



SEFL/SECT/MS/21-22/25

June 30, 2021

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/1, G Block
Bandra – Kurla Complex
Bandra (E), Mumbai – 400 051

Dear Sirs,

Sub: Outcome of the Board Meeting held on 29th June, 2021 and Disclosure pursuant to Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that the Board of Directors of the Company at its meeting held on 29th June, 2021, inter alia, has, approved the following:

- (i) Audited Financial Results for the half year and financial year ended on March 31, 2021; and
- (ii) Audit Report with an unmodified opinion on the Audited Financial Results provided by M/s. Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors of the Company pursuant to Regulation 52(3) of SEBI Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27th May, 2016.

A copy of the Audited Financial Results of the Company prepared in compliance with IND AS together with a copy of the Auditors' Report on the Financial Results for the half year and financial year ended on March 31, 2021 pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') are enclosed for your information.

We are also arranging to upload the aforesaid Financial Results on the Company's website www.srei.com and publish the Financial Results in the newspapers in the format prescribed under Regulation 52(8) of the Listing Regulations.

- (iii) The Board of Directors have appointed Mr. Indranil Sengupta (DIN: 08807005) as an Additional Director of the Company (Category – Executive Director) w.e.f 1st August, 2021, who shall hold office upto the date of the ensuing 15th Annual General Meeting of the Company.

Subject to the approval of the Members at the ensuing 15th Annual General Meeting, Mr. Indranil Sengupta (DIN: 08807005) is also re-appointed as a Whole-time Director of the Company, liable to retirement by rotation, for a period of 1 (one) year with effect from 1st August, 2021 and ending on 31st July, 2022.

Srei Equipment Finance Limited

CIN: U70101WB2006PLC109898

Head Office: Plot No. Y-10, Block EP, Sector - V, Salt Lake City, Kolkata – 700091

Tel: +91 33 6639 4700 / 6602 2000 Fax: +81 33 6602 2200 / 2600

Email: sefpl@srei.com Website: www.sreiequipment.com

Registered Office: "Vishwakarma", 86C Topsia Road (South), Kolkata - 700 046



Mr. Indranil Sengupta is not related to any Director of the Company. Further, Mr. Indranil Sengupta is not debarred from holding the office of director by virtue of any SEBI order or any other such authority. A brief profile of Mr. Indranil Sengupta is provided below:

Brief Profile:

Mr. Indranil Sengupta has been associated with the Company since 1st April, 2014 as Head – Risk of the Company. Further, he was designated as the Chief Risk Officer (CRO) of the Company from 17th May, 2019 and ending on 30th June, 2020. He holds a bachelor's degree in Commerce from the University of Calcutta and is a certified associate of the Indian Institute of Bankers. He has over 36 years of experience in the banking and financial services sectors. In the past, he has worked in various capacities with the State Bank of India and BNP Paribas. He was thereafter appointed as the Whole-time Director of the Company for a period of 1 (one) year w.e.f. 1st August, 2020 till 31st July, 2021.

- (iv) The Board of Directors have extended the tenure of Ms. Nidhi Saharia, Chief Risk Officer, possessing adequate qualification and experience in the area of risk management, for another period of 1 (one) year i.e. from 1st July, 2021 till 30th June, 2022.
- (v) The Board of Directors have appointed Mr. Yogesh Kajaria, Chartered Accountant as the Chief Financial Officer of the Company for a period of 3 (three) years w.e.f 30th June, 2021. This appointment is in place of Mr. Manoj Kumar Beriwalla who has ceased to be the Chief Financial Officer of the Company with close of the business hours of 29th June, 2021 and has been designated as the Chief Investment and Strategy Officer of the Company.

This is for your information and record.

Thanking you.

