison with previous year

De gehanteerde grondslagen van waardering en van resultaatbepaling zijn ongewijzigd gebleven ten opzichte van het voorgaande jaar.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Comparative figures

For the sake of an improved understanding of the figures in the balance sheet and profit and loss, some accounts have been reclassified. The comparative figures have been adjusted accordingly.

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

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

SE Blades Technology BV, Hengelo (O)

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognised in the annual account at the exchange rates prevailing at transaction date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Foreign group companies and non-consolidated participating interests outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the company. For the conversion of the annual account of these foreign entities the balance sheet items are translated at the exchange rate at balance sheet date and the profit and loss account items at the exchange rate rate at transaction date. The conversion differences that arise are directly deducted from or added to group equity.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Pensions

SE Blades Technology BV has applied the liability approach for all pension schemes. The premium payable during the financial year is charged to the result.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

SE Blades Technology BV, Hengelo (O)

Taxes

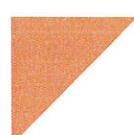
In accordance with the Guidelines for Annual Reporting SE Blades Technology BV and AE Rotor Holding BV agreed the following. It should be taken into account that SE Blades Technology BV en AE Rotor Holding BV form a tax entity for corporate income tax. The Guidelines give several opportunities about the processing of corporate income tax between mother en daughter. SE Blades Technology BV and AE Rotor Holding BV agreed that AE Rotor Holding BV (mother) will carry the total tax charge.

In this context SE Blades Technology will not process corporate income tax in the financial statements.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method.

Income and expenses related to interest, received dividend and profit taxes are included in the cash flow statement for operational activities. Dividend payments are included in the cash flow statement for financiation activities.



SE Blades Technology BV, Hengelo (O)
5 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2017
ASSETS
1. Receivables, prepayments and accrued income

	3/31/2017	3/31/2016
	€	€
Trade receivables		
Suzlon Energy Limited, India	2,127,266	<u>2,127,266</u>
A provision for doubtful debts is not required.		
Receivables from group companies		
Suzlon Energy Ltd (Branch)	10,998,364	12,437,294
Suzlon Energy Ltd German Branch	985,750	-
SE Blades Limited	78,672	78,672
	<u>12,062,786</u>	<u>12,515,966</u>
Taxes and social securities		
Value added tax	-	72,581
Pension contributions	-	13,434
	<u>-</u>	<u>86,015</u>
Other receivables, deferred assets		
Deferred assets		
Other deferred assets	46,734	8,944
Subsidies	-	126,631
GR/IR Clearing service vendors	4,724	-
Revenues to be invoiced	6,947,788	6,905,803
Personnel expenses	-	670
	<u>6,999,246</u>	<u>7,042,048</u>
2. Cash and cash equivalents		
Rabobank, current accounts	32	51,354
Rabobank, savings account	284,700	17,000
Cash	-	80
	<u>284,732</u>	<u>68,434</u>



SE Blades Technology BV, Hengelo (O)

EQUITY AND LIABILITIES

3. Equity

	3/31/2017	3/31/2016
	€	€
Issued share capital		
Subscribed and paid up 1,800 ordinary shares at par value € 10.00	18,000	18,000
Het maatschappelijk kapitaal van SE Blades Technology BV bedraagt € 90,000.		

The shareholder of the company is AE Rotor Holding BV (100%).

	2016/2017	2015/2016
	€	€
Other reserves		
Carrying amount as of April 1	2,409,594	1,123,023
Allocation of financial year net result	-1,115,317	1,286,571
Carrying amount as of March 31	1,294,277	2,409,594

SE Blades Technology BV, Hengelo (O)

4. Current liabilities

	3/31/2017	3/31/2016
	€	€
Trade creditors		
Creditors	5,393	198,253
Payables to group companies		
Suzlon Wind Energy S.L., Espana	56,634	56,634
SE Blades Limited	-	436,733
AE Rotor Holding BV	9,970,262	9,405,656
Suzlon Energy BV	8,376,948	1,382,258
Suzlon Rotor Corporation	270,986	256,080
SE Drive Technik GmbH	665,029	503,355
RETC Renewable Energy Technology	97,601	97,601
Suzlon Energy A/S, Denmark (former: Suzlon Wind Energy A/S)	-	6,651,387
Suzlon Energy Ltd (Netherland Branch)	20,000	-
Suzlon Energy GmbH	-	161,674
	<hr/> 19,457,460	<hr/> 18,951,378
Taxes and social securities		
Value added tax	1,040	-
Wage tax	14,069	40,075
Other taxes	-	8,685
	<hr/> 15,109	<hr/> 48,760
Other liabilities, accruals and deferred income		
Vacation money	-	28,757
Vacation days	-	31,942
Accountants costs	5,125	3,751
Wage costs	-	30,161
Audit costs	-	23,980
Payroll costs	-	1,000
Miscellaneous accruals and deferred income	-	71,453
Accrued expenses	678,666	-
Bonuses	-	22,700
	<hr/> 683,791	<hr/> 213,744

SE Blades Technology BV, Hengelo (O)

OFF BALANCE SHEET COMMITMENTS

Contingent liabilities

Tax entity

The company constitutes a tax entity for corporate income tax with AE Rotor Holding BV and Valum Holding BV; consequently the company is severally liable for the resulting debts.

