

Srei Infrastructure Finance Limited
Annual Report 2013-14

YOUNG & MATURED

At 25!

Board of Directors

Mr. Salil K. Gupta

Chief Mentor

Mr. Hemant Kanoria

Chairman & Managing Director

Mr. Sunil Kanoria

Vice Chairman

Mr. Saud Ibne Siddique

Mr. S. Rajagopal

Dr. Satish C. Jha

Mr. Shyamalendu Chatterjee

Mr. Sujitendra Krishna Deb

Dr. Punita Kumar Sinha

Chief Executive Officers

Mr. John Moses Harding

Mr. Bajrang Choudhary

Mr. Bijoy Daga

Company Secretary

Mr. Sandeep Lakhotia

Chief Financial Officer

Mr. Kishore Kumar Lodha

Auditors

Haribhakti & Co.

Chartered Accountants

Principal Banker

Axis Bank Limited

Audit Committee

Mr. Salil K. Gupta

Chairman

Mr. Sunil Kanoria

Mr. S. Rajagopal

Mr. Sujitendra Krishna Deb

Mr. Shyamalendu Chatterjee

Mr. Sandeep Lakhotia

Secretary

Committee of Directors

Mr. Hemant Kanoria

Chairman

Mr. Sunil Kanoria

Mr. Salil K. Gupta

Mr. Sandeep Lakhotia

Secretary

Stakeholders Relationship Committee

Mr. Salil K. Gupta

Chairman

Mr. Hemant Kanoria

Mr. Sunil Kanoria

Mr. Sandeep Lakhotia

Secretary

Asset Liability Management Committee

Mr. Sunil Kanoria

Chairman

Mr. Shyamalendu Chatterjee

Mr. Sanjeev Sancheti

Mr. P. C. Patni

Mr. Sandeep Lakhotia

Mr. John Moses Harding

Mr. S. B. Tiwari

Secretary

Credit Committee

Mr. Hemant Kanoria

Chairman

Mr. Sunil Kanoria

Mr. Sujitendra Krishna Deb

Mr. S. B. Tiwari

Secretary

Investment Committee

Mr. Hemant Kanoria

Chairman

Mr. Sunil Kanoria

Dr. Punita Kumar Sinha

Mr. Sanjeev Sancheti

Secretary

Risk Committee

Mr. Shyamalendu Chatterjee

Chairman

Mr. Sunil Kanoria

Mr. Sujitendra Krishna Deb

Mr. S. B. Tiwari

Secretary

Nomination and Remuneration Committee

Mr. Salil K. Gupta

Chairman

Mr. Sunil Kanoria

Mr. Shyamalendu Chatterjee

Mr. Sandeep Lakhotia

Secretary

Corporate Social Responsibility Committee

Mr. Hemant Kanoria

Chairman

Mr. Sunil Kanoria

Mr. Shyamalendu Chatterjee

Mr. Madhusudan Dutta

Secretary

Corporate Identification Number

L29219WB1985PLC055352

Registered Office

‘Vishwakarma’

86C, Topsia Road (South)

Kolkata – 700 046

Telephone : 91-33-6160 7734

Facsimile : 91-33-2285 7542/8501

E-mail : corporate@srei.com

Website : www.srei.com

Listing

The Calcutta Stock Exchange Limited

BSE Limited

National Stock Exchange of India Limited

London Stock Exchange - Global

Depository Receipts

Depositories

National Securities Depository Limited

Central Depository Services (India)

Limited

29th Annual General Meeting on Saturday, August 02, 2014 at 10.30 a.m. at
Science City Main Auditorium, JBS Haldane Avenue, Kolkata - 700 046

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1 billion = 100 crore, 1 million = 10 lacs

All figures attributed to Srei are figures of Srei Consolidated unless otherwise stated.

**WHAT FAITHFULLY DESCRIBES A
25-YEAR OLD SREI?**

FINANCIER OR SERVICE PROVIDER?

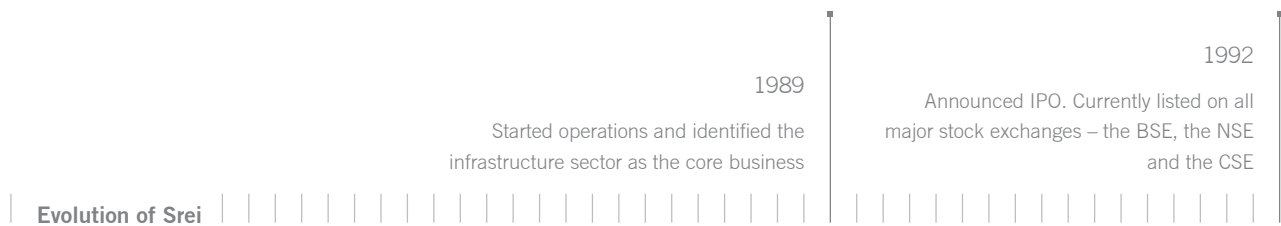
**RESPECTING TRADITION OR
CHASING EVERY SUNRISE?**

**STRATEGICALLY CONSISTENT OR
MEANING DIVERSE THINGS TO
DIFFERENT PEOPLE?**

**YOU JUST CAN'T PUT A FINGER ON
THE COMPANY.**

**HAPPENS TO MOST WHO ARE
DYNAMIC AND YOUNG.**

LIKE SREI. AT 25.



THE LAST 25 YEARS HAVE BEEN AMONG THE MOST MOMENTOUS
IN GLOBAL HISTORY.

**LIBERALISATION. GLOBALISATION.
INTERNET. DOTCOM EXPLOSION.
INFRASTRUCTURE REVOLUTION.
MIDDLE-CLASS BOOM. FINANCIAL
SECTOR COLLAPSE. RISING
INTEREST RATES. GROWING
REGULATION. GLOBAL MELTDOWN.**

**AND YET, ON A STANDALONE BASIS
SREI HAS REPORTED A PROFIT IN
EACH OF THE LAST 25 YEARS. WITH A
CAGR IN POST-TAX PROFIT OF 40%.**



THERE ARE A NUMBER OF OVERARCHING MESSAGES IN THE SUCCESS STORY OF SREI.

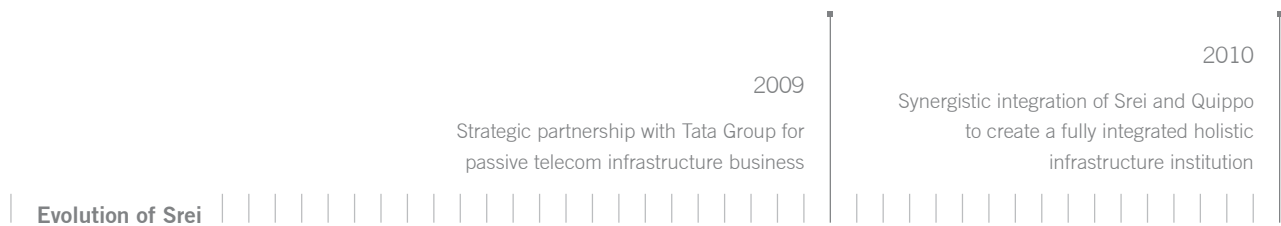
**ONE OF THE FEW INSTANCES
OF A NON-BANKING FINANCIAL
INTERMEDIARY ENDURING – AND
GROWING - ACROSS 25 YEARS.**

**CONSISTENT PROFITS THROUGH
INDUSTRY TROUGHS AND CRESTS.**

**ONE OF INDIA'S MOST VALUABLE
FINANCIAL SECTOR BRANDS.**

**CONSOLIDATED ASSETS UNDER
MANAGEMENT OF RS. 34,070 CRORES
AT THE CLOSE OF FY14, ONE OF THE
LARGEST IN THE SECTOR.**

**PRUDENT PROVISIONING AND STRINGENT
RISK MANAGEMENT PROCESSES HELPED
THE COMPANY TO CONTROL NPA.**

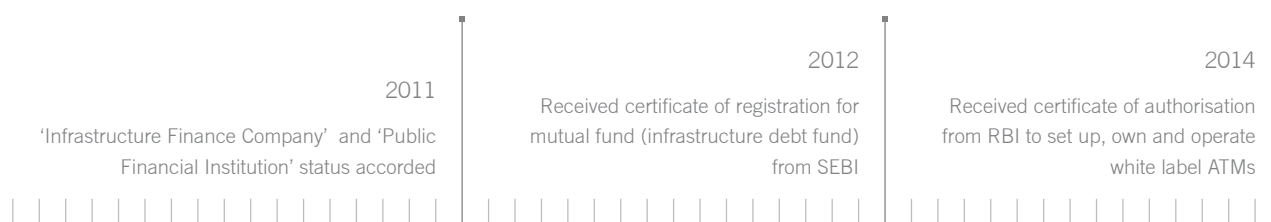


SO WHAT IS THE SECRET OF SREI'S SUCCESS?

THE ABILITY TO TRANSFORM THREATS INTO OPPORTUNITIES.

THE ABILITY TO DERIVE SUSTAINABILITY FROM UNCERTAINTY.

THE ABILITY TO STRENGTHEN THE BUSINESS OF OTHERS AND HENCE, IT'S OWN.



CORPORATE IDENTITY

Root

- ▲ The NBFC business was founded in 1989
- ▲ Headed by Hemant Kanoria (Chairman and Managing Director), Sunil Kanoria (Vice Chairman) with a team of dedicated and experienced professionals
- ▲ Supported by eminent global institutions like FMO, UPS Capital, HSBC, ANZ Grindlays, DBS, Austrian Development Bank, DEG and BIO among others

Spread

- ▲ Headquartered in Kolkata (India) with 87 branch offices across the country
- ▲ Present internationally with offices in Germany, Nigeria, Mauritius, Russia and Singapore
- ▲ Listed on the Bombay Stock Exchange, the National Stock Exchange and the Calcutta Stock Exchange and traded actively
- ▲ Among the first Indian NBFCs to list GDRs on the London Stock Exchange

CORPORATE PILLARS

Vision

To be the most inspiring global holistic infrastructure institution.

Mission

To be an Indian multinational company providing innovative integrated infrastructure solutions.

Core values

Customer partnership: Intense customer engagement, affection and understanding facilitate us to create a mutually profitable partnership.

Respect for people: We treat our employees like family, providing them with an inspiring work environment that encourages initiative and recognises excellence.

Integrity: All our actions are guided by strong morals and we are committed to ethical practices.

Stakeholder value enhancement: We enhance value for our stakeholders by focusing on growth and profitability, managing risks and contributing to the society.

Passion for excellence: Our passion for excellence is instrumental in driving us to be innovative, solution - focused and impactful.

Professional entrepreneurship: With over two decades of experience, our spirit of entrepreneurship enables us to overcome obstacles and complexities with professional expertise.

Major international institutional relationships in the last 25 years



**10 YEAR
CAGR_s**

Revenue growth

43%

PAT growth

19%

Growth in assets under
management

36%

Growth in disbursements

26%

SREI'S INFRASTRUCTURE BUSINESS

Fund based	Fee-based	Strategic investments
Equipment financing	Project advisory	Transportation
Project financing	Insurance broking	Telecom infrastructure
	Project development	Power
	Investment banking	Rural IT infrastructure
	Venture capital/Fund management	Rentals (construction, oil & gas, energy)
		SEZ and industrial parks

OEM partners in
the last 25 years



SREI IN NUMBERS

95,230

Total loan
disbursed in the
last 25 years (Rs. in
crores)

34,070*

Total asset under
management (Rs.
in crores)

35,000+

Total customers
funded by Srei in
the last six years

696

Total fee income in
the last 25 years
(Rs. in crores)

143,369

Total number of
assets financed in
the last six years

*As on 31st March, 2014.



CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Hemant Kanoria, Chairman and Managing Director,
Srei Infrastructure Finance Limited

It is a time for celebration of our silver jubilee year of successful operations and coincidentally India once again seems to be in the limelight of international and domestic investors. It is nostalgic to recollect the journey over the last 25 years since Srei started its business of hire-purchase and lease, expanding its spectrum across the financial sector with infrastructure as its primary focus. It just seems like yesterday when the first hire-purchase transaction was concluded and signed in 1989. Starting from just a few agreements every month, Srei, in its 25th year, now deals in multiple transactions involving crores of rupees every day.

Many of you may fondly remember the Initial Public Offering (IPO) in 1992, when the Company got listed on the major stock exchanges with a nominal amount of Rs. 2.24 crores and the asset base of the Company was a small Rs. 5 crore. Subsequently, in this journey of Srei, many of you have joined at different points in time. Together we have experienced the growth of Srei. Today, in 2014, we can be glad that the net worth is Rs. 3,109 crore, with an asset base of Rs. 34,070 crore. It is perhaps appropriate to reminisce some of our milestones on this occasion and to thank all those who have wholeheartedly partnered us to contribute towards the stellar growth of your Company. Everyone's help counted in conceptualising and building this

robust and flexible, multi-dimensional and scalable business model which is almost unique in India's infrastructure history. The model has stood the test of time and is poised to expand its scope and coverage in the times to come. You will also be glad to know that in this 25 years' journey, your Company has been able to attract a team of dedicated professionals with appropriate expertise and experience, leaders who are passionate, eager to learn and succeed.

Your Company has been growing in the last 25 years keeping "Innovation" as its hallmark. It was the first company in the country to start financing equipment to the infrastructure sector by supporting construction companies and contractors. In 1996, Srei launched the first ever Compulsory Convertible Preference Shares where investors were Unit Trust of India (UTI), DEG (a German Government Institution), FMO (a Dutch Government Institution) and International Finance Corporation (IFC belonging to the World Bank Group). Then in 2002, we introduced the concept of mezzanine financing in India, a hybrid financial instrument with both debt and equity features, previously unheard of in Indian infrastructure financing. Building on our equipment financing strength, we pioneered the concept of equipment bank in India under the brand name Quippo in 2002. This helped the infrastructure fraternity realise the

cost effectiveness of renting over owning for high-value infrastructure equipment. In 2004, your Company introduced a revolutionary marketing scheme titled "Paisa ki Nilami" which brought customers, equipment manufacturers and the financier (your Company) on a common platform for doing bulk business for equipment financing through a Dutch auction of interest rates. The endeavour has always been to innovate and create sustainable approaches as a leader in infrastructure equipment financing in India.

Your Company realised that in order to expand the value chain it was necessary to become more active in infrastructure project financing and also to further diversify the investor base by accessing more global capital. In 2005, your Company became the first NBFC from India to get its Global Depository Receipts (GDRs) listed on the London Stock Exchange.

In 2008, before the global financial crisis, your Company forged a joint venture with BNP Paribas Lease Group (BPLG), a wholly owned subsidiary of global bank BNP Paribas and Srei Equipment Finance Ltd. (Srei BNP Paribas) came into existence. In 2009, your Company entered into a strategic alliance with the Tata Group for forming the world's largest independent telecom tower network business and Viom Networks came into being. These large institutions

with more than a century's experience reposed faith in the management teams of your Company to manage the new ventures. 2011 marked the addition of another feather in the cap of your Company when government accorded the Public Financial Institution (PFI) to Srei Infrastructure Finance Ltd. as an Infrastructure Finance Company.

Though the journey has not been smooth, it has been thrilling. There have been moments of excellence, heights of glory, seconds of despair, instances of frustration, but overall a very exciting experience. We rejoiced the success together and we jointly weathered the storms with gusto. We withstood the tumultuous time during the late 90's when the future of the NBFC industry was uncertain. The organisation then was a fledgling one, but we managed to hold on. We experienced phenomenal growth between 2004 and 2008. The global financial crisis that erupted in 2008 did slow us down temporarily, but your Company continued to grow business and make profit. The last two years have been extremely difficult because of policy uncertainty, but your Company has been on an expansive mode. This reflects the resilience of the business model of Srei. After 25 years, your Company enjoys presence in sectors like roads, power, ports, telecom, urban infrastructure, special economic zone (SEZ) and industrial park and environment. On

the asset financing front, the portfolio has expanded beyond infrastructure equipment to Information Technology (IT), healthcare, logistics and rural infrastructure equipment. Apart from equipment financing and project financing, Srei has leveraged its expertise offering fee-based services too, namely project advisory, project development, insurance broking, investment banking, setting up alternative investment funds and infrastructure debt funds. In addition, to further diversify our risk, we have even spread to other geographies. After having established a firm presence in Russia, we are eyeing select markets in Africa and the Middle East.

There is a genuine reason for hope now. There has been a regime change at the Centre. The fact that the new government has come to power with a clear majority augurs well for the country as the elected government, with minimum coalition pressure, will be in a position to undertake long-pending actions. The government has expressed its commitment to revive infrastructure growth and is willing to collaborate with state governments to provide a major thrust to infrastructure. The new regime realises the importance of unlocking the domestic growth potential and it has made it adequately clear that infrastructure creation is its priority. The new government's announcements about undertaking river-linking, creating

high-speed train tracks, building low cost airports and expansion of e-governance are bound to throw open immense opportunities. If the government can demonstrate to the world that it is serious about creating an enabling environment, I am sure there will be no dearth of funds. Global markets are flushed with liquidity and this liquidity is available for viable investment opportunities. I am optimistic that our new Prime Minister has the right vision and this makes me upbeat about our country's future.

I am optimistic about your Company's prospects in the coming years. Even during an economic slowdown, your Company has continued to grow. Income grew by 5% from Rs. 3,110 crores in 2012-13 to Rs. 3,260 crores in 2013-14. During the year under review, your Company registered net profits of Rs. 139 crores and your Company's consolidated disbursement was Rs. 12,706 crore. If this is the performance in a difficult year, with the right policies in place your Company is capable of doing much more. I expect a major pick-up in infrastructure sector activities from the third quarter onwards of this fiscal.

The Company today is inundated with a talent pool eager to explore opportunities in various fields. We keep getting new business ideas and suggestions to expand our product portfolio. Each idea or proposal is meticulously evaluated.

Entrepreneurship, innovation and initiative are the driving forces of your Company. Our aim is to stay ahead of competition and for that fresh ideas must keep coming. We realise the growing importance of technology and how in coming times it can emerge to be the key differentiator. Therefore, to stay ahead of competition our investment in training and knowledge acquisition is now being supplemented by investing in technology. Most of tomorrow's innovations will be technology-driven.

At 25, we are no less excited than what we felt at the beginning. At the starting point, although we were confident, somewhere deep down inside us there lurked a slight apprehension, because of our inexperience. But today we are seasoned in our field, equipped with experience, talent and the necessary resources. We feel that our journey has just begun. We have many more peaks to scale and your Company is fortunate to have a large team of next generation leaders to take it forward.

We look forward to your continued support in our future journey.

Thank you.



HEMANT KANORIA

Chairman & Managing Director

Today we are seasoned in our field, equipped with experience, talent and the necessary resources. We feel that our journey has just begun.



“WE ARE READY TO CAPITALISE ON THE NEXT PHASE OF GROWTH IN THE INDIAN INFRASTRUCTURE SECTOR”

An interview with **Sunil Kanoria**, Vice Chairman, Srei Infrastructure Finance Limited

Q How would you evaluate the performance of the Company during the year under review?

A. The year 2013-14 was one of the most challenging for the Indian economy, with India's GDP growing below the psychological 5% level for the second successive year. Much of the slowdown was ascribed to slower government decision making when it came to infrastructure investments. A single instance suffices: only 3,169 km of fresh road building projects were awarded against a targeted 7,500 km as the country encountered fewer takers for PPP projects. Being a holistic infrastructure company, this naturally impacted our business.

Q How would you review your performance?

A. The robustness of any business model is effectively measured by how the Company performs in its most challenging year. Despite the year under review being one of the most challenging in our existence, our loan book grew marginally. We have contained our net NPAs to 2.75% under difficult business circumstances through a prudent risk management process.

Q How did the different businesses perform during the year under review?

A. Let me discuss each differently for

enhanced clarity:

Equipment financing business: Srei BNP Paribas responded to the evident industry slowdown with speed to sectoral changes. As the nationwide offtake of new equipment declined, we recognised that what was needed was not merely a cut-and-dried fiscal approach but an evolved response. What customers wanted was not the invocation of the rule book that would lead to equipment re-possession in the event of their not paying on schedule; what customers desired was a humanely collaborative treatment that would enable them to protect their business during the downturn and grow as soon as the economy rebounded.

For instance, we recognised that as grassroots business opportunities declined (but did not completely disappear), first-time entrepreneurs would not be as willing to buy new equipment in the face of lower revenue visibility and stretched paybacks. In the circumstances, we extended our exposure from financing of new equipment to financing of pre-owned equipment. Besides, the MSME sector provided growth opportunities while the large strategic clients struggled to win orders.

We also recognised that during industry slowdowns, the biggest

reduction in business and margins came from asset idling, which affected the capacity of customers to service their debt. So we responded to the need of the moment by extending our role from mere financing to asset deployment. I am pleased to state that this differentiated approach strengthened our collection efficiency during the year under review.

We helped customers sell used equipment, after refurbishing them for new customers, opening up a new business segment with a first-mover's advantage.

Project financing business: With few projects getting off the ground and interest rates remaining high, this segment continued to be under pressure. Here too, we selected to evolve our business model in line with the changing requirements of the day: we worked closer with customers, helped them respond to prevailing challenges and prioritised the protection of our Balance Sheet.

Strategic investments: We have always been a company making timely strategic investments with the objective of building value into our Balance Sheet. However, during the year under review, we postponed fresh investments due to the prevailing weakness and the absence of economic clarity.

Telecom: This was a bright spot for our Company, the prevailing environment notwithstanding. It would have been reasonable for our telecom towers business to report lower growth and ascribe the decline to sectoral weakness. On the contrary, Viom reported a turnaround marked by profits for two consecutive years, despite an indifferent telecom period between 2011 and 2013, due to judicial intervention and regulatory uncertainties for the telecom sector. Viom reported stronger financials in FY 2013-14, notwithstanding the onetime loss of revenue due to the exit of tenancies on account of a cancellation of 2G licenses/spectrum of some of its customers.

During the year, the Company increased tower rollouts from about 250 towers in FY 13 to about 1500 towers in FY 14, an incremental 2G tenancy market share of 25% against a tower market share of 11%; increased share of tenancy portfolio with incumbents (Airtel, Vodafone and Idea Cellular) to 23%. Viom has introduced ultra lite sites with innovative design and modular structures which brought down our capex, opex and replacement costs. This in turn made towers viable with just one tenant and enabled Viom to meet the requirements of customers in deploying and expanding their networks including infill sites and in

rural penetration.

Rural infrastructure: Sahaj e-village, present in 21,227 Gram Panchayats and 1745 Blocks, is strengthening its business.

Q Was there any other development likely to strengthen the business going ahead?

A. There were related developments in the banking, power distribution and environment businesses during the year under review that augur well for our long-term presence in the businesses.

Banking: A major development was Srei being authorised by the RBI to set up, own and operate a minimum 9,000 white label ATMs (WLAs) in rural India within three years. In this initiative directed towards strengthening the country's financial inclusion, the WLAs will be able to distribute financial products and services (cash deposit, financing, remittances and investment products and cash dispensation) of sponsor banks to rural doorsteps.

Srei is advantageously placed to capitalise on this next big Indian opportunity. The Company will leverage 27,224-plus IT-enabled common service centres (CSCs) already being managed by village level entrepreneurs through Sahaj e-Village Limited, a Group company. These 27,224 CSCs in six states (Assam, Bihar, Odisha,

Tamil Nadu, Uttar Pradesh and West Bengal) address an approximate 280 million people, which is more than 20% of India's population. A pilot roll-out of 200 WLAs in Tier 3, 4 and 5 locations is likely to be completed in eight months before we select to scale this venture.

Power distribution: Our investment in the power sector (India Power) did better than in the past, receiving a power distribution license in Gaya in March 2013, which we expect will enhance revenues from FY15 onwards. Besides, this business is competently placed to be awarded more such distribution licenses across the country, where it can potentially leverage its rich understanding of power distribution efficiencies to reduce T&D losses and contribute to national energy security.

Environment: Swachh, our Group company, provides integrated water and waste water management, solid waste management and recycling solutions. The business was awarded the prestigious Nangloi public-private partnership project in New Delhi in partnership with Veolia Water. This 15-year contract could result in \$85 million being invested in the water treatment and distribution system that is likely to result in a superior service to citizens and revenue visibility for the Company.

Q How would you evaluate Srei's journey across 25 years?

A. There are a number of things that one is proud of. We started our Company in a pre-liberalisation India, we have leveraged some of the biggest transformations (internet, globalisation etc.), we have survived a number of market cycles, we have capitalised on the great infrastructure push, we have seen through two of the most challenging economic slowdowns and the best thing is that despite all this, we retained our identity without being acquired or merged. During this journey, we have evolved from Eastern India to a pan-India presence, we have extended from a presence in one business to multi-businesses, we have extended from a niche infrastructure role to a holistic infrastructure play, we have extended from being a beneficiary of economic growth to a company that catalyses national transformation.

Q How do you see the Indian economy shaping out?

A. We think the country's economy has bottomed out. We are hopeful that a strong and stable Central government with an absolute majority will be able to resolve policy decisions faster. What enthuses me is that within a month of taking over, the new government cleared seven big-ticket investment

projects worth a cumulative Rs. 21,000 crore, some of which were held up for long on account of environmental and financing issues. Besides, the new government is planning a multi-billion dollar infra fund to catalyse investments; the Roads Ministry has already begun discussions with potential investors for a similar fund raising that could kickstart the economy. It is becoming increasingly evident that the government intends to catalyze growth through large scale infrastructure investments, which are expected to widen prospects for focused companies like ours.

Q How does Srei expect to capitalise?

A. Given the quantum required to be invested in the country, it is plainly evident that the country's private sector will need to engage in significant resource mobilisation. We are among handful Indian companies specialising across the entire range of infrastructure financing. We are optimistic that we possess the credentials to attract international capital to drive the country's next growth phase, strengthening our Balance Sheet and prospects across the foreseeable future.

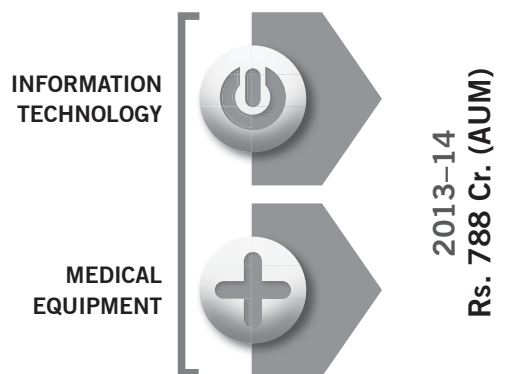
We are hopeful that a strong and stable Central government with an absolute majority will be able to resolve policy decisions faster.



JUST 25

TRADITIONAL & CONTEMPORARY

WHEN A COMPANY IS SUCCESSFUL IN ONE LINE OF BUSINESS, THERE IS A TENDENCY TO LET THE WINNER RUN WITHOUT TAKING INCREMENTAL RISKS.



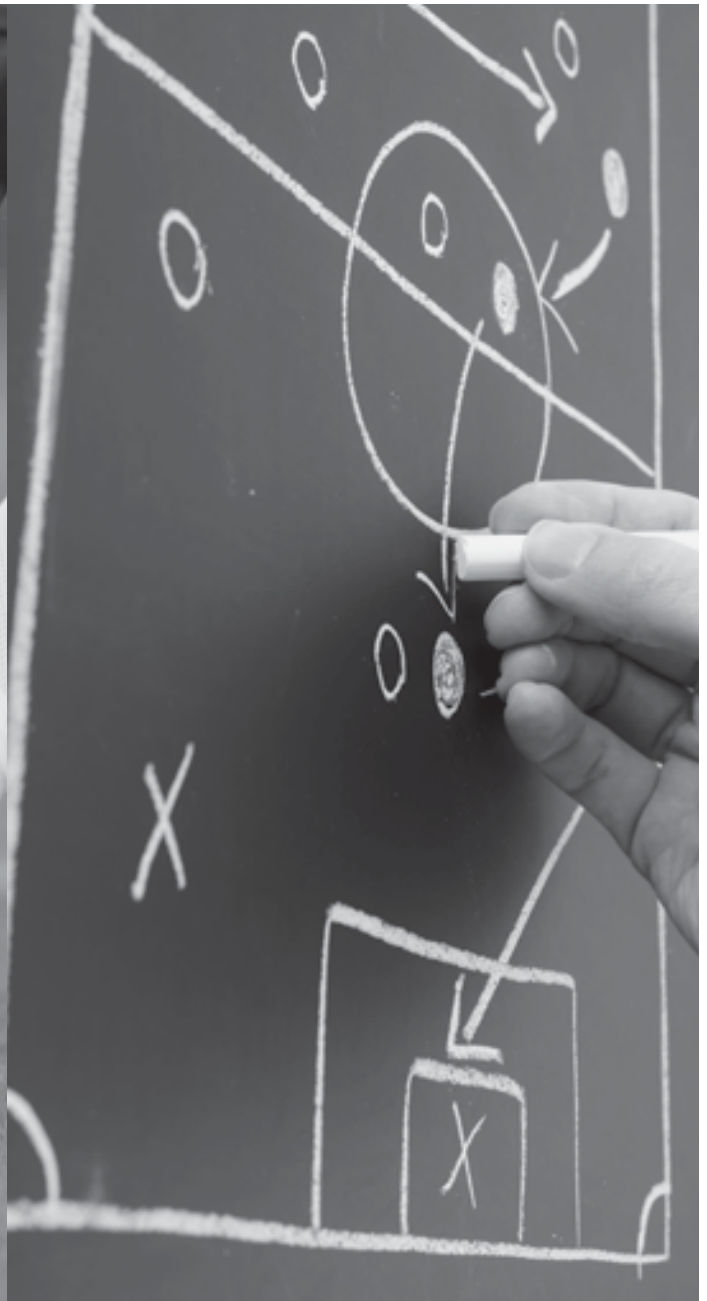
At Srei, we entered the business of financing conventional infrastructure equipment, offering services like finance, leasing, rental and equipment disposal. Conventional wisdom suggested that Srei should continue to focus on what it was good at – financing infrastructure equipment - without looking elsewhere.

This is precisely what Srei did not; rather than continue its focus on a space where it enjoyed an undisputed market leadership, the Company made a strategic decision to enter nascent industry segments, which were relatively under-financed on the one hand and had high growth potential on the other.

So even as Srei spent the initial years of its existence focused on growth from the infrastructure sector, it entered into two new segments – IT software solutions and healthcare equipment – in 2010-11.

Srei prudently leveraged its partner BNP Paribas' international relationships with reputed IT companies (Oracle, EMC and Fujitsu among others) and medical equipment brands (GE, Siemens and Philips) to gain traction in the new segments. The book size in Information Technology and Medical Equipment stood at Rs. 788 crores in 2013-14.

The result is that in a quarter of a century, Srei has demonstrated that while it is critical to continue building traditional lines of business, it is perhaps even more important to identify and judiciously enter new business lines for accelerated growth.

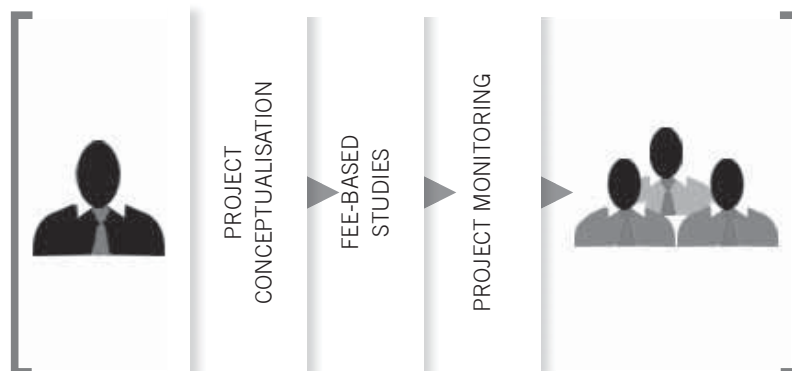


JUST 25

ACTION & ADVICE

IN ANY COMPETITIVE BUSINESS, SUCCESS IS
DERIVED FROM THE ABILITY TO STRATEGISE
AND EXECUTE.

ADVISORY FUNCTION



At Srei, when we entered business a quarter of a century ago, the focus was to finance, lease, rent or dispose infrastructure equipment. Whatever knowledge that was accumulated in this process was largely used for captive organisational benefit.

However, Srei decided to think differently and extend its focus beyond a financial intermediary role. The Company's management recognised that it was principally in business not to generate a sizeable profit that would keep shareholders happy in the short-term; it was in business to make it possible for customers to succeed, enriching all stakeholders in the long-term.

There was a significant gap in customer skills of handling complex projects, steering through difficult market conditions and managing project risks. There was an opportunity to leverage sectoral knowledge to address project management in order to execute complex projects, while managing business risks effectively. That is how Srei extended itself from financing projects to providing project advisory services.

Gradually, project advisory emerged more than just a small activity; it proved to be a critical facilitator, which established project confidence, attracted funds and created the foundation that made projects successful.

Srei's advisory function comprises project conceptualisation, fee-based studies and project monitoring.

Srei's fee-based income grew from Rs. 35 crores in 2007-08 to Rs. 143 crores in 2013-14.

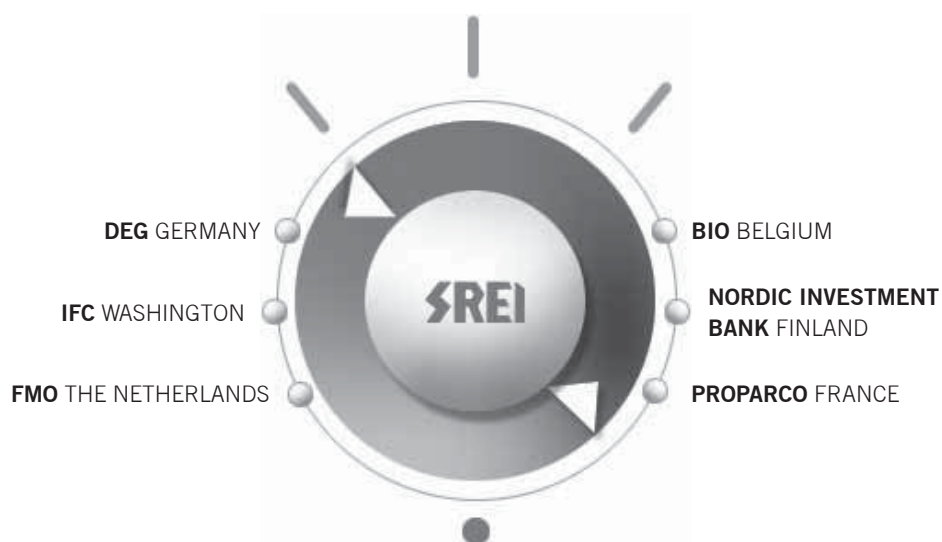
The result is that in a quarter of a century, Srei has evolved from a tangible finance support to a knowledge-driven advisory service; from a company focused singularly on financing the transactions to one advising customers on how to make their businesses successful. In doing so, a 25-year old Srei has become more than a mere business enabler but emerged as a trusted business partner.



JUST 25

STABLE & DYNAMIC

IN THE INFRASTRUCTURE AND EQUIPMENT FINANCE SECTOR, A CRUCIAL SUCCESS FACTOR IS THE ABILITY TO BALANCE CASH FLOW DURING BUSINESS CYCLES. SUCCESS IS DERIVED FROM THE ABILITY TO PRECISELY MATCH MATURITIES BETWEEN FUND-RAISING AND FUND-DEPLOYMENT.



The Indian government intends to invest USD 1 trillion in the infrastructure sector during the Twelfth Five Year Plan (2012-17). At Srei, we have reinforced our financing lines to address the industry reality.

Srei strengthened its funds mobilisation capability through a number of initiatives: the creation of one of the largest bankers' consortia in India; being among the first NBFCs to raise mezzanine funds, channeling of resources from leading international institutions like DEG (Germany), IFC (Washington), FMO (Netherlands), BIO (Belgium), Nordic Investment Bank (Finland) and Proparco (France). More than timely resource availability, these relationships have translated into an insight into global sectoral trends and realities, making it possible to respond proactively

within India. These international institutions accounted for around 12% of the Company's equity holding and around 9% of the Company's debt as on 31 March 2014.

Srei was among the first Indian NBFCs to access the international equity markets when it listed its GDRs on the London Stock Exchange in 2005. Srei's credible Balance Sheet translated into a rating that facilitated ease of funds mobilisation.

As a result, over the last quarter of a century, Srei successfully maintained the solidity of its Balance Sheet on the one hand with liquidity on the other, strengthening its viability across markets and cycles.



JUST 25

DISCIPLINED & AGILE

THE SUCCESS OF ANY BUSINESS DEPENDS ON THE ABILITY TO RECONCILE TWO DIVERSE IMPERATIVES – FISCAL DISCIPLINE ON THE ONE HAND AND SERVICE FLEXIBILITY ON THE OTHER.

At Srei, we recognised that fiscal prudence extended from a disciplined management of fund flows to a strict interpretation of non-performing assets coupled with aggressive bad loan provisioning. These prudent accounting standards were benchmarked against the most stringent norms recommended by global financial institutions (IFC of Washington, DEG and KfW of Germany, FMO of The Netherlands and BIO of Belgium, among others) some parameters being even stricter than RBI prescribed guidelines.

Over the years, the strength of Srei's Balance Sheet was strengthened through these initiatives:

NPA: Srei's business focuses on the SME and retail segment, marked by a mismatch between project investment cycle (about two years) and repayment cycle (about five years). In view of this, the Company provides advisory services in appropriate equipment selection, project planning, managing business cycles, cash flow, profitability, exit flexibility and financing. The result: timely debt and interest payments leading to low Non-Performing Assets (NPAs).

Provisioning: Srei's relationship with IFC Washington and other international stakeholders translated into a transfer of best governance practices. This was most visibly showcased in the provisioning for NPAs. As early as in 1997, the Company graduated to a system where it declared assets as non-performing within 91 days of default accompanied by a 20% provision for that asset (providing 50% in 181 days and 100% in over 360 days). This practice was more stringent than the prevailing Indian statutory

requirements. The result was that the Company has always had adequate provision against possible defaults.

Risk management: The Company created strong risk management processes. The alliance with BNP Paribas has strengthened the risk management practices of the Company. The Company not only appraises the Balance Sheet of its clients, but also their entrepreneurial acumen to ascertain viability of the funding. The Company also evaluates nature of the equipment financed, projects across which they are likely to be deployed and the government commitment on funding. This helped the Company contain NPAs on the one hand and help a number of first-time buyers become large entrepreneurs on the other.

Asset backed lending: The Company insists on strong and valuable assets as collaterals before funding potentially vulnerable clients, covering the funded asset in the case of non-payment. Thus making it possible to liquidate and recover dues.

Statutory requirements: The Company embarked on the measurement of capital adequacy even before RBI made it mandatory for financial institutions.

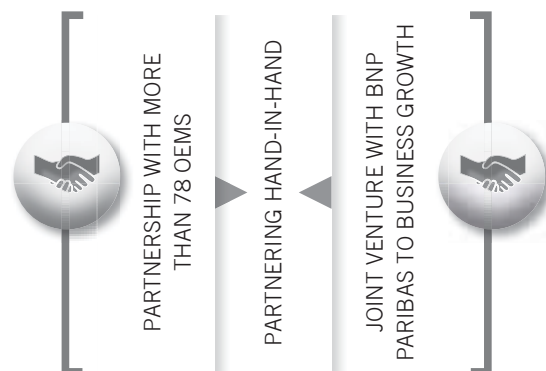
Over the last 25 years, Srei's ability to successfully balance two disparate realities – being disciplined and agile – has helped customise responses to diverse customer requirements, thereby strengthening business relationships with them.



JUST 25

ALLIANCE & INDEPENDENCE

IN THE BUSINESS OF FINANCING, SUCCESS
IS DERIVED FROM THE ABILITY TO EXTEND
FROM THE ROLE OF A FINANCIER TO THAT OF
A BUSINESS PARTNER.



At Srei, it is precisely the ability to straddle seemingly diverse opportunities that has translated into sustainable success.

First-time users constitute a large chunk of Srei's customer profile. Since these customers are largely drawn from the small-medium enterprise segment, what they often need is advice on the kind of asset they need to procure, the duration for which they would need the asset and the kind of IRR they need to generate. By virtue of having financed thousands of first-time users who eventually grew their fleet and became large companies in their own right, Srei advises these entrepreneurs with relevant business advisory including equipment disposal. In instances where financial closure is delayed, Srei can step in and provide bridge finance. For instance, a Jodhpur customer with Rs 30 crores in revenues approached Srei for prospective business leads, which resulted in a project co-partnership. Following award, the project was executed by the partner, its first BOT project, graduating it up the sector's value chain. The customer is now partnering Srei in a Rs. 350 crores Haryana project, having transformed from an EPC contractor into a BOT partner in only a year.

OEM partnerships: Srei is also a preferred partner of prominent OEMs and global equipment manufacturing giants in India as well as for those intending to enter India.

Srei entered into partnerships with more than 78 OEMs, providing assured business and cross-sell opportunities.

Joint venture: Srei entered into a joint venture with BNP Paribas in 2008, which helped infuse Rs. 775 crores into the Company in exchange for a 50% stake in the asset financing joint venture. BNP Paribas – the largest equipment leasing company in Europe with operations in over 40 countries - brought to a Srei deep learning of products, processes and markets. Besides, this gamechanging investment enhanced the Company's net worth, borrowing room, lending capability and revenue prospects.

The de-merger of the asset financing business from the parent company made it possible for Srei to respond more effectively to opportunities. The BNP Paribas association strengthened process management, risk management practices and aided entry into new business segments.



JUST 25

NATIONAL & LOCAL

OVER THE 25 YEARS YEARS OF ITS EXISTENCE, SREI
EXPANDED ITS COVERAGE FROM THE EAST TO THE
ENTIRE COUNTRY WHILE ESTABLISHING A FOOTPRINT
IN FIVE OTHER COUNTRIES.

SREI'S BRANCHES

in 2014
87

SAHAJ OUTLETS

as on
March 31, 2014
27,224

The cornerstone of Srei's continued growth over the last 25 years has been the ability to have a deep local connect with the market and customer without losing sight of national opportunities.

Spread: Being headquartered in Kolkata, the Company enjoys a pan-India presence with a network of 87 offices. Besides, revenues are nationally dispersed west 36%, south 29%, north 16% and east 19% (revenue of 2013-14). The Company has a strong sales team visiting customers in every corner of the country. The Company tracks the infrastructure projects being executed across the country and helps clients deploy their assets in these projects.

Branches: Srei's business is served by more than 87 offices across the country. The branches provide the gamut of services: equipment finance to project finance, project

advisory, project development and equipment rental solutions.

Rural penetration: Through Sahaj, the Company has been able to spread its roots deep into the rural hinterland. Sahaj has more than 27,224 Customer Service Centres (CSCs) across six states in the country. This network helps the Company tap rural business opportunities. The platform is an effective medium for cross-sell. Since it is government-recognised, it provides a sense of trust and comfort to rural customers.

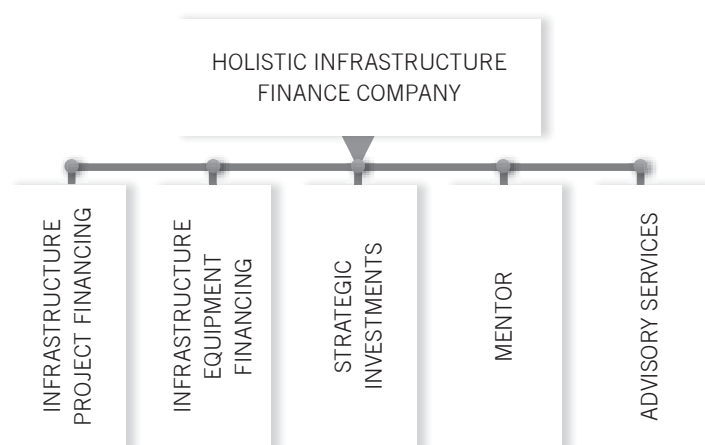
Abroad: The Company expanded its presence beyond India when it started its first international unit in Russia in 2005. Currently the Company has two offices in Russia which provides infrastructure equipment leasing solutions among others. In addition, the Company is present in Germany, Nigeria, Mauritius and Singapore



JUST 25

INTEGRATED & EXPANSIVE

IN ANY COMPETITIVE BUSINESS, SUCCESS IS DERIVED FROM THE ABILITY TO PROVIDE A BOUQUET OF PRODUCTS AND SERVICES THAT ENHANCE CUSTOMER CONVENIENCE AND REVENUES.



A quarter of a century ago, when Srei entered the infrastructure equipment financing business, it was many years before the word 'infrastructure' had gained currency, before liberalisation was to become a reality and before a time when a financing role by a private sector player in the infrastructure sector was unimaginable.

Having begun in equipment financing and leasing, Srei progressively entered allied verticals – project finance, project advisory, project development, insurance broking, telecom infrastructure rental and infrastructure equipment rental.

Infrastructure project financing: Srei entered this segment in 1996, well before the Country's infrastructure boom. Today it has a presence across roads, power, ports, railways, aviation, mining, telecom, oil and gas, among others. The project finance division had a loan book of Rs. 10,972* crores as on March 31, 2014, reporting a CAGR of 35% in the preceding five years. Srei does not just provide funds; it leverages extensive experience to advise entrepreneurs on diverse options, financial structures, project management, business planning, among others, extending its role beyond that of a mere financier to that of a trusted advisor.

Infrastructure equipment financing: Taking note of Srei's leadership in this challenging sector, BNP Paribas entered into a joint

venture with Srei, helping Srei to infuse fresh capital into the business and extend into new segments (IT and medical equipment).

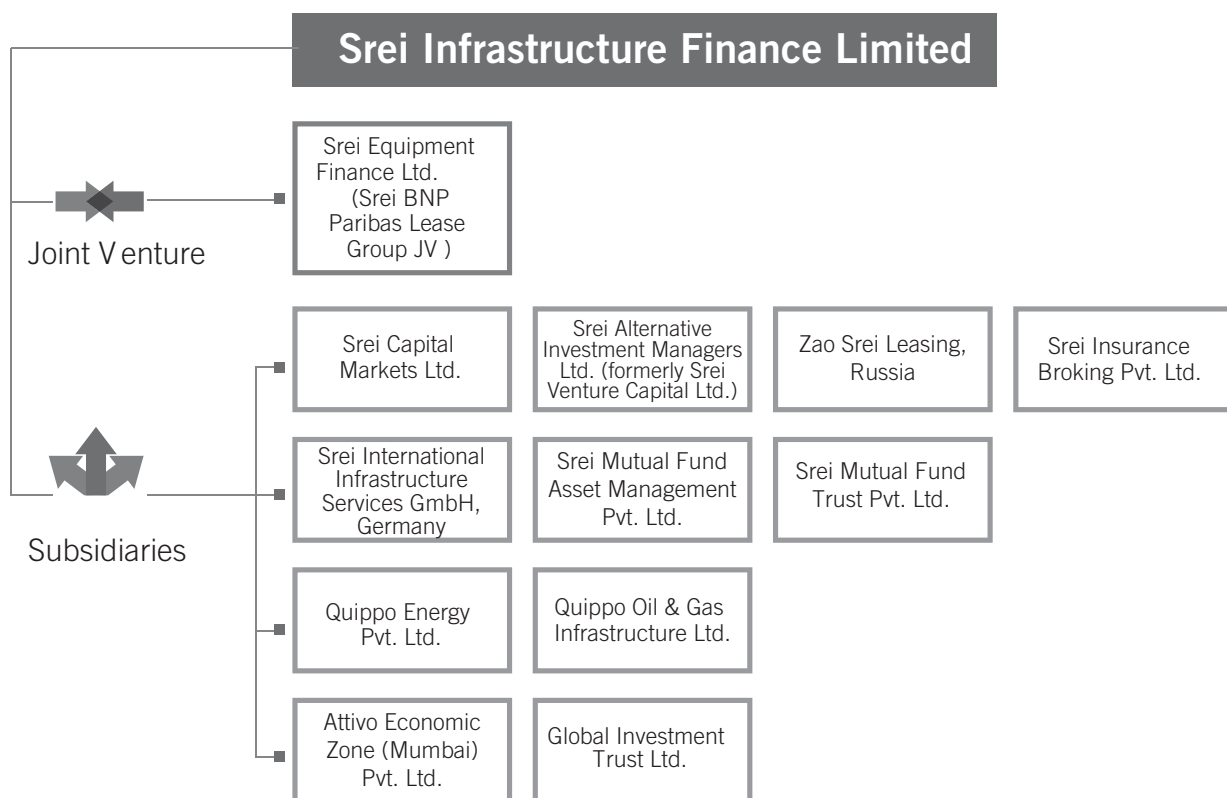
Strategic investments: Srei gradually evolved from financing infrastructure companies to investing in them as well. The Company made strategic investments in India's largest independent passive telecom infrastructure provider, one of the largest IT enabled distribution network in rural India, one of the largest equipment banks in India, one of India's oldest power utilities and several road SPVs.

Mentor: Srei does not just fund equipment purchase; it advises customers on what equipment would best serve their purpose, the terrain of use and what mode of procurement they should opt for, helping customers select the right equipment at an optimum cost. The result is that, Srei built a loyal customer base – nearly 40% of Srei's 35,000-plus client base comprises repeat customers. Consequently, Srei has emerged as a preferred partner for foreign equipment manufacturers entering India.

Advisory services: This fee-based service, a logical extension of the Company's conventional financing business, provides customers with services spanning the entire value chain from project conceptualisation, feasibility study to bidding, funding, debt syndication, insurance and project management.

*Standalone

GROUP STRUCTURE



The grid depicts only the large companies while the others have been covered elsewhere in the Annual Report.

BEYOND PROFITS...

A robust and thriving development sector is central to India's quest for equitable, inclusive and sustainable growth. With the passage of the Companies Act, 2013 the mandate for corporate social responsibility (CSR) is now on the dashboard of the Boards of Indian companies. Srei has always gone beyond the letter of the law and will continue to respond positively to this new mandate being implemented by the government.