Yours faithfully,

For **Srei Equipment Finance Limited**


Arunabha Acharya
Assistant Company Secretary
ACS 37189

Srei Equipment Finance Limited

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Srei Equipment Finance Limited

Report on the Audit of the Financial Results

Opinion

We have audited the accompanying annual financial results of Srei Equipment Finance Limited ("the Company") for the year ended March 31, 2021 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:

(i) is presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and

(ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, and other accounting principles generally accepted in India, of net loss and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Statement under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 8 to the Statement which indicates the factors that have resulted into net loss and liquidity mismatch during the year ended March 31, 2021. As a result, the Company's net worth has eroded as at that date and it has not been able to comply with various regulatory ratios/limits. All this may have an impact on the Company's ability to continue its operations in normal course in future and to meet its financial commitments as and when due. As stated in the said note, the Company's ability to meet its financial commitments is dependent on the final outcome of the Schemes of Arrangement ("Schemes"), which are pending before Hon'ble NCLT/NCLAT. The Company is also exploring infusion of equity capital from prospective investors from whom it has received expression of interest/ term sheets. These events or conditions, along with other matters as set forth in the aforesaid Note, indicate that there is a material uncertainty which casts significant doubt about the Company's ability to continue as a 'going concern' in foreseeable future. However, for the reasons stated in the said note, the Company has considered it appropriate to prepare the Statement on a going concern basis.

Our opinion is not modified in respect of this matter.



Emphasis of Matter

We draw attention to the following matters in the notes to the Statement:

1. Note No. 3 to the Statement which explains the extent to which Covid-19 pandemic has impacted the operations of the Company, owing to which and based on the information available at this point of time, as stated in the note, the Company has made ECL provision aggregating to INR 4685 crore for year ended March 31, 2021. The extent to which the pandemic may further impact the operations and financial results of the Company is dependent on future developments, which are highly uncertain at this point of time.
The note further explains that the Company has, with reference to specific directions from RBI, as a prudent measure and out of abundant caution, accounted for impairment reserve under Income Recognition, Asset Classification and Provisioning (IRACP) Norms amounting to INR 4475 crore which is over and above ECL provision of INR 6240 crore.
2. Note No. 4 to the Statement which explains that during the financial year 2019-20, the Company accounted for the slump exchange transaction and consequently recognized the relevant assets and liabilities in its books of account, pursuant to the Business Transfer Agreement ('BTA') with its Holding Company, Srei Infrastructure Finance Limited ('SIFL'), with effect from October 01, 2019, after receiving the approval of the shareholders, debenture trustees, few lenders, stock exchanges and in-principle approval from some of the domestic lenders including lead banks. On the date of giving effect to BTA, the consent or otherwise, of other lenders was awaited. The note also explains that the Company filed Schemes under Section 230 of the Act with the Hon'ble National Company Law Tribunal (NCLT). Pending final decision on the matters covered in the Schemes, as stated in Note No 5 to the Statement, and based on a legal opinion, the Company has maintained status quo for BTA.
3. Note No. 5 to the Statement which explains that the Company filed the Schemes under Section 230 of the Act with the Hon'ble NCLT and the final decision on the matters covered in the Schemes is pending as on date and hence, no impact/adjustment has been considered in the books of account. Necessary adjustments, if any, will be done as and when the matter is finally decided by Hon'ble NCLT/NCLAT.
4. Note No. 6 to the Statement explains that the Company has, considering the interim orders of the Hon'ble NCLT and based on a legal opinion, not considered non-payment to Creditors as an event of default and the Company's borrowings have been reflected in the accounts as per contractual terms and no impact/adjustment has been considered in the books of account. Necessary adjustments, if any, will be done as and when the matter is finally decided by Hon'ble NCLT/NCLAT.
5. Note No. 7 to the Statement which explains the reasons owing to which the Company was not able to comply with guidelines of RBI in relation to mandatory hedging of exposure in External Commercial Borrowings amounting to INR 230 crore as at March 31, 2021. The material impact of such non-compliance, if any, on the Statement is unascertainable.
6. Note No. 9 to the Statement explains that the Company, as per the specific directions from Reserve Bank of India (RBI) in relation to certain borrowers referred to as 'probable connected parties/related parties', based on the assessment, re-evaluation and legal opinions obtained, has concluded that such parties do not fall in the definition of 'related parties' as defined under the Companies Act, 2013 or the Indian Accounting Standards - 24 and has disclosed the total exposures (net of impairment) with such parties in the said note. The note also explains that, in view of the RBI directions, in line with arm's length principles, the Company is in the process of re-assessing & re-negotiating terms and conditions with such borrowers and all other borrowers, who have been granted loans with moratorium period and at interest rate which is linked with the cash flows of the project. Necessary disclosures/adjustments, if any, will be done upon completion of the re-assessment of and the re-negotiations with the respective borrowers.



