

SE Forge Limited

Statutory Audit for year ended March 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of SE Forge Limited

Report on the Financial Statements

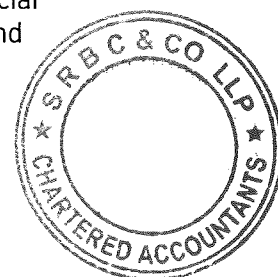
1. We have audited the accompanying financial statements of SE Forge Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory 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. 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.



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, 2016, 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, 2016 ("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 standalone 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 10 to the financial statements;

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S R B C & CO LLP

Chartered Accountants

- 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/E300003



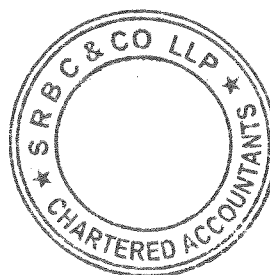
per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: August 12, 2016



Annexure 1 referred to in paragraph 6 of our report of even date under heading "Report on Other Legal and Regulatory Requirements"**Re: SE Forge Limited**

- (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.
- (c) According to the information and explanations given by management the title deeds of immovable properties included in fixed assets are held in the name of the Company except one for factory building for which the Company has obtained approval for local panchayat and it is in the process of obtaining the approval from the local town planning authority.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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 are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (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 and 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.
- (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 generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.



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.

- (b) 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.
- (viii) According to the information and explanations given by the management, the Company has delayed in repayment of dues to banks during the year to the extent of Rs. 336,039,421 (the delay in such repayments being for less than 83 days in each individual case) and Rs. Nil of such dues were in arrears as on the balance sheet date. The Company did not have any loans or borrowing in respect of a financial institutions or to government or dues to debenture holders during the year.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, the Company has not raised any money way of initial public offer / further public offer / debt instruments. 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.
- (x) According to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.



The company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003



per Paul Alvares
Partner
Membership No.: 105754



Place: Pune
Date: August 12, 2016

Annexure 2 - Annexure referred to in paragraph 7 (f) of our report of even date under heading "Report on Other Legal and Regulatory Requirements"

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

We have audited the internal financial controls over financial reporting of SE Forge Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

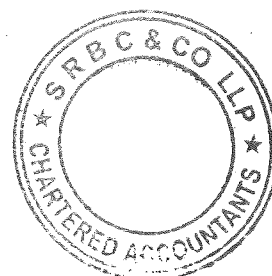
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003


per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: August 12, 2016



SE Forge Limited
Balance sheet as at March 31, 2016
(All amounts in Rupees unless otherwise stated)

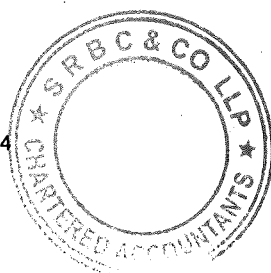
Particulars	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	7,849,207,910	5,662,541,250
Reserves and surplus	6	(5,089,381,815)	(5,605,596,386)
		2,759,826,095	56,944,864
Non - current liabilities			
Long - term borrowings	7	3,418,904,606	4,899,979,793
Long - term provisions	8	29,043,223	29,479,052
		3,447,947,829	4,929,458,845
Current liabilities			
Short - term borrowings	9	446,585,797	622,329,377
Trade payables			
Total outstanding dues of micro enterprises and small enterprises (refer note 39)	10	31,964,092	26,463,455
Total outstanding dues of creditors other than micro enterprises and small enterprises	10	438,298,025	622,120,477
Other current liabilities	10	776,796,238	1,490,977,931
Short - term provisions	11	18,955,719	16,029,551
		1,712,599,871	2,777,920,791
TOTAL		7,920,373,795	7,764,324,500
ASSETS			
Non - current assets			
Fixed assets			
Tangible assets	12	5,538,974,273	5,779,238,373
Intangible assets	12	643,525	147,561
Capital work - in - progress		121,438,543	302,558,933
Long - term loans and advances	13	16,262,804	16,246,008
Other non - current assets	16	408,079,897	292,079,419
		6,085,399,042	6,390,270,295
Current assets			
Inventories	18	704,177,096	569,229,739
Trade receivables	15	1,013,659,980	550,382,587
Cash and bank balances	19	45,772,345	172,703,275
Short - term loans and advances	14	64,192,545	67,183,816
Other current assets	17	7,172,787	14,554,787
		1,834,974,753	1,374,054,204
TOTAL		7,920,373,795	7,764,324,499
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/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: August 12, 2016

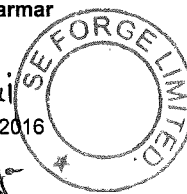


For and on behalf of Board of Directors of
SE Forge Limited

Vinod R. Tanti
Director
DIN - 00002266
Place: Mumbai
Date: August 12, 2016

TPA Narayanan
Chief Financial Officer
Membership Number: 88707
Place: Mumbai
Date: August 12, 2016

Ranjitsingh A. Parmar
Director
DIN - 00002613
Place: Mumbai
Date: August 12, 2016



Geetanjali S. Vaidya
Company Secretary
Membership Number: A18026
Place: Mumbai
Date: August 12, 2016

SE Forge Limited
Statement of profit and loss for the period ended March 31, 2016
(All amounts in Rupees unless otherwise stated)

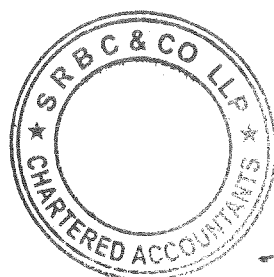
Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Revenue from operations	20	3,935,807,163	1,758,412,701
Other income	21	54,372,070	5,839,762
Total revenue		3,990,179,233	1,764,252,463
EXPENSES			
Cost of raw materials consumed	22	1,860,400,207	1,126,851,588
(Increase) / decrease in inventories of finished goods and work in progress	23	(29,469,155)	(153,085,627)
Employee benefits expense	24	234,955,683	211,475,293
Other expenses	25	1,003,735,256	751,863,789
Total expenses		3,069,621,991	1,937,105,043
Earnings / (loss) before interest, tax, depreciation and amortisation (EBITDA)		920,557,242	(172,852,580)
Depreciation and amortisation expenses	28	590,813,328	623,910,451
Earnings / (loss) before interest, tax, and exceptional items (EBIT)		329,743,914	(796,763,031)
Finance costs	26	919,736,713	1,032,250,834
Finance income	27	12,874,040	14,138,271
Loss before tax		(577,118,759)	(1,814,875,594)
Tax expense		-	-
Loss after tax		(577,118,759)	(1,814,875,594)
Earnings/(loss) per share : [nominal value of share Rs. 10 each, (March 31, 2015 : Rs. 10 each)]	29	(0.95)	(4.33)
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/E300003

per **Paul Alvares**
Partner
Membership Number: 105754
Place: **Pune**
Date: August 12, 2016