Our consistent efforts towards the betterment of society have been through various initiatives undertaken by the Srei Group of Companies as well as through Srei Foundation, a public charitable trust, established with the philosophy of 'service to humanity'.

The Srei Foundation inspires and collaborates with different businesses within the Srei Group for carrying out socially beneficial activities. It invests resources by strategically partnering with non-profit and non-governmental organisations that have demonstrated the proficiency and skill to amplify affirmative action.

The social activities are broadly structured around four major areas – education and skills development, social upliftment, environmental, humanitarian and spiritual upliftment.

Education and skills development

The Company supports Suryodaya Schools, a division of IISD Edu World. Suryodaya schools promote education

among the underprivileged sections of the society by extending monetary sustenance.

Srei BNP Paribas has partnered with the Indian Institute of Cerebral Palsy (IICP), in its initiative 'Class Corporate Leverage & Support Scheme'. IICP seeks to bring about positive changes in the lives of those with cerebral palsy through a range of activities designed to enhance their skills, knowledge and opportunities to contribute to the community and country. The Company has been a classroom sponsor to IICP for three years.

Social upliftment

At the Group level, the employees participated during the festive season of Diwali to bring smiles to the underprivileged as a part of the 'Joy of Giving' campaign. Contribution boxes were placed in our Group offices for the collection of new/old, used/unused items (clothes, utensils, toys, footwear and electronic gadgets, among others) for use in rural and disaster-prone areas. A Diwali carnival was organised the proceeds from which were handed to the NGO Goonj along with the contribution boxes.

Our businesses regularly conduct health check-up camps and awareness sessions for employees through the year with a high degree of participation.

Srei BNP Paribas joined hands with Greenpeace, a global environment protection NGO, for educating employees regarding environment

conservation and distributing free saplings to employees on the eve of World Environment Day.

On World Diabetes Day, Srei BNP Paribas was the major corporate donor of the Walkathon Event held on 14th November, 2013 in association with Indian Oil and National Insurance in Kolkata.

The Company's Delhi office supported the Medhavi Foundation's 'Wish Tree Campaign' in the office premises. There were 'Wish Cards' placed on the tree containing wishes of students with whom the Medhavi Foundation works. Employees could choose to fulfill any wish(es) from the Wish Cards hung on the tree. The activity was a resounding success with many economically disadvantaged students benefitting from this initiative.

Employees of Sahaj, (Odisha office) visited the Sri Sri Maa Anand Ashram, an orphanage, on the occasion of Independence Day and offered first aid boxes with utility materials. They also took the initiative to set up a water reservoir for the benefit of the passers-by.

Quippo Construction carried out a day-long health awareness and medical check-up camp for its crew associates and staff members at its Kolkata yard. As a part of this, doctors conducted general health and eye check-ups for all crew members and advised medication, which was provided by the organisation. An interactive awareness programme on healthy living habits was conducted, which



included an audiovisual presentation on the hazards of tobacco and alcohol addiction. The crew members were shown films promoting safe driving and compliance. To celebrate the spirit of Independence Day, free health and eye check-up camps were organised at the Taratala site in Kolkata and at the Hyderabad yard.

Environment

At Srei, we have inculcated a sense of responsibility in our employees by practicing ways to optimise the utilisation of natural resources and equitable distribution amongst all, irrespective of their socioeconomic backgrounds.

The Company partnered with AISEC in a three day long 'Green It Up!' campaign that took place on the occasion of World Environment Day, which spread awareness amongst employees through innovative skits and 'No Lights for 2 minutes' event at Kolkata. On this occasion, employees at Sahaj pledged to improve the environment by adopting simple measures on an individual basis.

'Project Akshar', a sustained effort

towards fostering entrepreneurial skills within a community of hearing impaired women, was organised at Srei's Delhi office. Project Akshar provides affordable educational aids to poverty-stricken students by putting drop-boxes to collect discarded paper and converting them to affordable, eco-friendly notebooks which are then sold to generate an income.

To commemorate Independence Day, a community service programme was organised by Quippo Construction in collaboration with the Kolkata Municipal Corporation where cleaning operations were performed with the aid of a backhoe loader in the Maidan area in Kolkata. The programme received attention from the print and the electronic media.

Quippo also participated in the clean-up drive launched by the Kolkata Youth Brigade as a part of the iLead India campaign, in association with the Kolkata Municipal Corporation. Quippo did its bit by helping them clean the garbage dumped around Maidan area and near the East Bengal club ground in Kolkata with the aid of a backhoe

loader on 29th and 30th September, 2013.

World Environment Day was observed on 5th June 2013 at Quippo yards located in Ahmedabad, Gurgaon, Guwahati, Hyderabad, Kolkata and Patna. The event on the plantation of saplings, thereby enhancing awareness about the environment and developing a holistic attitude towards safety, health and environment.

Humanity and spirituality

Srei Foundation has been drawing attention to India's rich spiritual heritage by organising annually the 'World Confluence of Humanity, Power (inner and outer) and Spirituality'. Aptly called 'Enlightenment, a journey - through service', this unique event has been bringing together spiritual leaders of diverse faiths for three years.

Srei continues to explore and encourage initiatives that proactively engage stakeholders, customers and communities, vindicating the Srei policy of pursuing social accountability extending beyond mere profit-seeking.

ANALYSIS OF OUR FINANCIAL STATEMENTS

1. Review of the Statement of Profit and Loss

Highlights, 2013-14

▴ Total income increased by 5% from Rs. 3,110 crores in 2012-13 to Rs. 3,260 crores in 2013-14.

▴ Assets under management increased from Rs. 33,330 crores in 2012-13 to Rs. 34,070 crores in 2013-14, registering a growth of 2%.

▴ Disbursement during 2013-14 was Rs. 12,706 crore. Disbursement recorded for equipment financing business is Rs. 7,900 crores whereas that for project finance was Rs. 4,706 crore.

▴ Profit before tax during 2013-14 was Rs. 226 crores as against Rs. 363 crores (including Rs. 104 crores as a result of sale / de-subsidisation of subsidiaries and step-down subsidiaries) in 2012-13.

▴ Profit after tax and minority interest was Rs. 139 crores in 2013-14 as against Rs. 263 crores in 2012-13.

▴ Earnings per share was Rs. 2.75 in 2013-14 as against Rs. 5.23 in 2012-13.

▴ Gross interest spread was 2.47% in 2013-14 as against 2.41% in 2012-13.

Revenues

Group revenues grew from Rs. 3,110 crores in 2012-13 to Rs. 3,260 crores in 2013-14. Group revenues accrued from three verticals: fund-based businesses, fee-based businesses and investments.

Income from the fund-based businesses increased by 12% from Rs. 2,618 crores in 2012-13 to Rs. 2,929 crores in 2013-14. This is attributed to an increase in interest bearing asset for

project finance by 13%.

The income accrued by Company's fee-based businesses increased by 9% from Rs. 130 crores in 2012-13 to Rs. 143 crores in 2013-14. Total contribution of fee-based income as a part of total income is about 4%.

Income from equipment rental contributed Rs. 131 crores to the total income in 2013-14 as against Rs. 222 crores in 2012-13.

Income from investments decreased from Rs. 80 crores in 2012-13 to Rs. 12 crores in 2013-14. This income varies from year to year as it depends upon the timing of the sale of such investments.

The Group's non-core income increased to Rs. 46 crores in 2013-14 from Rs. 44 crores in 2012-13.

Operational expenses

Group's total operating cost (before interest and depreciation) was Rs. 353 crores in 2013-14 as against Rs. 409 crores in 2012-13. Operating costs in 2012-13 were high as it included costs up to the date of disposal/cessation of two subsidiaries, two step-down subsidiaries and two joint ventures of subsidiaries.

Employee costs in 2013-14 stood at Rs. 129 crores compared to Rs. 161 crores in 2012-13. Employee costs in 2012-13 included costs up to the date of disposal/cessation of two subsidiaries, two step-down subsidiaries and two joint ventures of subsidiaries resulting in low costs for 2013-14 even after increase in total number of employees from 1,984 in 2012-13 to 2,056 in 2013-14.

Administrative costs in 2013-14 amounted to Rs. 224 crores compared

to Rs. 247 crores in 2012-13. While costs increased due to normal inflation, it was affected by decrease mainly on account of reduction in repairs expense and reduction in loss on sale of fixed assets in 2013-14. Disposal/cessation of two subsidiaries, two step-down subsidiaries and two joint ventures of subsidiaries in 2012-13 has also reduced costs in 2013-14.

Interest liability

Finance charges increased by 10% from Rs. 2,139 crores in 2012-13 to Rs. 2,350 crores in 2013-14. This increase is due to an increase in borrowings and scale of operations.

Taxation

Group's total tax expense reduced by 14% from Rs. 103 crores in 2012-13 to Rs. 88 crores in 2013-14. This was mainly on account of a decrease in deferred tax expenses from Rs. 31 crores in 2012-13 to Rs. 1 crore in 2013-14 while current tax expenses increased to Rs. 87 crores in 2013-14 from Rs. 73 crores in 2012-13. The average rate of tax expense was about 39% in 2013-14. In 2012-13 the average rate was about 40% before the adjustment of exceptional items and about 28% after the adjustment of exceptional items.

2. Analysis of the Balance Sheet

Highlights, 2013-14

Capital-to-risk asset ratio was 17.78% as at March 31, 2014 against 21.68% as at March 31, 2013.

Book value per share increased from Rs. 60 as at March 31, 2013 to Rs. 62 as at March 31, 2014.

Networth increased by 3% from Rs. 3,009 crores as at March 31, 2013 to

Rs. 3,109 crores as at March 31, 2014.

Debt-equity ratio was 6.36 as at March 31, 2014 against 6.08 as at March 31, 2013.

Capital employed

Capital employed increased by 7% from Rs. 21,291 crores as at March 31, 2013 to Rs. 22,877 crores as at March 31, 2014 owing to the increase in the level of activity in various business verticals.

Equity: Share capital comprised of 50,30,86,333 Equity Shares with a face value of Rs. 10 per share totaling to Rs. 503 crore. There is no increase in equity capital as compared to the previous year. As at March 31, 2014 promoters' holding constituted 48.77% and foreign institutional investors constituted 11.73%.

Reserves: The Group's reserves and surplus grew by 3% from Rs. 2,894 crores as at March 31, 2013 to Rs. 2,994 crores as at March 31, 2014.

External funds: Secured debt increased by 9% from Rs. 16,239 crores as at March 31, 2013 to Rs. 17,646 crores as at March 31, 2014. Secured loans mainly comprises debentures, term loans and working capital loans. The growth in secured debt is largely due to an increase in non-convertible debentures (13%) and working capital demand loans (26%). Of the outstanding secured debt, 90.05% is rupee denominated debt and 9.95% is foreign currency borrowing.

During the year, the Group increased its subordinated debentures/bonds/loans exposure by 11.95%, strengthening its capital adequacy.

Buyer's credit exposure during the year decreased to Rs. 130 crores from Rs. 206

crores in the previous financial year.

Other current and non-current liabilities: Other current and non-current liabilities increased by 5% from Rs. 593 crores as at March 31, 2013 to Rs. 623 crores as at March 31, 2014. This increase was mainly on account of an increase in interest accrued on borrowings to Rs. 257 crores as at March 31, 2014 as against Rs. 207 crores as at March 31, 2013 whereas trade payables decreased from Rs. 219 crores as at March 31, 2013 to Rs. 183 crores as at March 31, 2014.

Current and non-current provisions: Provisions increased by 10% to Rs. 205 crores in 2013-14 from Rs. 186 crores in 2012-13 mainly due to an increase in provision for NPA.

Total provision on standard and non-standard assets increased from Rs. 144 crores as at March 31, 2013 to Rs. 164 crores as at March 31, 2014.

Gross NPA on a consolidated basis increased from 2.77% to 3.25%, whereas net NPA increased from 2.30% to 2.75% as at March 31, 2013 and March 31, 2014 respectively.

Net block: The Group's net block (including CWIP) was Rs. 1,715 crores as at March 31, 2014 against Rs. 1,492 crores as at March 31, 2013. The increase in net block was mainly due to a net increase in assets for own use.

Financial Assets: This comprises of principal outstanding for equipment finance loans given to customers. Outstanding finance loan increased to Rs. 6,940 crores as at March 31, 2014 as against Rs. 6,861 crores as at March 31, 2013 (representing 50% of Srei's share in the business). This amount reflects the growth in the equipment

finance business.

Loans assets: This largely comprises of outstanding project finance loan which grew from Rs. 9,702 crores to Rs. 10,610 crore, an increase of 9%, reflecting a growth in the project finance business.

Trade receivables: Trade receivables increased by 13% to Rs. 212 crores as at March 31, 2014 from Rs. 189 crores as at March 31, 2013. Receivable against operating lease contracts have increased in 2013-14 in comparison to last year.

Cash and bank balances: Cash and bank balances have decreased by 3% to Rs. 564 crores as at March 31, 2014 as against Rs. 580 crores as at March 31, 2013.

Other current and non-current assets and advances: Other current and non-current assets and advances have increased by 50% from Rs. 951 crores as at March 31, 2013 to Rs. 1,426 crores as at March 31, 2014. This increase was mainly on account of interest accrued but not due on loans to customers, which amounts to Rs. 665 crores as at March 31, 2014 as against Rs. 325 crores as at March 31, 2013.

Current and non-current investments: Current and non-current investments have decreased from Rs. 2,479 crores as at March 31, 2013 to Rs. 2,420 crores as at March 31, 2014, a decrease of 2%. This is due to a decrease of 6% in current investment from Rs. 365 crores as at March 31, 2013 to Rs. 343 crores as at March 31, 2014. Non-current investments decreased from Rs. 2,114 crores as at March 31, 2013 to Rs. 2,076 crores as at March 31, 2014.

Total income

43%

10-year CAGR

Profit before tax

21%

10-year CAGR

Disbursement

26%

10-year CAGR

Asset under management

36%

10-year CAGR

CONSOLIDATED

Sources of funds

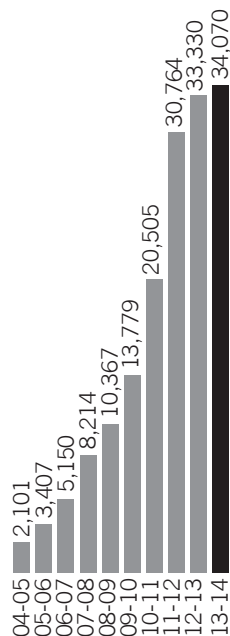
	2013-14		2012-13		Y-O-Y Growth (%)
	Amount (Rs. Crore)	Percentage of Total	Amount (Rs. Crore)	Percentage of Total	
Share Capital	503	2.07	503	2.22	0%
Reserves and Surplus	2,994	12.32	2,894	12.77	3%
Minority Interest	30	0.12	27	0.12	11%
Long-Term Borrowings	7,104	29.23	6,754	29.81	5%
Short-Term Borrowings	10,609	43.65	9,475	41.82	12%
Current Maturities of Long-Term Borrowings	2,055	8.46	2,053	9.06	0%
Deferred Tax Liabilities (Net)	183	0.75	174	0.77	5%
Other Long-Term Liabilities	80	0.33	83	0.37	-4%
Trade Payables	183	0.75	219	0.97	-16%
Others Current Liabilities	360	1.48	292	1.29	23%
Long-Term Provisions	152	0.63	135	0.6	13%
Short-Term Provisions	52	0.21	50	0.22	4%
Total	24,305	100.00	22,659	100.00	7%

Application of funds

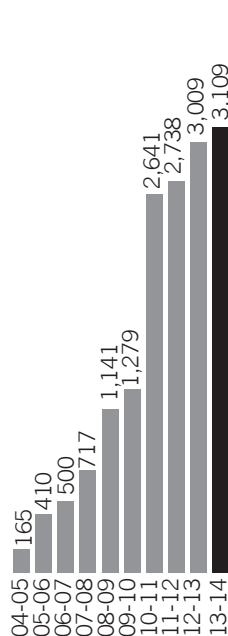
	2013-14		2012-13		Y-O-Y Growth (%)
	Amount (Rs. Crore)	Percentage of Total	Amount (Rs. Crore)	Percentage of Total	
Fixed Assets	1,715	7.06	1,492	6.58	15%
Goodwill	387	1.59	387	1.71	0%
Deferred Tax Assets (Net)	20	0.08	13	0.06	54%
Non-Current Investments	2,076	8.54	2,114	9.33	-2%
Long Term Financial Assets	3,847	15.83	4,205	18.56	-9%
Short-Term Financial Assets	852	3.50	517	2.28	65%
Current Maturities of Long-Term Financial Assets	2,241	9.22	2,139	9.44	5%
Long Term Loan Assets	7,111	29.26	5,899	26.03	21%
Short-Term Loan Assets	239	0.98	727	3.21	-67%
Current Maturities of Long-Term Loan Assets	3,260	13.41	3,077	13.58	6%
Trade Receivables	213	0.88	189	0.83	13%
Inventories	10	0.04	5	0.02	100%
Current Investments	343	1.41	365	1.61	-6%
Cash and Bank Balances	564	2.32	580	2.56	-3%
Other Long-Term Advances	359	1.48	160	0.71	124%
Other Short-Term Advances	70	0.29	199	0.88	-65%
Other Non-Current Assets	184	0.76	370	1.63	-50%
Other Current Assets	814	3.35	221	0.98	268%
Total	24,305	100.00	22,659	100.00	7%

OUR PERFORMANCE OVER THE YEARS

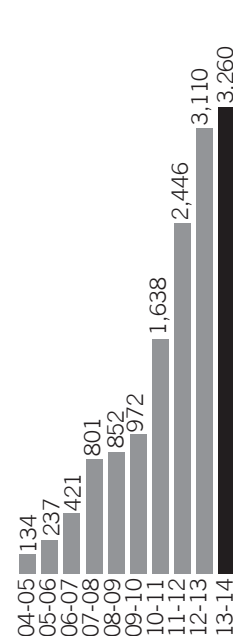
AUM#
(Rs. Crore)



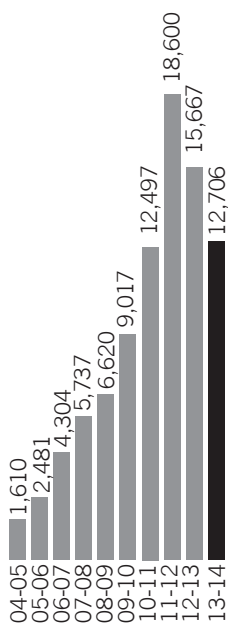
Net Worth
(Rs. Crore)



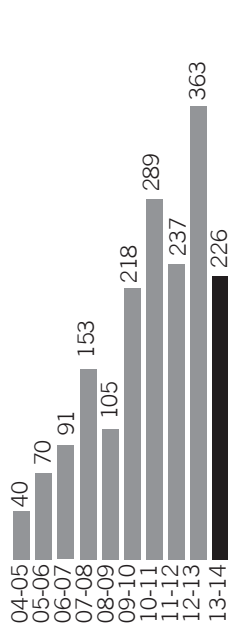
Total Income
(Rs. Crore)



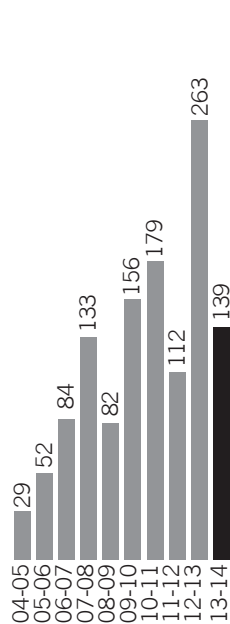
Disbursement#
(Rs. Crore)



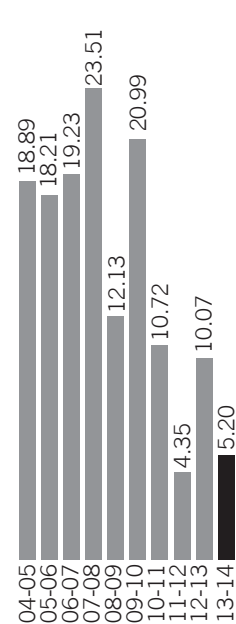
PBT
(Rs. Crore)



PAT**
(Rs. Crore)



**Return On Average
Net Worth*****
(%)

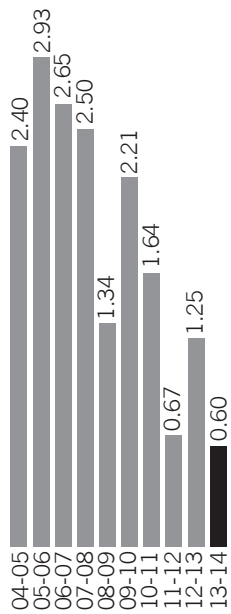


** Based on Profit after Minority Interest

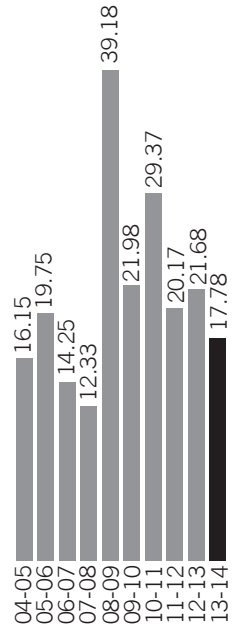
* Based on Standalone Net worth

For Disbursement and AUM 100% of Srei BNP Paribas
(50:50 JV between Srei & BNP Paribas) has been considered.

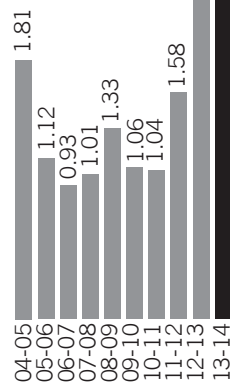
Return On Average Asset (%)**



CAR* (%)



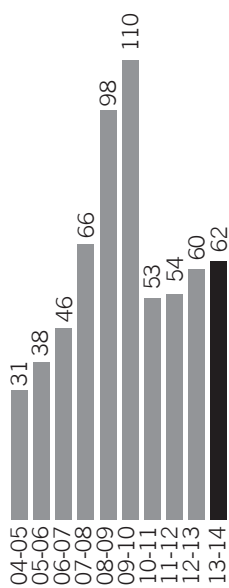
Gross NPA (%)



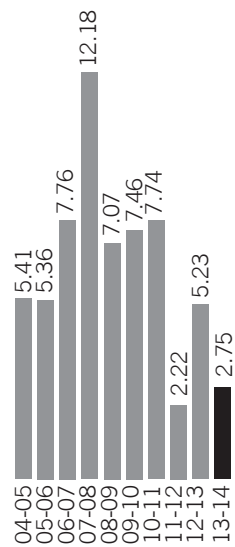
Net NPA (%)



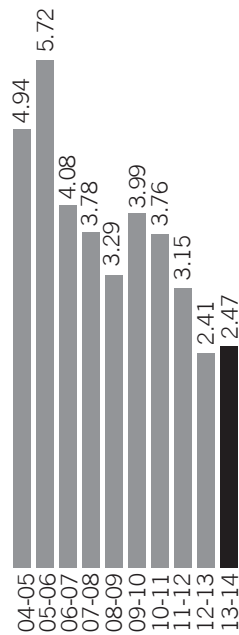
Book Value (Rs.)



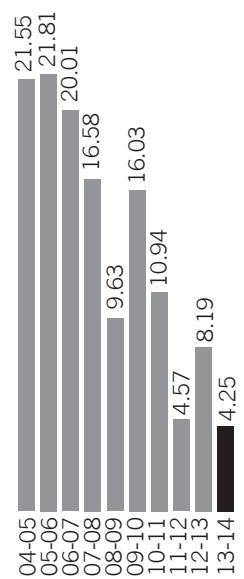
EPS (Rs.)



Gross Interest Spread (%)



NPM (%)**



* Based on Standalone numbers

** Based on Profit after Minority Interest

RISK MANAGEMENT

Management of risk remains an integral part of your Company's operations. It has enabled your Company to maintain high standards of asset quality, even as its lending business has grown rapidly over a period exceeding two decades.

The Risk risk management strategy of the your Company is based on a clear understanding of various risks, adherence to well-laid disciplined risk assessment/identification, and measurement/assessment procedures, and continuous monitoring of its exposures. The policies & and procedures established for this purpose are continuously benchmarked with industry best practices. The objective of risk management is to balance the trade-off between risk & and return and ensure optimum optimal risk-adjusted return on capital. It entails independent identification, measurement and management of risks across the various businesses of your Company. Risk is managed through a framework of policies and principles approved by the Board of Directors supported by an independent risk function, which ensures that your Company operates within its a pre-defined risk appetite. The risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks.

In compliance with norms under RBI, your Company computed capital requirement for credit, market and operational risk as on March 31, 2014. The Capital to risk-weighted Assets Ratio (CRAR) of the your Company worked out to 17.78% and based on Tier-I capital it was 10.69%, above the minimum regulatory requirements of 15% and 10% respectively.

1 GOVERNANCE STRUCTURE

The Risk risk Management architecture strategy of Your your Company is enunciated and overseen by the Risk Committee of Board (RCB), an independent Board level sub-committee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. Policies approved from time to time by the Board of Directors or the RCB in consultation with other sub-Committees of the Board, viz. the Central Credit & Investment Committee (CC&IC) and the Asset Liability Management Committee (ALCO), form constitute the governing framework for each various types type of risk and business activities undertaken within this policy framework. The Overall risk management processes are guided

by well-defined process procedures appropriate for the assessment and management of individual various risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk and group risk supplemented by periodic validations of the methods used. Under the guidance of RCB, the risk management department is responsible for assessing and managing enterprise risks on a regular and dynamic basis. This entails, as an imperative, garnering adequate knowledge of macroeconomic trends, insights into dynamics of various sectors, and understanding of regulatory environment, and application of quantitative and qualitative tools facilitating an accurate assessment of risk at all times.

2 CREDIT RISK

Your Company's Credit credit Risk risk management is governed by a comprehensive and well-defined Credit Risk Policy which encompasses guidelines for monitoring and mitigating the risks associated with them. The appraisal process encompasses a detailed risk assessment and rating of all obligors using internal rating models. The ratings of customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters such as quality of management and conduct of account.

The goal of credit risk management is to maximise risk-adjusted rate of return on capital by maintaining a healthy asset portfolio and managing the credit risk inherent in individual exposures as well at the portfolio level. The emphasis is placed, both on evaluation and containment of risk at the individual exposures and analysis of the portfolio behavior.

Your Company has strong framework for the appraisal and execution of project finance transactions that involves a detailed evaluation of technical, commercial, financial, marketing and management factors including sponsor's financial strength & experience. Your Company identifies the project risks, mitigating factors and residual risks associated with the project. Risk mitigating factors in these financings include creation of debt service reserves and channeling project revenues through a trust & retention account. The project loans

are generally fully secured and have full recourse to the borrower. In some cases, your Company also has taken additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company. Risk Committee of the Board RCB periodically reviews the impact of the stress scenarios resulting from rating downgrades or drop in the asset values in case of secured exposures on the portfolio.

Your Company works within identified limits on exposure to borrower groups, industry sectors and geographies, and continuously tracks portfolio level concentrations. These limits are periodically reviewed based on changes in macro-economic environment, regulatory environment and industry dynamics. Existing credit exposure in the portfolio is continuously monitored and reviewed. Key sectors are analysed in details to suggest strategies considering both risks and opportunities. Corrective action, if required, is taken well in advance based on early warning signals.

Sustainability risk is an essential and integral part of your Company's credit risk management framework. Besides economic benefits, the environmental and social benefits of the project are assessed as these are critical aspects for sustainability of any project. Subsequent to analysing sustainability risk at the time of initial loan approval, it is also periodically monitored through the life-cycle of the exposure.

3 MARKET RISK

Market risk is defined as the risk to earnings arising from the movement in market risk factors, namely stiff liquidity, interest rates and foreign exchange rates. Market risk management is guided by well-laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Company. Treasury Mid-Office independently monitors the risk limits stipulated in the Market Risk Policy and reports deviations, if any, to the appropriate authorities as laid down in the policy.

Liquidity risk is two-dimensional: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). Your Company's Asset Liability Management Committee (ALCO) lays down a broad framework for liquidity risk management to ensure that it is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from industry, market or a

combination of them. The liquidity profile is analysed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. The ALM position of your Company is being periodically reported to ALCO, RCB and also to RBI.

Interest rate risk is generally managed through floating rate mechanism by linking the lending rate of interest to Srei Benchmark Rate and is reviewed periodically with changes in the Company's cost of funds. Your Company regularly conducts stress testing to monitor vulnerability towards interest rate unfavorable shocks.

Exchange rate risk management becomes necessary as your Company borrows money in foreign currency and lends in domestic currency. In order to optimise the cost of funds, your Company adopts effective hedging strategies considering the overall risk appetite of the Company. Through statistical measure like Value at Risk (VaR), stress tests, back tests, scenario analyses, your Company monitors the foreign currency portfolio.

4 OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from arising out of inadequate or failed internal processes, people and systems or from external events. Your Company in accordance with the regulatory guidelines has put in place a framework to identify, assess and monitor risks, strengthen controls, improve customer service and minimise operating losses.

Your Company has built into its operational process by segregation of duties, clear reporting structures, well defined processes, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks. New product & and activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal. All concerned departments coordinate and discuss key operational risk issues involving people, process, and technology, external factors etc. so as to minimise them or ensure adequate controls over them.

A Well well-framed formulated Business Continuity Plan (BCP) is in place which ensures business continuity in unlikely event of disaster or disruption. Further to provide continued and uninterrupted service even during natural disasters, a Disaster Recovery (DR) Site is also in place. Vigorous information technology

system is put in place which is awarded has been certified with globally accepted ISO2701:2005 standard, with comprising features like DR, security features covering firewalls, encryption technologies, spam-guards etc. Your Company is committed towards investing in Information information Technology technology to strengthen its business process.

In addition, to manage operational risk prudently, 'Know Your Customer (KYC) and 'Anti-Money Laundering (AML) Policy' are in place, which helps to prevent the Company from being used intentionally or unintentionally by criminal elements for money laundering.

The risk management framework of your Company is based on assessment of all risks through proper analysing and understanding the underlying risks before undertaking any transactions and changing or implementing processes & and systems. All transactions and processes conform to the Company's risk appetite and regulatory requirements and the same is achieved through a proper governance structure, which includes a multi-tiered approval levels for transactions and processes. This risk management mechanism is aided by regular review, control, self assessments and monitoring of key risk indicators.

DIRECTORS' PROFILE

Salil K. Gupta Chief Mentor, Independent Director	He has more than 56 years of experience and has served as the former Chairman of West Bengal Industrial Development Corporation Limited - A leading state financial institution. He has also served as the President of The Institute of Chartered Accountants of India.
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Hemant Kanoria Chairman & Managing Director	He has over 34 years of experience in industry, trade and financial services. He has held the position of Chairman of FICCI National Committee on Infrastructure and is presently Council Member of Indo-German Chamber of Commerce. He has been on the Board of Governors of Indian Institute of Management (IIM) - Kolkata, was a Member of Regional Direct Taxes Advisory Committee, Government of India and had served as President of Calcutta Chamber of Commerce.
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Sunil Kanoria Vice Chairman, Non-Executive Director	He is a Chartered Accountant with more than 26 years of experience in the financial services industry. He is presently the Senior Vice-President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), Member of the Central Direct Taxes Advisory Committee and the Governing body member of the Construction Industry Development Council (CIDC).
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Saud Ibne Siddique Non-Executive Director	He has over 30 years of global infrastructure financing experience. He has worked with the International Finance Corporation (IFC), the private sector arm of the World Bank, for more than 16 years, based out of Washington DC. During 2004-2007, he was based out of Hong Kong, and was the head of business development for infrastructure projects in the East Asia and Pacific region for IFC. He has also served as the CEO and Board Member of a publicly listed water infrastructure fund in Singapore.
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DIRECTORS' PROFILE

S. Rajagopal Independent Director	He is the former Chairman & Managing Director of Bank of India and Indian Bank and has more than 41 years of experience in the banking industry.
S. Chatterjee Independent Director	He has over 46 years of experience in Commercial and Investment Banking. He was the Executive Director of Axis Bank Limited, Mumbai. He has extensive exposure in the areas of International Banking having worked in SBI, London for 3 years and in Washington D. C. for 5 years. He has expertise in the areas of Corporate Finance, International Business, Retail Banking, Project Financing and Balance Sheet Management, among others.
Satish C. Jha Independent Director	He is a Former Director and Chief Economist of Asian Development Bank, Manila and President of Bihar Economic Association. He was also a Member of the Economic Advisory Council to the Prime Minister and Chairman, Special Task Force on Bihar.
Sujitendra Krishna Deb Independent Director	He is a Chartered Accountant with over 43 years of experience in the Assurance and Business Advisory services of a Big Four Firm in India, where he was a partner for a little over two decades; experience in Due Diligence Review, Valuation and Internal Audits, among others.
Punita Kumar Sinha Independent Director	Punita, a Doctorate from the Wharton School, University of Pennsylvania, has over 23 years of experience in asset management in international and emerging markets. She served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer (CIO) of Blackstone Asia Advisors L.L.C. She was also the CIO and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc.

DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the Twenty-Ninth Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2014. The summarised consolidated and standalone financial performance of your Company is as follows:

FINANCIAL RESULTS

(Rs. in Lacs)

	Consolidated		Standalone	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Total Revenue	3,26,030	3,10,992	1,80,585	1,66,647
Total Expenses (including depreciation etc.)	2,86,712	2,74,175	1,68,419	1,50,032
Profit before bad debts, provisions & tax	39,318	36,817	12,166	16,615
Bad Debts & Provisions etc.	16,762	10,949	3,403	3,074
Profit Before Tax	22,556	25,868	8,763	13,541
Exceptional Items	(6)	(10,410)	-	-
Current Tax	8,654	7,274	2,157	2,620
Mat Credit entitlement	(5)	(71)	-	(71)
Deferred Tax	142	3,072	660	1,496
Income Tax in respect of earlier years	20	(4)	14	-
Profit After Tax Before Minority Interests	13,751	26,007	5,932	9,496
Share of loss of Associate	-	100	-	-
Minority Interests	(100)	(411)	-	-
Net Profit	13,851	26,318	5,932	9,496
Minority Interests of Pre Acquisition Profit/(Loss)	-	-	-	-
Profit After Tax after adjustment of Minority Interests	13,851	26,318	5,932	9,496
Surplus brought forward from Previous Year	39,317	28,925	25,955	22,486
Profit Available For Appropriation	53,168	55,243	31,887	31,982
Paid up Equity Share Capital	50,324	50,324	50,324	50,324
Amount transferred to Reserves	12,044	11,319	2,700	3,084
Reserves and Surplus	2,99,362	2,89,380	2,17,419	2,14,430

OPERATIONAL REVIEW

Your Company is one of the leading private sector infrastructure financing institutions in India. Some of the key highlights of your Company's performance during the year under review are:

- The gross profit (before bad debts, provision and tax) is Rs. 12,166 Lacs as against Rs. 16,615 Lacs in the last year.
- Profit before taxation is Rs. 8,763 Lacs as against Rs. 13,541 Lacs in the last year.
- Net profit after taxation is Rs. 5,932 Lacs as against Rs. 9,496 Lacs in the last year.
- The total assets under management of the Srei Group is Rs. 34,06,999 Lacs as against Rs. 33,32,964 Lacs in the last year.

The Standalone and Consolidated Financial Statements have been prepared by your Company in accordance with the requirements of the accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. The audited Standalone and Consolidated Financial Statements

together with Auditors Report thereon forms part of the Annual Report.

The Capital to Risk Assets Ratio (CRAR) of your Company stood at 17.78% as on March 31, 2014, well above the regulatory minimum level of 15% prescribed by the Reserve Bank of India for systemically important non-deposit taking NBFCs (NBFCs-ND-SI). Of this, the Tier I CRAR was 10.69%.

Your Company has complied with all the norms prescribed by the Reserve Bank of India (RBI) including the Fair practices, Anti Money Laundering & Know Your Customer (KYC) guidelines and also all the mandatory accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. It has adopted a sound and forward looking accounting policy of providing for non performing assets in terms of the management's best estimates as well as the guidelines laid down by the Foreign Financial Institutions, which are more stringent than the guidelines of the RBI.

PUBLIC DEPOSITS

In April 2010, your Company decided to convert itself into a non-deposit

taking NBFC in order to qualify for registration as an 'Infrastructure Finance Company'. Your Company had decided that it would not accept any further public deposits or renew such maturing deposits in any manner w.e.f. April 20, 2010 and the entire amount of outstanding public deposits as on April 19, 2010 together with interest promised to the depositors, has been kept in an Escrow Account with Axis Bank Limited, a scheduled commercial bank for the purpose of making payment to the depositors as and when they raise the claim. The amount payable to the depositors as on March 31, 2014 is Rs. 27,23,000/-.

During the year under review, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

CLASSIFICATION AS INFRASTRUCTURE FINANCE COMPANY (IFC) AND PUBLIC FINANCIAL INSTITUTION (PFI)

The Reserve Bank of India has classified your Company as an 'Infrastructure

As on March 31, 2014, none of the Promoter / Promoters' Group shareholding is under pledge.

Finance Company' within the overall classification of 'Non Banking Finance Company'. Your Company is also notified as a Public Financial Institution (PFI) under Section 4A of the Companies Act, 1956 by the Ministry of Corporate Affairs (MCA), Government of India.

MUTUAL FUND ACTIVITY

During the year under review, Srei Mutual Fund (IDF) launched its first closed ended Infrastructure Debt Scheme in the name of 'Srei Infrastructure Debt Fund – Series 1' through private placement. The Placement period opened in January, 2014 and will close in August, 2014. The investment objective of the Scheme is to generate regular income and capital appreciation by investing primarily in a portfolio of debt instruments of infrastructure companies / SPV and other permissible instruments as defined in the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996.

The Insurance Regulatory and Development Authority (IRDA) vide their circular dated September 26, 2013 has notified that investment by Insurance Companies (Life and General Insurance) in Srei Infrastructure Debt Fund - Series 1 will be reckoned as

investments in infrastructure sector as per the IRDA (Investments) (Fifth Amendments) Regulations, 2013. The Scheme has also received in-principle approval from the National Stock Exchange of India Limited (NSE) for listing of proposed units of the Scheme.

PROMOTERS' GROUP SHAREHOLDING

During the year under review, there were instances of transfers of shares amongst the Promoter/ Promoters' Group. However, the aggregate Promoter/Promoters' Group shareholding of your Company has remained unchanged at 48.77%.

As on March 31, 2014, none of the Promoter / Promoters' Group shareholding is under pledge.

PUBLIC ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

During the year under review, your Company has issued Secured Redeemable Non-Convertible Debentures (the "Debentures") of face value of Rs. 1,000 each, as per the details given hereunder:

Date of Issue	Total Issue Size (including green shoe)	Maturity Period	Allotment Date	Amount (Rs. in Crores)
26.08.2013	200 Crores	3 years/5 years/6 years 3 months	26.09.2013	102.65
30.12.2013	100 Crores	2 years/3 years/5 years	11.02.2014	100.00

Debenture Trust Agreement(s) in favour of Axis Trustee Services Limited for the aforesaid issues were executed. The Debentures issued on August 26, 2013 are listed on the Debt Segment of the BSE Limited (BSE) and the Debentures issued on December 30, 2013 are listed on the Debt Segment of the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The entire proceeds have been utilised for the purpose of various financing activities, repayment of existing loans and other business operations including capital expenditure and working capital requirements. Your Company has duly paid the interest due on the aforesaid Debentures on time.

Further, your Company has vide Prospectus dated May 05, 2014 come out with the public issue of 7,50,000 Secured Redeemable Non-Convertible Debentures of Face Value of Rs. 1,000/- each (the "Debentures" or the "NCDs") for an amount upto Rs. 750 Million ("Base Issue") with an option to retain oversubscription upto additional 7,50,000 NCDs of Rs. 1,000/- each, for an amount upto Rs. 750 Million, aggregating to Rs. 1,500 Million ("Overall Issue Size"). The Issue opened on May 09, 2014 and subject to requisite approvals, the Issue, which was scheduled to close on June 09, 2014, closed earlier by 21 (Twenty One) days on May 19, 2014 due to oversubscription.

The public issue of the said Debentures has not only facilitated diversification

of your Company's sources for mobilising long term resources but has also provided the retail Investors an opportunity to participate in India's infrastructure development and progress. The various communication efforts of your Company surrounding the Debentures played a meaningful role in enhancing your Company's brand image amongst relevant constituencies.

INCREASE IN AUTHORISED SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company increased from Rs. 810,00,00,000 (Rupees Eight Hundred and Ten Crores only) divided into 71,00,00,000 (Seventy One Crores only) Equity Shares of Rs. 10 (Rupees Ten) each and 1,00,00,000 (One Crore only) Preference Shares of Rs. 100 (Rupees Hundred) each to Rs. 1500,00,00,000 (Rupees Fifteen Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores only) Equity Shares of Rs. 10 (Rupees Ten) each and 5,00,00,000 (Five Crores only) Preference Shares of Rs. 100 (Rupees Hundred) each, pursuant to the approval accorded by the Shareholders' at the Annual General Meeting held on August 14, 2013. However, your Company has not issued any Equity or Preference Shares during the year under review.

SETTING UP OF WHITE LABEL ATMs

During the year under review, the

Reserve Bank of India (RBI) has granted Certificate of Authorisation to your Company to set-up, own and operate payment system for White Label ATMs (WLAs) with effect from March 25, 2014. The aforesaid authorisation issued to set up WLAs under Scheme 'A' of RBI Policy guidelines dated June 20, 2012 shall be valid upto March 31, 2019.

Through these WLAs, your Company will be able to take financial products and services of the sponsor bank to the door step of the rural population and expand your Company's presence in the financial services sector across semi-urban and rural India. These services will include cash deposit, financing, remittances and investment products, in addition to handling cash dispensation.

DIVIDEND

Your Company has had a consistent dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. Consistent with this policy, your Board has recommended a dividend of Re. 0.50 per Equity share (5%) for the financial year 2013-14 to the Equity shareholders of your Company. The dividend shall be subject to tax on dividend to be paid by your Company but will be tax-free in the hands of the shareholders. The dividend together with the dividend distribution tax will

entail a cash outflow of Rs. 2943 Lacs (previous year Rs. 2943 Lacs).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

Five years after the global financial crisis, the global economy seems to be gradually stabilising. The World Bank has predicted a 3.2% global GDP growth in 2014 after growing at 2.4% in 2013. The growth rate is further projected to stabilise to 3.4% in 2015 and to 3.5% in 2016. The projections by International Monetary Fund (IMF) are slightly more optimistic. IMF's global GDP growth projection for 2014 is at 3.7% and for 2015 it is at 3.9%.

The high-income economies are now showing signs of recovery. Economic growth in these countries is picking up, from 1.3% in 2013 to 2.2% in 2014 and is expected to stabilise at 2.4% for each of 2015 and 2016. Growth in the emerging and developing economies (EDEs) is expected to pick up from 4.8% in 2013 to 5.3% in 2014 and then to 5.5% in 2015 and to 5.7% in 2016.

Amongst high-income economies, the recovery is most advanced in the US, with GDP expanding for ten quarters now. The US economy is projected to grow by 2.8% in 2014 up from 1.8% in 2013, and is further expected to go up to 2.9% in 2015 and to 3.0%

in 2016. US economy has initiated the tapering of the Quantitative Easing (QE) programme, however the policy rate has been kept unchanged and will not be increased before six months after the end of the tapering. After two years of contraction, the Euro Zone has registered positive growth at 1.1% in 2014, and the growth rate is expected to rise to 1.4% in 2015 and to 1.5% in 2016. The pickup will generally be more modest in economies under stress, despite some upward revisions including Spain. High debt (both public and private) and financial fragmentation are unlikely to stimulate domestic demand, but exports are expected to grow. Buoyed by easy credit conditions, growth in United Kingdom is expected to be 2.9% in 2014, but expected to moderate to 2.5% in 2015.

While EDEs have grown faster than developed economies, the pace of growth has been uneven in different geographies. While growth in countries in parts of Europe, Central Asia and Sub-Saharan Africa strengthened, countries in Latin America, Middle East and North Africa registered weak growth. While South Asia registered modest growth, that in East Asia & the Pacific eased for the third year in a row.

GDP in China, the second largest economy in the world, is projected to stay flat at 7.6% in 2014 and then slow down to 7.5% for the next two years due to government's conscious attempts to soft-lend the overheated economy.

Japan, world's third largest economy,

is projected to grow at 1.4% in 2014, but is expected to register 1% growth in 2015 mostly due to the government's efforts curb domestic demand by imposing high consumption tax.

However, there are a few red flags to watch out for. The European debt crisis can resurface later to haunt the fragile recovery that is in progress in the Euro Zone. Presently, the peripheral economies are dependent on the funding that will be provided by the European Central Bank (ECB) and the European Stability Mechanism (ESM). The ESM mainly relies on contributions of Germany, France, Italy and Spain. If Italy and Spain need assistance, the burden would become too big for Germany and France. Thus, risk will essentially shift from the peripheral economies to Germany and France, affecting the health of these economies.

China's total debt (including public, consumer and corporate borrowing) as a percentage of GDP has risen to 230%. This is unlikely to metamorphose into any debt crisis (as being feared by a section of global experts) that can have global ramifications, but it has nonetheless prompted Chinese authorities to arrest the growth of the debt burden. A considerable slowing down of China's economic growth is very much on the cards.

In Japan, while monetary expansion was undertaken last year, the decision to hike consumption tax from 5% to 8% effective from April 2014 and then further to 10% in October 2015 is likely

to have a strong impact on economic growth.

In addition to monitoring the developments these major economies, the geo-political tension brewing in several EDEs should also be tracked.

b. Indian Scenario

For the first time in 20 years, India has experienced two successive years of sub 5% GDP growth. After 4.5% growth in FY13, India's GDP grew by about 4.7% in FY14.

The increase in policy rates by Reserve Bank of India (RBI) in order to contain inflationary pressure has slowed down industrial growth considerably. Reduction in private consumption has also contributed. Manufacturing sector has contracted and domestic investment sentiment remains weak. Wholesale Price Index (WPI) inflation stood at a 9 month low of 5.03% in February while Consumer Price Index (CPI) inflation fell to a 25 month low of 8.03%. However, post February both WPI and CPI have started to creep up again.

India's banking sector is going through a tough phase. Gross NPAs in Indian banking system today are at about 4.5% of total advances. If the restructured assets are added to it, the total level of stressed assets in the system is around 10%. Some of the stress is still expected to be hidden in the balance sheets, which may surface in the next couple of quarters. Incidentally a large part of these stressed portfolio belongs

to the infrastructure sector.

However, there is strong reason for hope. The 16th Lok Sabha election has delivered a decisive mandate with the Bhartiya Janata Party (BJP) led National Democratic Alliance (NDA) winning with a clear majority. With minimum coalition pressure, the new government is now expected to fast-track many pending reforms. Shri Narendra Modi has been sworn in as the Prime Minister of India and he has reduced the number of ministries with the intent of better co-ordination and faster implementation. This has further bolstered India's attractiveness to the investor community worldwide and ever since the election result there has been a massive inflow of Foreign Institutional Investment (FII) capital.

Net FII inflow stood at a net positive of USD 13.3 billion for FY14. Foreign Direct Investment (FDI) inflows registered a year-on-year growth of 8% from USD 22.4 billion in FY13 to USD 24.3 billion in FY14. Aided by inflows in the form of portfolio flows, FDI, external commercial borrowings and augmented by repayments by public sector oil marketing companies of their foreign currency obligations to RBI, the INR has strengthened and foreign exchange reserves also increased. Tightening of government spending has also contributed to the appreciation of INR. India's Fiscal Deficit was 4.5% of GDP in FY14 while Current Account Deficit (CAD) stood at 1.7% of GDP.

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Another reason why foreign investors seem to be upbeat about India than the domestic ones may be attributable to the developments in the international commodity markets. High commodity prices have been bothering India's growth prospects as India is more of a net importer of commodities. However, commodity prices have started coming down. Oil prices have been falling, though not by much. The drop in coal prices has been even sharper. Gold has fallen too. Aluminium prices are near their bottom. Currencies of commodity exporting nations like Brazil and Russia have depreciated of late on the back of outflow of foreign capital from those nations. If China slows down further, commodity prices are expected to fall further.

However, whether India will be able to take advantage of this situation depends a lot on the policies and programmes that will be pursued by the new Union Government. Thus, the new government's actions will essentially determine how the economy performs in FY15 and in the coming years. For India to emerge as a favoured investment destination, the steps taken to drive infrastructure creation will be crucial.

World Bank has projected India's GDP growth to be 6% in 2014-15. Asian Development Bank (ADB) has come up with a more conservative estimate and expects India's GDP to grow at 5.5% in FY15.

NBFIs IN INDIA

Non-banking Finance Companies

(NBFCs) like Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) form an integral part of the financial fabric of the Indian economy. Most of the banks are unable to cater to the finance needs of micro, small and medium enterprises (MSMEs) and it is these NBFCs which bridge the gap and act as an extended arm of the banking system in India.

During the year under review, the following regulatory changes took place in the NBFC space:

- RBI has issued guidelines on private placement by NBFCs in order to bring NBFCs at par with other financial entities as far as private placement is concerned. Private placement for NBFCs has been restricted to maximum 49 investors and NBFCs are not allowed to extend loans against security of its own debentures (issued either by way of private placement or public issue)
- NBFC-AFCs are allowed to raise external debt under automatic route for up to 5 years to finance equipment imports for leasing to infrastructure projects and currency risk of such debt should be hedged in full
- To augment resources for infrastructure, debt funds under NBFC route (i.e. NBFC-IDFs) are made eligible for recovering bad debts from defaulters without intervention of Courts

- RBI aligned loan restructuring norms for NBFCs with those of banks in order to minimise risk of defaults
- RBI advised all NBFCs to file and register records of all equitable mortgages created in their favour on or after 31st March, 2011 with the Central Registry
- NBFCs registered with RBI and fulfilling certain criteria, including Public Financial Institutions (PFIs) and RBI-registered NBFC-IDFs, are allowed to file shelf prospectus for public issuance of non-convertible debenture (NCD) securities
- RBI issued final guidelines for NBFCs with regard to easy recognition of financial distress, prompt steps for resolution and fair recovery for lenders. All systemically important non-deposit taking NBFCs (NBFCs-ND-SI), all deposit taking NBFCs (NBFCs-D) and all NBFC-Factors are to report the relevant credit information on a quarterly basis to Central Repository of Information on Large Credits (CRILC).

