

**SE Forge Limited**

**Statutory Audit for the year ended March 31,  
2015**

**SE FORGE LIMITED**  
**AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2015**  
**STANDALONE FINANCIAL STATEMENTS**

**S R B C & CO LLP**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of SE Forge Limited

**Report on the Financial Statements**

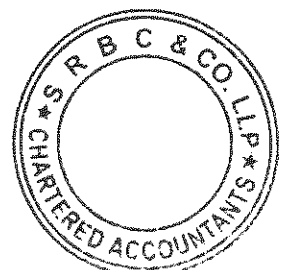
1. We have audited the accompanying financial statements of SE Forge Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



# **S R B C & CO LLP**

Chartered Accountants

## **Opinion**

5. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.

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

6. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
7. As required by section 143 (3) of the Act, 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 purpose 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;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - 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.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

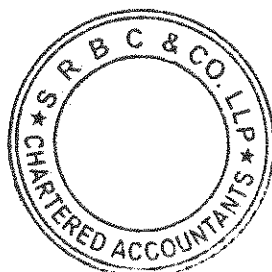
per **Paul Alvares**

Partner

Membership Number: 105754

Place of Signature:

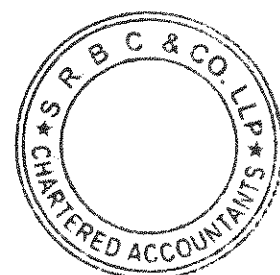
Date: 31 July, 2015



Annexure referred to in paragraph 6 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: SE Forge Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered by section 184 of the Companies Act, 2013 and which are required to be entered in the register maintained under section 189 of the Companies Act, 2013. In our opinion, the transactions of granting loans are not covered in the specified list of transactions under section 188 (1) of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.



# **S R B C & CO LLP**

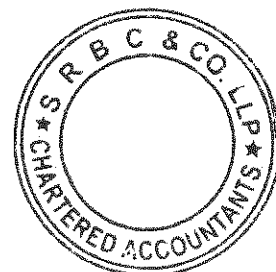
Chartered Accountants

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, the Company had defaulted on payment of term loan instalment and interest payments on external commercial borrowings aggregating to Rs. 395,610,902. During the current financial year, the Company has proposed to restructure the loan and interest amounts pertaining to such external commercial borrowings. However, the same is pending for approval from the Corporate Debt Restructuring Committee.

During the year the Company has also defaulted in repayment of dues to a financial institution and banks in respect term loan, Letters of Credit/Buyers' Credit/Bills Discounting and Interest Liabilities. Following are the details of these defaults:

Particulars	Delay up to 30 days	Delay 31 to 90 days	Delay 91 to 180 days	Delay more than 180 days	Total amount#
Term Loan	71,909,753	57,146,349	20,962,562	Nil	150,018,664
Letters of Credit/ Buyers' Credit	77,480,804	82,012,542	Nil	Nil	159,493,346
Interest Liabilities	150,484,645	277,368,243	68,198,229	12,104,059	508,155,176

#Rs. 263,090,109 of such dues were in arrears as on the balance sheet date.



# **S R B C & CO LLP**

Chartered Accountants

- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R B C & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

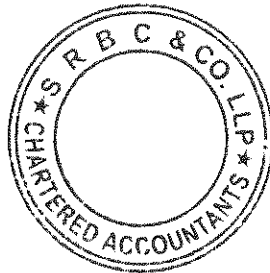
  
per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: 31 July, 2015



**SE Forge Limited**  
**Balance sheet as at March 31, 2015**  
(All amounts in Rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	6	5,66,25,41,250	4,16,25,41,250
Reserves and surplus	7	(5,60,55,96,386)	(3,79,07,20,792)
		<b>5,69,44,864</b>	<b>37,18,20,458</b>
<b>Non - current liabilities</b>			
Long - term borrowings	8	4,89,99,79,793	5,04,87,57,896
Long - term provisions	9	2,94,79,052	1,98,08,116
		<b>4,92,94,58,845</b>	<b>5,06,85,66,012</b>
<b>Current liabilities</b>			
Short - term borrowings	10	62,23,29,377	55,81,00,413
Trade payables	11	64,85,83,932	42,70,04,710
Other current liabilities	11	1,49,09,77,931	1,81,52,70,507
Short - term provisions	12	1,60,29,551	65,44,320
		<b>2,77,79,20,791</b>	<b>2,80,69,19,950</b>
<b>TOTAL</b>		<b>7,76,43,24,500</b>	<b>8,24,73,06,420</b>
<b>ASSETS</b>			
<b>Non - current assets</b>			
Fixed assets			
Tangible assets	13	5,77,92,38,375	6,46,42,78,879
Intangible assets	13	1,47,561	23,42,399
Capital work - in - progress		30,25,58,933	34,73,00,291
Deferred tax assets (net)		-	-
Long - term loans and advances	14	1,62,46,008	2,04,06,935
Other non - current assets	17	29,20,79,419	17,73,39,835
		<b>6,39,02,70,296</b>	<b>7,01,16,68,339</b>
<b>Current assets</b>			
Inventories	19	56,92,29,739	30,59,42,213
Trade receivables	16	55,03,82,587	77,15,53,943
Cash and bank balances	20	17,27,03,275	7,25,31,697
Short - term loans and advances	15	6,71,83,816	7,79,27,652
Other current assets	18	1,45,54,787	76,82,576
		<b>1,37,40,54,204</b>	<b>1,23,56,38,081</b>
<b>TOTAL</b>		<b>7,76,43,24,500</b>	<b>8,24,73,06,420</b>
Summary of significant accounting policies.	3		

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

As per our report of even date.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

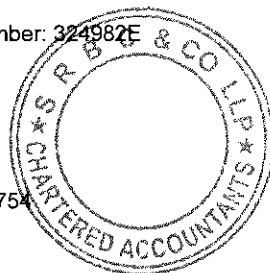
per Paul Arwale

Partner

Membership Number: 105754

Place:

Date: 31 July, 2015



**For and on behalf of Board of Directors of**

**SE Forge Limited**

Vinod R. Tanti

Director

DIN - 00002266

Place:

Date: 31 July, 2015

Ranjitsingh A. Parmar

Director

DIN - 00002613

Place:

Date: 31 July, 2015

Geetanjali S. Vaidya

Company Secretary

Mem.No. A18026

Place: Pune

Date: 31 July, 2015



**SE Forge Limited**  
**Statement of profit and loss for the period ended March 31, 2015**  
(All amounts in Rupees unless otherwise stated)

Particulars	Notes	Year ended March 31, 2015	Year ended March 31, 2014
<b>INCOME</b>			
Revenue from operations	21	1,75,84,12,701	1,25,89,98,605
Other income	22	58,39,762	60,59,010
<b>Total revenue</b>		<b>1,76,42,52,463</b>	<b>1,26,50,57,615</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	23	1,12,68,51,588	60,95,02,790
(Increase) / decrease in inventories	24	(15,30,85,627)	11,40,32,911
Employee benefits expense	25	21,14,75,293	13,65,08,904
Other expenses	26	75,18,63,789	44,61,25,941
<b>Total expenses</b>		<b>1,93,71,05,043</b>	<b>1,30,61,70,546</b>
<b>Earnings / (loss) before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>(17,28,52,580)</b>	<b>(4,11,12,931)</b>
Depreciation and amortisation expenses	29	62,39,10,451	47,59,92,387
<b>Earnings / (loss) before interest, tax, and exceptional items (EBIT)</b>		<b>(79,67,63,031)</b>	<b>(51,71,05,318)</b>
Finance costs	27	1,03,22,50,834	92,01,37,786
Finance income	28	1,41,38,271	58,69,926
<b>Loss before tax</b>		<b>(1,81,48,75,594)</b>	<b>(1,43,13,73,178)</b>
Tax expense		-	-
<b>Loss after tax</b>		<b>(1,81,48,75,594)</b>	<b>(1,43,13,73,178)</b>
Basic and diluted loss per equity share [nominal value of share Rs. 10 each, (March 31, 2014 : Rs. 10 each)]	30	(4.33)	(5.90)
Summary of significant accounting policies.	3		

