



**SEFL/SECT/AA/21-22/54**

December 17, 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: Submission of Unaudited Financial Results for the Quarter and Half-year ended 30th September, 2021 and disclosure pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company vide intimation dated October 4, 2021 had intimated that the Reserve Bank of India (RBI) in exercise of the powers conferred under Section 45-IE (1) of the RBI Act, 1934, had issued an Order / Press Release w.r.t. the Supersession of the Board of Directors of Srei Equipment Finance Limited (the Company) as well as Srei Infrastructure Finance Limited (SIFL), Holding Company of the Company with immediate effect. The RBI had appointed Shri Rajneesh Sharma as the Company's Administrator under Section 45-IE (2) of the RBI Act, 1934 with immediate effect.

The RBI had also constituted a three-member Advisory Committee to assist the Administrator in discharge of his duties.

Pursuant to the above, we wish to inform you that the Administrator (assisted by the Advisory Committee), at the Advisory Committee Meeting held today i.e. on 17th December, 2021, which commenced at 2:00 p.m. and concluded at 11:00 p.m., have inter-alia, considered and taken on record the Unaudited Financial Results of the Company for the Quarter and Half-year ended 30th September, 2021 along with notes thereto and the Limited Review Report thereon furnished by the Joint Statutory Auditors of the Company, as per Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws. The copies of the said Unaudited Financial Results for the Quarter and Half-year ended 30th September, 2021 along with notes thereto and along with the Limited Review Report thereon are enclosed herewith.

Thanking you.

Yours faithfully,  
For **Srei Equipment Finance Limited**

**Sumit Kumar Surana**  
**Company Secretary**  
**ACS 19243**

Encl: a/a

**Srei Equipment Finance Limited**

CIN: U70101WB2006PLC109898

(A Company under Corporate Insolvency Resolution Process vide NCLT, Kolkata Order dated October 08, 2021)

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

Tel: +91 33 6639 4700 / 6602 2000 Fax: +91 33 6602 2200 / 2600 / 18002667734 (Toll Free)

Email: sefl@srei.com Website: [www.srei.com](http://www.srei.com)

Registered Office: "Vishwakarma", 86C Topsia Road (South), Kolkata - 700046

**SREI EQUIPMENT FINANCE LIMITED**  
 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com  
 CIN: U70101WB2006PLC109898  
 Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2021

Particulars	Quarter ended			Six Months ended		(₹ in Lakhs)
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	Year ended March 31, 2021
	Unaudited (Refer Note No. 17)	Unaudited	Unaudited (Refer Note No. 17)	Unaudited	Unaudited	Audited
Revenue from Operations						
Interest Income	56,873	65,877	92,685	1,22,750	1,83,993	2,87,948
Rental Income	10,209	11,564	21,957	21,773	45,431	46,419
Fees and Commission Income	171	633	429	804	877	1,682
Net gain on fair value changes	1,964	910	3,032	2,874	3,141	-
Others	716	961	1,410	1,677	5,090	4,679
<b>(I) Total Revenue from Operations</b>	<b>69,933</b>	<b>79,945</b>	<b>1,19,513</b>	<b>1,49,878</b>	<b>2,38,532</b>	<b>3,40,728</b>
<b>(II) Other Income</b>	<b>558</b>	<b>(1,644)</b>	<b>825</b>	<b>(1,086)</b>	<b>2,266</b>	<b>4,906</b>
<b>(III) Total Income (I+II)</b>	<b>70,491</b>	<b>78,301</b>	<b>1,20,338</b>	<b>1,48,792</b>	<b>2,40,798</b>	<b>3,45,634</b>
Expenses						
Finance Costs	81,683	93,551	84,262	1,75,234	1,67,206	3,32,639
Fees and Commission Expense	202	526	868	728	1,301	4,283
Net loss on fair value changes	26,483	2,523	2,627	29,006	5,439	49,905
Net loss on derecognition of financial instruments under amortised cost category	1,131	9,502	1,309	10,633	1,711	3,635
Impairment on Financial Instruments (Net)	1,21,031	43,786	3,497	1,64,817	10,242	5,49,876
Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	607	2,725	1,554	3,332	2,436	12,451
Employee Benefits Expenses	2,951	2,915	3,231	5,866	6,376	12,821
Depreciation, Amortisation and Impairment	14,576	14,771	16,930	29,347	33,933	72,636
Other Expenses	10,662	4,832	5,626	15,494	8,714	21,477
<b>(IV) Total Expenses</b>	<b>2,59,326</b>	<b>1,75,131</b>	<b>1,19,904</b>	<b>4,34,457</b>	<b>2,37,358</b>	<b>10,59,723</b>
<b>(V) Profit/(Loss) Before Tax (III- IV)</b>	<b>(1,88,835)</b>	<b>(96,830)</b>	<b>434</b>	<b>(2,85,665)</b>	<b>3,440</b>	<b>(7,14,089)</b>
<b>(VI) Tax Expense:</b>						
(1) Current Tax	-	-	2,715	-	4,843	-
(2) Income Tax in respect of earlier years	9,807	-	-	9,807	-	(4,333)
(3) Deferred Tax	-	-	(2,463)	-	(3,589)	3,855
<b>(VII) Profit/(Loss) After Tax (V-VI)</b>	<b>(1,98,642)</b>	<b>(96,830)</b>	<b>182</b>	<b>(2,95,472)</b>	<b>2,186</b>	<b>(7,13,611)</b>
<b>(VIII) Other Comprehensive Income</b>						
A (i) Items that will not be reclassified to Profit or Loss						
(a) Remeasurements Gains/(Losses) on Defined Benefit Plan	(91)	4	81	(87)	60	16
(b) Income tax relating to items that will not be reclassified to Profit or Loss	-	-	(28)	-	(21)	222
<b>SUBTOTAL (a+b)</b>	<b>(91)</b>	<b>4</b>	<b>53</b>	<b>(87)</b>	<b>39</b>	<b>238</b>
II (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	-	14	180	14	163	1,573
(b) Gains/(Losses) on fair valuation of Loans	(192)	(471)	197	(663)	2,583	(2,713)
(c) Income tax relating to items that will be reclassified to Profit or Loss	-	-	(132)	-	(960)	800
<b>SUBTOTAL (a+b+c)</b>	<b>(192)</b>	<b>(457)</b>	<b>245</b>	<b>(649)</b>	<b>1,786</b>	<b>(340)</b>
<b>Other Comprehensive Income [A+B]</b>	<b>(283)</b>	<b>(453)</b>	<b>298</b>	<b>(736)</b>	<b>1,825</b>	<b>(102)</b>
<b>(IX) Total Comprehensive Income (VII+VIII)</b>	<b>(1,98,925)</b>	<b>(97,283)</b>	<b>480</b>	<b>(2,96,208)</b>	<b>4,011</b>	<b>(7,13,713)</b>
<b>(X) Paid-up Equity Share Capital (Face value ₹ 10/- per Equity Share)</b>	<b>7,902</b>	<b>7,902</b>	<b>7,902</b>	<b>7,902</b>	<b>7,902</b>	<b>7,902</b>
<b>(XI) Other Equity</b>						<b>(3,29,593)</b>
<b>(XII) Earnings per Equity Share (Face value ₹ 10/- per Equity Share) (*Not Annualised)</b>						
Basic (in ₹)	(251.39)*	(122.54)*	0.23*	(373.94)*	2.77*	(903.08)
Diluted (in ₹)	(251.39)*	(122.54)*	0.23*	(373.94)*	2.77*	(903.08)