In addition, several other developments during the year under review would also have an impact on NBFCs. The Companies Act, 2013 has come up with a plethora of compliance norms. Your Company, like most others, will need to allocate more manpower to abide by such stringent compliance norms. By this Act, for any company

the layer of investment companies has been capped at two, unless an Indian company acquires a foreign company having subsidiaries beyond two levels, or if a subsidiary company is required to have an investment subsidiary under any law, rule or regulation in force. Each sector has its own uniqueness which compels the companies within that sector to create structures suitable to manage the business complexity accordingly. This restriction will put Indian companies at a disadvantage vis-à-vis their international counterparts who are free to create the corporate structure suited for their business. This move can even become a hindrance towards mergers & acquisitions (M&As), formation of joint ventures (JVs) or special purpose vehicles (SPVs) and restructuring. In addition, issue of debentures/bonds has always been a crucial channel for mobilising domestic resources for NBFCs. However, the Act, by imposing stringent conditions, has essentially deprived NBFCs from tapping the bond market.

Corporate Social Responsibility (CSR) has also become mandatory for entities fulfilling certain criteria. Your Company, fulfilling such criteria, would need to shape its CSR activities in a more structured manner.

Certain amendments in Clause 49 of the Listing Agreement approved by SEBI can have far-reaching implications on India Inc. Now, any material Related Party Transaction (RPT), even that between

a subsidiary and a holding company, will need prior approval of the Audit Committee. All material RPTs are to be approved by the shareholders by way of special resolution, with related parties not allowed to vote. Material RPTs vary in magnitude and getting every such transaction to be approved by Audit Committee and also by shareholders can be immensely time-consuming and thwart business activities in a big way. In addition, subsidiary companies, by nature, are dependent on holding companies for financial support. Also, the amendments call for performance evaluation of Independent Directors and Board of Directors of a listed company, but has not suggested by what mechanism such evaluation can be done and who would qualify to carry out such evaluations. Evaluations can be subjective and can potentially create conflicts.

BUSINESS OUTLOOK AND FUTURE PLANS

India's Twelfth Five Year Plan (2012-17) envisaged investments worth USD 1 trillion for infrastructure. However, now that two years have passed and not much progress has been made on the infrastructure front, that target looks ambitious. Ideally, Government should aim to have USD 700-800 billion invested in infrastructure by FY17.

The plans and targets for the various infrastructure verticals are likely to be announced in Union Budget 2014-15 by the new Government. Meanwhile,

several initiatives have been taken on the infrastructure front during FY14 some of which are in progress while some have been announced:

- The Cabinet Committee on Investment is said to have cleared projects worth USD 89 billion and this is likely to provide some traction towards resolving issues with some of the stalled projects
- 3 more Industrial Corridors connecting Chennai & Bengaluru, Bengaluru & Mumbai and Amritsar & Kolkata are under different stages of preparatory work
- 8 National Investment & Manufacturing Zones (NIMZs) along Delhi Mumbai Industrial Corridor have been announced
- In the first 3 quarters of FY14, 29,350 MW of power generation capacity has been added, 3,928 km of national highways and 39,144 km of rural roads have been built, 3,343 km of new railway track have been laid and ports' cargo handling capacity has been increased by 217.5 million tonne per annum (MTPA)
- About 50,000 MW of thermal and hydel power capacity is under construction after receiving all clearances and approvals; 78,000 MW of power capacity have been assured coal supply
- National Solar Mission to add 4

Ultra Mega Solar Power Projects each with capacity of over 500 MW in FY15

- 19 oil & gas blocks were given out for exploration
- 7 new airports are under construction; a new policy to promote low-cost airports is on the anvil
- Railways have been allocated USD 5 billion budgetary support for FY15
- FDI policy has been liberalised for telecom, civil aviation, power trading exchange
- Infrastructure Debt Funds (IDFs) have been promoted to provide finance for infrastructure projects.

Now that inflationary trends have been arrested and assuming minimal impact on monsoon on account of El Nino, there is likely to be a pause in the policy rate cycle. However, to revive the investment appetite and to provide a fillip to infrastructure creation, the new Government needs to implement speedy reforms in key areas like land acquisition, forest and environmental clearances, coal linkage, rolling out of Goods & Services Tax (GST), etc. Public Private Partnership (PPP) is expected to continue as the favoured mode for infrastructure creation.

BUSINESS REVIEW

The three main business activities

of your Company are categorised as Fund based, Fee based and Strategic Investments.

I. FUND BASED ACTIVITIES

INFRASTRUCTURE PROJECT FINANCE

India is the second-largest emerging country and has demonstrated the ability to grow rapidly. While growth slowed down in 2011–13, this was simply the adverse impact of a global downturn, combined with the emergence of some domestic problems. Infrastructure growth was hampered due to lack of policy direction, absence of proper regulatory mechanism and lack of proper financing instrument to facilitate smooth operation of the stakeholders. Major policy issues were with regard to land acquisition, environmental & forest clearances, mineral allocations, etc. Besides these regulatory issues, other key concerns pertaining to the growth of the Infrastructure sector were lack of liberalised environment, fiscal incentive and clear & transparent policy.

However, post general electoral mandate, India has got a stable Government after three decades. This could act as a catalyst in removing policy paralysis and lay out policy measure which should boost the Infrastructure sector which is the most critical prerequisite to revive the economic growth. Long standing issues in sectors such as power, oil & gas, telecom, SEZ, etc. are expected to get resolved. Sentiments have also turned positive

which is expected to imbibe confidence among investors and stakeholders.

Infrastructure development has been identified as a key driver of long term economic growth in India over the years. Government spending on infrastructure has been constantly increasing to bolster the Country's economy. The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as Electricity, Railways, Roads, Ports, Airports, Irrigation, Water Supply and Sanitation, all of which already suffer from inadequate capacities as well as inefficiencies. Infrastructure sector requires USD 1 trillion of investment over the next four years. It has been estimated that the Government of India needs to invest USD 1.7 trillion on infrastructure projects to achieve its 2020 vision.

Given the scale of investment required over the coming years, a substantial proportion of the investment will have to be met through private financing or Public Private Participation (PPP). Your Company believes that given its history, capabilities and financial strength, it is well placed to benefit from these opportunities. In the interim Budget for 2014-15, as the Government is not equipped to address the increase in investment required for this sector, it is estimated that the share of public investment would decrease from 62% to a level of 53% in the Twelfth Five Year Plan, while the share of private investment is projected to increase

from 38% (Eleventh Five Year Plan) to 47% (Twelfth Five Year Plan) of the total investment. It is evident that the role of private sector will be critical for the success of infrastructure development in the coming years. During the year under review, the Government spent about Rs. 20,000 Crores less than what was allocated towards the sector.

Over last two and half decades, your Company has established itself as a holistic infrastructure institution providing a range of innovative financial solutions including equipment / asset finance, project finance, leasing, debt syndication, etc. Your Company has emerged as a strong player in the infrastructure space by leveraging upon its in-depth knowledge of the infrastructure sector combined with its expertise in financial structuring and customer support.

Despite favorable macroeconomic fundamentals, the pace of infrastructure building was affected due to the economic slowdown during the last couple of years. It has brought to the fore the need for State Governments to assume a bigger role in shaping their own policies regarding land acquisition, environmental clearances, mineral allocation, etc. abiding by certain broad frameworks provided by the Central Government. This would help in cutting down considerably the time needed for getting necessary clearances and that, in turn, would help in attracting more private investment. Your Company is convinced that India's policymakers

Over last two and half decades, your Company has established itself as a holistic infrastructure institution providing a range of innovative financial solutions.

Power sector is key to the socio-economic development of the Country, and the Government continues to view it as a priority.

are thinking on those lines and India is about to embark on a new vibrant phase of infrastructure creation.

Power:

Power sector is key to the socio-economic development of the Country, and the Government continues to view it as a priority that would eventually catapult India into a global super power. The sector has undergone remarkable changes in the last two decades. Investments in the Power sector rose at an estimated CAGR of 10.90% over the past 5 years (FY 2009 to FY 2013) aggregating to Rs. 5.8 trillion. Over this period, the Central and State sectors are projected to have accounted for 69% of total investments while private sector contributed to the balance 31%. The share of private sector in overall investments is expected to have more than doubled to 37% in 2012-13 from 18% in 2007-2008 with huge investments in the generation space.

Despite large capacities announced during the Eleventh Five Year Plan, capacity additions fell short of the Planning Commission target of 78 GW due to limited fuel availability, delay in clearances and power off-take issues owing to poor financials of Discoms. However, various policy measures such as introduction of specialised long tenure debt fund, dedicated fund for financing power projects in the North Eastern sector, take-out financing schemes, credit enhancement scheme by IIFCL, modification in IRDA/PFRDA

guidelines, various tax incentives on investments, etc. proved beneficial in helping the Government to meet the estimated target. The Government of India has taken several initiatives over the last few years to promote participation from private players in the power sector. With a total of 56 projects valued at USD 11.2 billion, the energy sector accounts for 18% of the overall value of Public Private Participation (PPP) contracts awarded in various sectors. It is expected that investments of Rs. 5.7 trillion will take place in the power sector over the next 5 years (2013-14 to 2017-18). The share of private sector in overall investments over 2014-18 is expected to remain stable at 32%.

Distribution investments are expected to slow down to Rs. 0.9 trillion over 2014-18 as compared to Rs. 1 trillion over the last 5 years. Although, the financial restructuring plan has been implemented in States with huge accumulated losses, it will take time for Discoms to turn cash surplus. Investments will also be supported through funding by multinational organisations such as Asian Development Bank and Japan International Cooperation Agency among others. Meanwhile, few states with financially strong Discoms such as Gujarat, Maharashtra, Karnataka and West Bengal will continue to invest in strengthening of the distribution systems.

Key challenges in the sector such as fuel shortage, difficulty in obtaining environmental approval and land clearances, detractors of risks associated with competitive bidding and poor health of State distribution utilities has led to the slowdown in the power sector. Some of the bottlenecks have been addressed by the Government but trend reversal will be visible in due course of time.

Your Company has allocated about 32% of its total allocation to this sector diversified into generation and transmission and distribution. Generation is further split into coal based power, wind power, solar power and biomass, thereby diversifying the concentration risk. Your Company has invested 25% of its total power sector investment in renewable energy sector.

Railways and Logistics:

India has the third largest railway network in the world with 7,146 Railway Stations, 1,31,205 Railway Bridges, 9,549 Locomotives, 61,899 Passenger Coaches, 2,39,321 Freight Cars and 64,600 Route Kilometers. Indian Railways' today operates 19,000 trains each day, comprising 12,335 Passenger Trains and 7,000 Freight Trains. It transports 2.65 million tonnes of freight traffic and 30 million passengers daily. With the increasing demand for better transportation services in our Country, the Railways in its current state has a huge scope for improvement specially in the areas of

safety, passenger amenities, operating speed, cleanliness, travel comfort, freight capacity, IT enabled services, and line augmentation in border areas connecting neighboring countries such as Bhutan, Bangladesh, Nepal and Pakistan.

Like other sub-sectors of infrastructure, there is a need to improve the railway infrastructure in order to foster economic growth of the Country. The opening of container rail segment for private participation has given a huge boost to cargo segment and has created opportunities in the extremely profitable freight transportation services. The completion of the Dedicated Freight Corridor covering about 2763 route kilometers along the two routes, the Eastern corridor from Ludhiana to Dankuni and the Western Corridor from Jawaharlal Nehru Port at Nava Sheva to Tuglakabad Delhi is expected to further boost private participation in the cargo segment.

The Indian Railways' has put into place 'Vision 2020' which envisages private investments in the railways at Rs. 15 trillion spreading across augmentation of capacity and modernisation over the next 10 years. The Twelfth Five Year Plan envisages an investment of Rs. 6.19 trillion as compared to Rs. 1.92 trillion in the Eleventh Five Year Plan which will result in the emergence of opportunities in the railway segment. Your Company has examined investment opportunities in financing rolling stocks (including liquid cargo container movement),

setting up of Inland Container Depots (ICDs), warehouses & cold storages and development of railway sidings. The proposed Wagon Leasing Scheme announced by the Indian Railways' is expected to throw open vast business opportunities for your Company.

Aviation and Airports:

The Indian Aviation Industry is the ninth largest civil aviation market (162.6 million passengers) in the world with the fourth largest domestic passenger volume of 45.3 million. India is forecasted to be on the top 3 aviation markets in the world by 2020 with passenger traffic of 450 million and growth rate of 13.1% p.a. Freight traffic is also expected to increase at 8.3% with present volume of 2.26 million tonnes. The reason for the growth is primarily due to an increase in disposable incomes, multiple low cost options and promotion of external trade with increased focus towards tourism. The Twelfth Five Year Plan (2012-17) estimated USD 12.4 billion worth of investments in airport infrastructure which is 70% higher than the total investments made during the Eleventh Five Year Plan.

The Public Private Participation (PPP) model has been largely successful with all major airport re-development programs in India. Currently, five airports in India have been completed under the PPP model, namely, Delhi, Mumbai, Bangalore, Hyderabad and Cochin. The private participation in the

aviation sector is earmarked at USD 9.2 billion in the Twelfth Five Year Plan. The Government aspires to add 60 new airports and complete modernisation of all major existing airports targeting USD 30 billion of investments by the next decade. To achieve these aspirations the Government of India has approved development towards various Greenfield airports under PPP.

In a move to extend private sector participation in the aviation industry, the Government in early September, 2013 had decided to allow private parties to pick up 100% equity stake in operation and management of the six airports of Chennai, Kolkata, Guwahati, Jaipur, Ahmedabad and Lucknow through PPP mode. Total investments worth USD 400 million are expected in this sector in the next five years towards developing heliports and upgrading non-operational airstrips. There is a strong business case for private players who enter aviation sector. Your Company has exposure in the aviation sector comprising of 4% of the portfolio and is willing to take additional exposure to cash in the growth opportunity in the sector.

Ports and Port Equipment:

Ports are a gateway to international trade, therefore an integral part of a Country's economic development. The Indian coastline which is more than 7,517 kms long is interspersed with over 200 ports, strategically located on the world's shipping routes and facilitating

over 90% of the Country's foreign trade. India's 13 major ports and around 200 notified minor and intermediate ports are located along its long coastline. Industry estimates reveal that total cargo traffic in India stood at 911.5 Million Metric Tonnes (MMT) during FY 2012 and is expected to touch 1,758 MMT by FY 2017. Port traffic at major and non-major ports in India has grown at a Compounded Annual Growth Rate (CAGR) of around 22% and 5.5% respectively over FY 2012-14. The Government of India has allowed 100% Foreign Direct Investment (FDI) under the automatic route in the port sector providing huge investment opportunity. During the year under review, your Company has exposure to this sector by financial participation in a mix of major ports, minor ports and captive ports. The port sector now comprises about 9% of the portfolio.

Telecommunications:

Indian telecom sector grew at dizzying rate during the last decade with tremendous growth in subscriber base and penetration in urban as well as rural markets. Currently, India has a wireline and wireless subscriber base of 900 million. This growth in the subscriber base is accompanied by an increase in competition and open market price wars. Therefore, there has been a decline in Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) margins followed by regulatory and taxation issues which have marred

the ebullience of the telecom sector at large. Despite these uncertain times, the telecom success story is far from over. The telecom sector is expected to enter a phase of further evolution and consolidation.

As per Telecom Regulatory Authority of India (TRAI), total wireless subscriber base increased from 886.30 million in December, 2013 to 893.31 million at the end of January, 2014, registering a monthly growth of 0.79%. The overall wireless tele-density in India has reached 72.18. Private operators hold 89.01% of the wireless subscriber market share whereas Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL), the two PSU operators hold only 10.99% market share. The recent spectrum auction revived the investor confidence. The 1800 MHz and 900 MHz auctions concluded with incumbents stealing the show with mega spectrum wins across the country. Reliance Jio (RJio) participation was significant but it is clearly the incumbents - Bharti, Idea and Vodafone that have immensely strengthened their data arsenal. The auctions have clearly demonstrated the direction for further consolidation in the industry.

Your Company strongly believes that the significant acquisition of spectrum assets by the incumbents will help them in offering superior advantage and raising tariffs in the medium to long-term.

Your Company has structured financing packages that include investment in telecom towers, and rural connectivity and telecom sector now comprises around 8% of the portfolio.

Roads:

India has the second largest road network in the world, with a total route length of 3.3 million kms comprising of National Highway (2%), State Highway (4%), major District Roads (14%) and Rural and other road (80%). National Highways constitute about 2% of the entire road network but account for 40% of the nation's traffic, thus assuming its inordinate importance in the country's transportation network. The Indian roads network is responsible for transferring approximately 60% of total freight and 87% of total passenger traffic. Hence, India needs to invest much more in the roads and highways segment to ensure its continued contribution to the nation's Gross Domestic Product (GDP) growth. Significant improvements in regulatory and management practices coupled with increasing capacity would facilitate speedy, safer outreach. Roads are constantly highlighted as one of the key investment undertakings that the Government must carry out in order to attract foreign investors. During the Eleventh Five Year Plan, investment in the roads and highways were approximately USD 69.8 billion against USD 32.2 billion in the Tenth Five Year Plan. The estimates for Twelfth Five Year Plan suggest an investment requirement

to be well above USD 145 billion.

Despite the challenges, the roads and highways sector offers significant investment opportunities for the private sector globally. Some of the recent initiatives by National Highway Authority of India (NHAI), such as tendering and annual pre-qualification process, are steps taken in the right direction towards inviting private participation with renewed interest. While Request for Annual Qualification (RFAQ) process has significantly reduced the paper-work without compromising the transparency of the bidding process, the e-tendering mode of bid submission has enabled NHAI to expedite the process to a larger extent.

During the year, your Company has selectively participated in financing road projects by NHAI and State Authorities. Your Company has allocated about 18% of its total allocation to this sector.

INFRASTRUCTURE EQUIPMENT FINANCE - SREI EQUIPMENT FINANCE LIMITED (SREI BNP PARIBAS)

Srei BNP Paribas, a joint venture between your Company and BNP Paribas Lease Group, is registered with RBI as a non-deposit taking NBFC (Category - Asset Finance) and is in the business of equipment financing with a wide spectrum of asset finance business which includes Construction & Mining equipment's, Technology and

The roads and highways sector offers significant investment opportunities for the private sector globally.

Srei BNP Paribas has retained its position as one of the leading equipment financier in India in the year under review.

Solutions, Healthcare equipment's, Captive financing solutions for leading manufacturers like Volvo, Atlas Capco & Case New Holland (CNH) Construction & Mining segment contributes to a majority, and client profile includes the best names in the country today.

Srei Equipment Finance Limited got converted to a Public Limited Company w.e.f. November 01, 2013 as approved by the Registrar of Companies, West Bengal vide fresh Certificate of Incorporation dated November 01, 2013.

Srei BNP Paribas has retained its position as one of the leading equipment financier in India in the year under review with a disbursement of asset cost of Rs. 9,392.73 Crores.

The infrastructure equipment market had a de growth of around 20% last year but the Company managed to improve its market share in standard assets with unit sales of approximate 56000 in 2013, the Indian earth moving and construction equipment industry was valued at approximately Rs. 18,000 Crores (USD 2.7bn).

The year 2013-14 had a challenging time for the industry, as it encountered project implementation, consolidation, cash flow mismatch challenges at large throughout all players and almost all the big companies going through corporate debt restructuring route.

During the year under review, the total disbursements in terms of asset cost

of Srei BNP Paribas had a de-growth of approx. 27.75% in line with the industry and the profits declined by nearly 11.38% from Rs. 403 Crores to Rs. 357.55 Crores during the year.

During the year under review, new high yield businesses verticals like Pre-owned equipment financing & Rural equipment financing saw a significant growth in disbursement and will further show better results in terms of diversifying the portfolio going forward. During the year under review, the branch distribution network & foot on streets were further strengthened to create a reach and proximity with the client, improve new business vertical penetration and exploit the cross selling activities.

The view for the year ahead is to diversify the risk and stabilise, but retain the market leadership in the infra equipment space and improve penetration in high yield segments like Pre-owned & Rural equipment's financing. Srei BNP Paribas will have a cautious approach and watch policy decisions with strong focus on relationship with customers and continue assisting them in their business as partners.

The relationship between both the shareholders, Srei Infrastructure Finance Limited and BNP Paribas Lease Group, continues to be at the best terms and cross selling opportunities are being continuously explored.

INTERNATIONAL BUSINESS

OPERATIONS

The first overseas subsidiary company of your Company was set up in Germany in the year 2003 in the name of IIS International Infrastructure Services GmbH (IIS) as a limited liability company, now known as Srei International Infrastructure Services GmbH (SIIS). The objective for setting up SIIS was to provide infrastructure advisory and equipment renting company in Europe and other foreign countries. Through SIIS, your Company has made investments in leasing and advisory business in Russia and Singapore.

Your Company commenced operations in Russia in year 2006 through its step down subsidiary, ZAO Srei Leasing (ZSL). Your Company holds 64% share capital in ZSL through SIIS with the balance 36% being held by International financial institutions like EBRD, DEG and FMO. ZSL is in active operation since last eight years. ZSL has continued to be profitable since its inception in 2006. The slowdown in the Russian economy observed in 2012 continued in 2013 with a GDP growth of just 1.3% as against 3.4% in 2012. The effect of the slowdown was felt by the leasing industry across Russia with the Leasing industry recording a growth of just 0.7% in 2013 as against 1.5% in 2012.

Considering this general slowdown in the Russian economy, the major challenges facing the company

would be the dropping demand for leasing services due to a decline in the construction activity, deteriorating payment discipline of customers and the increase in cost of funds and the devaluation of the local currency Ruble.

In 2014, the leasing market is expected to remain flat. ZSL will focus on managing the existing portfolios and continue to finance liquid infrastructure assets to the Retail and SME sector in 2014. Your Company would wait for the economy to stabilise and be back on the growth track before expanding its presence in Russia.

II. FEE BASED ACTIVITIES INFRASTRUCTURE PROJECT ADVISORY

Infrastructure Project Advisory Division of your Company is re-organising with new tools on project structuring components which have gained importance in view of Public Private Partnership (PPP) initiatives launched in the country. New initiatives have evolved through strategic advice, PPP services in tourism, primary health care, education, urban transport (public mass transportation) and water sector.

The transportation vertical has been very proactive with the execution of key assignments in Bangalore, Vizag, Lucknow. Your Company has accomplished Bus Funding Studies with Andhra Pradesh State Road Transport Corporation (APSRTC) through Jawaharlal Nehru National

Urban Renewal Mission (JnNURM) programme for eight major towns in the State of Andhra Pradesh. Kerala Road Fund Board has retained your Company as Transaction Advisor for Kozhikode (Calicut) City Improvement Project. Lucknow Metro Project has been approved by Government of Uttar Pradesh, Ministry of Urban Development (MOUD) and services of Srei Advisory are likely to be extended. MOUD has also empaneled your Company for preparation of mobility and city development plans pan India for various cities and towns emerging in near future.

In Urban & Social Sector, your Company is engaged in City Development Planning for four towns in Rajasthan under JnNURM program. Social sector has made major inroads in heritage tourism sector in Punjab State, with an assignment for preparation of comprehensive conservation and reuse plan for development of Mega Darbar' Circuits linking historical cities in Punjab. Your Company is now Transaction Advisor with Delhi Tourism and Transportation Development Corporation (DTTDC) for construction of Budget Hotels (at six locations) on existing Bus Depots of Delhi Transport Corporation (DTC) in Delhi on design, build, fund, operate and transfer (DBFOT) model. During the year under review, your Company stepped up activities in Goa and are the transaction advisors with Goa Housing Board for Development of Commercial

Infrastructure on PPP. Your Company has secured assignments in water sector with Sewerage Infrastructure Development Corporation of Goa Limited as Process Management Consultants for construction and quality supervision of sewerage works ongoing in the Navelim Area of Goa. Similarly, Maharashtra Jeevan Pradhikaran (MJP) has appointed Srei Advisory as Project Consultants for carrying out the Financial Feasibility and taking over Process Management by MJP for Operations and Maintenance of the Akola Water Supply Scheme.

The Advisory Division has signed an Agreement with Department of Industries, Government of Jharkhand for working as the Project Management Agency (PMA) to implement National Mission on Food Processing (NMFP) for a period of three years (2012-17) for promoting private sector investments in food processing and cold chain projects in the State.

In its continuous effort in Tourism sector, your Company is providing Project Management Support in Tourism Infrastructure Projects with major mandates awarded to your Company for Development of Tourism Hubs and Circuits in the States of West Bengal & Orissa.

Your Company has also delivered a challenging PPP transaction launched by Government of India recently to address concerns regarding creation

of adequate food storage facilities pan India with an objective to provide food security, create buffer stocks, maintenance of quality standards of food grains and reduce wastage. Your Company has successfully completed the assignment with MP Warehousing & Logistic Corporation for all the ten locations. This assignment is first of its kind in the Country and has vast potential and first movers advantage.

Strategising on credible partnerships, the Advisory Division has bagged a prestigious assignment from Department of International Development (DFID) in association with PWC for identification of bankable infrastructure projects in eight states viz., Uttar Pradesh, Madhya Pradesh, Rajasthan, West Bengal, Odisha, Bihar, Jharkhand and Chhattisgarh in four focussed sectors i.e. Urban Infra, Agri Infra, District / City Roads and Clean Energy for projects ranging between Rs. 50 Crores to Rs. 200 Crores.

With revitalised business strategies and capacity building initiatives with expected growth in consultancy sector, your Company will endeavour to focus on key areas in coming year and achieve sustainability

INFRASTRUCTURE PROJECT DEVELOPMENT

Infrastructure Project Development has given your Company an opportunity to emerge as India's one of the leading Infrastructure Developers in the Road

sector. This feat could be achieved because of your Company's strong presence and functional expertise in the infrastructure space through equipment financing, project financing and project management skills. Your Company's intellectual capital strength helped it to leverage and build inextricable partnerships with customers and other leading global concessionaires and ensures effective coordination and smooth implementation of projects from beginning to end. Your Company's in-house knowledge, strength of financial engineering & solutions, proximity with customers as partners have created a unique model of "Prosperity through Partnership" and a win-win situation for all stakeholders.

Presently, your Company, in consortium with other established companies, has a diversified portfolio of annuity and toll-based road projects close to 5,500 lane km with a total Capital Cost of around Rs. 13,000 Crores, awarded by the National Highways Authority of India (NHAI), Ministry of Road Transport and Highways (MORTH) and various other State Governments. During the year under review, Kurukshetra Expressway Private Limited, one of the Special Purpose Vehicle, engaged in Development of Four Laning of Rohtak – Bawal section of NH – 71 from Km. 363/300 to 450/800 under NHDP Phase III in the State of Haryana has been successful in receiving the provisional Commercial Operations

Date (COD) and Toll Operations has commenced. Due to overall slowdown in the sector, your Company's focus was more towards consolidation of its road assets and to speed up the implementation.

III. STRATEGIC INVESTMENTS

The Indian economy growth outlook looks promising post-election result due to stable government formation at Centre. The government focus on governance, inclusive growth, infrastructure and investment reforms and effective policy implementation should boost growth and deliver on fiscal consolidation. The new government together with RBI has to work hard in the areas of deepening of capital & bond markets, and permitting newer financial instruments including currency swap arrangement which can alleviate the concentration of financial risk in the over dependent banking system and promote Foreign Direct Investment (FDI) and Private Investments.

Your Company focused on continuous monitoring of portfolios and reviewing existing processes and systems in line with best practices to improve the value of its portfolio during FY 2013-14. It is putting continuous efforts to explore divestment opportunities to fetch better value.

Your Company's investment encompasses infrastructure sector such as transportation, energy, Special Economic Zone (SEZ) & industrial parks, communication, urban infra and social infrastructure. Your Company expects that

the new government will create the right economic environment during FY 2014-15 which will be conducive for exploring opportunities to enhance shareholder value. Infrastructure sector offers attractive investment options for long term investors in emerging & developing economy such as India. Therefore, your Company expects better opportunities during FY 2014-15 and will continue to scout right opportunities to unlock true value in its investments.

Your Company believes that continuous focus on risk, operational excellence and monitoring of portfolio will enhance shareholder returns on its investment portfolio.

RESOURCES

In spite of sluggish economic environment and tight monetary policy, the Treasury department of your Company has been able to raise required resources throughout the year and contain the cost of borrowings. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus raising resources at competitive rates from its lenders and also ensuring proper asset liability match.

i. Bank Finance

Your Company continued to leverage on its long term relationship with banks and thus enhanced the tied-up fund based working capital limit to Rs. 7,818 Crores from 29 Consortium member banks as at the end of financial year. Your Company also raised long term Loans aggregating to Rs. 900 Crores

Your Company expects that the new government will create the right economic environment during FY 2014-15 which will be conducive for exploring opportunities to enhance shareholder value.

The issuance of long term NCDs is one of the primary focus areas of your Company, going forward, to augment long term resources and to maintain healthy assets liability profile.

and short term Loan aggregating to Rs. 270 Crores during the year at the most competitive rates available in the market and continued its focus on domestic sources.

ii. Bonds / Debentures / Commercial Papers

Your Company has allotted debentures aggregating to Rs. 557.22 Crores by issue of long term Non-Convertible Debentures (NCDs) during the year under review. Out of total NCDs allotted during the year under review, Rs. 336.35 Crores was mobilised through public issue and Rs. 220.87 Crores was mobilised through private placement issue. The issuance of long term NCDs is one of the primary focus areas of your Company, going forward, to augment long term resources and to maintain healthy assets liability profile. Your Company has also raised Rs. 3,375 Crores through Commercial Papers during the year under review.

iii. Tier II Capital

Your Company raised Tier II Capital aggregating to Rs. 115.30 Crores during the year under review to augment resources and increase the capital base.

iv. Foreign Institutional Borrowings

Your Company has signed a Finance contract for Euro 40 million with European Investment Bank (EIB) for climate change mitigation projects (e.g. renewable energy, energy efficiency, any other project that reduces Carbon Dioxide (CO₂) emissions) during the

year under review. As per the terms of sanction, first demand bank guarantee from an international bank acceptable to EIB with a rating of A- or higher by Moodys/S&P/Fitch is required for draw down. Your Company has arranged the Guarantee approval for Euro 15 million from SACE. Your Company would be drawing the facility in the ensuing financial year 2014-15. As liquidity in the international market improves, your Company will endeavour to mobilise much more long term funds under External Commercial Borrowing (ECB) window for on-lending to borrowers in the infrastructure sector. This will equip your Company with long term funds and enable to maintain healthy asset-liability profile.

RISK MANAGEMENT

Management of risk remains an integral part of your Company's operations and it enables your Company to maintain high standards of asset quality at time of rapid growth of its lending business.

The risk management strategy of your Company is based on a clear understanding of various risks, adherence to well-laid risk identification, and assessment procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with industry best practices. The objective of risk management is to balance the trade-off between risk and return and ensure optimal risk-adjusted return on capital. It entails independent identification,

measurement and management of risks across the businesses of your Company. Risk is managed through a framework of policies and principles approved by the Board of Directors supported by an independent risk function which ensures that your Company operates within a pre-defined risk appetite. The risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks.

Governance Structure

The risk strategy of your Company is enunciated and overseen by the Risk Committee of Board (RCB), an independent Board level sub-committee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. Policies approved from time to time by the Board of Directors or the RCB in consultation with other sub-committees of the Board, viz. the Credit Committee (CC) and the Asset Liability Management Committee (ALCO), constitute the governing framework for various types of risk and business activities undertaken within this policy framework. Overall risk management is guided by well-defined procedures appropriate for the assessment and management of individual risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk and group risk supplemented by periodic validations of the methods used. Under the

guidance of RCB, the risk department is responsible for assessing and managing risks on a regular and dynamic basis. This entails, as an imperative, garnering adequate knowledge of macroeconomic trends, insights into dynamics of various sectors, understanding of regulatory environment and application of quantitative and qualitative tools facilitating an accurate assessment of risk at all times.

Credit Risk

Your Company's credit risk management is governed by a comprehensive and well-defined Credit Risk Policy which encompasses guidelines for monitoring and mitigating the risks associated with them. The appraisal process encompasses a detailed risk assessment and rating of all obligors using Internal Rating Models. The ratings of customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters such as quality of management and conduct of account.

The goal of credit risk management is to maximise risk-adjusted rate of return on capital by maintaining a healthy asset portfolio and managing the credit risk inherent in individual exposures as well at the portfolio level. The emphasis is placed, both on evaluation and containment of risk at the individual exposures and analysis of the portfolio behaviour.

Your Company has strong framework for the appraisal and execution of project finance transactions that involves a detailed evaluation of technical, commercial, financial, marketing and management factors including sponsor's financial strength & experience. Your Company identifies the project risks, mitigating factors and residual risks associated with the project. Risk mitigating factors in these financings include creation of debt service reserves and channeling project revenues through a trust & retention account. The project loans are generally fully secured and have full recourse to the borrower. In some cases, your Company also has taken additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company. The RCB periodically reviews the impact of the stress scenarios resulting from rating downgrades or drop in the asset values in case of secured exposures on the portfolio. Portfolio level delinquency matrices are tracked at regular intervals with focus on detection of early warning signals of stress. These limits are periodically reviewed based on changes in macro-economic environment, regulatory environment and industry dynamics. Existing credit exposure in the portfolio is continuously monitored and reviewed. Key sectors are analysed in details to suggest strategies considering both risks and

opportunities. Corrective action, if required, is taken well in advance based on early warning signals.

Market risk

Market risk is defined as the risk to earnings arising from the movement in market risk factors, namely stiff liquidity, interest rates and foreign exchange rates. Market risk management is guided by well-laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of your Company. Treasury Mid-Office independently monitors the risk limits stipulated in the Market Risk Policy and reports deviations, if any, to the appropriate authorities as laid down in the policy.

Liquidity risk is two-dimensional: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). Your Company's Asset Liability Management Committee (ALCO) lays down a broad framework for liquidity risk management to ensure that it is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from industry, market or a combination of them. The liquidity profile is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key

liquidity ratios and conduct of liquidity stress tests periodically. The Asset Liability Management (ALM) position of your Company is being periodically reported to ALCO, RCB and also to the RBI.

Interest rate risk is generally managed through floating rate mechanism by linking the lending rate of interest to Srei Benchmark Rate and is reviewed periodically with changes in your Company's cost of funds. Your Company regularly conducts stress testing to monitor vulnerability towards interest rate unfavorable shocks.

Exchange rate risk management becomes necessary as your Company borrows money in foreign currency and lend in domestic currency. In order to optimise the cost of funds, your Company adopts effective hedging strategies considering the overall risk appetite of your Company. Through statistical measure like value at risk, stress test, back test, scenario analysis, your Company monitors the foreign currency portfolio.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Your Company, in accordance with the regulatory guidelines, has put in place a framework to identify, assess and monitor risks, strengthen controls, improve customer service and minimise operating losses.

Your Company has built into its operational process by segregation of duties, clear reporting structures, well defined processes, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks. New product and activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal. All concerned departments coordinate and discuss key operational risk issues involving people, process, and technology, external factors etc. so as to minimise them or ensure adequate controls over them.

A well-formulated Business Continuity Plan (BCP) is in place which ensures business continuity in unlikely event of disaster or disruption. Further to provide continued and uninterrupted service even during natural disasters, a Disaster Recovery (DR) Site is also in place. Vigorous information technology system is put in place which has been certified with globally accepted ISO2701:2005 standard, comprising features like DR, security features covering firewalls, encryption technologies, spam-guards etc. Your Company is committed towards investing in information technology to strengthen its business process.

In addition, to manage operational risk prudently, 'Know Your Customer (KYC)' and 'Anti-Money Laundering (AML) Policy' are in place, which helps

to prevent the Company from being used intentionally or unintentionally by criminal elements for money laundering.

Risk management framework of your Company is based on assessment of all risks through proper analyzing and understanding the underlying risks before undertaking any transactions and changing or implementing processes and systems. All transactions and processes conform to your Company's risk appetite and regulatory requirements and the same is achieved through a proper governance structure, which includes a multi-tiered approval levels for transactions and processes. This risk management mechanism is aided by regular review, control, self assessments and monitoring of key risk indicators.

HUMAN RESOURCES ACTIVITIES

Industry in general and Infrastructure sector in particular faced multiple external challenges in the year under review. Your Company focused on talent development, talent management/ engagement & talent redeployment.

Your Company realised that for quick business execution, assessment of talent holds a strategic importance and thus your Company undertook a project to map the talent pool on a 9 blocker matrix of Performance and Potential.

Managing your Company's talent in a proactive manner was the biggest

focus during the year under review and your Company undertook a number of initiatives towards this objective.

Your Company started town hall meets, diwali get together, quarterly newsletters and employee engagement activities round the year and continued to better these practices of talent communication & engagement and the effect was that in the 'Great Place to Work survey' this year, your Company scored higher than the Top 50 companies in this area of 'People celebrate special events around the year'.

The engagements programs were extended to employee families. Your Company launched a program called 'Srei Bandhan'. Srei Bandhan is a platform exclusively for spouses of your Company's employees for networking and bonding amongst themselves.

Your Company introduced 'Srei Periodic Performance Report Card' for its employees. This is a framework to foster regular and healthy dialogue between the employees and their managers with an objective of performance enhancement.

Your Company has launched the Group Term Life Insurance Policy and Group Personal Accidental Insurance Policy to ensure financial support to the family of employees.

Your Company is fostering the Employer brand through various initiatives namely - a) enhancing relationships across B schools, Engineering colleges

Your Company realised that for quick business execution, assessment of talent holds a strategic importance.

Information Technology (IT) in your Company has emerged as a key business enabler and is playing a major role in improving productivity.

and Professional Institutes like ICAI by visits, campus recruitment, being part of the programs conducted by them; b) formation of Corporate Alumni Network called 'Srei Universe', which is an effort to connect with former employees and this association can nurture multiple mutual benefits; and c) revamping and action on the career page at www.srei.com as an attempt to enhance the employer branding focused at the prospective employees. In addition, your Company is now active on the social networking websites and is more visible.

The number of employees of Srei Group stands at 2,056 on March 31, 2014. Thus with this significant number, development of human capital holds immense importance.

INFORMATION TECHNOLOGY

Information Technology (IT) in your Company has emerged as a key business enabler and is playing a major role in improving productivity, customer services and managing risks. The IT function has successfully achieved the state of optimally managed IT infrastructure and business applications and is now poised for the next maturity level which is aimed at leveraging IT to gain competitive advantage and sustainable business benefits.

Your Company now has a very stable, secure, robust and future ready IT Infrastructure and applications

backbone which will provide the platform for future strategic initiatives. The Oracle E Business Suite for financials and human resources has been stabilised and being used extensively by different departments in the Fund based business. The Line of Business Application for the Fund based business that has been successfully implemented automates the loan origination and loan management process. This application is integrated with the Oracle ERP platform thereby enabling seamless flow of information and supporting management decision making.

During the year under review, process automation initiatives were successfully rolled out on top of the Oracle ERP backbone that enhanced operational efficiency, reduced turnaround time and improved process compliance. The solutions include automated purchase process, online employee self-service processes, online group medical insurance, and direct payment interface with bank for straight through processing of payments. Several IT enabled initiatives were implemented that focused on training & development and welfare needs of the workforce.

During the year under review, the focus areas were end user productivity, operational cost optimisation and IT security enhancement. All the Regional Offices as well as the Head Office of your Company are enabled with secured

wireless connectivity enabling seamless access to network for mobile users. In order to improve service to internal users and to ensure infrastructure and application uptime, several monitoring and logging tools were implemented. The IT function achieved significant cost benefits by adopting open source solutions, consolidating infrastructure components and adopting effective outsourcing strategy.

Your Company is maintaining and upgrading the prestigious ISO-27001 certification that its IT Services obtained in 2012 - this signifies the process maturity and the sustained strong focus that your Company has on information security and compliance. During the year under review, your Company has invested in backup solutions for both data centres and end user devices that will mitigate operational risks and help in disaster recovery.

Information Technology function in your Company is embarking on the next wave of maturity that will position IT as a key organisational enabler and drive future business growth. By leveraging the innovations in the mobility, data analytics and cloud computing space, your Company aims to achieve improved process efficiency, enhanced management decision making and risk management capability, greater transparency, reduced infrastructure investment and increased infrastructure availability.

INTERNAL CONTROL AND AUDIT

Your Company's vision, mission and core values have laid down the foundation for the entire internal control mechanism. On the administrative controls side, your Company has a proper reporting structure, several oversight committees, defined roles and responsibilities at all levels and rigorous performance appraisal system to ensure appropriate checks and balances. On the financial controls side, management with the knowledge and understanding of the business, its organisation, operations, and processes has put in place appropriate controls including segregation of duties and reporting mechanism to deter and detect misstatements in financial reporting.

Your Company has an independent Internal Audit Department reporting directly to the Audit Committee of the Board. The Audit Committee, which has a wide mandate, consists of qualified professionals who are well versed with financial management. The Audit Committee takes keen interest and reviews the audit reports and monitors action taken reports. This contributes positively to the control environment.

The Internal Audit Department is adequately staffed with Chartered Accountants and other professionals, who are well experienced in financial services and related risks and controls. The purpose, scope, authority and responsibility of the Internal Audit

Department are delineated in the Audit Charter approved by the Audit Committee. Internal Audit Department influences and facilitates improvements in the control environment by constantly evaluating the risk management and internal control measures. It acts as an active and effective change agent. The Team ensures seamless efficient business operation and supports mitigation of associated risks by the process owners.

During the year, the Internal Audit Department has facilitated creation and implementation of more policies and standard operating procedures and enabling new businesses through appropriate tools and templates, including IT solutions. Contract Risk Management through review of major contracts has taken off well. Database of audit observations and 'leading practices' within your Company has taken shape and is being used to measure process maturity.

The Internal Audit Department plays an active role in tracking the management action plans and issue resolution. It monitors progress of action plans resulting from audit reviews and provide periodical updates on the status of outstanding issues to the Audit Committee and Senior Management. The effectiveness and quality of Internal Audit function is reviewed by the Audit Committee on an ongoing basis. Training needs to update the skills of the Internal Audit Department staff are identified regularly. Such trainings are provided either through

external trainers or internally.

Your Company has a dedicated Internal Audit Department which is commensurate with the size, nature and complexity of operations of your Company.

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Your Company has adopted Environmental & Social Management System (ESMS) to adequately meet, respond to and enhance benchmarks in Environmental and Social (E&S) management. ESMS reduce the business risk of its portfolio related to E&S issues and adhere to Sustainable Finance Practice, which has been integrated as a part of overall Credit & Risk Policy. This management system is aimed at properly evaluating, assessing and ensuring customer compliance with relevant E&S requirements and encourages clients to take corrective action & mitigation plans.

The core elements of our ESMS are a self declared Policy Framework, due-diligence (rapid, sustainability, client risk assessment, project/activity risk categorisation and if required site visiting), appraisal (analysis of E&S impacts and client's capacity & commitment to address them), mitigation measures, action plans, monitoring & review of ongoing projects, training & workshop and continuous improvement of the system. By following ESMS practice, your Company has been able to create awareness in

the market regarding relevance of E&S issues and their impacts on the society and the environment.

In your Company, a full scale E&S due-diligence is carried out for any business activity as per International Finance Corporation (IFC) Performance Standards and Country's E&S Laws, Rules & Notifications, based on which a 'go' or 'no go' decision is given by ESMS team. Your Company neither participates nor invests in certain activities and industries, which fall in the exclusion list of your Company. Your Company does not invest in any projects that do not comply with the environmental & social norms and laws of the Country.

Over the past years, your Company has been able to successfully manage, reduce and control the E&S risks associated with its portfolio. During the year under review, your Company rejected several business opportunities due to non-conformity to E&S policy like absence of sufficient regulatory clearances, public interest litigations (PIL), land and other issues. On the other hand, your Company has encouraged sustainable development by investing in various renewable energy projects. Your Company monitors & reviews the invested projects on a regular basis whereas shortfalls or misconducts are rectified by framing action plans for the same. Your Company continuously updates and upgrades the ESMS policy framework from time to time. Over the

past years, your Company has been able to successfully manage, reduce and control the E&S risks associated with its portfolio.

Your Company believes in a sustainable finance business approach by considering conservation, management & sustainable use of human & natural resources. This endeavour certainly creates a strong & confident long term relationship of your Company with its stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

With a view to contribute towards the betterment and welfare of the society and discharge its Corporate Social Responsibility, the Board of Directors of your Company earlier approved making donations in any financial year upto an aggregate maximum limit of 2% of its Net profits in that financial year.

Recognising its social responsibility, your Company had earlier established a public charitable trust in the name of 'Srei Foundation' with the objective of granting scholarships and other financial assistance to deserving and talented candidates. The Fund also supports setting up of schools, colleges, medical and scientific research institutions. Donations to Srei Foundation qualify for deduction under Section 80G of the Income Tax Act, 1961. Your Company has granted donation of Rs. 50,00,000/- (Rupees Fifty Lacs only) to Srei Foundation during the financial year 2013-14.

Your Company also made donation aggregating to Rs. 50,00,000/- (Rupees Fifty Lacs only) to Shanti Devi Daga Memorial Trust established with the objective of serving the humanity, inter alia, through promotion of education, health, animal welfare, socio-economic support, revival and support of ancient practices and knowledge in areas of science, art, literature, medicine and assistance to various NGOs in their respective fields.

Your Company also promotes all-round development of a clean environment and help in propagating and imparting education for the betterment of agriculture / horticulture and other similar activities. Your Company made donation of Rs. 15,00,000/- (Rupees Fifteen Lacs only) to Kshetropasna, a charitable trust engaged in various social activities to enable such endeavours.

Your Company is fully aware of the fact that as a corporate citizen, it is also entrusted with the responsibility to contribute for the betterment of the community at large. During the year under review, your Company supported a variety of charitable projects and social welfare activities and has contributed an aggregate sum of Rs. 1,18,81,765/- (Rupees One Crore Eighteen Lacs Eighty One Thousand and Seven Hundred Sixty Five only) to several welfare and charitable organisations.

Your Company has also duly constituted a Corporate Social Responsibility

(CSR) Committee required in terms of Section 135 of the Companies Act, 2013 and the rules thereon with primary function of the Committee to undertake activities mandated by the statute. The Committee presently comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman and Managing Director of your Company acts as the Chairman of the CSR Committee. Mr. Madhusudan Dutta, Group Head – Corporate Strategy & Planning (Human Capital) acts as the Secretary to the CSR Committee.

CORPORATE GOVERNANCE

Your Company has always practised sound corporate governance and takes necessary actions at appropriate times for enhancing and meeting stakeholders' expectations while continuing to comply with the mandatory provisions of corporate governance.

A separate section on Corporate Governance and a Certificate from the Auditors of your Company regarding compliance with the requirements of corporate governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year under review, your Company has transferred a sum of Rs. 7,52,561/- to the Investor Education & Protection Fund (IEPF) of the Central Government, the dividend amount pertaining to the financial year ended on March 31, 2006, which was due & payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205A and 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. Cumulatively, the dividend amount transferred to the said Fund upto March 31, 2014 was Rs. 39,45,637.69/-.

SUBSIDIARY COMPANIES

During the year under review, the name of Srei Venture Capital Limited, a wholly owned subsidiary of your Company, was changed to 'Srei Alternative Investment Managers Limited' w.e.f. May 21, 2013 pursuant to the change in the Main Objects Clause of the Memorandum of Association of the Company thereby enabling the Company to carry on business activities of Asset Management in India and/or abroad in accordance with Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Further, Srei (Mauritius) Infrastructure Development Company Limited, a joint venture of your Company's subsidiary, Srei Infrastructure Advisors Limited, was deregistered from the Registrar of Companies, Port Louis, Mauritius w.e.f.

Srei Equipment Finance Limited, a joint venture between your Company and BNP Paribas Lease Group, converted to a Public Limited Company w.e.f. November 01, 2013.

July 17, 2013.

Further, the name of Mumbai Futuristic Economic Zone Private Limited, a wholly owned subsidiary of your Company, was changed to 'Attivo Economic Zone (Mumbai) Private Limited' w.e.f. July 23, 2013 as part of brand building exercise.

Further, Goldensons Construction Private Limited became a wholly owned subsidiary of your Company w.e.f. February 07, 2014 consequent upon acquisition of entire shareholding by your Company.

Further, Quippo Valuers & Auctioneers Private Limited ceased to be a subsidiary of your Company w.e.f. October 19, 2013 consequent upon disposal of entire shareholding by your Company.

Further, Quippo Middle East Limited (formerly Quippo Energy Middle East Limited) and Quippo Energy Yemen Limited ceased to be the sub-subsidiaries of your Company w.e.f. October 28, 2013 consequent upon disposal of entire shareholding held by Quippo Energy Private Limited, a subsidiary of your Company.

Further, Srei Equipment Finance Limited, a joint venture between your Company and BNP Paribas Lease Group, converted to a Public Limited Company w.e.f. November 01, 2013.

Further, SICOM Srei Maharashtra Infrastructure Private Limited ceased to be the joint venture of your Company's subsidiary, Srei Infrastructure Advisors Limited w.e.f. March 29, 2014 consequent upon disposal of entire shareholding by your Company's subsidiary.

Further, the share capital of Srei Mutual Fund Asset Management Private Limited, a wholly owned subsidiary of your Company, was enhanced to Rs. 15.50 Crores during the year consequent upon infusion, in tranches, of fresh capital by your Company.

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of your Company's subsidiaries in India and Overseas, forms part of the Annual Report.