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

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

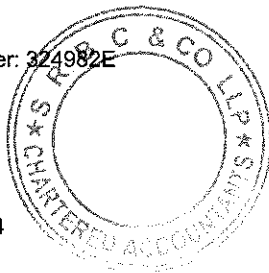
per Paul Alvares

Partner

Membership Number: 105754

Place:

Date: 31 July, 2015



**For and on behalf of Board of Directors of  
SE Forge Limited**

Vinod R. Tanti

Director

DIN - 00002266

Place:

Date: 31 July, 2015

Ranjitsingh A. Parmar

Director

DIN - 00002613

Place:

Date: 31 July, 2015

Geetanjali S. Vaidya

Company Secretary

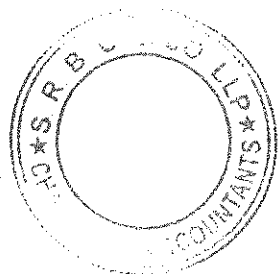
Mem.No. A18026

Place: Pune

Date: 31 July, 2015

**SE Forge Limited**  
**Cash flow statement for the year ended March 31, 2015**  
(All amounts in Rupees unless otherwise stated)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flow from operating activities</b>		
Loss before tax	(1,81,48,75,594)	(1,43,13,73,178)
<b>Non - cash adjustments to reconcile loss before tax to net cash flows</b>		
Depreciation /amortisation	62,39,10,451	47,59,92,387
Loan processing fees amortised	81,27,509	3,24,50,959
Profit on sale of fixed assets	(5,73,202)	-
Unrealised exchange (gain) / loss, net	(69,87,160)	(5,75,98,945)
Interest expense	98,60,19,096	87,48,31,616
Interest income	(1,41,38,271)	(58,69,926)
<b>Operating profit / (loss) before working capital changes</b>	<b>(21,85,17,171)</b>	<b>(11,15,67,087)</b>
<b>Movement in working capital:</b>		
Increase/(decrease) in trade payables	22,04,87,085	(59,21,40,918)
Increase/(decrease) in long term provisions	96,70,936	(60,60,853)
Increase/(decrease) in short term provisions	94,85,231	(74,80,960)
Increase/(decrease) in other current liabilities	(78,45,78,230)	59,65,82,143
(Increase)/decrease in trade receivables	22,81,43,812	(1,56,94,076)
(Increase)/decrease in inventories	(26,32,87,530)	32,91,21,719
(Increase)/decrease in short term loans and advances	1,11,11,694	(1,53,72,381)
(Increase)/decrease in other non current assets	(12,02,00,578)	(10,52,70,332)
Cash generated from operations	<b>(90,76,84,751)</b>	<b>7,21,17,255</b>
Direct taxes paid (net of refunds)	(3,67,858)	1,78,918
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(90,80,52,609)</b>	<b>7,22,96,173</b>
<b>B. Cash flow from investing activities</b>		
Payment for fixed assets	(4,09,02,740)	(3,54,52,855)
Proceeds from sale of fixed assets	23,21,800	-
Movement in other bank balances	(14,62,47,840)	4,70,69,137
Interest received	61,30,346	70,15,226
<b>Net cash flow from investing activities (B)</b>	<b>(17,86,98,434)</b>	<b>1,86,31,509</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	1,50,00,00,000	-
Proceeds from long - term borrowings	(0)	27,11,05,938
Repayment of long - term borrowings	(6,24,74,880)	(37,28,25,096)
Processings Fees paid	(15,30,801)	(2,21,60,935)
Movement in short - term borrowings (net)	6,53,35,805	15,50,48,005
Interest paid	(46,06,55,343)	(7,52,85,115)
<b>Net cash used in financing activities (C)</b>	<b>1,04,06,74,781</b>	<b>(4,41,17,203)</b>
<b>Net increase in cash and cash equivalents(A+B+C)</b>	<b>(4,60,76,262)</b>	<b>4,68,10,478</b>
Cash and cash equivalent at the beginning of the year	<b>4,75,76,787</b>	<b>7,66,310</b>
Cash and cash equivalent at the end of the year	<b>15,00,525</b>	<b>4,75,76,788</b>



Components of cash and cash equivalents	As at March 31, 2015	As at March 31, 2014
Cash on hand	2,85,627	7,94,480
Balances with banks: - in current accounts	12,14,898	4,67,82,307
<b>Total</b>	<b>15,00,525</b>	<b>4,75,76,787</b>

Summary of significant accounting policies.

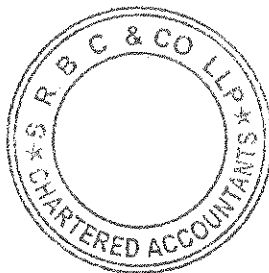
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**Notes:**

1. The figures in brackets represents outflows.
2. Previous year's figures have been regrouped/reclassified, wherever necessary.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E



per Paul Anand  
Partner  
Membership Number: 105754  
Place :  
Date: 31 July, 2015

For and on behalf of the Board of Directors of  
SE Forge Limited

Vinod R. Tanti  
Director  
DIN - 00002266  
Place:  
Date: 31 July, 2015

Ranjitsingh A. Parmar  
Director  
DIN - 00002613  
Place:  
Date: 31 July, 2015

G. S. Vaidya  
Geetanjali S. Vaidya  
Company Secretary  
Mem.No. A18026  
Place: Pune  
Date: 31 July, 2015

# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

### 1. Corporate Information

SE Forge Limited ("SE Forge" or the "the Company") is a public limited Company domiciled in India and it is a wholly owned subsidiary of Suzlon Energy Limited. The Company is engaged in the manufacture of forging rings and casting articles, required primarily for use in Wind Turbine Generators ('WTGs'). The Company has set up its manufacturing facilities as "Units in Notified Special Economic Zone ('SEZ') at Vadodara and Coimbatore, in the states of Gujarat and Tamil Nadu respectively. The Company has obtained approvals from the Development Commissioners for setting up the manufacturing facilities as "Units in the Notified SEZ" vide letter No KASEZ/P&C/6/57/07-08/4744 dated July 31, 2007 for Vadodara Unit; and letter No. 8/1/2007-Suzlon Infra dated September 18, 2007 for Coimbatore Unit. The Company caters to both domestic and international markets.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 3. Summary of significant accounting policies

#### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

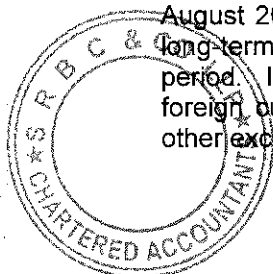
#### b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The manufacturing costs of internally generated assets comprise direct costs and attributable overheads.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

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

### c. Depreciation on tangible fixed assets

From the current year, Schedule XIV of the Companies Act, 1956 has been replaced by Schedule II to the Companies Act, 2013, which prescribes useful lives for fixed assets. Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of its fixed assets. Depreciation is provided on the straight line method ('SLM') unless otherwise stated, pro-rata to the period of use of assets based on the useful lives:

The Company has used the following lives to provide depreciation on its tangible assets:

Type of asset	Useful lives (years)
Factory building	30
Road work (included in factory buildings)	30
Plant and machinery	15 years or useful life based on usage
Patterns	10
Contributions for assets not owned by the Company	15
Computers	03
Office equipment	05
Furniture and fixtures	10
Vehicles	8 to 10

### d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

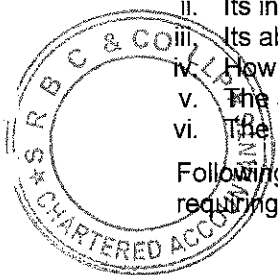
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the Company's intangible assets is as below:

Type of asset	Basis
Software	Straight line basis over a period of five years
Technical knowhow	Straight line basis over a period of five years
Development cost	Straight line basis over a period of five years

### e. Leases

#### Where the Company is a lessee

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

### f. Borrowing costs

Borrowing cost primarily includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### g. Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that

# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

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the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### **h. Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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

### **i. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, in accordance with terms and conditions of the customer's orders. The company collects service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

#### **Income from services**

Revenue from job work service is recognised when service is rendered. The company collects service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

#### **Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of interest charged to customers, interest is accounted for on availability of documentary evidence that the customer has accepted the liability.