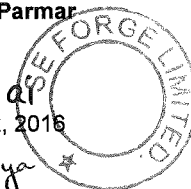
**For and on behalf of Board of Directors of
SE Forge Limited**

Vinod R. Tanti
Director
DIN - 00002266
Place: **Mumbai**
Date: August 12, 2016

TPA Narayanan
Chief Financial Officer
Membership Number: 88707
Place: **Mumbai**
Date: August 12, 2016

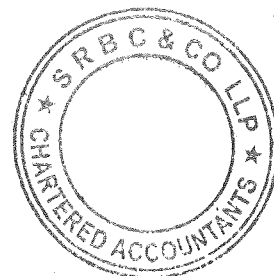
Ranjitsingh A. Parmar
Director
DIN - 00002613
Place: **Mumbai**
Date: August 12, 2016

Geetanjali S. Vaidya
Company Secretary
Membership Number: A18026
Place: **Mumbai**
Date: August 12, 2016



SE Forge Limited
Cash flow statement for the year ended March 31, 2016
(All amounts in Rupees unless otherwise stated)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash flow from operating activities		
Loss before tax	(577,118,759)	(1,814,875,594)
Non - cash adjustments to reconcile loss before tax to net cash flows		
Depreciation /amortisation	590,813,328	623,910,451
Loan processing fees amortised	8,632,848	8,127,509
Profit on sale of fixed assets	(9,769,443)	(573,202)
Unrealised exchange (gain)/loss, net	242,378	(6,987,160)
Interest expense	881,989,755	986,019,096
Interest income	(12,874,040)	(14,138,271)
Operating profit / (loss) before working capital changes	881,916,067	(218,517,171)
Movement in working capital:		
Increase/(decrease) in trade payables	(180,018,254)	220,487,085
Increase/(decrease) in long term provisions	(435,829)	9,670,936
Increase/(decrease) in short term provisions	2,926,168	9,485,231
Increase/(decrease) in other current liabilities	323,890,700	(784,578,230)
(Increase)/decrease in trade receivables	(462,630,583)	228,143,812
(Increase)/decrease in inventories	(134,947,357)	(263,287,530)
(Increase)/decrease in loans and advances	4,936,908	11,111,694
(Increase)/decrease in other non current assets	(124,179,980)	(120,200,578)
Cash generated from operations	311,457,840	(907,684,751)
Direct taxes paid (net of refunds)	(1,675,484)	(367,858)
Net cash flow from/ (used in) operating activities (A)	309,782,356	(908,052,609)
B. Cash flow from investing activities		
Payment for fixed assets	(211,582,803)	(40,902,740)
Proceeds from sale of fixed assets	13,939,470	2,321,800
Movement in other bank balances	171,200,000	(146,247,840)
Interest received	19,801,093	6,130,346
Net cash flow from investing activities (B)	(6,642,240)	(178,698,434)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	3,279,999,990	1,500,000,000
Proceeds from foreign currency loan	616,125,896	-
Repayment of long - term loans	(2,839,142,121)	(62,474,880)
Processing fees paid	-	(1,530,801)
Movement in short - term borrowings (net)	(174,936,329)	65,335,805
Interest paid	(1,140,918,481)	(460,655,343)
Net cash used in financing activities (C)	(258,871,045)	1,040,674,781
Net increase in cash and cash equivalents(A+B+C)	44,269,070	(46,076,262)
Cash and cash equivalent at the beginning of the year	1,500,525	47,576,787
Cash and cash equivalent at the end of the year	45,769,595	1,500,525



Components of cash and cash equivalents	As at March 31, 2016	As at March 31, 2015
Cash on hand	227,323	285,627
Balances with banks: - in current accounts	45,542,272	1,214,898
Total	45,769,595	1,500,525

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/E300003

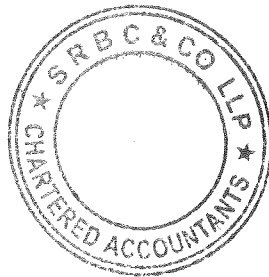
per Paul Alvares

Partner

Membership Number: 105754

Place: **Pune**

Date: August 12, 2016



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

Vinod R. Tanti

Director

DIN - 00002266

Place: **Mumbai**

Date: August 12, 2016

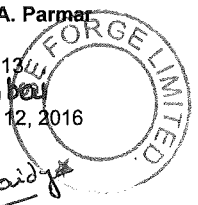
Ranjitsingh A. Parmar

Director

DIN - 00002613

Place: **Mumbai**

Date: August 12, 2016



TPA Narayanan

Chief Financial Officer

Membership Number: 88707

Place: **Mumbai**

Date: August 12, 2016

Geetanjali S. Vaidya

Company Secretary

Membership Number: A18026

Place: **Mumbai**

Date: August 12, 2016

SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

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 except in case of assets for which provision for impairment is made and derivative instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

3. Summary of significant accounting policies

a. Change in accounting policy

Component accounting

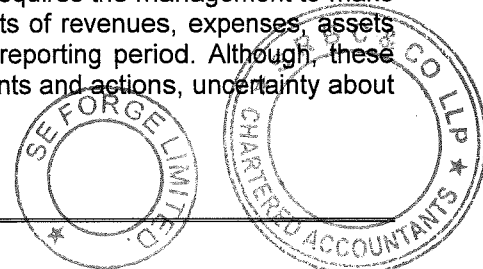
The company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from April 01, 2015. The company was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed asset. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The company has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier company used to charge such cost directly to statement of profit and loss. On application of component accounting, the major inspection/ overhaul is identified as a separate component of the asset at the time of purchase of new asset and subsequently. The cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

Had the company continued to use the earlier policy of depreciating fixed assets, depreciation for the current period would have been lower by Rs.3,992,216 and loss for the current period would have been higher by Rs.3,992,216. Fixed assets would correspondingly have been higher by Rs.3,992,216.

b. 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



SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

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these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. 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.

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 August 09, 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.

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.

Fixed assets held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

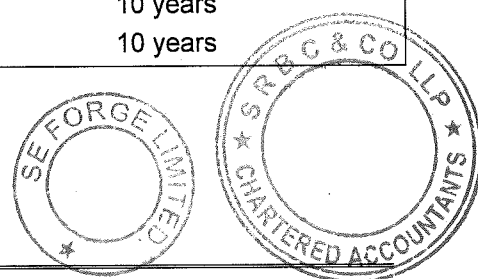
The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

d. Depreciation on tangible fixed assets

In the current year, the management has re-estimated useful lives and residual values of some of its fixed assets. The management has re-estimated the useful lives based on independent assessment by professionals. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II to Companies Act, 2013. As a result, the depreciation expense for the Company for the year ended March 31, 2016 is lower by Rs. 91,220,545 and loss is lower by Rs. 91,220,545.