For SREI EQUIPMENT FINANCE LIMITED  
 (a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)



**MR. RAJNEESH SHARMA**  
**ADMINISTRATOR APPOINTED UNDER IDC**

Place: Kolkata  
 Date: December 17, 2021

The Administrator has been appointed under Rule 5(a)(iii) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 under the Insolvency and Bankruptcy Code, 2016 (IBC). The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.

Address for Correspondence - Vishwakarma 86C, Topsia Road (South), Kolkata, West Bengal, 700046  
 Email ID for Correspondence - sreiaadministrator@srei.com



**SREI EQUIPMENT FINANCE LIMITED**

Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com

CIN: U70101WB2006PLC109898

Balance Sheet as at September 30, 2021

(₹ in Lakhs)

Particulars	As at September 30, 2021 Unaudited	As at March 31, 2021 Audited
<b>ASSETS</b>		
(1) Financial Assets		
(a) Cash and Cash Equivalents	32,124	41,642
(b) Bank Balance other than (a) above	19,421	98,657
(c) Derivative Financial Instruments	-	936
(d) Receivables		
(I) Trade Receivables	3,357	2,712
(e) Loans	20,51,680	21,85,791
(f) Investments	1,21,596	1,02,018
(g) Other Financial Assets	1,02,797	1,10,794
(2) Non-Financial Assets		
(a) Current Tax Assets (Net)	23,071	24,068
(b) Property, Plant and Equipment	2,18,099	2,55,620
(c) Right-of-use Assets	1,436	1,069
(d) Other Intangible Assets	1,000	1,173
(e) Other Non-Financial Assets	41,577	48,167
<b>Total Assets</b>	<b>26,16,158</b>	<b>28,72,647</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
(1) Financial Liabilities		
(a) Derivative Financial Instruments	-	1,151
(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	6,153	8,875
(c) Debt Securities	2,56,299	2,44,148
(d) Borrowings (Other than Debt Securities)	26,53,098	26,47,553
(e) Subordinated Liabilities	2,58,021	2,45,531
(f) Lease Liabilities	1,628	1,142
(g) Other Financial Liabilities	23,834	23,218
(2) Non-Financial Liabilities		
(a) Current Tax Liabilities (Net)	13,663	13,337
(b) Provisions	15,902	1,243
(c) Other Non-Financial Liabilities	5,459	8,140
(3) EQUITY		
(a) Equity Share Capital	7,902	7,902
(b) Other Equity	(6,25,801)	(3,29,593)
<b>Total Liabilities and Equity</b>	<b>26,16,158</b>	<b>28,72,647</b>



**For SREI EQUIPMENT FINANCE LIMITED**

(a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)

**MR. RAJNEESH SHARMA**  
**ADMINISTRATOR APPOINTED UNDER IBC**

**Place: Kolkata**  
**Date: December 17, 2021**

The Administrator has been appointed under Rule 5(a)(iii) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 under the Insolvency and Bankruptcy Code, 2016 (IBC). The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.

