



Subsidiary Companies Financial Statement 2008-09

Srei Infrastructure Finance Limited

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DIRECTORS

Mr. M. Damodaran - Chairman
 Mr. Salil K. Gupta
 Mr. Hemant Kanoria
 Mr. Bajrang K. Choudhary

CHIEF EXECUTIVE OFFICER

Dr. Syed Sabahat Azim

CHIEF FINANCIAL OFFICER

Mr. Bijan Boral

AUDITORS

Chetan & Co.
 Chartered Accountants

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Seventh Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	1,065,993,689	1,100,685
Expenditure	1,034,664,455	1,019,498
Profit / (Loss) Before Tax	31,329,234	81,187
Provision for Current Tax	3,650,000	8,500
MAT Credit Entitlement	(3,650,000)	-
Deferred Tax	10,613,648	(162,777)
Profit / (Loss) after Tax	20,715,586	235,464
Balance brought forward from Previous Year	(7,162,969)	(7,398,433)
Profit / (Loss) after Tax carried to Balance Sheet	13,552,617	(7,162,969)
Paid up Equity Share Capital	10,000,000	10,000,000

OPERATIONAL REVIEW AND FUTURE OUTLOOK

During the year under review, your Company has earned an income of Rs. 1,065,993,689/- as against Rs. 1,100,685/- in the previous year. Your Company has earned a Profit after Tax of Rs. 20,715,586/- as against Profit after Tax of Rs. 235,464/- incurred in the previous year.

BUSINESS OPERATION
RECAPPING THE SAHAJ JOURNEY

On 8th May, 2007, Srei Money Mall Limited was renamed as "Srei Sahaj e-Village Limited", with a mandate to roll out the Common Service Centre Project within the National e-Governance Plan under the Public Private Partnership setup. And today, in a span of just two years, your Company has put on ground, one of the world's largest physical and digital network, with 11,313 computerised, V-Sat connected Common Service Centers (CSCs) in the states of Assam, Bihar, Orissa, Tamil Nadu, UP and West Bengal. By the end of March, 2010, this network would have expanded phenomenally to include 26,000 plus CSCs. Sahaj has 568 employees working in 65 offices in 112 districts.

Sahaj has achieved top most recall value among the Service Centre Agencies (SCAs) implementing the national e-Governance Plan. The strong success of Sahaj was underscored again when

your Company was approached by Jammu and Kashmir Bank which has the official mandate to roll out the CSC project in the challenging terrain of Jammu and Kashmir. Sahaj has become the advisory and implementation partner of J & K Bank.

Among many factors that determined the success of Sahaj is foremost its business model. Rooted strongly in the tenets of self - reliance, sustainability and dignity, Sahaj devised and implemented a business model that fosters entrepreneurship and dignity among the rural citizens rather than dependency. Each Common Service Centre is a mini enterprise operated by a Village Level Entrepreneur, i.e. VLE. This ensures maximum participation, ownership, accountability. The rural customer gets the best of the services directly from the owner of the kiosk and thus the interests of both the customer and the business man are serviced.

The other important factor is Sahaj's innovation in technology. Sahaj has devised and delivered some 27 pioneering online processes, services and products including the much appreciated e-learning, land records registration, electricity bill payment, BSNL payment, mobile recharge etc. Ensuring seamless connectivity and connecting the service providers with the remotest villagers is one of the greatest inspirations and challenges. The transaction at the CSC is conducted online through the use of the Sahaj portal and the use of cash card or the virtual credit card of the VLE.

Having proven its mettle in the roll out of the significant portion of the CSCs, Sahaj is now getting ready to maximise its reach by rapidly rolling out value added services. The robust technology gateway put in place is now facilitating Sahaj to venture to new emerging fields like Tele-medicine, IPTV, e-commerce, e-agriculture and e-training / education. This will be the sub - text of the next line of Sahaj launches and successes.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report forms part of Directors Report.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. However, your Company continues its endeavor to

improve energy conservation and utilisation, safety and environment.

Your Company has not utilised or earned any foreign exchange during the year under review (Previous year Rs. Nil).

DIRECTORS

Mr. M. Damodaran, Director of the Company was appointed as the Chairman of the Board of Directors of your Company w.e.f. 27th January, 2009.

In accordance with the provisions of the Companies Act, 1956 and your Company's Articles of Association, Mr. Bajrang Kumar Choudhary, Director retires by rotation and being eligible, offers himself for re - appointment.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a certificate from a Company Secretary in Whole time Practice in respect to compliances by your Company with all the provisions of the Companies Act, 1956 is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- (iii) the Directors have taken proper and sufficient care for the

maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. Chetan & Co. (formerly Chetan Chaturvedi & Co.), Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting. However, they have expressed their unwillingness to be re-appointed as Auditors of your Company. The Directors wish to place on record their appreciation of the professional services rendered by M/s. Chetan & Co. during their association with your Company.

The Board recommends the appointment of M/s. Haribhakti & Co., Chartered Accountant as the Statutory Auditors of your Company, subject to the approval of the shareholders at the ensuing Annual General Meeting of your Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co-operation received from the Government, its Bankers and the holding company, Srei Infrastructure Finance Limited. Your Directors also place on record their deep appreciation of the valuable contribution of the employees at all levels for the progress of your Company during the year and look forward for their continued support in the years ahead.

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

M. Damodaran
Chairman

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 referred to in the Directors' Report for the year ended 31st March, 2009 and forming part thereof.

Name	Age	Designation	Qualification	Remuneration (Rs.)	Date of commencement of employment	Working Experience (years)	Previous Employment
Dr. Syed Sabahat Azim	36 years	Chief Executive Officer	MBBS, IAS	5,526,640	01.05.2007	12	Indian Administrative Service; Worked as Secretary to Chief Minister, Government of Tripura
Mr. Subash BGK	35 years	Vice President - IT	MMS from BITS, Pilani	3,474,186	29.08.2007	13	Senior Client Solutions Manager – WIPRO
Mr. Bijan Boral	51 years	Chief Financial Officer	B.Com (H),CA	1,000,137*	18.11.2008	24	Associate Director – Nuvent Equity Pvt. Ltd.

*Employed for part of the year.

1. The appointment of Dr. Syed Sabahat Azim is contractual. Others are permanent.
2. Remuneration includes Gross Salary, LTA, Medical, Ex - gratia, Employer's Contribution to Provident Fund and Incentive.
3. Dr. Syed Sabahat Azim holds 100,000 Equity Shares constituting 10% of the total paid up Equity Share Capital of the Company.
4. None of the above persons are related to any of the Directors of the Company.

AUDITORS' REPORT

To the Members,

Srei Sahaj e-Village Limited

We have audited the Balance Sheet of **Srei Sahaj e-Village Limited** as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the said Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis - statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 (as amended by CARO amendment Order, 2004,) issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) 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.

- iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
- iv) In our Opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956.

We report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
- b) In the case of Profit and Loss Account of the Profit for the year ended on that date, and
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **Chetan & Co.**
Chartered Accountants

A. Som

Partner

Membership No. 6308

Place : Kolkata

Date : 8th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- | | |
|--|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the management which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies are noticed on such verification.</p> <p>(c) The Company has not disposed off substantial part of its fixed assets during the year.</p> <p>(ii) (a) Management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) The procedure of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> <p>(iii) The Company has not taken or granted any secured or unsecured loan from or to the companies, firms or other parties covered under Section 301 of the Companies Act, 1956 and such clauses (iii)(a) to (iii)(d) are not applicable.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to sales. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.</p> <p>(v) According to the information available and explanations given to us, there are no transactions for purchase of goods, materials and sale of goods and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 Lakh or more in respect of each party.</p> <p>(vi) The Company has not accepted any deposits from public under Section 58A and 58AA of the Companies Act, 1956.</p> <p>(vii) In our opinion the Company has an internal audit system generally commensurate with the size and nature of its business. However, it needs strengthening further.</p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub - section(1) of Section 209 of the Companies act,1956 for the Company.</p> <p>(ix) The Company has not provided for any liability for Fringe Benefit Tax as the Company has challenged the</p> | <p>constitutional validity of FBT before the Calcutta High Court, as mentioned in point no. 5 of Notes on Accounts.</p> <p>(x) In our opinion, the Company does not have any accumulated loss at the end of the financial year and the Company has not incurred any cash losses during the period covered by the report and in the financial year immediately preceding the period covered by the report.</p> <p>(xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks. However, there were some delays in payment of interest.</p> <p>(xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The Company is not a Chit Fund or a Nidhi Mutual Benefit Fund / Society. Therefore the provisions of clause 4(xiii) are not applicable to the Company.</p> <p>(xiv) As informed and explained to us, the Company has not dealt / traded in securities or debentures during the year.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.</p> <p>(xvii) According to the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima - facie, not been used during the year for long term investment.</p> <p>(xviii)The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year and hence the question whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.</p> <p>(xix) The Company has not issued any debentures during the year and thus no securities have been created.</p> <p>(xx) The Company has not raised any fund by public issue during the year covered by our audit report.</p> <p>(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.</p> |
|--|---|

For **Chetan & Co.**
Chartered Accountants

A. Som
Partner

Place : Kolkata
Date : 8th June, 2009

Membership No. 6308

COMPLIANCE CERTIFICATE

[In accordance with proviso to sub - section (1) of Section 383A of the Companies Act, 1956 and The Companies (Compliance Certificate) Rules, 2001]

Registration No.	: 21 - 095455
CIN No.	: U67190WB2002PLC095455
Date of incorporation	: 29.11.2002
Date of obtaining certificate of commencement of business	: 09.12.2002
Authorised Share Capital	: Rs.100 Lakh
Paid - up Share Capital	: Rs.100 Lakh

To the Members,
Srei Sahaj e-Village Limited

I have examined the registers, records, books and papers of **Srei Sahaj e-Village Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year: -

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder or with late filing fees. No forms and returns were filed with Regional Director, Central Government, Company Law Board or other authorities.
3. The Company, being a public limited company, has the minimum prescribed paid up capital and other comments are not required as they are applicable to a private limited company.
4. The Board of Directors of the Company duly met 04 (four) times respectively on 10.06.2008, 11.07.2008, 29.10.2008 and 27.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 11.07.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra - ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors

or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government in this regard.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i) has not made any allotment, transfer or transmission of securities during the financial year.
 - (ii) has not deposited any amount in a separate Bank Account, as no dividend was declared during the financial year;
 - (iii) was not required to pay / post warrants to any member of the Company, as no dividend was declared during the financial year;
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund;
 - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and comprised of five Directors at present. (Shri Salil Kumar Gupta, Shri Bajrang Kumar Choudhary, Shri Brijesh Kumar, Shri Hemant Kanoria and Shri M. Damodaran). Shri Brijesh Kumar (appointed as an additional Director by the Board of Directors w.e.f 27.12.2007 and Shri Hemant Kanoria (appointed as an additional Director by the Board of Directors w.e.f 03.03.2008) and Shri Meleveetil Damodaran (appointed as an additional Director by the Board of Directors w.e.f 10.06.2008) were appointed as Directors by the members at the Annual General Meeting held on 11.07.2008. Shri Meleveetil Damodaran was appointed as the Chairman of the Board of Directors of the Company w.e.f 27.01.2009. There was no other appointment of additional Directors or alternate Directors during the financial year. No casual vacancy occurred in the Board during the financial year.

15. The Company has not appointed any Managing Director / Whole - time Director / Manager during the financial year.
16. The Company has not appointed any sole - selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits, including unsecured loan falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year, in violation of the provisions of Section 293(1)(d) of the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate, where applicable, in violation of the provisions of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. I have been given to understand by the management that there was / were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund, for part of the year, with prescribed authorities pursuant to Section 418 of the Act.

C. S. Deepak Kumar Khaitan

Practising Company Secretary

F. C. S. No. 5615

C. P. No. 5207

Place : Kolkata
Date : 8th June, 2009

ANNEXURE 'A'

Registers and Records as maintained by the Company

Sl. No.	Particulars	Under Section
(a)	Register of Members	150
(b)	Index of Members	151
(c)	Minutes Book of Meetings of Board of Directors	193
(d)	Minutes Book of Meetings of Shareholders	193
(e)	Register of particulars of contracts in which Directors are interested	301
(f)	Register of Directors, Managing Director, Manager and Secretary	303
(g)	Register of Directors' shareholdings	307
(h)	Application and Allotment Register	
(i)	Register of Transfer	

ANNEXURE 'B' (PART I)

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March, 2009: -

Sl. No.	Form No. / Return (SRN with Transaction Status as on the date of this certificate)	Filed under section	For	Date of filing	Whether filed Within prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes / No / NA
01.	Form 32 (SRN A40346595 – Approved)	303(2)	For appointment of Shri Meleveetil Damodaran as an Additional Director by the Board of Directors w.e.f 10.06.2008	30.06.2008	Yes	N.A.
02.	Form 32 (SRN A42347302 – Approved)	303(2)	For change in designation - from Additional Director to Director, since Shri Brijesh Kumar (appointed as an Additional Director by the Board of Directors w.e.f 27.12.2007) and Shri Hemant Kanoria (appointed as an Additional Director by the Board of Directors w.e.f 03.03.2008) and Shri Meleveetil Damodaran (appointed as an Additional Director by the Board of Directors w.e.f 10.06.2008) – all were appointed as Directors by the members at the Annual General Meeting held on 11.07.2008.	31.07.2008	Yes	N.A.
03.	Form 23AC & Form 23ACA (Balance Sheet etc.) (SRN P20401204 - Approved)	220	Year ended 31.03.2008 (AGM held on 11.07.2008)	11.08.2008	Yes(since no additional fee charged by the system at the time of filing)	No (since no additional fee charged by the system at the time of filing)
04.	Form 66 (Compliance Certificate) (SRN P20401311 - Approved)	383A	Year ended 31.03.2008 (AGM held on 11.07.2008)	11.08.2008	Yes(since no additional fee charged by the system at the time of filing)	No(since no additional fee charged by the system at the time of filing)
05.	Form 20B (Annual Return) (SRN P20883419 - Approved)	159	AGM held on 11.07.2008	02.09.2008	Yes	N.A.

ANNEXURE 'B' (PART II)

Form mentioned herein below was not filed during the financial year ended on 31st March, 2009. The same has been mentioned herein, because the same was filed upto (including) the date of issue of this certificate and has significance to the contents of this certificate:-

Sl. No.	Form No. / Return (SRN with Transaction Status as on the date of this certificate)	Filed under section	For	Date of filing	Whether filed Within prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes / No / NA
01.	Form 32 (SRN A60188828 - Approved)	303(2)	For change in designation - from Director to Chairman, since Shri Meleveetil Damodaran was appointed as the Chairman of the Board of Directors of the Company w.e.f 27.01.2009	20.04.2009	No	Yes

Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	10,000,000		10,000,000	
Reserves & Surplus	2	13,552,617	23,552,617	-	10,000,000
Loan Funds					
Secured Loan	3	514,520,177		129,969,862	
Unsecured Loan	4	117,450,000	631,970,177	34,450,000	164,419,862
Deferred Tax Liability			5,876,050		-
Total			661,398,844		174,419,862
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	85,027,583		53,094,216	
Less: Depreciation		11,282,020		178,770	
Net Block			73,745,563		52,915,446
Capital - Work - In - Progress			112,532,900		-
Current Assets, Loans & Advances					
Current Assets	6	749,169,314		275,180,854	
Loans & Advances	7	88,161,440		44,133,331	
			837,330,754		319,314,185
Less: Current Liabilities & Provisions					
Current Liabilities	8	358,551,873		209,756,974	
Provision for Income Tax		3,658,500		8,500	
			362,210,373		209,765,474
Net Current Assets			475,120,381		109,548,711
Deferred Tax Asset			-		4,737,598
Miscellaneous Expenditure	9		-		55,138
(Preliminary expenses to the extent not written off)					
Profit & Loss Account			-		7,162,969
Total			661,398,844		174,419,862
Significant Accounting Policies and Notes on Financial Statements	14				

The Schedules '1' to '9' and '14' referred to above form an integral part of the Balance Sheet.