HARIBHAKTI & CO. LLP

Chartered Accountants

Considering the fact that identification of related parties (or connected parties) and ensuring arm's length principle for related party (or connected party) transactions is a subject matter of judgement and interpretation and further considering the complexities and legal aspects involved in the matter, we have solely relied on the assessment and re-evaluation carried out, the legal opinions obtained and the disclosures made by the Company as per the aforesaid note. Any further comment/s in the matter will depend upon completion of re-assessment and re-negotiations as stated above.

Our opinion is not modified in respect of these matters.

Board of Directors' Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net loss and other comprehensive income and other financial information of the Company in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



Continuation Sheet

HARIBHAKTI & CO. LLP

Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

The financial results for the year ended March 31, 2020, were audited by us jointly with L.B. Jha & Co. where we expressed unmodified opinion vide our report dated July 27, 2020. The Statement also includes the results for the half year ended March 31, 2020, being the balancing figure between audited figures in respect of full financial year ended March 31, 2020 and the published unaudited year to date figures up to the half year ended September 30, 2019 which were subject to review by the predecessor auditor.

Our opinion is not modified in respect of this matter.

The Statement includes the results for the half year ended March 31, 2021, being the balancing figure between audited figures in respect of full financial year and the published unaudited year to date figures up to the half year ended September 30, 2020 which were subject to review by us.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048


Manoj Daga

Partner

Membership No.048523

UDIN: 21048523AAAAAG6034

Place: Mumbai

Date: June 29, 2021



SREI EQUIPMENT FINANCE LIMITED
 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com
 CIN: U70101WB2006PLC109898
 Balance Sheet as at March 31, 2021

(₹ in Lakhs)

	Particulars	As at March 31, 2021 Audited	As at March 31, 2020 Audited
	ASSETS		
(1)	Financial Assets		
(a)	Cash and Cash Equivalents	41,642	37,393
(b)	Bank Balance other than (a) above	98,657	132,730
(c)	Derivative Financial Instruments	936	29,992
(d)	Receivables		
	(I) Trade Receivables	2,712	15,321
(e)	Loans	2,185,791	2,882,497
(f)	Investments	102,018	87,751
(g)	Other Financial Assets	110,794	95,325
(2)	Non-Financial Assets		
(a)	Current Tax Assets (Net)	24,068	17,347
(b)	Deferred Tax Assets (Net)	-	2,833
(c)	Property, Plant and Equipment	255,620	356,574
(d)	Right-of-use Assets	1,069	1,210
(e)	Capital Work-in-Progress	-	233
(f)	Other Intangible Assets	1,173	445
(g)	Other Non-Financial Assets	48,167	55,757
	Total Assets	2,872,647	3,715,408
	LIABILITIES AND EQUITY		
	LIABILITIES		
(1)	Financial Liabilities		
(a)	Derivative Financial Instruments	1,151	4,146
(b)	Payables		
	(I) Trade Payables	-	-
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	8,875	113,130
(c)	Debt Securities	244,148	262,725
(d)	Borrowings (Other than Debt Securities)	2,647,553	2,640,762
(e)	Subordinated Liabilities	245,531	248,736
(f)	Lease Liabilities	1,142	1,292
(g)	Other Financial Liabilities	23,218	32,440
(2)	Non-Financial Liabilities		
(a)	Current Tax Liabilities (Net)	13,337	11,508
(a)	Provisions	1,243	1,775
(b)	Other Non-Financial Liabilities	8,140	6,872
(3)	EQUITY		
(a)	Equity Share Capital	7,902	7,902
(b)	Other Equity	(329,593)	384,120
	Total Liabilities and Equity	2,872,647	3,715,408

For and on behalf of the Board of Directors

Place: Kolkata
 Date: June 29th, 2021



Chairman

SREI EQUIPMENT FINANCE LIMITED
 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com
 CIN: U70101WB2006PLC109898
Statement of Profit and Loss for the six months and year ended March 31, 2021