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

Type of asset	Useful lives	Useful lives as per Schedule II
Factory building	30 years	30 years
Plant and machinery	2 to 25 years	15 years
Patterns	10 years	15 years
Contributions for assets not owned by the Company	30 years	30 years
Computers	3 years	3 to 6 years
Office equipment	5 years	5 years
Furniture and fixtures	10 years	10 years
Vehicles	8 to 10 years	10 years



SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

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e. 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:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii. Its intention to complete the asset
- iii. Its ability to use or sell the asset
- iv. How the asset will generate future economic benefits
- v. The availability of adequate resources to complete the development and to use or sell the asset
- vi. 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 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

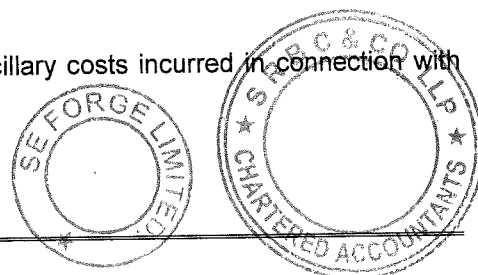
f. Leases

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.

g. Borrowing costs

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



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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.

h. 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 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.

i. Inventories

Raw materials, consumables, stores and spares are valued at lower of cost and net realisable 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, consumables and stores and spares is determined on a weighted average basis.

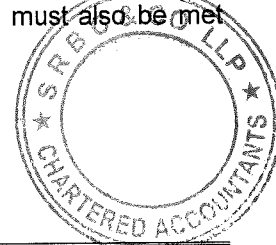
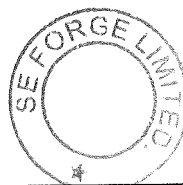
Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realisable 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.

j. 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



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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.

k. 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 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.

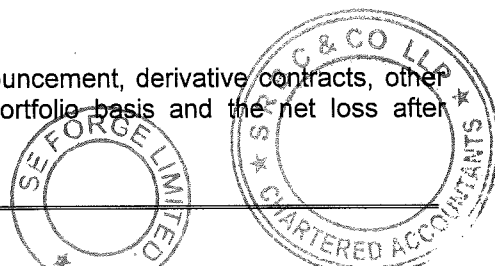
In case of exchange differences adjusted to the cost of fixed assets or arising on long-term foreign currency monetary items, the company does not consider exchange differences as an adjustment to the interest cost.

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.

I. 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



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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.

m. 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.

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

n. Taxes on income

Tax expense comprises current 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 and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

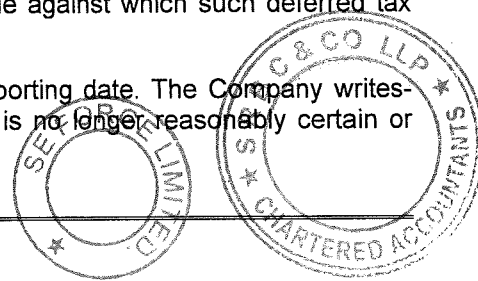
Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

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 reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset 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 carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or



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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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period in future.

o. 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.

p. 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

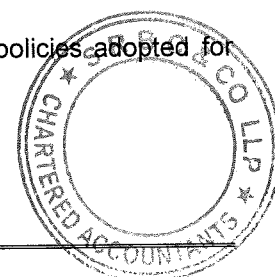
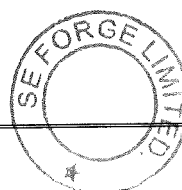
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

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.



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q. 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.

r. 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.

s. 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.

t. 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.

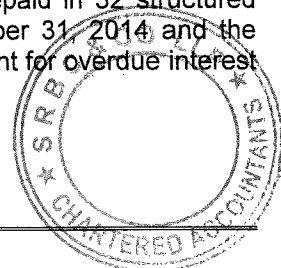
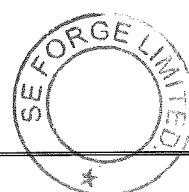
4. Corporate Debt Restructuring ('CDR')

(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. During the current financial year, the lead lender Punjab National Bank, with members of CDR cell, have agreed to the exit of the Company from CDR scheme. Consequently, CDR Empowered Group ('CDR EG') has given consent to the Company for exit from CDR scheme in its meeting held on December 28, 2015. The company has repaid Working Capital Term Loan ('WCTL') and Funded Interest Term Loan ('FITL') under the prepayment option of the CDR scheme. 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 did not undergo any change and continues as it is.

(B) Foreign currency loan from banks

During the current financial year, Landesbank Baden – Wurttemberg ('LBBW') - the lender, has accepted to restructure the repayment terms of the foreign currency loan of EUR 8.22 Million given to the Company. According to the "Amendment No. to the Loan agreement no. 664/31152908" and "Amendment No. 3 to the Loan agreement no. 664/32027706", the outstanding loan amount shall be repaid in 32 structured quarterly instalments as per repayment schedule, first instalment due on December 31, 2014 and the overdue interest shall be repaid in 14 structured quarterly instalments. First instalment for overdue interest will also be due on December 31, 2014.



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5 SHARE CAPITAL

	As at March 31, 2016	As at March 31, 2015
Authorised shares 950,000,000 (March 31, 2015 : 600,000,000) equity shares of Rs. 10 each	9,500,000,000	6,000,000,000
Total	9,500,000,000	6,000,000,000
Issued, subscribed and fully paid-up shares 784,920,791 (March 31,2015: 566,254,125) equity shares of Rs. 10 each	7,849,207,910	5,662,541,250
Total issued, subscribed and fully paid-up share capital	7,849,207,910	5,662,541,250

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

	As at March 31, 2016	As at March 31, 2015
Shares at the beginning of the year	566,254,125	416,254,125
Add: issued during the year	218,666,666	150,000,000
Shares outstanding at the end of the period	784,920,791	566,254,125

During the year ended March 31, 2016 the Company has issued right shares to the existing shareholders of the Company at Rs. 15 per share.

(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. The company declares and pays the dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(c) Shares held by holding company

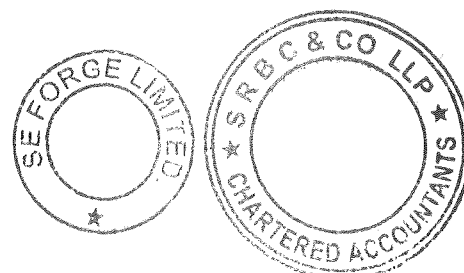
All the equity shares are held by the holding company, Suzlon Energy Limited, alongwith its nominees, and as such separate disclosure of shares held by holding Company and shareholders holding 5% or more shares has not been given.

(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.

(e) There are no shares reserved for issue under options.