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

For **Chetan & Co.**
Chartered Accountants

On behalf of the Board of Directors

A. Som
Partner

M. Damodaran
Chairman

Salil K. Gupta
Director

Place : Kolkata

Date : 8th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Income from Operations	10	1,064,252,676	887,195
Other Income	11	1,741,013	213,490
TOTAL		1,065,993,689	1,100,685
EXPENDITURE			
Expenses on IT Infrastructure	12	905,145,472	773,706
Research Expense		-	105,000
Administrative & Other Expenses	13	78,368,268	94,300
Development Expenses		39,992,327	-
Depreciation		11,103,250	34,677
Miscellaneous Expenditure written off		55,138	11,815
TOTAL		1,034,664,455	1,019,498
Profit Before Tax		31,329,234	81,187
Provision for Tax :			
- Current Tax		3,650,000	8,500
- MAT credit entitlement		(3,650,000)	-
- Deferred Tax		10,613,648	(162,777)
Profit After Tax		20,715,586	235,464
Balance brought forward from previous year		(7,162,969)	(7,398,433)
Profit / (Loss) after Tax carried to Balance Sheet		13,552,617	(7,162,969)
Significant Accounting Policies and Notes on Financial Statements	14		

The Schedules '10' to '13' and '14' referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For **Chetan & Co.**
Chartered Accountants

A. Som
Partner

M. Damodaran
Chairman

On behalf of the Board of Directors

Salil K. Gupta
Director

Place : Kolkata
Date : 8th June, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before Tax	31,329,234	81,187
Adjustments for:		
Depreciation	11,103,250	34,677
Preliminary Expenses written off	55,138	11,815
Interest Debited	55,354,009	8,852,260
Operating Profit / (Loss) before Working Capital Changes	97,841,630	8,979,939
Adjustments for:		
(Increase) / Decrease in Debtors	(467,808,770)	-
(Increase) / Decrease in Inventories	(11,440,567)	(228,708,530)
(Increase) / Decrease in Other Current Assets	1,928,164	(83,878,202)
Increase / (Decrease) in Creditors	140,520,356	156,792,902
Increase / (Decrease) in Other Current Liabilities	8,274,543	52,959,072
Tax deducted at Source	(2,509,571)	(18,853)
Net Cash from Operating Activities	(233,194,215)	(93,873,672)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(144,466,267)	(52,523,652)
Net Cash from Investing Activities	(144,466,267)	(52,523,652)
C. Cash Flow from Financing Activities		
Issue of Shares	-	9,500,000
Increase / (Decrease) in Borrowings	467,550,315	151,969,862
Interest Paid	(55,354,009)	(8,852,260)
Net Cash from Financing Activities	412,196,306	152,617,602
Net Increase / (Decrease) in Cash or Cash Equivalents	34,535,824	6,220,278
Cash and Cash Equivalents as on 01.04.2008	6,479,997	259,719
Cash and Cash Equivalents as on 31.03.2009	41,015,821	6,479,997

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalents represents Cash in Hand and Balances with Bank.
- Figures for the previous year have been regrouped / rearranged, wherever considered necessary.

For **Chetan & Co.**
Chartered Accountants

On behalf of the Board of Directors

A. Som
Partner

M. Damodaran
Chairman

Salil K. Gupta
Director

Place : Kolkata
Date : 8th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
1,000,000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000
(Previous year 1,000,000 Equity Shares of Rs. 10/- each)		
	10,000,000	10,000,000
Issued, Subscribed & Paid - up		
1,000,000 Equity Shares of Rs. 10/- each fully paid - up in cash	10,000,000	10,000,000
(Previous year 1,000,000 Equity Shares of Rs. 10/- each fully paid - up in cash)		
	10,000,000	10,000,000
SCHEDULE 2 - RESERVES & SURPLUS		
Profit & Loss Account	13,552,617	-
	13,552,617	-
SCHEDULE 3 - SECURED LOAN		
Term Loans from Bank	179,920,434	12,568,230
Cash Credit facilities from Bank	334,599,743	-
Other Secured Loan	-	117,401,632
	514,520,177	129,969,862
SCHEDULE 4 - UNSECURED LOAN		
Other Unsecured Loan	117,450,000	34,450,000
	117,450,000	34,450,000

SCHEDULE 5 - FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As on 31st March, 2008	Additions during the year	Adjustments during the year	Sale during the year	As on 31st March, 2009	Upto 31st March, 2008	For the year	Adjustment during the year	As on 31st March, 2009	As on 31st March, 2009	As on 31st March, 2008
Computer Hardware	-	19,190,404	33,753,541	-	52,943,945	-	7,948,586	-	7,948,586	44,995,359	
Office Equipment	90,988	4,916,619	3,406,625	-	8,414,232	23,000	232,535	-	255,535	8,158,697	67,988
Furniture & Fittings	469,151	3,399,848	1,637,030	-	5,506,029	153,550	238,262	-	391,812	5,114,217	315,601
Electrical installation	10,425	85,200	-	-	95,625	2,220	4,552	-	6,772	88,853	8,205
Total (A)	570,564	27,592,071	38,797,196	-	66,959,831	178,770	8,423,935	-	8,602,705	58,357,126	391,794
Intangible Assets:											
- Software	-	4,341,296	13,726,456	-	18,067,752	-	2,679,315	-	2,679,315	15,388,437	-
Total (B)	-	4,341,296	13,726,456	-	18,067,752	-	2,679,315	-	2,679,315	15,388,437	-
Development Asset *	52,523,652	-	(52,523,652)	-	-	-	-	-	-	-	52,523,652
Total (C)	52,523,652	-	(52,523,652)	-	-	-	-	-	-	-	52,523,652
Total (A) + (B) + (C)	53,094,216	31,933,367	-	-	85,027,583	178,770	11,103,250	-	11,282,020	73,745,563	52,915,446
Previous Year	570,564	52,523,652	-	-	53,094,216	144,093	34,677	-	178,770	52,915,446	426,471

* Development asset which has been put to use in the current Financial year, has now been grouped under the respective asset categories as applicable.

SCHEDULE 6 - CURRENT ASSETS

(Amount in Rupees)

	2009	2008
Inventories	240,149,097	228,708,530
Interest accrued but not due on Term Deposits	195,625	-
Sundry Debtors (Unsecured and considered good)		
- Debts outstanding for a period exceeding six months	107,353,322	-
- Other Debts	360,455,448	-
Development Work in Progress (Refer Item II 6 of Schedule 14)	-	39,992,327
Cash In Hand	1,02,182	7,130
Balance with Scheduled Banks		
- In Current Accounts	14,632,640	6,472,867
- In Term Deposit with Banks	26,281,000	6,472,867
	749,169,314	275,180,854

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 7 - LOANS & ADVANCES		
(Unsecured, Considered good)		
Security Deposit	2,595,497	5,645,400
Tax Deducted at Source	2,674,170	164,599
MAT credit entitlement (refer Item II 10 of Schedule 14)	3,650,000	-
Others	79,241,773	38,323,332
	88,161,440	44,133,331
SCHEDULE 8 - CURRENT LIABILITIES		
Advance from Customers	7,681,458	49,749,554
Sundry Creditors		
- total outstanding dues of micro, small and medium enterprises	-	-
- total outstanding dues of creditors other than micro, small and medium enterprises	297,313,258	156,792,902
Other Liabilities	53,557,157	3,214,518
	358,551,873	209,756,974
SCHEDULE 9 - MISCELLANEOUS EXPENDITURE		
Preliminary Expenditure		
Opening Balance	55,138	66,953
Less : Written Off during the year	55,138	11,815
Closing Balance	-	55,138

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
Schedule 10 - Income from Operations		
e-Learning Services	1,851,254	-
Other Miscellaneous Services	222,946	-
Revenue Support	150,731,200	-
IT Infrastructure	911,447,276	887,195
	1,064,252,676	887,195
Schedule 11 - Other Income		
Interest from Term Deposits with Bank (TDS Rs. 227,723/-, Previous year Rs. 18,853/-)	1,110,213	91,845
Others	630,800	121,645
	1,741,013	213,490
Schedule 12 - Expenses on IT Infrastructure		
Opening Inventory	228,708,530	-
Add:		
Purchase	754,211,589	229,482,236
Transportation expenses	6,876,745	-
IT Infrastructure Roll Out Cost*	147,261,514	-
Installation expenses	8,236,191	-
Less: Closing Inventory	240,149,097	228,708,530
	905,145,472	773,706

* Refer item II 16 of Schedule 14

Schedules to the Profit and Loss Account for the year ended 31st March, 2009 (Contd.)

(Amount in Rupees)

	2009	2008
Schedule 13 - Administrative & Other Expenses		
Salaries & Allowances	29,003,382	-
Employer's Contribution to Provident Fund	1,510,847	-
Employer's Contribution to ESI	6,246	-
Staff Welfare expenses	456,930	-
Postage, Telephone & Communication expenses	1,738,247	-
Legal Expenses	10,500	-
Professional Fees	5,939,577	-
Electricity Charges	1,730,074	-
Rent	2,239,249	-
Rates and Taxes	10,757	-
Brokerage & Service Charges	16,500	-
Directors Fees	60,000	20,000
Auditors' Remuneration		
Audit fees	50,000	10,000
Other services	-	6,300
Repairs and Maintenance - Others	2,565,313	-
Finance Charges	11,776,278	-
Insurance Premium	578,170	-
Tender Fees	11,000	-
Traveling and Conveyance	12,750,985	-
Printing and Stationery	1,918,105	-
Business Promotion Expenses	5,911,950	-
Filing Fees	10,228	58,000
Miscellaneous Expenses	73,930	-
Total	78,368,268	94,300

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

I. Significant Accounting Policies

1. Basis of preparation

- 1.1 The financial statements are prepared in accordance with Historical Cost Convention and Accrual basis of accounting.
- 1.2 These are presented in accordance with Generally Accepted Accounting Principles in India, provisions of Companies Act, 1956, Accounting Standards notified by the Central Government under Companies (Accounting Standards) Rules 2006.
- 1.3 The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Revenue Recognition

Income from operations and all other income is recognised in the Profit & Loss Account on accrual basis.

3. Fixed Assets and Depreciation / Amortisation

Fixed Assets are stated at Cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the assets.

Intangible Assets expected to provide future enduring economic benefits are stated at cost less amortisation. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

Depreciation has been provided on straight line method (SLM) at rates prescribed in Schedule XIV to the Companies Act 1956 which are as follows:

a. Furniture and Fixtures	6.33%
b. Computers	16.21%
c. Plant and Machinery	4.75%
d. Fixed Assets costing less than Rs. 5,000/-	100.00%

Intangible assets are amortised over their best estimated useful life ranging upto 6 years on straight line method.

4. Impairment of Fixed Assets

Whenever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises impairment loss as the difference between the carrying value and fair value less costs to sell.

5. Inventories

Inventories are valued at cost or net realisable value, whichever is lower, in accordance with Accounting Standard 2 - Valuation of Inventories. Cost is ascertained on weighted average basis.

6. Capital Work in Progress

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

7. Prior Period and Extra - ordinary Items

Prior period and extra - ordinary items having material impact on the financial affairs of the Company are disclosed separately.

8. Employee Benefits

Short Term Employee Benefits

Short term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Profit and Loss Account of the period in which the related service is rendered.

Defined Contribution Plan

Company's contributions towards Provident Fund with respect to employees, paid / payable during the period to the Provident Fund Authority, are charged to the Profit and Loss Account. Contributions to Employees State Insurance Corporation are charged to the Profit & Loss Account.

Defined benefit plan

Company's liability towards gratuity is a defined benefit plan. Such liabilities are ascertained by independent actuarial as per the requirements of Accounting Standard – 15 (revised 2005) "Employee Benefits".

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS (Contd.)

9. Taxes on Income

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

Deferred Tax is recognised on timing differences; being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. Provision, Contingent Liabilities and Contingent Assets

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

11. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. Basic earnings per share has been computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

12. Miscellaneous Expenditure

Preliminary expenses are charged to Profit & Loss account in the year of incurrence.

13. Segment reporting

The business of the Company falls within a single primary business segment viz, "e-Governance and e-Commerce Services" and hence the disclosure requirement of Accounting Standard 17, Segment Reporting, is not applicable.

II. Notes on Financial Statements

1. Loans:

Term Loans and Cash Credit facilities from Banks are secured by hypothecation of inventory, debtors and other current and fixed assets both present and future.

2. None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.

3. The Company followed the revised Accounting Standard – 15 (revised 2005) "Employee Benefits".

Contribution to Provident Fund Authority charged to Profit And Loss Account aggregates to Rs. 24.17 lakh (Previous year - Rs. 6.07 lakh). Contribution to Employees State Insurance Corporation charged to Profit and Loss Account aggregates to Rs. 19,681/- (Previous year – Rs. Nil).

Gratuity benefits to employees have been funded under separate arrangement with Life Insurance Corporation of India.

The following table sets out the details of amount recognised in the financial statements in respect of employees benefit schemes:

(figures in Rupees '000)

	2008-09	2007-08
A. Components of Employer Expense		
1. Current Service Cost (including risk premiums for fully insured benefits)	442.28	0.00
2. Interest Cost	18.38	0.00
3. Expected Return on Plan Assets	0.00	0.00
4. Curtailment Cost / (Credit)	0.00	0.00
5. Settlement Cost / (Credit)	0.00	0.00
6. Past Service Cost	0.00	0.00
7. Actuarial Losses / (Gains)	474.31	211.32
8. Total Employer Expense recognised in P&L	934.97	211.32
Assumptions at 1st April, 2008		
Discount Rate	8.70%	8.70%

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS (Contd.)

(figures in Rupees '000)

	2008-09	2007-08
B. Actual Contribution and benefit payments for the year ended 31st March, 2009		
Actual benefit payments	0.00	0.00
Actual contribution	0.00	0.00
C. Net Asset / Liability recognised in the Balance Sheet as at 31st March, 2009		
1. Present Value of Defined Benefit Obligation	1,146.29	211.32
2. Fair Value of plan assets	0.00	0.00
3. Funded Status [Surplus / (Deficit)]	(1,146.29)	(211.32)
4. Unrecognised Past Service Costs	0.00	0.00
5. Net Asset / (Liability) recognised in the Balance Sheet	(1,146.29)	(211.32)
Assumptions at 31 March, 2009		
Discount Rate	8.40%	
D. Change in obligation and assets over the year ended 31st March, 2009		
I. Change in defined benefit obligation		
1. DBO at beginning of the period	211.32	0.00
2. Service Cost	442.28	0.00
3. Interest Cost	18.38	0.00
4. Curtailment Cost / (Credit)	0.00	0.00
5. Settlement Cost	0.00	0.00
6. Plan Amendments	0.00	0.00
7. Acquisitions	0.00	0.00
8. Actuarial Losses / (Gains)	474.31	211.32
9. Benefit Payments	0.00	0.00
10. DBO at the end of the period	1,146.29	211.32
II. Change in fair value of Assets		
1. Fair value of plan assets at beginning of the period	0.00	0.00
2. Acquisition adjustment	0.00	0.00
3. Expected return on plan assets	0.00	0.00
4. Actual company contributions	0.00	0.00
5. Actuarial Gain / (Loss)	0.00	0.00
6. Benefits payments	0.00	0.00
7. Fair value of plan assets at the end of the period	0.00	0.00
Assumptions at 31st March, 2009		
Discount rate	8.40%	
E. Actuarial Assumptions		
1. Discount rate	8.40 %	8.70%
2. Expected Return on plan assets	N/A	N/A
3. Salary increases	10%	10%
4. Retirement / Superannuation age	60	60
5. Withdrawal Rate		
Ages from 20 - 24	5%	5%
Ages from 25 - 29	3%	3%
Ages from 30 - 34	2%	2%
Ages from 35 - 49	1%	1%
Ages from 50 - 54	2%	2%
Ages from 55 – NRA	3%	3%

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS (Contd.)

4. Earnings in Foreign Currency - Nil. (Previous year – Nil). Expenditure in Foreign Currency - Nil. (Previous year – Nil).
5. The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability against Fringe Benefits Tax.
6. Development Work - in - Progress of Rs. 39,992,327/- appearing under Current Assets in the previous year has been expensed out in the current year.
7. The Company has changed the accounting policy of Preliminary expenditure w.e.f. 01.04.2008. The balance of preliminary expenses to the extent not written off has been written off during the year in accordance with Accounting Standard – 26 "Intangible Assets". Had the Company followed the earlier accounting policy, the profit for the year would have been higher by Rs. 43,323/- and preliminary expenses to the extent not written of / or adjusted for the year as on 31st March, 2009 would have been higher by Rs. 43,323/-.
8. There are no Micro, Small and Medium Enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
9. The Deferred Tax Liability of Rs. 5,876,050/- arising out of timing difference as on 31st March, 2009 is on account of the following:

(Amount Rupees)

Components of deferred tax	2008-2009	2007-2008
Deferred Tax Liability arising out of timing difference relating to depreciation	(9,546,922)	-
Deferred tax asset arising out of timing difference relating to provision for leave encashment, gratuity and leave travel allowance	1,426,070	
Deferred Tax Asset arising out of timing difference relating to carried forward business losses and unabsorbed depreciation	2,244,802	4,737,598
Deferred Tax Liability (Net)	(5,876,050)	4,737,598

10. Provision for Income Tax has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961. Considering the future profitability and taxable positions in the subsequent years the Company has recognised "MAT credit entitlement" of Rs. 3,650,000/- (Previous year – Nil) as an asset by crediting to the profit and loss account an equivalent amount and included it under "Loans and Advances" in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

11. Contingent Liabilities:

(Rupees in Lakh)

	2008-2009	2007-2008
Bank guarantees	211.11	Nil
Estimated amount of capital contracts remaining to be executed and not provided for	30.02	709.00

12. Auditor's Remuneration:

(Amount Rupees)

	2008-2009	2007-2008
Audit Fees	50,000	10,000
Others	Nil	6,300

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS (Contd.)