In compliance with General Circular No: 2/2011 dated February 08, 2011 of Government of India, Ministry of Corporate Affairs, the audited statement of accounts along with the reports of the Board of Directors and Auditors relating to your Company's subsidiaries in India and Overseas are not annexed as required under Section 212 of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the aforesaid subsidiary companies will be provided the same by the Company Secretary on receipt of a written request from them. These documents will also be available

for inspection by any shareholder at the Registered Office of your Company and the concerned subsidiary companies during business hours on all working days. Further, the documents shall be available on the website of your Company. However, as directed by the Ministry of Corporate Affairs, Government of India, the financial data of the subsidiaries have been separately furnished and forms part of the Annual Report. Further, in line with the Listing Agreement with the Stock Exchanges and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by your Company include financial information of its subsidiary companies.

PARTICULARS OF EMPLOYEES

The names and other particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are set out in the annexure to the Directors' Report and form part of this report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. However, your Company uses information technology extensively in its operations and also continues its endeavour to improve energy conservation and utilisation, safety and environment.

During the year under review, the total foreign exchange earnings and expenditure of your Company was Rs. 16 Lacs and Rs. 11,944 Lacs respectively (previous year Rs. 228 Lacs and Rs. 17,386 Lacs respectively).

SREI WEBSITE

The website of your Company, www.srei.com, has been designed to present the Company's businesses up-front on the home page. The site carries a comprehensive database of information of interest to the investors including the financial results of your Company, dividend declared, unclaimed dividend list, shareholding pattern, any price sensitive information disclosed to the regulatory authorities from time to time, analyst reports, investor presentations, standard downloadable forms, media coverage, corporate profile and business activities of your Company and the services rendered by your Company to its investors. The 'Investor Relations' Section of your Company's website contains an array of information on investor services, financials, listing of securities, dividend and Investors'

Frequently Asked Question (FAQs).

DIRECTORS

During the year under review, Dr. Martin Czurda resigned as a Director of your Company w.e.f. December 24, 2013 due to his personal preoccupations. The Board wishes to place on record its sincere appreciation of the contribution, advice and guidance extended by Dr. Czurda during his tenure as a Director of your Company.

In accordance with the provisions of Section 149 of the Companies Act, 2013 ('Act') read with Companies (Appointment and Qualification of Directors) Rules, 2014, recently amended Clause 49 of the Listing Agreement with Stock Exchanges ('Listing Agreement') and your Company's Articles of Association, the Board of Directors of your Company is seeking appointment of Mr. Salil Kumar Gupta, Mr. Shyamalendu Chatterjee, Mr. Sujitendra Krishna Deb, Mr. Srinivasachari Rajagopal, Dr. Satish Chandra Jha and Dr. Punita Kumar Sinha as Independent Directors of the Company for a period of 5 (five) consecutive years from the date of the forthcoming Twenty-Ninth Annual General Meeting (AGM) of the Company. All these Directors have filed with your Company consent in Form DIR-2, intimation in Form DIR-8 under Section 164(2) of the Act and the aforesaid Rules and declaration

of independence pursuant to Section 149(6) of the Act and the aforesaid Rules and the Listing Agreement with the Stock Exchanges.

In accordance with the provisions of Section 152 of the Act and the aforesaid Rules and your Company's Articles of Association, Mr. Sunil Kanoria retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The brief resume / details relating to Directors who are to be appointed / re-appointed are furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the appointment/re-appointment of all the above Directors.

Pursuant to Section 309(4) and other applicable provisions of the Companies Act, 1956 read with General Circular No: 4/2011 dated March 04, 2011 of Government of India, Ministry of Corporate Affairs, your Company has approved payment of remuneration of Rs. 50 Lacs by way of commission on net profits computed under Sections 198, 349 and 350 of the Companies Act, 1956 to Non-Executive Directors of your Company for the financial year 2013-14. The payment is within the limit of one per cent of the net profits of the Company for the financial year 2013-14 as approved by the Members

of your Company at the Annual General Meeting held on August 14, 2013 and in accordance with the applicable provisions of the Companies Act, 1956.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Salil K. Gupta, Mr. S. Rajagopal, Mr. Sujitendra Krishna Deb, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of your Company is the Chairman of the Audit Committee. The Company Secretary of your Company acts as the Secretary to the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made

judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the year;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts for the financial year ended March 31, 2014 on a going concern basis.

Further, your Directors confirm that your Company has adequate internal systems and controls in place to ensure compliance of laws applicable to your Company.

AUDITORS

Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI), retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept the office of Auditors, if re-

appointed. Your Company has received a confirmation from Haribhakti & Co., Chartered Accountants to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and the rules framed thereunder. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement.

The Audit Committee and the Board of Directors of your Company recommend the re-appointment of Haribhakti & Co., Chartered Accountants, as the Auditors of your Company. Members are requested to consider their re-appointment as Auditors of your Company to hold office from conclusion of ensuing AGM until the conclusion of next AGM on remuneration to be decided by the Board of Directors based on recommendation of the Audit Committee of your Company.

SECRETARIAL AUDIT REPORT

As a measure of good Corporate Governance practice, your Company appointed Dr. K. R. Chandratre, Practising Company Secretary of repute, to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2014 is provided in the Annual Report.

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to your Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the excellent support and co-operation received from the Financial Institutions, Banks, Central & State Government Authorities, RBI, SEBI, Ministry of Corporate Affairs (MCA), Registrar of Companies, Indian and Overseas Stock Exchanges, Depositories, Credit Rating Agencies, Customers, Manufacturers, Vendors, Suppliers, Business Associates, Shareholders, Debenture holders, Debenture Trustees and other Stakeholders during the year under review. Your Directors also place on record their deep appreciation for the valuable contribution of the employees at all levels for the progress of your Company during the year and look forward to their continued co-operation

in realisation of the corporate goals in the years ahead.

On behalf of the Board of Directors



Hemant Kanoria

Chairman & Managing Director

Kolkata, May 23, 2014

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 referred to in the Directors' Report for the year ended March 31, 2014 and forming part thereof.

Sl. No.	Name	Age (Yrs.)	Designation	Qualification	Remuneration (Rs.)	Date of Commencement of Employment	Working experience in years	Previous Employment and Designation
1	Hemant Kanoria	51	Chairman & Managing Director	B.Com (Hons)	2,24,40,000	07-05-1994	34	None
2	Rajdeep Khullar	52	Legal : Group Head	LLB	80,86,069	02-02-1998	30	M/s. The Right Address Limited – Sr. Manager – Law (Group)
3	Bajrang Kumar Choudhary	45	Infrastructure Project Development : CEO	B.Com (Hons), ACA	90,53,663	05-09-2005	19	Apeejay Surrendra Group – Wholtime Director
4	Ratiranj Mandal	64	Infrastructure Project Advisory : CEO	BSc Tech, M Tech, M Sc, Ph.D	63,90,744	01-12-2005	38	Planning Commission, Government of India - The Advisor
5	Sanjeev Sancheti	46	Corporate Strategy & Planning : Group Head	B.Com (Hons), ACA, AICWA	1,07,81,200	14-11-2007	23	Tebma Shipyards Limited - CFO
6	Arunava Sengupta	50	Infrastructure Project Development : COO	BE (Civil)	79,83,432	07-12-2007	28	Banowari Lal & Agarwal (P) Limited - Executive Director (Technical)
7	Ganesh Prasad Bagree	44	Infrastructure Project Finance : Sr. VP	B.Com (Hons), CA	61,71,404	19-06-2008	20	ICICI – West Bengal Infrastructure Development Corporation Limited (ICICI – WINFRA) – Assistant General Manager Self Employed
8	Murli Manohar Khemka	40	Corporate Strategy & Planning : Sr. VP	B.Sc, MMS (Finance)	63,11,965	02-07-2008	21	Hyflux Water Management Pte. Limited, Singapore – Chief Executive Officer
9	Saud Ibne Siddique*	55	Joint Managing Director	B.Sc (Engg), MBA	54,91,772	01-04-2009	30	Byrne Investments Limited – Group CFO
10	Anjan Mitra**	53	Chief Investment Officer	B.Com, ACA	67,86,459	03-05-2010	31	HSBC – Vice President (Risk)
11	Ashwini Kumar**	38	Risk : Head	PGDBF, CFA, CAIIB	1,13,221	01-02-2011	15	Principle Indian Infrastructure Fund - Managing Director
12	Shailesh Pathak	49	Corporate Strategy & Planning : President	B.Com, MBA (Finance), LLB	1,33,73,322	15-12-2010	28	GMR Krishnagiri SEZ Limited – Head Operation
13	Eswararao Nandam	44	SEZ : President	BS (Engineering Technology), MS (Manufacturing Technology)	65,62,900	21-09-2012	24	Smaartechnologies Private Limited – Senior Vice President
14	Binod Kumar Mishra**	58	Rural Amenities : Head	B.Tech	36,16,700	17-01-2013	34	IL & FS Financial Services Limited – Head – Project Finance & Joint Head – Advisory Business
15	Bijoy Daga**	41	Infrastructure Project Finance : CEO	ACA	1,30,04,777	24-04-2013	19	IDIADA Automotive Technology India Private Limited – Managing Director
16	Indranil Dasgupta**	45	Industrial Zone : CEO	BE (Chemical)	58,27,520	01-05-2013	23	Yes Bank - President & Chief Marketing Officer
17	Anindya Datta**	37	Corporate Communication & Brand Management : Head	MIB	5,61,139	19-08-2013	14	Affarsstrategerna Capital Partners – Chairman & CEO
18	Nitin Ramanand Kanchan**	49	Resource Mobilisation (International) : Sr VP	B.Sc, MBA (Finance)	39,41,684	02-09-2013	22	Lakshmi Vilas Bank – Executive Director
19	John Moses Harding**	54	Liability & Treasury Management : Group CEO	CAIIB, MA	71,86,373	07-10-2013	33	Balrampur Chini Mills Limited - Sr. GM - Taxation
20	Vinod Kumar Dubey**	47	Taxation (Direct) : Head	ACS, FCA	15,11,122	16-01-2014	25	

*Mr. Saud Ibne Siddique resigned as the Joint Managing Director of the Company w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) of the Company w.e.f. May 01, 2013.

**Employed for part of the year.

Notes:

- The aforesaid appointment is terminable by giving one / three / six months notice by either side excepting in case where it is on contractual basis.
- Remuneration includes Basic Salary, HRA, Special Allowance, Superannuation Allowance, Commission, Ex-gratia, LTA, Medical, Leave Encashment, Employer's contribution to Provident Fund, Employer's contribution to NPS, Incentives and other Perquisites.
- Mr. Hemant Kanoria is related to Mr. Sunil Kanoria, a Director of the Company.
- None of the employees hold 2% or more of the paid-up share capital of the Company.

SECRETARIAL AUDIT REPORT

The Board of Directors

Srei Infrastructure Finance Limited

‘Vishwakarma’

86C, Topsia Road (South)

Kolkata - 700 046

I have examined the registers, records and documents of Srei Infrastructure Finance Limited (“the Company”) for the financial year ended on March 31, 2014 according to the provisions of -

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”)
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- The Equity Listing Agreements with The Calcutta Stock

Exchange Limited, BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with BSE Limited and National Stock Exchange of India Limited;

■ The Memorandum and Articles of Association.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 (“the Act”) and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) closure of the Register of Members / Debenture holders;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
- (e) notice of Board meetings and Committee meetings of Directors;
- (f) the meetings of Board and Committees of Board including passing of resolutions by circulation;
- (g) the 28th Annual General Meeting held on 14th August, 2013;
- (h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Board and government authorities, wherever required;
- (j) constitution of the Board of Directors / Committee(s)

-
- of Board, appointment, retirement and re-appointment of Directors including the Managing Director, Joint Managing Director and Whole-time Directors;
- (k) payment of remuneration to the Directors including the Managing Director, Joint Managing Director and Whole-time Directors;
- (l) appointment and remuneration of Auditors;
- (m) transfers and transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;
- (n) payment of interest on debentures and redemption of debentures;
- (o) declaration and payment of dividends;
- (p) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the website of the Company and the Ministry of Corporate Affairs;
- (q) borrowings and registration, modification and satisfaction of charges;
- (r) investment of the Company's funds including inter corporate loans and investments and loans to others;
- (s) giving guarantees in connection with loans taken by subsidiaries and associate companies;
- (t) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- (u) Buy-back of equity shares;
- (v) Board's Report;
- (w) contracts, common seal, registered office and publication of name of the Company; and
- (x) generally, all other applicable provisions of the Act and the Rules made under that Act.
2. I further report that:
- a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
- (c) the Company has obtained all necessary approvals under the various provisions of the Act; and
- (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited and GDR Listing Agreement with London Stock Exchange and the Debt Listing Agreement with BSE Limited and National Stock Exchange of India Limited;
- (b) the Company has complied with the provisions of the

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(d) the Company has not issued any Stock Options and hence the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects are not applicable;

(e) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing

of Debt Securities) Regulations, 2008; and

(f) the Company has not bought back any securities and hence the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 are not applicable.

I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

sd/-

Dr. K. R. Chandratre

Practising Company Secretary
Certificate of Practice No. 5144

April 29, 2014

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

The Board of Directors

May 23, 2014

Srei Infrastructure Finance Limited

'Vishwakarma'

86C, Topsia Road (South)

Kolkata – 700 046

We, Hemant Kanoria, Chairman & Managing Director (CEO) and Kishore Kumar Lodha, Chief Financial Officer (CFO) of Srei Infrastructure Finance Limited both certify to the Board that we have reviewed the financial statements and the cash flow statement of the Company for the financial year ended on 31st March, 2014 and to the best of our knowledge and belief, we certify that –

1. The Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are no fraudulent or illegal transactions.
3. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Audit Team and have evaluated based on feedbacks received from the Company's Internal Audit Team, the effectiveness of the internal control systems of the Company pertaining to financial reporting and have reported to the Auditors and the Audit Committee, the deficiencies, if any, in the operation and design of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any in the internal control over financial reporting during the year;
 - (ii) significant changes, if any in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud, if any of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

sd/-

Hemant Kanoria

Chairman & Managing Director (CEO)

sd/-

Kishore Kumar Lodha

Chief Financial Officer (CFO)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Srei Infrastructure Finance Limited

We have examined the compliance of conditions of Corporate Governance by Srei Infrastructure Finance Limited, for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No.103523W)

sd/-
Anand Kumar Jhunjunwala
Partner
Membership No.056613

Kolkata, May 23, 2014

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders.

Srei is committed to the adoption of and adherence to the best Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. Srei understands and respects its fiduciary and trusteeship role and responsibility to its stakeholders and strives hard to meet their expectations. Srei believes that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Over the years, the governance processes and systems have therefore been strengthened at Srei. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalised.

The Company's Equity shares are presently listed on three Stock Exchanges in India namely The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited and the Global Depository Receipts (GDRs) are listed on London Stock Exchange. Srei has complied in all material respects with the features

of Corporate Governance Code as per Clause 49 of the Listing Agreement with the domestic Stock Exchanges. In accordance with Clause 49 of the Listing Agreement with the domestic Stock Exchanges, the details of compliances by the Company for the year ended March 31, 2014 are as under:

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

The Company has endeavoured to benchmark itself against global standards in all areas, including Corporate Governance. Good Corporate Governance implies optimum utilisation of the resources and ethical behaviour of the enterprise to enhance the stakeholders' value with strong emphasis on transparency, accountability and integrity, which are the primary objectives of Srei.

2. Board of Directors

■ Composition

The Board has a strength of 9 (Nine) Directors as on March 31, 2014. The Board comprises Executive, Non-Executive and Independent Directors. Two Directors are Non-Executive Director, one Director is Executive Director (Chairman) and six Directors are Non-Executive and Independent Directors.

During the year, a majority of the Board comprised of Independent Directors. Independent Directors play a crucial role in imparting balance to the Board

processes by bringing independent judgement on issues of strategy, performance, resources, technology, finance, standards of the Company, conduct etc.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other companies.

The Company has taken a Directors' and Officers' Liability Insurance Policy in order to safeguard and protect the interests of the Directors from any contingent liabilities.

The agenda papers along with the explanatory notes for Board meetings are circulated well in advance to the Directors. In some instances, documents are tabled at the meetings and presentations are also made by the respective executives on the matters related to them at the Board meetings. Every Board Member is free to suggest items for inclusion in the Agenda.

In order to assist the Board Members and Senior Management to keep pace with the ever-changing laws and to apply them prudently in their respective area of activities, a handbook on Regulatory Landscape containing the regulatory changes carried out by the various Regulators is circulated on monthly and half yearly basis.

The Composition of the Board of

Directors as on March 31, 2014 is in conformity with the provisions of Clause 49 of the Listing Agreement. The details of the Board of Directors as on March 31, 2014 are as under:

Sl. No.	Directors	Category
1.	Mr. Salil K. Gupta (Chief Mentor)	Non Executive & Independent
2.	Mr. Hemant Kanoria (Chairman & Managing Director)	Executive
3.	Mr. Sunil Kanoria (Vice Chairman)	Non Executive
4.	Mr. S. Rajagopal	Non Executive & Independent
5.	Mr. S. Chatterjee	Non Executive & Independent
6.	Dr. Satish C. Jha	Non Executive & Independent
7.	Mr. Sujitendra Krishna Deb	Non Executive & Independent
8.	Mr. Saud Ibne Siddique*	Non Executive
9.	Dr. Punita Kumar Sinha**	Non Executive & Independent

*Resigned as the Joint Managing Director w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) w.e.f. May 01, 2013

**Appointed w.e.f. May 20, 2013

Mr. Hemant Kanoria (Promoter), Mr. Sunil Kanoria and Mr. Saud Ibne Siddique hold 380000, 1802714 and 300000 Equity shares in the Company respectively as on March 31, 2014. None of the other Directors hold any Equity shares in the Company.

Mr. Salil K. Gupta and Mr. S. Rajagopal, Independent Directors of the Company are holding 48600000 Equity shares (allotted to the Company pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company in lieu of 18000000 Equity shares held by the Company in Quippo) for the benefit of the Company and/or the shareholders of the Company, as Trustees of 'Srei Growth Trust'.

All the Independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the tests

of their being independent as laid down under Clause 49. All requisite declarations were placed before the Board.

Except Mr. Hemant Kanoria and Mr. Sunil Kanoria, no Director of the Company is related to any other Director on the Board.

■ Meetings

Five Board meetings were held during the year 2013-14 on May 20, 2013, June 24, 2013, August 14, 2013, November 08, 2013 and February 06, 2014. The maximum time gap between any two consecutive meetings did not exceed four months.

The probable dates of the Board meetings for the forthcoming year are decided well in advance and published as part of the Annual Report.

The Board meets at least once a quarter to review the quarterly results and

other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Meetings are governed by structured agenda and all major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company effectively uses tele-conferencing facility to enable the participation of Directors who could not attend the same due to some urgency.

The important decisions taken at the Board/Committee(s) meetings are promptly communicated to the concerned departments/divisions. Action taken report on the decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee(s) for information and review by the Board/Committee(s).

■ Attendance of each Director at Board meetings held during the year 2013-14 and at the last AGM

Directors	No. of Board meetings attended	Attendance at the last AGM held on August 14, 2013
Mr. Salil K. Gupta	5	Yes
Mr. Hemant Kanoria	5	Yes
Mr. Sunil Kanoria	4	Yes
Mr. S. Rajagopal	5	Yes
Mr. S. Chatterjee	4	Yes
Dr. Satish C. Jha	5	Yes
Mr. Sujitendra Krishna Deb	4	Yes
Mr. Saud Ibne Siddique*	4	Yes
Dr. Punita Kumar Sinha**	4	Yes
Dr. Martin Czurda***	3	Yes

*Resigned as the Joint Managing Director w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) w.e.f. May 01, 2013

**Appointed w.e.f. May 20, 2013

***Resigned w.e.f. December 24, 2013

■ Number of other Companies or Committees in which the Director is a Director / Chairman

The following table gives the number of outside directorships and the Committee positions held by each of the Directors as on March 31, 2014

Directors	No. of Directorship in other Companies (other than Srei Infrastructure Finance Limited)		No. of Committee positions held in Indian Public Limited Companies (other than Srei Infrastructure Finance Limited)****	
	Indian Public Limited Companies	Others***	Chairman	Member
Mr. Salil K. Gupta	-	2	-	-
Mr. Hemant Kanoria	5	1	1	1
Mr. Sunil Kanoria	5	4	1	3
Mr. S. Rajagopal	10	3	3	5
Mr. S. Chatterjee	3	-	2	1
Dr. Satish C. Jha	2	1	-	1
Mr. Sujitendra Krishna Deb	-	-	-	-
Mr. Saud Ibne Siddique*	-	1	-	-
Dr. Punita Kumar Sinha**	2	3	-	1

*Resigned as the Joint Managing Director w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) w.e.f. May 01, 2013

**Appointed w.e.f. May 20, 2013

***Includes Directorships in private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and alternate directorships

****Includes only Audit Committee and Shareholders' Grievance Committee

■ Board Committees

The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and need a closer review. They are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed

by Members of the Board, as a part of good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action.

The Board has various Committees viz. Audit Committee, Share Transfer and Investors' Relations Committee, Nomination Committee, Committee

of Directors, Risk Committee, Credit Committee (erstwhile Central Credit and Investment Committee), Investment Committee, Compensation Committee and Asset Liability Management Committee as on March 31, 2014. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

3. Remuneration of Directors

■ Details of remuneration paid/payable to Directors for the year ended March 31, 2014 are as follows: (Amount in Rs.)

Directors	Sitting Fees ¹	Salary & Perquisites ²	Commission ³	Total
Mr. Salil K. Gupta (Chief Mentor)	5,70,000	-	10,00,000	15,70,000
Mr. Hemant Kanoria (Chairman & Managing Director)	N.A.	1,64,40,000	60,00,000	2,24,40,000
Mr. Sunil Kanoria (Vice Chairman)	7,60,000	-	5,00,000	12,60,000
Mr. S. Rajagopal	1,60,000	-	5,00,000	6,60,000
Mr. S. Chatterjee	2,20,000	-	5,00,000	7,20,000
Dr. Satish C. Jha	1,00,000	-	5,00,000	6,00,000
Mr. Sujitendra Krishna Deb	3,25,000	-	5,00,000	8,25,000
Mr. Saud Ibne Siddique*	80,000	54,91,772	5,00,000	60,71,772
Dr. Punita Kumar Sinha**	1,10,000	-	10,00,000	11,10,000
Dr. Martin Czurda***	60,000	-	-	60,000

*Resigned as the Joint Managing Director w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) w.e.f. May 01, 2013

**Appointed w.e.f. May 20, 2013

***Resigned w.e.f. December 24, 2013

¹ includes sitting fees paid for various Board and Committee meetings

² includes basic salary, incentives, allowances, contribution to provident fund, leave encashment and other perquisites

³ The Commission for the year ended March 31, 2014 will be paid, subject to deduction of tax, after adoption of the accounts by the Members at the ensuing Annual General Meeting

- The appointment of Managing Director is governed by resolution passed by the Board of Directors and the Shareholders of the Company, which covers the terms and conditions of such appointment, and approval of Central Government, wherever applicable. Payment of remuneration to Managing Director is governed by the agreement executed between him and the Company, and approval of Central Government, wherever applicable. The agreement with the Managing Director has been entered into by the Company for a period of 5 (Five) years w.e.f. April 01, 2010. The said appointment may be terminated by giving 3 (Three) months notice in writing.

- The Non-Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or any Committee thereof attended by them and reimbursement of out-of-pocket expenses incurred, wherever applicable, for attending such meetings. The sitting fees as determined by the Board are Rs. 20,000/- for attending each meeting of the Board, Rs. 15,000/- for attending each meeting of the Audit Committee and Rs. 10,000/- for attending each meeting of remaining Committees.

Further, the Members of the Company at their meeting held on August 14, 2013 have approved payment of commission to Non-

Executive Directors of the Company annually for each of the five financial years of the Company commencing from Financial Year 2013-14 till 2017-18, upto an amount not exceeding one per cent of the net profits of the Company payable in one financial year, to be divided amongst Non-Executive Directors in such amounts or proportions and in such manner as may be determined by the Board from time to time. Your Company has approved payment of remuneration of Rs. 50 Lacs by way of commission on net profits calculated under Section 198, 349 and 350 of the Companies Act, 1956 to Non-Executive Directors of your Company for the financial year 2013-14.

No pecuniary transactions have been entered into by the Company with any of the Non-Executive Directors of the Company, except the payment of sitting fees and commission to them.

- The remuneration by way of commission to the Non-Executive Directors is decided by the Board of Directors and distributed to them based on their attendance and contribution at the Board and certain Committee meetings as well as time spent on operational matters other than at the meetings.

4. Code of Conduct for Directors and Senior Executives

A Code of Ethics as applicable to the

Directors and Senior Executives has been approved by the Board. The said Code has also been displayed on the Company's website www.srei.com. A booklet on Code of Ethics was also circulated during the year under review to all the Directors and Senior Executives for increasing awareness. The Board Members and Senior Executives have affirmed their compliance with the Code and a declaration signed by the Chairman & Managing Director (CEO in terms of Clause 49) is given below:

It is hereby declared that the Company has obtained from all the Board Members and Senior Executives an affirmation that they have complied with the Code of Ethics for the financial year 2013-14.

sd/-

Hemant Kanoria

Chairman & Managing Director

5. Audit Committee

- Terms of Reference, Composition, Name of Members and Chairman

The Audit Committee comprises Mr. Salil K. Gupta, Mr. S. Rajagopal, Mr. Sujitendra Krishna Deb, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of the Company is the Chairman of the Audit Committee. All the Members of the Audit Committee are financially literate. The Head of Internal Audit Department and the Chief Financial Officer attend the meetings of the Audit Committee

and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors of the Company are invited to attend the Audit Committee meetings. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee. The Terms of Reference of this Committee includes ensuring proper disclosures in the financial statements, recommending re-appointment of statutory auditors and fixation of their remuneration, reviewing quarterly, half yearly and annual financial statements before submission to the Board, reviewing adequacy of internal control systems and other matters specified for Audit Committee in Section 292A of the Companies Act, 1956 and under the Listing Agreements. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer shareholder queries.

The Audit Committee has recommended to the Board of Directors, the re-appointment of Haribhakti & Co., Chartered Accountants, as the Auditors of the Company to hold office till the conclusion of the next Annual General Meeting (AGM).

■ Meetings and attendance during the year

Four meetings of the Audit Committee were held during the year 2013-14 on May 20, 2013, August 14, 2013, November 08, 2013 and February 06, 2014. The maximum time gap between

any two consecutive meetings did not exceed four months. Moreover, the quorum of minimum two Independent Directors, as required by the Listing Agreement, was present in all the meetings of the Audit Committee held during the year.

The attendance of each member of the Committee is given below:

Members	No. of Meetings attended
Mr. Salil K. Gupta	4
Mr. Sunil Kanoria	4
Mr. S. Rajagopal	4
Mr. Sujitendra Krishna Deb	3
Mr. Shyamalendu Chatterjee	4

■ The Company has an Internal Audit Department and the Head of the Department reports to the Audit Committee from time to time. The Company's system of internal controls covering financial and operational activities, compliances, IT applications, etc. are reviewed by the Internal Audit Department and presentations are made to the Audit Committee on the findings of such reviews.

6. Share Transfer and Investors' Relations Committee

■ Details of the Members, Compliance Officer and No. of Complaints received
The Share Transfer and Investors' Relations Committee oversees and reviews redressal of shareholder and investor grievances, transfer & transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation & rematerialisation

of shares and related matters. The Share Transfer and Investors' Relations Committee meets at least once in a fortnight to approve share transfer and other matters. The Committee comprises Mr. Salil K. Gupta, Chief Mentor & Director (Category – Non-Executive & Independent), Mr. Hemant Kanoria, Chairman & Managing Director (Category - Executive) and Mr. Sunil Kanoria, Vice Chairman (Category - Non-Executive) of the Company. Mr. Salil K. Gupta, Chief Mentor & Director of the Company is the Chairman of the Share Transfer and Investors' Relations Committee. The Company Secretary of the Company acts as the Secretary to the Share Transfer and Investors' Relations Committee and is assigned with the responsibilities of overseeing investor grievances. During the year 2013-14, the Share Transfer and Investors' Relations Committee met 26 times.

Total number of shares physically transferred during the year 2013-14 was 2685 shares compared to 11128515 shares during the year 2012-13.

During the financial year ended March 31, 2014, the Company received 4 complaints from the shareholders and none of the complaints received were pending as on that date. The aforementioned complaints comprises of 1 (One) complaint received by the Registrar and Share Transfer Agents (RTA) of the Company and 3 (Three) complaints received on SCORES, the web based redressal system of

the Securities and Exchange Board of India (SEBI). The Calcutta Stock Exchange Limited (CSE), BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) have furnished confirmations that there were no investor complaints pending against the Company as on March 31, 2014.

The Company has formulated and put in place a comprehensive Investor Grievance Redressal Policy prescribing the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as the Company.

It has been a constant endeavour of the Company to send regular emails to the shareholders keeping them abreast of all the latest events, press releases and corporate announcements that are made by the Company from time to time. Weekly emails to new shareholders intimating corporate profile, annual reports and investor presentation and quarterly emails to all shareholders intimating financial results are being sent to those shareholders who have registered their email addresses with their respective Depository Participants. Shareholders have been given reminder to encash their unpaid/unclaimed dividends and also to update their missing data/information. Further, to constantly render effective and reliable services to Investors and to scale it up on a regular basis, the Company undertakes regular initiatives to conduct surveys to assess

the requirement and satisfaction of valuable shareholders of the Company. For the said survey, Members' Feedback Forms are despatched to shareholders of the Company through physical mode and/or electronic mode, wherever applicable. In the wake of electronic regime being the order of the day, all shareholders are requested to update their email addresses with their respective Depository Participants to enable the Company to serve them better.

7. Nomination Committee

The Nomination Committee assists the Board of Directors to recommend the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company and to ensure 'fit and proper' status of the proposed / existing Directors of the Company in terms of the RBI Circular No. DNBS.PD/CC 94/03.10.042/2006-07 dated May 08, 2007 on Corporate Governance. The Committee comprises Mr. Salil K. Gupta, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of the Company acts as the Chairman of the Nomination Committee.

A meeting of the Nomination Committee of the Company was held on May 20, 2013 to recommend to the Board of Directors the appointment of Dr. Punita Kumar Sinha as an Additional Director (Category – Non-Executive &

Independent Director) of the Company.

8. General Body Meetings

■ Details of the location of the last three AGMs and the details of the resolutions passed

The date, time and venue of the last three AGMs of the Company have been provided in the section on Shareholders' Information in the Annual Report. All the resolutions set out in the respective Notices were passed by the Shareholders.

No Resolution requiring a postal ballot was placed before the last Annual General Meeting of the Company held on August 14, 2013.

Similarly, no Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting of the Company.

9. Disclosures

■ Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large

Transactions effected with the related parties are disclosed under Note No. 35 in 'Notes to the Financial Statements' in the Annual Report, in accordance with the requirements of Accounting Standard AS 18 issued by The Institute of Chartered Accountants of India.

Besides the transactions reported in the Annual Report as aforesaid, no transaction of material nature has been entered into by the Company with its Directors or management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

■ Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

During the last three years, there were no strictures or penalties imposed by either Stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to the capital markets.

In regard to the Application under Section 633 of the Companies Act, 1956 filed on November 26, 2008 in the Hon'ble Calcutta High Court by the Directors and Company Secretary

of the Company, the Ad-interim order of injunction restraining the Regional Director and the Registrar of Companies, West Bengal from instituting or causing to be instituted any proceedings against the Directors and Company Secretary of the Company is still continuing.

■ Insider Trading Code

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors of the Company have formulated 'Srei Code of Conduct for Prohibition of Insider Trading' (Srei Insider Code) in the shares and securities of the Company by its Directors and Designated Employees. The said Code is available on the Company's website www.srei.com. Regular awareness e-mails and a booklet on the Srei Insider Code were circulated to all the Designated Employees for increasing awareness.

Mr. Sandeep Lakhota, Company Secretary is the Compliance Officer for monitoring adherence to the Regulations for the preservation of price sensitive information, pre-clearance of trades and implementation of the Srei

Code of Conduct for Prohibition of Insider Trading.

10. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, Press Release and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive and all such other matters which in its opinion, are material and relevant for the shareholders. The Company, in addition to doing electronic filing using NEAPS (NSE Electronic Application Processing System), a web based application designed by National Stock Exchange of India Limited, has also during the year under review, initiated electronic filing using BSE Corporate Compliance & Listing Centre, a web based application designed by BSE Limited, for filing of shareholding pattern, corporate governance report and significant corporate announcements thereby saving time, cost and ensuring operational efficiency.

■ Half-yearly report sent to each household of shareholders

Since half-yearly and annual results of the Company are published in leading English daily newspaper having a nationwide circulation and prominent Bengali daily newspaper (having circulation in Kolkata) and regularly hosted on the Company's website, these are not sent individually to the shareholders of the Company. There is no declaration/publication of second half yearly results as the audited annual results are taken on record by the Board and then communicated to the shareholders through the Annual Report.

■ Quarterly results	The Quarterly results of the Company are published in prominent English Newspaper having nationwide circulation as well as Bengali Newspaper and regularly hosted on Company's website.
■ Newspapers in which results are normally published	Business Standard, HT Mint, The Economic Times, Ek Din and Ei Samay.
■ Any website, where displayed	Yes, at the Company's website www.srei.com
■ Whether it also displays official news releases	Yes
■ The presentations made to institutional investors or to the analysts	Yes
■ Whether MD & A is a part of Annual Report or not	Yes

11. General Shareholders' Information

A section on Shareholders' Information is separately provided in the Annual Report.

B. NON MANDATORY REQUIREMENTS

a)	Chairman of the Board Whether Non-Executive Chairman is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties	Not Applicable as the Company has an Executive Chairman.
b)	Independent Directors Independent Directors have the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable them to contribute effectively to the Company in their capacity as Independent Directors Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of the Company	The Company inducts highly qualified and experienced Independent Directors from related background with a view to enrich the expertise of the Board of Directors of the Company. Not adopted.

c)	Remuneration Committee	<p>No, but the Company has a Compensation Committee of the Board in place. The Compensation Committee comprises Mr. Salil K. Gupta, Mr. Shyamalendu Chatterjee, Mr. Sujitendra Krishna Deb and Mr. Sunil Kanoria. Mr. Salil K. Gupta, Chief Mentor & Director of the Company is the Chairman of the said Committee. The Committee comprises Non-Executive Directors with a majority being Independent Directors. The Chairman of Compensation Committee was present at the last Annual General Meeting of the Company to answer Shareholders' queries.</p> <p>The term of reference of the Compensation Committee is to review the structure, design and implementation of the Compensation Policy of the Company and to review and recommend compensation payable to the Executive Directors and senior management personnel of the Company.</p> <p>No meeting of the Compensation Committee was held during the year 2013-14.</p>
d)	<p>Shareholder rights</p> <p>A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders</p>	<p>Since quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Bengali daily newspaper (having circulation in Kolkata) and regularly hosted on Company's website, these are not sent individually to the shareholders of the Company. There is no declaration/publication of second half yearly results as the audited annual results are taken on record by the Board and then communicated to the shareholders through the Annual Report.</p> <p>The Company communicates with shareholders regularly through e-mail, telephone and one on one meetings either in shareholder's conferences, Company visits or on road shows.</p>
e)	<p>Audit qualifications</p> <p>Company may move towards a regime of unqualified financial statements</p>	<p>It is always the Company's endeavour to present unqualified financial statements. There is no audit qualification in the Company's financial statements for the year ended on March 31, 2014.</p>

f)	<p>Training of Board Members</p> <p>A Company may train its Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors, and the best ways to discharge them</p>	<p>New Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction and core values including Corporate Governance practices, financial matters and business operations.</p> <p>The Board Members are also provided with the necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.</p> <p>Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.</p> <p>Updates on relevant statutory changes encompassing important laws are regularly disseminated to the Directors.</p>
g)	<p>Mechanism for evaluating Non-Executive Board Members</p> <p>The performance evaluation of Non-Executive Directors could be done by a peer group comprising the entire Board of Directors, excluding the Director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend/continue the terms of appointment of Non-Executive Directors</p>	<p>Presently the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Directors.</p>
h)	<p>Whistle Blower Policy</p>	<p>The Company has formulated a codified Whistle Blower Policy and employees of the Company are encouraged to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.</p> <p>The Company affirms that none of the employees have been denied access to the Audit Committee.</p>

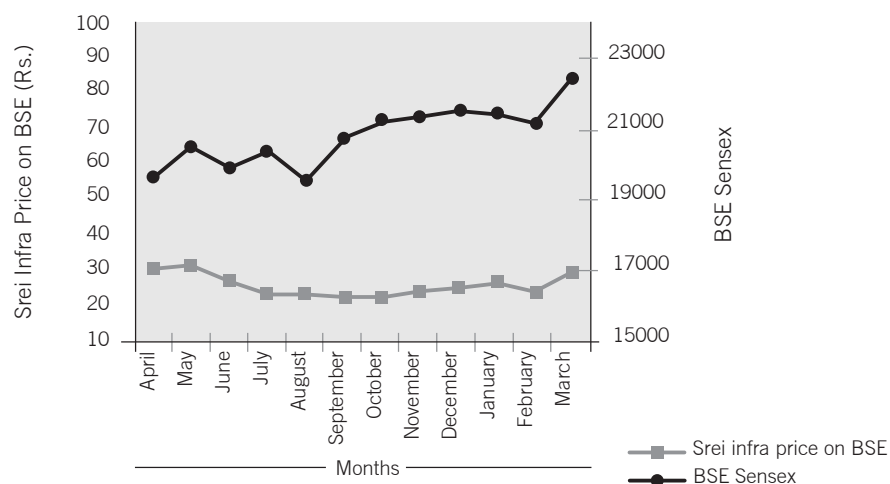
SHAREHOLDERS' INFORMATION

1. Annual General Meeting	
a. Date and Time	Saturday, August 02, 2014 at 10.30 a.m.
b. Venue	Science City Main Auditorium, JBS Haldane Avenue, Kolkata - 700 046
2. Financial Calendar (Tentative)	
a. Financial reporting for 2014-15	
Quarter ending June 30, 2014	On or before August 14, 2014
Quarter/Half year ending September 30, 2014	On or before November 14, 2014
Quarter/Nine months ending December 31, 2014	On or before February 14, 2015
Year ending March 31, 2015	On or before May 30, 2015
b. Annual General Meeting for the year ending on March 31, 2015	August/September, 2015
3. Book Closure Date	Friday, July 18, 2014 to Friday, the July 25, 2014 (both days inclusive) for payment of Dividend
4. Dividend Payment	Credit/dispatch between August 12, 2014 and August 20, 2014
5. Listing on Stock Exchanges	<p>The Equity shares and other Securities of the Company are presently listed on the following Stock Exchanges:</p> <p>a. The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata – 700 001</p> <p>b. BSE Limited P. J. Towers, Dalal Street Mumbai – 400 001</p> <p>c. National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot no. C/1, G Block Bandra - Kurla Complex, Bandra (E) Mumbai – 400 051</p> <p>The Global Depository Receipts (GDRs) issued by the Company are listed and admitted to trading on London Stock Exchange w.e.f. April 21, 2005.</p> <p>The Debt securities of the Company are listed on the Debt Segment of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).</p>
6. Listing Fees	<p>Annual Listing fees for 2014-15 have been paid to all the above mentioned domestic and overseas Stock Exchanges.</p> <p>The Company has paid custodial fees for the year 2014-15 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2014.</p>

7. International Security Identification Number (ISIN)	Equity Shares - INE872A01014 Global Depository Receipts (GDRs) - US78465V2043						
8. Stock Codes (Equity Shares & GDRs)	Equity Shares CSE - 29051, BSE - 523756 and NSE - SREINFRA Global Depository Receipts (GDRs) London Stock Exchange – SRI						
9. Corporate Identification Number (CIN)	L29219WB1985PLC055352						
10. Stock Market Data	Month	National Stock Exchange			BSE Limited		
		High Rs.	Low Rs.	Volume	High Rs.	Low Rs.	Volume
	April, 2013	30.20	25.75	84,03,486	30.20	25.50	26,83,535
	May, 2013	30.85	25.40	1,55,82,686	31.00	25.40	32,80,610
	June, 2013	26.75	21.25	1,34,41,864	26.75	21.30	31,66,173
	July, 2013	23.20	17.60	97,43,790	23.25	17.60	21,19,913
	August, 2013	23.10	17.40	67,00,604	23.00	17.45	16,21,361
	September, 2013	22.50	17.70	1,05,36,084	22.20	17.60	21,04,197
	October, 2013	22.00	17.60	1,56,13,118	22.05	17.65	43,52,779
	November, 2013	23.75	19.70	1,78,79,977	23.75	19.65	55,65,288
	December, 2013	24.40	19.25	1,56,87,920	24.80	19.35	38,84,250
	January, 2014	25.90	20.65	1,45,42,935	25.80	20.75	44,93,195
	February, 2014	23.45	20.25	51,19,856	23.40	20.45	13,44,622
	March, 2014	29.75	23.00	2,30,51,877	29.70	23.00	53,87,235

Note: Volume is the total monthly volume of trade in number of shares

Performance in comparison to BSE Sensex (monthly High)



11. Registered Office					
a. Address	'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046				
b. Telephone No.	91-33-6160 7734				
c. Facsimile Nos.	91-33-2285 7542/8501				
d. Website	www.srei.com				
e. Email	corporate@srei.com				
12. Registrar and Share Transfer Agent's details					
a. Name & Address	Maheshwari Datamatics Private Limited 6 Mangoe Lane, 2nd Floor Kolkata - 700 001				
b. Telephone Nos.	91-33-2243 5029/5809, 2248 2248				
c. Facsimile No.	91-33-2248 4787				
d. Email	mdpl@cal.vsnl.net.in, mdpldc@yahoo.com				
13. Financial Year	1st April to 31st March				
14. Particulars of Past three AGMs	AGM	Year	Venue	Date	Time
	28th*	2012/13	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	14/08/2013 (Wednesday)	10.30 a.m.
	27th**	2011/12	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	10/08/2012 (Friday)	10.30 a.m.
	26th***	2010/11	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	30/07/2011 (Saturday)	10.00 a.m.
<p>*Four Special resolutions were passed:</p> <ul style="list-style-type: none"> ■ To approve payment of commission to Non-Executive Directors of the Company annually for each of the five financial years of the Company commencing from financial year 2013-14 till 2017-18, an amount not exceeding one percent of the net profits of the Company as provided under Section 309(4) of the Companies Act, 1956 or any amendment or modification thereof and computed in the manner referred to in Sections 198, 349 and 350 of the Act or any amendment or modification thereof. ■ To approve holding of an office or place of profit by Mr. Shyamalendu Chatterjee, Director of the Company in Srei Capital Markets Limited, subsidiary of the Company. ■ To approve holding of an office or place of profit by Dr. Punita Kumar Sinha, Director of the Company in one or more subsidiary(ies) of the Company. 					

	<ul style="list-style-type: none">■ To give approval to the Board to create, offer, issue and allot Redeemable Non-Convertible Preference Shares (hereinafter referred to as “Preference Shares”) of Rs. 100 each for cash at par or premium aggregating upto Rs. 500 Crores (Rupees Five Hundred Crores only) on preferential basis at such time or times, in one or more tranches and on such terms and conditions and in such manners as the Board may deem fit. <p>** One Special resolution was passed:</p> <ul style="list-style-type: none">■ To approve the re-appointment of Mr. Saud Ibne Siddique as Joint Managing Director of the Company for a further period of 3 (three) years from April 01, 2012 to March 31, 2015, on the remuneration and other terms and conditions as set out in the Agreement entered into between the Company and Mr. Saud Ibne Siddique. <p>*** One Special resolution was passed:</p> <ul style="list-style-type: none">■ To approve holding of an office or place of profit by Mr. Shyamalendu Chatterjee, Director of the Company in Srei Sahaj e-Village Limited, subsidiary of the Company.																																																						
15. Distribution of Shareholding as on March 31, 2014	<table><tr><th rowspan="2">Category (Shares)</th><th colspan="2">No. of Shareholders</th><th colspan="2">No. of Shares</th></tr><tr><th>Total</th><th>Per cent</th><th>Total</th><th>Per cent</th></tr><tr><td>Up to 500</td><td>42796</td><td>73.79</td><td>7623326</td><td>1.52</td></tr><tr><td>501 to 1000</td><td>7670</td><td>13.22</td><td>6050635</td><td>1.20</td></tr><tr><td>1001 to 2000</td><td>3682</td><td>6.35</td><td>5764184</td><td>1.15</td></tr><tr><td>2001 to 3000</td><td>1130</td><td>1.95</td><td>2896735</td><td>0.58</td></tr><tr><td>3001 to 4000</td><td>706</td><td>1.22</td><td>2535996</td><td>0.50</td></tr><tr><td>4001 to 5000</td><td>445</td><td>0.77</td><td>2066409</td><td>0.41</td></tr><tr><td>5001 to 10000</td><td>811</td><td>1.40</td><td>6059039</td><td>1.20</td></tr><tr><td>10001 and above</td><td>757</td><td>1.30</td><td>470090009</td><td>93.44</td></tr><tr><td>Total</td><td>57997</td><td>100.00</td><td>503086333</td><td>100.00</td></tr></table>	Category (Shares)	No. of Shareholders		No. of Shares		Total	Per cent	Total	Per cent	Up to 500	42796	73.79	7623326	1.52	501 to 1000	7670	13.22	6050635	1.20	1001 to 2000	3682	6.35	5764184	1.15	2001 to 3000	1130	1.95	2896735	0.58	3001 to 4000	706	1.22	2535996	0.50	4001 to 5000	445	0.77	2066409	0.41	5001 to 10000	811	1.40	6059039	1.20	10001 and above	757	1.30	470090009	93.44	Total	57997	100.00	503086333	100.00
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Total	57997	100.00	503086333	100.00																																																			
16. Dividend History (Last 5 Years)	<table><tr><th>Financial Year</th><th>Dividend Per Share* (Rs.)</th><th>Total Dividend** (Rs. in Lacs)</th></tr><tr><td>2012 - 13</td><td>0.50</td><td>2943</td></tr><tr><td>2011 - 12</td><td>0.50</td><td>2923</td></tr><tr><td>2010 - 11</td><td>0.75</td><td>4385</td></tr><tr><td>2009 - 10</td><td>1.20</td><td>1625</td></tr><tr><td>2008 - 09</td><td>1.00</td><td>1359</td></tr></table> <p>*share of paid up value of Rs. 10/- per share</p> <p>**inclusive of dividend distribution tax</p>	Financial Year	Dividend Per Share* (Rs.)	Total Dividend** (Rs. in Lacs)	2012 - 13	0.50	2943	2011 - 12	0.50	2923	2010 - 11	0.75	4385	2009 - 10	1.20	1625	2008 - 09	1.00	1359																																				
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17. Categories of Shareholders as on March 31, 2014	Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
	A	Shareholding of Promoter and Promoter Group			
	1	Indian	5	245363964	48.77
	2	Foreign	-	-	-
		Total Shareholding of Promoter and Promoter Group*	5	245363964	48.77
	B	Public Shareholding			
	1	Institutions	52	60874174	12.10
	2	Non-institutions	57939	196826595	39.12
		Total Public Shareholding	57991	257700769	51.22
	C	Shares held by Custodians and against which Depository Receipts have been issued (Public)	1	21600	0.00
		GRAND TOTAL (A+B+C)	57997	503086333	100.00

*None of the shares held by the Promoter/Promoters' Group is under pledge.

Note: During the financial year ended March 31, 2014, there were instances of transfers of shares amongst the Promoter/Promoters' Group. However, the aggregate shareholding of Promoter/Promoters' Group has remained unchanged post the transfers.

18. Equity Share Capital History	The Paid up Capital of the Company consists of 50,30,86,333 Equity shares of Rs. 10/- each fully paid up and allotted as under:		
	Date of Allotment	No. of Shares	Issue Price (Rs. per Share)
	30.03.1985	2,742	10
	27.06.1986	31,600	10
	24.05.1987	16,000	10
	13.12.1988	5,000	10
	30.05.1990	6,08,558	10
	20.04.1991	2,56,100	10
	31.08.1992	32,20,000	10
	13.01.1994	41,40,000	20
	21.11.1997	4,54,54,545	22
	05.09.1998	27,688	15
	01.06.1999	5,500	10
	18.04.2005	3,45,94,000	44.38
	22.11.2005	2,10,50,056	33
	20.02.2006	3,556	37
	13.05.2006	880	39

18. Equity Share Capital History (Contd.)	Date of Allotment		No. of Shares	Issue Price (Rs. per Share)
	19.02.2007		200	28
	11.05.2007		400	29
	08.11.2007		800	41
	31.03.2008		72,00,000	100
	05.03.2011		38,69,41,535*	-
	Total		50,35,59,160	
	Less: Shares forfeited on 14.03.2000		4,72,827	
Total Shares as on date		50,30,86,333		
*Equity Shares issued and allotted without consideration being received in cash pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company sanctioned by the Hon'ble High Court at Calcutta vide its Order made on 18.01.2011 and effective w.e.f. 04.03.2011.				
19. Credit Ratings	Agency	CARE	ICRA	Brickwork
	NCDs / Bonds	CARE AA-	-	BWR AA
	Short term Debt Instruments	CARE A1+	ICRA A1+	-
	Unsecured Subordinated Tier-II Debentures / Bonds	CARE AA-	ICRA A+	BWR AA
	Banking Facilities	CARE AA- (For Long Term Bank Facilities) CARE A1+ (For Short Term Bank Facilities)	-	-
20. Measures adopted to protect the interests of the Shareholders a. Share Transfer Processing	Requests for share transfers are processed and share certificates returned within a time period of 15 days from the date of receipt w.e.f October 01, 2012 vide SEBI Circular CIR/MIRSD/8/2012 dated July 05, 2012, subject to the documents being valid and complete in all respects. The Share Transfer and Investors' Relations Committee meets at least once in a fortnight. During the year 2013-14, the Share Transfer and Investors' Relations Committee met 26 times. Total number of shares physically transferred during the year 2013-14 was 2685 Equity shares. There are no legal cases relating to transfer of shares.			
	The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance pertaining to share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.			