Address for Correspondence - Vishwakarma 86C, Topsia Road (South), Kolkata, West Bengal, 700046

Email ID for Correspondence - sreiaadministrator@srei.com



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 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com  
 CIN: U70101WB2006PLC109898  
 Statement of Cash Flows for the six months ended September 30, 2021

Particulars	Six months ended	
	September 30, 2021 Unaudited	September 30, 2020 Unaudited
<b>A. Cash Flows from Operating Activities</b>		
Profit/(Loss) Before Tax	(2,85,665)	3,440
Adjustments for:		
Depreciation, Amortisation and Impairment	29,347	33,933
Impairment on Financial Instruments (Net)	1,64,817	10,242
Impairment loss on capital advance	(29)	-
Net loss on derecognition of Financial Instruments	10,633	1,711
Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	3,332	2,436
Net loss on derecognition of Property, Plant and Equipment	4,288	2,079
Liabilities no longer required written back	135	(2,961)
Net unrealised gain on foreign currency transaction and translation	(1,103)	(3,600)
Net unrealised fair value (gain)/loss	27,059	3,660
Operating profit/(loss) before working capital changes	(47,186)	50,940
Changes in working capital:		
Adjustments for:		
(Increase)/Decrease in Trade Receivables and Others Assets	985	(8,350)
(Increase)/Decrease in Loans Assets	(79,934)	(22,161)
Increase/(Decrease) in Trade Payables and Others Liabilities	24,926	(23,474)
(Increase)/Decrease in Other Bank Balances	79,236	17,450
<b>Cash generated / (used) in operations</b>	(21,973)	14,405
Advance taxes (paid)/refund (including Tax deducted at Source)	1,323	1,320
<b>Net Cash generated / (used) in Operating Activities</b>	(20,650)	15,725
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(24)	(60)
Sale/(Purchase) of Investments (Net)	-	(18,022)
Proceeds from Sale of Property, Plant and Equipment	4,377	3,752
<b>Net Cash generated / (used) in Investing Activities</b>	4,353	(14,330)
<b>C. Cash Flows from Financing Activities</b>		
Repayment on redemption of Debt securities (including subordinated debt securities)	-	(33,222)
Increase/(Decrease) in Working Capital facilities (Net)	9,422	82,386
Increase in Other Borrowings	-	54,098
Repayments of Other Borrowings	(2,643)	(1,41,437)
<b>Net Cash generated / (used) in Financing Activities</b>	6,779	(38,175)
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	(9,518)	(36,780)
<b>Cash and Cash Equivalents at the beginning of the period</b>	41,642	38,563
<b>Cash and Cash Equivalents at the end of the period</b>	32,124	1,783

**Cash and Cash Equivalents at the end of the period comprises of:**

Particulars	As at	
	September 30, 2021	September 30, 2020
Cash on hand	9	34
Balances with Banks - in Current Account	32,115	1,749
	32,124	1,783



**For SREI EQUIPMENT FINANCE LIMITED**

(a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)

**MR. RAJNEESH SHARMA**  
**ADMINISTRATOR APPOINTED UNDER IBC**

**Place: Kolkata**  
**Date: December 17, 2021**

The Administrator has been appointed under Rule 5(a)(iii) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 under the Insolvency and Bankruptcy Code, 2016 (IBC). The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.  
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 Email ID for Correspondence - sreiaadministrator@srei.com



Notes:

1. Supersession of Board of Directors and Implementation of Corporate Insolvency Resolution Process

The Reserve Bank of India ('RBI') vide press release dated October 4, 2021 in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India Act, 1934 ('RBI Act') superseded the Board of Directors of the Company and appointed an Administrator under Section 45-IE (2) of the RBI Act. Further, RBI, in exercise of powers conferred under section 45 IE (5) (a) of the RBI Act, constituted a three member Advisory Committee to assist the Administrator in discharge of his duties. Thereafter RBI filed applications for initiation of Corporate Insolvency Resolution Process ('CIRP') against the Company under section 227 read with clause (2k) of sub-section (2) of Section 239 of the Insolvency and Bankruptcy Code (IBC), 2016 ('the Code') read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ('FSP Insolvency Rules') before the Hon'ble National Company Law Tribunal, Kolkata Bench ('Hon'ble NCLT'). Hon'ble NCLT vide its order dated October 8, 2021 admitted the application made by RBI for initiation of CIRP against the Company. Further, Hon'ble NCLT gave orders for appointment of Mr. Rajneesh Sharma, as the Administrator to carry out the functions as per the Code and that the management of the Company shall vest in the Administrator. Further, NCLT also retained the three-member Advisory Committee, as aforesaid, for advising the Administrator in the operations of the Company during the CIRP.

2. The above unaudited financial results of the Company for the quarter and six months ended September 30, 2021 pertain to a period before the commencement of CIRP and the Administrator takes no responsibility with respect to the accuracy, validity, completeness or authenticity of the information and figures mentioned in these unaudited financial results as they pertain to the period prior to the date of his appointment as the Administrator, wherein the undersigned was not present. The Administrator has signed these financial results solely for the purpose of compliance and discharging his duties during the CIRP of the Company, in accordance with the Code read with the regulations and rules thereunder. While taking the financial results on records, the Administrator has relied upon the explanations, clarifications, certifications, representations and statements made by the Chief Financial Officer, Company Secretary, Chief Business Officer (erstwhile Managing Director), Chief Risk Officer and Legal Head ('the existing officials of the Company'), who were part of the Company prior to CIRP.

The Administrator has not independently verified the underlying data which has gone into preparation of the financial results since the same pertains to period prior to his appointment. As a part of the CIRP, the Administrator has appointed Auditors for Transaction Audit as per section 43, 45, 50 and 66 of the Code. The outcome of these procedures may provide an additional fact about data based on which these financial results have been prepared. These unaudited financial results of the Company for the quarter and six months ended September 30, 2021 have been taken on record by the Administrator, in the meeting held on December 17, 2021, while discharging the powers of the Board of Directors of the Company which were conferred upon him by the RBI press release dated October 4, 2021 and subsequently, powers conferred upon him in accordance with NCLT Order dated October 8, 2021 solely for the purpose of ensuring regulatory compliance. It is also incumbent upon the Resolution Professional, under Section 20 of the Code, to manage the operations of the Company as a going concern.

3. The Company is primarily engaged in financial services to its customers across India. Accordingly, there are no separate reportable segments as per Ind AS 108. However, for the Parent Company reporting purpose the following table has been given:

Segment wise Revenue, Results, Assets and Liabilities

Particulars	Quarter ended			Six Months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Segment Revenue</b>						
Financial Services	69,933	79,945	1,19,513	1,49,878	2,38,532	3,40,728
<b>Total</b>	<b>69,933</b>	<b>79,945</b>	<b>1,19,513</b>	<b>1,49,878</b>	<b>2,38,532</b>	<b>3,40,728</b>
Less: Inter Segment Revenue	-	-	-	-	-	-
<b>Net Income from Operations</b>	<b>69,933</b>	<b>79,945</b>	<b>1,19,513</b>	<b>1,49,878</b>	<b>2,38,532</b>	<b>3,40,728</b>
<b>2. Segment Results</b>						
Financial Services	(1,88,835)	(96,830)	434	(2,85,665)	3,440	(7,14,089)
<b>Profit/(Loss) Before Tax</b>	<b>(1,88,835)</b>	<b>(96,830)</b>	<b>434</b>	<b>(2,85,665)</b>	<b>3,440</b>	<b>(7,14,089)</b>
<b>3. Segment Assets</b>						
Financial Services	26,16,158	28,19,591	36,47,988	26,16,158	36,47,988	28,72,647
Un-allocable	-	-	-	-	-	-
<b>Total Segment Assets</b>	<b>26,16,158</b>	<b>28,19,591</b>	<b>36,47,988</b>	<b>26,16,158</b>	<b>36,47,988</b>	<b>28,72,647</b>
<b>4. Segment Liabilities</b>						
Financial Services	32,34,057	32,38,565	32,51,955	32,34,057	32,51,955	31,94,338
Un-allocable	-	-	-	-	-	-
<b>Total Segment Liabilities</b>	<b>32,34,057</b>	<b>32,38,565</b>	<b>32,51,955</b>	<b>32,34,057</b>	<b>32,51,955</b>	<b>31,94,338</b>

4. Impact of Covid-19 pandemic

The outbreak of Covid-19 pandemic and its more virulent second wave followed by lockdown extended from time to time across India which caused significant adverse impact due to halt/slowdown in economic activities during the previous year, has continued even thereafter.

As a measure for revival of economic activities, 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 and May 5, 2021. 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 loans 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'). This had huge impact on the liquidity and cash flows of the Company.

Further, 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 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 of time.

Loan loss provisioning

Owing to 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, the Company has made ECL provision aggregating to INR 1,027 crores and INR 1,445 crores for the quarter and six months ended September 30, 2021 respectively.

Further, 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, the Company has also considered provision amounting to INR 245 crores and INR 628 crores, for the quarter and six months ended September 30, 2021 respectively, under Income Recognition, Asset Classification and Provisioning Norms. Such provision is also over and above ECL provision as stated above and has been accounted as 'Impairment Reserve'.

In respect of borrowers/lessees, the existing officials of the Company have represented to the Administrator that where the above provisions have been made, the Company has adequate assets/collaterals held as securities and it is hopeful of making significant recovery against the same in due course of time. As part of the ongoing CIRP process, two (2) independent valuers have been appointed to conduct the valuation of the assets of the Company as required under the provisions of the Code and accordingly the current valuation of the above stated assets/collaterals is yet to be ascertained by the Administrator. Adjustments, if any, arising out of the results of independent valuations will be given effect in the subsequent periods.



## 5. 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 pursuant to 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 to the slump exchange and accordingly the Company and SIFL had 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 was pending. Pending the approvals, as stated above, the Company accounted BTA on October 1, 2019, as stated above. The previous management of the Company had 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. Based on the representations provided to the Administrator by the existing officials of the Company, after his appointment on October 4, 2021 while the BTA has not been approved by majority lenders in the meetings held as per the directions of Hon'ble NCLT, the final order of NCLT for disposal of the Schemes filed by the Company is still awaited and hence the Administrator is not in a position to comment about the validity of the BTA. Accordingly, based on the above the accounts for the quarter and six months ended September 30, 2021 has been taken on record on an as-is where-is basis (i.e. as they existed on September 30, 2021 which is prior to his appointment).

## 6. Scheme of Arrangement

During the year 2020-21, the Company had filed two separate applications under Sec. 230 of the Companies Act, 2013 ('the Act') before the Hon'ble NCLT proposing Schemes of Arrangement (the Schemes) with all its secured and unsecured lenders (Creditors), BTA, as stated in Note No. 5 (Business Transfer Agreement), constituted an integral part of the Schemes.

The Hon'ble NCLT passed an interim order 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 respective contractual terms, dues, claims and rights and that the said Creditors and all government 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. Vide the said order dated December 30, 2020, the Hon'ble NCLT had also directed the credit rating agencies to not consider any non-payment to be a default and to maintain the rating(s) of the Company at least that of investment grade.

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) (who had casted their vote) had voted against the Scheme. Further, a meeting of Secured Debenture Holders ('SDH') and Unsecured Debenture Holders ('UDH') (as defined in Part II of one of the Scheme) was held and convened on May 15, 2021 and May 29, 2021 respectively, wherein SDH and UDH constituting 71.65% (in value) and 93.80% (in value) respectively of the total SDH and UDH (who casted their vote) had voted against the Scheme. Further, meetings of Perpetual Debt Instruments ('PDI') Holders and Individual Debenture Holders was held and convened on July 10, 2021 and July 26, 2021 respectively, wherein one of the Schemes was approved with some modifications by 100% (in value) in the meeting of the PDI Holders and 69.41% (in value) at the meeting of the Individual Debenture Holders (who casted their votes). However, meetings of the Secured ECB lenders and the Unsecured ECB lenders was postponed to September 25, 2021 and October 8, 2021 respectively by the Chairperson appointed for the said meetings at the request of the majority of Secured and Unsecured ECB Lenders at their meetings dated June 12, 2021 and June 26, 2021 respectively. These meetings of the Secured and Unsecured ECB lenders were convened on the September 25, 2021 and October 8, 2021 respectively. The results of the meetings are still awaited.

In respect of the interim orders of Hon'ble NCLT dated December 30, 2020, the 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. The benefit of the said order was also extended to a separate appeal filed by a separate credit rating agency vide an order dated April 5, 2021. Pursuant to the stay orders of the Hon'ble NCLAT, the Credit Rating Agencies downgraded the rating of the Company to 'default' category. The previous management has 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 in an appeal preferred by the Reserve Bank of India.

The appeals preferred by UCO Bank and Reserve Bank of India against the order dated October 21, 2020 have been allowed by Hon'ble NCLAT vide its order dated September 7, 2021. The appeals preferred by the debenture trustees and RBI against the certain directions arising out of order dated December 30, 2020 are pending for final decision before Hon'ble NCLT/NCLAT.

Further, as stated in Note No. 5 above, the Administrator is also not in position to comment on the outcome of Schemes and about the validity of the BTA and any decision taken by the previous management. Adjustments, if any arising out of the final order of Hon'ble NCLT/NCLAT in the matter will be given effect in the subsequent periods.

## 7. Payment to lenders/others and claims under CIRP

As stated in Note No. 4 (Impact of Covid-19 pandemic), while on one hand the Company had offered repayment moratorium/ restructuring facilities to its borrowers/lessees, on the 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. 6 - Scheme of Arrangement). The matters covered in the Schemes were pending for final decision before Hon'ble NCLT/NCLAT. However, Hon'ble NCLAT vide its order dated September 7, 2021 allowed the appeals preferred by UCO Bank and RBI as stated in Note No. 6. Further, CIRP had been initiated against the Company, as stated in Note No. 1 and accordingly, as per the Code, the Administrator has invited the financial/operational/other creditors to file their respective claims as on October 8, 2021 (i.e. date of commencement of CIRP). As per the Code, the Administrator has to receive, collate and reconcile all the claims submitted by the creditors of the Company. Such claims can be made to the Administrator during the CIRP. The claims so received by the Administrator, as on November 15, 2021 is in the process of being verified and wherever, the claims are admitted, the effect of the same has been given in the books of accounts. In respect of claims of creditors, which are rejected or under verification, the effect of the same in the books of accounts will be taken once the reconciliation of the same is completed and it is admitted. Further, as aforesaid, since the creditors can file their claims during the CIRP, the figures of claims admitted in the books of accounts might undergo changes during the CIRP or thereafter. Adjustments, if any arising out of the claim verification and admission process will be given effect in subsequent periods.

## 8. 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 the nine months ended December 31, 2020. Thereafter, the Company was not able to meet the requirements of the aforesaid RBI notification as domestic lenders of the Company stipulated Trust and Retention Account (TRA) mechanism effective November 24, 2020, pursuant to which all the payments being made by the Company are 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 unilaterally unwound the currency risk hedges, which has resulted in ECB exposures amounting to INR 260 crores being not hedged, in terms of the aforesaid RBI notification, as on September 30, 2021. The Company is in the process of evaluating the financial and other consequences arising from such non-compliances. Pending final determination thereof, no adjustments have been made to these financial results in this regard.





#### 9. Going Concern

Owing to the impact of Covid-19 pandemic, as explained in Note No. 4 (Impact of Covid-19 pandemic), the Company has further reported net loss after tax of INR 1,986 crores and INR 2,955 crores during the quarter and six months ended September 30, 2021 respectively and the net worth of the Company as at that date has fully eroded.

There is persistent severe strain on the working capital and operations of the Company and its undergoing significant financial stress. As stated in Note No. 1, CIRP was initiated in respect of the Company w.e.f October 8, 2021.

However, the Company has assessed that, considering its plan to deal with the aforesaid events or conditions, the use of the going concern assumption is appropriate in the circumstances and hence, these financial results has been prepared on a going concern assumption basis. Certain crucial aspects of the Company's plans in this regard are as follows:-

a) 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.

b) Reduction in overhead expenditure.

c) The Company also formed dedicated focused collection team to increase the collection and is also exploring all possibilities to start new business with the launch of various schemes.

d) The Code requires the Administrator to, among other things, run the Company as a going concern during CIRP.

e) The Administrator, in consultation with the Committee of Creditors ('CoC') of the Company, in accordance with the provisions of the IBC, is making all endeavours to run the Company as a going concern.

CIRP has just started and ultimately a resolution plan needs to be presented to and approved by the CoC and further approved by the Hon'ble NCLT. Pending the completion of the said process under CIRP, these financial results have been prepared on a going concern basis.

#### 10. Probable Connected / Related Companies

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

In 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 Sri Infrastructure Finance Limited ('SIFL' or 'Holding Company') and also whether these are on arm's length basis.

In view of the directions, the previous management had taken legal view to determine whether such borrowers are related parties to the Company or SIFL. Based on the legal view, the previous management was advised and had 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 previous management had obtained an assessment report on the review & verification of the transactions with the aforesaid probable connected/related companies from an independent Chartered Accountant firm, which states that the transactions of the Company/SIFL with probable connected parties were done at arm's length principles and are in the ordinary course of business and that such parties are not related parties of the Company/SIFL under the Companies Act, 2013 or Ind AS 24.

The total exposure (net of impairment) towards such borrowers is INR 7,310 crores as on September 30, 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.

The Administrator is not in a position to comment about the actions taken by the Company pursuant to the RBI's inspection report since these pertain to the period prior to the Administrator's appointment. As a part of the CIRP, the Administrator has appointed Auditors for Transaction review as per section 43, 45, 50 and 66 of the IBC and the outcome of these procedures may provide an additional facts about data.

#### 11. Disclosures as required by RBI circular dated August 6, 2020 'Resolution Framework for Covid-19 - related Stress' are as below for the six months ended September 30, 2021

(₹ in Crores)					
(i)	(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*	1	35	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	1	35	-	-	-

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

(₹ in Crores)					
(ii)	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the this half year
Personal Loans	-	-	-	-	-
Corporate persons*	45	-	-	-	47
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	45	-	-	-	47

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

#### 12. Disclosures under RBI Resolution Framework 2.0 for Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) (RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22) dated May 5, 2021 and consequent to circular dated August 6, 2020 on restructuring of advances to the MSME borrowers.

(₹ in crores)	
No of accounts restructured	Amount outstanding as at September 30, 2021
4	10

#### 13. Based on the directions of RBI, the Company has made provision amounting to INR 98 crores and INR 50 crores in respect of direct tax cases and indirect tax cases respectively where the Company was under various stages of appeal with the relevant tax authorities. These amounts which have been provided for were appearing under 'Contingent Liabilities' earlier. Since, the provision, as aforesaid, has been done on the directions of RBI, the Company has not assessed whether the outflow of resource embodying economic benefits is probable or not as per the requirements of Ind AS 38 'Provisions, Contingent Liabilities and Contingent Assets'.



14. As at March 31, 2021, the Company was having funds amounting to INR 5.23 crores in relation to the Corporate Social Responsibility ('CSR') which were unspent. These unspent amounts as per the requirements of Section 135 of the Companies Act, 2013 ('Act') were to be transferred to funds specified under Schedule VII to the Act within a period of 6 months. However, the domestic lenders of the Company had 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 transfer the aforesaid unspent CSR amount as per the requirements of Section 135 of the Act. The Company is in the process of evaluating the financial and other consequences arising from such non-compliances. Pending final determination thereof, no adjustments have been made to these financial results in this regard.
15. The secured redeemable non-convertible debentures as on September 30, 2021 are secured by first pari-passu charge by mortgage of immovable property at West Bengal/New Delhi/Tamil Nadu and exclusive & specific charge on the specific & identified receivables of the Company to the extent stated in the respective information memorandum. The Company is in the process of assessing the asset cover on its secured redeemable non-convertible debentures as on September 30, 2021.
16. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, has been given in Annexure.
17. The figures for second quarter in each of the financial years are the balancing figures between figures in respect of the six months and the year to date figures upto the end of the first quarter of the respective financial year.
18. Previous period/year figures have been regrouped/rearranged, wherever considered necessary, to conform to the classification of the current period.



Place: Kolkata  
Date: December 17, 2021

For SREI EQUIPMENT FINANCE LIMITED  
(a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)

MR. RAJNEESH SHARMA  
ADMINISTRATOR APPOINTED UNDER IBC

The Administrator has been appointed under Rule 5(a)(iii) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 under the Insolvency and Bankruptcy Code, 2016 (IBC). The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.  
Address for Correspondence - Vishwakarma 86C, Topsia Road (South), Kolkata, West Bengal, 700046  
Email ID for Correspondence: sreiaadministrator@srei.com