		(₹ in Lakhs)			
	Particulars	Six Months ended		Year ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Audited (Note No. 15)	Audited (Note No. 15)	Audited	Audited
	Revenue from operations				
	Interest Income	103,955	199,494	287,948	324,252
	Rental Income	988	55,259	46,419	120,042
	Fees and Commission Income	805	3,635	1,682	5,189
	Net gain on fair value changes	(3,141)	23,054	-	35,828
	Net gain on derecognition of financial instruments	-	21,827	-	30,370
	Others	(411)	11,639	4,679	12,769
(I)	Total Revenue from Operations	102,196	314,908	340,728	528,450
(II)	Other Income	2,515	(7,923)	4,781	(8,289)
(III)	Total Income (I+II)	104,711	306,985	345,509	520,161
	Expenses				
	Finance Costs	165,436	193,864	332,639	313,907
	Fees and Commission Expense	2,982	2,638	4,283	3,736
	Net loss on fair value changes	44,466	3,552	49,905	3,739
	Net loss on derecognition of financial instruments under amortised cost category	1,924	6,485	3,635	17,607
	Impairment on Financial Instruments (Net)	539,634	32,092	549,876	33,560
	Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	10,015	13,380	12,451	21,833
	Employee Benefits Expenses	6,445	7,967	12,821	16,634
	Depreciation, Amortisation and Impairment	38,703	37,806	72,636	75,890
	Other Expenses	12,635	12,962	21,352	23,221
(IV)	Total Expenses	822,240	310,746	1,059,598	510,127
(V)	Profit/(Loss) Before Tax (III- IV)	(717,529)	(3,761)	(714,089)	10,034
(VI)	Tax Expense:				
	(1) Current Tax	(4,843)	2,055	-	4,333
	(2) Income Tax in respect of earlier year	(4,333)	-	(4,333)	-
	(3) Deferred Tax	7,444	(2,956)	3,855	110
(VII)	Profit/(Loss) After Tax (V-VI)	(715,797)	(2,860)	(713,611)	5,591
(VIII)	Other Comprehensive Income				
	A (i) Items that will not be reclassified to Profit or Loss				
	(a) Remeasurements Gains/(Losses) on Defined Benefit Plan	(44)	2	16	(61)
	(b) Gains/(Losses) on fair valuation of Equity Instruments	-	1,061	-	1,061
	(c) Income tax relating to items that will not be reclassified to Profit or Loss	243	(247)	222	(226)
	SUBTOTAL (a+b+c)	199	816	238	774
	B (i) Items that will be reclassified to Profit or Loss				
	(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,410	(505)	1,573	(945)
	(b) Gains/(Losses) on fair valuation of Loans	(5,296)	6,501	(2,713)	3,871
	(c) Income tax relating to items that will be reclassified to Profit or Loss	1,760	(2,093)	800	(1,023)
	SUBTOTAL (a+b+c)	(2,126)	3,903	(340)	1,903
	Other Comprehensive Income [A+B]	(1,927)	4,719	(102)	2,677
(IX)	Total Comprehensive Income (VII+VIII)	(717,724)	1,859	(713,713)	8,268
(X)	Paid-up Equity Share Capital (Face value ₹ 10/- per Equity Share)	7,902	7,902	7,902	7,902
(XI)	Other Equity			(329,593)	384,120
(XII)	Earnings per Equity Share (Face value ₹ 10/- per Equity Share) (* Not Annualised)				
	Basic (in ₹)	(905.84)*	(3.62)*	(903.08)	8.06
	Diluted (in ₹)	(905.84)*	(3.62)*	(903.08)	8.06