20. Measures adopted to protect the interests of the Shareholders (Contd.)

b. Bad Delivery

In case of Bad Delivery, the relevant documents are sent immediately after specifying the defects through a covering letter.

c. Redressal of Grievances

Necessary system has been put in place in order to attend with promptness any grievances or queries by the Shareholders. An exclusive email id has also been designated by the Company for prompt redressal of shareholder grievances. The Shareholders can email their queries/grievances to investor.relations@srei.com. A comprehensive Investor Grievance Redressal Policy has been formulated and put in place by the Company. Further, Investors' Frequently Asked Question (FAQs) are readily available on the website of the Company www.srei.com for easy reference of the Investors.

The Securities and Exchange Board of India (SEBI) had vide Circular No. CIR/OIAE/1/2013 dated April 17, 2013 called upon all companies whose securities are listed on stock exchanges to redress the grievances of investors on SEBI Complaints Redress System (SCORES) and inform them within 30 days of the receipt of the complaints.

The Company had obtained SCORES authentication in June, 2011, when the said concept was introduced by SEBI and till date the Company has maintained a track record of resolving the grievances within the stipulated time period.

There are no pending investor grievances lying unresolved as per the data available on SCORES as on March 31, 2014.

d. Prevention of Fraudulent Transfers

A locking provision is in existence whereby, whenever any intimation is received from the shareholders regarding loss of shares or of any legal dispute, the shares are immediately kept locked so that fraudulent transfer is stalled.

e. Dematerialisation of Shares

Based on a SEBI directive, the Equity shares of the Company are permitted to be traded only in dematerialised form and are available for demat under both the Depositories in India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2014, a total of 499838957 Equity shares of the Company representing 99.35% of the total Equity Share Capital were held in dematerialised form (99.35% as on March 31, 2013). The entire Promoters' Group shareholding in the Company is in dematerialised form.

20. Measures adopted to protect the interests of the Shareholders (Contd.)

e. Dematerialisation of Shares (Contd.)

The bifurcation of shares held in Physical and Demat form as on March 31, 2014 is given below -

Physical / Electronic	No. of Holders	No. of Shares	%
Physical	4196	3247376	0.65
NSDL	35650	266879208	53.04
CDSL	18151	232959749	46.31
Total	57997	503086333	100.00

f. Registrar and Share Transfer Audit

The share transfer and shareholder related activities of the Company are attended and processed by Maheshwari Datamatics Private Limited, the Registrar and Share Transfer Agents (RTA) of the Company. It is the responsibility of the RTA, inter alia, to register share transfers, coordinate with the depositories and to look after the redressal of shareholders' and Investors' complaints. The complaints/queries received from Investors relating to transfer of shares, non-receipt of annual reports, dividends, share certificates etc. and also the complaints/queries received through SEBI, MCA and the Stock Exchanges are being attended to by the RTA on priority basis.

g. Investor Relations

Global macro and business environment has been very dynamic in the past year with implications on Company's business and financial performance. In this context, the Company recognises the imperatives to maintain continuous dialogue with the investor community. This is done with the objective to abreast the Investors of all the significant developments that may likely impact the Company's performance. This translates into feeding timely, accurate and relevant information that helps investors in taking informed investment decisions.

The Company focusses to build Investor relations on pillars of trust and transparency. The Company's proactive approach has enabled global investor community to better understand the management objectives, corporate strategies and overall performance of the Company over a period of time.

To deliver an effective communication, the Investor Relations Department of the Company effectively deploys tools like Annual Report, Quarterly Earnings Investor Release, Conference Calls, one on one Investor Meets, General Meetings and Internet (Company website) to serve as a link to stay connected with the Investors. In order to enable the Company to serve better, the Members are requested to update their database with the Company by filling in and returning to the Company the Shareholders Information Form available on the Company's website or by e-mailing the information at investor.relations@srei.com.

<p>20. Measures adopted to protect the interests of the Shareholders (Contd.)</p> <p>h. Investor Feedbacks</p>	<p>It is the constant endeavour of the Company to improve the standard of its Investor services. The Company has stipulated internal timeframes for responding to Investors' correspondence and adherence thereof is monitored by the Share Transfer and Investors' Relations Committee.</p> <p>In pursuit of excellence in Corporate Governance and to constantly improve standards of service, communication and disclosures, the Company regularly conducts surveys to assess the requirement and satisfaction of valuable Investors on following broad parameters:</p> <ol style="list-style-type: none">1. Timely receipt of Annual Reports, Dividend and other documents/correspondence.2. Quality and contents of Annual Report.3. Dissemination of information about the Company through shareholder communication, Annual Reports, Newspapers/Press, Company's website, e-mails.4. Response time and satisfaction level experienced in Transfer/Transmission of shares, Sub-division of shares, Issue of Duplicate share certificates, change of address, revalidation of dividend warrants etc.5. Interaction with Company officials.6. Interaction with Registrar and Share Transfer Agents.7. Investor services section of the Company's website.8. Overall rating of Company's Investor services. <p>The Investors have expressed their satisfaction on the quality of services rendered by the Company. The Company is constantly in the process of enhancing the service levels based on feedbacks received from the Investors.</p>
<p>21. Outstanding GDRs / ADRs / Warrants / any Convertible Instruments, conversion date and likely impact on Equity</p>	<p>In April, 2005, 86,48,500 Global Depository Receipts (GDRs) were issued by the Company through book building process at a price of USD 4.05 per GDR, each GDR representing four underlying Equity shares of the Company. The GDRs are presently listed and traded on the London Stock Exchange. As on March 31, 2014, 21600 Equity shares of the Company representing 0.004% of the paid up Share Capital of the Company are held as shares underlying the GDRs.</p>

21. Outstanding GDRs / ADRs / Warrants / any Convertible Instruments, conversion date and likely impact on Equity (contd.)	<p>GDR is not a specific time-bound instrument and can be surrendered any time and converted into the underlying Equity shares in the Company. The shares so released in favour of the investors upon surrender of GDRs can either be held by the investors concerned in their name or sold off in the Indian secondary markets for cash. To the extent of the shares so sold in Indian markets, GDRs can be reissued under the available head room.</p> <p>Deutsche Bank Trust Company Americas is the Depositary and ICICI Bank Limited is the Custodian of all the Equity shares underlying the GDRs issued by the Company.</p>																								
22. Address for Shareholders' correspondence	<p>The Company Secretary Srei Infrastructure Finance Limited 'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046 Email : secretarial@srei.com, investor.relations@srei.com</p>																								
23. Transfer of Unclaimed dividend to Investor Education and Protection Fund (IEPF)	<p>Pursuant to Section 205A and 205C of the Companies Act, 1956, as amended or replaced dividends which remains unpaid/unclaimed for a period of seven years from the date of transfer to the unpaid dividend account are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF:</p> <table><tr><th>Financial Year</th><th>Date of Declaration of Dividend</th><th>Due Date of Transfer to IEPF</th></tr><tr><td>2006 - 07</td><td>September 25, 2007</td><td>October 31, 2014</td></tr><tr><td>2007 - 08</td><td>September 20, 2008</td><td>October 26, 2015</td></tr><tr><td>2008 - 09</td><td>September 12, 2009</td><td>October 14, 2016</td></tr><tr><td>2009 - 10</td><td>August 09, 2010</td><td>September 09, 2017</td></tr><tr><td>2010 - 11</td><td>July 30, 2011</td><td>September 05, 2018</td></tr><tr><td>2011 - 12</td><td>August 10, 2012</td><td>September 15, 2019</td></tr><tr><td>2012 - 13</td><td>August 14, 2013</td><td>September 19, 2020</td></tr></table> <p>The shareholders are regularly advised to claim the unencashed dividends lying in the unpaid dividend accounts of the Company before the due dates for crediting the same to the Investor Education and Protection Fund. Reminder letters have been sent to all those shareholders whose dividend are lying unpaid/unclaimed for the last 7 (seven) Financial Years (F.Y.) i.e. from F.Y. 2006-07 to F.Y. 2012-13 through physical as well as electronic means on December 27, 2013 and December 28, 2013 respectively, indicating that the unclaimed amount will be transferred to the Investor Education and Protection Fund (IEPF), if not claimed by the shareholders before the due date of transfer to the said Fund. Further, the details of dividend unclaimed by the Members</p>	Financial Year	Date of Declaration of Dividend	Due Date of Transfer to IEPF	2006 - 07	September 25, 2007	October 31, 2014	2007 - 08	September 20, 2008	October 26, 2015	2008 - 09	September 12, 2009	October 14, 2016	2009 - 10	August 09, 2010	September 09, 2017	2010 - 11	July 30, 2011	September 05, 2018	2011 - 12	August 10, 2012	September 15, 2019	2012 - 13	August 14, 2013	September 19, 2020
Financial Year	Date of Declaration of Dividend	Due Date of Transfer to IEPF																							
2006 - 07	September 25, 2007	October 31, 2014																							
2007 - 08	September 20, 2008	October 26, 2015																							
2008 - 09	September 12, 2009	October 14, 2016																							
2009 - 10	August 09, 2010	September 09, 2017																							
2010 - 11	July 30, 2011	September 05, 2018																							
2011 - 12	August 10, 2012	September 15, 2019																							
2012 - 13	August 14, 2013	September 19, 2020																							

23. Transfer of Unclaimed amounts to Investor Education and Protection Fund (IEPF) (contd.)	<p>for the past years which have not yet been transferred to the Central Government are readily available for view by the Members on the website of the Company www.srei.com. Further, the Members are advised to glance through the database and lodge their claim for dividend which have remained unclaimed with the Company's Registrar and Share Transfer Agents.</p> <p>During the year under review, the Company has credited a sum of Rs. 7,52,561/- to the Investor Education and Protection Fund pursuant to Section 205A and 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. Cumulatively, the aggregate dividend amount transferred to the said Fund upto March 31, 2014 stands at Rs. 39,45,637.69/-.</p>
24. Nomination	<p>Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination forms can be obtained from the Company's Registrar and Share Transfer Agents or can be downloaded from the Company's website www.srei.com under the section "Investor Relations". Nomination facility in respect of shares held in electronic form is available with the Depository Participants as per bye-laws and business rules applicable to NSDL and CDSL.</p>
25. National Electronic Clearing Service (NECS)	<p>The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013, has mandated usage of electronic mode for making cash payments such as dividend, etc. to the investors of Companies whose securities are listed on the Stock Exchanges. In the absence of requisite details to make electronic payment, companies may use physical payment instruments for making cash payments to the investors and are required to mandatorily print the bank account details on such payment instruments.</p> <p>The Company is using various RBI approved electronic mode of payment for making cash payments such as dividend, etc. to the investors failing which the bank details available with the depository participants and the Company's Registrar and Share Transfer Agents (RTA) are printed on the physical payment instruments. Necessary intimation have been sent by the Company's RTA to the Members through physical despatch and electronic means to register and/or update their bank details with the depository participants for shares held in demat form and with the Company or its RTA for shares held in physical form to avail various benefits of electronic mode of remittance.</p> <p>Payment of dividend and other cash benefits through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend</p>

	<p>warrants and other instruments such as loss in transit/misplacement/revalidation etc. can be easily mitigated.</p> <p>Members who wish to avail of the electronic facility of remittance, may update their bank details with the depository participants for shares held in demat form and Members holding securities of the Company in physical form are requested to update their bank details with the Company or its RTA by sending a duly filled and signed NECS Mandate Form available on the website of the Company www.srei.com.</p> <p>The Company is using NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with the depository participants and the Company's RTA are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.</p> <p>Members who wish to receive dividend in a bank account other than the one registered with the depository participants for shares held in demat form and with the Company's RTA for shares held in physical form, may notify their depository participants and the Company or its RTA, respectively, about any change in the bank account details.</p>
26. Reconciliation of Share Capital Audit	<p>As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.</p>
27. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)	<p>The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued secretarial standards on important aspects like Board Meetings, General Meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolution by circulation, affixing of common seal, forfeiture of shares and Board's Report. Although these standards are optional in nature, the Company substantially adheres to the standards voluntarily.</p>
28. Secretarial Audit	<p>The Company undertook a Secretarial Audit of records and documents as a good Corporate Governance practice. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations,</p>

28. Secretarial Audit (contd.)	2011, the SEBI (Prohibition of Insider Trading) Regulations, 1992, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. The Secretarial Audit Report for the financial year ended March 31, 2014 is provided in the Annual Report.
29. Compliance Officer	Mr. Sandeep Lakhotia Company Secretary 'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046 Tel : 91-33-6160 7734 Fax : 91-33-2285 7542/8501 Email : secretarial@srei.com, investor.relations@srei.com
30. Role of Company Secretary in overall governance process	The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

Financial Section

INDEPENDENT AUDITORS' REPORT

To the Members of

Srei Infrastructure Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Srei Infrastructure Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the 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

The Company's Management is responsible for 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 the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

Opinion

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have 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 appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. on the basis of the written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No.103523W)

Anand Kumar Jhunjunwala

Place : Kolkata

Partner

Date : 23rd May, 2014

Membership No. 056613

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date, to the members of Srei Infrastructure Finance Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has physically verified a part of its fixed assets during the year but there is a regular programme of verification of fixed assets in a phased manner to cover all items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) In respect of equity shares held as stock for trade:
- (a) According to the information and explanations given to us, the stock for trade has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stock for trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of stock for trade and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act and hence, clauses 4 (iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of stock for trade and fixed assets and for the sale of services. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the internal control system of the Company.
- (v) According to the information and explanations given to us, there were no contracts or arrangements during the year, referred to in section 301 of the Act, that need to have been entered in the register maintained under that section. Accordingly, clauses 4(v) (a) and (b) of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied

with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Being a Non-Banking Financial Company, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) According to the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues as at 31st March, 2014 of income-tax, sales-tax, wealth-tax, service tax, customs duty and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	471	2005-06 and 2006-07	Delhi High Court
Income Tax Act, 1961	Income Tax	388	2005-06	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	125	2006-07 and 2007-08	CIT (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	986	2007-08	Income Tax Appellate Tribunal, Delhi

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,809	2008-09	Supreme Court of India
Income Tax Act, 1961	Income Tax	211	2010-11	CIT (Appeals), Kolkata
Income Tax Act, 1961	Fringe Benefit Tax	226	2005-06 to 2008-09	Calcutta High Court
Finance Act, 1994	Service Tax	302	2006-07 to 2010-11	Commissioner of Service Tax, Kolkata
Central Sales Tax Act, 1956	Central Sales Tax	211	2010-11	Sr. Joint Commissioner of Commercial Taxes, Kolkata

- (x) The Company has no accumulated losses as at the end of the financial year covered by our audit. The Company has not incurred cash losses in the said financial year and the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing or trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by

the Company in its own name, except to the extent of the exemption granted under Section 49 of the Act.

- (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, term loans have been prima facie applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have prima facie not been used during the year for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of debentures issued by the Company.
- (xx) We have verified that the end use of money raised during the year by public issue of Secured, Redeemable, Non Convertible Debentures is as disclosed in Note 4.2 to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No.103523W)

Anand Kumar Jhunjunwala

Place : Kolkata

Partner

Date : 23rd May, 2014

Membership No. 056613



BALANCE SHEET as at 31st March, 2014

(Rs. in Lacs)

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	217,419	214,430
		267,743	264,754
Non-Current Liabilities			
Long-Term Borrowings	4	492,731	441,232
Deferred Tax Liabilities (Net)	5	10,144	9,484
Other Long-Term Liabilities	6	623	360
Long-Term Provisions	7	7,175	5,333
		510,673	456,409
Current Liabilities			
Short-Term Borrowings	8	691,458	575,227
Trade Payables	9	1,896	1,564
Other Current Liabilities			
- Current Maturities of Long-Term Borrowings	4	111,824	101,382
- Others	10	22,972	19,339
Short-Term Provisions	11	3,863	3,904
		832,013	701,416
TOTAL		1,610,429	1,422,579
ASSETS			
Non-Current Assets			
Fixed Assets	12		
- Tangible Assets		53,688	49,812
- Intangible Assets		311	61
- Capital Work in Progress		3,120	5,627
Non-Current Investments	13.1	269,772	273,687
Long-Term Loans and Advances			
- Loan Assets	14	751,808	606,976
- Other Long-Term Advances	15	27,093	11,112
Other Non-Current Assets	16	6,687	29,005
		1,112,479	976,280
Current Assets			
Current Investments	13.2	32,851	35,050
Trade Receivables	17	14,591	12,375
Cash and Bank Balances	18	22,790	2,214
Short-Term Loans and Advances			
- Loan Assets	14	7,200	54,246
- Other Advances	19	2,862	14,235
Other Current Assets			
- Current Maturities of Long-Term Loan Assets	14	338,207	310,435
- Other Current Assets	20	79,449	17,744
		497,950	446,299
TOTAL		1,610,429	1,422,579
Significant Accounting Policies and Notes to Financial Statements	1 to 39		

The Notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhota

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2014

(Rs. in Lacs)

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
INCOME			
Revenue from Operations	21	179,897	166,128
Other Income	22	688	519
Total		180,585	166,647
EXPENSES			
Finance Costs	23	153,578	135,741
Employee Benefits Expense	24	4,298	4,377
Administrative and Other Expenses	25	7,931	6,818
Depreciation / Amortisation and Impairment	12	2,612	3,096
Total		168,419	150,032
Profit Before Bad Debts, Provisions & Tax		12,166	16,615
Bad Debts / Advances written off (net of recovery)		1,484	120
Provision for Bad & Doubtful Debts		56	390
Provision for Non-Performing Assets	7.1	1,455	2,403
Contingent Provisions against Standard Assets	7.1	314	161
Provision for Restructured Assets		94	-
		3,403	3,074
Profit Before Tax		8,763	13,541
Tax Expense :			
- Current Tax		2,157	2,620
- Mat Credit Entitlement		-	(71)
- Deferred Tax		660	1,496
Total Tax for current year		2,817	4,045
Profit After Tax for current year		5,946	9,496
Income Tax in respect of earlier years		14	-
Profit After Tax		5,932	9,496
Earnings per Equity Share (Basic and Diluted) (in Rs.)	26	1.18	1.89
(Par Value Rs. 10/- per Equity Share)			
Significant Accounting Policies and Notes to Financial Statements	1 to 39		

The Notes referred to above form an integral part of the Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhota

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

CASH FLOW STATEMENT for the year ended 31st March, 2014

(Rs. in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
A. Cash Flow from Operating Activities		
Profit Before Tax	8,763	13,541
Adjustment for:		
Depreciation / Amortisation and Impairment	2,612	3,096
Bad Debts / Advances written off	1,484	120
Provision for Bad & Doubtful Debts	56	390
Provision for Non-Performing Assets	1,455	2,403
Contingent Provisions against Standard Assets	314	161
Provision for Restructured Assets	94	-
Loss on sale of Fixed Assets (Net)	-	32
Profit on Sale of Long-Term Trade Investments (Net)	279	(7)
Profit on Sale of Current Investments (Net)	(51)	-
Profit on Sale of Stock for Trade (Net)	(11)	(3)
Liabilities No Longer Required written back	(286)	(4)
Dividend Income	(62)	(38)
Provision for Diminution in value of Stock for Trade	-	(41)
Provision for Diminution in value of Long-Term Trade Investments	497	-
Operating Profit before Working Capital Changes	15,144	19,650
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(44,667)	(26,123)
(Increase) / Decrease in Loan Assets	(125,558)	(89,276)
(Increase) / Decrease in Current Investments / Stock for Trade	2,343	(32,692)
(Increase) / Decrease in Fixed Deposit (Deposit with balance maturity period of more than three months)	(6,992)	2,103
(Decrease) / Increase in Trade Payables / Others	4,455	8,515
Cash Generated from Operations	(155,275)	(117,823)
Direct Taxes Paid	(5,943)	(2,259)
Net Cash (Used in) / Generated from Operating Activities	(161,218)	(120,082)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(4,231)	(9,931)
Proceeds from Sale of Fixed Assets	-	1,174
(Increase) / Decrease in Investments (Other than Subsidiaries)	3,057	(1,380)
(Increase) / Decrease of Investments in Subsidiaries	82	(105)
Investments in Joint Venture	-	(9,982)
Dividend Received	62	38
Net Cash (Used) / Generated in Investing Activities	(1,030)	(20,186)
C. Cash Flow from Financing Activities		
Increase / (Decrease) in Debentures (Net)	61,952	83,541
Increase / (Decrease) in Working Capital facilities (Net)	144,650	84,796
Increase / (Decrease) in Other Loans (Net)	(28,430)	(35,228)
Dividend Paid	(2,518)	(2,516)
Corporate Dividend Tax Paid	(428)	(408)
Net Cash (Used) / Generated in Financing Activities	175,226	130,185
Net Increase / (Decrease) in Cash & Cash Equivalents	12,978	(10,083)
Cash & Cash Equivalents at the beginning of the year	2,177	12,260
Cash & Cash Equivalents at the end of the year	15,155	2,177

Explanations:

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006
- Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.
This is the Cash Flow Statement referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhota

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements of the Company have been prepared in conformity with Generally Accepted Accounting Principles in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to an 'Infrastructure Finance Company – Non Deposit Taking' Non-Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

Operating Cycle

As per the revised Schedule VI, "An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents".

For the Company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the Company is assumed to have a duration of 12 months.

1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized. Any revision to the accounting estimates are recognized prospectively in the current and future years.

1.3 Fixed Assets, Depreciation / Amortisation and Impairment

i) Fixed Assets

Tangible fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

Intangible Assets comprising of computer software and licenses expected to provide future enduring economic benefits are carried at cost less accumulated amortisation and impairment losses, if any. Cost comprises of purchase price and directly attributable expenditure on making the asset ready for its intended use. Any technology support cost or annual maintenance cost for such software is charged to the Statement of Profit and Loss.

ii) Depreciation / Amortisation

Depreciation / Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and the rates derived from such useful lives thereof are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The details of estimated useful life for each category of assets are as under:

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixtures	16 years
iii)	Motor Vehicles	11 years
iv)	Computers	3 - 6 years
v)	Office Equipment	21 years
vi)	Intangible Assets	2 - 6 years
II	Assets for Operating Lease	
vii)	Plant and Machinery	10 - 30 years
viii)	Aircrafts	9 years

Fixed Assets costing up to Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation / Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

Lease-hold assets including improvements are amortised over the period of the lease or the estimated useful life of the asset, whichever is lower.

iii) Impairment

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.4 Capital Work in Progress

Capital work in progress is stated at cost and includes development and other expenses, including interest during construction period.

1.5 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

1.6 Operating Leases**Where the Company is lessee**

Leases under which all the risks and benefit of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Where the Company is lessor

Leases under which the Company does not transfer substantially all the risks and benefit of ownership of the asset to the Lessee are classified as operating leases. Assets subject to operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred. Lease income in respect of operating leases is recognized in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance cost including depreciation is recognised as an expense in the Statement of Profit and Loss.

1.7 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified under the Companies (Accounting Standards) Rules, 2006. Current investments also include current maturities of long-term investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and market price determined category-wise. All non-current investments, including investments in Subsidiaries, are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, on an individual basis. The cost of Investments acquired on amalgamations is determined as per the terms of the scheme of amalgamation.

Cost is arrived at on weighted average method for the purpose of valuation of investment.

1.8 Stock for Trade

Stock for Trade is carried at lower of cost and market price, determined category-wise.

1.9 Loan Assets

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net investment amount including installments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc. and include assets acquired in satisfaction of debt.

1.10 Provisioning / Write-off of assets

The Company makes provision for Standard, Restructured and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate. Provision for doubtful debtors towards fee based income is also made on similar basis.

Loan assets overdue for more than four years, as well as those, which, as per the management are not likely to be recovered, are considered as bad debts and written off.

1.11 Foreign Currency Transactions, Translations and Derivative Contracts

The reporting currency of the Company is the Indian Rupee (Rs.).

i) Initial Recognition

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

ii) Conversion

Year end foreign currency monetary items are reported using the year end rate. Non-monetary items which are carried 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 carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values were determined.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

iii) Exchange Differences

Exchange differences arising on the settlement or reporting of monetary items, at rates different from those at which they were initially recorded during the year or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise. Exchange differences arising out of foreign currency borrowings are considered as an adjustment to interest cost and recognised in accordance to para 1.5 above.

iv) Forward Exchange Contracts (not intended for trading or speculation purpose)

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense in the year in which it is cancelled or renewed.

v) Derivatives and Hedges

In terms of the announcement made by The Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle, on a portfolio basis and the net loss, after considering the offsetting effect on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gains are ignored as a matter of prudence.

1.12 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, it can be reliably measured and it is reasonable to expect ultimate collection.

i) Income from Loans and Leases:

Income from Loans and Leases is recognised in the Statement of Profit and Loss on accrual basis as stated herein below, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of RBI, applicable to NBFCs.

- a) Interest income from loan assets is recognised based on the internal rate of return, to provide a constant periodic rate of return on the net investment outstanding over the period of the contract, or as per the terms of the contract.
- b) Income from operating lease is recognised on straight line basis over the lease term or other systematic basis which is more representative of the time pattern of the users benefit.
- c) Fees on processing of loans are recognised when a binding obligation for granting loan has been entered into.
- d) Delayed-payment interest / incremental interest pursuant to upward revision in benchmark interest rate is accrued, only to the extent of probable recovery, as per the best estimate of the management.
- e) Gains arising on securitisation / assignment of assets, if any, are recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, while loss, if any is recognised upfront. These are considered as income from loans under the head 'Revenue from Operations'.

ii) Fee Based Income

Fees for advisory services are accounted based on the stage of completion of assignments, when there is reasonable certainty of its ultimate realisation / collection.

Other fee based income is accounted for on accrual basis.

iii) Other Operating Income

- a) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.
- b) Income from investment in units of Funds is recognised on cash basis as per the Prudential Norms of RBI.
- c) Interest income on fixed deposits / margin money is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- d) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.
- e) All other operating income is accounted for on accrual basis.

1.13 Retirement and Other Employee Benefits

- a) Retirement and employee benefits in the form of Provident Fund and Employee State Insurance are defined contribution plans and the Company's contributions, paid or payable during the reporting period, are charged to the Statement of Profit and Loss.
- b) Gratuity liability is a defined benefit plan and is provided for on the basis of actuarial valuation on projected unit credit method at the Balance Sheet date.
- c) Long-Term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.
- d) Actuarial gains / losses are charged to the Statement of Profit and Loss and are not deferred.

1.14 Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income for the current reporting year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised 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.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.15 Segment Reporting

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Company is predominantly engaged in a single reportable segment of 'Financial Services'.

1.16 Provision, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. 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 are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**1.17 Earnings Per Share (EPS)**

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit or 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.

1.18 Assets under Management

Contracts securitised, assigned or co-branded are derecognised from the books of accounts. Contingent liabilities thereof, if any, are disclosed separately in the notes to financial statements.

1.19 Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

NOTES TO FINANCIAL STATEMENTS

2. SHARE CAPITAL

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised				
Equity Shares, Rs. 10/- par value per share	1000000000	100,000	710000000	71,000
Preference Shares, Rs. 100/- par value per share	50000000	50,000	10000000	10,000
		150,000		81,000
Issued and subscribed				
Equity Shares, Rs. 10/- par value per share	503559160	50,356	503559160	50,356
Fully Paid-up				
Equity Shares, Rs. 10/- par value per share	503086333 ¹	50,309	503086333 ¹	50,309
Forfeited Shares	472827	15	472827	15
		50,324		50,324

¹ Includes 21600 shares represented by 5400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

2.1 Reconciliation of Equity Shares outstanding

The reconciliation of the number of equity shares outstanding and the corresponding amount thereof, as at the Balance Sheet date is set out below:

Equity Shares	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
At the beginning of the year	503086333	50,309	503086333	50,309
Add: Issued during the year	-	-	-	-
At the end of the year	503086333	50,309	503086333	50,309

2.2 Rights, preferences and restrictions in respect of each class of Shares

The Company's authorised capital consists of two classes of shares, referred to as equity shares and preference shares, having par value of Rs. 10/- and Rs. 100/- each respectively. Each holder of equity shares is entitled to one vote per share. The preference shareholders have a preferential right over equity shareholders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the years ended 31st March, 2013 and 31st March, 2014.

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

Dividend per equity share proposed for the current year is Re. 0.50 (Previous year Re. 0.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

2.3 Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares (during 5 years preceding 31st March, 2014)

Pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Transferor Company) into and with the Company, approved by the Equity Shareholders of the Company and sanctioned by the Hon'ble High Court of Calcutta on 18th January, 2011, the Company issued and allotted 92915839 equity shares of Rs. 10/- par value, as fully paid up bonus shares, to the pre-amalgamation equity shareholders of the Company on 5th March, 2011.

Further, the Company issued and allotted 294025696 equity shares of Rs. 10/- par value, as fully paid-up, towards consideration for the aforesaid amalgamation, to the shareholders of the Transferor Company on 5th March, 2011. This includes 48600000 equity shares allotted to Srei Growth Trust, a Trust settled by the Company on 4th March, 2011, to receive equity shares of the Company in exchange of the Company's shareholding in the Transferor Company. The beneficial interest in the Trust amounting to Rs. 1,851.50 lacs, representing the cost of shares of the Transferor Company, is shown under 'Non-Current Investments' in the Balance Sheet.

2.4 Details of Shareholders holding more than 5% of the equity shares each, are set out below:

Name of the Shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Bharat Connect Private Limited	115589420	22.98	12960000	2.58
Adisri Investment Private Limited	86702840	17.23	38992840	7.75
Opulent Venture Capital Trust	57974595	11.52	57974595	11.52
Srei Growth Trust*	48600000	9.66	48600000	9.66
Adhyatma Commercial Private Limited	40888990	8.13	40888990	8.13
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	47462511	9.43	39204363	7.79
Deigratia International Pte Limited	NA	NA	150297688	29.88

* Held in the name of Trustees

NOTES TO FINANCIAL STATEMENTS (CONTD.)**3. RESERVES AND SURPLUS**

(Rs. in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
Opening balance	1,945	1,945
Closing balance	1,945	1,945
Securities Premium Reserve		
Opening balance	19,754	19,754
Closing balance	19,754	19,754
Bond / Debt Redemption Reserve (refer note 3.1)		
Opening balance	10,688	9,504
Add: Transfer from Surplus in the Statement of Profit and Loss	1,513	2,111
Less: Transfer to Surplus, on repayment of Bond / Debt	-	(927)
Closing balance	12,201	10,688
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	16,484	14,584
Add: Transfer from Surplus in the Statement of Profit and Loss	1,187	1,900
Closing balance	17,671	16,484
General Reserve		
Opening balance	139,604	139,604
Closing balance	139,604	139,604
Surplus in the Statement of Profit and Loss		
Opening balance	25,955	22,486
Add: Net profit for the year	5,932	9,496
Amount available for appropriation	31,887	31,982
Appropriations:		
Proposed Equity dividend	2,516	2,515
Corporate dividend tax on proposed dividend	427	428
Transferred to Bond / Debt Redemption Reserve (Net)	1,513	1,184
Transferred to Special Reserve	1,187	1,900
Closing balance	26,244	25,955
Total Reserves and Surplus	217,419	214,430

NOTES TO FINANCIAL STATEMENTS (CONTD.)

3.1 Bond / Debt Redemption Reserve

As per terms of Issue, Company creates Bond / Debt Redemption Reserve towards redemption of Long-Term Infrastructure Bonds and Secured Non-Convertible Debenture issued through Public Issue. Company had also created Bond / Debt Redemption Reserve towards redemption of Unsecured Subordinated Bonds / Debentures / Debt (Tier II Capital) as per management discretion. Details of movement is as below:

(Rs. in Lacs)

Bond / Debt Redemption Reserve	Opening as at 1st April, 2013	Addition during the year	Reversal during the year	Closing as at 31st March, 2014
Unsecured Subordinated Bonds / Debentures (Tier II Capital)	10,273	-	-	10,273
Long-Term Infrastructure Bonds	242	126	-	368
Non-Convertible Debenture issued through public Issue	173	1,387	-	1,560
Total	10,688	1,513	-	12,201
Previous year	9,504	2,111	(927)	10,688

4. LONG-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
A. Secured						
Bonds / Debentures						
Long-Term Infrastructure Bonds (<i>refer note 4.1</i>)	2,489	-	2,489	2,489	-	2,489
Non-Convertible Debentures (<i>refer note 4.2</i>)	135,165	27,156	162,321	106,599	5,300	111,899
Term Loans (<i>refer note 4.3</i>)						
From Banks						
- Rupee Loans	166,412	70,510	236,922	149,769	82,568	232,337
- Foreign Currency Loans	35,423	899	36,322	32,153	-	32,153
From Financial Institutions						
- Foreign Currency Loans	37,454	13,259	50,713	45,964	13,103	59,067
Other Loans						
Buyer's Credit from Banks - Foreign Currency Loans (<i>refer note 4.4</i>)	-	-	-	-	411	411
(A)	376,943	111,824	488,767	336,974	101,382	438,356
B. Unsecured						
Bonds / Debentures						
Subordinated bonds / debentures (Tier II Capital) (<i>refer note 4.5</i>)	115,699	-	115,699	104,169	-	104,169
Deposits						
Inter-Corporate Deposits	89	-	89	89	-	89
(B)	115,788	-	115,788	104,258	-	104,258
Total (A+B)	492,731	111,824	604,555	441,232	101,382	542,614

NOTES TO FINANCIAL STATEMENTS (CONTD.)

4.1 Long-Term Infrastructure Bonds – Secured, Redeemable, Non-convertible Debentures

During the financial year 2011-12, the Company had raised fund through Public issue of Long-Term Infrastructure Bonds in the nature of Secured, Redeemable Non-Convertible Debentures, eligible for deduction under section 80 CCF of the Income-Tax Act, 1961. Fund raised has been utilised for the purposes of infrastructure lending as per terms in the year of the issue.

Maturity profile and rate of interest of these Bonds are as set out below:

(Rs. in Lacs)

Rate of Interest	Maturity Profile as at 31st March, 2014			Maturity Profile as at 31st March, 2013		
	2016-17	2013-16	Total	2016-17	2013-16	Total
8.90%	1,291	-	1,291	1,291	-	1,291
9.15%	1,198	-	1,198	1,198	-	1,198
Total	2,489	-	2,489	2,489	-	2,489

Bonds with interest rate of 8.90% have an overall tenure of 10 years and those with 9.15%, 15 years. Buyback option is available for all bonds at the end of 5 years i.e. on 22.03.2017. Bonds are secured by exclusive charge on specific receivables of the Company & pari-passu mortgage / charge on immovable property.

4.2 Non-Convertible Debentures

As at 31st March, 2014

(Rs. in Lacs)

Rate of Interest	Maturity Profile*									Total
	2023-24	2022-23	2021-22	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	
9.84% ³	-	-	-	-	-	46	-	-	-	46
9.92% ³	-	-	-	-	-	10	-	-	-	10
10.25% ⁴	-	-	-	6,450	-	-	-	-	-	6,450
10.30% ³	-	-	-	-	-	1,121	-	-	-	1,121
10.35% ¹	-	-	-	-	-	-	439	-	40	479
10.41% ⁵	-	-	-	-	-	52	-	-	-	52
10.65% ¹	-	-	-	-	-	-	1,147	-	-	1,147
10.75% ¹	-	-	-	-	-	-	650	-	-	650
10.76% ⁴	-	-	-	-	-	-	195	-	-	195
10.80% ¹	-	-	-	-	-	-	6,668	6,666	6,666	20,000
10.85% ¹	-	-	-	-	332	-	-	-	-	332
10.90% ¹	-	-	-	-	-	-	34	-	-	34
10.94% ¹	-	-	-	-	30	-	-	-	-	30
11.00% ¹	-	-	-	-	21,426	-	-	229	13,750	35,405
11.00% ⁴	-	-	-	-	155	-	-	10	-	165
11.10% ¹	450	-	-	-	-	-	-	-	-	450
11.16% ¹	-	-	-	-	2,967	-	-	-	-	2,967
11.20% ¹	-	-	-	-	-	-	-	620	-	620
11.24% ⁴	-	-	-	809	-	-	-	-	-	809
11.25% ¹	-	-	-	-	-	-	120	363	-	483
11.25% ⁶	-	-	-	-	-	-	-	1,500	-	1,500
11.27% ⁴	-	-	-	-	-	-	-	215	-	215
11.30% ²	-	-	-	-	-	2,000	-	-	-	2,000
11.30% ¹	-	-	-	-	-	12,770	-	-	-	12,770
11.35% ¹	-	2,000	-	-	-	1,500	-	-	-	3,500
11.40% ²	-	70	-	-	-	-	-	10,600	-	10,670
11.40% ¹	-	130	-	-	-	610	-	1,000	6,700	8,440
11.41% ¹	-	-	-	-	261	-	-	-	-	261
11.45% ¹	-	-	-	200	-	-	-	1,000	-	1,200

NOTES TO FINANCIAL STATEMENTS (CONTD.)

As at 31st March, 2014

(Rs. in Lacs)

Rate of Interest	Maturity Profile*									Total
	2023-24	2022-23	2021-22	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	
11.48% ¹	-	-	-	-	-	170	-	-	-	170
11.50% ¹	-	110	-	-	4,633	-	2,150	64	-	6,957
11.50% ²	-	-	-	-	-	2,500	-	-	-	2,500
11.51% ⁴	-	-	-	-	-	-	1,110	-	-	1,110
11.52% ⁴	-	-	-	-	-	-	-	87	-	87
11.55% ¹	-	-	-	140	-	2,000	-	-	-	2,140
11.72% ⁴	-	-	-	881	-	-	-	-	-	881
11.75% ¹	-	-	-	-	2,359	-	29,490	-	-	31,849
11.76% ⁴	-	-	-	-	-	-	67	-	-	67
11.90% ¹	-	-	4,000	-	-	-	-	-	-	4,000
12.00% ¹	-	-	-	-	272	-	-	-	-	272
12.50% ⁷	-	-	-	-	202	-	-	-	-	202
12.75% ⁷	-	-	-	-	85	-	-	-	-	85
Total	450	2,310	4,000	8,480	32,722	22,779	42,070	22,354	27,156	162,321

* Includes current maturities

¹ Secured against Receivables / Assets of the Company and mortgage of immovable property.

² Secured against Mortgage of immovable property.

³ Secured against Receivables / Assets of the Company and mortgage of immovable property. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05-11-2017.

⁴ Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest.

⁵ Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05-11-2017.

⁶ Secured against Mortgage of immovable property. NCD's have an overall tenure of 5 years and having put / call option at the end of 3 years i.e. on 08-06-2015.

⁷ Secured against Receivables / Assets of the Company and mortgage of immovable property. As interest rate during the tenor of bond is different i.e. Year 1: 12.50%, Year 2: 12%, Year 3: 11.50%, Year 4: 11.25%, Year 5: 11.25%, interest rate for 1st year considered for disclosure.

Funds raised Rs. 33,635 Lacs through public issue of Secured, Redeemable Non-Convertible Debentures have been utilised for the purposes as per the terms of the issue.

All the above debentures are redeemable at par.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

As at 31st March, 2013

(Rs. in Lacs)

Rate of Interest	Maturity Profile*								Total
	2022-23	2021-22	2019-20	2017-18	2016-17	2015-16	2014-15	2013-14	
9.84% ³	-	-	-	46	-	-	-	-	46
9.92% ³	-	-	-	10	-	-	-	-	10
10.25% ⁴	-	-	6,450	-	-	-	-	-	6,450
10.30% ³	-	-	-	1,121	-	-	-	-	1,121
10.41% ⁵	-	-	-	52	-	-	-	-	52
10.80% ¹	-	-	-	-	6,668	6,666	6,666	-	20,000
10.90% ¹	-	-	-	-	-	-	-	5,000	5,000
11.00% ¹	-	-	-	-	-	-	-	300	300
11.20% ¹	-	-	-	-	-	620	-	-	620
11.25% ⁶	-	-	-	-	-	1,500	-	-	1,500
11.30% ²	-	-	-	2,000	-	-	-	-	2,000
11.30% ¹	-	-	-	12,770	-	-	-	-	12,770
11.35% ¹	2,000	-	-	1,500	-	-	-	-	3,500
11.40% ²	70	-	-	-	-	10,600	-	-	10,670
11.40% ¹	130	-	-	610	-	1,000	6,700	-	8,440
11.45% ¹	-	-	200	-	-	1,000	-	-	1,200
11.48% ¹	-	-	-	170	-	-	-	-	170
11.50% ²	-	-	-	2,500	-	-	-	-	2,500
11.50% ¹	110	-	-	-	-	-	-	-	110
11.55% ¹	-	-	140	2,000	-	-	-	-	2,140
11.75% ¹	-	-	-	-	29,300	-	-	-	29,300
11.90% ¹	-	4,000	-	-	-	-	-	-	4,000
Total	2,310	4,000	6,790	22,779	35,968	21,386	13,366	5,300	111,899

* Includes current maturities

¹ Secured against Receivables / Assets of the Company and mortgage of immovable property.² Secured against mortgage of immovable property.³ Secured against Receivables / Assets of the Company and mortgage of immovable property. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05-11-2017⁴ Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest.⁵ Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05-11-2017.⁶ Secured against Mortgage of immovable property. NCD's have an overall tenure of 5 years and having put / call option at the end of 3 years i.e. on 08-06-2015.

Funds raised Rs. 7,679 Lacs through public issue of Secured, Redeemable Non-Convertible Debentures have been utilised for the purposes as per the terms of the issue.

All the above debentures are redeemable at par.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

4.3 Term Loans

As at 31st March, 2014

(Rs. in Lacs)

Particular	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks - Rupee Loans (Floating)	1,000	45,113	116,099	67,710	229,922	Base Rate + 125bps to 275bps
From Banks - Rupee Loans (Fixed)	-	-	4,200	2,800	7,000	11.25%
From Banks - Foreign Currency Loans	2,472	18,123	14,828	899	36,322	Libor / Euribor + 330bps to 350bps
From Financial Institutions - Foreign Currency Loans ¹	-	13,823	23,631	13,259	50,713	Libor + 115bps to 410bps
Total	3,472	77,059	158,758	84,668	323,957	

As at 31st March, 2013

(Rs. in Lacs)

Particular	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks - Rupee Loans (Floating)	-	44,271	98,498	78,702	221,471	Base Rate + 125bps to 300bps
	-	-	-	1,666	1,666	BPLR - 200bps
From Banks - Rupee Loans (Fixed)	-	1,400	5,600	2,200	9,200	11.25%
From Banks - Foreign Currency Loans	5,531	20,735	5,887	-	32,153	Libor / Euribor + 330bps to 350bps
From Financial Institutions - Foreign Currency Loans ¹	3,620	19,352	22,992	13,103	59,067	Libor + 115bps to 410bps
Total	9,151	85,758	132,977	95,671	323,557	

* Includes current maturities

The above Term Loans are secured by charge on specific assets covered by loan / lease agreements with customers and / or receivables arising therefrom.

¹ Includes loans of Rs. 12,299 Lacs (Previous year: Rs. 13,494 Lacs) guaranteed by Export Import Bank of the United States.

4.4 Buyer's credit from Banks (Foreign Currency Loans)

These foreign currency loans from banks are repayable by bullet payment and have tenures ranging from 1-3 years. These loans are secured by import documents covering title to capital goods and extension of pari passu charge towards working capital facilities.

NOTES TO FINANCIAL STATEMENTS (CONTD.)**4.5 Unsecured Subordinated bonds / debentures (Tier II Capital)**

During the year, the Company raised subordinated debt qualifying for Tier II capital amounting to Rs. 11,530 Lacs (Previous year: Rs. 39,169 Lacs). The following table sets forth the details of the outstanding:

As at 31st March, 2014**(Rs. in Lacs)**

Rate of Interest	Maturity Profile								Total
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	
10.20%	-	-	-	-	20,000	-	-	-	20,000
10.50%	-	-	-	5,000	-	-	-	-	5,000
10.60%	-	-	-	-	4,030	-	-	-	4,030
10.75%	5,840	-	-	1,660	-	-	-	-	7,500
11.10%	-	-	-	-	-	1,440	-	-	1,440
11.25%	-	3,400	-	-	-	-	-	-	3,400
11.40%	-	-	10,000	-	-	-	-	-	10,000
11.50%	-	2,336	-	-	-	6,130	7,403	-	15,869
11.70%	-	4,690	-	-	-	-	-	-	4,690
11.75%	-	-	-	-	-	-	1,000	85	1,085
11.80%	-	6,770	-	-	-	-	-	-	6,770
11.85%	-	7,000	-	-	-	-	-	2,000	9,000
11.90%	-	-	21,915	-	-	-	-	-	21,915
12.00%	-	-	-	-	-	-	-	5,000	5,000
Total	5,840	24,196	31,915	6,660	24,030	7,570	8,403	7,085	115,699

All the above bonds are redeemable at par.

As at 31st March, 2013**(Rs. in Lacs)**

Rate of Interest	Maturity Profile							Total
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	
10.20%	-	-	-	20,000	-	-	-	20,000
10.50%	-	-	5,000	-	-	-	-	5,000
11.10%	-	-	-	-	1,440	-	-	1,440
11.25%	3,400	-	-	-	-	-	-	3,400
11.40%	-	10,000	-	-	-	-	-	10,000
11.50%	2,336	-	-	-	6,130	7,403	-	15,869
11.70%	4,690	-	-	-	-	-	-	4,690
11.75%	-	-	-	-	-	1,000	85	1,085
11.80%	6,770	-	-	-	-	-	-	6,770
11.85%	7,000	-	-	-	-	-	2,000	9,000
11.90%	-	21,915	-	-	-	-	-	21,915
12.00%	-	-	-	-	-	-	5,000	5,000
Total	24,196	31,915	5,000	20,000	7,570	8,403	7,085	104,169

All the above bonds are redeemable at par.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

5. DEFERRED TAX LIABILITIES (Net)

In terms of Accounting Standard 22, the net Deferred Tax Liability (DTL) recognised during the year is Rs. 660 Lacs (Previous year: Rs. 1,496 Lacs). Consequently, the net DTL as at year-end stands at Rs. 10,144 Lacs (Previous Year Rs. 9,484 Lacs). The break-up of major components of net DTL is as follows:

Particulars	(Rs. in Lacs)	
	Liability / (Asset)	
	As at 31st March, 2014	As at 31st March, 2013
Depreciation on Fixed Assets	9,530	8,278
Deferred Revenue Expenditure	3,164	3,042
Others	(2,550)	(1,836)
Total	10,144	9,484

6. OTHER LONG-TERM LIABILITIES

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Interest Accrued but not due on Borrowings	600	196
Security Deposits & Retentions	23	164
Total	623	360

7. LONG-TERM PROVISIONS

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits (Non-Current Portion) (refer note 34)		
Gratuity	111	149
Unavailed Leave	229	251
(A)	340	400
Other Provisions		
Provision for Non-Performing Assets (refer note 7.1)	4,958	3,503
Contingent Provisions against Standard Assets (refer note 7.1)	1,783	1,430
Provision for Restructured Assets	94	-
(B)	6,835	4,933
Total (A+B)	7,175	5,333

NOTES TO FINANCIAL STATEMENTS (CONTD.)

7.1 Nature of certain provisions and their movement

Provision for non-performing assets (NPAs) is made in the financial statements according to the Prudential Norms prescribed by RBI for NBFCs. The Company also makes additional provision based on the management's best estimate, to the extent considered necessary.

The Company creates a general provision at 0.25% of the standard assets outstanding on the balance sheet date, as per the RBI Prudential Norms.

The following table sets forth the movement of aforesaid Provisions:

Particulars	Provisions for NPAs		Contingent Provisions against Standard Assets	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Opening balance	3,503	1,100	2,342	2,181
Provision made during the year	1,455	2,403	314	161
Closing balance	4,958	3,503	2,656	2,342

8. SHORT-TERM BORROWINGS

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
A. Secured		
Loans repayable on demand		
Working Capital Facilities from Banks (Rupee Loan) (refer note 8.1)	460,250	321,750
Other Loans		
Working Capital Facilities from Banks (Rupee Loan) (refer note 8.1)	215,059	205,977
Buyer's credit from Banks - Foreign Currency Loans (refer note 4.4)	-	2,521
(A)	675,309	530,248
B. Unsecured		
Deposits		
Inter Corporate Deposits		
- From Related Parties	1,023	1,048
- From Others	15,126	15,068
Other Loans		
Rupee Loan from Banks	-	9,000
Commercial Papers (refer note 8.2)		
- From Others	-	19,863
(B)	16,149	44,979
Total (A+B)	691,458	575,227

NOTES TO FINANCIAL STATEMENTS (CONTD.)

8.1 Working capital facilities from banks, including working capital demand loans earmarked against such facilities, are secured by hypothecation of underlying assets (short-term as well as long-term loan assets) covered by hypothecation loan and operating lease agreements with customers and receivables arising therefrom, ranking pari passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year-to-year basis and therefore, are revolving in nature.

8.2 Face value of Commercial Paper outstanding as at 31st March, 2014 is Rs. Nil (Previous year Rs. 20,000 Lacs). Face value of maximum outstanding at any time during the year was Rs. 60,000 Lacs (Previous year Rs. 172,850 Lacs). Face value of Commercial Paper repayable within one year is Rs. Nil Lacs (Previous year Rs. 20,000 Lacs).

9. TRADE PAYABLES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Due to Micro, Small and Medium Enterprises (<i>refer note 9.1</i>)	-	-
For Services	754	342
Operating Lease	1,142	1,222
Total	1,896	1,564

9.1 The Company has not received any memorandum from 'Suppliers' (as required to be filed by the 'Suppliers' with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2014 as micro, small or medium enterprises. Consequently, the interest paid / payable by the Company to such Suppliers, during the year is Rs. Nil (Previous year: Rs. Nil).