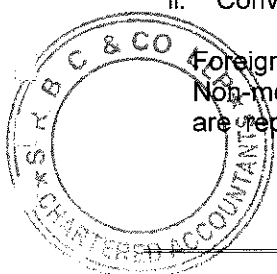
### **j. Foreign currency transactions**

#### **i. Initial recognition**

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.

#### **ii. Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

### iii. Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
2. All other exchange differences are recognised as income or as expense in the period in which they arise.

In case of exchange differences adjusted to the cost of fixed assets or arising on long-term foreign currency monetary items, the company does not consider exchange differences as an adjustment to the interest cost.

### iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

### k. Derivatives

As per the Institute of Chartered Accountants of India ('ICAI') announcement, derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis and the net loss after considering the offsetting effect on the underlying hedge items is charged to the statement of profit and loss. Net gains on marked to market basis are not recognised.

### l. Retirement and other employee benefits

Defined contributions to provident fund and employee state insurance are charged to the statement of profit and loss of the year, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective statutory authorities.

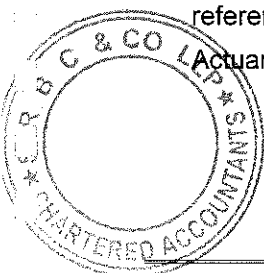
Defined contributions to superannuation fund are charged to the statement of profit and loss on accrual basis.

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

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

The company recognises termination benefit as a liability and an expense when the company has a present obligation as a result of 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 termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Actuarial gains/losses are taken to the statement of profit and loss and are not deferred.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

### m. Taxes on income

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each balance sheet date, the Company re-assesses the unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

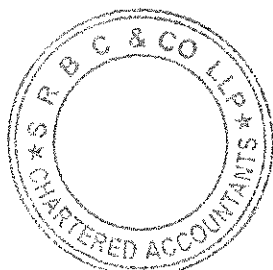
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

### n. Earnings/(loss) per share

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

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

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### **o. Segment reporting**

#### **Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### **Inter-segment transfers**

The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

#### **Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### **Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### **Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### **p. Provisions**

A provision is recognised when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### **q. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow is remote.

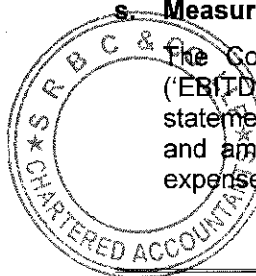
Contingent assets are not recognised.

### **r. Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, cheques on hand and short-term investments with an original maturity of three months or less.

### **s. Measurement of EBITDA and EBIT**

The Company has elected to present earnings before interest, tax, depreciation and amortisation ('EBITDA') and earnings before interest and tax ('EBIT') as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Company does not include depreciation and amortisation expense, finance cost, finance income, exceptional and extraordinary items and tax expense. The Company reduces depreciation and amortisation expense from EBITDA to measure EBIT.



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

All amounts in Rupees, unless otherwise stated

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### 4. Corporate Debt Restructuring ('CDR')

#### (A) Indian rupee loan from banks

During the financial year ended March 31, 2013, at the request of the company, the corporate debt restructuring proposal ('CDR Proposal') of the company was referred to Corporate Debt Restructuring Cell ('CDR Cell') by the consortium of all lenders led by the Punjab National Bank. The CDR Proposal as recommended by Punjab National Bank, the lead lender and approved by lenders who are member of CDR Cell who are herein after referred to as the 'CDR Lender' was approved by CDR Empowered Group ('CDR EG') on May 23, 2013 and communicated vide Letter of Approval dated June 5th, 2013. The cut-off date for CDR Proposal was September 30, 2012. The Master Restructuring Agreement ('MRA') between the Company and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cut-off date of September 30, 2012.

The key features of the CDR package are as follows:

- a. Repayment of Restructured Term Loan ('RTL') after moratorium of 2 years from cut-off date in 32 structured quarterly instalments commencing from December 2014 to September 2022.
- b. Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 years from cut-off date in 32 structured quarterly instalments commencing from December 2014 to September 2022.
- c. Restructuring of existing fund based and non-fund based financial facilities, subject to renewal and reassessment every year.
- d. Interest accrued and not paid on certain financial facilities till cut-off date shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL and WCTL during moratorium period of 2 years from cut-off date also shall be converted to FITL. The FITL is repayable in 14 structured quarterly instalments commencing from December 2014 to March 2018.
- e. In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall be continued to be governed by the provision of the existing financing documents.
- f. Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA.

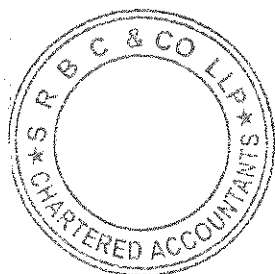
Expenditure on restructuring and refinancing of earlier financial facilities has been recognised as an expense in the statement of profit and loss.

#### (B) Foreign currency loan from banks

During the current financial year, Landesbank Baden-Württemberg ("LBBW") – the lender, has proposed to restructure the foreign currency loans given to the Company. The restructuring proposal as recommended by the lender is pending for approval from the CDR Monitoring Committee.

### 5. Going Concern

The matter of emphasis reported by the auditors in the previous several years on account of uncertainty of the Company to continue as going concern has been resolved due to various positive developments including resolution of the liquidity issues of the parent company and increased execution ability of the Company.



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**6 SHARE CAPITAL**

	As at March 31, 2015	As at March 31, 2014
<b>Authorised shares</b>		
<b>Equity shares</b>		
600,000,000 (March 31, 2014 : 450,000,000) equity shares of Rs.10 each	6,00,00,00,000	4,50,00,00,000
<b>Preference shares</b>		
Nil (March 31, 2014 : 7,500,000) preference shares of Rs.100 each	-	75,00,00,000
<b>Total</b>	<b>6,00,00,00,000</b>	<b>5,25,00,00,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
<b>Equity shares</b>		
566,254,125 ( March 31,2014: 416,254,125 ) shares of Rs. 10 each	5,66,25,41,250	4,16,25,41,250
<b>Total</b>	<b>5,66,25,41,250</b>	<b>4,16,25,41,250</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares		
	As at March 31, 2015	As at March 31, 2014
At the beginning of the year	41,62,54,125	24,12,54,125
Add: Issued during the year	15,00,00,000	17,50,00,000
<b>Outstanding at the end of the year</b>	<b>56,62,54,125</b>	<b>41,62,54,125</b>

**(b) Terms/ rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company the holders 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 holding/ ultimate holding Company and/ or their subsidiaries/ associates**

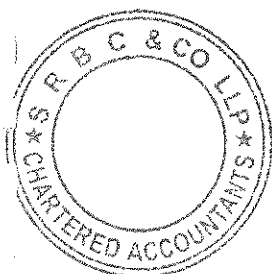
All the equity shares are held by the holding company, Suzlon Energy Limited, alongwith its nominees, and as such separate disclosure of shares held by holding Company and shareholders holding 5% or more shares has not been given.

(d) As the Company has not issued any bonus shares / shares for consideration other than cash / has not bought back shares, aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date has not been disclosed.