13. Related Party disclosures:

A) Related Party and their relationship

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Limited	Srei Capital Markets Limited
	Srei Forex Limited
	Srei Infrastructure Advisors Limited
	Srei Infocomm Services Limited (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 25.09.08)
	Srei Equipment Finance Private Limited (ceased to be subsidiary w.e.f. 02.04.08)
	Srei Venture Capital Limited
	Global Investment Trust Limited
	Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 25.09.08)
	Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Private Limited (Subsidiary of Srei Venture Capital Ltd.)
	IIS International Infrastructure Services, GmbH, Germany
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH)
	Controlla Electrotech Private Limited (w.e.f. 06.07.08)
	Srei Insurance Broking Pvt Ltd. (ceased to be subsidiary w.e.f. 02.04.08)
Key Managerial Personnel: Dr. Syed Sabahat Azim	

B) Summary of transactions with Related Parties

Name of related party	Nature of relationship	Nature of transaction	Amount (Rs.)	Outstanding at year end Amount (Rs.)
Srei Infrastructure Finance Ltd.	Holding Company	Unsecured Loan taken	83,000,000 (22,000,000)	117,450,000 (34,450,000)
Srei Infrastructure Finance Ltd.	Holding Company	Interest Paid	16,632,000 (4,675,549)	NA
Srei Infrastructure Finance Ltd.	Holding Company	Bank Guarantees given by Holding Company	600,000,000 (298,100,000)	898,100,000 (298,100,000)
Srei Equipment Finance Private Ltd.	Fellow Subsidiary	Secured Loan taken	- (117,401,632)	- (117,401,632)
Srei Equipment Finance Private Ltd.	Fellow Subsidiary	Interest Paid	- (3,449,814)	NA
Dr. Syed Sabahat Azim	Key Managerial Personnel	Remuneration	5,526,640 (3,141,600)	NA

Amounts in brackets represent previous year figures.

14. Earnings Per Share (Basic / Dilutive)

Sl No.	Particulars	2008-09	2007-08
1.	Opening No. of shares	1,000,000	50,000
2.	Total No. of shares outstanding	1,000,000	1,000,000
3.	Profit After Taxes (Rs.)	20,715,586	235,464
4.	Earnings Per Share - basic / dilutive	20.72	0.24

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS (Contd.)

15. Quantitative details of stock as on 31st March, 2009

(figures in nos.)

Item	Opening Stock	Purchase	Issue	Closing Stock
VLE Laptop	9,858	9,756	15,186	4,428
KeyBoard	9,858	10,476	15,186	5,148
Mouse	9,858	10,656	15,186	5,328
Head Phone	9,858	7,856	8,857	8,857
Speaker	9,858	7,769	8,857	8,770
HP MFD	4,929	6,508	8,857	2,580
Laser Printer	1,642	8,795	5,773	4,664
Digital Camera	2,292	5,872	8,164	-
WebCam	4,022	3,515	6,329	1,208
Switch & Cable	4,929	1,710	6,329	310
Paint Kit	1,372	5,202	6,574	-
Ceiling Fan	892	230	1,122	-
Sign Board	494	6,693	7,187	-
Chair	4,875	16,744	18,987	2,632
Table	5,226	16,236	18,987	2,475
Storage	1,742	510	2,252	-
Multiseater	1,742	4,878	5,773	847
Flooring	637	1,031	1,668	-
Operating System		19,615	15,186	4,429
Inverter		9,087	6,329	2,758
Battery		9,037	6,329	2,708
GenSet		3,500	3,500	-
VSAT		8,732	6,329	2,403
Laptop	2		2	-
Laptop	1		1	-
TOTAL	84,087	1,74,408	1,98,950	59,545

16. Break up of IT Infrastructure Rollout Cost

Particulars	Amount in Rupees
VLE Training & Education expenses	452,037
Insurance Premium	353,067
Finance Charges	54,434,101
Traveling and Conveyance	13,057,685
Printing and Stationery	1,885,602
Business Promotion Expenses	5,855,208
Miscellaneous Expenses	142,780
CSC Maintenance Expense	18,845,400
Repairs and Maintenance - Others	4,059,681
Rent and Rates & Taxes	5,943,902
Electricity Charges	364,617
Professional Fees	5,332,201
Postage, Telegram and Telephone	3,785,332
Project Manpower related Cost	32,749,903
Total	147,261,514

17. Previous year's figures have been regrouped / rearranged, wherever necessary.

Signatories to Schedules 1 to 14.

For **Chetan & Co.**
Chartered Accountants

On behalf of the Board of Directors

A. Som
Partner
Place : Kolkata
Date : 8th June, 2009

M. Damodaran
Chairman

Salil K. Gupta
Director

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No	95455	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	1,023,609	Total Assets	1,023,609
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Source of Funds

Paid up Capital	10,000	Reserves & Surplus	13,553
Secured Loans	514,520	Unsecured Loans	117,450
		Deferred Tax Liability	5,876

Application of Funds

Net Fixed Assets	186,278	Investments	Nil
Net Current Assets	475,120	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	1,065,994	Total Expenditure	1,034,664
Profit Before Tax [+]	31,329	Profit After Tax [+]	20,716
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings per Share (Rs.)	20.72	Dividend Rate (%)	Nil

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code)	N.A.		
Products Description	e-Governance		
Item code No. (ITC Code)	N.A.		
Products Description	e-Commerce		
Item Code No. (ITC Code)	Nil		
Products Description	Nil		

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

M. Damodaran
Chairman

Salil K. Gupta
Director

DIRECTORS

Dr. Satish C. Jha - Chairman
 Mr. Hemant Kanoria
 Mr. Saud Ibne Siddique
 Dr. Basudeb Sen
 Mr. S. Rajagopal
 Dr. K. B. L. Mathur
 Mr. Raj Narain Bhardwaj

AUDITORS

G. P. Agrawal & Co.
 Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	87,760,311	62,028,355
Expenditure	86,130,964	60,460,153
Profit Before Tax	1,629,347	1,568,202
Provision for Current Tax	458,148	497,539
Profit After Current Tax	1,171,199	1,070,663
Provision for Deferred Tax	51,560	127,066
Profit After Tax	1,119,639	943,597
Add: Balance b / f from last year	96,747,638	95,912,189
Less: Change on account of transitional provisions under Accounting Standard 15	-	108,148
Balance carried to Balance Sheet	97,867,277	96,747,638
Paid up Equity Share Capital	2,500,000	2,500,000

During the year under review, your Company earned an Income of Rs. 87,760,311/- as against Rs. 62,028,335/- earned in the previous year and a profit before tax of Rs. 1,629,347/- against Rs. 1,568,202/- earned in the previous financial year.

BUSINESS REVIEW

During the year under review, your Company continued its efforts of adding value to its portfolio companies and ensuring strategic exits. A dedicated team of experienced professionals continues to manage the portfolio with specific targets for performance for each fund.

Your Company earned the major share of its income as fees for managing assets and made profits on sale of investments. Your Company has been intelligently investing and also making exits at the right opportunity.

PORTFOLIO & FUND STRATEGY

As of 31st March, 2009, your Company has been managing the following funds:

Fund	Amount in Rupees
Medium and Small Infrastructure Fund	472,276,000
Infrastructure Project Development Fund	1,372,200,000
Infrastructure Project Development Capital	625,000,000
India Global Competitive Fund	337,500,000
Millennium Growth and Development Fund	3,941,600,000
TOTAL	6,748,576,000

Medium & Small Infrastructure Fund (MASIF) is an equity fund with corpus of Rs. 472 million, focusing on Infrastructure Projects such as road, power and telecommunication. The fund corpus is fully invested and has made portfolio investment in 5 companies which are performing well and has significantly appreciated in value.

Infrastructure Project Development Fund (IPDF) is an equity fund with an investible corpus of Rs. 1372 million focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. During the year the net investible corpus of the fund rose from Rs. 1070 million to Rs. 1,372 million. The fund has made investment in 14 companies.

Infrastructure Project Development Capital (IPDC) is an equity fund launched in Fiscal Year 2008 - 09 with an investible corpus of Rs. 625 million focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. The fund has made investment in 2 companies.

India Global Competitive Fund (IGCF) and **Millennium Growth & Development Fund (MGDF)** provide debt investments to well established / existing enterprises with robust business models and healthy balance sheets. These funds focus on providing growth capital for enterprises to expand exponentially.

OUTLOOK

Your Company is of the view that the next year would throw many challenges. In the past year, the Indian as well as the global economy had witnessed a very high degree of uncertainty and volatility. While the year began on a reasonably optimistic note -

particularly for the Indian economy - sentiment was completely reversed as the year drew to a close. India will need capital for growth while global capital will remain in short supply. Corporate India, which has led the investment boom from the front in the last four years, will also be shy of putting more capacities into place due to falling demand. Even those who want to proceed with their capex plans may find it difficult to raise money even from the domestic markets. While growth drivers for Indian Economy remains intact, but cash flows and liquidity are borderless now. Even though the short - term outlook may be uncertain, the long - term outlook for India is positive. Hence, your Company believes that the prospect for Venture Funds in India is vibrant as the economy is slated to grow at an average of 7 - 8 per cent over the next two - three years. This will unleash huge opportunity for private equity investments both in listed equity and unlisted companies.

Domestic Infrastructure is seen as the engine of Economy's growth and your Company is confident that investors would recognise the opportunity that India presents in infrastructure sector. While there is a blip due to global conditions and domestic interest rate scenario, the long term growth scenario is still intact, and infrastructure sector is expected to maintain growth in roads, ports, power where there is huge deficit and a lot of investment is expected.

Considering the huge opportunity in this space, your Company with its expertise in this sector would look at raising and managing more such Infrastructure Funds.

DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company does not recommend any dividend for the financial year 2008-09.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit during the year under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Since your Company is not running a manufacturing unit, requirements of disclosure regarding Conservation of Energy and Technology Absorption are not applicable. However, your Company continues its endeavour to improve energy conservation and utilisation, safety and environment.

During the year under review, the total foreign exchange outflow was Rs. 44,080,287/- (Previous year Rs. 2,394,626/-). Your Company has not earned any foreign exchange during the year under review (Previous year - Nil).

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and pursuant to the Articles of Association of your Company, Dr. Satish C. Jha and Dr. Basudeb Sen, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re - appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. G. P. Agrawal & Co, Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re - appointed.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a certificate from a Company Secretary in Whole time Practice in respect to compliances by your Company with all the provisions of the Companies Act, 1956 is attached to this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co - operation received from the Securities & Exchange Board of India (SEBI), General Insurance Corporation of India Limited, Life Insurance Corporation of India, UCO Bank along with other Investment Bankers, Financial Institutions, Insurance companies, parent company, Srei Infrastructure Finance Limited and all the other Stakeholders including the Bankers namely, ICICI Bank Limited. Your Directors also wish to place on record their deep appreciation to all the employees for their whole - hearted and dedicated services and look forward to their continued support in the future as well.

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

Satish C. Jha
Chairman

AUDITORS' REPORT

To the Members,

Srei Venture Capital Limited

1. We have audited the attached Balance Sheet of **Srei Venture Capital Limited**, as at 31st March, 2009 and the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub - section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For G. P. Agrawal & Co.
Chartered Accountants

Sunita Kedia
Partner

Place : Kolkata
Date : 8th June, 2009

Membership No. 60162

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in our report of even date to the members of Srei Venture Capital Limited on the accounts for the year ended 31 March, 2009.

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year. To the best of our knowledge, no material discrepancy was noticed on such verification.
- c) The Company has not disposed of substantial part of fixed assets during the year.
- ii) The Company does not have any inventories. Therefore, the provisions of clauses (ii) (a) to (ii) (c) of paragraph 4 of the said order are not applicable to the Company.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii) (b) to (iii) (d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii) (e) to (iii) (g) of paragraph 4 of the said order are not applicable to the Company.
- iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in internal controls.
- v) a) Based on the audit procedure applied by us and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any public deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business.
- viii) The provisions regarding maintenance of cost records under Section 209 (1) (d) of the Act are not applicable to the Company.
- ix) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Cess and other statutory dues with the

appropriate authorities. As explained to us, the provisions of Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Excise Duty, Wealth Tax and Custom Duty are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.

- b) There is no amount payable in respect of the aforesaid statutory dues that have not been deposited on account of any dispute.

The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability towards Fringe Benefits Tax.

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) The Company has no dues of financial institution, bank or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund or nidhi or mutual benefit society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures. However, the investments made by the Company have been held by the Company in its own name.
- xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) On the basis of our examination and according to the information and explanation given to us, the term loans have been applied for the purpose 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 report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any moneys by public issues during the period covered by our audit report.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For G. P. Agrawal & Co.
Chartered Accountants

Sunita Kedia
Partner

Place : Kolkata
Date : 8th June, 2009

Membership No. 60162

COMPLIANCE CERTIFICATE

[In accordance with proviso to sub - section (1) of Section 383A of the Companies Act, 1956 and The Companies (Compliance Certificate) Rules, 2001]

Registration No. : 21-65722
Nominal Capital : Rs. 550,000,000/-

To the Members,
Srei Venture Capital Limited

I have examined the registers, records, books and papers of **Srei Venture Capital Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all the entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder except as otherwise stated.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met FOUR times respectively on 10.06.08, 11.07.08, 23.10.08 and 28.01.09 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended on 31st March, 2008 was held on 11th July, 2008, after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra - ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13.
 - i. There was no allotment / transfer / transmission of securities during the financial year.
 - ii. The Company has not deposited any amount in separate bank account as no dividend was declared during the financial year.
 - iii. The Company was not required to post warrants to any member of the Companies as no dividend was declared during the financial year.
 - iv. There is no amount lying in unpaid dividend account, application money due for refund and there are no deposits, debentures etc. as on 31st March, 2009.
 - v. The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of the Directors of the Company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancy have been duly made.
15. The Company has not appointed any Managing Director / Whole - time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the Financial year.
18. The Directors have disclosed their interest in the other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

- | | |
|--|--|
| <p>19. The Company has not issued shares / debentures / other securities during the financial year.</p> <p>20. The Company has not bought back any shares during the financial year.</p> <p>21. The Company has not issued any Preference Shares or debentures.</p> <p>22. There were no transactions necessitating the Company to keep in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares.</p> <p>23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.</p> <p>24. The Company has not made any borrowings during the financial year ended 31st March, 2009.</p> <p>25. The Company has made loans and investments or given guarantees or provided securities to other bodies Corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.</p> <p>26. The Company has not altered the provisions of the Memorandum with respect of situation of the Company's registered office from one state to another during the year under scrutiny.</p> <p>27. The Company has not altered the provisions of the</p> | <p>Memorandum with respect to the objects of the Company during the year under scrutiny.</p> <p>28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.</p> <p>29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny .</p> <p>30. The Company has not altered its Articles of Association during the financial year.</p> <p>31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year for offences under the Act.</p> <p>32. The Company has not received any money as security from its employees during the financial year.</p> <p>33. The Company has deposited both employees and employers contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.</p> |
|--|--|

Babu Lal Patni

Place : Kolkata

Company Secretary

Date : 8th June, 2009

C. P. No. 1321

ANNEXURE 'A'

List Of Registers Maintained By The Company

Sl. No.	Particulars	Under Section
01.	Register of Members	150
02.	Directors' Minute Book	193
03.	Shareholders' Minute Book	193
04.	Register of Contracts (Part I)	301
05.	Register of Contracts (Part II)	301
06.	Register of Directors	303
07.	Register of Directors Shareholdings	307
08.	Register of Loan and Investments	372A
09.	Register of Transfer.	
10.	Register of Allotment.	

ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2009.

Sl. No.	Form No. / Return	Filed Under Section	For	Date of filing	Whether filed within prescribed Time Yes / No	If delay in filing whether requisite additional fee paid Yes / No
01.	Form No 23AC	220	Balance Sheet as at 31.03.08	11.08.08	YES	N.A
02.	Form No 20B	159	Annual Return made upto 11.07.08	03.09.08	YES	N.A
03.	Form No 66	Proviso to Section 383A (1)	Compliance Certificate	11.08.08	YES	N.A
04.	Form No 32 dated 11.07.08	303	Appointment of Regular Directors	31.07.08	YES	N.A.



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	2,500,000		2,500,000	
Reserves & Surplus	2	97,867,277		96,747,638	
			100,367,277		99,247,638
Deferred Tax Liability			122,935		71,375
Total			100,490,212		99,319,013
APPLICATIONS OF FUNDS					
Fixed Assets					
Gross Block	3	3,132,254		3,078,451	
Less: Depreciation		635,788		395,374	
Net Block			2,496,466		2,683,077
Investments	4		73,168,123		23,168,150
Current Assets, Loans & Advances					
Sundry Debtors	5	57,073,255		21,804,318	
Cash and Bank Balances	6	11,199,409		26,976,885	
Loans and Advances	7	4,909,309		29,707,880	
		73,181,973		78,489,083	
Less: Current Liabilities & Provisions					
Current Liabilities	8	47,047,458		4,122,104	
Provisions	9	1,308,892		947,845	
		48,356,350		5,069,949	
Net Current Assets			24,825,623		73,419,134
Miscellaneous Expenditure (To the extent not written off or adjusted)	10		-		48,652
Total			100,490,212		99,319,013
Significant Accounting Policies & Notes to Accounts	14				

Schedules '1' to '10' & '14' referred to above form an integral part of the Balance Sheet.