10. OTHER CURRENT LIABILITIES - OTHERS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest Accrued but not due on Borrowings	16,475	10,182
Interest Accrued and due on Borrowings	316	2,295
Interest Accrued but not due on Others	-	145
Unclaimed Dividend (<i>refer note 10.1</i>)	35	38
Unclaimed Interest on Bonds & Debentures (<i>refer note 10.1</i>)	1	-
Unclaimed Matured Public Deposits and Interest Accrued thereon (<i>refer note 10.1 & 10.2</i>)	31	35
Advance from Customers	304	327
Statutory Liabilities	422	437
Security Deposits & Retentions	2,967	2,608
Payable to Employees	227	322
Commission Payable to Directors	110	110
Liability for Operating Expenses	2,084	2,840
Total	22,972	19,339

NOTES TO FINANCIAL STATEMENTS (CONTD.)

10.1 To be credited to Investor Education and Protection Fund as and when due.

10.2 In order to qualify for registration as an 'Infrastructure Finance Company', the Company decided not to accept or renew public deposits w.e.f. 20th April, 2010. The amount of public deposits outstanding as on 19th April, 2010 (including matured and unclaimed deposits) along with accrued and future interest thereof is kept in the form of a Fixed Deposit, under lien, with Axis Bank Limited, a scheduled commercial bank, for the purpose of making payment to the depositors. The outstanding balance of the Fixed Deposit as at 31st March, 2014 is Rs. 25 Lacs (Previous year: Rs. 36 Lacs).

11. SHORT-TERM PROVISIONS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits (Current Portion) (refer note 34)		
Unavailed leave	47	49
(A)	47	49
Other Provisions		
Proposed Equity Dividend	2,516	2,515
Provision for Corporate Dividend Tax	427	428
Contingent Provisions against Standard Assets (refer note 7.1)	873	912
(B)	3,816	3,855
Total (A+B)	3,863	3,904

NOTES TO FINANCIAL STATEMENTS (CONTD.)

12. FIXED ASSETS

Particulars	(Rs. in Lacs)									
	Gross Block / Original Cost			Depreciation / Amortisation and Impairment					Net Carrying Value	
	As at 1st April, 2013	Additions during the year	Disposals during the year	As at 31st March, 2014	As at 1st April, 2013	For the year	Impairment Charge	Disposals during the year	As at 31st March, 2014	As at 31st March, 2013
	(a)	(b)	(c)	(d=a+b-c)	(e)	(f)	(g)	(h)	(i=e+f+g-h)	(a-e)
I. Tangible Assets:										
Assets for Own use										
Buildings ¹	12,089	-	-	12,089	566	224	-	-	790	11,299
Leasehold Improvements	2,888	2,208	-	5,096	430	411	-	-	841	2,455
Furniture and Fixtures	853	1,816	-	2,669	100	114	-	-	214	2,455
Computers	152	40	2	190	79	35	-	1	113	77
Office Equipment	634	560	-	1,194	61	44	-	-	105	573
Motor Vehicles	59	-	-	59	8	6	-	-	14	45
Total (A)	16,675	4,624	2	21,297	1,244	834	-	1	2,077	19,220
Assets given on Operating Lease										
Plant & Machinery ²	38,211	1,918	130	39,999	4,690	1,487	-	2	6,175	33,824
Aircrafts	1,987	-	-	1,987	1,127	216	-	-	1,343	644
Total (B)	40,198	1,918	130	41,986	5,817	1,703	-	2	7,518	34,381
Total (I)= (A+B)	56,873	6,542	132	63,283	7,061	2,537	-	3	9,595	49,812
II. Intangible Assets:										
Computer Software	140	328	-	468	79	78	-	-	157	61
Total (II)	140	328	-	468	79	78	-	-	157	61
Total Fixed Assets= (I+II)	57,013	6,870	132	63,751	7,140	2,615	-	3	9,752	49,873
Previous year	48,720	10,582	2,289	57,013	5,127	2,020	1,076	1,083	7,140	49,873
III. Capital work in Progress										

¹Building includes Rs. 9,967.98 Lacs (Previous year Rs. 9,967.98 Lacs) in respect of which conveyance is pending.²Additions to Plant & Machinery includes borrowing costs for qualifying assets capitalised during the year amounting to Rs. Nil (Previous year Rs. 446 Lacs) as per AS 16 ("Borrowing Costs").

NOTES TO FINANCIAL STATEMENTS (CONTD.)**13.1 NON-CURRENT INVESTMENTS**

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
A. Trade Investments - at cost unless otherwise stated					
I. In Equity Instruments (Unquoted)					
(a) In Subsidiaries					
Srei Capital Markets Limited	10	5050000	5050000	505.00	505.00
Srei Forex Limited [Net of provision for other than temporary diminution aggregating Rs. 50 lacs (Previous year Rs. 50 lacs)]	10	500000	500000	-	-
Srei Insurance Broking Private Limited	10	1275000	1275000	143.67	143.67
Srei Alternative Investment Managers Limited (Formerly Srei Venture Capital Limited)	10	250000	250000	25.00	25.00
Global Investment Trust Limited [Net of provision for other than temporary diminution aggregating Rs. 5 lacs (Previous year Rs. Nil)]	10	50000	50000	-	5.00
Srei Infrastructure Advisors Limited	10	500000	500000	50.00	50.00
Controlla Electrotech Private Limited	10	35305	35305	707.87	707.87
Srei International Infrastructure Services GmbH, Germany	**	**	**	3,389.96	3,389.96
Srei Mutual Fund Asset Management Private Limited	10	15500000	14000000	1,550.00	1,400.00
Srei Mutual Fund Trust Private Limited	10	100000	100000	10.00	10.00
Quippo Oil & Gas Infrastructure Limited	10	29970000	29970000	10,420.04	10,420.04
Quippo Energy Private Limited	10	1000000	1000000	20,189.70	20,189.70
Attivo Economic Zone (Mumbai) Private Limited (Formerly Mumbai Futuristic Economic Zone Private Limited)	10	10000	10000	8,046.60	8,046.60
Quippo Valuers & Auctioneers Private Limited	10	-	200000	-	232.13
Subtotal- (a)				45,037.84	45,124.97
(b) In Joint Venture					
Srei Equipment Finance Limited (Formerly Srei Equipment Finance Private Limited)	10	29830000	29830000	17,473.00	17,473.00
Subtotal- (b)				17,473.00	17,473.00
(c) In Associates					
Sahaj e-Village Limited #	10	10510000	10510000	1,051.00	1,051.00
Quippo Construction Equipment Limited	10	50000	50000	96.00	96.00
Subtotal- (c)				1,147.00	1,147.00
(d) Others					
TN (DK) Expressways Limited (Pledged with Bank)	10	13000	13000	1.30	1.30
Madurai Tuticorin Expressways Limited (Pledged with Bank)	10	19500	19500	1.95	1.95
Guruvayoor Infrastructure Private Limited	10	20010000	20010000	2,001.00	2,001.00
Jaora-Nayagaon Toll Road Co. Private Limited	10	2800	2800	0.28	0.28
Mahakaleshwar Tollways Private Limited (2550 equity shares Pledged with Bank)	10	5000	5000	0.50	0.50

NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Viom Networks Limited	10	73344044	61075688	159,801.18	138,477.17
Nagpur Seoni Expressway Limited [Pledged with Bank, Net of provision for other than temporary diminution aggregating Rs. 0.01 lacs (Previous year Rs. Nil)]	10	100	4800000	-	480.00
India Power Corporation Limited	1	959310000	959310000	0.85	0.85
Maharashtra Border Check Post Network Limited [Net of provision for other than temporary diminution aggregating Rs. 0.25 lacs (Previous year Rs. Nil)]	10	2500	2500	-	0.25
Kurukshetra Expressway Private Limited (Pledged with Bank)	10	4900	4900	0.49	0.49
Shree Jagannath Expressways Private Limited (3308 equity shares Pledged with Bank)	10	4800	4800	0.48	0.48
Orissa Steel Expressways Private Limited (4900 equity shares Pledged with Bank)	10	5000	5000	0.50	0.50
Ghaziabad Aligarh Expressway Private Limited	10	5000	5000	0.50	0.50
Potin Pangin Highway Private Limited	10	5000	5000	0.50	0.50
Suratgarh Bikaner Toll Road Company Private Limited	10	17750	17750	1.78	1.78
Solapur Tollways Private Limited	10	4900	4900	0.49	0.49
Royal Infrasoftware Private Limited	10	100000	100000	10.00	10.00
Quippo Telecom Infrastructure Limited	10	77550000	77550000	-	-
Subtotal- (d)				161,821.80	140,978.04
Total I (Subtotal a+b+c+d)				225,479.64	204,723.01
II. In Preference Shares (Unquoted)					
(a) In Subsidiary					
Quippo Energy Private Limited 0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019	100	2354	2353	-	-
Subtotal- (a)				-	-
(b) In Associate					
Quippo Construction Equipment Limited 0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019	100	9962	9961	-	-
Subtotal- (b)				-	-
Total II (Subtotal a+b)				-	-
III. Interest in a Beneficiary Trust					
Srei Growth Trust (represented by Trustees)	-	-	-	1,851.50	1,851.50
Total III				1,851.50	1,851.50

NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
IV. In Units of Trusts and Schemes of Venture Funds					
India Global Competitive Fund	100	3875000	3875000	3,875.00	3,875.00
Infrastructure Project Development Fund	100	13819900	13589900	13,829.03	13,589.90
Infrastructure Project Development Capital	100	19838459	23338130	19,838.46	23,338.13
Medium and Small Infrastructure Fund	100	280000	280000	280.00	280.00
Prithvi Infrastructure Fund [Net of provision for other than temporary diminution aggregating Rs. 491.37 lacs (Previous year Rs. Nil)]	100	491366	11874910	-	11,874.91
Infra Construction Fund	100	1880333	11715800	1,880.33	11,715.80
Infrastructure Resurrection Fund	100	300000	-	300.00	-
Total IV				40,002.82	64,673.74
Total A (Trade Investments) (I+II+III+IV)				267,333.96	271,248.25
B. Other Investments - at cost unless otherwise stated					
V. In Equity Instruments (Quoted)					
New Era Urban Amenities Limited [Net of provision for other than temporary diminution aggregating Rs. 0.01 lacs (Previous year Rs. 0.01 lacs)]	10	100	100	-	-
Alpic Finance Limited [Net of provision for other than temporary diminution aggregating Rs. 0.01 lacs (Previous year Rs. 0.01 lacs)]	10	100	100	-	-
Apple Finance Limited [Net of provision for other than temporary diminution aggregating Rs. 0.02 lacs (Previous year Rs. 0.02 lacs)]	10	100	100	-	-
HDFC Bank Limited	2	10	10	0.01	0.01
CRISIL Limited	1	2000	2000	0.10	0.10
Hotline Glass Limited [Net of provision for other than temporary diminution aggregating Rs. 218.35 lacs (Previous year Rs. 218.35 lacs)]	10	8006030	8006030	-	-
Indian Metal & Ferro Alloys Limited	10	119615	119615	167.42	167.42
IDFC Limited	10	91000	91000	183.35	183.35
Kotak Mahindra Bank Limited	10	500	500	0.02	0.02
Tata Steel Limited	10	3500	3500	24.83	24.83
Total V				375.73	375.73
VI. In Equity Instruments (Unquoted)					
New India Co-operative Bank Limited	10	573	573	0.06	0.06
National Stock Exchange of India Limited	10	57200	57200	2,062.06	2,062.06
ABG Kolkata Container Terminal Private Limited	10	1200	1200	0.10	0.10
Total VI				2,062.22	2,062.22

NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
VII. In Government or Trust securities (Unquoted)					
National Savings Certificate (Lodged with Sales Tax authorities)	15000			0.15	0.15
Total VII				0.15	0.15
VIII. In Mutual Funds (Quoted)					
Morgan Stanley Mutual Fund	10	2000	2000	0.20	0.20
Unit Trust of India	10	400	400	0.04	0.04
Total VIII				0.24	0.24
Total B (Other Investments) (V+VI+VII+VIII)				2,438.34	2,438.34
Total Non-current Investments (A+B)				269,772.30	273,686.59
Aggregate amount of quoted non-current investments				375.97	375.97
Aggregate market value of quoted non-current investments				459.77	432.55
Aggregate amount of unquoted non-current investments				269,396.33	273,310.62
Aggregate provision for diminution in value of non-current investments				765.02	268.39

** There is no system of issuance of distinctive shares in the country of registration.

The Company has an investment of Rs. 1,051 Lacs (Previous year Rs. 1,051 Lacs) in the shares of Sahaj e-village Limited ("Sahaj"), an Associate of the Company in terms of Accounting Standard 23, "Accounting for Investments in Associates in Consolidated Financial Statements". Further, the Company has advanced loans amounting to Rs. 25,942 Lacs (Previous year Rs. 21,072 Lacs) to Sahaj.

Sahaj is a long-gestation rural e-governance initiative and due to the accumulated losses, it's net worth has eroded as at 31st March, 2014. However, Sahaj has informed the Company that it is in the process of implementing a revamped business plan, based upon detailed study on the present and future business model, operations and financial plan, as suggested by a renowned consultant and that it shall continue to be a going concern in the foreseeable future.

Considering the long-term strategic nature of investment and also in view of the revamped business plan of Sahaj as enumerated above, no provision is considered necessary by the Company at present, for any diminution in the value of investments and against loans advanced to Sahaj.

All the Investments mentioned above are fully paid-up

NOTES TO FINANCIAL STATEMENTS (CONTD.)**13.2 CURRENT INVESTMENTS**

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Other Investments (fully paid-up)					
I. In Equity Instruments of Subsidiary (Unquoted)					
Goldensons Construction Private Limited	10	10000	-	1.00	-
Total I				1.00	-
II. In Bonds and Debentures (Unquoted)					
9.9% YES Bank Limited Unsecured Redeemable NCD Tier II, 2022	1000000	-	220	-	2,200.00
Total II				-	2,200.00
III. In Units of Trusts and Schemes of Venture Fund					
India Global Competitive Fund	100	32850000	32850000	32,850.00	32,850.00
Total III				32,850.00	32,850.00
Total Current Investments (I + II + III)				32,851.00	35,050.00
Aggregate amount of unquoted current investments				32,851.00	35,050.00

14. LOAN ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	
Considered Good, unless otherwise stated						
Secured:¹						
Loans to Related parties ²	83,407	22,133	-	64,568	2,237	408
Loans to Others ³	664,578	315,627	6,304	539,201	307,349	53,714
(A)	747,985	337,760	6,304	603,769	309,586	54,122
Unsecured:						
Loans to Related parties	106	307	-	280	449	15
Loans to Others	3,717	140	896	2,927	400	109
(B)	3,823	447	896	3,207	849	124
Total (A+B)⁴	751,808	338,207	7,200	606,976	310,435	54,246

¹ Secured by underlying assets and in certain cases are additionally secured by immovable properties and / or pledge of equity shares of the borrowers by way of collateral security.

² Long Term (Non-Current Maturities) Secured Loans to Related parties includes Rs. Nil Lacs (Previous year Rs. 15,000 Lacs) regarding which filing of charge with the Registrar of Companies is pending as at year end.

³ Loans to Others includes assets aggregating Rs. 33,325 Lacs (Previous year Rs. 15,562 Lacs) acquired in satisfaction of debt and held for sale.

⁴ Includes Non-Performing Assets of Rs. 38,683 Lacs (Previous year Rs. 35,023 Lacs).

NOTES TO FINANCIAL STATEMENTS (CONTD.)

14.1 DISCLOSURE OF RESTRUCTURED ASSETS (as required vide RBI's Notification No. DNBS.CO. PD. No. 367 / 03.10.01/2013-14 dated January 23, 2014)

(Rs. in Lacs)

Sl. No.	Type of Restructuring	Others				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details					
1	Restructured Accounts as on April 1, 2013	No. of borrowers	1	-	-	1
		Amount Outstanding	2,599	-	-	2,599
		Provision thereon	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	1	-	-	1
		Amount Outstanding	1,027	-	-	1,027
		Provision thereon	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-
		Amount Outstanding	-	-	-	-
		Provision thereon	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured advance at the beginning of the next FY.	No. of borrowers	-	-	-	-
		Amount Outstanding	-	-	-	-
		Provision thereon	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-
		Amount Outstanding	-	-	-	-
		Provision thereon	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-
		Amount Outstanding	-	-	-	-
		Provision thereon	-	-	-	-
7	Restructured Accounts as on March 31, 2014	No. of borrowers	2	-	-	2
		Amount Outstanding	2,249	-	-	2,249
		Provision thereon	56	-	-	56

Notes:

- (i) There are no restructured accounts under "CDR Mechanism" and under "SME Debt Restructuring Mechanism" categories.
- (ii) Other than the aforesaid, the Company has created a further provision of Rs. 38 lacs towards diminution in fair value of re-structured advances.

NOTES TO FINANCIAL STATEMENTS (CONTD.)**15. OTHER LONG-TERM ADVANCES**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
Advances		
-Capital Advances	622	612
-Employee Advances	60	4
Security Deposits		
-To Related parties	2,400	2,400
-To Others	12,178	20
Prepaid Expenses	75	90
Advance Tax [(net of provision for tax Rs. 11,419 Lacs) (Previous year Rs. 9,262 Lacs)]	11,758	7,986
Total	27,093	11,112

16. OTHER NON-CURRENT ASSETS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
Non-Current portion of other Bank Balances		
-Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)	28	634
Unamortised Ancillary Borrowing Costs	6,272	6,802
Interest Accrued but not due	-	21,145
Income Accrued but not due	387	424
Total	6,687	29,005

NOTES TO FINANCIAL STATEMENTS (CONTD.)

17. TRADE RECEIVABLES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured		
Outstanding for more than Six Months		
Considered Doubtful	6,686	3,735
Less: Provision for Doubtful Debts	(483)	(427)
(A)	6,203	3,308
Other Debts		
Considered Good	8,388	9,067
(B)	8,388	9,067
Total (A+B)	14,591	12,375

18. CASH AND BANK BALANCES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
A. Cash and Cash Equivalents:		
Cash on Hand	1	2
Balances with Banks - in Current Account	8,025	1,014
Cheques on Hand ¹	7,094	1,123
Unclaimed Dividend Account	35	38
(A)	15,155	2,177
B. Other Bank Balances:		
Fixed Deposit with bank having balance maturity of twelve months or less (Under Lien)	7,635	37
Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)	28	634
Less: Non-current portion of other bank balances disclosed separately under 'Other Non-Current Assets'	(28)	(634)
(B)	7,635	37
Total (A+B)	22,790	2,214

¹Cheques on Hand have been since realised.

NOTES TO FINANCIAL STATEMENTS (CONTD.)**19. OTHER SHORT-TERM ADVANCES**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
Advances		
-Advance to Vendors for Operating Expenses	989	1,184
-Employee Advances	71	33
-Advance to Related parties	1,056	406
Security Deposits		
-To Others	541	12,425
Prepaid Expenses	85	67
MAT Credit Entitlement	120	120
Total	2,862	14,235

20. OTHER CURRENT ASSETS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unamortised Ancillary Borrowing Costs	2,897	2,421
Interest Accrued but not due	67,215	11,295
Income Accrued but not due	48	555
Stock for Trade (refer Annexure I to Notes to Financial Statements)	50	132
Gains receivable on Derivative Contracts	9,239	3,341
Total	79,449	17,744

21. REVENUE FROM OPERATIONS

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Income from Loan Assets	157,708	140,283
Income from Leases	8,069	6,093
Fee Based Income	12,880	11,560
Assignment Income	-	5,500
Income from Long-Term Trade Investments	980	2,360
Interest from Current Investment	24	218
Interest received from Govt. Securities / Banks	236	114
Total	179,897	166,128

NOTES TO FINANCIAL STATEMENTS (CONTD.)

22. OTHER INCOME

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Dividend Income	62	38
Liabilities No Longer Required Written Back	286	4
Profit on Sale of Long-Term Trade Investments (Net)	-	7
Profit on Sale of Stock for Trade (Net)	11	3
Profit on Sale of Current Investments (Net)	51	-
Provision for Diminution in value of Stock for Trade Written Back	-	41
Other Non-Operating Income	278	426
Total	688	519

23. FINANCE COSTS

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Interest Expense	136,884	116,981
Other Borrowing Costs	13,734	14,843
Applicable net (gain) / loss on foreign currency transactions and translations	2,960	3,917
Total	153,578	135,741

24. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Salaries, Allowances, Commission & Bonus	3,941	3,999
Contribution to Provident and Other Funds	200	270
Staff Welfare Expenses	157	108
Total	4,298	4,377

NOTES TO FINANCIAL STATEMENTS (CONTD.)**25. ADMINISTRATIVE AND OTHER EXPENSES**

		(Rs. in Lacs)
Particulars	2013-14	2012-13
Communication Expenses	85	90
Legal & Professional Fees	3,431	2,849
Electricity Charges	234	141
Rent	716	1,269
Rates and Taxes	85	9
Commission, Brokerage and Service Charges	70	54
Auditors' Remuneration (refer note 25.1)	84	89
Repairs - Building	-	3
- Machinery	200	298
- Others	559	429
Travelling and Conveyance	1,049	948
Directors' Fees	25	18
Insurance	54	48
Printing and Stationery	76	86
Advertisement, Subscription and Donation	358	350
Provision for Diminution in Value of Long - Term Trade Investment	497	-
Loss on sale of Fixed Assets	-	32
Loss on Sale of Long-Term Trade Investments (Net)	279	-
Miscellaneous Expenses	129	105
Total	7,931	6,818

25.1 Auditors' Remuneration (including Service Tax)

		(Rs. in Lacs)
Particulars	2013-14	2012-13
As Auditor	63	56
For Other Services (Certification, etc.)	20	32
For Reimbursement of Expenses	1	1
Total	84	89

NOTES TO FINANCIAL STATEMENTS (CONTD.)

26. EARNINGS PER EQUITY SHARE

Particulars	2013-14	2012-13
(a) Profit after tax attributable to Equity Shareholders (Rs. in Lacs)	5,932	9,496
(b) Weighted average number of Equity Shares (Basic)	503086333	503086333
(c) Weighted average number of Potential Equity Shares	-	-
(d) Weighted average number of Equity Shares (Diluted)	503086333	503086333
(e) Nominal Value of Equity per share (Rs.)	10	10
(f) Basic Earnings per share [(a) / (b)] (Rs.)	1.18	1.89
(g) Diluted Earnings per share [(a) / (d)] (Rs.)	1.18	1.89

27. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31st March, 2014	(Rs. in Lacs) As at 31st March, 2013
A. Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts:		
Disputed Income Tax ¹	3,990	3,779
Fringe Benefit Tax ²	226	226
Disputed Service Tax ³	302	450
Central Sales Tax ⁴	211	-
Entry Tax ⁵	2	-
(b) Guarantees:		
Bank Guarantees ⁶	1,858	1,637
Corporate Guarantees to Banks and Others	12,706	8,286
Guarantees to Banks and Others, in the form of Put Option against loan facilities	40,704	8,750
Total	59,999	23,128
B. Commitments		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	508	1,157
On account of Letter of Credit	68,608	45,177
On account of Derivative Instruments (<i>refer note 28</i>)		

¹ Certain Assessment Orders disallowing Special Reserve (created as per Section 45-IC of the RBI Act, 1934), Debt Redemption Reserve, Disallowances under section 14A and Disallowance of Provision for NPA for the purpose of determining tax liability as per the provisions of Section 115JB, Disallowances under section 14A, Disallowance of Provision for NPA, Disallowance of Provision for earned leave encashment, matter relating to deduction U/s 36(1)(viii), Upfront Fees on borrowings and Long-Term Capital Gain arising out of transaction under a Scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court

NOTES TO FINANCIAL STATEMENTS (CONTD.)

on 28th January, 2008 under normal provisions of the Income Tax Act, 1961 have been challenged by the Company before the appropriate authorities. Pending disposal of the cases filed, the Company has not provided for the Income Tax liabilities arising out of the same.

² The Company has challenged the constitutional validity of Fringe Benefit Tax (FBT) before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such FBT on the Company. In view of this, the Company has not provided for any liability against FBT since its inception upto the date of its abolition i.e. 31st March, 2009.

³ Service Tax department had issued a Show Cause Notice (SCN) cum Demand Notice for Rs. 450 lacs, on 20th April, 2012 with regards to availment of Cenvat Credit, considering the observations of auditors appointed U/s 14AA of the Central Excise Act, 1944. The Company had filed its reply followed by personal hearings. An Order dated 31st March, 2014 was passed by the Commissioner of Service Tax, Kolkata confirming a demand of Rs. 151 lacs along with penalty of Rs. 151 lacs. The Company is in the process of filing an appeal before the Appellate Authority against the said Order.

⁴ A demand of Rs. 211 lacs has been raised for the period 2010-11 by the Assessing Officer following disallowance of exemption claimed U/s 5(2) of the CST Act, 1956 vide assessment order dated 28.06.2013. An appeal against the said assessment order has been filed before the Appellate Authority on 07.10.2013.

⁵ Entry Tax in West Bengal was held unconstitutional by the Hon'ble Calcutta High Court in June, 2013 and the Govt. of West Bengal has appealed before a Division Bench of the Hon'ble High Court. Till further order, the deposit of tax has been kept in abeyance.

⁶ Includes Rs. 697 Lacs (Previous year Rs. 697 Lacs) issued on Company's behalf by the Banker of Joint Venture Company.

28. The Company has entered into Options / Swaps / Forward contracts (being derivative instruments) which are not intended for trading or speculation, for the purpose of hedging currency and interest rate related risks. Options, Swaps and Forward contracts outstanding as at year end are as follows:

(Amount in Lacs)					
Category	Currency	As at 31st March, 2014		As at 31st March, 2013	
		No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency
Options / Swaps	USD / INR	8	USD 866.48	7	USD 887.80
Options / Swaps	EUR / INR	1	EUR 150	1	EUR 150
Forwards	USD / INR	4	USD 12.12	3	USD 18.05
Interest Rate Swaps	USD / INR	7	USD 878.63	7	USD 1048.52

Foreign currency exposures, which are not hedged by derivative instruments, amount to Rs. 22,766 Lacs (Previous year Rs. 32,580 Lacs).

29. C.I.F. VALUE OF IMPORTS

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Operating Lease Assets	1,839	3,043
Own Use Assets	79	-
Total	1,918	3,043

NOTES TO FINANCIAL STATEMENTS (CONTD.)

30. EXPENDITURE IN FOREIGN CURRENCY

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Finance Charges	11,418	16,500
Professional / Consultation Fees	7	241
On Other Matters	519	645
Total	11,944	17,386

31. EARNINGS IN FOREIGN CURRENCY

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Fee Based Income	2	22
Income from Loan Assets	14	206
Total	16	228

32. DIVIDEND REMITTED IN FOREIGN CURRENCIES

The Company remits the equivalent of the dividend payable to equity shareholders and holders of GDRs. For GDR holders, the dividend is remitted in Indian rupees to the custodian bank.

Particulars		
	2013-14	2012-13
Number of Non-Resident Shareholders	9	11
Number of shares held (Equity shares of Rs. 10/- par value, per share)	120926490	152237126
Dividend Remitted (Rs. in Lacs)	605	761
Related Financial Year	2012-13	2011-12

33. LEASES

a. In the capacity of Lessee

- (i) The Company has certain cancellable operating lease arrangements for office premises and equipments, which range between 11 months to 15 years and are usually renewable by mutual consent, on mutually agreeable terms. Lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to Rs. 706 Lacs (Previous year Rs. 1,259 Lacs).

Some of the above cancellable lease agreements have rent escalation upto 5% p.a. or 10% p.a. on renewals. None of the operating lease agreements entered into by the Company provide for any contingent rent payment and hence, the Company has not paid any contingent rent in the current and previous year.

- (ii) Further, the Company also has certain non-cancellable operating lease arrangements for office premises, which range between 5 to 21 years and are usually renewable by mutual consent on mutually agreeable terms. In respect of such arrangements, lease payments for the year aggregating to Rs. 10 Lacs (Previous year Rs. 10 Lacs) have been recognised in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

The future lease payments in respect of the above non-cancellable operating leases are as follows:

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Not later than 1 year	9	10
Later than 1 year but not later than 5 years	34	35
Later than 5 years	87	95
Total	130	140

- (iii) Sub lease payments received (or receivable) recognised in the Statement of Profit and Loss for the year is Rs. 2,349 Lacs (Previous year Rs. 2,114 Lacs). Future minimum sublease payments expected to be received under non-cancellable subleases is Rs. 400 Lacs (Previous year Rs. 549 Lacs).

b. In the capacity of Lessor

- (i) The Company has given assets on Operating lease (*refer note 12*) for periods ranging between 5 to 15 years. Some of these lease agreements stipulate rental computation on the basis of earnings of the Lessee. Such contingent rent recognised during the year is Rs. 3,679 Lacs (Previous year Rs. 1,895 Lacs).

The future minimum lease receivables in respect of non-cancellable operating leases are as follows:

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Not later than 1 year	1,551	1,918
Later than 1 year but not later than 5 years	4,982	5,301
Later than 5 years	6,619	7,851
Total	13,152	15,070

- (ii) Further, the Company also has certain non-cancellable operating lease arrangements for office premises, which range between 1 to 3 years and are usually renewable by mutual consent on mutually agreeable terms. In respect of such arrangements, lease earning for the year aggregating to Rs. 189 Lacs (Previous year Rs. 73 Lacs) have been recognised in the Statement of Profit and Loss.

The future minimum lease receivables in respect of non-cancellable operating leases are as follows:

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Not later than 1 year	335	63
Later than 1 year but not later than 5 years	-	21
Later than 5 years	-	-
Total	335	84

NOTES TO FINANCIAL STATEMENTS (CONTD.)

34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 15 (REVISED) - EMPLOYEE BENEFITS

The trustees of the gratuity scheme for the employees of the Company have entrusted the administration of the scheme to the Life Insurance Corporation of India (LIC).

(a) Expenses recognised in the Statement of Profit and Loss are as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Current service cost	72	65	87	71
Interest cost	23	19	13	13
Expected return on plan assets	(13)	(11)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses / (gains)	(95)	(19)	1	43
Net benefit expense	(13)	54	101	127
Actual return on plan assets	9.25%	9.25%	N.A.	N.A.

(b) Net Liability recognised in the Balance Sheet is as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Defined benefit obligation	273	284	276	300
Fair value of plan assets	(162)	(135)	-	-
Net liability	111	149	276	300
- Non-Current	111	149	229	251
- Current	-	-	47	49

(c) Changes in the present value of the defined benefit obligations are as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Opening defined benefit obligation	284	228	300	256
Interest cost	23	19	13	13
Current service cost	72	65	87	71
Benefit paid	(10)	(6)	(125)	(82)
Actuarial losses / (gains)	(96)	(22)	1	42
Closing defined benefit obligation	273	284	276	300

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(d) The details of fair value of plan assets at the Balance Sheet date are as follows:

(Rs. in Lacs)

Particulars	Gratuity	
	As at 31st March, 2014	As at 31st March, 2013
Opening fair value of plan assets	135	108
Expected return on plan assets*	13	10
Contribution by the Company	25	25
Benefits paid	(10)	(6)
Actuarial (losses) / gains	(1)	(2)
Closing fair value of plan assets	162	135

*Determined based on government bond rate

(e) The principal assumptions used in determining the gratuity and leave liability are as shown below:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Discount rate (%)	9.25%	8.20%
Return on Plan Assets (Gratuity Scheme)	9.25%	9.25%
Mortality Rate	India Assured Lives Mortality (2006-08) (modified) Ult	India Assured Lives Mortality (2006-08) (modified) Ult

(f) The amounts for the current and previous years are as follows:

(Rs. in Lacs)

Particulars	Gratuity				
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Defined benefit obligation	273	284	228	190	100
Fair value of plan assets	162	135	108	101	69
Deficit	111	149	120	89	31
Experience adjustments on plan liabilities – gain / (loss)	56	39	(6)	(32)	(0)
Experience adjustments on plan assets – gain / (loss)	(1)	(2)	(0)	0	(1)
Actuarial gain / (loss) due to change on assumptions	39	(17)	9	2	4

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Particulars	Leave			
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	276	300	256	183
Fair value of plan assets	-	-	-	-
Deficit	276	300	256	183
Experience adjustments on plan liabilities – gain / (loss)	21	(33)	(47)	(26)
Experience adjustments on plan assets – gain / (loss)	-	-	-	-
Actuarial gain / (loss) due to change on assumptions	20	(10)	5	1

(g) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(h) The amount provided for defined contribution plan is as follows:

(Rs. in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Provident fund	205	216
Employee state insurance	1	1
Total	206	217

NOTES TO FINANCIAL STATEMENTS (CONTD.)**35. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 18 - RELATED PARTY DISCLOSURES****Related Parties:**

Subsidiaries & Step-down Subsidiaries:	Country of Origin
Srei Capital Markets Limited	India
Srei Alternative Investment Managers Limited (Formerly Srei Venture Capital Limited)	India
Srei Infrastructure Advisors Limited	India
Global Investment Trust Limited	India
Controlla Electrotech Private Limited	India
Srei Mutual Fund Asset Management Private Limited	India
Srei Mutual Fund Trust Private Limited	India
Srei International Infrastructure Services GmbH, Germany	Germany
Srei Forex Limited	India
Srei Insurance Broking Private Limited	India
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
ZAO Srei Leasing, Russia (Subsidiary of Srei International Infrastructure Services GmbH, Germany)	Russia
Srei Advisors Pte Limited, Singapore (Subsidiary of Srei International Infrastructure Services GmbH, Germany)	Singapore
Quippo Valuers and Auctioneers Private Limited (ceased to be a Subsidiary w.e.f. 19.10.2013)	India
Quippo Oil & Gas Infrastructure Limited	India
Quippo Energy Private Limited	India
Attivo Economic Zone (Mumbai) Private Limited (Formerly Mumbai Futuristic Economic Zone Private Limited)	India
Quippo Energy Middle East Limited (ceased to be a Subsidiary of Quippo Energy Private Limited w.e.f. 28.10.2013)	Dubai
Quippo Energy Yemen Limited (ceased to be a Subsidiary of Quippo Energy Private Limited w.e.f. 28.10.2013)	Yemen
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited)	Mauritius
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited)	Nigeria
Quippo CJ Exploration & Production Private Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited w.e.f. 01.05.2013)	India
Goldensons Construction Private Limited (Subsidiary w.e.f. 07.02.2014)	India

NOTES TO FINANCIAL STATEMENTS (CONTD.)

Joint Venture:	Country of origin
Srei Equipment Finance Limited (Formerly Srei Equipment Finance Private Limited)	India
Associates:	Country of origin
Sahaj e-Village Limited	India
Quippo Construction Equipment Limited	India
Trusts:	Country of origin
Srei Mutual Fund Trust	India
Srei Growth Trust	India
Key Management Personnel (KMP):	
Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Saud Ibne Siddique (upto 30.04.2013)	Joint Managing Director
Mr. Sanjeev Sancheti (upto 20.05.2013)	Chief Financial Officer
Mr. Anil Agrawal (from 20.05.2013 to 31.03.2014)	Chief Financial Officer
Mr. Kishore Lodha (w.e.f. 01.04.2014)	Chief Financial Officer
Enterprise over which relative of a KMP has significant influence	
Viom Networks Limited	

NOTES TO FINANCIAL STATEMENTS (CONTD.)**Details of Related Party Transactions:**

(Rs. in Lacs)

Name of related party & Nature of relationship	Particulars	2013-14	2012-13
(A) Subsidiaries:			
Sahaj e-Village Limited (ceased to be Subsidiary w.e.f. 13.08.2012)	Loan Advanced	-	1,560
	Refund of Loan Advanced	-	315
	Advance Given	-	770
	Interest Received on Loan	-	639
	Interest Received on Advance	-	5
	Balance Paid-Others	-	6
	Recovery of Rent	-	8
	Recovery of Bank Guarantee Charges	-	12
Srei Capital Markets Limited	Loan Advanced	100	215
	Refund of Loan Advanced	285	40
	Interest Received on Loan	33	25
	Purchase of units of Trust	239	-
	Balance Receivable-Loan	80	265
	Balance Receivable-Interest accrued but not due (Net of TDS)	2	4
Srei Alternative Investment Managers Limited	Advance Given	500	-
	Balance Receivable-Advance	900	400
Srei Infrastructure Advisors Limited	Business Auxiliary Services rendered	0.09	0.12
Bengal Srei Infrastructure Development Limited	Loan advanced	253	38
	Refund of Loan Advanced	220	-
	Interest Received on Loan	34	28
	Balance Receivable-Loan	253	220
	Balance Receivable-Interest accrued but not due (Net of TDS)	18	16
Srei Forex Limited	Loan advanced	-	0.50
	Refund of Loan Advanced	-	0.50
	Business Auxiliary Services rendered	-	0.05
	Recovery of Bad Debts	5	7
Srei Mutual Fund Asset Management Private Limited	Subscription to Equity Shares	150	100
	Deposit Received	130	90
	Deposit Refunded	155	132
	Interest Paid on Deposit	103	101
	Balance Payable-Deposit	1,023	1,048
	Balance Payable-Interest accrued but not due (Net of TDS)	0.02	-

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Particulars	2013-14	2012-13
Srei Mutual Fund Trust Private Limited	Subscription to Equity Shares	-	5
Controlla Electrotech Private Limited	Rent Paid	8	8
	Corporate Guarantee Closed during the year	-	2,500
	Balance Receivable-Deposit	2,400	2,400
	Business Auxiliary Services rendered	-	0.05
Global Investment Trust Limited	Business Auxiliary Services rendered	-	1
Srei Insurance Broking Private Limited	Rent Received	24	28
	Advance Given	150	-
	Balance Receivable-Advance	150	-
	Balance Receivable-Others	10	-
Quippo Energy Private Limited	Loan advanced	2,881	5,950
	Advance given	-	1,195
	Advance Received	-	3
	Advance Refunded	-	1,195
	Refund of Loan Advanced	1,700	600
	Rent Received	318	282
	Interest Received on Loan	695	143
	Refund of Balance Receivable-Others	0.25	-
	Refund of Balance Payable-Advance	3	-
	Security Deposit Refunded	-	165
	Guarantee in the form of Put option to bank against Loan facility	7,250	-
	Corporate Guarantee Closed during the year	-	5,495
	Buyers Credit on LC facility arranged by the Company - Closed	411	2,965
	Balance Receivable-Loan	6,531	5,350
	Balance Receivable-Interest accrued but not due (Net of TDS)	609	4
	Balance Receivable-Others	-	0.25
	Balance Payable-Advance	-	3
	Buyers Credit outstanding on LC facility arranged by the Company	-	411
	Outstanding Guarantee in the form of Put option to bank against Loan facility	7,250	-

NOTES TO FINANCIAL STATEMENTS (CONTD.)

		(Rs. in Lacs)	
Name of related party & Nature of relationship	Particulars	2013-14	2012-13
Quippo Oil & Gas Infrastructure Limited	Loan advanced	3,218	4,325
	Refund of Loan Advanced	785	5,440
	Balance Received-Others	58	-
	Rent Received	3,642	1,895
	Interest Received on Loan	1,067	891
	Corporate Guarantee Issued during the year	1,950	-
	Corporate Guarantee Closed during the year	850	-
	Refund of Balance Receivable-Others	-	132
	Balance Receivable-Loan	7,825	7,720
	Balance Receivable-Others	6,920	57
	Balance Receivable-Interest accrued but not due (Net of TDS)	2	-
	Corporate Guarantee-Outstanding	3,000	1,900
	Outstanding Guarantee in the form of Put option to bank against Loan facility	4,000	4,000
Quippo Construction Equipment Limited (ceased to be a subsidiary w.e.f. 31.03.2013)	Loan advanced	-	12,904
	Refund of Loan Advanced	-	11,790
	Interest Received on Loan	-	2,105
	LC facility charges	-	79
	Suppliers Credit on LC facility arranged by the Company	-	48,894
	Suppliers Credit on LC facility arranged by the Company - Closed	-	30,761
	Corporate Guarantee Closed during the year	-	3,006
Quippo Valuers and Auctioneers Private Limited (ceased to be a subsidiary w.e.f. 19.10.2013)	Business Auxiliary Services rendered	-	60
Attivo Economic Zone (Mumbai) Private Limited	Loan advanced	55,930	2,521
	Refund of Loan Advanced	29,040	-
	Interest Received on Loan	3,205	1,966
	Balance Receivable-Loan	41,400	14,510
	Balance Receivable-Interest accrued but not due (Net of TDS)	246	81

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Particulars	2013-14	2012-13
Srei International Infrastructure Services GmbH	Interest Received on Loan	17	15
	Refund of Balance Receivable-Others	-	38
	Balance Receivable-Loan	288	243
	Balance Receivable-Others	17	-
	Balance Receivable-Interest accrued but not due	-	16
ZAO Srei Leasing, Russia	Refund of Balance Receivable-Others	14	-
	Balance Receivable-Others	-	14
Goldensons Construction Private Limited (subsidiary w.e.f. 07.02.2014)	Interest Received on Loan	0.45	-
	Balance Receivable-Loan	26	-
	Balance Receivable-Others	1	-
	Balance Receivable-Interest accrued but not due (Net of TDS)	0.38	-
(B) Joint Venture:			
Srei Equipment Finance Limited	Equity Contribution	-	9,982
	Rent received	1,568	1,456
	Balance Payable-Security Deposit	1,459	1,425
(C) Trusts:			
Srei Growth Trust	Income Received	243	241
	Dividend Paid	243	243
	Advance given	-	2
	Advance Refunded	-	2
(D) Associates:			
Sahaj e-Village Limited (associate of Srei Infrastructure Finance Limited w.e.f. 13-08-2012)	Loan Advanced	4,876	23,644
	Advance Given	294	1,910
	Refund of Advance Given	294	2,680
	Refund of Loan Advanced	5	17,571
	Advance Received	675	-
	Refund of Advance Received	675	-
	Rent Received	16	-
	Security Deposit Received	2	-
	Purchase of Services (Excluding Service Tax)	560	-
	Interest Received on Loan	1,977	1,339
	Interest Received on Advance	-	67
	Balance Paid-Others	-	3
	Recovery of Bank Guarantee Charges	-	1

NOTES TO FINANCIAL STATEMENTS (CONTD.)

		(Rs. in Lacs)	
Name of related party & Nature of relationship	Particulars	2013-14	2012-13
	Recovery of Rent	-	2
	Balance Receivable-Loan	25,942	21,072
	Balance Receivable-Others	1,905	-
	Balance Receivable-Interest accrued but not due (Net of TDS)	52	22
	Balance Payable-Purchase of Services	418	-
	Balance Payable-Security Deposit	2	-
	Corporate Guarantee Issued during the year	9,544	-
	Corporate Guarantee-Outstanding	9,544	-
	Outstanding Guarantee in the form of Put option to bank against Loan facility	6,000	6,000
Quippo Construction Equipment	Loan advanced	1,985	-
Limited (associate of Srei Infrastructure	Refund of Loan Advanced	1,775	-
Finance Limited w.e.f. 31-03-2013)	Suppliers Credit on LC facility arranged by the Company	86,516	-
	Suppliers Credit on LC facility arranged by the Company - Closed	63,207	-
	LC facility charges	160	-
	Interest Received on Loan	1,561	-
	Suppliers Credit outstanding on LC facility arranged by the Company	48,864	23,991
	Balance Receivable-Loan	18,376	18,166
	Balance Receivable-Interest accrued but not due (Net of TDS)	30	6
(E) Key Management Personnel (KMP):			
Mr. Hemant Kanoria	Remuneration	164	159
	Commission	60	60
	Dividend paid	2	2
Mr. Saud Ibne Siddique	Remuneration	55	429
Mr. Sanjeev Sancheti	Remuneration	13	111
	Loan Advanced	45	-
	Refund of Loan Advanced	-	1
	Interest received on Loan	-	0.02
Mr. Anil Agrawal	Remuneration	49	-
	Balance Payable-Remuneration	5	-

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

(F) Transaction with Relative of KMP:			
Mrs. Saroj Agrawal	Car Hire Charges	2	-
(Spouse of Mr. Anil Agrawal)			

(G) Enterprise over which relative of a KMP has significant influence:			
Viom Networks Limited	Rent Received	835	803
	Balance Receivable-Others	16	21
	Balance Payable-Security Deposit	663	660

36. DETAILS OF LOANS / ADVANCES TO SUBSIDIARY COMPANIES AND ASSOCIATES:

(Rs. in Lacss)

Name of the Company	Maximum Amount Outstanding during		Amount Outstanding As at 31st March,	
	2013-14	2012-13	2014*	2013*
Srei Capital Markets Limited	312	305	80	265
Sahaj e-Village Limited	27,847	21,072	27,847	21,072
Bengal Srei Infrastructure Development Limited	258	220	253	220
Controlla Electrotech Private Limited	2,400	2,400	2,400	2,400
Srei Forex Limited	-	0.50	-	-
Srei Alternative Investment Managers Limited	900	400	900	400
Quippo Energy Private Limited	6,531	5,761	6,531	5,761
Quippo Oil & Gas Infrastructure Limited	14,744	9,335	14,744	7,720
Quippo Construction Equipment Limited	18,376	42,157	18,376	42,157
Attivo Economic Zone (Mumbai) Private Limited	55,031	15,459	41,400	14,510
Srei Insurance Broking Private Limited	163	-	160	-
Srei International Infrastructure Services GmbH	306	260	306	243
ZAO Srei Leasing, Russia	-	14	-	14
Goldensons Construction Private Limited	28	-	27	-

*Refer Note 35

The outstanding are interest bearing except that of Controlla Electrotech Private Limited, Srei Alternative Investment Managers Limited, Srei Insurance Broking Private Limited and ZAO Srei Leasing.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

37. Disclosure in respect of Company's Joint Venture in India pursuant to Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures':

Name of the Venture	Country of Incorporation	Proportion of Ownership Interest
Srei Equipment Finance Limited (Formerly Srei Equipment Finance Private Limited)	India	50%

The aggregate of the Company's share in the above venture is:

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Current & Non-Current Liabilities	708,530	730,841
Current & Non-Current Assets	813,358	824,400
Contingent Liabilities	1,428	1,386
Capital Commitments (Net of Advances)	1,896	3,235

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Income	130,967	118,689
Expenses (Including Depreciation & Taxation)	119,698	105,193

38. Information as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is furnished vide Annexure – II and III attached herewith.
39. Figures pertaining to the previous year have been rearranged / regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

Signatories to Notes 1 to 39

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhotia

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS

Stock for Trade as at 31st March, 2014

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(Rs.)	(Nos.)	(Rs. in Lacs)	
Bala Techno Industries Limited	10	5000	1	-
Hotline Glass Limited	10	110609	12	-
Kamala Tea Co. Limited	10	25000	11	11
Shanghi Polyesters Limited	10	2000	0 [@]	-
IDBI Bank	10	60000	105	39
Quippo Telecom Infrastructure Limited	10	25929041	0 [*]	0#
L.D.Textile Industries Limited	10	42000	0 [*]	0#
Shentracon Chemicals Limited	10	99400	0 [*]	0#
India Lead Limited	10	418668	0 [*]	0#
Mega Marketshare Resources Limited	10	6000	0 [*]	0#
PAAM Pharmaceuticals (Delhi) Limited	10	1210	0 [*]	0#
Standard Chrome Limited	10	300	0 [*]	0#
Kanel Oil & Export Limited	10	3100	0 [*]	0#
Kesoram Textiles Limited	10	20	0 [*]	0#
NEPC Agro Foods Limited	10	1333	0 [*]	0#
			129	50
Less: Provision for diminution			79	
Total			50	

[@] Book value Rs. 19,800;

^{*} Book value Re. 1; # Valued at Re. 1

ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 38)

Disclosure of details as required in terms of paragraph 10 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

1. Capital to Risk Assets Ratio (CRAR)

Sl.	Items	As at 31st March, 2014	As at 31st March, 2013
i)	CRAR (%)	17.78	21.68
ii)	CRAR – Tier I Capital (%)	10.69	14.28
iii)	CRAR – Tier II Capital (%)	7.09	7.40

2. Exposure to Real Estate Sector

		(Rs. in Lacs)	
Category		As at 31st March, 2014	As at 31st March, 2013
a) Direct exposure			
i)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 Lacs may be shown separately)	-	-
ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits;	-	-
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
b) Indirect exposure			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 38)

Disclosure of details as required in terms of paragraph 10 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

3. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March, 2014 are as follows:

(Rs. in Lacs)									
Particulars	1 day to 30 / 31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	23,957	24,317	52,249	32,053	148,771	321,906	228,631	116,670	948,554
Market Borrowings	3,993	950	-	32,284	19,336	97,718	85,297	107,881	347,459
Assets									
Advances (<i>refer note-1 below</i>)	35,309	32,396	72,565	23,947	188,755	314,034	278,081	190,323	1,135,410
Investments (including Current Investments & Stock for trade)	-	-	-	32,901	-	-	-	269,772	302,673

Notes:

- Advances represent the maturity pattern of loan assets and rentals on operating lease assets.
- The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in ratio to the maturity pattern of Advances.