6 RESERVES AND SURPLUS

	As at March 31, 2016	As at March 31, 2015
Securities premium account		
Balance as per last financial statements	3,435,967,613	3,435,967,613
Add: Additions during the year	1,093,333,330	-
Closing balance	4,529,300,943	3,435,967,613
Deficit in the statement of profit and loss		
Balance as per last financial statements	(9,041,563,999)	(7,226,688,405)
Add: loss for the year	(577,118,759)	(1,814,875,594)
Closing balance	(9,618,682,758)	(9,041,563,999)
Total	(5,089,381,815)	(5,605,596,386)



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7 LONG - TERM BORROWINGS

	As at March 31, 2016	As at March 31, 2015
Term loans		
Indian rupee loan from banks (secured)	2,347,078,926	5,153,249,855
Foreign currency loan from banks (unsecured)	619,970,990	586,735,218
Foreign currency loan from banks (secured)	616,125,884	-
Total	3,583,175,800	5,739,985,073
Less: Current portion of long term loans (transferred to other current liabilities) (refer note 10)		
Indian rupee loan from banks (secured)	116,520,233	374,100,699
Foreign currency loan from banks (unsecured)	37,335,038	465,904,581
Foreign currency loan from banks (secured)	10,415,923	-
Total	164,271,194	840,005,280
Non-current portion of term loans		
Indian rupee loan from banks (secured)	2,230,558,693	4,779,149,156
Foreign currency loan from banks (unsecured)	582,635,952	120,830,637
Foreign currency loan from banks (secured)	605,709,961	-
Total	3,418,904,606	4,899,979,793

Indian rupee term loan from banks includes term loan (RTL) taken from banks of Rs. 2,347,078,926 (March 31, 2015: Rs. 3,018,138,724) and working capital term loan (WCTL) of Rs. Nil (March 31, 2015: Rs. 871,128,830) and funded interest term loan (FITL) of Rs. Nil (March 31, 2015: Rs. 1,263,982,301) carrying interest rate of 16.50 % per annum. RTL is repayable in 32 structured quarterly installments from quarter ending December 2014 to September 2022 and WCTL and FITL have been repaid in November 2015.

Financial facilities from all lenders 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.

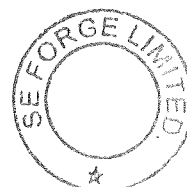
Unsecured foreign currency term loan includes term loans from Landes Bank for purchase of plant equipments of Rs. 587,023,478 (March 31, 2015: Rs. 550,951,324) carrying interest at EURIBOR plus five hundred basis points, repayable in 32 structured quarterly installments from December 2014 and Funded Interest Term Loan of Rs. 32,947,512 (March 31, 2015: Rs. 35,783,894) carrying interest at EURIBOR plus five hundred basis 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.

During the year ended March 31, 2016, the company has repaid Indian rupee term loan and has availed the foreign currency loan.

8 LONG - TERM PROVISIONS

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for gratuity (refer note 30)	6,082,844	2,914,844
Provision for long term retention bonus	22,960,379	26,564,208
Total	29,043,223	29,479,052

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SE Forge Limited**Notes to financial statements for the year ended March 31, 2016**

All amounts in Rupees unless otherwise stated

9 SHORT - TERM BORROWINGS

	As at March 31, 2016	As at March 31, 2015
Working capital loans		
Cash credits from banks (secured)	279,869,002	614,890,335
Buyer's credits from banks (secured)	38,970,094	7,439,042
Short term borrowings from related parties (refer note 32) (unsecured)	127,746,701	-
Total	446,585,797	622,329,377

The above amount includes:

	As at March 31, 2016	As at March 31, 2015
Secured borrowings	318,839,096	614,890,335
Unsecured borrowings	127,746,701	7,439,042
Total	446,585,797	622,329,377

The rate of interest on working capital facility from banks is 15 % per annum. For details of security given for short term borrowings, refer note 7 above.

10 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at March 31, 2016	As at March 31, 2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 39)	31,964,092	26,463,455
Total outstanding dues of creditors other than micro enterprises and small enterprises*	438,298,025	622,120,477
Total	470,262,117	648,583,932
Other liabilities		
Current maturities of long term borrowings (Refer note 7)	164,271,194	840,005,280
Payables for capital goods	94,337,753	197,747,334
Interest accrued but not due on borrowings	82,121	-
Interest accrued and due on borrowings **	3,678,038	262,688,885
Advance from customers	498,799,271	136,588,343
Other current liabilities	2,610,882	43,149,673
Statutory dues payable	13,016,979	10,798,416
Total	776,796,238	1,490,977,931

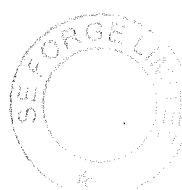
Trade payables include acceptances of Rs 130,201,707 (March 31, 2015 : Rs 293,912,671).

* Trade payables includes provision made for litigation Rs. 9,000,000.

** The Company has interest accrued and due as on March 31, 2016 which is debited by bank in subsequent month.

11 SHORT - TERM PROVISIONS

	As at March 31, 2016	As at March 31, 2015
Provision for gratuity (refer note 30)	-	553,117
Provision for long term retention bonus	3,223,437	2,298,409
Provision for leave encashment	15,732,282	13,178,025
Total	18,955,719	16,029,551



SE Force Limited
Notes to financial statements for the period ended March 31, 2016
All amounts in Rupees unless otherwise stated

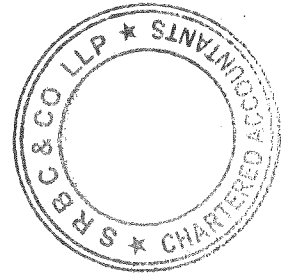
12 TANGIBLE AND INTANGIBLE ASSETS

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, 2014											
Additions	1,509,093,945	7,732,920,848	9,231,570	42,709,569	36,271,866	14,776,295	9,345,004,093	18,049,061	21,976,193	13,385,908	53,411,162
Disposals	24,641,778	37,474,886	210,699	179,450	651,868	-	63,158,681	-	-	-	-
Other adjustment	-	2,626,360	-	-	-	-	2,626,360	-	-	-	-
Exchange difference	-	(124,734,975)	-	-	-	-	(124,734,975)	-	-	-	-
Borrowing cost	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2015	1,533,735,723	7,643,034,399	9,442,269	42,889,019	36,923,733	14,776,295	9,280,801,439	18,049,061	21,976,193	13,385,908	53,411,162
Additions	41,474,571	240,416,481	338,906	49,482	6,182,679	-	288,462,119	544,917	-	-	544,917
Disposals	-	10,761,487	-	-	297,760	-	11,059,247	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	66,208,182	-	-	-	-	66,208,182	-	-	-	-
Borrowing cost	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2016	1,575,210,294	7,938,897,576	9,781,175	42,938,501	42,808,652	14,776,295	9,624,412,493	18,593,978	21,976,193	13,385,908	53,956,079