**7 RESERVES AND SURPLUS**

	As at March 31, 2015	As at March 31, 2014
<b>Securities premium account</b>		
Balance as per last financial statements	3,43,59,67,613	3,43,59,67,613
Add: Additions during the year	-	-
<b>Closing balance</b>	<b>3,43,59,67,613</b>	<b>3,43,59,67,613</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(7,22,66,88,405)	(5,79,53,15,227)
Add: Loss for the year	(1,81,48,75,594)	(1,43,13,73,178)
<b>Closing balance</b>	<b>(9,04,15,63,999)</b>	<b>(7,22,66,88,405)</b>
<b>Total</b>	<b>(5,60,55,96,386)</b>	<b>(3,79,07,20,792)</b>

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**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**8 LONG - TERM BORROWINGS**

	As at March 31, 2015	As at March 31, 2014
<b>Term loans</b>		
Indian rupee loan from banks (secured)	5,15,32,49,855	4,88,84,05,405
Foreign currency loan from banks (unsecured)	58,67,35,218	68,16,31,354
<b>Total</b>	<b>5,73,99,85,073</b>	<b>5,57,00,36,759</b>
<b>Less: Current portion of long term loans (transferred to other current liabilities) (refer note 11)</b>		
Indian rupee loan from banks (secured)	37,41,00,699	9,95,40,251
Foreign currency loan from banks (unsecured)	46,59,04,581	42,17,38,612
<b>Total</b>	<b>84,00,05,280</b>	<b>52,12,78,863</b>
<b>Non-current portion of term loans</b>		
Indian rupee loan from banks (secured)	4,77,91,49,156	4,78,88,65,154
Foreign currency loan from banks (unsecured)	12,08,30,637	25,98,92,742
<b>Total</b>	<b>4,89,99,79,793</b>	<b>5,04,87,57,896</b>

Indian rupee term loan from banks includes term loan (RTL) taken from banks of Rs. 3,018,138,724 (March 31, 2014: Rs. 3,033,053,865) and working capital term loan (WCTL) of Rs.871,128,830 (March 31, 2014: Rs.870,807,706) and funded interest term loan (FITL) of Rs. 1,263,982,301 (March 31, 2014: Rs. 984,543,834) carrying interest rate of 16.50 % per annum. RTL and WCTL are repayable in 32 structured quarterly installments from quarter ending December 2014 to to September 2022 and FITL payable in 14 structured quarterly installments from quarter ending December 2014 to March 2018.

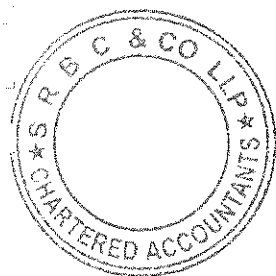
In case of financial facilities from CDR Lenders in accordance with MRA, RTL, WCTL, FITL and fund based working capital facilities and non fund based working capital facilities are secured by pari passu charge on all movable assets (both fixed and current assets) and immovable assets of the company. The said financial facilities are also secured by personal guarantee of one of the directors of the company and personal guarantee of managing director of the holding company of the company.

Foreign currency term loan includes term loans from Landes Bank for purchase of plant equipments of Rs. 550,951,324 (March 31, 2014: Rs. 559,419,652) carrying interest at EURIBOR plus five base points, repayable in 32 structured quarterly installments from December 14 and Funded Interest Term Loan of Rs. 35,783,894 (March 31, 2014: Rs. 122,211,702) carrying interest at EURIBOR plus five base points, repayable in 14 structured quarterly installments from December 2014. These loans are supported by corporate guarantee given by the Holding Company, Suzlon Energy Limited.

**Details of continuing defaults of term loan repayments and interest are as follows :**

Particulars	Amount	Days
Term loans	6,72,25,054	1 to 91 days
Interest on term loans	19,58,65,055	1 to 211 days

During the current year, the Company had defaulted on payment of term loan instalment and interest payments on external commercial borrowings aggregating to Rs. 395,610,902. The lender has proposed to restructure the loan and interest amounts. However, the same is pending for approval from the Corporate Debt Restructuring Committee.



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**9 LONG - TERM PROVISIONS**

	As at March 31, 2015	As at March 31, 2014
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer note 31)	29,14,844	13,92,560
Provision for leave encashment	-	-
Provision for long term retention bonus	2,65,64,208	1,84,15,556
<b>Total</b>	<b>2,94,79,052</b>	<b>1,98,08,116</b>

Other provisions

Provision for income tax

Total other provisions

Total long term provisions

2,94,79,052

1,98,08,116

**10 SHORT - TERM BORROWINGS**

	As at March 31, 2015	As at March 31, 2014
<b>Working capital loans</b>		
Cash credits from banks (secured)	61,48,90,335	52,97,04,235
Buyer's credits from banks (unsecured)	74,39,042	2,83,96,178
<b>Total</b>	<b>62,23,29,377</b>	<b>55,81,00,413</b>

The above amount includes:

	As at March 31, 2015	As at March 31, 2014
Secured borrowings	61,48,90,335	52,97,04,235
Unsecured borrowings	74,39,042	2,83,96,178
<b>Total</b>	<b>62,23,29,377</b>	<b>55,81,00,413</b>

The rate of interest on working capital loans from banks is 15 % per annum. For details of CDR and security given for short term borrowings, refer note 8 above.

**11 TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

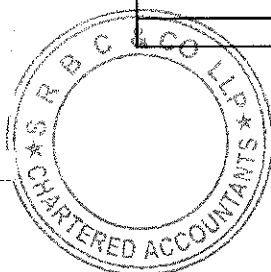
	As at March 31, 2015	As at March 31, 2014
<b>Trade payables</b>	<b>64,85,83,932</b>	<b>42,70,04,710</b>
<b>Other liabilities</b>		
Current maturities of long term borrowings (Refer note 8)	84,00,05,280	52,12,78,863
Payables for capital goods	19,77,47,334	22,43,93,681
Interest accrued but not due on borrowings	-	21,75,783
Interest accrued and due on borrowings	26,26,88,885	9,23,07,518
Advance from customers	13,65,88,343	91,18,11,758
Other current liabilities	4,31,49,673	5,29,11,583
Statutory dues payable	1,07,98,416	1,03,91,321
<b>Total</b>	<b>1,49,09,77,931</b>	<b>1,81,52,70,507</b>

Note: As at March 31, 2015, no supplier has intimated the Company about its status as micro or small enterprise or its registration with the appropriate authority under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Trade payables include acceptances of Rs 293,912,671 (March 31, 2014 : Rs 82,39,660).

**12 SHORT - TERM PROVISIONS**

	As at March 31, 2015	As at March 31, 2014
Provision for gratuity (Refer note 31)	5,53,117	-
Provision for long term retention bonus	22,98,409	14,90,610
Provision for leave encashment	1,31,78,025	50,53,710
<b>Total</b>	<b>1,60,29,551</b>	<b>65,44,320</b>