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

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

Satish C. Jha
Chairman

Hemant Kanoria
Director

Place : Kolkata
Date : 8th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
INCOME					
Income From Operations	11		85,343,397		58,873,181
Other Income	12		2,416,914		3,155,174
			87,760,311		62,028,355
EXPENDITURE					
Administrative & Other Expenses	13		85,841,898		60,241,844
Depreciation			240,414		202,092
Preliminary Expenses Written off			48,652		16,217
			86,130,964		60,460,153
Profit Before Tax			1,629,347		1,568,202
Provision for Tax					
Current Tax			458,148		497,539
Deferred Tax			51,560		127,066
Profit After Tax			1,119,639		943,597
Add: Balance brought forward from last account		96,747,638		95,912,189	
Less: Change on account of transitional provisions under Accounting Standard15		-	96,747,638	108,148	95,804,041
Balance carried to the Balance Sheet			97,867,277		96,747,638
Basic & diluted earnings per share (Face Value - Rs. 10/- each)			4.48		3.77
Significant Accounting Policies & Notes to Accounts	14				

Schedules '11' to '14' referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

Satish C. Jha
Chairman

Hemant Kanoria
Director

Place : Kolkata
Date : 8th June, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

		2009		2008
A. Cash Flow from Operating Activities				
Net Profit before tax and extra ordinary items		1,629,347		1,568,202
Adjustments for:				
Depreciation	240,414		202,092	
Preliminary Expenses Written off	48,652		16,217	
Bad debts	-		25,664,071	
Interest Received	(2,182,020)		(3,024,974)	
Dividend Received	(96,740)		-	
Liabilities no longer required written back	-		(130,200)	
Profit on Sale of Investments	(27,889,009)	(29,878,703)	(7,788,025)	14,939,181
Operating Profit before Working Capital Changes		(28,249,356)		16,507,383
Adjustments for:				
Trade & other receivable	(12,643,489)		(34,832,835)	
Trade & other payable	42,828,254	30,184,765	3,134,014	(31,698,821)
Cash generated from operation		1,935,409		(15,191,438)
Advance Tax Paid (net of refund)		2,065,543		(200,925)
Net Cash Flow From Operating Activities		4,000,952		(15,392,363)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		53,803		(420,492)
Purchase of Investments		(84,518,735)		(61,838,736)
Sale of Investments		62,407,744		52,458,612
Investment in Fixed Deposits		(10,900,000)		1,500,000
Dividend Received		96,740		-
Interest received		2,182,020		3,024,974
Net Cash Flow From Investing Activities		(30,678,428)		(5,275,642)
C. Cash Flow from Financing Activities				
Loan Taken		2,600,000		-
Loan Refunded		(2,600,000)		-
		-		-
Net Increase / (decrease) in Cash & Cash Equivalent		(26,677,476)		(20,668,005)
Opening Cash & Cash Equivalents		26,976,885		47,644,890
Closing Cash & Cash Equivalents		299,409		26,976,885
Notes:				
Cash and Cash equivalent at the end of the year consist of:				
a) Cash in hand		5,315		21,906
b) Balances with Banks in Current Account		294,094		1,054,979
c) Balances with Banks in Fixed Deposit Account (Maturity less than 3 Months)		-		25,900,000
		299,409		26,976,885

This is the Cash Flow Statement referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

Satish C. Jha
Chairman

Hemant Kanoria
Director

Place : Kolkata
Date : 8th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
5,000,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
5,000,000 Preference Shares of Rs. 100/- each	500,000,000	500,000,000
	550,000,000	550,000,000
Issued, Subscribed & Paid - up		
250,000 Equity Shares of Rs. 10/- each fully paid - up in cash	2,500,000	2,500,000
	2,500,000	2,500,000
Note : The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Co. and its nominees.		
SCHEDULE 2 - RESERVES & SURPLUS		
Surplus as per Profit & Loss Account	97,867,277	96,747,638

SCHEDULE 3 - FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2008	Additions during the year	As at 31st March, 2009	Up to 31st March, 2008	For the Year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008	
	1	2	(1+2) = 3	4	5	(4+5) = 6	(3-6) = 7	(1-4) = 8	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	
Furniture & Fixture	2,596,588	30,703	2,627,291	330,413	167,753	498,166	2,129,125	2,266,175	
Computers	453,073	23,100	476,173	59,913	71,947	131,860	344,313	393,160	
Office Equipments	24,990	-	24,990	1,247	715	1,962	23,028	23,742	
Plant & Machinery	3,800	-	3,800	3,800	-	3,800	-	-	
Total	3,078,451	53,803	3,132,254	395,373	240,414	635,788	2,496,466	2,683,077	
Previous Year	2,657,959	420,492	3,078,451	193,281	202,092	395,373	2,683,077		

(Amount in Rupees)

	2009	2008
SCHEDULE 4 - INVESTMENTS		
Long term investments		
Quoted, Fully Paid - Up		
In Equity Shares of Companies (Other than Trade):		
5,115 (Previous year 3,197) Equity Shares of Rs. 10/- each of Reliance Power Ltd. (Bonus shares received during the year)	1,438,623	1,438,650
Unquoted, Fully Paid - Up		
In Equity Shares of Subsidiary Companies (Trade):		
127,500 Equity Shares of Rs. 10/- each of Hyderabad Information Technology Venture Enterprises Limited	4,674,500	4,674,500
25,500 Equity Shares of Rs. 10/- each of Cyberabad Trustee Company Private Limited	255,000	255,000
In Equity Shares of Companies (Other than Trade):		
3,000 Equity Shares of Rs. 10/- each of Pilani Investment & Industries Corpn. Ltd.	10,800,000	10,800,000
Unquoted, Fully Paid - Up		
In Units of Trust Funds (Trade):		
55,000 units of Rs. 100/- each of Medium & Small Infrastructure Fund (Class A Units)	5,500,000	5,500,000
5,000 units of Rs. 100/- each of Medium & Small Infrastructure Fund (Class B Units)	500,000	500,000
5,000,00 (Previous year Nil) units of Rs. 100/- each of Infrastructure Projects Development Fund (Purchased during the year)	50,000,000	-
	73,168,123	23,168,150
Aggregate Book Value of Quoted Investments	1,438,623	1,438,650
Aggregate Book Value of Unquoted Investments	71,729,500	21,729,500
Aggregate Market Value of Quoted Investments	523,520	1,016,646
Note:	No. of Shares	Cost
The following investments were purchased and sold during the year (Face Value Rs. 10/- each):		
Aishwarya Telecom Limited	456,309	15,970,815
Titagarh Wagon Limited	34,348	18,547,920

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 5 - SUNDRY DEBTORS		
(Unsecured, Considered good)		
- Due for a period exceeding six months	32,159,701	5,329,893
- Other debts	24,913,554	16,474,425
	57,073,255	21,804,318
SCHEDULE 6 - CASH AND BANK BALANCES		
- Cash on Hand (as certified by Management)	5,315	21,906
- Balances With Scheduled Banks		
- In Current Account	294,094	1,054,979
- In Fixed Deposit Account	10,900,000	25,900,000
	11,199,409	26,976,885
SCHEDULE 7 - LOANS & ADVANCES		
(Unsecured, Considered good)		
Interest Accrued on Fixed Deposit	248,295	334,809
Advances recoverable in cash or in kind or for value to be received or pending adjustments		
Tax Deducted at Source	1,625,298	3,690,841
Other Advances	3,035,716	25,682,230
	4,909,309	29,707,880
SCHEDULE 8 - CURRENT LIABILITIES		
Sundry Creditors		
i) Total outstanding dues of micro, small and medium enterprises	-	-
ii) Total outstanding dues of creditors other than micro, small and medium enterprises	128,989	629,255
Other Liabilities	46,918,469	3,492,849
	47,047,458	4,122,104
(There are no amounts due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund)		
SCHEDULE 9 - PROVISIONS		
Provision for Income Tax	955,687	497,539
Provision for Leave Encashment	214,075	234,836
Provision for Gratuity	139,130	215,470
	1,308,892	947,845
SCHEDULE 10 - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
As per last account	48,652	64,869
Less: Written off during the year	48,652	16,217
	-	48,652

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 11 - INCOME FROM OPERATIONS		
Management Fees (Gross)	57,357,648	51,085,156
Profit on Sale of Current Investments (Other than trade)	27,889,009	7,788,025
Dividend Received on Other than trade Investments:		
Long Term Investments	60,000	-
Current Investments	36,740	-
	85,343,397	58,873,181
SCHEDULE 12 - OTHER INCOME		
Interest Received:		
- On Fixed Deposit (Gross) (TDS Rs. 16,073/- Previous year Rs. 212,957/-)	2,182,020	2,837,165
- On Income Tax Refund	228,974	115,896
- On Others	-	71,913
Liabilities no longer required now written back	-	130,200
Miscellaneous Income	5,920	-
	2,416,914	3,155,174
SCHEDULE 13 - ADMINISTRATIVE & OTHER EXPENSES		
Salary & Allowances	6,051,015	13,784,460
Employer's Contribution to Provident Fund	386,100	511,947
Rent, Rates & Taxes	665,098	725,816
Maintenance Charges		
- Building	529,878	572,658
- Others	675,083	617,589
Electricity Charges	430,200	504,009
Printing & Stationery	19,837	28,712
Professional Fees	71,858,377	12,168,858
Telephone Expenses	72,403	350,243
Business Development Expenses	7,230	10,085
Traveling & Conveyance	2,190,696	4,753,133
Miscellaneous Expenses	20,692	421,753
Filing Fees	2,470	10,510
Payment to Auditor's	35,000	50,000
Conference & Seminar Fees	2,807,819	-
Directors Sitting Fees	90,000	68,000
Bad Debts	-	25,664,071
	85,841,898	60,241,844

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India, applicable accounting standards and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Fixed Assets

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises of cost of acquisition inclusive of all incidental expenses related to the acquisition and installation.

3. Depreciation

i) Depreciation has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956 which are as follows :

a) Computers	16.21%
b) Furniture and Fixtures	6.33%

ii) Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

4. Investments

Current Investments are valued at lower of Cost or Market value / Fair value. All long-term investments are valued 'at cost'. However, provision for diminution in the value of long term investments is made by the Company to recognise permanent decline, if any, in value of investments individually.

5. Recognition of Income & Expenditure

All income & expenditure are accounted for on accrual basis.

6. Retirement Benefits to Employees

Short - term employee benefits (benefits which are payable after the end of twelve months after the end of the period in which the employees render service) are measured at cost.

Long - term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Gratuity costs are determined using the Projected Unit Credit Method, with actuarial valuations being carried out by third party actuaries at each balance sheet date.

Gratuity recognised in the balance sheet represents the present value of the obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised in the profit and loss account.

The employees of the Company are also entitle to leave encashment and compensated absences which are accounted for on accrual basis.

7. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

8. Foreign Currency Transaction

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the Profit & Loss Account under respective heads of account. Asset and Liabilities in foreign currency, which are outstanding at the year - end and not covered by forward contracts, are translated at the year - end exchange rates. Gains and losses arising on account of such translations are accounted for in the Profit & Loss Account.

9. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of Fixed Assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises an impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's fixed assets are considered impaired as on the Balance Sheet date.

10. Accounting for Taxes on Income:

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between the taxable incomes and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Contingent Assets are not recognised in the Accounts.

12. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, 'Earnings Per Share' issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

13. Segment Reporting

The Company is primarily engaged in a single business segment of Venture Capital Management Services. As such there are no separate reportable segments as per Accounting Standard - 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

B. Notes on Accounts

- i) There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2009 (Previous year – Nil).
- ii) The Company has changed the accounting policy of preliminary expenses written off from 1st April, 2008. The entire balance of preliminary expenses has been written off during the year. Had the Company followed earlier accounting policy, the Profit Before Tax for the year and Preliminary Expenses to the extent not written off or adjusted as on 31 March, 2009 would have been higher by Rs. 32,435/-.
- iii) The Company has not made any provision for diminution in the value of investment being temporary in nature.

iv) Employee Benefits:

Defined Contribution Plans

The Company provides Provident Fund benefit to all employees. Under these schemes fixed contributions is made to provident fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Company has made the following contributions which are recognised as expense in the profit and loss account for year in which the services are rendered by employees:

(Amount in Rupees)

	2008-09	2007-08
Contribution to Provident Fund	386,100	511,947
Total	386,100	511,947

Defined Benefits Plans

All employees who have rendered service for specified period as per the Payment of Gratuity Act are entitled for gratuity. The gratuity amount is determined based on the last drawn salary and period of service with the Company.

The following tables set out the details of amount recognised in the financial statements in respect of employee benefit schemes.

(Amount in Rupees)

Employee Benefits	Gratuity (Unfunded)	
Defined benefit plans as per actuarial valuation as at	31.03.2009	31.03.2008
I. Components of employer expenses		
1. Current Service Cost	240,780	93,440
2. Interest cost	18,750	4,130
3. Expected return on plan assets	-	-
4. Curtailment cost / (credit)	-	-
5. Settlement cost / (credit)	-	-
6. Past Service Cost	-	-
7. Actuarial Losses / (Gains)	(335,870)	67,870
8a. Expenses recognised in the Statement of Profit & Loss Account. (total 1 to 7)	(76,340)	165,440
8b. Actual Contributions	-	-
9. Total expenses recognised in the Statement of Profit & Loss Account.	(76,340)	165,440
II. Actual Contribution and Benefits Payments for year ended		
1. Actual benefit payments	-	-
2. Actual Contributions	-	-
III. Net assets / (liability) recognised in balance sheet as at		
1. Present value of Defined Benefit Obligation	139,130	215,470
2. Fair value of plan assets	-	-
3. Funded status [Surplus / (Deficit)]	(139,130)	(215,470)
4. Unrecognised past service cost	-	-
5. Net asset / (liability) recognised in balance sheet	(139,130)	(215,470)
IV. Change in Defined Benefit Obligations during the year ended		
1. Present Value of DBO at beginning of period	215,470	50,030
2. Current Service cost	240,780	93,440
3. Interest cost	18,750	4,130
4. Curtailment cost / (credit)	-	-
5. Settlement cost / (credit)	-	-
6. Plan amendments	-	-

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

(Amount in Rupees)

Employee Benefits		Gratuity (Unfunded)					
Defined benefit plans as per actuarial valuation as at		31.03.2009		31.03.2008			
7.	Acquisitions	-	-	-	-	-	-
8.	Actuarial (Gains) / Losses	(335,870)	67,870				
9.	Benefits paid	-	-	-	-	-	-
10.	Employer Contribution's	-	-	-	-	-	-
10.	Present Value of DBO at the end of period (total 1 to 9)	139,130	215,470				
V.	Change in Fair value of Assets during the year ended	-	-				
VI.	Actuarial Assumptions						
1.	Discount Rate	8.00%	8.70%				
2.	Expected return on plan assets						
3.	Salary Increases	10%	10%				
4.	Retirement / Superannuation Age	60	60				
5.	Withdrawal Rate for Gratuity:						
Age (yrs.)		20-24	25-29	30-34	35-49	50-54	55-NRA
Attrition Rate		5%	3%	2%	1%	2%	3%

VII. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Amount recognised as an expense for short term benefit in respect of leave encashment and compensated absences is Rs. (20,761/-) (Previous year Rs. 176,650/-).

v) Basic / Dilutive Earnings Per Share:

Particulars	2009	2008
1. Weighted average number of shares	250,000	250,000
2. Profit after Taxes (Rs.)	1,119,639	943,597
3. Nominal value per share (Rs.)	10	10
4. Earnings Per Share (Rs.)	4.48	3.77

vi) Related Party Transaction:

a) Name of related parties and description of relationship:

Holding Company	Subsidiaries :
Srei Infrastructure Finance Limited	Hyderabad Information Technology Ventrue Enterprises Ltd.
	Cyberabad Trustee Company Pvt. Ltd.
	Fellow Subsidiaries:
	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd w.e.f. 25th September, 2008)*
	Srei Equipment Finance Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Insurance Broking Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Forex Ltd.
	Srei Infrastructure Advisors Ltd.
	Srei Capital Markets Ltd.
	Controlla Electrotech Pvt. Ltd. w.e.f. 6th June, 2008
	Srei Sahaj e-Village Ltd.
	Global Investment Trust Ltd.
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 17th July, 2008)
	IIS International Infrastructure Services, GmbH, Germany
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure GmbH, Germany)

* ceased to be Subsidiary of Srei Capital Markets Ltd. w.e.f. 25th September, 2008.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

b) Transactions with Related Parties: (Amount in Rupees)

Nature of transaction	Nature of relationship	
Short Term Loan taken and refunded	Holding company Srei Infrastructure Finance Ltd.	2,600,000 (Nil)
Investment in Shares	Subsidiary Companies Hyderabad Information Technology Venture Enterprises Ltd. Cyberabad Trustee Company Private Ltd.	Nil (4,674,500) Nil (255,000)
Purchase of units	Fellow Subsidiary Srei Capital Markets Ltd.	50,000,000 (Nil)
Earnest Money Deposit (Refund received)	Subsidiary Companies Hyderabad Information Technology Venture Enterprises Ltd.	Nil (446,000)
Outstanding Balances (Investment)	Subsidiary Companies Hyderabad Information Technology Venture Enterprises Ltd. Cyberabad Trustee Company Private Ltd.	4,674,500 (4,674,500) 255,000 (255,000)

Amount in brackets represent previous year figures.

c) There is no provision for doubtful debt and no amount has been written off / back during the year in respect of amount due from or due to related parties.

vii) Break up of Deferred Tax Assets and Liabilities is as under:

(Amount in Rupees)

	2008-09	2007-08
Deferred Tax Liability		
Depreciation	165,926	144,613
Deferred Tax Assets		
Employee benefits	42,991	73,238
Net Deferred Tax Liability	122,935	71,375

viii) Auditor's Remuneration:

(Amount in Rupees)

	2008-09	2007-08
Audit Fees	25,000	35,000
Others	10,000	15,000
Total	35,000	50,000

ix) Fringe Benefits Tax

The Company has challenged the constitutional validity of Fringe Benefits Tax before the Calcutta High Court and the Hon'ble High Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided any liability for Fringe Benefits Tax.

x) Additional Information: Additional information pursuant to the provisions of paragraphs 4D of Part - II of Schedule VI to the Companies Act, 1956:

Expenditure in Foreign Currency -

- On Travelling Rs. 281,121/- (Previous year Rs. 1,225,100/-),
- On Professional Services Rs. 41,058,464 (Previous year Rs. 1,128,478/-),
- On Others Rs. 2,740,702/- (Previous year Rs. 41,048/-).

xi) The previous year's figures have been regrouped / rearranged, wherever considered necessary to make them comparable with those of the current year.