Depreciation / amortisation											
As at April 1, 2014	255,639,886	2,567,957,395	2,622,210	14,105,137	31,389,741	9,010,845	2,880,725,214	16,738,555	21,976,193	12,354,015	51,068,763
Charge for the year	49,193,438	556,482,036	5,764,801	5,296,569	3,257,107	1,721,662	621,715,613	1,162,945	-	1,031,893	2,194,838
Disposals	-	877,762	-	-	-	-	877,762	-	-	-	-
As at March 31, 2015	304,833,324	3,123,561,669	8,387,011	19,401,706	34,646,848	10,732,507	3,501,563,065	17,901,500	21,976,193	13,385,908	53,263,601
Charge for the year	59,866,743	522,303,989	341,378	5,320,958	1,204,847	1,726,460	590,764,375	48,953	-	-	48,953
Disposals	-	6,638,003	-	-	251,217	-	6,889,220	-	-	-	-
As at March 31, 2016	364,700,067	3,639,227,655	8,728,389	24,722,664	35,800,478	12,458,967	4,085,438,220	17,950,453	21,976,193	13,385,908	53,312,554
Net block											
As at March 31, 2016	1,210,510,227	4,299,669,921	1,052,786	18,215,837	7,208,174	2,317,328	5,538,974,273	643,525	-	-	643,525
As at March 31, 2015	1,228,902,399	4,519,472,730	1,055,258	23,487,313	2,275,885	4,043,788	5,779,238,373	147,561	-	-	147,561

a) Plant and machinery includes contributions for assets not owned by the Company with a gross block of Rs. 583,500,000 (March 31, 2015 : Rs. 583,500,000) and accumulated depreciation of Rs. 253,201,029 (March 31, 2015: Rs. 239,936,021)

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, 2016

All amounts in Rupees unless otherwise stated

13 LONG - TERM LOANS AND ADVANCES

	As at March 31, 2016	As at March 31, 2015
(unsecured, considered good, unless stated otherwise)		
Capital advances	286,948	270,152
Security deposits	15,975,856	15,975,856
Total	16,262,804	16,246,008

14 SHORT - TERM LOANS AND ADVANCES

	As at March 31, 2016	As at March 31, 2015
(unsecured, considered good, unless stated otherwise)		
Trade advances	15,544,863	15,465,247
Security deposits	408,108	333,108
Advances recoverable in cash or kind	271,788	1,609,816
Advance income tax [net of provision for tax of Rs. Nil (March 31, 2015 Rs. Nil)]	2,487,563	812,078
Prepaid expenses	8,377,526	9,659,073
Balances with statutory/government authorities	37,102,697	39,304,494
Total	64,192,545	67,183,816

15 TRADE RECEIVABLES

	As at March 31, 2016	As at March 31, 2015
(unsecured, considered good, unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment	655,748	356,735,384
Other receivables	1,013,004,232	193,647,203
Total	1,013,659,980	550,382,587

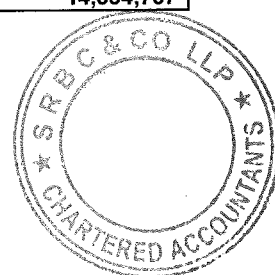
Current trade receivables include receivables from the holding company, Suzlon Energy Limited, of Rs 389,446,109 (March 31, 2015: Rs 420,852,876).

16 OTHER NON - CURRENT ASSETS

	As at March 31, 2016	As at March 31, 2015
(unsecured, considered good, unless stated otherwise)		
Non current bank balances - margin money deposits (refer note 19)	58,792,523	38,971,043
Unamortised processing fees	11,529,374	19,708,876
Unamortised lease rent	337,758,000	233,399,500
Total	408,079,897	292,079,419

17 OTHER CURRENT ASSETS

	As at March 31, 2016	As at March 31, 2015
(unsecured, considered good, unless stated otherwise)		
Unamortised processing fees	5,006,048	5,460,995
Interest accrued but not due	2,166,739	9,093,792
Total	7,172,787	14,554,787



SE Forge Limited
Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

18 INVENTORIES

	As at March 31, 2016	As at March 31, 2015
(valued at lower of cost and net realisable value)		
Raw materials (including goods in transit) (refer note 22)	313,163,093	218,169,114
Work-in-progress (refer note 23)	206,660,469	170,756,312
Finished goods (refer note 23)	68,903,865	75,338,867
Stores and spares	115,449,669	104,965,446
Total	704,177,096	569,229,739

Raw materials inventory includes goods in transit of Rs. 43,482,346 (March 31, 2015 : Rs.64,729,764).

19 CASH AND BANK BALANCES

	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents		
Cash on hand	227,323	285,627
Balance with banks		
On current accounts	45,542,272	1,214,898
Other bank balances (refer note 1 below)	2,750	171,202,750
Margin money deposit shown as non-current asset (refer note 2 below)	58,792,523	38,971,043
	104,564,868	211,674,318
Less: margin money deposit classified as non current asset	(58,792,523)	(38,971,043)
Total	45,772,345	172,703,275

Note 1: Other bank balances represent deposits with original maturity of more than three months but less than twelve months amounting to Rs. 2,750 (March 31, 2015: Rs.171,202,750) as margin against non fund based facilities.

Note 2: Margin money deposits with a carrying amount of Rs. 58,792,523 (March 31, 2015: Rs. 38,971,043) are subject to first charge to secure the Company's cash credit loans.

20 REVENUE FROM OPERATIONS

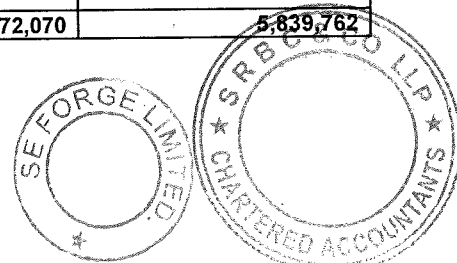
	Year ended March 31, 2016	Year ended March 31, 2015
Sale of products		
Finished goods	3,739,395,469	1,576,979,485
Sale of services	14,957,836	20,172,116
Other operating revenue		
Scrap sales	181,453,858	161,261,100
Total	3,935,807,163	1,758,412,701

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

Details of products sold		
Forging products sold	1,722,416,387	858,688,386
Foundry products sold	2,016,979,082	718,291,099
	3,739,395,469	1,576,979,485
Details of services rendered		
Forging of rings	14,957,836	20,172,116

21 OTHER INCOME

	Year ended March 31, 2016	Year ended March 31, 2015
Profit on assets sold / discarded	9,769,443	573,202
Miscellaneous income	44,602,627	5,266,560
Total	54,372,070	5,839,762



SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

22 COST OF RAW MATERIALS CONSUMED

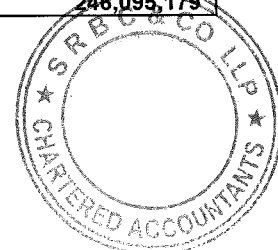
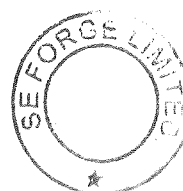
	Year ended March 31, 2016	Year ended March 31, 2015
Inventories at the beginning of the year	153,439,350	115,089,137
Add: purchases	1,976,641,604	1,165,201,801
	2,130,080,954	1,280,290,938
Less: inventory at the end of the year (excluding goods in transit)	269,680,747	153,439,350
Total	1,860,400,207	1,126,851,588
Details of raw material consumed		
Steel ingots	1,036,169,201	718,564,093
Sorel metal	143,067,794	33,613,473
CRC scrap	337,348,116	188,633,562
Foundry returns	213,242,691	83,010,529
Others	130,572,405	103,029,931
Total	1,860,400,207	1,126,851,588

Details of inventory in hand at the end of the year		
Steel ingots	163,059,299	80,176,953
Sorel metal	8,234,175	917,183
CRC scrap	10,132,831	3,412,655
Foundry returns	11,878,614	28,312,349
Others	76,375,828	40,620,210
Total	269,680,747	153,439,350

23 (INCREASE) / DECREASE IN INVENTORIES

	Year ended March 31, 2016	Year ended March 31, 2015
Inventories in hand at the end of the year		
Work - in - progress	206,660,469	170,756,312
Finished goods	68,903,865	75,338,867
	275,564,334	246,095,179
Inventories in hand at the beginning of the year		
Work - in - progress	170,756,312	82,467,465
Finished goods	75,338,867	10,542,087
	246,095,179	93,009,552
(Increase) / decrease in inventories		
Work - in - progress	(35,904,157)	(88,288,847)
Finished goods	6,435,002	(64,796,780)
	(29,469,155)	(153,085,627)

Details of inventory in hand at the end of the year		
Work - in - progress		
Foundry products	121,488,919	53,091,742
Forging products	85,171,550	117,664,570
	206,660,469	170,756,312
Finished goods		
Foundry products	50,994,378	42,844,558
Forging products	17,909,487	32,494,309
	68,903,865	75,338,867
Total	275,564,334	246,095,179



SE Forge Limited**Notes to financial statements for the year ended March 31, 2016**

All amounts in Rupees unless otherwise stated

24 EMPLOYEE BENEFITS EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus	212,594,253	192,697,975
Contribution to provident and other fund	11,608,135	9,422,630
Gratuity expense (refer note 31)	4,038,822	3,575,955
Staff welfare expense	6,714,473	5,778,733
Total	234,955,683	211,475,293

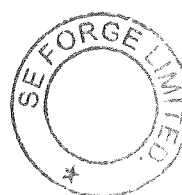
25 OTHER EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Consumption of stores and spares	294,308,099	158,232,175
Power and fuel	429,954,357	287,973,529
Other manufacturing expenses	52,184,231	41,294,399
Factory labour charges	96,383,098	60,178,598
Rent, rates and taxes (refer note 32)	39,236,865	65,946,084
Insurance	7,750,424	6,721,200
Repairs and maintenance		
Plant and machinery	20,342,159	9,487,065
Buildings	3,520,867	1,463,748
Others	1,135,054	1,329,694
Business promotion expenses	786,833	391,257
Sales claims and discounts	28,545,551	8,233,452
Freight outward	27,923,363	8,039,364
Travelling and conveyance	22,675,268	19,686,508
Communication expenses	2,034,585	1,717,877
Other administrative cost	18,340,902	12,998,833
Legal and professional fees	24,126,012	8,917,434
Payment to auditor (refer note below)	1,539,375	1,249,045
Exchange difference (net)	(16,821,730)	49,376,409
Directors' sitting fees	90,000	40,000
Miscellaneous expenses	(50,320,057)	8,587,118
Total	1,003,735,256	751,863,789

Payment to auditor		
As auditor		
Audit fee	1,539,375	1,000,000
Tax audit fee	-	200,000
Reimbursement of expense	39,375	49,045
Total	1,578,750	1,249,045

26 FINANCE COSTS

	Year ended March 31, 2016	Year ended March 31, 2015
Interest	875,021,716	985,813,991
Bank charges	29,114,110	38,104,229
Amortisation of processing fees	8,632,848	8,127,509
Exchange difference to the extent considered as an adjustment to borrowing costs	6,968,039	205,105
Total	919,736,713	1,032,250,834



SE Forge Limited**Notes to financial statements for the year ended March 31, 2016**

All amounts in Rupees unless otherwise stated

27 FINANCE INCOME

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on		
Bank deposits	11,050,210	13,186,109
Others	1,823,830	952,162
Total	12,874,040	14,138,271

28 DEPRECIATION AND AMORTISATION EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Depreciation on tangible assets	590,764,375	621,715,613
Amortisation of intangible assets	48,953	2,194,838
Total	590,813,328	623,910,451

29 EARNINGS/LOSS PER SHARE (EPS)

	Year ended March 31, 2016	Year ended March 31, 2015
Loss after tax	(577,118,759)	(1,814,875,594)
Weighted average number of equity shares	605,088,369	419,130,837
Basic and diluted earnings/(loss) per share of Rs. 10 each	(0.95)	(4.33)

30 GRATUITY

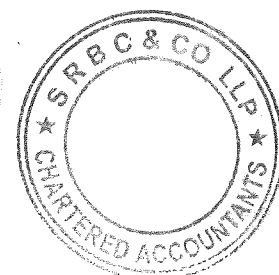
The Company has a defined benefit gratuity plan ('Defined Benefit'). Every employee, irrespective of whether or not he/she has completed five years or more of service, is eligible for gratuity. Gratuity is computed based on 15 days salary (last drawn salary) for each completed year of service. The scheme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

	March 31, 2016	March 31, 2015
Principal assumptions used in determining the gratuity obligations for the Company's plans:		
Discounting rate	7.90%	7.80%
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 partially 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, 2016

All amounts in Rupees unless otherwise stated

	Year ended March 31, 2016	Year ended March 31, 2015
Net employee benefit expense recognised in statement of profit and loss		
Current service cost	3,015,240	2,797,069
Interest cost on benefit obligation	997,705	867,926
Expected return on plan assets	(852,077)	(721,631)
Actuarial loss/(gain) recognized in the year	877,955	154,726
Net benefit expense (refer note 24) *	4,038,823	3,098,090
	As at March 31, 2016	As at March 31, 2015
Details of defined benefit gratuity plan		
Defined benefit obligation (A)	17,414,926	13,013,712
Fair value of plan assets (B)	11,332,082	9,524,437
Present value of un-funded obligations (C= A-B)	6,082,844	3,489,275
Plan liability / (asset)	6,082,844	3,489,275
	Year ended March 31, 2016	Year ended March 31, 2015
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	13,013,712	9,626,182
Interest cost	997,705	867,926
Current service cost	3,015,240	2,797,069
Benefits paid	(445,254)	(489,180)
Actuarial (gains)/losses on obligation	833,523	211,715
Closing defined benefit obligation	17,414,926	13,013,712
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	9,524,437	8,233,740
Expected return on plan assets	852,077	721,631
Actuarial gain/ (loss)	(44,432)	56,989
Employer's Contribution	1,000,000	1,001,257
Benefits paid	-	(489,180)
Closing fair value of plan assets	11,332,082	9,524,437