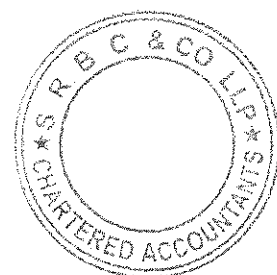


NOTE 13: TANGIBLE AND INTANGIBLE ASSETS

NOTE 13: TANGIBLE AND INTANGIBLE ASSETS											
Particulars	Tangible assets					Intangible assets					
	Buildings	Plant and machinery	Office equipments	Furniture and fixtures	Computers	Vehicles	Total tangible assets	Software	Technical knowhow	Development cost	Total intangible assets
Cost at April 1, 2013	1,50,80,58,253	7,60,24,71,811	90,71,322	4,27,09,569	3,60,83,093	1,47,76,295	9,21,31,70,343	1,80,49,061	2,19,76,193	1,33,85,908	5,34,11,162
Additions	10,35,692	2,46,18,068	1,60,248	-	1,88,773	-	2,60,02,801	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	10,58,30,949	-	-	-	-	10,58,30,949	-	-	-	-
Cost as at March 31, 2014	1,50,90,93,945	7,73,29,20,848	92,31,570	4,27,09,569	3,62,71,866	1,47,76,295	9,34,50,04,093	1,80,49,061	2,19,76,193	1,33,85,908	5,34,11,162
Additions	2,46,41,778	3,74,74,886	2,10,699	1,79,450	6,51,869	-	6,31,58,682	-	-	-	-
Disposals	-	26,26,360	-	-	-	-	26,26,360	-	-	-	-
Exchange difference	-	12,47,34,975	-	-	-	-	12,47,34,975	-	-	-	-
Cost as at March 31, 2015	1,53,37,35,723	7,64,30,34,399	94,42,269	4,28,89,019	3,69,23,735	1,47,76,295	9,28,08,01,440	1,80,49,061	2,19,76,193	1,33,85,908	5,34,11,162
Depreciation / amortisation											
As at April 1, 2013	20,65,30,957	2,18,01,84,356	22,06,709	1,14,45,767	2,59,04,234	73,58,584	2,41,36,29,607	1,59,76,476	1,83,03,462	78,92,045	4,21,71,983
Charge for the year	4,91,08,929	40,77,73,039	4,15,501	26,58,370	54,85,507	16,54,261	46,70,95,807	7,62,079	36,72,731	44,61,970	88,96,780
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2014	25,56,39,886	2,58,79,57,395	26,22,210	1,41,05,137	3,13,89,741	90,10,845	2,88,07,25,214	1,67,38,555	2,19,76,193	1,23,54,015	5,10,68,763
Charge for the year	4,91,93,438	55,64,82,036	57,64,801	52,96,569	32,57,107	17,21,662	62,17,15,613	11,62,945	-	10,31,893	21,94,838
Disposals	-	8,77,762	-	-	-	-	8,77,762	-	-	-	-
As at March 31, 2015	30,48,33,324	3,12,35,61,669	83,87,011	1,94,01,706	3,46,46,848	1,07,32,507	3,50,15,63,065	1,79,01,500	2,19,76,193	1,33,85,908	5,32,63,601
Net block											
As at March 31, 2015	1,22,89,02,399	4,51,94,72,730	10,55,258	2,34,87,314	22,76,887	40,43,788	5,77,92,38,375	1,47,561	-	-	1,47,561
As at March 31, 2014	1,25,34,54,059	5,16,49,63,453	66,09,360	2,86,04,433	48,82,125	57,65,450	6,46,42,78,879	13,10,505	-	10,31,893	23,42,399

a) Plant and machinery includes contributions for assets not owned by the Company with a gross block of Rs. 583,500,000 (March 31, 2014 : Rs. 583,500,000) and accumulated depreciation of Rs. 239,935,021 (March 31, 2014: Rs. 204,043,888).

b) All the assets of the Company are constructed/installed/located on land held on leasehold basis.



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**14 LONG - TERM LOANS AND ADVANCES**

	As at March 31, 2015	As at March 31, 2014
<b>(unsecured, considered good, unless stated otherwise)</b>		
Capital advances	2,70,152	44,31,079
Security deposits	1,59,75,856	1,59,75,856
<b>Total</b>	<b>1,62,46,008</b>	<b>2,04,06,935</b>

**15 SHORT - TERM LOANS AND ADVANCES**

	As at March 31, 2015	As at March 31, 2014
<b>(unsecured, considered good, unless stated otherwise)</b>		
Trade advances	1,54,65,247	4,82,10,890
Security deposits	3,33,108	3,33,108
Advances recoverable in cash or kind	16,09,816	18,63,987
Advance income tax [net of provision for tax of Rs. Nil (March 31, 2014 Rs. Nil)]	8,12,078	4,44,220
Prepaid expenses	96,59,073	45,31,675
Balances with statutory/government authorities	3,93,04,494	2,25,43,772
<b>Total</b>	<b>6,71,83,816</b>	<b>7,79,27,652</b>

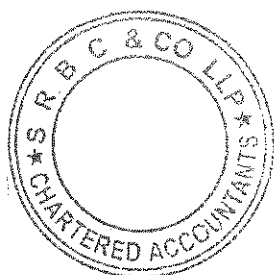
**16 TRADE RECEIVABLES**

	As at March 31, 2015	As at March 31, 2014
<b>(unsecured, considered good, unless stated otherwise)</b>		
Outstanding for a period exceeding six months from the date they are due for payment	35,67,35,384	43,46,68,372
Other receivables	19,36,47,203	33,68,85,571
<b>Total</b>	<b>55,03,82,587</b>	<b>77,15,53,943</b>

Current trade receivables include receivables from the holding company, Suzlon Energy Limited, of Rs 420,852,876 (March 31, 2014: Rs 434,562,174).

**17 OTHER NON - CURRENT ASSETS**

	As at March 31, 2015	As at March 31, 2014
Non current bank balances - margin money deposits (refer note 20)	3,89,71,043	2,31,28,965
Unamortised processing fees	1,97,08,876	2,51,69,870
Unamortised lease rent	23,33,99,500	12,90,41,000
<b>Total</b>	<b>29,20,79,419</b>	<b>17,73,39,835</b>





## SE Forge Limited

## Notes to financial statements for the year ended March 31, 2015

(All amounts in Rupees unless otherwise stated)

## 18 OTHER CURRENT ASSETS

	As at March 31, 2015	As at March 31, 2014
Unamortised processing fees	54,60,995	65,96,709
Interest accrued but not due	90,93,792	10,85,867
<b>Total</b>	<b>1,45,54,787</b>	<b>76,82,576</b>

## 19 INVENTORIES

	As at March 31, 2015	As at March 31, 2014
<b>(valued at lower of cost and net realisable value)</b>		
Raw materials (including goods in transit) (refer note 23)	21,81,69,114	11,50,89,137
Work-in-progress (refer note 24)	17,07,56,312	8,24,67,465
Finished goods (refer note 24)	7,53,38,867	1,05,42,087
Stores and spares	10,49,65,446	9,78,43,524
<b>Total</b>	<b>56,92,29,739</b>	<b>30,59,42,213</b>

Raw materials inventory includes goods in transit of Rs 64,729,764 (March 31, 2014 : Rs Nil).

## 20 CASH AND BANK BALANCES

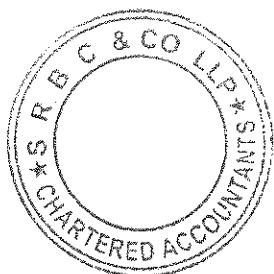
	As at March 31, 2015	As at March 31, 2014
<b>Cash and cash equivalents</b>		
Cash on hand	2,85,627	7,94,480
Balance with banks		
On current accounts	12,14,898	4,67,82,307
<b>Other bank balances (refer note 1 below)</b>	17,12,02,750	2,49,54,910
<b>Margin money deposit shown as non-current asset (refer note 2 below)</b>	3,89,71,043	2,31,28,965
	<b>21,16,74,318</b>	<b>9,56,60,662</b>
Less: Margin money deposit classified as non current asset	(3,89,71,043)	(2,31,28,965)
<b>Total</b>	<b>17,27,03,275</b>	<b>7,25,31,697</b>

Note 1: Other bank balances represent deposits with original maturity of more than three months but less than twelve months amounting to Rs 171,202,750 (March 31, 2014: Rs 24,954,910) as margin against non fund based facilities.

Note 2: Margin money deposits with a carrying amount of Rs 38,971,043 (March 31, 2014: Rs 23,128,965) are subject to first charge to secure the Company's cash credit loans.