Signatories to Schedule 1 to 14.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162
Place : Kolkata
Date : 8th June, 2009

Satish C. Jha
Chairman

Hemant Kanoria
Director

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	65722	State Code	21
Balance Sheet Date	31st March, 2009		
II. Capital Raised during the year (Amount in Rs.Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
Total Liabilities	100,490	Total Asset	100,490
Source of Funds			
Paid up Capital	2,500	Reserves & Surplus	97,867
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	123
Application of Funds			
Net Fixed Assets	2,496	Investments	73,168
Net Current Assets	24,826	Misc. Expenditure	-
Accumulated Losses	Nil		
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover (Including other Income)	87,760	Total Expenditure	86,131
Profit Before Tax [+]	1,629	Profit After Tax [+]	1,120
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings Per Share (Rs.)	4.48	Dividend Rate (%)	Nil
V. Generic names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No (ITC Code)	N.A.		
Products Description	Venture Capital Management Services		
Item code No. (ITC Code)	N.A.		
Products Description	N.A.		
Item Code No. (ITC Code)	N.A.		
Products Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

Satish C. Jha
Chairman

Hemant Kanoria
Director

Statement Pursuant to Section 212 of The Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Hyderabad Information Technology Venture Enterprises Ltd.	Cyberabad Trustee Company Private Ltd.
Accounting Period of the Subsidiary Company	From 1st April, 2008 to 31st March, 2009	From 1st April, 2008 to 31st March, 2009
Shares of the Subsidiary Company		
a) Number and Face Value	250,000 Equity Share of Rs 10/- each fully paid up	50,000 Equity Share of Rs 10/- each fully paid up
b) Extent of Holding	51%	51%
Net Aggregate amount of Profit / (Loss) of the Subsidiary Company so far as it concerns the members of Srei Infrastructure Advisors Ltd.		
a) Not Dealt with in the account of Srei Venture Capital Ltd for the year ended 31st March, 2009		
i) for the subsidiary's period from 1st April, 2008 to 31st March, 2009	Rs. 844,801	Rs. 5,061,304
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. 10,139	Rs. 2,641
b) Dealt with in the account of Srei Venture Capital Ltd for the year ended 31st March, 2009		
i) for the subsidiary's period from 1st April, 2008 to 31st March, 2009	Rs. Nil	Rs. Nil
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. Nil	Rs. Nil

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

Satish C. Jha
Chairman

Hemant Kanoria
Director

DIRECTORS

Mr. Vinod Kr. Agrawal - Chairman
 Mr. B. P. Acharya
 Mr. Kishore Buddhi Raju
 Mr. M. Subramanian
 Mr. Subhendu Mitra
 Mr. Subrata Ghosh
 Mr. Bajrang Kr. Choudhary
 Mr. Rajesh Sirohia

AUDITORS

R. B. Kabra & Co.
 Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report together with the report of the Directors.

OPERATIONS

During the year under review, the operations of the Company have been carried out satisfactorily. The profits before taxes of the Company is Rs. 1,336,418/- for the financial year 2008 - 09 and the profit after tax is Rs. 844,801. This profit has been achieved even though there is quiet effect on the economy due to the global recession and other factors. The Board of Directors have expressed their satisfaction in this regard.

During the year under review the earnings per share has gone up to Rs. 3.38/- per share as compared to Rs. 2.28/- during the previous year.

FINANCIAL RESULTS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income from operations	3,691,219	3,789,392
Profit Before Depreciation	1,358,889	918,802
Depreciation	22,471	17,736
Profit after Depreciation	1,336,418	901,066
Profit after Tax	844,801	569,335
Appropriations	-	-
Transferred to General Reserve	-	-
Transferred to Reserve Fund	-	-
Provision for Dividend	-	-
Balance brought forward from previous year	5,061,304	4,491,969
Balance carried to Balance Sheet	5,906,105	5,061,304

AUDITORS REPORT

During the year under review, the Company has obtained the Auditors Report from Statutory Auditors M/s. R. B.Kabra & Co., Chartered Accountants.

In the Auditors Report it is observed that the Income Tax dues are under dispute for the year 2000 - 01 and pending before the Commissioner of Income Tax (Appeals). Due to the legal ambiguity regarding the taxability of the Venture capital funds, the Company did not pay the Income Tax for the year 2000 - 2001 and later it appealed the matter to the Commissioner of Income Tax (Appeals). The case is still pending before the Commissioner of Income Tax and the Company is taking expedient steps complete the same.

CONTRIBUTIONS

During the financial year under review, your Company has not made any investment in any Venture Capital Undertakings. As there is no significant proposal, the following amounts of the contribution have been refunded to the Contributors.

Sl.No	Contributors	Contribution Committed	Contribution Made	Funds to be Retained	Funds Refunded
1.	SIDBI	75,000,000	62,500,000	57,750,000	4,750,000
2.	APIDC	50,000,000	50,000,000	38,500,000	11,500,000
3.	APIIC	25,000,000	25,000,000	19,250,000	5,750,000

RESERVES

The Company has not transferred any amount to the Reserves. However an amount of Rs. 844,801/- has been retained in P&L Account balance.

DIVIDENDS

Your Board of Directors of the Company did not recommend any dividend for the year.

FIXED DEPOSITS

During the financial year the Company has not accepted or renewed any deposits from its members, Directors or others. Hence there was no amount being payable to the persons

specified either as interest or principle for the financial year ended on 31st March, 2009.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY

- a) The Company has taken the necessary measures wherever possible for the conservation of energy.
- b) No additional investment and proposals for investments were made for reduction of energy consumption.
- c) As there is no additional investment, there is no impact on the business of the Company.

TECHNOLOGY ABSORPTION

Your Company being a venture capital company, has not carried out any research and development programmes during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there have been no foreign exchange earnings and during the year foreign exchange outgo was amounted to USD 130/- (Rs. 5,891/-).

MANAGERIAL PERSONNEL

During the year, Sri R. Vijay Raghavan has been appointed as Assistant Vice President of HITVEL in place of Sri Balagopal Chamarti and subsequently Sri R. Vijay Raghavan offered his resignation during the month of March, 2009.

DIRECTORS

Your Company has the following Directors on its Board:

1. Sri Vinod Kumar Agrawal	-	Nominee of APIDC
2. Sri B. P. Acharya	-	Nominee of APIIC
3. Sri M. Subramanyan	-	Nominee of SIDBI
4. Dr. Kishore Buddhiraj	-	Nominee of SIDBI
5. Sri Subrata Ghosh	-	Nominee of SVCL
6. Sri Subhendu Mitra	-	Nominee of SVCL
7. Sri Bajrang Choudhary	-	Nominee of SVCL
8. Sri Rajesh Sirohia	-	Nominee of SVCL

During the year, Sri Shyamalendu Chatterjee, Sri Vinod Kumar Agrawal and Rajesh Sirohia were appointed as Directors on the Board of HITVEL.

During the year, Sri Vijay Gopal Jindal, Sri Indrajit Pal and Sri Shyamalendu Chatterjee resigned from the Board of HITVEL. The Board of Directors recorded their services with appreciation.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along

with proper explanation relating to material departures;

- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE

In pursuance of the provisions of Section 383A of the Companies Act, 1956, a Compliance Certificate obtained from M/s. AHALADA RAO. V & ASSOCIATES, Company Secretaries, is attached along with this Report.

PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year ended 31st March, 2009.

ACKNOWLEDGEMENTS

Your Board of Directors places on record their gratitude and appreciation for the valuable support and co - operation received from Andhra Pradesh Industrial Development Corporation Limited (APIDC), Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and Small Industrial Development Bank of India (SIDBI).

Your Directors also wish to place on record their appreciation for the sincere contributions received from the employee(s) of the Company in enabling it to achieve the performance during the year under review and the valuable co - operation and continuous support extended by the Bankers, Consultants, Stakeholders, Contributors, Strategic investor, various Government and Statutory authorities and other business associates.

By order of the Board

For Hyderabad Information Technology Venture Enterprises Limited

Place : Hyderabad
Date : 25th May, 2009

Vinod Kumar Agrawal
Chairman

AUDITORS' REPORT

To the Members,

Hyderabad Information Technology Venture Enterprises Limited

1. We have audited the attached balance sheet of **Hyderabad Information Technology Venture Enterprises Limited**, as at 31st March, 2009 the related Profit & Loss account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our Audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Financial Statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure statement on the matters specified in the paragraph 4 of the said order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) 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 the books of the Company.
 - iii) The Balance Sheet and Profit & Loss account dealt

with by this report are in agreement with the books of account of the Company.

- iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956.
- vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - b) in the case of Profit & Loss account, of the loss for the year ended on that date;

For **R. B. Kabra & Co.**
Chartered Accountants

Kishore Kumar Kabra
Partner
Membership No. 29772

Place : Hyderabad
Date : 25th May, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Statement referred to in Paragraph 3 of the Auditor's Report of even date)

- | | |
|--|---|
| <p>i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the fixed assets of the Company have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the operations of the Company. As informed to us, no material discrepancies were noticed on such verification.</p> <p>(c) No substantial part of Fixed Assets have been disposed off during the year.</p> <p>(d) The Company has not re-valued any of the fixed assets during the year.</p> <p>ii) (a) The Company has no inventories during the financial year under review.</p> <p>(b) Since there are no inventories the physical verification does not arise.</p> <p>(c) Since inventories are not there, the discrepancies in stock does not arise.</p> <p>(d) There are no inventories; hence the valuation of the same does not arise.</p> <p>iii) (a) The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties covered under register maintained under Section 301 of the Companies Act, 1956.</p> <p>(b) The Company has not given any loans or advances in the nature of loans to the parties and repayment of the same does not arise.</p> <p>iv) In our opinion and according to the information and explanations given to us, there were no transactions of purchases of goods and sale of goods, materials and services, made in pursuance of the contracts of arrangements entered in the register maintained under Section 301 aggregating during the year to Rs. 500,000/- or more in respect of each party.</p> <p>v) (a) The Company has no stores, hence the damage or unserviceable stores does not arise.</p> <p>(b) The Company has no stores, and recording of the same does not arise.</p> <p>(c) The Company has no stores, hence the introduction of internal control does not arise.</p> <p>vi) The Company has not accepted any deposits from the Public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under:</p> <p>vii) There were no sale and disposal or realisable by-products and scrap during the year.</p> <p>viii) The Company has no internal audit system.</p> <p>ix) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.</p> <p>x) The Company does not attract to the provisions of ESI Act, 1948 and to the provisions of EPF Act.</p> <p>xi) According to the information and explanations given to us, there were no undisputed amounts payable in respect of (ix) (a) above, which were outstanding as at 31.03.2009 for the period of more than six months from the date they become payable, other than those which have been disputed and appeals have been preferred. According to the information</p> | <p>and explanations given to us, disputed Income Tax of Rs. 643,396/- for the period 2000 - 01 has not been paid and is pending with the Commissioner of Income Tax (Appeal).</p> <p>xii) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.</p> <p>xiii) The Company is not a Sick Industrial Company within the meaning of clause (O) of sub-section (1) of Section 3 of the sick industrial companies (Special Provisions) Act, 1985.</p> <p>xiv) The Company is not a Chit Fund, Nidhi / Mutual Benefit Fund / Society and therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) order 2003, are not applicable to the Company.</p> <p>xv) The Company does not have any accumulated losses at the end of the financial year and has not given any guarantees for loans in the financial year and in the immediately preceding financial year.</p> <p>xvi) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>xvii) In our opinion and according to the information and explanation given to us, the Company has not taken any term loans.</p> <p>xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>xix) In our opinion and according to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that, no funds raised on a short-term basis have been utilised for long-term investments and vice versa.</p> <p>xxiii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by the report. According to provisions of the clause 4 (xix) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.</p> <p>xx) During the period covered by our audit report, the Company has not raised any money by Public issues.</p> <p>xxi) To the Best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2009.</p> |
|--|---|

For **R. B. Kabra & Co.**
Chartered Accountants

Kishore Kumar Kabra
Partner
Membership No. 29772

Place : Hyderabad
Date : 25th May, 2009

COMPLIANCE CERTIFICATE

CIN No.

: U72200AP1998PLC029282

Nominal Capital

: Rs. 2,500,000/-

To the Members,

Hyderabad Information Technology Venture Enterprises Limited

We have examined the registers, records, books and papers of **Hyderabad Information Technology Venture Enterprises Limited** (the "Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2009 (i.e., from 1st April, 2008 to 31st March, 2009). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and rules made there under and all entries have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, comments relating to maximum number of members, invitation to public for subscription of shares / debentures, acceptance of deposits from public, etc is not required.
4. The Board of Directors duly met 6 times during the year under review on 15th April, 2008, 09th June, 2008, 11th August, 2008, 23rd August, 2008, 14th October, 2008, and 07th March, 2009 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2008 was held on 23rd August, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the Purpose.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling under Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has:
 - i. not allotted any securities during the financial year and delivered all the share certificates on lodgment thereof for transfer.
 - ii. not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.
 - iii. The Company was not required to post warrants to any member(s) of the Company as no dividend was declared during the financial year.
 - iv. There were no monies in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years required to be transferred to investor education and protection fund.
 - v. Complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors has been duly made and the relevant forms are partly filed during the financial year under review.
15. The appointment of Manager has been made in compliance with the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 during the year under review.
16. The Company has not appointed any sole selling agents during the financial year.
17. There were no instances requiring the Company to obtain approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules there under.
19. The Company has not issued any shares / debentures / other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of the preference shares or debentures during the financial year.
22. During the year under review, the Company has not declared / issued any dividend, rights shares & bonus shares and hence the question of keeping in abeyance the right to dividend, right shares & bonus shares pending registration of transfer of shares does not arise.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Sections 58A and 58AA of the Companies Act, 1956 during

- the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2009.
25. The Company had not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year.
27. The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny after obtaining the approval of the members in general meeting and the necessary resolutions were recorded in the minutes and the forms filed and registered with Registrar of Companies.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a Provident Fund for its employees and as such, Section 418 of the Act is not applicable to the Company.

For **Ahalada Rao. V & Associates**
Company Secretaries

V. Ahalada Rao

Place : Hyderabad

Company Secretary in Practice

Date : 15th May, 2009

C. P. No. 3607

ANNEXURE 'A'

Registers as maintained by the Company

Sl. No.	Particulars	Under Section
1.	Register of Charges	143(1)
2.	Register of Members	150(1)
3.	Minutes of Meeting of the Board of Directors	193(1)
4.	Minutes of proceedings of General Meetings	193(1)
5.	Books of Accounts	209
6.	Register of Contracts, Companies and firms in which Directors etc. are interested	301(3)
7.	Register of Directors	303(1)
8.	Register of Directors' Share holding	307(1)

ANNEXURE 'B'

1. Forms and Returns as filed by the Company with Registrar of Companies, during the financial year ending 31st March, 2009:

Sl. No	Form # / Return	Under Section	Purpose
1.	Form 23AC and ACA	220	Annual Accounts for the year ended 31-03-2008
2.	Form 20B	159	Annual Return in connection with the Annual General Meeting held on 23.08.2008
3.	Form 66	383A	Compliance Certificate for the year ended 31.03.2008
3.	Form 23	192	Appointment of Sri Vijay Raghavan as Assistant Vice President and appointment of M/s. R. B. Kabra & Co., Chartered Accountants as Statutory Auditors of the Company.
4.	Form 23	192	For Amendment of Objects Clause of Memorandum of Association
5.	Form 25C	269	Appointment of Sri Vijay Raghavan as Manager
6.	Form 22B	187C	Declaration of Beneficial Interest
7.	Form 22B	187C	Declaration of Beneficial Interest
8.	Form 32	303	Cessation of Sri Vijay Gopal Jindal as Director and appointment of Sri. Shyamalendu Chatterjee as Director
9.	Form 32	303	Appointment of Sri Vijay Raghavan as Manager
10.	Form 32	303	Cessation of Sri Indrajit Pal as Director and appointment of Sri Vinod Kumar Agrawal as Director.
11.	Form 32	303	Cessation of Sri Balagopal Chamarti as Manager.