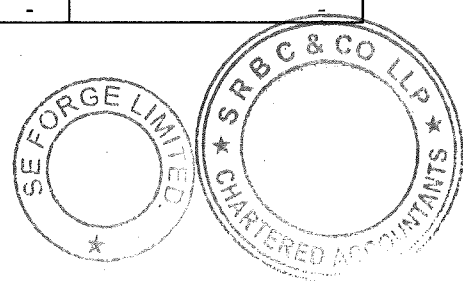
*This amount excludes ex-gratia of Rs. 445,254 (March 31, 2015: Rs. 489,180) paid directly by the Company.

The contribution made by the employer during the year was Rs. 1,000,000 (March 31, 2015 Rs. 1,001,257) of which Rs. 1,000,000 (March 31, 2015 Rs. 1,001,257) was paid towards approved fund. The actual return on plan assets during the year was Rs. 807,645 (March 31, 2015 Rs. 778,620)

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

Amounts for current and previous periods are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	17,414,926	13,013,712
Plan assets	11,332,082	9,524,437
Surplus/(deficit)	(6,082,844)	(3,489,275)
Experience adjustments on plan liabilities	833,523	211,715
Experience adjustments on plan assets	(44,432)	56,989
Actuarial gain/(loss) due to change in assumptions	-	-



SE Forge Limited**Notes to financial statements for the year ended March 31, 2016**

All amounts in Rupees unless otherwise stated

Particulars	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	9,626,182	12,410,980
Plan assets	8,233,740	7,669,200
Surplus/(deficit)	(1,392,442)	(4,741,780)
Experience adjustments on plan liabilities	4,051,530	1,291,890
Experience adjustments on plan assets	(87,340)	41,940
Actuarial gain/(loss) due to change in assumptions	(1,135,450)	(1,135,450)

Particulars	As at March 31, 2012
Defined benefit obligation	9,724,570
Plan assets	6,997,280
Surplus/(deficit)	(2,727,280)
Experience adjustments on plan liabilities	(672,890)
Experience adjustments on plan assets	(10,000)
Actuarial gain/(loss) due to change in assumptions	436,070

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

31 LEASES

The Company has taken certain premises under cancellable operating leases.

	Year ended March 31, 2016	Year ended March 31, 2015
Rental expense charged to the statement of profit and loss under cancellable leases	498,000	342,000

32 RELATED PARTY DISCLOSURES**Related parties whose control exists:**

Holding Company : Suzlon Energy Limited

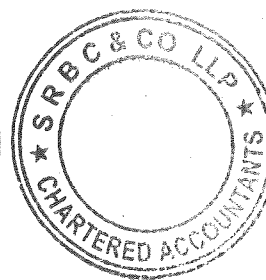
Other related parties with whom transactions have taken place during the year:**Fellow subsidiary companies:**

Suzlon Wind International Limited
Suzlon Structures Limited
SE Electricals Limited
Suzlon Global Services Limited
Aspen Infrastructures Limited
SE Freight and Logistics India Private Limited

Key Management Personnel:

Chief Mentoring Officer: Mr. Girish R. Tanti (appointed with effect from August 01, 2015)
Chief Executive Officer: Mr. Sunil J. Gupta
Chief Financial Officer: Mr. TPA Narayanan (appointed with effect from August 21, 2015)

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SE Forge Limited**Notes to financial statements for the year ended March 31, 2016**

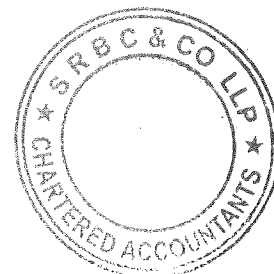
All amounts in Rupees unless otherwise stated

	As at March 31, 2016	As at March 31, 2015
Sale/purchase of goods and services		
Suzlon Energy Limited - Holding Company		
Issue of equity shares (excluding share premium)	2,186,666,660	1,500,000,000
Sale of goods	1,430,487,207	573,834,898
Interest expense	112,446,701	-
Loan taken	127,746,701	-
Amount owed by related party	389,446,109	420,852,876
Amount (owed to) related party	(496,938,792)	131,183,909
Transaction with fellow subsidiaries:		
Suzlon Wind International Limited		
Sale of goods	36,491,761	57,951,164
Amount owed by related party	-	3,060,979
Suzlon Structures Limited		
Sale of goods	125,996,243	13,632,500
Amount owed by related party	-	-
SE Electricals Limited		
Sale of goods	-	9,450
Purchase of traded goods	50,470	752,380
Amount (owed to) related party	(265,900)	(16,415,463)
Suzlon Global Services Limited		
Amount owed by related party	-	5,155,488
Aspen Infrastructures Limited		
Purchase of goods/services	635,434,153	480,412,685
Reimbursement of expenses	134,495	311,187
Amount owed by (owed to) related party	(17,750,504)	(65,887,599)
SE Freight and Logistics India Private Limited		
Purchase of services	2,494,186	567,973
Amount owed to related party	(1,075,648)	(534,755)
Remuneration to Key Managerial Personnel		
Girish R. Tanti - CMO	7,395,198	-
Sunil J. Gupta - CEO	9,243,995	2,655,500
TPA Narayanan - CFO	3,395,393	-

The Company has availed a long term loan from Landes Bank amounting to Rs. 619,970,990 (March 31, 2015 Rs.586,735,218) for which a corporate guarantee has been given by the holding company.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

33 CAPITAL AND OTHER COMMITMENTS

	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6,058,879	5,880,362

34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES:

	As at March 31, 2016	As at March 31, 2015
Particulars of forward contracts outstanding as at Balance Sheet date		
Hedge of forex borrowings- USD 9,140,000 (March 31, 2015: Nil)	605,593,550	-
Particulars of unhedged foreign currency exposure as at Balance Sheet date		
Long term borrowings	619,970,990	586,735,218
Short term borrowings	170,401,262	7,439,042
Trade payables	99,943,125	95,529,800
Trade receivables	656,115,909	388,239,370
Cash and bank balance	44,864,646	115,017
Interest accrued and due	2,605,676	7,628,781

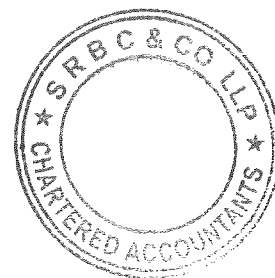
35 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials	1,031,568,980	25,414,629
Stores and spares	36,561,259	2,037,912
Capital goods	51,514,348	-
Total	1,119,644,587	27,452,541