## 21 REVENUE FROM OPERATIONS

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Sale of products</b>		
Finished goods	1,57,69,79,485	1,18,40,14,070
<b>Sale of services</b>	2,01,72,116	97,40,430
<b>Other operating revenue</b>		
Scrap sales	16,12,61,100	6,52,44,105
<b>Total</b>	<b>1,75,84,12,701</b>	<b>1,25,89,98,605</b>



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

The Company is situated in Special Economic Zone and hence excise duty is not applicable on the sale of products.

<b>Details of products sold</b>		
Forging goods sold	85,86,88,386	70,71,01,137
Foundry products sold	71,82,91,099	47,69,12,933
	1,57,69,79,485	1,18,40,14,070
<b>Details of services rendered</b>		
Forging of rings	2,01,72,116	97,40,430

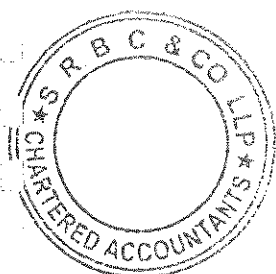
**22 OTHER INCOME**

	Year ended March 31, 2015	Year ended March 31, 2014
Profit on assets sold / discarded	5,73,202	-
Miscellaneous income	52,66,560	60,59,010
<b>Total</b>	<b>58,39,762</b>	<b>60,59,010</b>

**23 COST OF RAW MATERIALS CONSUMED**

	Year ended March 31, 2015	Year ended March 31, 2014
Inventories at the beginning of the year	11,50,89,137	30,48,70,020
Add: Purchases	1,16,52,01,801	41,97,21,907
	<b>1,28,02,90,938</b>	<b>72,45,91,927</b>
Less: Inventory at the end of the year	15,34,39,350	11,50,89,137
<b>Total</b>	<b>1,12,68,51,588</b>	<b>60,95,02,790</b>
<b>Details of raw material consumed</b>		
Steel ingots	71,85,64,093	36,67,83,990
Sorel metal	3,36,13,473	6,46,12,230
CRC scrap	18,86,33,562	7,21,73,046
Foundry returns	8,30,10,529	9,67,51,243
Others	10,30,29,931	91,82,281
<b>Total</b>	<b>1,12,68,51,588</b>	<b>60,95,02,790</b>

<b>Details of Inventory in hand at the end of the year</b>		
Steel ingots	8,01,76,953	6,75,10,754
Sorel metal	9,17,183	1,12,28,094
CRC scrap	34,12,655	18,72,961
Foundry returns	2,83,12,349	7,91,181
Others	4,06,20,210	3,36,86,147
<b>Total</b>	<b>15,34,39,350</b>	<b>11,50,89,137</b>



**SE Forge Limited**
**Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**24 (INCREASE) / DECREASE IN INVENTORIES**

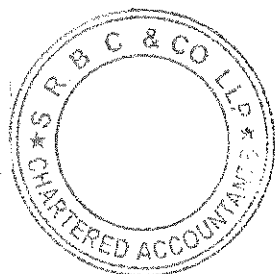
	Year ended March 31, 2015	Year ended March 31, 2014
Inventories in hand at the end of the year		
Work - in - progress	17,07,56,312	8,24,67,465
Finished goods	7,53,38,867	1,05,42,087
	<b>24,60,95,179</b>	<b>9,30,09,552</b>
Inventories in hand at the beginning of the year		
Work - in - progress	8,24,67,465	12,04,06,600
Finished goods	1,05,42,087	8,66,35,863
	<b>9,30,09,552</b>	<b>20,70,42,463</b>
(Increase) / decrease in inventories		
Work - in - progress	(8,82,88,847)	3,79,39,135
Finished goods	(6,47,96,780)	7,60,93,776
	<b>(15,30,85,627)</b>	<b>11,40,32,911</b>

<b>Details of inventory in hand at the end of the year</b>		
Work - in - progress		
Foundry products	5,30,91,742	2,54,98,672
Forging products	11,76,64,570	5,69,68,793
	<b>17,07,56,312</b>	<b>8,24,67,465</b>
Finished goods		
Foundry products	4,28,44,558	12,41,210
Forging products	3,24,94,309	93,00,877
	<b>7,53,38,867</b>	<b>1,05,42,087</b>
<b>Total</b>	<b>24,60,95,179</b>	<b>9,30,09,552</b>

**25 EMPLOYEE BENEFITS EXPENSE**

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages and bonus	19,26,97,975	12,63,30,382
Contribution to provident and other fund	94,22,630	72,88,436
Gratuity expense (refer note 31)	35,75,955	(23,44,200)
Staff welfare expense	57,78,733	52,34,286
<b>Total</b>	<b>21,14,75,293</b>	<b>13,65,08,904</b>

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**SE Forge Limited**
**Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**26 OTHER EXPENSES**

	Year ended March 31, 2015	Year ended March 31, 2014
Consumption of stores and spares	15,82,32,175	8,68,56,274
Power and fuel	28,79,73,529	21,60,34,740
Other manufacturing expenses	4,12,94,399	3,45,74,288
Factory labour charges	6,01,78,598	3,65,86,360
Rent, rates and taxes (refer note 32)	6,59,46,084	4,59,85,618
Insurance	67,21,200	60,23,635
Repairs and maintenance		
Plant and machinery	94,87,065	80,75,997
Buildings	14,63,748	39,22,052
Others	13,29,694	4,26,289
Business promotion expenses	3,91,257	1,58,537
Sales claims and discounts	82,33,452	17,23,276
Freight outward	80,39,364	40,46,695
Travelling and conveyance	1,96,86,508	1,74,68,436
Communication expenses	17,17,877	17,14,992
Other administrative cost	1,29,98,833	1,28,78,955
Legal and professional fees	89,17,434	47,30,023
Payment to auditor (refer note below)	12,49,045	12,01,549
Exchange difference (net)	4,93,76,409	(3,84,05,558)
Directors' sitting fees	40,000	-
Miscellaneous expenses	85,87,118	21,23,783
<b>Total</b>	<b>75,18,63,789</b>	<b>44,61,25,941</b>

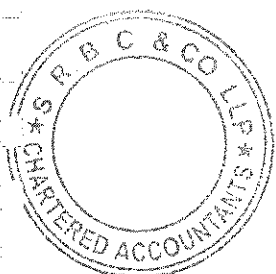
Payment to auditor		
As auditor		
Audit fee	10,00,000	10,00,000
Tax audit fee	2,00,000	2,00,000
Reimbursement of expense	49,045	1,549
<b>Total</b>	<b>12,49,045</b>	<b>12,01,549</b>

**27 FINANCE COSTS**

	Year ended March 31, 2015	Year ended March 31, 2014
Interest	98,58,13,991	86,82,11,680
Bank charges	3,81,04,229	1,28,55,211
Amortisation of processing fees	81,27,509	3,24,50,959
Exchange difference to the extent considered as an adjustment to borrowing	2,05,105	66,19,936
<b>Total</b>	<b>1,03,22,50,834</b>	<b>92,01,37,786</b>

**28 FINANCE INCOME**

	Year ended March 31, 2015	Year ended March 31, 2014
Interest Income		
From banks on fixed deposits	1,31,86,109	56,81,097
From others	9,52,162	1,88,829
<b>Total</b>	<b>1,41,38,271</b>	<b>58,69,926</b>



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**29 DEPRECIATION AND AMORTISATION EXPENSES**

	Year ended March 31, 2015	Year ended March 31, 2014
Depreciation on tangible assets	62,17,15,613	46,70,95,607
Amortisation of intangible assets	21,94,838	88,96,780
<b>Total</b>	<b>62,39,10,451</b>	<b>47,59,92,387</b>