2. Forms and Returns as filed by the Company with Company Law Board, Regional Director, Central Government or other Authorities during the financial year ending 31st March, 2009: Nil.



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
1. Shareholders' Funds:					
Share Capital					
Authorised					
250,000 Equity shares of Rs. 10/- each			2,500,000		2,500,000
Issued and Subscribed					
250,000 (Previous year 250,000) Equity Shares of Rs. 10/- each fully paid	1		2,500,000		2,500,000
Reserves and Surplus					
Balance in Profit and Loss Account			5,906,105		5,061,304
Deferred Tax Liability			9,783		15,009
TOTAL			8,415,888		7,576,313
APPLICATION OF FUNDS					
1. Fixed Assets:Gross Block		118,460		113,725	
Less: Depreciation	2	72,627		50,156	
Net Block			45,833		63,569
2. Current Assets, Loans and Advances	3				
a) Cash and Bank Balances		7,883,775		6,797,009	
b) Loans and Advances		66,127		123,158	
c) Income Tax & FBT Payments		5,394,780		5,008,874	
		13,344,682		11,929,041	
Less: Current Liabilities & Provisions	4				
Current Liabilities		225,774		78,820	
Net Current Assets		13,118,908		11,850,221	
Provision for Income Tax & FBT		4,748,853	8,370,055	4,340,958	7,509,264
3. Miscellaneous Expenditure (to the extent not written off or adjusted)	6				
Preliminary Expenses		-		3,480	3,480
TOTAL			8,415,888		7,576,313

As per our report of even date.

For **R. B. Kabra & Co.**
Chartered Accountants

Kishore Kumar Kabra
Partner
Membership. No 29772

Place : Hyderabad
Date : 25th May, 2009

On behalf of the Board

Vinod Kumar Agrawal
Chairman

Subrata Ghosh
Director

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Management Fees		3,000,000	3,000,000
Success Fee		-	200,000
Bank Interest		687,676	586,392
Interest - Telephone Deposit Refund		543	-
Miscellaneous Income		3,000	3,000
TOTAL		3,691,219	3,789,392
EXPENDITURE			
Salaries and Other Benefits		1,237,503	1,323,972
Administrative Expenses	5	1,091,347	1,544,880
Depreciation	2	22,471	17,736
Preliminary Expenses Written off	6	3,480	1,738
TOTAL		2,354,801	2,888,326
Profit before tax		1,336,418	901,066
Less: Provisions Made			
Current Income Tax		418,179	279,477
Fringe Benefits Tax		18,247	21,824
Prior Period Taxation - Income Tax		56,006	32,912
Prior Period Taxation - FBT		4,411	-
Deferred Tax Liability		(5,226)	(2,481)
Profit after Tax		844,801	569,335
Balance brought forward from previous year		5,061,304	4,491,969
Balance Carried to Balance Sheet		5,906,105	5,061,304
Earnings per share		3.38	2.28

As per our report of even date.

For **R. B. Kabra & Co.**
Chartered Accountants

On behalf of the Board

Kishore Kumar Kabra
Partner
Membership. No 29772**Vinod Kumar Agrawal**
Chairman**Subrata Ghosh**
DirectorPlace : Hyderabad
Date : 25th May, 2009

Schedules to the Balance Sheet as at 31 March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
250,000 Equity shares of Rs.10/- each	2,500,000	2,500,000
Issued and Subscribed		
250,000 (Previous year 250,000) Equity shares of Rs.10/- each fully paid.	2,500,000	2,500,000
SUB - TOTAL	2,500,000	2,500,000

SCHEDULE 2 - FIXED ASSETS

(Amount in Rupees)

Sl.No.	Description	Gross Block			Depreciation			Net Block	
		As on 1st April, 2008	Additions/ Deletions	As on 31st March, 2009	Upto 31st March, 2008	For the period	Upto 31st March, 2009	As on 31st March, 2009	As on 31st March, 2008
1.	Computers	107,625	3,335	110,960	49,203	20,781	69,984	40,976	58,422
2.	Communication Equipments	6,100	1,400	7,500	953	1,690	2,643	4,857	5,147
	Total	113,725	4,735	118,460	50,156	22,471	72,627	45,833	63,569

(Amount in Rupees)

	2009	2008
SCHEDULE 3 - CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Cash and Bank balances		
Cash on hand	3,643	3,699
Cash at bank (with Scheduled Bank)		
In Current Account	102,383	108,697
In Term Deposits	7,777,749	6,684,613
	7,883,775	6,797,009
Loans And Advances		
(Recoverable in cash or in kind and considered good)		
Telephone Deposit	6,000	11,000
Service Tax	26,690	98,638
Advance to Others	33,437	11,184
Sub - Total	66,127	120,822
Taxes Paid		
Income Tax and TDS Paid	5,389,726	4,986,510
Fringe Benefits Tax Paid	5,054	24,700
	5,394,780	5,011,210

SCHEDULE 4 - CURRENT LIABILITIES AND PROVISIONS

Current Liabilities		
Outstanding Expenses	225,774	78,820
Sub - Total	225,774	78,820
Provisions		
Income Tax		
Income Tax	4,747,319	4,273,134
Fringe Benefits Tax	1,534	67,824
Sub - Total	4,748,853	4,340,958
Deferred Tax Liability		
Deferred Tax Liability	9,783	15,009
Sub - Total	9,783	15,009

Schedules to the Balance Sheet as at 31 March, 2009

(Amount in Rupees)

	2009	2008	2009	2008
SCHEDULE 5 - ADMINISTRATIVE EXPENSES				
Advertisement Expenses			-	1,600
Auditors Remuneration				
Statutory Audit Fees	20,000	15,000		
Certification fees	5,000	10,000	25,000	25,000
Bank Charges			800	900
Board Meeting Expenses			9,051	12,994
Interest on Loan against Fixed Deposit			-	745
Vehicle Hire Charges			18,008	234,558
Directors Sitting Fees			7,500	11,250
Rates & Taxes			22,737	23,212
General Expenses			17,405	-
Legal and Professional Charges			267,900	795,000
Miscellaneous Expenses			-	9,135
Office Maintenance			23,229	25,563
Office Rent			157,574	154,000
Printing and Stationary			77,167	26,488
Repairs and Maintenance			2,600	308
Seminars and Conferences			25,287	8,500
Subscriptions and Periodicals			13,497	11,006
Vehicle Reimbursement / Allowance			123,000	-
Telephone & Telegrams			62,933	82,972
Travelling & Conveyance			237,659	121,649
TOTAL			1,091,347	1,544,880

(Amount in Rupees)

	2009	2008
SCHEDULE 6: MISCELLANEOUS EXPENDITURE		
(to the extent not written - off or adjusted)		
Preliminary Expenses:		
Opening Balance on 01.04.2008	3,480	5,218
Less: Written off during the period	3,480	1,738
Total	-	3,480

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 7: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted on accrual basis.

3. Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.
- ii) Depreciation has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956 which are as follows :

a) Computers	16.21%
b) Communication Equipments	4.75 %
- iii) Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

4. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of Fixed Assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises an impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.

5. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

6. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule

7. Tax on Income

- i) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subjects to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

8. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

9. Segment Reporting

The business of the Company falls within a single primary business and hence the disclosure requirement of Accounting Standard (AS-17) "Segment Reporting" issued by The Institute of Chartered Accountants of India is not applicable.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 7: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

B. Notes on Accounts

- There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2009. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- The Company has changed the accounting policy of preliminary expenses written off from 1st April, 2008. The entire balance of preliminary expenses has been written off during the year. Had the Company followed earlier accounting policy, the Profit Before Tax for the year and Preliminary Expenses to the extent not written off or adjusted for the year as on 31 March, 2009 would have been higher by Rs. 1,740/-.
- Current tax has been provided at the rates applicable for the year and Provision for the current year works out to Rs. 418,179/-.
- Assessment Year 2001 - 2002 : During the Financial Year 2006 - 2007 the Assessment for the A.Y 2001 - 2002 was finalised with demand of Rs. 2,151,285/-, due to various additions an account of expenditure incurred prior to commencement of business. Being aggrieved the Company filed an appeal before the CIT(A) by paying an amount of Rs. 1507,889/- being undisputed portion of the demand. Pending finalisation of the appeal the total amount paid is reflected in the Advance Tax paid in the Balance Sheet. The Company is confident of a decision in its favour for the balance of Rs. 643,396/- from CIT(A).
- The Deferred Tax Liability and Deferred Tax Asset arising is as follows.**

(Amount in Rupees)

Particulars	
Opening Balance of Deferred Tax Liability as on 01-04-2008	15,009
Deferred Tax provided during the period	(5,226)
Closing Balance of Deferred Tax Liability as on 31-03-2009	9,783

- Earnings in Foreign Currency – Rs. Nil - (Previous year Nil)**
- Expenses in Foreign Currency – Rs. 5,891/- (Previous year Nil)**
- The previous year figures have been regrouped / rearranged, wherever considered necessary.**
- Figures have been rounded off to nearest rupee.**
- Basic / Dilutive Earnings Per Share:**

Particulars	Year ended 31st March	
	2009	2008
1. Opening No. of Shares	250,000	250,000
2. Total No of Shares Outstanding	250,000	250,000
3. Profit after Taxes (Rs.)	844,801	569,335
4. Earnings Per share (Rs.)	3.38	2.28

11. Related Party Transactions:

The Company has the following related parties:

Name of the party	Relationship
Srei Venture Capital Ltd.	Holding Company
APIDC	Minority Shareholder
APIIC	Minority Shareholder
SIDBI	Minority Shareholder
APIDC	Minority Shareholder
CTCPL	Asset Management Company

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 7: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

12. Summary of Transactions with the related party:

Name of the party	Relationship	Nature of Transaction	Transaction Amount	Maximum amount outstanding during the financial year
APIDC	Minority Shareholder	Rent	Rs. 157,574	Rs. 12,957

(Amount in Rupees)

Particulars	2009	2008
13. Auditors Fees		
Statutory Audit Fees	20,000	15,000
Certification Fees	5,000	10,000
Total	25,000	25,000
14. Managerial Remuneration		
C. Balagopal (Chief Executive Officer)	-	706,308
R. Vijay Raghavan (Assistant Vice President)	1,190,136 **	68,008*
Total	1,190,136	774,316

* Was employed for a part of the year only.

** Includes reimbursement of Telephone, Vehicle and Medical Benefits of Rs. 156,250/-, Fringe Benefits Tax of Rs. 10,622/- and Severance pay of Rs. 95,829/- as ctc to Company.

Schedules referred to above form an integral part of the Accounts.

As per our report of even date.

For **R. B. Kabra & Co.**
Chartered Accountants

On behalf of the Board

Kishore Kumar Kabra
Partner
Membership. No 29772

Vinod Kumar Agrawal
Chairman

Subrata Ghosh
Director

Place : Hyderabad
Date : 25th May, 2009

BALANCE SHEET ABSTRACT**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	29282	State Code	01
Balance Sheet Date	31st March, 2009		

**II. Capital raised during the year
(Amount in Rs. Thousands)**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and deployment of
Funds (Amount in Rs. Thousands)**

Total Liabilities	13,390.52	Total Assets	13,390.52
Sources of Funds			
Paid - Up Capital	2,500.00	Reserves & Surplus	5,906.11
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	45.83	Investments	Nil
Net Current Assets	8,370.06	Misc. Expenditure	Nil
Deferred Tax Assets / (Liabilities)	(9.78)		

**IV. Performance of the Company
(Amount in Rs. Thousands)**

Income	3,691.22	Total Expenditure	2,354.80
Profit / (Loss) before tax	1,336.42	Profit / (Loss) after tax	844.80
EPS (Rs.)	3.38	Dividend Rate	Nil

**V. Generic Names of three principle Products /
Services of the Company**

Item Code No.			
Product	Not Applicable		
Description			

On behalf of the Board

Place : Hyderabad
Date : 25th May, 2009Vinod Kumar Agrawal
ChairmanSubrata Ghosh
Director

DIRECTORS

Mr. Vinod Kr. Agrawal - Chairman
 Mr. B. P. Acharya
 Mr. Kishore Buddhi Raju
 Mr. M. Subramanian
 Mr. Subhendu Mitra
 Mr. Subrata Ghosh
 Mr. Bajrang Kr. Choudhary
 Mr. Rajesh Sirohia

AUDITORS

Anant Rao & Mallik
 Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the report of the Directors.

OPERATIONS

During the year under review, the operations of the Company have been out satisfactorily. Though there has been a decline of Rs. 6,069.00/- in the profits before tax of the Company for the financial year 2008 - 09, the same was taken with regard to the global recession and other factors which were out of the control of the Company. However taking into these factors into consideration the profit after tax has increased to Rs. 10,139/- as compared to the previous year of Rs. 583/-. The Board of Directors have expressed their satisfaction in this regard.

FINANCIAL RESULTS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income from operations	Nil	Nil
Other Income	44,803	42,978
Profit Before Depreciation	14,673	20,742
Depreciation	Nil	Nil
Profit after Depreciation	14,673	20,742
Less: Provision for Taxation	4,534	6,409
Prior period Expenditure	Nil	13,750
Profit After Tax	10,139	583
Appropriations	-	-
Transferred to General Reserve	-	-
Transferred to Reserve Fund	-	-
Provision for Dividend	-	-
Balance brought forward from previous year	2,641	-
Balance carried to Balance Sheet	12,780	583

AUDITORS AND AUDITORS REPORT

During the year under review, the Company has obtained the Auditors Report from Statutory Auditors M/s. Anant Rao & Mallik, Chartered Accountants.

There are no comments, qualifications or adverse remarks in the auditors report.

CONTRIBUTIONS

During the financial year under review, your Company has not made any investment in any Venture Capital Undertakings. As there is no significant proposal, the following amounts of the contribution have been refunded to the Contributors.

Sl. No.	Contri- butors	Contribution Committed	Contribution Made	Funds to be Retained	Funds Refunded
1.	SIDBI	75,000,000	62,500,000	57,750,000	4,750,000
2.	APIIC	50,000,000	50,000,000	38,500,000	11,500,000
3.	APIIC	25,000,000	25,000,000	19,250,000	5,750,000

RESERVES

The Company has not transferred any amount to the Reserves.

DIVIDENDS

Your Board of Directors of the Company did not recommend any dividend for the year.

FIXED DEPOSITS

During the financial year the Company has not accepted or renewed any deposits from its members, Directors or others. Hence there was no amount being payable to the persons specified either as interest or principle for the financial year ended on 31st March, 2009

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

- The Company has taken the necessary measures wherever possible for the conservation of energy.
- No additional investment and proposals for investments were made for reduction of energy consumption.
- As there is no additional investment, there is no impact on the business of the Company.

TECHNOLOGY ABSORPTION

Your Company being a venture capital company, has not carried out any research and development programmes during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there have been no foreign exchange earnings or outgo.

MANAGERIAL PERSONNEL

During the year, Sri R. Vijay Raghavan has been appointed as Manager of the Company and subsequently he offered his resignation during the month of March, 2009.

DIRECTORS

Your Company has the following Directors on its Board:

1.	Sri Vinod Kumar Agrawal	-	Nominee of APIIC
2.	Sri B. P. Acharya	-	Nominee of APIIC
3.	Sri M. Subramanian	-	Nominee of SIDBI
4.	Dr. Kishore Buddhiraju	-	Nominee of SIDBI
5.	Sri Subrata Ghosh	-	Nominee of SVCL
6.	Sri Subhendu Mitra	-	Nominee of SVCL
7.	Sri Bajrang Choudhary	-	Nominee of SVCL
8.	Sri Rajesh Sirohia	-	Nominee of SVCL

During the year, Sri Shyamalendu Chatterjee, Sri Vinod Kumar Agrawal and Rajesh Sirohia were appointed as Directors on the Board of CTCPL.

During the year, Sri Vijay Gopal Jindal, Sri Indrajit Pal and Sri Shyamalendu Chatterjee resigned from the Board of CTCPL. The Board of Directors recorded their services with appreciation.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act,

1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year ended 31st March, 2009

ACKNOWLEDGEMENTS

Your Board of Directors places on record their gratitude and appreciation for the valuable support and co - operation received from Andhra Pradesh Industrial Development Corporation Limited (APIDC), Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and Small Industrial Development Bank of India (SIDBI).

Your Directors also wish to place on record their appreciation for the sincere contributions received from the employee(s) of the Company in enabling it to achieve the performance during the year under review and the valuable co - operation and continuous support extended by the Bankers, Consultants, Stakeholders, Strategic investor, various Government and Statutory authorities and other business associates.