For and on behalf of the Board of Directors

Place : Kolkata
 Date: June 29th, 2021



Chairman

SREI EQUIPMENT FINANCE LIMITED
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 CIN: U70101WB2006PLC109898
 Statement of Cash Flows for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	Year ended	
	March 31, 2021	March 31, 2020
A. Cash Flows from Operating Activities		
Profit / (Loss) Before Tax	(714,089)	10,034
Adjustments for:		
Depreciation, Amortisation and Impairment	72,636	75,890
Impairment on Financial Instruments (Net)	549,876	33,560
Impairment loss on capital advance	500	-
Net (gain)/loss on derecognition of Financial Instruments	3,635	(12,763)
Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	12,451	21,833
Net loss on derecognition of Property, Plant and Equipment	5,657	2,574
Liabilities no longer required written back	(271)	(5,985)
Net unrealised (gain)/ loss on foreign currency transaction and translation	(8,098)	21,141
Net unrealised fair value gain	66,005	(29,081)
Operating profit/(loss) before working capital changes	(11,698)	117,203
Changes in working capital:		
Adjustments for:		
(Increase)/Decrease in Trade Receivables and Others Assets	(11,522)	69,244
(Increase)/Decrease in Loans Assets	96,843	1,785
Increase/(Decrease) in Trade Payables and Others Liabilities	(112,621)	(72,696)
(Increase)/Decrease in Other Bank Balances	34,073	46,024
Cash generated / (used) in operations	(4,925)	161,560
Advance taxes paid (including Tax deducted at Source)	(559)	(10,265)
Net Cash generated / (used) in Operating Activities	(5,484)	151,295
B. Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(1,100)	(10,669)
Sale/(Purchase) of Investments (Net)	8,112	9,694
Proceeds from Sale of Property, Plant and Equipment	9,614	83,976
Net Cash generated / (used) in Investing Activities	16,626	83,001
C. Cash Flows from Financing Activities		
Proceeds from issuance of Debt securities (including subordinated debt securities)	-	236,968
Repayment on redemption of Debt securities (including subordinated debt securities)	(23,362)	(284,917)
Increase/(Decrease) in Working Capital facilities (Net)	158,573	98,208
Increase in Other Borrowings	79,750	672,149
Repayments of Other Borrowings	(221,854)	(943,546)
Net Cash generated / (used) in Financing Activities	(6,893)	(221,138)
Net Increase in Cash and Cash Equivalents (A+B+C)	4,249	13,158
Cash and Cash Equivalents at the beginning of the year	37,393	21,882
Cash and Cash Equivalents transferred under slump exchange (Refer note no. 4)	-	2,353
Cash and Cash Equivalents at the end of the year	41,642	37,393

Particulars	(₹ in Lakhs)	
	As at	
	March 31, 2021	March 31, 2020
Cash on hand	30	14
Balances with Banks - in Current Account	41,576	37,379
Balances with Banks - in Fixed Deposit Accounts (less than 3 months)	36	-
	41,642	37,393

For and on behalf of the Board of Directors

Place: Kolkata
 Date: June 29th, 2021



Chairman

Notes :

1. In accordance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has prepared audited financial results for the year ended March 31, 2021. The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on June 29, 2021.

2. The business of the Company falls within a single primary segment viz., 'Financial Services', and hence the disclosure requirement of Ind AS 108 - 'Operating Segments' is not applicable.

3. Impact of Covid-19 pandemic

The outbreak of COVID-19 pandemic followed by lockdown extended from time to time across India caused significant adverse impact due to halt/slowdown in economic activities during major part of the year and even thereafter.

As a measure for revival of economic activities, Reserve Bank of India (RBI) issued guidelines relating to COVID-19 Regulatory Packages on March 27, 2020, April 17, 2020 and May 23, 2020 as well as resolution framework for Micro, Small and Medium Enterprises (MSME) sector and other eligible borrowers on August 6, 2020. However, NBFCs like Srei Equipment Finance Limited were not included in the August 6, 2020 guidelines.

In accordance with these guidelines and on the basis of Board approved policy, the Company offered repayment moratorium/resolution plan to eligible borrowers to whom loan have been granted (including cases of co-lending and loans assigned) (hereinafter referred to as 'borrowers') and to eligible customers to whom assets are given on lease (hereinafter referred to as 'lessees').

Owing to the COVID-19 pandemic (including the ongoing second wave) followed by lockdown extended from time to time, the collection from the borrowers and the lessees were severely impacted and which also adversely affected the cash flows of the Company during the year and has resulted in the liquidity mismatch. There is still huge uncertainty around Covid-19 pandemic and the extent to which the pandemic may further impact the operations, financial results of the Company and asset quality will depend on future developments, which are still unascertainable at this point in time.

Loan loss provisioning

Owing the adverse impact of Covid-19 pandemic and based on the information available at this point of time, as stated above, based on the overall assessment of financial stress being faced by the borrowers and the lessees and considering the overall economic and business uncertainty due to pandemic, as a prudent measure and out of abundant caution, the Company has made ECL provision aggregating to INR 4,685 crore for year ended March 31, 2021.