36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

	Year ended March 31, 2016	Year ended March 31, 2015
Travelling expenses	912,129	491,659
Consultancy charges	3,485,964	3,927,416
Interest	36,670,212	26,410,442
Others	4,198,058	-
Total	45,266,363	30,829,517

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37 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARES CONSUMED

	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials		
Imported	925,179,793	79,252,423
Indigenous	935,220,414	1,047,599,165
Total	1,860,400,207	1,126,851,588
Imported raw material consumption (in %)	49.73%	7.03%
Indigenous raw material consumption (in %)	50.27%	92.97%
Stores and spares		
Imported	22,713,479	3,123,070
Indigenous	271,594,620	155,109,105
Total	294,308,099	158,232,175
Imported stores and spares consumption (in %)	7.72%	1.97%
Indigenous stores and spares consumption (in %)	92.28%	98.03%

38 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

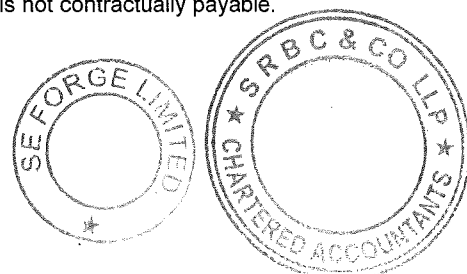
	Year ended March 31, 2016	Year ended March 31, 2015
FOB value of exports	984,273,179	256,164,135

Above does not include deemed export sales made to SEZ entities / EOU units in Indian currency aggregating to Rs. 46,853,281 (March 31, 2015 : Rs. 65,211,772).

39 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	Year ended March 31, 2016	Year ended March 31, 2015
Principal amount remaining unpaid to any supplier as at the end of the year	31,964,092	26,463,455
Interest due on above	8,126,513	-
	40,090,605	26,463,455
(i) The amount of interest paid by the buyer in terms of section 6 of MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	1,508,263	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the MSMED Act 2006	9,634,776	-

*Interest payable as per section 16 of the Micro, Small and medium Enterprises Development, 2006, for the year is Rs 9,634,776. The same has not been accrued in the books of the Company as amount is not contractually payable.



SE Forge Limited

Notes to financial statements for the year ended March 31, 2016

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.

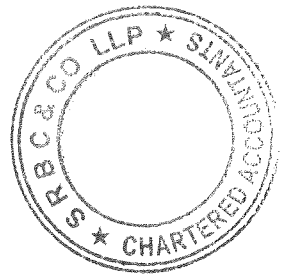
The Company's operations predominantly relate to manufacture and sale of castings and forged parts. Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

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.

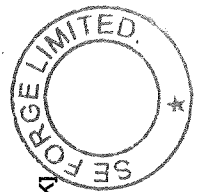
Dominant source of geographical risk is location of customers and hence the secondary segment reporting is based on geographical location of customers.

A. Primary business segment

	Year ended March 31, 2016			Year ended March 31, 2015		
	Foundry	Forging	Total	Foundry	Forging	Total
Segment revenue						
(a) External sales	2,033,619,793	1,902,187,369	3,935,807,162	722,876,379	1,035,536,322	1,758,412,701
(b) Inter - segment sales	-	-	-	-	-	-
Total segment revenue	2,033,619,793	1,902,187,369	3,935,807,162	722,876,379	1,035,536,322	1,758,412,701
Segment results	208,357,093	121,386,821	329,743,914	(436,413,172)	(360,349,859)	(796,763,031)
Add / less: items to reconcile with profit as per statement of profit and loss						
Add : other income	-	-	-	-	-	-
Add : finance income	-	-	12,874,040	-	-	14,138,271
Less : finance charges	-	-	919,736,713	-	-	1,032,250,834
Loss before tax	-	-	(577,118,759)	-	-	(1,814,875,594)
Provision for current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Loss after tax	-	-	(577,118,759)	-	-	(1,814,875,594)
Segment assets						
Common assets	4,234,512,929	3,624,578,025	7,859,090,954	4,164,989,162	3,388,349,463	7,553,338,625
	-	-	61,282,841	-	-	210,985,875
Total assets	-	-	7,920,373,795	-	-	7,764,324,500



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SE Forge Limited
Notes to financial statements for the year ended March 31, 2016
All amounts in Rupees unless otherwise stated

Segment liabilities	920,825,198	245,170,839	1,165,996,037	594,985,053	494,830,290	1,089,815,343
Common liabilities			3,994,551,664			6,617,564,293
Total liabilities			5,160,547,701			7,707,379,636
Capital expenditure (during the period)	272,290,155	71,865,446	344,155,601	32,230,942	(96,433,593)	(64,202,651)
Depreciation and amortisation expenses charged to the statement of profit and loss	398,992,338	191,820,990	590,813,328	337,474,445	286,436,006	623,910,451
Significant non-cash expenses other than depreciation charged to statement of profit and loss (amortisation of processing fees)	3,131,333	5,501,515	8,632,848	2,147,340	5,980,169	8,127,509

Geographical segments

	Foundry	Forging	As at March 31, 2016	Foundry	Forging	As at March 31, 2015
Segment Revenue						
India	1,626,863,141	1,339,602,052	2,966,465,193	625,837,576	847,863,818	1,473,701,394
China	-	153,048,884	153,048,884	-	28,241,751	28,241,751
Europe	2,123,893	401,304,053	403,427,946	-	77,391,975	77,391,975
USA	404,632,759	8,232,380	412,865,139	97,038,803	82,038,778	179,077,581
Total	2,033,619,793	1,902,187,369	3,935,807,162	722,876,379	1,035,536,322	1,758,412,701
Segment Assets						
India	223,357,619	417,119,768	7,547,191,202	101,524,870	346,341,334	7,661,808,117
China	-	16,274,594	16,274,594	-	-	-
Europe	2,123,893	236,919,403	239,043,296	-	54,017,882	54,017,882
USA	112,161,533	5,703,170	117,864,703	48,498,500	-	48,498,500
Total	337,643,045	676,016,935	7,920,373,795	150,023,370	400,359,216	7,764,324,499

41 COMPARATIVES:

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

As per our report of even date

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982/E300003

per **Paul Alvares**
Partner
Membership Number: 105754
Place: **Pune**
Date: August 12, 2016

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

Vinod R. Tanti
Director
DIN - 00002266
Place: **Mumbai**
Date: August 12, 2016

TPA Narayanan
Chief Financial Officer
Membership Number: 88707
Place: **Mumbai**
Date: August 12, 2016

Ranjitsinh A. Parmar
Director
DIN - 00002613
Place: **Mumbai**
Date: August 12, 2016

Geetanjali S. Vaidya
Company Secretary
Membership Number: A18026
Place: **Mumbai**
Date: August 12, 2016