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 38)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. in Lacs)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side:		
1 Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:		
(a) Debentures / Bonds:		
Secured	174,450	1
Unsecured (Other than falling within the meaning of public deposit)	118,972	-
(b) Deferred Credits	-	-
(c) Term Loans	325,753	23
(d) Inter-corporate loans and borrowing	16,319	-
(e) Commercial Papers	-	-
(f) Other Loans:		
Working capital facility	677,911	293
Public Deposit	31	31

(Rs. in Lacs)

Assets Side:	Amount Outstanding
2 Break-up of Loans and Advances including bills receivables [other than those included in (3) below]:	
(a) Secured	1,092,049
(b) Unsecured	121,257
3 Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities	
(a) Financial assets	-
(b) Assets and advance for Operating Lease	-
(c) Repossessed Assets	-
4 Break up of Investments	
Current Investments*	
1 Quoted:	
(i) Shares: Equity	39
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 38)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. in Lacs)

Assets Side:	Amount Outstanding
2 Unquoted:	
(i) Shares: Equity	12
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Investment in Funds & Trust)	32,850
Long-Term investments	
1 Quoted:	
(i) Shares: Equity	376
(ii) Debentures and bonds	-
(iii) Units of mutual funds	0.24
(iv) Government Securities	-
(v) Others	-
2 Unquoted:	
(i) Shares: (a) Equity	227,542
(b) Preference	-
(ii) Debentures, bonds / units	-
(iii) Units of mutual funds	-
(iv) Government Securities	0.15
(v) Others (Investment in Funds & Trust)	41,854

* Including Stock for Trade

5 Borrower group-wise classification of assets financed as in (2) and (3) above:

(Rs. in Lacs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	59,317	3,869	63,186
(b) Companies in the same group	-	-	-
(c) Other related parties	46,223	-	46,223
2 Other than related parties	986,509	117,388	1,103,897
Total	1,092,049	121,257	1,213,306

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 38)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

6 Investor group wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

(Rs. in Lacs)		
Category	Market Value / Break up or fair value or NAV	Book Value (net of provisions)
1 Related Parties		
(a) Subsidiaries	45,039	45,039
(b) Companies in the same group	17,473	17,473
(c) Other related parties	162,800	162,800
2 Other than related parties	77,446	77,362
Total	302,758	302,674

7 Other Information:

(Rs. in Lacs)	
Particulars	Amount
i. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	38,683
ii. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	33,725
iii. Assets acquired in satisfaction of debt (Outstanding)	33,325

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Srei Infrastructure Finance Limited

We have audited the accompanying consolidated financial statements of Srei Infrastructure Finance Limited ("the Company"), its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity (the Company, its subsidiaries, associates, trusts and jointly controlled entity collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of the Company, its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors and management accounts as mentioned in the 'Other Matters' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of subsidiaries (including their subsidiaries and joint ventures) and trusts, whose financial statements reflect total assets (net) of Rs. 11,137 lacs as at 31st March, 2014, total revenues of Rs. 21,231 lacs and net cash outflows amounting to Rs. 1,507 lacs for the year then ended and as considered in the consolidated financial statements. We also did not audit the financial statements of the jointly controlled entity, whose aggregate share of net profit amounting to Rs. 11,269 lacs is also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries (including their subsidiaries and joint ventures), trusts and the jointly controlled entity, is based solely on the reports of the other auditors except for in case of a foreign subsidiary, two joint ventures of a subsidiary (ceased to be so with effect from 17th July, 2013 and 29th March,

2014), a foreign sub-subsidiary, two foreign sub-subsidiaries (ceased to be so with effect from 28th October, 2013), a subsidiary (ceased to be so with effect from 19th October, 2013) and a trust where reliance has been placed on the management accounts. We also did not audit the financial statements of an associate whose financial statements reflect the Group's share of net loss up to 31st March, 2014 amounting to Rs. 96 lacs and the Group's share of net loss amounting to Rs. Nil for the year ended on that date and as considered in the consolidated financial statements, where reliance has been placed on the management accounts. Our opinion is not qualified in respect of this matter.

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No.103523W)

Anand Kumar Jhunjunwala

Partner

Place : Kolkata

Date : 23rd May, 2014

Membership No. 056613



CONSOLIDATED BALANCE SHEET as at 31st March, 2014

(Rs. in Lacs)

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	299,362	289,380
		349,686	339,704
Minority Interest			
		2,968	2,742
Non-Current Liabilities			
Long-Term Borrowings	4	710,366	675,404
Deferred Tax Liabilities		18,306	17,438
Other Long-Term Liabilities	5	7,995	8,283
Long-Term Provisions	6	15,255	13,546
		751,922	714,671
Current Liabilities			
Short-Term Borrowings	7	1,060,857	947,491
Trade Payables	8	18,319	21,882
Other Current Liabilities			
- Current Maturities of Long-Term Borrowings	4	205,507	205,258
- Others	9	36,024	29,154
Short-Term Provisions	10	5,201	5,011
		1,325,908	1,208,796
TOTAL		2,430,484	2,265,913
ASSETS			
Non-Current Assets			
Fixed Assets	11		
- Tangible Assets		132,974	130,294
- Intangible Assets		2,299	914
- Capital Work in Progress		36,190	18,024
Goodwill		38,748	38,748
Deferred Tax Assets		2,048	1,329
Non-Current Investments	12.1	207,628	211,368
Long-Term Loans and Advances			
- Financial Assets	13	384,657	420,503
- Loan Assets	14	711,137	589,912
- Other Long-Term Advances	15	35,856	16,049
Other Non-Current Assets	16	18,367	37,017
		1,569,904	1,464,158
Current Assets			
Inventories		1,045	474
Current Investments	12.2	34,336	36,527
Trade Receivables	17	21,245	18,866
Cash and Bank Balances	18	56,372	57,985
Short-Term Loans and Advances			
- Financial Assets	13	85,241	51,714
- Loan Assets	14	23,843	72,670
- Other Advances	19	6,995	19,949
Other Current Assets			
- Current Maturities of Long-Term Financial Assets	13	224,141	213,855
- Current Maturities of Long-Term Loan Assets	14	326,020	307,658
- Other Current Assets	20	81,342	22,057
		860,580	801,755
TOTAL		2,430,484	2,265,913
Significant Accounting Policies and Notes to Consolidated Financial Statements 1 to 35			

The Notes referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhota

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2014 (Rs. in Lacs)

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
INCOME			
Revenue from Operations	21	323,319	308,340
Other Income	22	2,711	2,652
Total		326,030	310,992
EXPENSES			
Finance Costs	23	235,028	213,925
Employee Benefits Expense	24	12,944	16,144
Administrative and Other Expenses	25	22,405	24,744
Depreciation / Amortisation and Impairment	11	16,335	19,362
Total		286,712	274,175
Profit before Bad Debts, Provisions & Tax		39,318	36,817
Bad Debts / Advances written off (net of recovery)		13,308	7,083
Provision for Bad & Doubtful Debts		483	640
Provision for Non-Performing Assets		2,580	2,631
Contingent Provisions against Standard Assets		297	595
Provision for Restructured Assets		94	-
		16,762	10,949
Profit Before Prior Period Items, Exceptional Items & Tax		22,556	25,868
Prior Period Items		-	(52)
Adjustment on disposal / cessation of Subsidiaries, Step-down Subsidiaries and Joint Ventures of Subsidiaries	34	6	10,462
Profit Before Tax		22,562	36,278
Tax Expense:			
- Current Tax		8,654	7,274
- Mat Credit Entitlement		(5)	(71)
- Deferred Tax		142	3,072
Total Tax for current year		8,791	10,275
Profit After Tax for current year		13,771	26,003
Income Tax in respect of earlier years		20	(4)
Profit After Tax but before Minority Interest		13,751	26,007
Share of Loss of Associate		-	100
Minority Interest		(100)	(411)
Profit After Tax		13,851	26,318
Pre Acquisition Profit / (Loss)		-	-
Profit After Tax after adjustment for Minority Interest		13,851	26,318
Earnings per Equity Share (Basic and Diluted) (in Rs.)			
(Par Value Rs. 10/- per Equity Share)	26	2.75	5.23
Significant Accounting Policies and Notes to Consolidated Financial Statements	1 to 35		

The Notes referred to above form an integral part of the Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhoria

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2014

(Rs. in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
A. Cash Flow from Operating Activities		
Profit Before Tax	22,562	36,278
Adjustment for:		
Depreciation / Amortisation and Impairment	16,335	19,362
Bad Debts / Advances written off (Net of Recovery)	13,308	7,083
Provision for Bad & Doubtful Debts	483	640
Provision for Non-Performing Assets	2,580	2,631
Contingent Provision against Standard Assets	297	595
Provision for Restructured Assets	94	-
Adjustment on disposal / cessation of Subsidiaries, Step-down Subsidiaries and Joint Ventures of Subsidiaries	(6)	(10,462)
Miscellaneous Expenditure written off	43	42
Liabilities No Longer Required written back	(291)	(793)
Loss on sale of Fixed Assets	92	899
Profit on Sale of Fixed Assets	(135)	(77)
Loss / (Profit) on Sale of Long-Term Trade Investments (Net)	333	(7)
Profit on Sale of Stock for Trade (Net)	(11)	(3)
Profit on Sale of Current Investments (Net)	(51)	-
Dividend Income	(130)	(62)
Foreign Exchange Fluctuation Reserve	(923)	(739)
Provision for Diminution in value of Stock for Trade	-	(41)
Provision for Diminution in value of Investments	503	-
Operating Profit before Working Capital Changes	55,083	55,346
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(62,139)	(32,985)
(Increase) / Decrease in Financial & Loan Assets	(98,727)	(265,592)
(Increase) / Decrease in Current Investments / Stock for Trade	1,764	(34,038)
(Increase) / Decrease in Fixed Deposit (having balance maturity of more than 3 months and less than 12 months)	11,384	6,729
(Decrease) / Increase in Trade Payables / Others	2,238	(300)
Cash Generated from Operations	(90,397)	(270,840)
Direct Taxes paid	(10,694)	(7,784)
Net Cash (Used in) / Generated from Operating Activities	(101,091)	(278,624)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(39,471)	(25,919)
Proceeds from Sale of Fixed Assets	948	924
(Increase) / Decrease in Non-Current Investments (Net)	2,904	(463)
Dividend Received	130	62
Net Cash (Used) / Generated in Investing Activities	(35,489)	(25,396)
C. Cash Flow from Financing Activities		
Issue of Equity Capital (including premium)	-	994
(Increase) / Decrease of Goodwill on Consolidation	-	(849)
Adjustment on disposal of Step-down Subsidiaries and Joint Venture of Subsidiary	6	6,863
Increase / (Decrease) in Debentures (Net)	39,647	85,882
Increase / (Decrease) in Working Capital facilities (Net)	133,601	218,808
Increase / (Decrease) in Other Loans (Net)	(24,345)	(7,686)
Dividend Paid	(2,518)	(4,180)
Corporate Dividend Tax Paid	(428)	(408)
Net Cash (Used) / Generated in Financing Activities	145,963	299,424
Net Increase / (Decrease) in Cash & Cash Equivalents	9,383	(4,596)
Cash & Cash Equivalents at the beginning of the year	18,534	24,083
Less: Adjustment of Cash & Cash Equivalents on disposal / cessation of Subsidiaries	-	(953)
Cash & Cash Equivalents at the end of the year	27,917	18,534

Explanations:

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006.
 - Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.
- This is the Cash Flow Statement referred to in our report of even date

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhoria

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The consolidated financial statements have been prepared in conformity with Generally Accepted Accounting Principles ('GAAP') in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to an 'Infrastructure Finance Company – Non Deposit Taking' Non-Banking Finance Company ('NBFC'). The consolidated financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

Operating Cycle

As per the revised Schedule VI, *"An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents"*.

For the Company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the Company is assumed to have a duration of 12 months.

1.2 Use of estimates

The preparation of consolidated financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and the estimates are recognised in the periods in which the results are known / materialised. Any revision to the accounting estimates are recognised prospectively in the current and future years.

1.3 Principles of Consolidation

Srei Infrastructure Finance Limited (the Holding Company) and its Subsidiaries (including their subsidiaries and joint ventures), Associates, Trusts and Joint Venture are collectively referred to as 'the Group'. The consolidated financial statements of the Group have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements", Accounting Standard 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS-27) "Financial Reporting of Interests in Joint Ventures" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Holding Company and its subsidiary companies have been combined on line by line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- b) In case of investments in subsidiaries, where the shareholding is less than 100%, minority interest in the net assets of consolidated subsidiaries consist of:
 - i) The amount of equity attributable to minorities at the date on which Investment in the subsidiary is made.
 - ii) The minorities' share of movements in equity since the date the holding subsidiary relationship came into existence.
- c) Foreign subsidiaries representing non integral foreign operations are translated for the purpose of consolidation, as follows (in accordance with AS-11):
 - i) The assets and liabilities, both monetary and non-monetary, are translated at closing rate.
 - ii) Income and expense items are translated at average rate for the period.
 - iii) All resulting exchange differences are accumulated in foreign currency translation reserve until disposal of the net investment.
- d) Uniform accounting policies for like transactions and other events in similar circumstances have been adopted and presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- e) The excess of cost of the Holding Company of its investment in the subsidiary over the Holding Company's portion of equity of the subsidiary as at the date of investment is recognised in the consolidated financial statements as Goodwill. It is tested for impairment on a periodic basis and written-off if found impaired.
- f) The excess of Holding Company's portion of equity of the Subsidiary, over cost as at the date of investment, is treated as Capital Reserve.
- g) Investment in associate is accounted using the equity method and disclosed separately in the Consolidated Balance Sheet.
- h) Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

1.4 Fixed Assets, Depreciation / Amortisation and Impairment

i) Fixed Assets

Tangible Fixed Assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

Intangible Assets comprising of computer software and licenses expected to provide future enduring economic benefits are carried at cost less accumulated amortisation and impairment losses, if any. Cost comprises of purchase price and directly attributable expenditure on making the asset ready for its intended use. Any technology support cost or annual maintenance cost for such software is charged to the Statement of Profit and Loss.

ii) Depreciation / Amortisation

Depreciation / Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and the rates derived from such useful lives thereof are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The details of estimated useful life for each category of assets are as under:

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixture	5 - 16 years
iii)	Motor Vehicles	11 years
iv)	Computers	3 - 6 years
v)	General Plant & Machinery	9 - 24 years
vi)	Equipments	6 - 25 years
vii)	Intangible Assets	2 - 6 years
II	Assets for Operating Lease	
i)	Aircrafts	9 - 18 years
ii)	Earthmoving Equipment	3 - 9 years
iii)	Motor Vehicles	3 - 6 years
iv)	Plant & Machinery	10 - 30 years
v)	Computers	3 - 6 years
vi)	Furniture & Fixture	3 - 16 years

Fixed Assets costing up to Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Depreciation / Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

Lease-hold assets including improvements are amortised over the period of the lease or the estimated useful life of the asset, whichever is lower.

iii) Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment, based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.5 Capital Work in Progress / Advance for Operating Lease

Capital work in progress / advance for operating lease is stated at cost and includes development and other expenses, including interest during construction period.

1.6 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

1.7 Operating Leases

Where the Company is lessee

Leases under which all the risks and benefit of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

Where the Company is lessor

Leases under which the Company does not transfer substantially all the risks and benefit of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance cost including depreciation are recognised as an expense in the Statement of Profit and Loss.

1.8 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified under the Companies (Accounting Standards) Rules, 2006. Current investments also include current maturities of long-term investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and market price determined category-wise. All non-current investments including investments in Subsidiary Companies, are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, on an individual basis. The cost of

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Investments acquired on amalgamations is determined as per the terms of the scheme of amalgamation.

Cost is arrived at on weighted average method for the purpose of valuation of investment.

1.9 Stock for Trade

Stock for trade is carried at lower of cost and market price, determined category-wise.

1.10 Financial Assets

Financial Assets include assets under Loan / Hypothecation facility. These are shown net of assets securitised.

Financial Assets are valued at net investment amount including installments fallen due and are net of unmatured / unearned finance charges etc. and assets acquired in satisfaction of debt.

1.11 Loan Assets

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable. These are shown net of assets securitised.

Loan assets are carried at net investment amount including installments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc. and include assets acquired in satisfaction of debt.

1.12 Provisioning / Write-off of assets

The Company makes provision for Standard, Restructured and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate. Provision for doubtful debtors towards fee based income is also made on similar basis.

Loan assets overdue for more than four years, as well as those, which, as per the management are not likely to be recovered, are considered as bad debts and written off.

In the financial statements of a foreign sub-subsidiary, provision for doubtful debtors has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and analysis of expected future cash flows.

1.13 Foreign Currency Transactions, Translations and Derivative Contracts

The reporting currency of the Company is the Indian Rupee (Rs.).

i) Initial Recognition

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

ii) Conversion

Year end foreign currency monetary items are reported using the year end rate. Non-monetary items which are carried 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 carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement or reporting of monetary items, at rates different from those at which they were initially recorded during the year or reported in previous consolidated financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise. Exchange differences arising out of foreign currency borrowings are considered as an adjustment to interest cost and recognised in accordance to para 1.6 above.

iv) Forward Exchange Contracts (not intended for trading or speculation purpose)

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the Statement of

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense in the year in which it is cancelled or renewed.

v) Derivatives and Hedges

In terms of the announcement made by The Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle, on a portfolio basis and the net loss, after considering the offsetting effect on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gains are ignored as a matter of prudence.

1.14 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, it can be reliably measured and it is reasonable to expect ultimate collection.

i) Income from Financial Assets, Loans and Leases:

Income from Financial assets, Loans and Leases are recognised in the Statement of Profit and Loss on accrual basis as stated herein below, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of RBI, applicable to NBFCs.

- a) Interest income from financial and loan assets is recognised based on the internal rate of return, to provide a constant periodic rate of return on the net investment outstanding over the period of the contract, or as per the terms of the contract.
- b) Income from operating lease is recognised on straight line basis over the lease term or other systematic basis which is more representative of the time pattern of the users benefit.
- c) Fees on processing of loans are recognised when a binding obligation for granting loan has been entered into.
- d) Delayed payment interest / incremental in interest pursuant to upward revision in benchmark interest rate is accrued, due to uncertainty of realisation, only to the extent of probable recovery, as per the best estimate of the management.
- e) Gains arising on securitisation / assignment of assets, if any, are recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, while loss, if any is recognised upfront. These are considered as income from financial / loan assets under the head 'Revenue from Operations'.

ii) Income from Information Technology (IT) Infrastructure and Common Service Center (CSC) Services

Income from IT Infrastructure is recognised on despatch of goods to customers, when all significant risks and rewards of ownership are transferred to the buyer as per the terms of sale and is accounted for as net of returns. Income, as disclosed, is exclusive of value added tax.

Receipts on account of CSC Services are accounted for in accordance with the terms of the relevant underlying agreements with the Village Level Entrepreneurs (VLE) and service providers.

iii) Government Support

Government support is recognised on the basis of claims raised arising out of reasonable assurance that the Company will comply with the conditions attached with them and there is reasonable certainty of collection of the grants.

iv) Income from Equipment Rental

Revenue is recognised in accordance with Accounting Standard (AS-9) "Revenue Recognition" on the basis of rendering of services to customers on a proportionate time basis, in accordance with the respective Contracts / Agreements.

v) Fee Based Income

Fees for advisory services are accounted based on the stage of completion of assignments, when there is reasonable certainty of its ultimate realisation / collection.

Other fee based income is accounted for on accrual basis.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**vi) Other Operating Income**

- a) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.
- b) Income from investment in units of Funds is recognised on cash basis as per the Prudential Norms of RBI.
- c) Interest income on fixed deposits / margin money is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.
- e) Claims lodged with the insurance companies are accounted for on accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.
- f) All other operating income is accounted for on accrual basis.

1.15 Retirement and Other Employee Benefits

- a) Retirement and employee benefits in the form of Provident Fund and Employee State Insurance are defined contribution plans and the Company's contributions, paid or payable during the reporting period, are charged to the Statement of Profit and Loss.
- b) Gratuity liability is a defined benefit plan and is provided for on the basis of actuarial valuation on projected unit credit method at the Balance Sheet date.
- c) Long-Term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.
- d) Actuarial gains / losses are charged to the Statement of Profit and Loss and are not deferred.

1.16 Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income for the current year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised 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.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.17 Segment Reporting

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Group is predominantly engaged in 'Financial Services' and 'Infrastructure Equipment Services' as primary reportable segments.

1.18 Provision, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. 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 are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

1.19 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit or 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.

1.20 Assets under Management

Contracts securitised, assigned or co-branded are derecognised from the books of accounts. Contingent liabilities thereof, if any, are disclosed separately in the notes to consolidated financial statements.

1.21 Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

1.22 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventory is determined using the 'weighted average' basis and includes all costs incurred in bringing the goods to their present location and condition.

The Company provides for obsolete, slow-moving and damaged inventory based on management estimates of the usability of such inventory.

1.23 Miscellaneous Expenditure

The expenses incurred on issue of Equity Shares, Global Depository Receipts (GDRs), Long-Term Bonds and Debentures are amortised as follows:

- i) Expenses on issue of Equity Shares and GDRs are amortised over a period of ten years.
- ii) Expenses on issue of Bonds and Debentures are amortised over the tenure of the respective Bonds and Debentures.

Preliminary expenses are written off in the year of incurrence.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SHARE CAPITAL

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised				
Equity Shares, Rs. 10/- par value per share	1000000000	100,000	710000000	71,000
Preference Shares, Rs. 100/- par value per share	50000000	50,000	10000000	10,000
		150,000		81,000
Issued and Subscribed				
Equity Shares, Rs. 10/- par value per share	503559160	50,356	503559160	50,356
Fully Paid-up				
Equity Shares, Rs. 10/- par value per share	503086333 ¹	50,309	503086333 ¹	50,309
Forfeited Shares	472827	15	472827	15
		50,324		50,324

¹Includes 21600 shares represented by 5400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**3. RESERVES AND SURPLUS**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
Opening balance	2,015	2,140
Add: Addition / (deduction) during the year	-	(125)
Closing balance	2,015	2,015
Securities Premium Reserve		
Opening balance	62,578	61,584
Add: Addition / (deduction) during the year	-	994
Closing balance	62,578	62,578
Bond / Debt Redemption Reserve		
Opening balance	24,076	17,357
Add: Transfer from Surplus in the Statement of Profit and Loss	8,602	7,815
Less: Transfer to Surplus, on repayment of Bond / Debt	-	(1,096)
Closing balance	32,678	24,076
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	24,200	19,600
Add: Transfer from Surplus in the Statement of Profit and Loss	3,441	4,600
Closing balance	27,641	24,200
General reserve		
Opening balance	136,803	136,807
Add: Addition / (deduction) during the year	1	(4)
Closing balance	136,804	136,803
Foreign Currency Translation Reserve		
Opening balance	391	1,130
Add: Addition / (deduction) during the year	(923)	(739)
Closing balance	(532)	391
Surplus in the Statement of Profit and Loss		
Opening balance	39,317	28,925
Add: Net profit for the year	13,851	26,318
Amount available for appropriation	53,168	55,243
Appropriations:		
Proposed Equity dividend	2,518	4,179
Corporate dividend tax on proposed dividend	428	428
Transferred to Bond / Debt Redemption Reserve (net)	8,602	6,719
Transferred to Special Reserve	3,441	4,600
Transferred to General Reserve	1	-
Closing balance	38,178	39,317
Total Reserves and Surplus	299,362	289,380

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. LONG-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
A. Secured						
Bonds / Debentures						
Long-Term Infrastructure Bonds	2,489	-	2,489	2,489	-	2,489
Non-Convertible Debentures	140,215	48,618	188,833	133,111	20,820	153,931
Term Loans						
From Banks						
- Rupee Loans	249,457	115,049	364,506	231,883	133,121	365,004
- Foreign Currency Loans	92,107	17,923	110,030	95,549	23,069	118,618
From Other Financial Institutions						
- Rupee Loans	18,650	5,905	24,555	11,103	3,120	14,223
- Foreign Currency Loans	38,559	14,039	52,598	47,601	20,611	68,212
Other Loans						
Buyer's Credit from Banks - Foreign Currency Loans	-	1,594	1,594	494	2,537	3,031
(A)	541,477	203,128	744,605	522,230	203,278	725,508
B. Unsecured						
Bonds / Debentures						
Subordinated Perpetual debentures (Tier I Capital)	1,875	-	1,875	1,875	-	1,875
Subordinated bonds / debentures (Tier II Capital)	152,989	-	152,989	135,119	-	135,119
0.1% Non-Convertible Cumulative Redeemable Preference Shares	14	-	14	14	-	14
Term Loans						
From Banks						
- Rupee Loans						
Subordinated loans from banks (Tier II Capital)	12,500	-	12,500	12,500	-	12,500
Other term loans from banks	750	1,000	1,750	1,750	1,000	2,750
From Other Parties						
- Foreign Currency Loans						
Other term loans from financial institution	672	1,379	2,051	1,827	980	2,807
Deposits						
Inter Corporate Deposits from Others	89	-	89	89	-	89
(B)	168,889	2,379	171,268	153,174	1,980	155,154
Total (A+B)	710,366	205,507	915,873	675,404	205,258	880,662

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**5. OTHER LONG-TERM LIABILITIES**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Acceptances	408	229
Interest Accrued but not due on Borrowings	1,955	2,829
Sundry liabilities (Interest Capitalisation) Account	472	-
Security Deposits & Retentions	5,160	5,225
Total	7,995	8,283

6. LONG-TERM PROVISIONS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits (Non-Current Portion)		
Gratuity	222	369
Unavailed leave	315	335
(A)	537	704
Others Provisions		
Provision for Non-Performing Assets	12,028	10,408
Contingent Provision against Standard Assets	2,596	2,434
Provision for Restructured Assets	94	-
(B)	14,718	12,842
Total (A+B)	15,255	13,546

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. SHORT-TERM BORROWINGS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
A. Secured		
Bond / Debenture		
Non-Convertible Debentures	-	13,125
Term loans		
From Banks		
- Rupee Loans	3,750	-
- Foreign Currency Loans	-	4,072
Loans Repayable on Demand		
Working Capital Facilities from banks		
- Rupee Loans	700,150	554,250
Cash Credit		
- Rupee Loans	662	262
Other Loans		
Working Capital Facilities from banks	304,016	309,048
Buyer's Credit from Banks - Foreign Currency Loans	11,368	17,598
(A)	1,019,946	898,355
B. Unsecured		
Deposits		
Inter Corporate Deposits from Others	15,126	15,068
Other Loans		
Rupee Loan from Banks	-	9,000
Commercial Papers from Others	25,785	25,068
(B)	40,911	49,136
Total (A+B)	1,060,857	947,491

8. TRADE PAYABLES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Payables		
For Services	4,569	3,468
Acceptances	3,235	1,627
Others		
Operating Lease	10,515	16,787
Total	18,319	21,882

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**9. OTHER CURRENT LIABILITIES - OTHERS**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest Accrued but not due on Borrowings	23,478	15,581
Interest Accrued and due on Borrowings	316	2,295
Interest Accrued but not due on others	-	144
Unclaimed Dividend (<i>refer note 9.1</i>)	35	38
Unclaimed Matured Public Deposits and Interest Accrued thereon (<i>refer note 9.1</i>)	31	35
Unclaimed Interest on Bonds & Debentures (<i>refer note 9.1</i>)	1	-
For Capital Goods	59	65
Sundry liabilities (Interest Capitalisation) Account	1,558	-
Advance from Customers	801	1,231
Statutory Liabilities	1,753	804
Security Deposits & Retentions	3,834	2,756
Payable to Employees	805	1,776
Forward Contract Payable	439	810
Commission Payable to Directors	223	245
Liability for Operating Expenses	2,683	3,320
Bank Overdraft	8	7
Interest Swap	-	1
Loss payable on Derivative Contracts	-	46
Total	36,024	29,154

9.1 To be credited to Investor Education and Protection Fund as and when due.

10. SHORT-TERM PROVISIONS

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits (Current Portion)		
Unavailed leave	455	427
Gratuity	100	76
(A)	555	503
Others Provisions		
Proposed Equity Dividend	2,518	2,515
Provision for Corporate Dividend Tax	428	428
Contingent Provision against Standard Assets	1,700	1,565
(B)	4,646	4,508
Total (A+B)	5,201	5,011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. FIXED ASSETS

Particulars	Gross Block / Original Cost					Depreciation / Amortisation and Impairment						(Rs. in Lacs)	
	As at 1st April, 2013	Additions during the year	Disposals / Adjustments during the year	Adjustments on Cessation of Subsidiary	As at 31st March, 2014	As at 1st April, 2013	For the year	Impairment during the year	Disposals / Adjustments during the year	Adjustments on Cessation of Subsidiary	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
	(a)	(b)	(c)	(d)	(e=a+b-c-d)	(f)	(g)	(h)	(i)	(j)	(k=f+g+h-i-j)	(e-k)	(a-f)
I. Tangible assets:													
Assets for Own use													
Land - Freehold	11	-	-	-	11	-	-	-	-	-	-	11	11
Buildings	14,313	-	-	-	14,313	738	261	-	1	-	998	13,315	13,575
Leasehold Improvements	3,089	2,207	-	-	5,296	545	439	-	3	-	981	4,315	2,544
Furniture and Fixtures	2,328	1,851	(9)	-	4,188	662	268	-	7	-	923	3,265	1,666
Motor Vehicles	703	27	52	-	678	180	119	-	29	-	270	408	523
Machinery	10,383	161	-	-	10,544	4,128	334	-	-	-	4,462	6,082	6,255
Equipment	13,937	5	525	-	13,417	4,967	1,021	-	275	-	5,713	7,704	8,970
Computer	373	51	45	-	379	215	49	-	41	-	223	156	158
Office Equipment	1,389	671	24	-	2,036	410	136	-	2	-	544	1,492	979
(A)	46,526	4,973	637	-	50,862	11,845	2,627	-	358	-	14,114	36,748	34,681
Assets given on Operating Lease													
Aircrafts	2,390	-	-	-	2,390	1,257	241	-	1	-	1,497	893	1,133
Earthmoving Equipments	13,811	2,674	632	-	15,853	5,157	1,771	50	608	-	6,370	9,483	8,654
Motor Vehicles	27,489	4,571	1,125	-	30,935	11,755	4,426	113	1,078	-	15,216	15,719	15,734
Plant & Machinery	70,156	3,932	-	-	74,088	10,349	3,819	-	-	-	14,168	59,920	59,807
Computers	11,970	2,393	1,007	-	13,356	3,457	1,960	237	460	-	5,194	8,162	8,513
Furniture and Fixtures	2,314	749	-	-	3,063	542	362	-	(110)	-	1,014	2,049	1,772
(B)	128,130	14,319	2,764	-	139,685	32,517	12,579	400	2,037	-	43,459	96,226	95,613
Total (I) = (A+B)	174,656	19,292	3,401	-	190,547	44,362	15,206	400	2,395	-	57,573	132,974	130,294
II. Intangible assets:													
Assets for Own use													
Computer Softwares	756	1,637	16	-	2,377	542	372	-	8	-	906	1,471	214
Tenancy Rights	4	-	-	-	4	4	-	-	-	-	4	-	-
(C)	760	1,637	16	-	2,381	546	372	-	8	-	910	1,471	214
Assets given on Operating Lease													
Softwares	1,544	376	-	-	1,920	844	346	11	109	-	1,092	828	700
(D)	1,544	376	-	-	1,920	844	346	11	109	-	1,092	828	700
Total (II) = (C+D)	2,304	2,013	16	-	4,301	1,390	718	11	117	-	2,002	2,299	914
Total Fixed Assets Total = (I + II)													
Previous year	176,960	21,305	3,417	-	194,848	45,752	15,924	411	2,512	-	59,575	135,273	131,208
III. Capital work in Progress													
	236,888	24,261	2,000	82,189	176,960	48,383	17,963	1,399	1,154	20,839	45,752	131,208	18,024

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**12.1 NON-CURRENT INVESTMENTS**

(Rs. in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
In Other Securities	207,628	211,368
	207,628	211,368

12.2 CURRENT INVESTMENTS

(Rs. in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
In Bonds and Debentures (Unquoted)	-	2,200
In Other Securities	34,336	34,327
	34,336	36,527

13. FINANCIAL ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	
Secured, Considered Good	384,657	224,141	85,241	420,503	213,855	51,714
Total	384,657	224,141	85,241	420,503	213,855	51,714

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. LOAN ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	
Secured, Considered Good						
Loans to Others	671,453	315,628	22,373	547,669	307,258	72,561
Loans to Related parties	35,942	10,251	-	39,316	-	-
(A)	707,395	325,879	22,373	586,985	307,258	72,561
Unsecured						
Loans to Others	3,716	140	1,470	2,927	400	109
Loans to Related parties	26	1	-	-	-	-
(B)	3,742	141	1,470	2,927	400	109
Total (A+B)	711,137	326,020	23,843	589,912	307,658	72,670

15. OTHER LONG-TERM ADVANCES

(Rs. in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
Advances		
- Capital Advances	12,540	7,604
- Employee Advance	74	19
- Advance against investments	23	23
Prepaid Expenses	1,760	1,972
Balance with Revenue Authorities	8,998	6,150
Security Deposits - to Others	12,212	56
MAT Credit Entitlement	230	225
Other Advances	19	-
Total	35,856	16,049

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**16. OTHER NON-CURRENT ASSETS**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
Non-Current portion of other Bank Balances		
- Fixed Deposit Account with balance maturity of more than twelve months	1,537	1,925
Unamortised Ancillary Borrowing Costs	6,272	6,802
Interest Accrued but not due	-	21,145
Income Accrued but not due	387	424
Miscellaneous Expenditure to the extent not written off or adjusted	-	14
Gains receivable on Derivative Contracts	10,158	6,625
Other receivables	13	82
Total	18,367	37,017

17. TRADE RECEIVABLES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured		
Outstanding for more than Six Months		
Considered Good	2,470	1,198
Considered Doubtful	6,986	3,870
Less: Provision for Doubtful Debts	(667)	(588)
(A)	8,789	4,480
Other Debts		
Considered Good	12,448	14,110
Considered Doubtful	8	354
Less: Provision for Doubtful Debts	-	(78)
(B)	12,456	14,386
Total (A+B)	21,245	18,866

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. CASH AND BANK BALANCES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
A. Cash and Cash Equivalents:		
Cash on Hand	344	232
Balances with Banks - in Current Account	19,875	13,964
Cheques on Hand	7,094	1,123
Fixed Deposits with Banks (having original maturity of 3 months or less)	569	3,177
Unclaimed Dividend Account	35	38
(A)	27,917	18,534
B. Other Bank Balances:		
Fixed Deposits with Banks (having balance maturity of more than 3 months and less than 12 months)	28,455	39,451
(B)	28,455	39,451
Total (A+B)	56,372	57,985

19. OTHER SHORT-TERM ADVANCES

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered good		
Advances		
- Advance to Vendors for Operating Expenses	1,248	1,370
- Employee Advance	215	176
Security Deposits - to Others	776	12,652
Prepaid Expenses	1,546	1,767
Balance with Revenue Authorities	1,802	2,623
MAT Credit Entitlement	120	120
Other Advances	1,288	1,241
Total	6,995	19,949

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**20. OTHER CURRENT ASSETS**

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Unamortised Ancillary Borrowing Costs	2,897	2,421
Interest Accrued but not due	66,531	11,377
Income Accrued but not due	48	498
Stock for Trade	50	132
Gains receivable on Derivative Contracts	10,882	6,957
Derivative Asset Forward	472	76
Advance against Insurance	105	97
Other Receivables	343	457
Miscellaneous Expenditure to the extent not written off or adjusted	14	42
Total	81,342	22,057

21. REVENUE FROM OPERATIONS

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Income from Loans / Financial Assets	268,321	237,794
Income from Leases	23,449	21,360
Income from IT Infrastructure and CSC Services	-	1,518
Fee Based Income	14,258	13,034
Income from Equipment Rental	13,099	22,226
Assignment Income	-	5,500
Income from Long-term Trade Investments	980	2,400
Interest from Long-term Trade Investments	20	58
Interest from Current Investment	24	218
Interest received from Govt. Securities / Banks	3,168	4,232
Total	323,319	308,340

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER INCOME

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Liabilities No Longer Required Written Back	291	793
Dividend Income	130	62
Profit on Sale of Long-term Trade Investments (Net)	-	7
Profit on Sale of Current Investments (Net)	51	-
Profit on Sale of Stock for Trade (Net)	11	3
Profit on sale of Fixed Assets	135	77
Provision for Diminution in value of Stock for Trade Written Back	-	41
Other Non-Operating Income	2,093	1,669
Total	2,711	2,652

23. FINANCE COSTS

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Interest Expense	207,228	182,351
Other Borrowing Costs	24,007	26,731
Applicable net (gain) / loss on foreign currency transactions and translations	3,793	4,843
Total	235,028	213,925

24. EMPLOYEE BENEFITS EXPENSE

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Salaries, Allowances, Commission & Bonus	11,909	14,912
Contribution to Provident and Other Funds	635	877
Staff Welfare Expenses	400	355
Total	12,944	16,144

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**25. ADMINISTRATIVE AND OTHER EXPENSES**

Particulars	(Rs. in Lacs)	
	2013-14	2012-13
Communication Expenses	328	416
Outsourced Manpower Expenses	256	717
Site & Site Mobilisation Expenses	1,994	1,645
Legal & Professional Fees	6,777	5,794
Power & Fuel	1,443	1,723
Rent	1,248	2,041
Equipment Hire & Leasing	401	704
Rates and Taxes	472	726
Brokerage and Service Charges	600	881
Auditors' Remuneration	171	197
Repairs - Building	-	3
- Machinery	1,882	2,558
- Others	1,189	1,196
Travelling and Conveyance	2,734	2,967
Directors' Fees	54	28
Insurance	392	504
Printing and Stationery	178	197
Advertisement, Subscription and Donation	657	878
Provision for Diminution in value of Long-Term Investments	503	-
Loss on sale of Fixed Assets	92	899
Loss on Sale of Long-Term Trade Investments (Net)	333	-
Miscellaneous Expenditure Written off	43	42
Miscellaneous Expenses	658	628
Total	22,405	24,744

26. EARNINGS PER EQUITY SHARE

Particulars	2013-14	2012-13
(a) Profit after tax attributable to Equity Shareholders (Rs. in Lacs)	13,851	26,318
(b) Weighted average number of Equity Shares (Basic)	503086333	503086333
(c) Weighted average number of Potential Equity Shares	-	-
(d) Weighted average number of Equity Shares (Diluted)	503086333	503086333
(e) Nominal Value of Equity per share (Rs.)	10	10
(f) Basic Earnings per share [(a) / (b)] (Rs.)	2.75	5.23
(g) Diluted Earnings per share [(a) / (d)] (Rs.)	2.75	5.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27 In accordance with Accounting Standard 21 "Consolidated Financial Statements" notified by Central Government under Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements of the Group include the financial statements of the Holding Company and all its subsidiaries and sub-subsidiaries which are more than 50% owned and controlled. Enterprises over which the Company exercises significant influence are considered for preparation of the Consolidated Financial Statements as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Interests in Joint Ventures (JV) have been accounted by using the proportionate consolidation method as per Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures", notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. Investments that are acquired and held exclusively with a view to subsequent disposal in the near future are not considered for consolidation.

28 The details of subsidiaries (including their subsidiaries and joint ventures), associates, trusts and joint venture are as follows:

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2014	As at 31st March, 2013
Subsidiaries			
Srei Capital Markets Limited	India	100	100
Srei Alternative Investment Managers Limited (Formerly Srei Venture Capital Limited)	India	100	100
Srei Infrastructure Advisors Limited	India	100	100
Global Investment Trust Limited	India	100	100
Controlla Electrotech Private Limited	India	100	100
Srei Mutual Fund Asset Management Private Limited	India	100	100
Srei Mutual Fund Trust Private Limited	India	100	100
Srei International Infrastructure Services GmbH, Germany (Formerly IIS International Infrastructure Services GmbH, Germany)	Germany	92.54	92.54
Srei Forex Limited	India	100	100
Srei Insurance Broking Private Limited	India	51	51
Quippo Valuers and Auctioneers Private Limited (Ceased w.e.f. 19.10.2013)	India	-	100
Quippo Oil & Gas Infrastructure Limited	India	99.90	99.90
Quippo Energy Private Limited	India	100	100
Attivo Economic Zone (Mumbai) Private Limited (Formerly Mumbai Futuristic Economic Zone Private Limited)	India	100	100
Goldensons Construction Private Limited (w.e.f. 07.02.2014) *	India	100	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2014	As at 31st March, 2013
Step-down Subsidiaries			
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India	51	51
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India	51	51
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India	51	51
ZAO Srei Leasing (Subsidiary of Srei International Infrastructure Services GmbH)	Russia	64.20	64.20
Srei Advisors Pte Limited (Subsidiary of Srei International Infrastructure Services GmbH)	Singapore	100	100
Quippo Energy Middle East Limited (Ceased to be Subsidiary of Quippo Energy Private Limited w.e.f. 28.10.2013)	Dubai	-	100
Quippo Energy Yemen Limited (Ceased to be Subsidiary of Quippo Energy Private Limited w.e.f. 28.10.2013)	Yemen	-	100
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited)	Mauritius	100	100
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited)	Nigeria	100	100
Quippo CJ Exploration & Production Private Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited w.e.f. 01.05.2013)	India	51	-
Joint Venture			
Srei Equipment Finance Limited (SEFL) (Formerly Srei Equipment Finance Private Limited)	India	50	50
Associates			
Sahaj e-Village Limited	India	48.32	48.32
Quippo Construction Equipment Limited	India	45.45	45.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2014	As at 31st March, 2013
Joint Ventures of Subsidiary			
Srei (Mauritius) Infrastructure Development Company Limited (Ceased to be JV between Srei Infrastructure Advisors Limited and The State Investment Corporation Limited of Mauritius, w.e.f. 17.07.2013)	Mauritius	-	50
SICOM Srei Maharashtra Infrastructure Private Limited (Ceased to be JV between Srei Infrastructure Advisors Limited and SICOM Limited, w.e.f. 29.03.2014)	India	-	50

Trusts			
Srei Growth Trust		India	
Srei Mutual Fund Trust		India	

* Based on information provided by the management and relied upon by the Auditors, this investment has been acquired and held exclusively with a view to subsequent disposal in the near future and hence not considered for consolidation.

29 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	(Rs. in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
A. Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts:		
Disputed Direct Tax demands	5,015	4,798
Disputed Indirect Tax demands	3,604	2,078
(b) Guarantees:		
Bank Guarantees	3,542	2,992
Corporate Guarantees to Banks and Others	11,117	7,016
Guarantees to Banks and others, in the form of Put Option against loan facility	34,000	6,000
Total	57,278	22,884
B. Commitments		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	3,322	4,690
On account of Letter of Credit	68,608	45,177
On account of Derivative Instruments (refer note 29.1)		
Other Commitments	8	40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

- 29.1** The Company has entered into Options / Swaps / Forward contracts (being derivative instruments) which are not intended for trading or speculation, for the purpose of hedging currency and interest rate related risks. Options, Swaps and Forward contracts outstanding as at year end are as follows:

(Amount in Lacs)

Category	Currency	As at 31st March, 2014	As at 31st March, 2013
Options / Swaps	EUR / INR	EUR 164	EUR 174
Options / Swaps	SGD / USD	SGD 140	SGD 175
Options / Swaps	USD / INR	USD 1,827	USD 2,268
Options / Swaps	YEN / USD	YEN 6,799	YEN 13,109
Forwards	CHF / INR	-	CHF 2
Forwards	EUR / INR	EUR 60	EUR 98
Forwards	USD / INR	USD 67	USD 151
Forwards	USD / RUR	USD 120	USD 137
Forwards	YEN / INR	YEN 258	-
Interest Rate Swaps	EUR	EUR 14	EUR 20
Interest Rate Swaps	USD	USD 1,502	USD 1,813
Interest Rate Swaps	RUR	-	RUR 264

- 30 a)** The audited financial statements of Quippo Mauritius Private Limited and Quippo Energy Nigeria Private Limited and management accounts of Srei International Infrastructure Services GmbH (Srei IIS) up to 31st March, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), generally followed in the country of their incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of the said entities in these consolidated financial statements.
- b)** The audited financial statements of Srei Advisors Pte Limited (SAPL) a subsidiary of Srei IIS is prepared upto 31st December every year. Management accounts for the period 1st January, 2013 to 31st March, 2013 and 1st January, 2014 to 31st March, 2014 have been used for consolidation with Srei IIS. The Audited financial statements of SAPL have been prepared in accordance with IFRS, generally followed in the country of its incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of SAPL in these consolidated financial statements.
- c)** Management accounts of ZAO Srei Leasing (ZAO) a subsidiary of Srei IIS for the period 1st April, 2013 to 31st March, 2014 have been used for consolidation with Srei IIS. The management account of ZAO have been prepared in accordance with IFRS, generally followed in the country of its incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of ZAO in these consolidated financial statements.
- d)** Quippo Valuers and Auctioneers Private Limited has ceased to be subsidiary of the Company w.e.f. 19th October, 2013. Quippo Energy Middle East Limited and Quippo Energy Yemen Limited have ceased to be step-down subsidiaries of the Company w.e.f. 28th October, 2013.

Srei (Mauritius) Infrastructure Development Company Limited has been liquidated and ceased to be Joint Venture between Srei Infrastructure Advisors Limited and The State Investment Corporation Limited of Mauritius, w.e.f. 17th July, 2013.

SICOM Srei Maharashtra Infrastructure Private Limited has ceased to be Joint Venture of Srei Infrastructure Advisors Limited w.e.f. 29th March, 2014.