**30 LOSS PER SHARE (LPS)**

	Year ended March 31, 2015	Year ended March 31, 2014
The following reflects the loss and share data used in the basic and diluted LPS computations :		
Loss after tax	(1,81,48,75,594)	(1,43,13,73,178)
Weighted average number of equity shares used in calculating basic and diluted LPS	41,91,30,837	24,26,92,481
Loss per share	(4.33)	(5.90)

**31 GRATUITY**

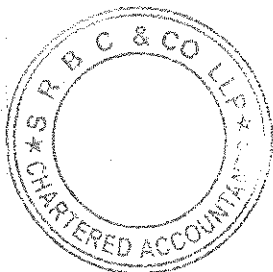
The Company has a defined benefit gratuity plan ('Defined Benefit'). Every employee, irrespective of whether or not he/she has completed five years or more of service, is eligible for gratuity. Gratuity is computed based on 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

	March 31, 2015	March 31, 2014
<b>Principal assumptions used in determining the gratuity obligations for the Company's plans:</b>		
Discounting rate	7.80%	9.25%
Salary escalation rate	8.00%	8.00%
Expected return on plan asset	8.50%	8.50%
Attrition rate	10% at younger ages and reducing to 1% at older age according to graduated scale	10% at younger ages and reducing to 1% at older age according to graduated scale
Retirement age	65 years if joined on or before January 31, 2010. 60 years if joined after January 31, 2010	65 years if joined on or before January 31, 2010. 60 years if joined after January 31, 2010

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity plan:



**SE Forge Limited**  
**Notes to financial statements for the year ended March 31, 2015**  
(All amounts in Rupees unless otherwise stated)

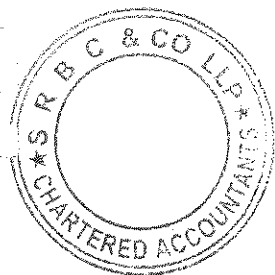
	Year ended March 31, 2015	Year ended March 31, 2014
<b>Net employee benefit expense recognised in statement of profit and loss</b>		
Current service cost	27,75,873	36,52,179
Interest cost on benefit obligation	8,67,808	9,18,239
Expected return on plan assets	(7,21,631)	(6,51,880)
Actuarial loss/(gain) recognized in the year	1,54,726	(51,18,320)
Net benefit expense (refer note 25) *	30,76,776	(11,99,782)
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Details of defined benefit gratuity plan</b>		
Defined benefit obligation (A)	1,29,92,398	96,26,182
Fair value of plan assets (B)	95,24,437	82,33,740
Present value of un-funded obligations (C= A-B)	34,67,961	13,92,442
Plan liability / (asset)	34,67,961	13,92,442
	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	96,26,182	1,24,10,980
Interest cost	8,67,808	9,18,239
Current service cost	27,75,873	36,52,179
Benefits paid	(4,89,180)	(21,49,442)
Actuarial (gains)/losses on obligation	2,11,715	(52,05,774)
Closing defined benefit obligation	1,29,92,398	96,26,182
<b>Changes in the fair value of plan assets are as follows:</b>		
Opening fair value of plan assets	82,33,740	76,69,200
Expected return on plan assets	7,21,631	6,51,880
Actuarial gain/ (loss)	56,989	(87,340)
Employer's Contribution	10,01,257	-
Benefits paid	(4,89,180)	-
Closing fair value of plan assets	95,24,437	82,33,740

\*This amount includes ex-gratia of Rs. 499,179 (March 31, 2014: Rs. 3,543,864) paid directly by the Company.

<b>The major category of plan assets as a percentage of fair value of total plan assets are as follows:</b>		
Investment with insurer	100%	100%

**Amounts for current and previous periods are as follows:**

	Year ended March 31, 2015	Year ended March 31, 2014
Defined benefit obligation	1,29,92,398	96,26,182
Plan assets	95,24,437	82,33,740
Surplus/(deficit)	(34,67,961)	(13,92,442)
Experience adjustments on plan liabilities	2,11,715	40,51,530
Experience adjustments on plan assets	56,989	(87,340)
Actuarial gain/(loss) due to change in assumptions	-	(11,35,450)



**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

	Year ended March 31, 2013	Year ended March 31, 2012
Defined benefit obligation	1,24,10,980	97,24,570
Plan assets	76,69,200	69,97,280
Surplus/(deficit)	(47,41,780)	(27,27,280)
Experience adjustments on plan liabilities	12,91,890	(6,72,890)
Experience adjustments on plan assets	41,940	(10,000)
Actuarial gain/(loss) due to change in assumptions	(11,35,450)	4,36,070

	Year ended March 31, 2011
Defined benefit obligation	75,55,072
Plan assets	55,14,372
Surplus/(deficit)	(20,40,700)
Experience adjustments on plan liabilities	(16,06,600)
Experience adjustments on plan assets	(41,100)
Actuarial gain/(loss) due to change in assumptions	-

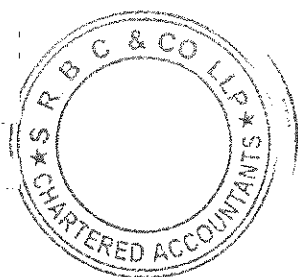
Other long term employment benefits includes leave encashment and long term retention bonus for which provisions are made based on actuarial valuation.

**32 LEASES**

The Company has taken certain premises under cancellable operating leases.

	Year ended March 31, 2015	Year ended March 31, 2014
Rental expense charged to the statement of profit and loss under cancellable leases	3,42,000	7,45,500

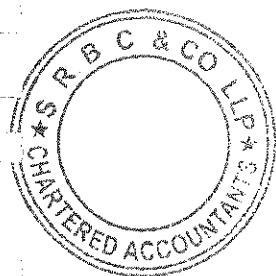
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**SE Forge Limited**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)





**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**33 RELATED PARTY DISCLOSURES****Related parties where control exists:**

Holding Company : Suzlon Energy Limited

**Fellow subsidiary companies:**

Suzlon Wind International Limited

Suzlon Structures Private Limited

SE Electricals Limited

Senvion SE

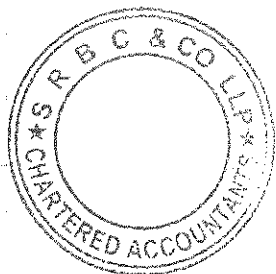
Suzlon Global Services Limited (formerly known as SISL Green Infra Limited)

Aspen Infrastructures Limited

	As at March 31, 2015	As at March 31, 2014
<b>Sale/purchase of goods and services</b>		
<b>Suzlon Energy Limited - Holding Company</b>		
Issue of equity shares	1,50,00,00,000	1,75,00,00,000
Sale of goods	57,38,34,898	20,64,92,841
Amount owed by related party	42,08,52,876	43,45,62,174
Amount (owed to) related party	(13,11,83,909)	(90,94,71,343)
<b>Transaction with fellow subsidiaries:</b>		
<b>Suzlon Wind International Limited</b>		
Sale of goods	5,79,51,164	17,04,80,700
Amount owed by related party	30,60,979	5,20,73,566
<b>Suzlon Structures Limited</b>		
Sale of goods	1,36,32,500	2,44,14,337
Amount owed by related party	-	57,55,362
<b>SE Electricals Limited</b>		
Sale of goods	9,450	-
Purchase of traded goods	7,52,380	16,600
Amount (owed to) related party	(1,64,15,463)	(2,76,77,349)
<b>Senvion SE</b>		
Sale of goods	-	1,36,80,319
Amount owed by related party	-	81,43,379
<b>Suzlon Global Services Limited</b>		
Amount owed by related party	51,55,488	-
<b>Aspen Infrastructures Limited</b>		
Purchase of goods/Services	48,04,12,685	17,18,05,364
Reimbursement of Expenses	3,11,187	21,62,73,583
Amount owed by (owed to) related party	(6,58,87,599)	2,88,10,861

The Company has availed a long term loan from Landes Bank amounting to Rs. 586,735,218 (March 31, 2014: Rs 681,631,354 ) on a corporate guarantee given by holding Company, Suzlon Energy Limited.