Further, in terms of the specific directions from Reserve Bank of India (RBI), the Company has also considered further provision amounting to INR 4,475 crore, for the year ended March 31, 2021, under Income Recognition, Asset Classification and Provisioning Norms. Such provision is also over and above ECL provision as stated above. In terms of paragraph 2 (b) of Annex to the guidelines (DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 issued by RBI on Implementation of Indian Accounting Standards for Non-Banking Finance Companies and Asset Reconstruction Companies, such provision has been accounted as 'Impairment Reserve'.

In respect of borrowers/lessees, where the above provisions have been made, the Company has adequate assets/collaterals held as securities and it is hopeful of making significant recovery in due course of time.

4. Business Transfer Agreement

During the year 2019-20, the Board of Directors of the Company and its holding company, Srei Infrastructure Finance Limited (SIFL) at their respective meetings held on July 4, 2019 had approved the transfer of Lending Business, Interest Earning Business & Lease Business of SIFL together with associated employees, assets & liabilities (including liabilities towards issued & outstanding non - convertible debentures) (Transferred Undertaking), as a going concern by way of slump exchange to the Company through a Business Transfer Agreement (BTA), subject to all necessary approvals.

The Company signed BTA on August 16, 2019 and an amendment to the aforesaid BTA on November 14, 2019 with SIFL and then pursuant to the same the Company entered into various assignment agreements, in connection with the Transferred Undertaking, with SIFL to give effect of the slump exchange and accordingly the Company and SIFL has passed the relevant accounting entries in their respective books of account effective October 1, 2019, after receiving the approval of the shareholders, debenture trustees, few lenders, stock exchanges and in-principle approval from some of the domestic lenders including lead banks. One of the debenture holders holding debentures amounting to INR 75 crores had objected to the slump exchange. The consent, or otherwise, of other lenders is still awaited. Pending the approvals, as stated above, the Company accounted BTA on October 1, 2019, as stated above. The Company obtained expert legal and accounting opinions in relation to the accounting of BTA which confirmed that the accounting treatment so given is in accordance with the relevant Ind AS and the underlying guidance and framework. As stated in Note No. 5 (Scheme of Arrangement), pending final decision in the matter and further based on a legal opinion, the Company has maintained status quo for BTA.

5. Scheme of Arrangement

During the year, the Company has filed applications under Sec. 230 of the Companies Act, 2013 ('the Act') before the Hon'ble National Company Law Tribunal, Kolkata Bench (Hon'ble NCLT) proposing Schemes of Arrangement (the Schemes) with all its secured and unsecured lenders (Creditors). BTA, as stated in Note No. 4 (Business Transfer Agreement), constituted integral part of the Schemes.

The Hon'ble NCLT passed interim orders dated October 21, 2020, and December 30, 2020, stating inter alia that Creditors, as mentioned in the Schemes, shall maintain status quo till further orders with respect to their contractual terms dues claims and rights and



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that the said Creditors and all governmental and regulatory authorities are estopped from taking any coercive steps including reporting in any form and/or changing the account status of the Company from being a standard asset, which will prejudicially affect the implementation of the Schemes and render the same ineffective.

Hon'ble NCLT also directed that the meetings of Creditors to be convened in due course to decide on the Schemes. Pursuant to the said order, a meeting of a particular class of creditors (i.e. Creditors like banks/financial institutions as mentioned in Part III of one of the Scheme) was held and convened on December 16, 2020, wherein creditors constituting 86.26% (in value) of the total creditors (i.e. Creditors like banks/financial institutions as mentioned in Part III of one of the Scheme) had voted against the BTA.

In respect of the interim orders of Hon'ble NCLT, Hon'ble National Company Law Appellate Tribunal ('Hon'ble NCLAT') vide its order dated March 2, 2021 granted stay on a particular section of Hon'ble NCLT order which directed the Credit Rating Agencies against considering non-payment by the Company as default under the respective debt documents and also to maintain the rating(s) of the Company at least that of investment grade. Pursuant to the stay, the Credit Rating Agencies downgraded the rating of the Company to 'default' category. The Company contested the same as blatantly wrong, misleading and baseless and filed necessary intimation with Stock Exchanges.

Further, Hon'ble NCLAT vide its order dated March 31, 2021 further granted stay on another section of Hon'ble NCLT order which estopped all governmental or regulatory authorities from taking any coercive steps including reporting in any form and/or changing the account status of the Company.

The matters covered in the Schemes are pending for final decision before Hon'ble NCLT/NCLAT.