Management accounts up to the date of cessation of the above companies have been used for consolidation which have been prepared in accordance with IFRS, generally followed in the country of their incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of the said entities in these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 The Reporting Company's proportionate share in the assets, liabilities, income and expenses of its Joint Venture Company included in these consolidated financial statements are given below:

(Rs. in Lacs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2,983	2,983
Reserves and Surplus	101,845	90,576
	104,828	93,559
Non-current liabilities		
Long-Term Borrowings	204,619	216,443
Deferred Tax Liabilities (Net)	7,847	7,644
Other Long-Term Liabilities	7,275	7,657
Long-Term Provisions	7,907	6,769
	227,648	238,513
Current liabilities		
Short-Term Borrowings	369,761	371,819
Trade Payables	14,109	18,646
Other Current Liabilities		
- Current Maturities of Long-Term Borrowings	80,417	89,057
- Other Current Liabilities	10,936	8,541
Short-Term Provisions	5,659	4,265
	480,882	492,328
TOTAL	813,358	824,400
ASSETS		
Non-Current Assets		
Fixed Assets		
- Tangible Assets	62,679	62,142
- Intangible Assets	1,893	905
Non-Current Investments	57	92
Long-Term Loans and Advances		
- Financial Assets	384,657	420,503
- Other Long-Term Advances	1,294	3,479
Other Non-Current Assets	13,434	10,076
	464,014	497,197
Current Assets		
Current Investments	1,486	1,477
Trade Receivables	3,299	2,010
Cash and Bank Balances	30,868	51,447
Short-Term Loans and Advances		
- Financial Assets	85,241	51,715
- Other Advances	720	646
Other Current Assets		
- Current Maturities of Long-Term Financial Assets	224,141	213,855
- Other Current Assets	3,589	6,053
	349,344	327,203
TOTAL	813,358	824,400

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

		(Rs. in Lacs)
Particulars	2013-14	2012-13
STATEMENT OF PROFIT AND LOSS		
INCOME		
Revenue from Operations	130,897	118,660
Other Income	70	29
TOTAL	130,967	118,689
EXPENDITURE		
Employee Benefits Expense	4,802	5,761
Finance Costs	76,645	68,330
Depreciation / Amortization and Impairment	12,117	11,197
Administrative and Other Expenses	6,513	5,927
Miscellaneous Expenditure written off	42	42
TOTAL	100,119	91,257
PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX	30,848	27,432
Bad Debts written off (net of recovery)	11,541	6,595
Provision for Non-Performing Assets	1,446	229
Contingent Provisions against Standard Assets	(17)	434
PROFIT BEFORE TAX	17,878	20,174
Provision for Tax	6,609	6,678
PROFIT AFTER TAX	11,269	13,496
Proportionate Share in Reserves of Joint Venture:		
Capital Reserves	16	16
Debt Redemption Reserve	20,478	13,388
Special Reserve as per Reserve Bank of India Directions	9,969	7,715
Securities Premium Account	51,990	51,990
Surplus in the Statement of Profit and Loss	19,392	17,467
TOTAL	101,845	90,576
Contingent Liabilities	1,428	1,386
Capital Commitments (Net of Advances)	1,896	3,235

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

32 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 18 - RELATED PARTY DISCLOSURES

List of related parties:

Joint Venture:

Srei Equipment Finance Limited (Formerly Srei Equipment Finance Private Limited)

Key Management Personnel (KMP):

Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Saud Ibne Siddique (upto 30.04.2013)	Joint Managing Director
Mr. Sanjeev Sancheti (upto 20.05.2013)	Chief Financial Officer
Mr. Anil Agrawal (from 20.05.2013 to 31.03.2014)	Chief Financial Officer
Mr. Kishore Lodha (w.e.f. 01.04.2014)	Chief Financial Officer

Enterprise over which relative of a KMP has significant influence

Viom Networks Limited

Summary of transactions with related parties:

(Rs. in Lacs)

Name of related party	2013-14		2012-13	
	Value of Transaction / Outstanding	Amount Considered in Consolidation	Value of Transaction / Outstanding	Amount Considered in Consolidation
(A) Joint Venture				
Srei Equipment Finance Limited				
Rent Received	1,568	784	1,456	728
Balance Payable - Security Deposit	1,459	730	1,425	713
Equity Contribution	-	-	9,982	4,991

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Name of related party and Nature of relationship	Nature of Transactions and Outstanding Balances	2013-14	2012-13
(B) Key Management Personnel			
Mr. Hemant Kanoria	Remuneration	164	159
	Commission	60	60
	Dividend paid	2	2
Mr. Saud Ibne Siddique	Remuneration	55	429
Mr. Sanjeev Sancheti	Remuneration	13	111
	Loan Advanced	45	-
	Refund of Loan Advanced	-	1
	Interest received on Loan	-	0.02
Mr. Anil Agrawal	Remuneration	49	-
	Balance Payable-Remuneration	5	-
(C) Transaction with Relative of KMP			
Mrs. Saroj Agrawal (Spouse of Mr. Anil Agrawal)	Car Hire Charges	2	-
(D) Enterprises over which KMP and their relatives have significant influence			
Viom Networks Limited	Rent Received	835	803
	Balance Receivable - Others	16	21
	Balance Payable - Deposit	663	660

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33 SEGMENT REPORTING

Segment wise details (information provided in respect of revenue items for the year ended 31st March, 2014 and in respect of assets / liabilities as at 31st March, 2014 – denoted as “CY” below, previous year denoted as “PY”) as required by AS - 17 “Segment Reporting” notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 are as under:-

(Rs. in Lacs)

Particulars	Financial Services		Infrastructure Equipment Services		Others		Total	
	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	318,088	291,856	13,331	21,217	374	4,056	331,793	317,129
Segment Result before Finance Costs	253,955	234,600	3,593	10,886	42	5,129	257,590	250,615
Finance Costs	233,734	206,992	1,294	6,521	-	412	235,028	213,925
Tax Expenses							8,811	10,271
Net Profit After Tax							13,751	26,007
Segment Assets	2,346,783	2,219,975	27,820	23,617	44,450	14,995	2,419,053	2,258,587
Segment Liabilities	2,043,559	1,900,446	12,624	15,795	359	(13,193)	2,056,542	1,903,048
Capital Expenditures	21,112	22,175	192	2,083	1	3	21,305	24,261
Depreciation / Impairment	14,870	14,474	1,417	4,684	48	204	16,335	19,362
Other non-cash Expenditure	14	42	-	-	-	-	14	42

34 Adjustment on disposal / cessation of Subsidiary, Step-down subsidiaries and Joint Ventures of a subsidiary Rs. 6 Lacs (31st March 2013 Rs. 10,462 Lacs) for the year ended 31st March, 2014 is on account of a subsidiary i.e. Quippo Valuers and Auctioneers Private Limited, two step down subsidiaries i.e. Quippo Energy Middle East Limited and Quippo Energy Yemen Limited and two joint ventures of a subsidiary i.e. Srei (Mauritius) Infrastructure Development Company Limited and SICOM Srei Maharashtra Infrastructure Private Limited. Such disposal / cessation has been accounted for as per Accounting Standard 21, “Consolidated Financial Statements” and Accounting Standard 27, “Financial Reporting of Interests in Joint Ventures”, notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

35 Figures pertaining to the previous year have been rearranged / regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

Signatories to Note 1 to 35

For **Haribhakti & Co.**

Chartered Accountants

(Firm's Registration No. 103523W)

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place : Kolkata,

Date : 23rd May, 2014

For and on behalf of the Board of Directors

Hemant Kanoria

Chairman & Managing Director

Salil K. Gupta

Chief Mentor & Director

Sandeep Lakhoria

Company Secretary

Kishore Kumar Lodha

Chief Financial Officer

INFORMATION ON SUBSIDIARY COMPANIES PURSUANT TO DIRECTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

(Rs. In Lacs)

Names of Companies	Srei Capital Markets Limited	Srei Alternative Investment Managers Limited ¹	Bengal Srei Infrastructure Development Limited	Srei Forex Limited	Controlla Electrotech Private Limited	Srei Infrastructure Advisors Limited	Srei Mutual Fund Asset Management Private Limited	Srei Mutual Fund Trust Private Limited
Sl. No.	1	2	3	4	5	6	7	8
Year ending on	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014
Currency	INR	INR	INR	INR	INR	INR	INR	INR
Exchange rate on last day of reporting period								
Share Capital	505.00	25.00	5.00	50.00	3.53	50.00	1,550.00	10.00
Reserves & Surplus	102.77	1,125.64	(43.65)	(14.99)	(214.83)	(40.39)	(509.47)	(8.78)
Liabilities	153.71	1,019.57	282.91	74.23	2,410.17	0.12	42.18	0.26
Total Liabilities	761.48	2,170.21	244.26	109.24	2,198.87	9.73	1,082.71	1.48
Total Assets	761.48	2,170.21	244.26	109.24	2,198.87	9.73	1,082.71	1.48
Investments (Refer Annexure)	1.81	1,592.92	100.00	-	-	3.25	-	-
Turnover	195.26	658.14	126.89	-	12.88	0.92	103.73	0.14
Profit / (Loss) before Tax	(19.20)	14.87	27.66	(0.34)	(42.95)	(0.17)	(183.44)	(3.01)
Provision for Tax:								
- Current Tax	-	6.88	5.20	-	1.39	-	-	-
- MAT Entitlement	-	-	(5.20)	-	-	-	-	-
- Deferred Tax	(8.48)	0.64	17.27	-	-	-	-	-
- Income Tax of earlier years	-	5.45	-	-	2.47	-	-	-
Profit / (Loss) after Tax	(10.72)	1.90	10.39	(0.34)	(46.81)	(0.17)	(183.44)	(3.01)
Proposed Dividend	-	-	2.50	-	-	-	-	-

Place : Kolkata
Date : 23rd May, 2014

INFORMATION ON SUBSIDIARY COMPANIES PURSUANT TO DIRECTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

(Rs. In Lacs)

Names of Companies	Global Investment Trust Limited	Srei Insurance Broking Private Limited	Hyderabad Information Technology Venture Enterprises Ltd.	Cyberabad Trustee Company Private Limited	Srei International Infrastructure Service GmbH	ZAO SREI Leasing	Srei Advisors Pte Limited	Quippo Energy Nigeria Private Limited
Sl. No.	9	10	11	12	13	14	15	16
Year ending on	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014 ⁴	Dec 31, 2013 ⁴	Dec 31, 2013	Mar 31, 2014
Currency	INR	INR	INR	INR	Euro	Rubles	Singapore Dollar	Naira
Exchange rate on last day of reporting period								
Share Capital	5.00	250.00	25.00	5.00	5,248.12	6,905.33	181.19	36.32
Reserves & Surplus	(2.42)	(220.20)	57.78	0.60	(64.71)	1,200.74	(77.64)	(69.43)
Liabilities	1.00	300.87	0.59	0.16	796.26	24,839.04	9.51	744.24
Total Liabilities	3.58	330.67	83.37	5.76	5,979.66	32,945.11	113.07	711.13
Total Assets	3.58	330.67	83.37	5.76	5,979.66	32,945.11	113.07	711.13
Investments (Refer Annexure)	-	-	-	-	5,840.38	-	-	-
Turnover	0.76	205.11	7.16	0.47	402.95	7,168.69	-	-
Profit / (Loss) before Tax	(9.22)	(571.18)	(2.50)	0.23	133.03	132.22	(35.63)	(55.32)
Provision for Tax:								
- Current Tax	-	-	-	0.07	51.06	32.32	-	-
- MAT Entitlement	-	-	-	-	-	-	-	-
- Deferred Tax	0.18	(176.50)	-	-	-	-	-	(15.77)
- Income Tax of earlier years	-	-	-	-	-	-	-	-
Profit / (Loss) after Tax	(9.40)	(394.68)	(2.50)	0.16	81.96	99.90	(35.63)	(39.55)
Proposed Dividend	-	-	-	-	-	-	-	-

Place : Kolkata

Date : 23rd May, 2014

INFORMATION ON SUBSIDIARY COMPANIES PURSUANT TO DIRECTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

(Rs. In Lacs)

Names of Companies	Quippo Oil & Gas Infrastructure Limited	Quippo Energy Private Limited	Quippo Mauritius Private Limited	Attivo Economic Zone (Mumbai) Private Limited ²	Quippo CJ Exploration & Production Private Limited	Goldensons Construction Private Limited
Sl. No.	17	18	19	20	21	22
Year ending on	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014	Mar 31, 2014 ³	Mar 31, 2014 ⁴
Currency	INR	INR	USD	INR	INR	INR
Exchange rate on last day of reporting period			59.9100			
Share Capital	3,000.00	113.97	65.90	1.00	1.00	1.00
Reserves & Surplus	(7,636.19)	492.40	(16.44)	0.71	(1.00)	(2.75)
Liabilities	20,717.58	13,700.25	1,182.33	41,992.81	-	27.66
Total Liabilities	16,081.39	14,306.62	1,231.79	41,994.52	-	25.91
Total Assets	16,081.39	14,306.62	1,231.79	41,994.52	-	25.91
Investments (Refer Annexure)	0.51	60.40	37.58	-	-	-
Turnover	10,653.58	2,691.44	487.65	4.00	0.27	-
Profit / (Loss) before Tax	(1,620.01)	(1,743.03)	(10.17)	3.41	(1.00)	(2.68)
Provision for Tax:						
- Current Tax	-	-	-	-	-	-
- MAT Entitlement	-	-	-	-	-	-
- Deferred Tax	(36.07)	(502.94)	-	-	-	-
- Income Tax of earlier years	-	-	-	-	-	-
Profit / (Loss) after Tax	(1,583.94)	(1,240.09)	(10.17)	3.41	(1.00)	(2.68)
Proposed Dividend	-	-	-	-	-	-

Note:

¹ Formerly Srei Venture Capital Limited.² Formerly Mumbai Futuristic Economic Zone Private Limited.³ For the period 1st May 2013 to 31st March, 2014.⁴ Figures are based on un-audited financial statement.**For and on behalf of the Board of Directors**

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Place : Kolkata
Date : 23rd May, 2014

Sandeep Lakhotia
Company Secretary

Kishore Kumar Lodha
Chief Financial Officer

ANNEXURE TO INFORMATION ON SUBSIDIARY COMPANIES PURSUANT TO DIRECTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

Sl. No.	Name of the Company	No. of shares / units / bonds	Currency	Face Value	Book value (Rs. Lacs)	Quoted / Unquoted
1	Srei Capital Markets Limited					
	Long Term Investments (at cost)					
	In Equity Shares					
	Andhra Bank	100	Indian Rupees	10	0.01	Quoted
	Bank of Baroda	100	Indian Rupees	10	0.07	Quoted
	Bank of India	100	Indian Rupees	10	0.02	Quoted
	Corporation Bank	100	Indian Rupees	10	0.13	Quoted
	HDFC Bank Limited	500	Indian Rupees	2	0.25	Quoted
	ICICI Bank Limited	100	Indian Rupees	10	0.19	Quoted
	IDBI Bank Limited	120	Indian Rupees	10	0.04	Quoted
	ING Vysya Bank Limited	415	Indian Rupees	10	0.26	Quoted
	Oriental Bank of Commerce	100	Indian Rupees	10	0.04	Quoted
	State Bank of India	134	Indian Rupees	10	0.80	Quoted
	TOTAL				1.81	
2	Srei Alternative Investment Managers Limited					
	(Formerly Srei Venture Capital Limited)					
	Long Term Investments (at cost)					
	In Subsidiary Company - Equity Shares:					
	Cyberabad Trustee Company Private Limited	25500	Indian Rupees	10	2.55	Unquoted
	Hyderabad Information Technology Venture Enterprises Limited	127500	Indian Rupees	10	46.74	Unquoted
	In Equity Shares:					
	Reliance Power Limited	5115	Indian Rupees	10	3.62	Quoted
	Pilani Investments & Industries Corporation Limited	3000	Indian Rupees	10	108.00	Quoted
	Violet Arch Capital Advisors Private Limited	1774800	Indian Rupees	10	900.01	Unquoted
	In Bonds / Debentures / Units:					
	Medium & Small Infrastructure Fund (Class A Units)	22000	Indian Rupees	100	22.00	Unquoted
	Medium & Small Infrastructure Fund (Class B Units)	2000	Indian Rupees	100	2.00	Unquoted
	Infrastructure Resurrection Fund	8000	Indian Rupees	100	8.00	Unquoted
	India Growth Opportunities Fund	500000	Indian Rupees	100	500.00	Unquoted
	TOTAL				1,592.92	
3	Bengal Srei Infrastructure Development Limited					
	Long Term Investment (at cost)					
	In Equity Shares:					
	Attivo Economic Zone (Kolkata) Private Limited (Formerly Bengal Integrated Auto Industrial Park Private Limited)	1000000	Indian Rupees	10	100.00	Unquoted
	TOTAL				100.00	

ANNEXURE TO INFORMATION ON SUBSIDIARY COMPANIES PURSUANT TO DIRECTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956

Sl. No.	Name of the Company	No. of shares / units / bonds	Currency	Face Value	Book value (Rs. Lacs)	Quoted / Unquoted
4	Srei Infrastructure Advisors Limited					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Bengal Srei Infrastructure Development Limited	25500	Indian Rupees	10	2.55	Unquoted
	In Equity Shares:					
	Quippo Infocomm Limited	7000	Indian Rupees	10	0.70	Unquoted
	TOTAL				3.25	
5	Srei International Infrastructure Service GmbH					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	ZAO Srei Leasing	235950	Rubles	1000	5,659.25	Unquoted
	Srei Advisors Pte Limited	370100	SGD	1	181.13	Unquoted
	TOTAL				5,840.38	
6	Quippo Energy Private Limited					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Quippo Mauritius Private Limited	110000	USD	1	60.40	Unquoted
	TOTAL				60.40	
7	Quippo Mauritius Private Limited					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Quippo Energy Nigeria Private Limited	10000000	Naira	1	37.58	Unquoted
	TOTAL				37.58	
8	Quippo Oil & Gas Infrastructure Limited					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Quippo CJ Exploration and Production Private Limited	5100	Indian Rupees	10	0.51	Unquoted
	TOTAL				0.51	

NOTE

Cautionary Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



Srei Infrastructure Finance Limited

CIN : L29219WB1985PLC055352

Registered Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata - 700 046

srei.com



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CIN: L29219WB1985PLC055352

Registered Office : 'Vishwakarma'

86C, Topsia Road (South), Kolkata - 700 046

Website : www.srei.com, Email : investor.relations@srei.com

Notice

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the Members of Srei Infrastructure Finance Limited will be held on **Saturday, the August 02, 2014 at 10.30 a.m. at the Science City Main Auditorium, JBS Haldane Avenue, Kolkata - 700 046** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Statement of Profit and Loss for the financial year ended March 31, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company.
3. To elect a Director in place of Mr. Sunil Kanoria (holding DIN 00421564) who retires by rotation and being eligible, seeks re-appointment.
4. To re-appoint Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI), as Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed

thereunder and Schedules thereto (including any statutory modification(s) or re-enactment thereof, for the time being in force), as may be amended from time to time, consent of the Members of the Company be and is hereby accorded to alter the Articles of Association of the Company, by substituting the following for existing 'Article 1' of the Articles of Association of the Company -

1. The following shall be the Articles of Association of the Company.

The Regulations contained in Table F in Schedule I to the Companies Act, 2013 shall apply to the Company, except as provided in the following Articles, which shall be the Regulations for the management of the Company, so however that the Articles shall to the extent to which they are repugnant to and/or at variance with the provisions of the Companies Act, 2013, various Schedules thereto and the Rules framed thereunder (collectively referred to as "Act") be deemed to have been replaced by the relevant provisions/rules in the Act so as to be in consonance and harmony therewith and the relevant provisions/rules in the Act which require inclusion in the Articles shall be deemed to be included in the Articles;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Salil Kumar Gupta (holding DIN 00651223), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Salil Kumar Gupta be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.”

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Shyamalendu Chatterjee (holding DIN 00048249), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Shyamalendu Chatterjee be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.”

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Sujitendra Krishna Deb (holding DIN 03524764), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Sujitendra Krishna Deb be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.”

9. To consider and if thought fit, to pass, with or without

modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Srinivasachari Rajagopal (holding DIN 00022609), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Srinivasachari Rajagopal be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.”

10. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Satish Chandra Jha (holding DIN 00247427), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company to

hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Satish Chandra Jha be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.”

11. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act and the applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Punita Kumar Sinha (holding DIN 05229262), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Punita Kumar Sinha be paid such fees, remuneration and profit linked commission as the Board of Directors of the Company (including any Committee thereof) may approve from time to time and subject to

such limits, prescribed or as may be prescribed from time to time.”

12. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 94 and all other applicable provision, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on August 30, 2003 on the matter, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’) of the Company to keep the Register of Members together with the Index of Members, Register of Debenture Holders together with the Index of Debenture Holders and Register of any other Security Holders together with the Index of any other Security Holders and/or any other related documents and returns, as required to be kept at the Registered Office of the Company, at the Office in India of Registrar & Share Transfer Agents (RTA) of the Company, as may be appointed from time to time, for various Securities of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company.”

13. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the earlier Resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company

held on August 14, 2013 and pursuant to the provisions of Section 180(1)(c) and all other applicable provision, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force), and the Articles of Association of the Company, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’) of the Company, to borrow any sums of money at any time or from time to time as they may deem fit for the purpose of carrying on the business of the Company, so however, that the total amount of such borrowings outstanding at any given point of time shall not exceed Rs. 25,000 Crores (Rupees Twenty Five Thousand Crores only) notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from cash credit arrangements, discounting of bills and other temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which such monies are to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company.”

14. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the earlier Resolution passed under Section 293(1)(a) of the Companies Act,

1956 at the Annual General Meeting of the Company held on August 14, 2013 and pursuant to the provisions of Section 180(1)(a) and all other applicable provision, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board') of the Company, to mortgage, hypothecate, pledge and/or create charge, security from time to time, in such form, manner and ranking and on such terms and at such time(s) as the Board may deem fit in the interest of the Company, on all or any of the moveable and/or immoveable, tangible and/or intangible properties of the Company, present and/or future, wherever situated, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial/investment institution(s) and their subsidiaries, bank(s), mutual fund(s), trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustee(s) for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Trustees under the Trust Deed and/or to the Lending Agencies under their respective Agreements/ Loan Agreements/Debtenture Trust Deeds entered or to be entered into by the Company in respect of the said borrowings, upto the limits approved or as may be approved by the Members pursuant to Section 180(1)(c) of the Companies Act, 2013;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred

to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company."

15. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Clause 49(II)(C) of the recently amended Listing Agreement with the Stock Exchange(s) and the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re - enactment thereof, for the time being in force) and in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on August 14, 2013 on the matter, consent, authority and approval of the Company be and is hereby accorded for payment of commission to the Directors of the Company (other than Directors who are either in wholtime employment of the Company or Managing Director of the Company) annually for each of the five financial years commencing from financial year 2014-15, an amount not exceeding 1% (one per cent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Act, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors (hereinafter referred as 'Board') of the Company may from time to time determine and in default of such determination equally and further that the above remuneration shall be in addition to the sitting fees payable to such Directors for attending meetings of the Board and/or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and/or Committee meetings;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

16. To consider and if thought fit, to pass, with or without

modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, the relevant rules / regulations / guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and/or any other regulatory authority, the relevant provisions of the Articles of Association of the Company, the consent, authority and approval of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’) of the Company, to issue on private placement basis, in one or more tranches, Redeemable Non-Convertible Debentures (NCDs) (including secured debentures, unsecured debentures, bonds, subordinated debt securities, covered bonds or other debt securities) for cash, such that the aggregate amount of such non-convertible Debt Securities during the period of one year from the date of passing of the Special Resolution by the Members shall not exceed Rs. 10,000 Crores (Rupees Ten Thousand Crores only) and on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said securities be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto;

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions of such non-convertible Debt Securities including the nature and type of investors;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its sole discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company.”

17. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 186 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to such approvals, permissions, sanctions and consents as may be necessary and required under all applicable laws, rules and regulations from various statutory authorities, the consent, authority and approval of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’) of the Company to invest/acquire, from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of one or more bodies corporate, whether in India or outside, which may or may not be subsidiary(ies) and/or associate(s) of the Company as the Board may think fit, to the extent of the following limits in excess of and in addition to the investments already made as at March 31, 2014;

Particulars	Amount (Rs. in Crores)
Subsidiary Companies	2,500
Other Bodies Corporate (including Associates)	5,000
Total	7,500

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized to agree, make, accept and finalize all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit, including the power to transfer / dispose of the investments so made, from time to time;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE 'MEETING') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as Proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. However, a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member. The Instrument appointing the Proxy, in order to be valid and effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty-eight) hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies etc. must be supported by an appropriate resolution/authority, as applicable. Every Member entitled to vote at the Meeting can inspect the proxies lodged at the Company during the period beginning twenty four hours before the time fixed for the commencement of the Meeting and ending on the conclusion of the Meeting. However, a prior notice of not less than 3 (three) days in writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted at the Meeting is annexed hereto and forms part of the Notice.

3. Electronic copy of the Notice of the aforesaid Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agents/ Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email

IDs, physical copies of the Notice of the aforesaid AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent.

4. If any resolution at the meeting is put to vote on a poll, each equity shareholder shall be entitled to one vote for every equity share held.

5. Members holding Shares in physical mode are requested to intimate changes in their address / bank mandate to the Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata - 700 001. Members holding Shares in electronic mode are requested to send the intimation for change of address / bank mandate to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

6. Pursuant to the provisions of Section 91 of the Companies Act, 2013 (corresponding to Section 154 of the Companies Act, 1956), the Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 18, 2014 to Friday, July 25, 2014 (both days inclusive) for the purpose of payment of dividend.

7. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), Dividend on Equity Shares for the year ended March 31, 2014 as recommended by the Board, if sanctioned at the Meeting, will be credited/ despatched between August 12, 2014 and August 20, 2014 -

a. to those Members, holding Equity Shares in physical form, whose names appear on the Company's Register of Members, at the close of business hours on Friday, July 25, 2014 after giving effect to all valid transfers in physical form lodged on or before Thursday, July 17, 2014 with the Company and/or its Registrar and Share Transfer Agents; and

b. in respect of Shares held in electronic form, to all beneficial owners as per details furnished by National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) for this purpose.

Members who are holding Shares in electronic form may note that bank particulars registered with their respective Depository Participants will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents cannot act on any request received directly from the Members holding Shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised by the Members concerned to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

8. Members who hold Shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to write to the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata - 700 001, enclosing their Share Certificates to enable the Company to consolidate their holdings into a single folio.
9. As a measure of economy, copies of the Annual Report will not be distributed at the Meeting. Members are requested to carry their copies of the Annual Report to the Meeting.
10. Members who have not yet surrendered their old Share Certificate(s) for exchange with new certificate(s) bearing hologram, logo and barcoding are requested to surrender the same to the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in physical form can submit their PAN details to the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited.
12. Dividends for the financial year ended March 31, 2007 and thereafter, which remain unpaid or unclaimed for a period of seven years from the date of its transfer to

the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Central Government. Members who have not encashed the dividend warrant(s), so far for the financial year ended March 31, 2007, or any subsequent financial years are requested to make their claim to the Company at its Registered Office. It may please be noted that once the unclaimed dividend is transferred to the said Fund, as above, no claims shall lie against the Company or the aforesaid Fund in respect of such amount. The Company has already sent reminder letters to Members concerned through physical as well as electronic means on December 27, 2013 and December 28, 2013, respectively at their registered addresses in this regard. Further, the details of dividend unclaimed by the Members for the past years which have not yet been transferred to the Central Government are readily available for view by the Members on the website of the Company www.srei.com. Further, the Members are advised to glance through the database and lodge their claim for dividend which have remained unclaimed with the Company's Registrar and Share Transfer Agents.

13. All Statutory Registers and relevant documents referred to in the Notice and the Explanatory Statement shall be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
14. Members desirous of obtaining any relevant information with regard to the accounts of the Company at the Meeting are requested to send their requests to the Company at least 7 (seven) days before the date of the Meeting, so as to enable the Company to keep the information ready.
15. In compliance with General Circular No:2/2011 dated February 08, 2011 of Government of India, Ministry of Corporate Affairs, the copy of audited statement of accounts along with the reports of the Board of Directors and Auditors relating to the Company's subsidiaries in India and Overseas have not been attached with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of request from any Member of the Company interested in

obtaining the same. However, as directed by the Ministry of Corporate Affairs, Government of India, the financial data of the subsidiaries have been separately furnished and forms part of the Annual Report. These documents will also be available for inspection at the Registered Office of the Company and the concerned subsidiary companies during business hours on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting. Further, the documents shall be available on the website of the Company www.srei.com. In addition, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by the Company include financial information of its subsidiary companies.

16. The Company is sending periodic communications including Notices for General Meetings, Balance Sheets, Directors' Reports, Auditor's Reports, Financial Results, etc. through email to Members whose email IDs are registered with the Company. While going through the Register of Members, it is noticed that there are Members who have not registered their email IDs with the Company. Consequently, the Company is unable to send communications to them electronically. In compliance with provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 and applicable provisions of the Companies Act, 2013, Members holding Shares in physical form are requested to register their email IDs with the Company's Registrar and Share Transfer Agents (RTA), M/s. Maheshwari Datamatics Private Limited and Members holding Shares in electronic/demat mode are requested to register their email IDs with their respective Depository Participants (DPs). Members whose email IDs have undergone any change or whose IDs require any correction, may kindly update the same with the RTA or the DPs, as stated above.

17. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means, as an alternative

to vote physically at the AGM, and the business may be transacted through e-voting Services provided by National Securities Depository Limited (NSDL). It may be noted that this e-voting facility is optional.

The instructions for e-voting are as under:

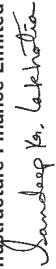
- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participants]:
 - (i) Open email and open PDF file viz; "Srei Infrastructure Finance Limited e-Voting. pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
 - (iii) Click on Shareholder - Login.
 - (iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Srei Infrastructure Finance Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to krchandratreoffice@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Annual Report [for Members whose email IDs are not registered with the Company / Depository Participants]:
- (i) Initial password is provided on the Attendance Slip for the AGM;
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- IV. The e-voting period commences on July 23, 2014 (9:00 a.m.) and ends on July 25, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 20, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of June 20, 2014.
- VI. The Company has appointed Dr. K. R. Chandratre, Practising Company Secretary, Pune (FCS No. 1370, CP No. 5144) as Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VIII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.srei.com and on the website of NSDL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to Stock Exchanges.
18. At the ensuing Meeting of the Company, Mr. Sunil Kanoria, Non-Executive Director, retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 ("Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules"), and being eligible, seek re-appointment. Moreover, pursuant to the provisions of Section 149 of the Act and the aforesaid Rules and Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Salil Kumar Gupta, Mr. Shyamalendu Chatterjee, Mr. Sujitendra Krishna Deb, Mr. Srinivasachari Rajagopal, Dr. Satish Chandra Jha and Dr. Punita Kumar Sinha are being proposed to be appointed as Independent Directors of the Company for a period of five consecutive years from the date of the ensuing Annual General Meeting (AGM) of the Company.
- Pursuant to the Clause 49(IV)(G) of the Listing Agreement with the Stock Exchange(s), the particulars of the aforesaid Directors are given below:

Serial No.	(A)	(B)	(C)	(D)
Name of Director	Mr. Sunil Kanoria	Mr. Satil K. Gupta	Mr. Shyamalendu Chatterjee	Mr. Sujitendra Krishna Deb
Date of Birth	04.05.1965	14.08.1928	24.12.1946	22.10.1947
Date of Appointment	05.07.1989 (Vice Chairman w.e.f. 20.09.2008)	20.04.1991 (Chief Mentor w.e.f. 13.04.2004)	29.04.2009	19.05.2011
Expertise in specific functional areas	Over 26 years of experience in the Financial Service Industry; past President of Merchants' Chamber of Commerce, Federation of Indian Hire Purchase Association (FIHPA) and Hire Purchase & Lease Association (HPLA) and served as a Member on Planning Commission's Working Group on Construction for the Tenth Five Year Plan; presently the Senior Vice President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), Member of the Central Direct Taxes Advisory Committee and the Governing body member of the Construction Industry Development Council (CIDC)	Over 56 years of experience in the field of corporate management & finance; former Chairman of West Bengal Industrial Development Corporation Limited; former President of The Institute of Chartered Accountants of India	Over 46 years of experience in Commercial and Investment Banking with State Bank of India and Axis Bank Limited (formerly UTI Bank Limited); former Executive Director of Axis Bank Limited (formerly UTI Bank Limited)	Over 43 years of experience in the Assurance and Business Advisory services of a Big Four Firm in India, where he was a partner for little over last two decades; working experience in Due Diligence Review, Valuation and Internal Audits, among others
Qualification	FCA <ul style="list-style-type: none"> ■ Upper Ganges Sugar & Industries Limited ■ Srei Equipment Finance Limited ■ Viom Networks Limited ■ India Power Corporation Limited ■ Viom Infra Networks (Maharashtra) Limited ■ The Associated Chambers of Commerce and Industry of India 	FCA <ul style="list-style-type: none"> ■ Jagaran Microfin Private Limited 	B. A. (Hons.) <ul style="list-style-type: none"> ■ Sahaj e-Village Limited ■ Srei Capital Markets Limited ■ Srei Equipment Finance Limited 	FCA <ul style="list-style-type: none"> ■ Nil
Chairman / Member of the Committees of Board of Directors of the Company	Member – Audit Committee Member - Stakeholders Relationship Committee Member - Nomination and Remuneration Committee Chairman – Asset Liability Management Committee Member – Credit Committee Member – Investment Committee Member – Committee of Directors Member – Risk Committee Member - Corporate Social Responsibility Committee	Chairman - Audit Committee Chairman - Stakeholders Relationship Committee Chairman - Nomination and Remuneration Committee Member – Committee of Directors	Member – Audit Committee Chairman - Risk Committee Member - Nomination and Remuneration Committee Member - Asset Liability Management Committee Member - Corporate Social Responsibility Committee	Member – Audit Committee Member - Risk Committee Member - Credit Committee
Chairman / Member of the Committees of Board of Directors of other Public Limited Companies in which he is a Director –	4 (Chairman - 1) (India Power Corporation Limited, Srei Equipment Finance Limited, Viom Networks Limited and Viom Infra Networks (Maharashtra) Limited) Nil	Nil	3 (Chairman - 2) (Sahaj e-Village Limited, Srei Equipment Finance Limited and Srei Capital Markets Limited) Nil	Nil
b) Shareholders' Grievance Committee/ Stakeholders Relationship Committee	Nil	Nil	Nil	Nil
Shareholding in the Company	1802714 Equity Shares	Nil	Nil	Nil
Relationship with other Directors	Mr. Hemant Kanoria (Brother)	-	-	-

Serial No.	(E)	(F)	(G)
Name of Director	Mr. Srinivasachari Rajagopal	Dr. Satish Chandra Jha	Dr. Punita Kumar Sinha
Date of Birth	10.03.1940	01.04.1934	13.05.1962
Date of Appointment	25.01.2003	28.01.2010	20.05.2013
Expertise in specific functional areas	Over 41 years of experience in the Banking Industry; Past Chairman & Managing Director of Bank of India, Indian Bank	Former Director and Chief Economist of Asian Development Bank, Manila and President of Bihar Economic Association; Member of the Economic Advisory Council to the Prime Minister and Chairman, Special Task Force on Bihar	Over 23 years of experience in asset management in international and emerging markets; served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer of Blackstone Asia Advisors L.L.C.; former Chief Investment Officer and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc.; former Managing Director and Senior Portfolio Manager at Oppenheimer & Company and CIBC World Markets; former Portfolio Manager on the emerging markets team at Batterymarch Financial Management Inc. (a Legg Mason Company); former international equity management team member at Standish Ayer (now a part of Bank of NY Mellon)
Qualification	M.A., LLB, CAIIB, Diploma in Industrial Finance & Co-operation of Indian Institute of Bankers	Msc., PhD from Stanford University and University of Illinois	B.Tech, Doctorate in Finance, Chartered Financial Analyst (CFA)
List of outside Directorships held (excluding Directorships in foreign companies)	<ul style="list-style-type: none"> ■ GMR Tuni-Anakapalli Expressways Limited ■ GMR Tambaram-Tindivanam Expressways Limited ■ National Trust Housing Finance Limited ■ Srei Alternative Investment Managers Limited ■ Wisdomleaf Technologies Private Limited ■ GMR Energy Limited ■ GMR Kamalanga Energy Limited ■ GMR Chhattisgarh Energy Limited ■ Careerbicycle Technologies Private Limited ■ Vivek Limited ■ GMR Hyderabad Vijayawada Expressways Private Limited ■ GMR Kishangarh Udaipur Ahmedabad Expressways Limited ■ GMR Infrastructure Limited 	<ul style="list-style-type: none"> • Srei Alternative Investment Managers Limited ■ Walchand Peoplefirst Limited ■ SunSuki Trading & Export Private Limited 	<ul style="list-style-type: none"> ■ JSW Steel Limited ■ Rallis India Limited
Chairman / Member of the Committees of Board of Directors of the Company	Member – Audit Committee	Nil	Member – Investment Committee
Chairman / Member of the Committees of Board of Directors of other Public Limited Companies in which he is a Director –			
a) Audit Committee	8 (Chairman - 4) (GMR Chhattisgarh Energy Limited, GMR Energy Limited, GMR Kamalanga Energy Limited, Vivek Limited, National Trust Housing Finance Limited, GMR Tambaram-Tindivanam Expressways Limited, GMR Tuni-Anakapalli Expressways Limited and GMR Infrastructure Limited)	1 (Chairman – Nil) (Walchand Peoplefirst Limited)	Nil
b) Shareholders' Grievance Committee/ Stakeholders Relationship Committee	Nil	Nil	1 (Chairman – Nil) (JSW Steel Limited)
Shareholding in the Company	Nil	Nil	Nil
Relationship with other Directors	-	-	-

By Order of the Board of Directors

For **Srei Infrastructure Finance Limited****Sandeep Lakhota**

Company Secretary

Dated : May 23, 2014

Place : Kolkata

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

With the promulgation of the Companies Act, 2013, together with various Schedules thereto and the Rules framed thereunder (collectively referred to as “Act”), in replacement of the Companies Act, 1956, it has become necessary to modify the existing ‘Article 1’ of the Articles of Association of the Company, so as to have the effect of bringing various existing Articles, in consonance with the provisions of the Act, to the extent they are repugnant to and/or at variance with the provisions thereof, with reference to the various Sections of the Companies Act, 1956 being deemed to be and read as reference to corresponding Sections of the Act, wherever appearing and also to have the effect of deemed inclusion of various new provisions of the Act which require inclusion in the Articles.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

A copy of the Articles of Association of the Company together with the proposed alterations would be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 6

Mr. Salil K. Gupta is a Non-Executive & Independent Director of the Company. Mr. Gupta joined the Board of Directors of the Company on April 20, 1991. He has over 56 years of experience in the field of corporate management & finance and has served as the former Chairman of West Bengal Industrial Development Corporation Limited, a leading state financial institution. He has also served as the President of The Institute of Chartered Accountants of India.

Mr. Gupta retires by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions of the Companies Act, 2013 and pursuant to

applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Gupta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Mr. Gupta (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Gupta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Gupta as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Gupta as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees

and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time, subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Mr. Salil K. Gupta and his relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 7

Mr. Shyamalendu Chatterjee is a Non-Executive & Independent Director of the Company. Mr. Chatterjee joined the Board of Directors of the Company on April 29, 2009. He has over 46 years of experience in Commercial and Investment Banking. He was the Executive Director of Axis Bank Limited, Mumbai. He has extensive exposure in the area of International Banking having worked in SBI, London for 3 years and in Washington D. C. for 5 years. He has expertise in the areas of Corporate Finance, International Business, Retail Banking, Project Financing and Balance Sheet Management, among others.

Mr. Chatterjee retires by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions of the Companies Act, 2013 and pursuant to applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Chatterjee being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Mr. Chatterjee (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Chatterjee fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director

of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Chatterjee as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Chatterjee as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time, subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Mr. Shyamalendu Chatterjee and his relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 8

Mr. Sujitendra Krishna Deb is a Non-Executive & Independent Director of the Company. Mr. Deb joined the Board of Directors of the Company on May 19, 2011. He is a Chartered Accountant with over 43 years of experience in the Assurance and Business Advisory services of a Big Four Firm in India, where he was a partner for little over last two decades; working experience in Due Diligence Review, Valuation and Internal Audits, among others.

Mr. Deb retires by rotation at the Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions of the Companies Act, 2013 and pursuant to applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Deb being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Mr. Deb (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Deb fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Deb as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Deb as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time,

subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Mr. Sujitendra Krishna Deb and his relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 9

Mr. Srinivasachari Rajagopal is a Non-Executive & Independent Director of the Company. Mr. Rajagopal joined the Board of Directors of the Company on January 25, 2003. He has over 41 years of experience in the banking industry. He is the former Chairman & Managing Director of Bank of India and Indian Bank.

Mr. Rajagopal is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions of the Companies Act, 2013 and pursuant to applicable provisions of Listing Agreement with the Stock Exchange(s), Mr. Rajagopal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Mr. Rajagopal (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Rajagopal fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Rajagopal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the

Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajagopal as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time, subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Mr. Srinivasachari Rajagopal and his relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 10

Dr. Satish Chandra Jha is a Non-Executive & Independent Director of the Company. Dr. Jha joined the Board of Directors of the Company on January 28, 2010. He was a Former Director and Chief Economist of Asian Development Bank, Manila and President of Bihar Economic Association. He was also a Member of the Economic Advisory Council to the Prime Minister and Chairman, Special Task Force on Bihar.

Dr. Jha is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions

of the Companies Act, 2013 and pursuant to applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Jha being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Dr. Jha (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Jha fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Jha as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Jha as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time, subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Dr. Satish Chandra Jha and his relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 11

Dr. Punita Kumar Sinha is a Non-Executive & Independent Director of the Company. Dr. Sinha joined the Board of Directors of the Company on May 20, 2013. She is a Doctorate from the Wharton School, University of Pennsylvania, has over 23 years of experience in asset management in international and emerging markets. Dr. Sinha served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer of Blackstone Asia Advisors L.L.C. She was also the CIO and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc. Prior to joining Blackstone, she served as a Managing Director and Senior Portfolio Manager at Oppenheimer & Company and CIBC World Markets, where she was the Senior Portfolio Manager for the NYSE listed India Fund Inc. since 1997 and of the Asia Tigers Fund Inc. since 1999. Her prior experience includes being a Portfolio Manager on the emerging markets team at Batterymarch Financial Management Inc. (a Legg Mason company), and an international equity management team member at Standish Ayer (now a part of Bank of NY Mellon). She did her B.Tech with distinction from IIT Delhi where she has also been awarded the "Distinguished Alumni Award."

Dr. Sinha is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and all other applicable provisions of the Companies Act, 2013 and pursuant to applicable provisions of Listing Agreement with the Stock Exchange(s), Dr. Sinha being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director of the Company for a period of five consecutive years from the date of the Twenty-Ninth Annual General Meeting (AGM) of the Company.

The Company has received from Dr. Sinha (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules,

2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Sinha fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Sinha as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM and can also be viewed on the website of the Company www.srei.com.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Sinha as an Independent Director of the Company.

Under the Companies Act, 2013 and the Rules framed thereunder, Independent Directors can only receive sitting fees and profit linked commission as may be approved by the Members. Further, the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees / compensation, if any, paid to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require prior approval of the Members at General Meeting. Accordingly, approval of the Members is also being sought for the purposes of payment of sitting fees and profit linked commission, which amount may be decided by the Board / Committee of the Company from time to time, subject to the limits prescribed under the Companies Act, 2013 and the Listing Agreement with Stock Exchange(s).

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Dr. Punita Kumar Sinha and her relatives may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to her own appointment. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 12

At the Annual General Meeting of the Company held on August 30, 2003, a Special Resolution pursuant to the provisions of Section 163 of the Companies Act, 1956 was passed by the Members giving approval to keep the Register of Members and other records and documents connected therewith in the Office of the Registrar & Share Transfer Agents of the Company. However, in view of the notification of certain Sections of the Companies Act, 2013 ("Act"), Section 94 of the said Act stands to have replaced the corresponding provisions of Section 163 of the Companies Act, 1956. Section 94 of the Act provides that, other than at the Registered Office of the Company, the Registers or copies of return may also be kept at any other place in India in which more than one-tenth of the total number of Members entered in the Register of Members reside, if approved by a Special Resolution passed at the General Meeting of the Company and the Registrar has been given a copy of the proposed Special Resolution in advance.

The resolution already passed by the Company holds good and the validity of the transactions entered into by the Company and all acts done by it pursuant to the said provisions also remains unaffected. However, as a matter of abundant precaution and in order to ensure compliance under the new enactment, it is desirable for the Company to take the approval of Members of the Company by way of a Special Resolution for the aforesaid matter. A copy of the proposed Special Resolution will also be forwarded in advance to the Registrar of Companies, West Bengal.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 13

At the Annual General Meeting of the Company held on August 14, 2013, an Ordinary Resolution pursuant to Section 293(1)(d) of the Companies Act, 1956 was passed by the Members authorising the Board of Directors (hereinafter referred as 'Board') of the Company to borrow any sums of money from time to time as they may deem fit for the purpose of carrying on the business of the Company, so however, that the total amount of such borrowings outstanding at any given point of time shall not exceed Rs. 25,000 Crores.

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, which has been made effective from September 12, 2013, the Board can exercise borrowing powers only with the consent of the Members of the Company by way of a Special Resolution, unlike Ordinary Resolution as required under Section 293(1)(d) of the Companies Act, 1956.

Therefore, in order to ensure compliance under the new enactment, it is necessary for the Company to take the approval of Members by way of a Special Resolution for enabling the Board to exercise the powers to borrow any sums of money from time to time as they may deem fit for the purpose of carrying on the business of the Company, so however, that the total amount of such borrowings outstanding at any given point of time shall not exceed Rs. 25,000 Crores.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution, except to the extent that it is proposed to authorise them to borrow moneys as stated in the Resolution.

Item No. 14

At the Annual General Meeting of the Company held on August 14, 2013, an Ordinary Resolution pursuant to Section 293(1)(a) read with Section 293(1)(d) of the Companies Act, 1956 was passed by the Members authorising the Board of Directors (hereinafter referred as 'Board') of the Company to mortgage and/or create charge from time to time on the moveable and/or immoveable properties of the Company, in such form and manner as may be deemed fit by the Board of the Company for securing funds raised by the Company.

However, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, which has been made effective from September 12, 2013, it is necessary for the Company to take the approval of Members by way of a Special Resolution, unlike Ordinary Resolution as required under Section 293(1)(a) of the Companies Act, 1956, for enabling the Board to exercise the power to mortgage, hypothecate, pledge and/or create charge, security on the moveable and/or immoveable, tangible and/or intangible properties of the Company, from time to time.

The Company would be borrowing monies from time to time, for the purpose of its business, by way of loans, debentures,

bonds, commercial papers and other financial assistance/ credit facilities from various financial/investment institution(s), banks(s), mutual fund(s), trusts, bodies corporate and other persons/investors apart from the working capital facilities obtained/to be obtained from banks etc. in the ordinary course of business. This, in turn, would necessitate further creation of security by way of suitable mortgages, hypothecation, pledge and/or charges on all or some of the moveable and/or immovable, tangible and/or intangible assets of the Company, both present and/or future, in favour of various lenders/trustees and this may be regarded as disposal of the Company's assets and/or undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution, except to the extent that it is proposed to authorise them to mortgage and/or create charge etc. as stated in the Resolution.

Item No. 15

The Non-Executive Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, resources, information systems, technology and finance. They also bring an external and wider perspective in Board deliberations and decisions. The role and responsibilities of the Non-Executive Directors have undergone significant changes under Corporate Governance norms and made it more onerous for them, demanding their greater involvement in the supervision of the Company. The Board of Directors of the Company is of the view that it is necessary that adequate remuneration should be given to the Non-Executive Directors so as to compensate them for their time, attention and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

At the Annual General Meeting of the Company held on August 14, 2013 a Special Resolution under Section 309 of the Companies Act, 1956 was passed by the Members approving the payment of commission to the Non-Executive Directors of the Company annually for each of the five financial years commencing from financial year 2013-14, an amount not exceeding 1% (one per cent) of the net profits of the Company.

Clause 49(II)(C) of the recently amended Listing Agreement with the Stock Exchange(s) provides that all fees/compensation paid to Non-Executive Directors of the Company, including Independent Directors, shall be fixed by the Board of Directors of the Company and shall require prior approval of the Members in General Meeting and that the requirement of obtaining the said prior approval of Members shall not apply to payment of sitting fees to Non-Executive Directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

Accordingly, a fresh approval of the Members is sought by way of an Ordinary Resolution under the applicable provisions of the Companies Act, 2013 for payment of commission to the Directors of the Company (other than the Directors who are either in wholetime employment of the Company or Managing Director of the Company) annually for each of the five financial years commencing from financial year 2014-15, an amount not exceeding 1% (one per cent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Act, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally. The payment of commission will be in addition to the sitting fees payable to such Directors for attending meetings of the Board and/or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and/or Committee meetings.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

All the Non-Executive Directors of the Company and their relatives (which includes the Chairman and Managing Director) are deemed to be concerned or interested in the proposed Resolution to the extent of the remuneration that may be received by them. None of the other Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 16

In order to augment resources, the Company have been issuing various non-convertible Debt Securities on private placement basis from time to time, within the limits approved

by the Members of the Company and they constitute a significant source of borrowings for the Company.

In terms of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make a private placement of its non-convertible debt securities subject to prior approval of the Members by way of a Special Resolution. The Rules further provides that the said Special Resolution shall be passed only once in a year in respect of all offers / invitations on private placement basis for the non- convertible Debt Securities proposed to be issued during the year.

Accordingly, it is proposed to offer or invite subscriptions for non-convertible Debt Securities on private placement basis, in one or more tranches, during the period of one year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Item No. 17

In terms of Section 186 of the Companies Act, 2013 read with Rule 13 of the Companies (Meetings of Board and its Powers) Rules, 2014, no Company shall directly or indirectly give any loan to any person or other body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person, and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% (sixty per cent) of its paid-up share capital, free reserves and securities premium account or 100% (one hundred per cent) of its free reserves and securities premium account, whichever is more, unless

prior approval by means of a Special Resolution is passed by the Members of the Company.

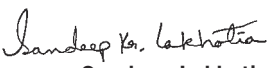
The Company has, in the course of its business, incorporated and/or acquired various subsidiaries and/or associates wherein, the Company is holding shares, either directly or through its subsidiaries. Such companies require continuous support from the Company from time to time in the form of infusion of capital into their businesses for future expansion activities as well as for existing operations. With a view to meet the fund requirements of some of the subsidiaries / associates / bodies corporate, the Company proposes to provide assistance in the form of investment into the securities of the said companies as and when required.

Accordingly, it is necessary to authorise and empower the Board of the Company to invest/acquire, from time to time and in one or more tranches, by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of one or more bodies corporate, whether in India or outside, which may or may not be subsidiary(ies) and/or associates of the Company to the extent of Rs. 2,500 Crores (Rupees Two Thousand Five Hundred Crores only) in subsidiary(ies) companies and Rs. 5,000 Crores (Rupees Five Thousand Crores only) in any other bodies corporate (including associate(s) companies), in excess of and in addition to the investments already made by the Company as on March 31, 2014.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution, except to the extent of their directorship and/or shareholding, present and/or future.

By Order of the Board of Directors
For **Srei Infrastructure Finance Limited**


Sandeep Lakhotia
Company Secretary

Dated : May 23, 2014

Place : Kolkata



SREI INFRASTRUCTURE FINANCE LIMITED

CIN : L29219WB1985PLC055352

Registered Office : 'Vishwakarma'

86C, Topsia Road (South), Kolkata - 700 046

Website : www.srei.com, Email : investor.relations@srei.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	L29219WB1985PLC055352		
Name of the Company :	Srei Infrastructure Finance Limited		
Registered Office :	'Vishwakarma', 86C, Topsia Road (South), Kolkata – 700 046		
Name of the Member(s) :			
Registered address :			
E-mail Id :			
Folio No./ Client Id :		DP ID :	

I/We, being the Member (s) of shares of the above named Company, hereby appoint

1.	Name		
	Address		
	E-mail Id	Signature	
	or failing him		
2.	Name		
	Address		
	E-mail Id	Signature	
	or failing him		
3.	Name		
	Address		
	E-mail Id	Signature	

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty-Ninth Annual General Meeting** of the Company, to be held on Saturday, August 02, 2014 at 10:30 a.m. at the Science City Main Auditorium, JBS Haldane Avenue, Kolkata -700 046, West Bengal and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional) (See Note No. 3)	
		For	Against
Ordinary Business			
1.	Adoption of Statement of Profit & Loss, Balance Sheet, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.		
2.	Declaration of Final Dividend for the financial year ended March 31, 2014.		
3.	Appointment of a Director in place of Mr. Sunil Kanoria (holding DIN 00421564), who retires by rotation and being eligible, seeks re-appointment.		
4.	Re-appointment of Haribhakti & Co. as Auditors.		
Special Business			
5.	Alteration of Articles of Association.		
6.	Appointment of Mr. Salil Kumar Gupta (holding DIN 00651223) as an Independent Director.		
7.	Appointment of Mr. Shyamalendu Chatterjee (holding DIN 00048249) as an Independent Director.		
8.	Appointment of Mr. Sujitendra Krishna Deb (holding DIN 03524764) as an Independent Director.		
9.	Appointment of Mr. Srinivasachari Rajagopal (holding DIN 00022609) as an Independent Director.		
10.	Appointment of Dr. Satish Chandra Jha (holding DIN 00247427) as an Independent Director.		
11.	Appointment of Dr. Punita Kumar Sinha (holding DIN 05229262) as an Independent Director.		
12.	Keeping of the Register of Members etc. at the office in India of Registrar & Share Transfer Agents.		
13.	Authority to the Board to borrow upto Rs. 25,000 Crores.		

14.	Authority to mortgage and/or create charge.		
15.	Payment of Commission to Non Executive Directors.		
16.	Issuance of Non Convertible Debt Securities upto Rs. 10,000 Crores on private placement basis.		
17.	Authority to invest/acquire securities etc. upto Rs. 7,500 Crores.		

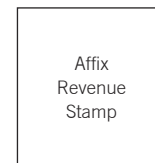
Signed this day of 2014.

Signature of Shareholder:

Signature of 1st Proxy holder:

Signature of 2nd Proxy holder:

Signature of 3rd Proxy holder:



Note:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Any alteration or correction made to this Proxy form must be initialled by the signatory/signatories.
3. If you wish to vote for a Resolution, place a tick in the corresponding box under the column marked **"For"**. If you wish to vote against a Resolution, place a tick in the corresponding box under the column marked **"Against"**. If no direction is given, your Proxy may vote or abstain as he/she thinks fit.



SREI INFRASTRUCTURE FINANCE LIMITED

CIN : L29219WB1985PLC055352
Registered Office : 'Vishwakarma'
86C, Topsia Road (South), Kolkata - 700 046
Website : www.srei.com, Email : investor.relations@srei.com

ATTENDANCE SLIP

DP ID No.*	
Client ID No.*	

Regd. Folio No.	
No. of Share(s) held	

* Applicable for shares held in electronic form.

I hereby record my presence at the **Twenty-Ninth Annual General Meeting** of the Company held on Saturday, August 02, 2014 at 10.30 a.m. at the Science City Main Auditorium, JBS Haldane Avenue, Kolkata - 700 046.

Full name of Shareholder / Proxy
(in block letters)

Signature of the Shareholder / Proxy

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD