



SIFL/SECT/KK/14-15/32
May 30, 2014

The Secretary
The Calcutta Stock Exchange Limited
7 Lyons Range
Kolkata - 700 001
Fax: 033-2210 4500/4491; 2230 3020
CSE Scrip Code: 29051

Dear Sir,

Sub: Auditor's Report as per Clause 41 of the Listing Agreement

In terms of the requirements of Clause 41 of the Listing Agreement with your Stock Exchange, please find enclosed herewith a copy of the Auditors' Report on the Standalone and Consolidated Financial Results of the Company for the year ended on 31st March, 2014.

This is for your information and record.

Thanking you.

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

Sandeep Lakhota
Company Secretary

Encl.: as above

cc: The Secretary

1. **BSE Limited**
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
Fax: 022-2272 2037/2039/2041/3121
BSE Scrip Code: 523756
2. **National Stock Exchange of India Limited**
Exchange Plaza, 5th Floor, Plot no. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Fax: 022-2659 8237/38; 2659 8347/48
NSE Symbol: SREINFRA

Srei Infrastructure Finance Limited

Registered Office : 'Vishwakarma' 86C, Topsia Road (South), Kolkata - 700 046
Tel.: +91 33 22850112-15, 61607734 Fax: +91 33 2285 8501/7542
Email: corporate@srei.com Website: www.srei.com
(CIN) : L29219WB1985PLC055352

INDEPENDENT AUDITORS' REPORT

To the Members of
Srei Infrastructure Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Srei Infrastructure Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

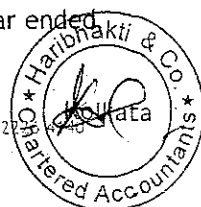
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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



HARIBHAKTI & CO.

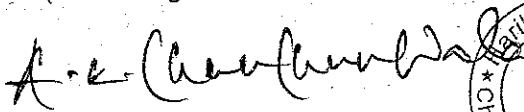
Chartered Accountants

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

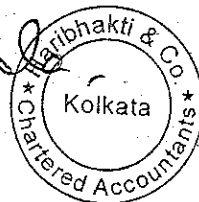
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3)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

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



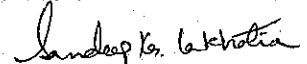
Anand Kumar Jhunjunwala
Partner
Membership No. 056613

Kolkata
Date : 23rd May, 2014.



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Srei Infrastructure Finance Limited

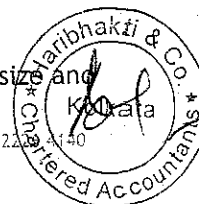

Company Secretary

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has physically verified a part of its fixed assets during the year but there is a regular programme of verification of fixed assets in a phased manner to cover all items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) In respect of equity shares held as stock for trade:
- (a) According to the information and explanations given to us, the stock for trade has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stock for trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of stock for trade and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act and hence, clauses 4 (iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of stock for trade and fixed assets and for the sale of services. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the internal control system of the Company.
- (v) According to the information and explanations given to us, there were no contracts or arrangements during the year, referred to in section 301 of the Act, that need to have been entered in the register maintained under that section. Accordingly, clauses 4(v) (a) and (b) of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



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Chartered Accountants

(viii) Being a Non-Banking Financial Company, the provisions of clause 4(viii) of the Order are not applicable to the Company.

(ix) (a) According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues as at 31st March, 2014 of income-tax, sales-tax, wealth-tax, service tax, customs duty and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lakh)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	471	2005-06 and 2006-07	Delhi High Court
Income Tax Act, 1961	Income Tax	388	2005-06	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	125	2006-07 and 2007-08	CIT (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	986	2007-08	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	1,809	2008-09	Supreme Court of India
Income Tax Act, 1961	Income Tax	211	2010-11	CIT (Appeals), Kolkata
Income Tax Act, 1961	Fringe Benefit Tax	226	2005-06 to 2008-09	Calcutta High Court
Finance Act, 1994	Service Tax	302	2006-07 to 2010-11	Commissioner of Service Tax, Kolkata
Central Sales Tax Act, 1956	Central Sales Tax	211	2010-11	Sr. Joint Commissioner of Commercial Taxes, Kolkata

(x) The Company has no accumulated losses as at the end of the financial year covered by our audit. The Company has not incurred cash losses in the said financial year and the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.