The company constitutes a tax entity for VAT with AE Rotor Holding BV, Suzlon Energy BV and Suzlon Energy Limited (Dutch Establishment) consequently the company is severally liable for the resulting debts.

SE Blades Technology BV, Hengelo (O)
6 NOTES TO THE PROFIT AND LOSS ACCOUNT 2015/2016

	2016/2017	2015/2016
	€	€
5. Net turnover		
Turnover Netherlands	-	6,925,026
Turnover Germany	-	-81,327
	<hr/>	<hr/>
	-	6,843,699
	<hr/>	<hr/>
In 2015-2016 an agreed markup of 7,5% is used for project-invoicing from SE Blades BV to Suzlon Energy Ltd.		
6. Cost price		
Cost of raw materials and consumables	23,111	695,771
Movement in inventory Raw Materials	-	20,175
	<hr/>	<hr/>
	23,111	715,946
	<hr/>	<hr/>
7. Wages and salaries		
Gross salaries	9,507	2,228,601
Holiday allowance	-28,757	162,298
Movement in holiday entitlement not taken	-31,942	32,897
Overtime allowance	1,813	27,555
Salaries allowance	1,545	24,268
	<hr/>	<hr/>
Sickness benefits	-47,834	2,475,619
Subsidy	-67,395	-3,774
	11,675	-192,046
	<hr/>	<hr/>
	-103,554	2,279,799
	<hr/>	<hr/>
8. Social security charges		
Misc social security contributions	6,936	295,064
	<hr/>	<hr/>
9. Pension costs		
Staff pension contributions	5,105	285,309
	<hr/>	<hr/>
10. Other personnel costs		
Travelling expenses	5,158	110,090
Moving expenses	-	84,154
Canteen expenses	-	7,952
Clothing expenses	-	5,129
Education expenses	5,024	27,063
Employee benefit fund	972	12,019
Flight ticket expenses	2,787	78,295
Recruitment expenses	-	151,840
Other personnel expenses	46,366	62,998
	<hr/>	<hr/>
	60,307	539,540
	<hr/>	<hr/>
Amortisation and depreciation		



SE Blades Technology BV, Hengelo (O)

	2016/2017	2015/2016
	€	€
<i>Accomodation expenses</i>		
Rent buildings	-1,094	187,137
Utilities	-84	28,231
Maintenance buildings	-	10,501
Property tax	-	4,285
Insurance policies	15	8,689
Cleaning expenses	-	21,251
Container costs	-	1,404
Other housing expenses	-	21,693
	<hr/> -1,163	<hr/> 283,191
<i>Office expenses</i>		
Small purchases	-	52,750
Repair and maintenance of office equipment	-	96,097
Telephone, fax an internet expenses	-5,400	37,453
Contributions and subscriptions	-5,500	5,664
Magazines	-	4,568
Postage	10,948	3,447
Office supplies	27	34,224
	<hr/> 75	<hr/> 234,203
<i>Car expenses</i>		
Rent	-	18,419
	<hr/>	<hr/>
<i>Selling and distribution expenses</i>		
Other cost of sales	-	6
	<hr/>	<hr/>
<i>General expenses</i>		
Outsourcing	-345	28,089
Compilation and audit expenses	-1,000	26,727
Consultancy fees	-	145,784
License fee	-14,966	27,604
Costs of intellectual property	-	4,850
Gift expenses	-	80
Other general expenses	-29,299	3,527
	<hr/> -45,610	<hr/> 236,661
Financial income and expenses		
11. Interest and similar income		
Other interest revenue	-	535
Currency translation differences	-	85,058
	<hr/> -	<hr/> 85,593



SE Blades Technology BV, Hengelo (O)

	2016/2017	2015/2016
	€	€
12. Interest and similar expenses		
Bank charges	1,090	802
Other interest	2,582	-
Interest payable AE Rotor Holding BV	684,233	398,681
Interest payable Suzlon Energy BV	415,695	3,142
Currency translation differences	108,495	-
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

Transactions with related parties


SE Blades Technology BV, Hengelo (O)

OTHER INFORMATION

1 Audit

Your company has not issued the instruction to perform an expert appraisal as indicated in Article 2:393 paragraph 1 of the Dutch Civil Code.

2 Provisions of the Articles of Association relating to profit appropriation

Based on article 20 of the statutes the result is at free disposal of the General Meeting.

3 Recognition of the loss for 2016/2017

The board of directors proposes to add the 2016/2017 result to the other reserves for an amount of -€ 1,115,317. The General Meeting of Shareholders. Shareholders will be asked to approve the appropriation of the 2016/2017 result, this proposition is already recognised in the financial statements.


E.N. L. de Groot
Hengelo, 19 May 2017