**Annexure 1**

**Ratios disclosed pursuant to regulation 52(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, as amended**

	Particulars	Quarter ended			Six Months ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Debt equity ratio (No. of times) (Note 1)	(2.80)	(3.51)	7.99	(2.80)	7.99	(4.06)
2	Debt service coverage ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	Interest service coverage ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4	Outstanding redeemable preference shares (Nos. in Lakhs)	-	-	-	-	-	-
5	Outstanding redeemable preference shares (Values)	-	-	-	-	-	-
6	Capital redemption reserve	-	-	-	-	-	-
7	Debt service coverage ratio (₹ in Lakhs)	39,824	39,824	40,014	39,824	40,014	39,824
8	Net worth (₹ in Lakhs) (Note 2)	(11,31,306)	(9,08,031)	3,89,525	(11,31,306)	3,89,525	(7,72,829)
9	Net Profit/(Loss) after tax (₹ in Lakhs)	(1,98,642)	(96,830)	182	(2,95,472)	2,186	(7,13,611)
10	Earnings per share (₹)	(251.39)*	(122.54)*	0.23*	(373.94)*	2.77*	(903.08)
11	Current ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
12	Long term debt to working capital (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
13	Bad debts to account receivable ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
14	Current liability ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
15	Total debts to total assets (%) (Note 3)	1.21	1.13	0.85	1.21	0.85	1.09
16	Debt turnover ratio (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
17	Inventory turnover (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
18	Operating margin (%) (Note 8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
19	Net profit/(loss) margin (%) (Note 4)	(2.84)	(1.21)	0**	(1.97)	0.01	(2.09)
<b>Sector Specific Ratios</b>							
20	Gross Non Performing Assets % ("GNPA") (Note 5)	78.70%	68.14%	10.81%	78.70%	10.81%	60.94%
21	Net Non Performing Assets % ("NNPA") (Excl. impairment Reserve) (Note 6)	71.80%	59.80%	7.56%	71.80%	7.56%	51.65%
22	Net Non Performing Assets % ("NNPA") (Incl. impairment Reserve) (Note 6)	64.89%	51.68%	7.56%	64.89%	7.56%	43.52%
23	Provision Coverage Ratio % ("PCR") (Note 7)	31.07%	30.44%	32.47%	31.07%	32.47%	31.52%

\* Not Annualised

\*\* 0.002

**Note:**

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Formulae for Computation of Ratios are as follows:

- Debt equity ratio = (Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities) / Networth.
- Net worth has been calculated as defined in Section 2(57) of the Companies Act, 2013.
- Total debts to total assets (%) = (Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities) / Total Assets
- Net profit/(loss) margin (%) = Profit/(loss) after Tax / Total Revenue from Operations.
- Gross Non Performing Assets ("GNPA") (%) = Gross Stage III / Gross Advances, where gross advances represents Loans, Trade Receivables and Net Block of Assets given on Operating Lease.
- Net Non Performing Assets ("NNPA") (%) = Net Stage III / Net Advances, where net advances represents Loans, Trade Receivables and Net Block of Assets given on Operating Lease.
- Provision Coverage Ratio ("PCR") (%) = NPA Provision / Gross NPAs.
- The Company is Non Banking Financial Company registered under the Reserve Bank of India Act 1934, Hence these Ratios are generally not applicable.

**For SREI EQUIPMENT FINANCE LIMITED**

(a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)



**MR. RAJNEESH SHARMA**  
ADMINISTRATOR APPOINTED UNDER IBC

Place: Kolkata

Date: December 17, 2021

The Administrator has been appointed under Rule 5(a)(iii) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 under the Insolvency and Bankruptcy Code, 2016 (IBC). The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Mr. Rajneesh Sharma, who acts as agent of the Company only and without any personal liability.

Address for Correspondence - Vishwakarma 86C, Topsia Road (South), Kolkata, West Bengal, 700046

Email ID for Correspondence - sreiaadministrator@srei.com



My  
AC

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**Independent Auditor's Review Report on quarterly and year to date Unaudited Financial Results of Srei Equipment Finance Limited pursuant to the Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To The Administrator  
Srei Equipment Finance Limited**

1. We were engaged to review the accompanying Statement of Unaudited Financial Results of Srei Equipment Finance Limited ("the Company") for the quarter ended September 30, 2021 and for the year to date from April 1, 2021 to September 30, 2021 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. The Reserve Bank of India ('RBI') vide press release dated October 4, 2021 in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India Act, 1934 ('RBI Act') superseded the Board of Directors of the Company and appointed an Administrator under Section 45-IE (2) of the RBI Act. Further, RBI, in exercise of powers conferred under section 45-IE (5) (a) of the RBI Act, has constituted a three-member Committee of Advisors for advising the Administrator.

The RBI had also filed application for initiation of Corporate Insolvency Resolution Process ('CIRP') against the Company under Section 227 read with clause (zk) of sub-section (2) of Section 239 of the Insolvency and Bankruptcy Code (IBC), 2016 ('the Code') read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ('FSP Insolvency Rules') before the Hon'ble National Company Law Tribunal, Kolkata Bench ('Hon'ble NCLT'). Hon'ble NCLT vide its order dated October 8, 2021 admitted the application made by RBI for initiation of CIRP against the Company. Further, Hon'ble NCLT gave orders for appointment of Mr. Rajneesh Sharma, as the Administrator to carry out the functions as per the Code and that the management of the Company shall vest in the Administrator. Further, RBI has also retained the three-member Committee of Advisors, as aforesaid, for advising the Administrator in the operations of the Company during the CIRP.

3. We refer to Note No. 2 to the Statement with regards to the responsibility of the Administrator in respect of the preparation of this Statement which have been taken on record by the Administrator, only limited to the extent of discharging the powers of the Board of Directors of the Company which were conferred upon him under the Code and solely for the purpose of ensuring regulatory compliance.

This Statement has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Statement based on our review.





In view of the matters described in paragraph 5 mentioned below, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our conclusion on this Statement. Accordingly, we do not express a conclusion on this Statement.