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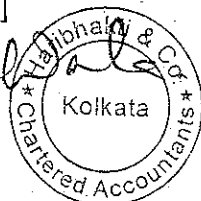
Chartered Accountants

- (xii) In our opinion and according to the information and explanations given to us, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing or trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Act.
- (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, term loans have been prima facie applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have prima facie not been used during the year for long-term investment.
- (xviii) The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us and the records examined by us, securities/charges have been created in respect of debentures issued by the Company.
- (xx) We have verified that the end use of money raised during the year by public issue of Secured, Redeemable, Non Convertible Debentures is as disclosed in Note 4.2 to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Haribhakti & Co.
Chartered Accountants
[Firm's Registration No.103523W]

A. K. Jhunjunwala

Anand Kumar Jhunjunwala
Partner
Membership No: 056613



Kolkata
Date : 23rd May ,2014

Certified True Copy

Srei Infrastructure Finance Limited

Sandeep K. Lakhotia
Company Secretary

INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To the Board of Directors of
Srei Infrastructure Finance Limited**

We have audited the accompanying consolidated financial statements of Srei Infrastructure Finance Limited ("the Company"), its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity (the Company, its subsidiaries, associates, trusts and jointly controlled entity collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

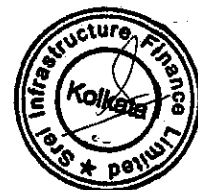
The Company's Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of the Company, its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity.

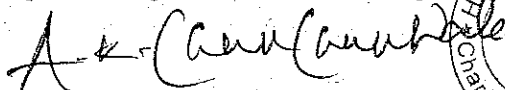
In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors and management accounts as mentioned in the 'Other Matters' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

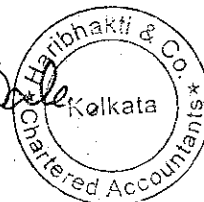
Other Matters

We did not audit the financial statements of subsidiaries (including their subsidiaries and joint ventures) and trusts, whose financial statements reflect total assets (net) of ₹ 11,137 lakhs as at 31st March, 2014, total revenues of ₹ 21,231 lakhs and net cash outflows amounting to ₹ 1,507 lakhs for the year then ended and as considered in the consolidated financial statements. We also did not audit the financial statements of the jointly controlled entity, whose aggregate share of net profit amounting to ₹ 11,269 lakhs is also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries (including their subsidiaries and joint ventures), trusts and the jointly controlled entity, is based solely on the reports of the other auditors except for in case of a foreign subsidiary, two joint ventures of a subsidiary (ceased to be so with effect from 17th July, 2013 and 29th March, 2014), a foreign sub-subsidiary, two foreign sub-subsidiaries (ceased to be so with effect from 28th October, 2013), a subsidiary (ceased to be so with effect from 19th October, 2013) and a trust where reliance has been placed on the management accounts. We also did not audit the financial statements of an associate whose financial statements reflect the Group's share of net loss up to 31st March, 2014 amounting to ₹ 96 lakhs and the Group's share of net loss amounting to ₹ Nil for the year ended on that date and as considered in the consolidated financial statements, where reliance has been placed on the management accounts. Our opinion is not qualified in respect of this matter.

For Haribhakti & Co.
Chartered Accountants
[Firm's Registration No. 103523W]

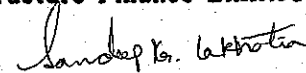


Anand Kumar Jhunjunwala
Partner
Membership No. 056613



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Srei Infrastructure Finance Limited


Sandeep K. Lakhotia
Company Secretary

Kolkata
Date : 23rd May, 2014