Necessary impact/adjustments, if any, arising in the above matter will be done as and when the matter is finally decided by Hon'ble NCLT/NCLAT.

6. Payment to lenders

As stated in Note No. 3 (Impact of Covid-19 pandemic), while on one hand the Company had to offer repayment moratorium/ resolution plan to its borrowers/lessees, on other hand the Company was not allowed any relief from its lenders. This resulted in huge mismatch in its cash flows. The Company, then filed Schemes of Arrangement with Hon'ble NCLT (refer Note No. 5 - Scheme of Arrangement). The matters covered in the Scheme are pending for final decisions before Hon'ble NCLT/NCLAT.

In the meanwhile, the Company has obtained legal opinion which states that till the time the above two interim orders dated October 21, 2020, and December 30, 2020 passed by Hon'ble NCLT continues to operate wherein all its secured and unsecured lenders (Creditors) are required to maintain status quo, the covenants/terms of the respective borrowing facilities availed by the Company cannot trigger an event of default. Considering the Hon'ble NCLT order for status quo and based on legal opinion, non-payment to financial creditors are not considered as an event of default and the Company's borrowings have been reflected in the books of accounts as per contractual terms.

Necessary impact/adjustments, if any, arising in the above matter will be done as and when the matter is finally decided by Hon'ble NCLT/NCLAT.

7. Unhedged Foreign Currency Exposure

As per the requirements of RBI notification RBI/FED/2018-19/67 FED Master Direction No.5/2018-19 dated March 26, 2019, entities raising External Commercial Borrowings ('ECB') are required to mandatorily hedge 70 per cent of their ECB exposure in case the average maturity of ECB is less than 5 years, which the Company complied on an ongoing basis till nine months ended December 31, 2020. However, as at March 31, 2021, the Company was not able to meet the requirements of the aforesaid RBI notification as domestic lenders of the Company have stipulated Trust and Retention Account (TRA) mechanism effective November 24, 2020, pursuant to which all the payments being made by the Company were being approved/released based on the TRA mechanism. This resulted in a lot of operational challenges including non-approval or delayed approval of various expenditure being incurred by the Company. Hence, the Company was not able to make payment of the hedging premium/cost to the concerned banks for keeping the ECB exposures hedged, as aforesaid. Therefore, the concerned banks have unilaterally unwound the currency risk hedges. This has resulted in ECB exposures amounting to INR 230 crores being not hedged, in terms of the aforesaid RBI notification, as at March 31, 2021.

8. Going Concern

Owing to the impact of Covid-19 pandemic, as explained in Note No. 3 (Impact of Covid-19 pandemic), the Company has reported net loss after tax of INR 7,158 crores for the six months ended March 31, 2021 and INR 7,136 crores for the year ended March 31, 2021 and due to which the net worth of the Company has eroded.

The Company's ability to meet its financial commitments is dependent on the final outcome of the Schemes pending before Hon'ble NCLT/NCLAT (Note No. 5 - Scheme of Arrangement). The Company is also in active discussions with its Creditors for the Schemes and is hopeful for viable resolution of the matter.

Considering the underlying strength of its business and future business outlook and with time bound recovery of its due from borrowers/lessees and monetization of assets/securities, the Company is very hopeful of significant improvement in its cash flows in due course of time.

The Company is also exploring the infusion of equity capital and has received expressions of interest from certain potential investors with some of whom, non-disclosure agreements have also been signed.

In view of all of the above, the Company is of the opinion that it would be able to manage its business operations as usual in future and would be able to meet its financial commitments in due course of time. Hence, in the opinion of the Company, the going concern assumption is appropriate and accordingly the financial results/statements have been prepared.



9. Probable Connected / Related Companies

The Reserve Bank of India (RBI) in its inspection report and risk assessment report for the year ended March 31, 2020 has identified 'certain borrowers' as probable connected/ related companies.

RBI has directed the company to reassess and factor the impact of certain borrowers during the finalisation of balance sheet for FY 2020-21 and to ensure that relevant accounting treatment and appropriate disclosures is done in Annual Accounts of March 31, 2021.

In view of the observations and directions of RBI as stated in the inspection report and risk assessment report (the directions), the Company has been advised to reassess and re-evaluate the relationship with the said borrowers to assess whether they are related parties to the Company or to Srei Infrastructure Finance Limited ('SIFL' or 'Holding Company') and also whether these are on arm's length basis.