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**SE Forge Limited****Notes to financial statements for the year ended March 31, 2015**

(All amounts in Rupees unless otherwise stated)

**34 CAPITAL AND OTHER COMMITMENTS**

During the year, the Company has estimated following amount as contracts remaining to be executed, not provided for, net of advance:

	As at March 31, 2015	As at March 31, 2014
Capital commitments	58,80,362	69,71,078

**35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES**

The Company does not have any derivative contracts.

Details of unhedged foreign currency exposures as at balance sheet date are as follows:

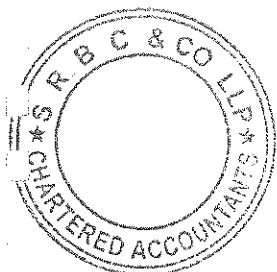
	As at March 31, 2015	As at March 31, 2014
Long term borrowings	58,67,35,218	68,16,31,354
Short term borrowings	74,39,042	2,83,96,178
Trade payables	9,55,29,800	17,20,50,936
Trade receivables	38,82,39,370	54,29,74,898
Cash on hand	1,15,017	-
Interest accrued and due	76,28,781	3,17,66,454

**36 VALUE OF IMPORTS CALCULATED ON CIF BASIS**

	Year ended March 31, 2015	Year ended March 31, 2014
Raw materials	2,54,14,629	12,29,58,368
Stores and spares	20,37,912	50,14,747
<b>Total</b>	<b>2,74,52,541</b>	<b>12,79,73,115</b>

**37 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

	Year ended March 31, 2015	Year ended March 31, 2014
Travelling expenses	4,91,659	4,82,246
Consultancy charges	39,27,416	35,05,547
Interest	2,64,10,442	1,90,26,688
<b>Total</b>	<b>3,08,29,517</b>	<b>2,30,14,481</b>



**38 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARES CONSUMED**

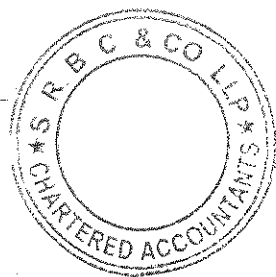
	Year ended March 31, 2015	Year ended March 31, 2014
<b>Raw materials</b>		
Imported	7,92,52,423	23,92,80,855
Indigenous	1,04,75,99,165	37,02,21,935
<b>Total</b>	<b>1,12,68,51,588</b>	<b>60,95,02,790</b>
Imported raw material consumption (in %)	7%	39%
Indigenous raw material consumption (in %)	93%	61%
<b>Stores and spares</b>		
Imported	31,23,070	57,91,082
Indigenous	15,51,09,105	8,10,65,192
<b>Total</b>	<b>15,82,32,175</b>	<b>8,68,56,274</b>
Imported stores and spares consumption (in %)	2%	7%
Indigenous stores and spares consumption (in %)	98%	93%

**39 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

	Year ended March 31, 2015	Year ended March 31, 2014
FOB value of exports	25,61,64,135	30,55,07,685

Above does not include deemed export sales made to SEZ entities / EOU units in Indian currency aggregating to Rs. 65,211,772 (March 31, 2014 : Rs. 170,480,700).

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**SE Forge Limited**  
**Notes to financial statements for the year ended March 31, 2015**  
(All amounts in Rupees unless otherwise stated)

**40 SEGMENT REPORTING**

The Company has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of products, the differing risks and returns, the organization structure and internal reporting system.

The Company's operations predominantly relate to manufacture and sale of castings and forged parts. Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments. These are as set out in the note on significant accounting policies.

Dominant source of geographical risk is location of customers and hence the secondary segment reporting is based on geographical location of customers.

**A. Primary business segment**

	Year ended March 31, 2015			Year ended March 31, 2014		
	Foundry	Forging	Total	Foundry	Forging	Total
Segment revenue						
(a) External sales	722,876,379	1,035,536,322	1,758,412,701	478,928,373	780,070,231	1,258,998,604
(b) Inter - segment sales	-	-	-	-	-	-
Total segment revenue	722,876,379	1,035,536,322	1,758,412,701	478,928,373	780,070,231	1,258,998,604
<b>Segment results</b>						
Add / less: Items to reconcile with profit as per statement of profit and loss	-439,517,495	-363,085,298	(802,602,793)	-367,418,434	-155,745,893	(523,164,327)
Add : other income	-	-	5,839,762	-	-	11,928,936
Add : finance income	-	-	14,138,271	-	-	-
Less : finance charges	-	-	1,032,250,834	-	-	920,137,787
<b>Loss before tax</b>	-	-	(1,814,875,594)	-	-	(1,431,373,178)
Provision for current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
<b>Loss after tax</b>	-	-	(1,814,875,594)	-	-	(1,431,373,178)
Segment assets	3,995,806,255	3,298,962,999	7,294,769,254	4,294,996,932.87	3,742,973,813.79	8,037,970,746
Common assets	-	-	489,556,247	-	-	209,335,675
<b>Total assets</b>	-	-	7,784,324,501	-	-	8,247,306,421

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**SE Forge Limited**  
**Notes to financial statements for the year ended March 31, 2015**  
 (All amounts in Rupees unless otherwise stated)

Segment liabilities	594,985,053	494,830,290	1,089,815,343	940,630,763	712,234,728	2,362,893,023
Common liabilities			6,617,564,295			5,512,592,940
<b>Total liabilities</b>			<b>7,707,379,638</b>			<b>7,875,485,963</b>
Capital expenditure (during the period)	32,230,942	-96,433,593	(64,202,651)	25,570,567	432,232	26,002,799
Depreciation and amortisation expenses charged to the statement of profit and loss	337,474,446	286,436,007	623,910,451	254,482,186	221,510,200	475,592,386
Significant non - cash expenses other than depreciation charged to statement of profit and loss (amortisation of processing fees)	2,147,340	5,980,169	8,127,509	15,919,316	16,531,643	32,450,959

**Geographical segments (revenue)**

Segment	Foundry	Forging	Year ended March 31, 2015	Foundry	Forging	Year ended March 31, 2014
India	625,837,576	847,863,818	1,473,701,394	394,949,677	560,048,587	954,998,264
China	-	28,241,751	28,241,751	-	7,440,666	7,440,666
Europe	-	77,391,975	77,391,975	13,680,319	58,380,739	72,061,058
USA	97,038,803	82,038,778	179,077,581	70,298,377	154,200,239	224,498,617
<b>Total</b>	<b>722,876,379</b>	<b>1,035,536,322</b>	<b>1,758,412,701</b>	<b>478,928,373</b>	<b>780,070,231</b>	<b>1,258,998,605</b>

The Company has only one geographical location based on location of assets and hence the additional information relating to carrying amount of segment assets and cost to acquire tangible and intangible fixed assets based on location of assets has not been disclosed.

**41 COMPARATIVES:**

Prior year amounts have been reclassified wherever necessary to conform with current year's presentation.

**As per our report of even date**

For S R B C & CO LLP  
 Chartered Accountants  
 (CA Firm) Registration Number: 324982E

per Paul Anand  
 Partner  
 Membership Number: 105754  
 Place:  
 Date: 31 July, 2015

For and on behalf of Board of Directors of  
 SE Forge Limited

Vinod R. Tanti  
 Director  
 DIN - 00002266  
 Place:  
 Date: 31 July, 2015

Ranjana R. Parmar  
 Director  
 DIN - 00002813  
 Place:  
 Date: 31 July, 2015

G. S. Vaidya  
 Geetanjali S. Vaidya  
 Company Secretary  
 Mem.No. A18026  
 Place: Pune  
 Date: 31 July, 2015