4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**5. Basis for Disclaimer of Conclusion**

- (a) Note No. 2 to the Statement which explains that the Administrator takes no responsibility with respect to the accuracy, validity, completeness or authenticity of the information and figures mentioned in the Statement as they belong to a period prior to the date of his appointment as the Administrator and that he has relied upon the explanations, clarifications, certifications, representations and statements made by the existing officials made by the Chief Financial Officer, Company Secretary, Chief Business Officer (erstwhile Managing Director), Chief Risk Officer and Legal Head ('the existing officials of the Company'), who were part of the Company prior to CIRP for the purpose of approving the Statement. Further, the Administrator has taken on records and signed the Statement, while discharging the powers of the Board of Directors of the Company which were conferred upon him by the Code and solely for the purpose of ensuring regulatory compliance based upon the explanations, clarifications, certifications, representations, confirmations, and statements made by the existing officials of the Company.
- (b) Note No. 5 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 SIFL, with effect from 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. On the date of giving effect to BTA, the consent or otherwise, of other lenders was awaited. The previous management of 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. Note No. 6 further explains that during the financial year 2020-2021, the Company had filed two separate applications under Section 230 of the Companies Act, 2013 before the Hon'ble NCLT proposing Schemes of Arrangement (the Schemes) with all its secured and unsecured lenders. The final order of NCLT for disposal of the Schemes filed by the Company is still awaited. Accordingly, the Administrator is not in a position to comment about the outcome of the Scheme and the validity of the BTA. In absence of the fact that whether the BTA is legally valid or not, we are not in a position to comment on the accounting of BTA, as aforesaid, done by the Company. Further, since the relevant assets and liabilities recognised pursuant to the BTA has been merged with the books of accounts of the Company with effect from October 1, 2019, it is not practicable to quantify the financial effect of the same, if any, on the financial results of the Company for the quarter and six months ended September 30, 2021.
- (c) Note No. 4 to the Statement which explains that latest valuations from independent valuers in respect of assets/collaterals held as securities and considered for loan loss



provision is in progress. Hence, pending completion of the process, we are unable to comment on the impact, if any of the same on the Statement.

- (d) Note No. 7 to the Statement which explains that the Administrator has invited the financial/operational/other creditors to file their respective claims and that the admission of such claims is in process. Further, the note explains that the effect in respect of the claims admitted by the Administrator till November 15, 2021 has been given in the books of account. Further, the note also explains that the creditors can file their claim during CIRP and the figures of claims admitted and accounted in the books of accounts might undergo changes during CIRP. Hence, adjustments, if any, arising out of the claim verification and submission process, will be given effect in subsequent periods.
- (e) Note No. 8 to the Statement which explains the reasons owing to which the Company has not been able to comply with guidelines of RBI in relation to mandatory hedging of exposure in External Commercial Borrowings amounting to INR 260 crore as at September 30, 2021. As stated, in the said note, pending final determination by the Company of the financial and other consequences arising out of such non-compliance, no adjustments have been made to the Statement.
- (f) Note No. 13 to the Statement which explains that based on the directions of RBI the Company has made provisions amounting to INR 98 crores and INR 50 crores in respect of direct tax cases and indirect tax cases respectively where the Company was under various stages of appeal with the relevant tax authorities. However, the Company has not assessed whether the outflow of resource embodying economic benefits is probable or not as per the requirements of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Hence, in absence of such assessment, we are unable to comment on any non-compliance with Ind AS and the corresponding impact, if any of the same on the Statement.
- (g) Note No. 14 to the Statement which explains the reasons owing to which the Company was not able to comply with the requirements of Section 135 of the Act in relation to depositing unspent amount of CSR. As stated, in the said note, pending final determination by the Company of the financial and other consequences arising out of such non-compliance, no adjustments have been made to the Statement.
- (h) Note No. 15 to the Statement which states that the Company is in the process of assessing the asset cover on its secured redeemable non-convertible debentures ('NCDs') as at September 30, 2021. Since, the process of such assessment is still going, we are unable to comment on the asset cover on the NCDs.
- (i) In view of the possible effects of the matters described in paragraph 5(a) to 5(h) above, we are also unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any.
- (j) In view of the possible effects of the matters described in paragraph 5(a) to 5(i) above, we are also unable to comment on the Company's compliance on various regulatory ratios/limits and consequential implications including disclosures, if any.

#### 6. Disclaimer of Conclusion

In view of the significance of the matters described in paragraph 5 above, we have not been able to obtain sufficient and appropriate evidence and therefore, unable to conclude as to whether the Statement has been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India or state whether the Statement has





disclosed the information required to be disclosed, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**7. Material uncertainty related to Going Concern**

We draw attention to Note No. 9 to the Statement which states that the Company has been admitted to CIRP and also indicates the factors that have further resulted into net loss during the quarter and six months ended September 30, 2021. As a result, the Company's net worth has fully eroded as at that date and it has not been able to comply with various regulatory ratios/limits. All this has impacted the Company's ability to continue its operations in normal course in future. 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.

**8. We draw attention to the following matters in the notes to the Statement:**

- a. Note No. 4 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 1,027 crore and INR 1,445 crore for the quarter and six months ended September 30, 2021 respectively. 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.
- b. Note No. 10 to the Statement which 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', in line with arm's length principles, 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.

Any comment/s in the matter will depend upon completion of re-assessment and re-negotiations as stated above.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048



Manoj Daga  
Partner  
Membership No. 048523  
UDIN: 21048523 AAA



Place: Mumbai  
Date: December 17, 2021

For J. Kala & Associates  
Chartered Accountants  
ICAI Firm Registration No. 118769W



Jayesh Kala  
Partner  
Membership No. 101686  
UDIN: 21101686 AAAAD



Place: Mumbai  
Date: December 17, 2021