In view of the directions, the Company has taken legal view to determine whether such borrowers are related parties to the Company or SIFL. Based on the legal view, the Company is advised and has therefore come to conclusion that the Company or its Holding Company have no direct or indirect control or significant influence (as per Companies Act, 2013, Ind AS 24) over such borrowers and are not under common control and accordingly, are not a related party of the Company or its Holding Company.

The total exposure (net of impairment) towards such borrowers is INR 8,576 crores as on March 31, 2021.

Further, in view of the directions, in line with arm's length principles, the Company is in the process of re-assessing & re-negotiating terms and conditions with the aforesaid borrowers and all other borrowers, who have been granted loans with moratorium period and at interest rate which is linked with the cash flows of the project while ensuring that the overall yield is maintained. Necessary disclosures/adjustments, if any, will be done upon completion of the re-assessment of and the re-negotiations with the respective borrowers.

10. Disclosures as required by RBI circular dated April 17, 2020 'COVID-19 Regulatory Package- Asset Classification and Provisioning' are given below:

₹ in crores	
Particulars	As at March 31, 2021
i. Amounts in SMA/overdue categories where moratorium/deferment was extended *	18,331
ii. Respective amount where asset classification benefit is extended **	Nil
iii. Provisions made in terms of paragraph 5 of the above circular ***	Nil
iv. Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular	Nil

*Outstanding as on March 31, 2021 on account of all cases where moratorium benefits is extended by the Company up to August 31, 2020.

** There are nil accounts as on March 31, 2021, where this asset classification benefit is extended for cases which were entitled to a moratorium until August, 31 2020, as the asset classification is based on the actual performance of the account post moratorium period is over.

*** The company had made adequate provision for Impairment loss under ECL model for the year ended March 31, 2021

11. Disclosures on MSME – Restructuring of Advances (RBI/2018-19/10 DBR.No.BP.BC.18/ 21.04.048/2018-19) dated 01.01.2019 and subsequent amendment thereto dated 11.02.2020 as required by RBI guidelines on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances:

₹ in crores	
No of accounts restructured	Amount outstanding As at March 31, 2021
1	1

12. Disclosures as required by RBI circular dated August 6, 2020 'Resolution Framework for COVID 19- related Stress' are as below:

₹ in crores					
Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	2	326	200	-	31
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	2	326	200	-	31

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016



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13. The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr.) vide an interim order dated September 3, 2020 ("Interim Order"), had directed banks and NBFC's that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders.

Basis the said interim order, until December 31, 2020, the Company did not classify any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms after August 31, 2020 which were not NPA as of August 31, 2020, However during such period the Company has classified those accounts as stage 3 and provision has been made accordingly as per the ECL policy.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of small scale industrial manufacturers Association vs UOI & Ors and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR STR REC 4/21.04.048/2021-22 dated April 7, 2021 issued in this connection, the Company was already classifying the NPA accounts as stage 3 and provision was made accordingly, without considering the above mentioned asset classification benefit for accounting purpose, there is no change in asset classification on account of the interim order dated March 23, 2021

14. In accordance with the instructions in the aforementioned RBI circular dated April 07, 2021, the Company has put in place a Board approved policy to refund/ adjust the interest on interest charged during the moratorium period of March 01, 2020 to August 31, 2020 to the eligible borrowers under the abovementioned circular and advisory. The Company has estimated the benefit to be extended to the eligible borrowers and credited the Borrower's account by INR 15 crores towards the estimated interest relief and reduced the same from the interest income.

15. Figures for the half year ended March 31, 2021 and March 31, 2020 represent the difference between the audited figures in respect of the full financial year and the published unaudited figures of half year ended September 30, 2020 and September 30, 2019 respectively.

16. In view of slump exchange transaction as stated in Note No. 4 (Business Transfer Agreement) above, the results for the year ended March 31, 2021 are thus not comparable with those of the corresponding previous year.

17. Previous period/year figures have been regrouped/rearranged, wherever considered necessary, to conform to the classification of the current period.

Place : Kolkata
Date: June 29th, 2021



For and on behalf of the Board of Directors

A handwritten signature in blue ink, appearing to be "N. S. Chatterjee".

Chairman