For and on behalf of the Board

For Cyberabad Trustee Company Private Limited

Place : Hyderabad
Date : 25th May, 2009

Vinod Kumar Agrawal
Chairman

AUDITORS' REPORT

To the Members,

Cyberabad Trustee Company Private Limited,

1. We have audited the attached balance sheet of **Cyberabad Trustee Company Private Limited**, as at 31st March, 2009, the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. According to the information and explanations given to us and based on such checks as we considered as appropriate, we are of the opinion that the Companies (Auditors' Report) Order, 2003 (As amended), issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company for the year under audit.
4. Further to our comments referred above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;

- iii) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956;
- v) The provisions of Section 274(1)(g) of the Companies Act, 1956 regarding disqualification of Directors are not applicable to this Company vide Notification No. 2/5/2001 - CL.V; General Circular No. 8/2002 dated 22.03.2002 issued by the Ministry of Law, Justice & Company Affairs, Department of Company Affairs since it being a Government Company;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) in the case of Profit & Loss account, of the Profit for the year ended on that date;

For Anant Rao & Mallik
Chartered Accountants

V. Anant Rao

Place : Hyderabad
Date : 25th May, 2009

Partner
Membership No. 022644

Balance Sheet as at 31st March, 2009

(Amount in Rupees)

		2009		2008
SOURCES OF FUNDS				
Authorised Capital				
50,000 Equity Shares of Rs. 10/- each		500,000		500,000
Issued Subscribed and Paid Up Capital				
50,000 Equity Shares of Rs. 10/- each fully paid		500,000		500,000
Profit & Loss Account		12,780		583
Total		512,780		500,583
APPLICATION OF FUNDS				
Current Assets, Loans and Advances				
a) Cash & Bank Balances:				
In Current Account	14,053		16,077	
In Fixed Deposit Account	535,509		500,093	
	549,562		516,170	
b) Loans & Advances:				
Amount Receivable	4,685		-	
	554,247		516,170	
Current Liabilities and Provisions				
Current Liabilities	41,467		11,236	
Provision for Tax	-	512,780	4,351	500,583
Net Current Assets				
Profit & Loss Account				
Total		512,780		500,583

As per our Report attached.

For **Anant Rao & Mallik**
Chartered Accountants

On behalf of the Board

V. Anant Rao
Partner
Membership. No 022644

Vinod Kumar Agrawal
Chairman

Subrata Ghosh
Director

Place : Hyderabad
Date : 25th May, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
INCOME		
Income from Operations	-	-
Other Income		
Bank Interest (TDS)	44,635	42,978
Interest - Income Tax Refund	168	-
Total	44,803	42,978
EXPENDITURE		
Sitting Fees	7,500	5,750
Filing Fees	6,600	5,100
Statutory Audit Fees	11,030	11,236
Rates and Taxes	2,500	-
Legal & Professional Charges	2,500	-
Bank charges	-	150
TOTAL	30,130	22,236
Profit before Tax	14,673	20,742
Current Tax	4,534	6,409
Prior period expenditure	-	13,750
Profit / (Loss) after Tax	10,139	583
Total	10,139	583
Add Balance brought forward from last year	2,641	-
	12,780	583
Earnings per share	0.20	0.01

As per our Report attached.

For **Anant Rao & Mallik**
Chartered Accountants

On behalf of the Board

V. Anant Rao
Partner
Membership. No 022644**Vinod Kumar Agrawal**
Chairman**Subrata Ghosh**
DirectorPlace : Hyderabad
Date : 25th May, 2009

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted on accrual basis.

3. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

4. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule

5. Tax on Income

- i) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subjects to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

6. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

7. Segment Reporting

The business of the Company falls within a single primary business segment and hence the disclosure requirement of Accounting Standard (AS-17) "Segment Reporting" issued by The Institute of Chartered Accountants of India is not applicable.

B. Notes on Accounts

1. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
2. Except for the trusteeship function of the trust i.e., HIVE FUND, the Company has not undertaken any business on its own. Hence, there is no income for the Company during the year except interest account on fixed deposit with scheduled bank.
3. As there is a surplus of income over expenditure during the financial year under review, no expenses have been transferred to the HIVE FUND for reimbursement as per clause 1.4 of the Trust Deed relating to the Expenses Chargeable to the Fund.
4. The Company has not made any payments as remuneration to any Director / Directors.
5. Current Liabilities represent Audit fee payable to Statutory Auditors for the Year 2008-2009.
6. Earnings in Foreign Currency – Rs. Nil - (Previous year Nil)
7. Expenses in Foreign Currency – Rs. Nil - (Previous year Nil)
8. The previous year figures have been regrouped / rearranged, wherever considered necessary.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

9. Basic / Dilutive Earnings Per Share

Particulars	Year ended 31st March	
	2009	2008
Opening No. of Shares	50,000	50,000
Total No. of Shares Outstanding	50,000	50,000
Profit after Taxes (Rs.)	10,139	583
Earnings Per share (Rs.)	0.24	0.01

10. Auditors Remuneration

(Amount in Rupees)

Particulars	Year ended 31st March	
	2009	2008
Statutory Audit Fees	11,030	11,236
Total	11,030	11,236

11. Related Party Transactions:

The Company has the following related parties:

Name of the party	Relationship
Srei Venture Capital Ltd.	Holding Company
APIDC	Minority Shareholder
APIIC	Minority Shareholder
SIDBI	Minority Shareholder
HITVEL	Asset Management Company

The Company has no related party transactions for the year ended 31st March, 2009.

Schedules referred to above form an integral part of the Accounts.

As per our report of even date.

For **Anant Rao & Mallik**
Chartered Accountants

On behalf of the Board

V. Anant Rao
Partner
Membership. No 022644

Vinod Kumar Agrawal
Chairman

Subrata Ghosh
Director

Place : Hyderabad
Date : 25th May, 2009

BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	33128	State Code	01
Balance Sheet Date	31st March, 2009		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	554.25	Total Assets	554.25
Sources of Funds			
Paid - Up Capital	500.00	Reserves & Surplus	12.78
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	512.78	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousands)

Turn Over	44.80	Total Expenditure	30.13
Profit / (Loss) before tax	14.67	Profit / (Loss) after tax	10.14
EPS	0.20	Dividend Rate	Nil

V. Generic Names of three principle Products / Services of the Company

Item Code No.			
Product	Not Applicable		
Description			

On behalf of the Board

DIRECTORS

Mr. P. K. Bhattacharjee
Mr. C. S. Samal
Mr. Bajrang K. Choudhary

AUDITORS

Chetan & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	1,237,784	816,303
Expenditure	1,125,379	577,593
Profit before Tax	112,405	238,710
Provision for Current Tax	36,113	72,685
Profit after Current Tax	76,292	166,025
Provision for Deferred Tax	(1,381)	17,863
Profit after Tax	77,673	148,162
Add: Profit b/f from last year	532,316	384,154
Profit carried to Balance Sheet	609,989	532,316

During the year under review, your Company has earned an income of Rs. 1,237,784/- as against Rs. 816,303/- in the previous year. The income was generated from trusteeship fees earned by your Company from the business of trusteeship. Your Company has earned Rs. 112,405/- as profit before tax against a profit before tax of Rs. 238,710/- in the previous year.

As at 31st March, 2009, your Company continued to offer trusteeship services to Millennium Growth Development Fund (MGDF).

DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company does not recommend any dividend for this year.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit during the year under review.

SHIFTING OF REGISTERED OFFICE

The Registered Office of your Company has been shifted to "Vishwakarma", 86C Topsia Road (South), Kolkata - 700046 with effect from 12th May, 2009 for operational convenience.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Your Company has no activities relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Your Company has not utilised or earned any foreign exchange during the year (Previous year Nil).

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. P. K. Bhattacharjee, Director retires by rotation and being eligible, offers himself for re - appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. Chetan & Co. (formerly Chetan Chaturvedi & Co.), Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors express their gratitude for the continued co - operation and support received from ICICI Bank and the holding company, Srei Infrastructure Finance Limited.

On behalf of the Board of Directors

P. K. Bhattacharjee

Director

Bajrang K. Choudhary

Director

Place : Kolkata

Dated : 12th May, 2009

AUDITORS' REPORT

To the Members,

Global Investment Trust Limited

1. We have audited the attached Balance Sheet of **Global Investment Trust Limited**, as at 31st March, 2009 and the relative Profit and Loss Account and the cash flow statement for the year ended on that date, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the CARO amendment Order, 2004) issued by the Central Government of India in terms of Section 227(4A) of 'The Companies Act, 1956' and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 and Profit and Loss Account 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 and the Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
- (e) On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause(g) of sub - section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **Chetan & Co.**
Chartered Accountants

Ashutosh Som
Partner

Place. : Kolkata

Date. : 12th May, 2009

Membership No.: 6308

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in our report of even date to the members of Global Investment Trust Limited on the accounts for the year ended 31st March, 2009.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies are noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets.
- (ii) The Company does not have any inventories. Therefore, the provisions of clauses (ii) (a) to (ii) (c) of paragraph 4 are not applicable to the Company.
- (iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii)(b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act
- d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii)(f) to (iii)(g) of paragraph 4 of the said order are not applicable to the Company.
- (iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the sale of services.
- v) Based on the audit procedure applied by us and according to information and explanations given to us, the Company has no contracts or arrangements referred to in Section 301 of the Act. Therefore, the provisions of clauses (v)(a) and (v)(b) of paragraph 4 are not applicable to the Company.
- (vi) The Company has not accepted any public deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- (vii) The provisions of clause (vii) relating to internal audit system are not applicable to the Company.
- (viii) The provisions regarding maintenance of cost records under Section 209 (1) (d) of the Act are not applicable to the Company.
- (ix) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Cess and other statutory dues with the appropriate authorities. As explained to us, the provisions of Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Excise Duty, Wealth Tax, Service Tax and Custom Duty are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.
- b) There is no amount payable in respect of the aforesaid statutory dues that have not been deposited within 31.03.2009.
- (x) The Company has no accumulated losses and has not incurred any cash losses during the financial year and in the immediately preceding financial year.
- (xi) The Company has no dues of financial institution, bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or nidhi or mutual benefit society are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments.
- (xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the records of the Company, the Company has neither obtained nor applied any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any moneys by public issues during the period covered by our audit report.
- (xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Chetan & Co.**
Chartered Accountants

Ashutosh Som
Partner

Place. : Kolkata
Date. : 12th May, 2009

Membership No.: 6308



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	500,000		500,000	
Reserves & Surplus	2	609,989	1,109,989	532,316	1,032,316
Deferred Tax Liability			8,458		9,839
			1,118,447		1,042,155
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	3	374,222		374,222	
Less: Depreciation		78,176		54,416	
Net Block			296,046		319,806
Current Assets, Loans & Advances:					
Current Assets	4	688,696		165,039	
Loans & Advances	5	546,721		940,635	
		1,235,417		1,105,674	
Less: Current Liabilities & Provisions:					
Current Liabilities	6	111,935		132,615	
Provisions	7	301,081		264,968	
		413,016		397,583	
Net Current Assets			822,401		708,091
Miscellaneous Expenditure	8		-		14,258
(To the extent not written off or adjusted)					
			1,118,447		1,042,155
Significant Accounting Policies and Notes on Accounts	10				

Schedules referred to above form an integral part of the Accounts.

In terms of our report of even date attached.

For **Chetan & Co.**
Chartered Accountants

A. Som
Partner

Place : Kolkata
Date : 12th May, 2009

On behalf of the Board of Directors

P. K. Bhattacharjee
Director

Bajrang K. Choudhary
Director

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Trusteeship fee		1,227,076	815,428
(TDS Rs. 50,824/-, Previous year - Nil)			
Other Income		10,708	875
		1,237,784	816,303
EXPENDITURE			
Administrative & Other Expenses	9	1,087,361	549,081
Depreciation		23,760	23,760
Preliminary Expenses Written Off		14,258	4,752
		1,125,379	577,593
Profit Before Taxation		112,405	238,710
Provision for Taxation			
- Current Taxation		36,113	72,685
- Deferred Taxation		(1,381)	17,863
Profit After Taxation		77,673	148,162
Add : Profit Brought Forward from last year		532,316	384,154
Profit Carried Forward to Balance Sheet		609,989	532,316
Earnings Per Equity Share (Rs.)		1.55	2.96
Significant Accounting Policies and Notes on Accounts	10		

Schedules referred to above form an integral part of the Accounts.

In terms of our report of even date attached.

For **Chetan & Co.**
Chartered Accountants

A. Som
Partner

Place : Kolkata
Date : 12th May, 2009

On behalf of the Board of Directors

P. K. Bhattacharjee
Director

Bajrang K. Choudhary
Director

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	112,405	238,710
Adjustments for:		
Depreciation	23,760	23,760
Preliminary Expenses written off	14,258	4,752
Bad Debts	515,000	104,590
Operating Profit before Working Capital Changes	665,423	371,812
Adjustments for:		
(Increase) / Decrease in Receivables / others	(592,314)	3,331
Increase / (Decrease) in Trades Payables / others	(20,680)	(297,615)
Cash generated from Operating activities	52,429	77,528
Less: Advance Tax Paid	(122,036)	-
Net Cash (used in) / Generated from Operating Activities	(69,607)	77,528
Net Cash (used in) / Generated from Investing Activities	-	
Net Cash (used in) / Generated from Financing Activities	-	
Net Increase / (Decrease) in Cash & Cash Equivalents	(69,607)	77,528
Cash and Cash Equivalents as on 01.04.2008	165,039	87,511
Cash and Cash Equivalents as on 31.03.2009	95,432	165,039

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalents represents Cash in Hand, Balance with Banks and Fixed Deposit with Bank.

For **Chetan & Co.**
Chartered Accountants

A. Som
Partner

P. K. Bhattacharjee
Director

On behalf of the Board of Directors

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
1,000,000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000
Issued, Subscribed & Paid - up		
50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid - up in cash	500,000	500,000
Note: The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Company and its nominees		
SCHEDULE 2 - RESERVES & SURPLUS		
Profit & Loss Account	609,989	532,316
	609,989	532,316

SCHEDULE 3 - FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2008	Addition during the year	Sold during the year	As at 31st March, 2009	Up to 31st March, 2008	For the year	Adjustment	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Furniture & Fixture	374,222	-	-	374,222	54,416	23,760	-	78,176	296,046	319,806
Total	374,222	-	-	374,222	54,416	23,760	-	78,176	296,046	319,806
Previous Year	374,222	-	-	374,222	30,656	23,760	-	54,416	319,806	

(Amount in Rupees)

	2009	2008
SCHEDULE 4 - CURRENT ASSETS		
Sundry Debtors		
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six month	174,046	-
- Other debts	419,218	-
Cash and Bank Balances		
Cash In Hand	1,056	3,660
Balance with Banks		
- in Current Accounts	44,376	101,379
- in Fixed Deposit Account	50,000	60,000
	688,696	165,039
SCHEDULE 5 - LOANS & ADVANCES		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received or pending adjustments		
Interest Accrued on Fixed Deposit	120	699
Other Advance	210,000	725,371
Balances with Income Tax Authority	336,601	214,565
	546,721	940,635
SCHEDULE 6 - CURRENT LIABILITIES		
Other Liabilities	111,935	132,615
	111,935	132,615
SCHEDULE 7 - PROVISION		
Provision for Taxation	301,081	264,968
	301,081	264,968
SCHEDULE 8 - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	14,258	19,010
Less: Written off during the year	14,258	4,752
	-	14,258

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

SCHEDULE 9 - ADMINISTRATIVE & OTHER EXPENSES

(Amount in Rupees)

	2009	2008
Rent	312,500	250,000
Repair & Maintenance	150,000	125,000
Directors' Sitting Fees	60,000	48,000
Payments to Auditors		
- Audit Fees	4,000	3,000
- Certification Charges	-	6,300
Rates & Taxes	7,990	4,408
Professional Fees	19,875	3,200
Filing Fees	1,500	2,000
Miscellaneous Expenses	16,496	2,583
Bad Debts	515,000	104,590
	1,087,361	549,081

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India, Accounting Standards notified by the Central Government under the Companies (Accounting Standard) Rules, 2006 and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted on accrual basis.

3. Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.
- ii) Depreciation has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956 which are as follows :
 - a) Furniture and Fixtures 6.33%
- iii) Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

4. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of Fixed Assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises an impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.

5. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

6. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule

7. Tax on Income

- i) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subjects to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

8. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

9. Segment Reporting

The Company is primarily engaged in a single business segment of Trusteeship Services. All the activities of the Company revolved around the main business. As such there are no separate reportable segments as per Accounting Standard - 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

B. Notes on Accounts

- i. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- ii. The Company has changed the accounting policy of preliminary expenses written off from 1st April, 2008. The entire balance of preliminary expenses has been written off during the year. Had the Company followed earlier accounting policy, the Profit Before Tax for the year would have been higher by Rs. 9,505/-.
- iii. Since there is no employee in the Company, Fringe Benefits Tax is not applicable. Therefore no provision has been made for Fringe Benefits Tax.
- iv. Earnings & Expenditure in Foreign Currency - Rs.Nil (Previous year Rs. Nil)
- v. The previous year's figures have been regrouped / rearranged, wherever considered necessary.
- vi. Basic / Dilutive Earnings Per Share

Particulars	Year ended 31st March	
	2009	2008
1. Weighted average number of shares	50,000	50,000
2. Profit After Taxes (Rs.)	77,673	148,162
3. Earnings Per Share (Rs.)	1.55	2.96

vii. Related Party Transactions

The Company has the following related parties:

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Ltd.	Srei Capital Markets Ltd.
	Srei Forex Ltd.
	Srei Sahaj e-Village Ltd.
	Srei Venture Capital Ltd.
	Srei Infrastructure Advisors Ltd.
	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Private Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	IIS International Infrastructure Services GmbH, Germany
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)
	Controlla Electrotech Private Ltd.

Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of relationship	Short - term Advance			
		Opening	Taken	Refunded	Closing
Srei Infrastructure Finance Limited	Holding Company	100,000 (416,000)	100,000 Nil	200,000 (316,000)	(Nil) (100,000)

Amount in brackets represent previous year figures.

Signatories to Schedules 1 to 10.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **Chetan & Co.**
Chartered Accountants

On behalf of the Board of Directors

A. Som
Partner

P. K. Bhattacharjee
Director

Bajrang K. Choudhary
Director

Place : Kolkata

Date : 12th May, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No.	71670	State Code	21
Balance Sheet Date	31st March, 2009		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	1,531	Total Asset	1,531
Source of Funds			
Paid - up Capital	500	Reserves & Surplus	610
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	8
Application of Funds			
Net Fixed Assets	296	Investments	Nil
Net Current Assets	822	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax Asset	Nil
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover	1,238	Total Expenditure	1,125
Profit / (Loss) Before Tax	112	Profit / (Loss) After Tax	78
Earnings Per Share (Rs.)	1.55	Dividend Rate (%)	Nil
V. Generic names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No (ITC Code)	N.A.		
Products Description	Trusteeship Services		
Item code No. (ITC Code)	N.A.		
Products Description	N.A.		
Item Code No. (ITC Code)	N.A.		
Products Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata
Date : 12th May, 2009

P. K. Bhattacharjee
Director

Bajrang K. Choudhary
Director

DIRECTORS

Dr. R. Mandal
Mr. Subrata Ghosh
Mr. Naveen Bansal

AUDITORS

Singhi & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	781,551	650,000
Expenditure	610,464	48,907
Profit / (Loss) Before Tax	171,087	601,093
Provision for Current Tax	(63,829)	(82,319)
Profit / (Loss) After Current Tax	107,258	518,774
Provision for Deferred Tax	-	(101,395)
Profit / (Loss) After Tax	107,258	417,379
Balance brought forward from previous year	508,309	90,930
Balance carried to Balance Sheet	615,567	508,309
Paid - up Equity Share Capital	5,000,000	500,000

OPERATIONAL REVIEW AND FUTURE OUTLOOK

During the year under review, your Company continued to expand the business of Infrastructure Advisory and it believes that this activity will generate substantial revenues for your Company in the future. Strategically, it has also been decided to expand the infrastructure advisory services overseas, in countries where there are abundant opportunities. Therefore, both domestic and overseas initiatives have been taken, which are enumerated herein below :-

- Bengal Srei Infrastructure Development Limited (BSIDL) also became a subsidiary of your Company w.e.f. 25th September, 2008 consequent upon acquisition of shares. This Company is a joint venture between Government of West Bengal's undertaking West Bengal Industrial Infrastructure Development Corporation Limited and your Company. The shareholding is 49% and 51% respectively. The Company has been carrying out infrastructure advisory business in West Bengal successfully.
- The State Investment Corporation of Mauritius, a statutory body constituted by the Government of Mauritius, incorporated a Joint Venture Company in Mauritius by the name Srei (Mauritius) Infrastructure Development Company Limited. Your Company is having 50% shareholding in the said Company. The Company has already undertaken various infrastructure advisory businesses in Mauritius.
- Srei Charlestown LLC is a statutory body constituted under the laws of USA and undertakes business in the field of infrastructure advisory in USA. Your Company is having 50% shareholding in this Company.

- Odyssey Group Partners Pte Ltd, a Company formed under laws of Singapore undertakes the business of infrastructure advisory in Singapore. Your Company is having 14.90% shareholding in this Company.

HOLDING COMPANY

During the year under review, Srei Infocomm Services Limited was incorporated on 17th July, 2008 as a subsidiary of your Company and subsequently through acquisition of remaining shares, became a wholly owned subsidiary of your Company.

DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company does not recommend any dividend for this year.

FIXED DEPOSIT

Your Company did not accept any fixed deposit during the year under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998.

Your Company has not utilised any foreign exchange (previous year Nil) during the period under review and has earned Rs. 21,974/- (previous year Nil) by way of foreign exchange during the said period.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and pursuant to the Articles of Association of your Company, Mr. Naveen Bansal, Director retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re - appointment.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a certificate from a Company Secretary in Whole time Practice in respect to compliances by your Company with all the provisions of the Companies Act, 1956 is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for the year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts for the Financial Year ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. Singhi & Co., Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent co - operation received from ICICI Bank Limited and Srei Infrastructure Finance Limited, its holding Company.

On behalf of the Board of Directors

Place : Kolkata	Naveen Bansal	Subrata Ghosh
Dated : 8th June, 2009	Director	Director

AUDITORS' REPORT

To the Shareholders,

Srei Infrastructure Advisors Limited

We have audited the annexed Balance Sheet of **Srei Infrastructure Advisors Limited (Formerly Srei Insurance Agency & Broking Limited)** as at 31st March, 2009, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis - statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub - section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the same order.

A. Attention is drawn to Note No. 3 regarding change in the Accounting Policy of preliminary expenses written off during the year in accordance with Accounting Standard - 26, "Intangible Assets". Had the Company followed earlier Accounting Policy, the profit before tax and the amount of preliminary expenses would have been higher by Rs. 23,652/-.

Further to our comments in the Annexure referred to above, we report that:

- i) 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.

- ii) 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.
- iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on the Balance Sheet date, from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon give the information required by the Companies Act, 1956 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, 2009;
 - b) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date;

For **Singhi & Co.**
Chartered Accountants

S. K. Kothari

Partner

Place : Kolkata
Date : 8th June, 2009

Membership No. 53518

ANNEXURE TO THE AUDITORS' REPORT

- | | |
|---|--|
| <p>i) Since the Company does not have any fixed asset and accordingly, paragraphs 4(i) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>ii) Since the Company does not have any inventories and accordingly, paragraphs 4(ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>iii) a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) to (d) of the Order are not applicable.</p> <p>b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(f) to (g) of the Order are not applicable.</p> <p>iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for provision of services. During the course of our audit, no major weakness has been noticed in the internal control system.</p> <p>v) In our opinion and according to the information and explanations given to us, the Company has not entered into any contract or arrangements, which are required to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly no such entry has been made in the said Register.</p> <p>vi) As the Company has not taken any deposits from the public under Section 58A and 58AA of the Companies Act, 1956 the question of compliance of the Companies Act under those sections does not arise.</p> <p>vii) The Company has an internal audit system commensurate with the size and nature of its business.</p> <p>viii) Maintenance of cost records is not applicable to the Company.</p> <p>ix) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Profession Tax and any other dues during the period with the appropriate authorities.</p> | <p>b) According to the information and explanations given to us, there are no disputed dues in respect of Income Tax etc. outstanding as on 31st March, 2009.</p> <p>x) The Company has no accumulated losses as at 31st March, 2009 and has incurred cash loss in the financial period ended on that date but not in the immediately preceding financial period.</p> <p>xi) The Company does not have any dues to any banks or financial institution.</p> <p>xii) According to the information and explanations given to us, the Company hasn't granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society.</p> <p>xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.</p> <p>xv) According to the information and explanation given to us, the Company hasn't given any guarantee for loans taken by others from bank or financial institution.</p> <p>xvi) The Company has not raised any term loan during the year.</p> <p>xvii) On the basis of our overall examination of the balance sheet of the Company, we report that, funds raised for short - term basis have not been used for long - term investment.</p> <p>xviii) The Company has not made any preferential allotment of shares during the period to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>xix) The Company has not issued any debentures during the period.</p> <p>xx) The Company has not raised any money by public issue during the year.</p> <p>xxi) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no fraud on or by the Company has been noticed or reported during the period.</p> |
|---|--|

For **Singhi & Co.**
Chartered Accountants

S. K. Kothari

Partner

Membership No. 53518

Place : Kolkata
Date : 8th June, 2009

COMPLIANCE CERTIFICATE

Registration No. : 21 - 93316
Nominal Capital : Rs. 5,000,000/-

To the Members,

Srei Infrastructure Advisors Limited

I have examined the registers, records, books and papers of **Srei Infrastructure Advisors Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all the entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder except as otherwise stated.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met ELEVEN times respectively on 11.04.08, 11.06.08, 11.07.08, 19.08.08, 20.08.08, 21.08.08, 27.10.08, 05.12.08, 08.12.08, 28.01.09 and 10.03.09 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 11th July, 2008, after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. Four Extra - ordinary general meetings were held during the financial year after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors Members or Central Government.
12. The Company has not issued any duplicate share Certificate during the financial year.
13. i. The Company has delivered all the Certificates on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
- ii. The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
- iii. The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
- iv. There is no amount lying in unpaid dividend account, application money due for refund and there are no deposits, debentures etc. as on 31st March, 2009.
- v. The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors is duly constituted and the appointment of Directors, additional Directors, alternate Directors or Directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director / Whole - time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act for change of its name.
18. The Directors have disclosed their interest in the other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 450000 Equity Shares of Rs. 10/- each during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any Preference Shares or Debentures.
22. There were no transactions necessitating the Company to keep in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not borrowed any amount during the financial year ended 31st March, 2009.
25. The Company has made investments in other bodies Corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect of situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny and complied with the provisions of the Act.
28. The Company has altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.

29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

Babu Lal PatniPlace : Kolkata
Date : 8th June, 2009Company Secretary
C. P. No. 1321**ANNEXURE 'A'****List of Registers Maintained by the Company**

Sl.No.	Particulars	Under Section
01.	Register of Charges	143
02.	Register of Members	150
03.	Index of Members	151
04.	Directors' Minute Book	193
05.	Shareholders' Minute Book	193
06.	Register of Contracts (Part I)	301
07.	Register of Contracts (Part II)	301
08.	Register of Directors	303
09.	Register of Directors Shareholdings	307
10.	Register of Investments	372A
11.	Register of Allotment	
12.	Register of Transfer	

ANNEXURE 'B'**Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2009.**

Sl.No.	Form No. / Return	Filed Under Section	For	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fee Paid Yes / No
01.	Form No. 23AC	220	Balance Sheet as at 31.03.08	11.08.08	YES	N.A
02.	Form No. 20B	159	Annual Return made upto 11.07.08	30.08.08	YES	N.A
03.	Form No. 23 Dated 12.04.08	192	Resolution passed at Extra - Ordinary General Meeting	15.04.08	YES	N.A
04.	Form No. 32 Dated 11.06.08	303	Changes in Directors	30.06.08	YES	N.A
05.	Form No. 32 Dated 11.07.08	303	Regular Appointment of Directors	07.08.08	YES	N.A
06.	Form No. 23 Dated 11.07.08	192	Resolution passed at Annual General Meeting	13.08.08	NO	YES
07.	Form No. 2 Dated 19.08.08	75	Allotment of Shares	27.08.08	YES	N.A
08.	Form No. 23 Dated 22.08.08	192	Resolution passed at Extra - Ordinary General Meeting	15.09.08	YES	N.A
09.	Form No. 22B Dated 27.10.08	187C	Disclosure of Beneficial Interest	17.11.08	YES	N.A
10.	Form No. 23 Dated 08.12.08	192	Resolution passed at Extra - Ordinary General Meeting	11.12.08	YES	N.A
11.	Form No. 23 Dated 23.02.09	192	Resolution passed at Extra - Ordinary General Meeting	04.03.09	YES	N.A



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5,000,000		500,000	
Reserves & Surplus	2	615,567	5,615,567	508,309	1,008,309
Unsecured Loan			6,956,734		-
			12,572,301		1,008,309
APPLICATION OF FUNDS					
Investment	3		6,529,920		-
Current Assets, Loans & Advances					
Current Assets	4	786,026		617,610	
Loans & Advances	5	5,436,272		451,023	
		6,222,298		1,068,633	
Less: Current Liabilities & Provisions					
Current Liabilities	6	33,769		13,483	
Provisions	7	146,148		82,319	
		179,917		95,802	
Net Current Assets			6,042,381		972,831
Miscellaneous Expenditure	8				
Preliminary Expenses to the extent not written off or adjusted			-		35,478
			12,572,301		1,008,309
Significant Accounting Policies and Notes on Accounts	10				

Schedules referred to above form an integral part of the Balance Sheet.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S. K. Kothari
Partner

Naveen Bansal
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 8th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Consultancy Fees		750,000	650,000
Other Income		31,551	-
		781,551	650,000
EXPENDITURE			
Administrative & Other Expenses	9	574,986	37,081
Preliminary Expenses Written Off		35,478	11,826
		610,464	48,907
Profit Before Tax		171,087	601,093
Provision for Current Tax		(63,829)	(82,319)
Provision for Deferred Tax		-	(101,395)
Profit After Tax		107,258	417,379
Balance brought forward from last year		508,309	90,930
Balance carried to Balance Sheet		615,567	508,309
Earnings Per Equity Share (Rs.)		0.33	8.35
Significant Accounting Policies and Notes on Accounts	10		

Schedules referred to above form an integral part of the Profit & Loss Account.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S. K. Kothari
Partner

Naveen Bansal
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 8th June, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	171,087	601,093
Adjustments for:		
Preliminary Expenses written off	35,478	11,826
Operating Profit before Working Capital Changes	206,565	612,919
Adjustments for:		
(Increase) / Decrease in Receivables / others	(761,380)	(66,950)
Increase / (Decrease) in Trades Payables / others	20,286	3,381
Cash generated from Operating activities	(534,529)	549,350
Less: Advance Tax Paid	92,619	-
Net Cash from Operating Activities	(627,148)	549,350
B. Cash Flow from Investing Activities		
Interest Received	-	-
Investment in Shares	(6,529,920)	
Share Application Money Paid	(4,804,000)	
Net Cash from Investing activities	(11,333,920)	-
C. Cash Flow from Financing Activities		
Net Increase / (Decrease) in borrowings	6,956,734	-
Increase in Equity Share Capital	4,500,000	-
Net Cash Flow from Financing Activities	11,456,734	-
Net Increase / (Decrease) in Cash & Cash Equivalents	(504,334)	549,350
Cash and Cash Equivalents as on 01.04.2008	617,610	68,260
Cash and Cash Equivalents as on 31.03.2009	113,276	617,610

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalents represents Cash in Hand and Balances with Bank.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S. K. Kothari
Partner

Naveen Bansal
Director

Subrata Ghosh
Director

Place : Kolkata

Date : 8th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
500,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
Issued, Subscribed & Paid - up		
500,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid - up in cash (Out of above, 450,000 Equity Shares have been allotted to Srei Infrastructure Finance Limited, the Holding co. during the period)	5,000,000	500,000
	5,000,000	500,000
Note: The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Co. and its nominees		
SCHEDULE 2 - RESERVES & SURPLUS		
Profit & Loss Account	615,567	508,309
SCHEDULE 3 - INVESTMENT		
Long - Term Investment		
In Equity Shares of Subsidiary Companies (Other than Trade)		
Srei Infocomm Services Limited	500,000	-
50,000 (Previous year Nil) Equity Shares of Rs 10/- each		
Bengal Srei Infrastructure Development Limited	255,000	-
25,500 (Previous year Nil) Equity Shares of Rs 10/- each		
In Equity Shares of Joint Venture Company (Other than Trade)		
Srei (Mauritius) Infrastructure Development Company Ltd.	4,486,320	-
292,800 (Previous year Nil) Ordinary Shares		
In Equity Shares of Company (Other than Trade)		
Odyssey Group Partners Pte Ltd.	1,288,600	-
42,500 (Previous year Nil) Ordinary Shares		
	6,529,920	-
SCHEDULE 4 - CURRENT ASSETS		
Sundry Debtors (Unsecured, Considered Good)		
- Debts outstanding for a period exceeding six months	-	-
- Other debts	672,750	-
Cash In Hand	5,684	2,246
Balance With Bank:		
- in Current Account	107,592	615,364
	786,026	617,610
SCHEDULE 5 - LOANS & ADVANCES		
(Unsecured, Considered good)		
Share Application Money	4,804,000	-
Income Tax Refundable	12,327	12,327
Tax Deducted at Source	531,315	438,696
Other Advances	88,630	-
	5,436,272	451,023
SCHEDULE 6 - CURRENT LIABILITIES		
Sundry Creditors	500	-
Other Liabilities	33,269	13,483
	33,769	13,483
SCHEDULE 7 - PROVISIONS		
Provision for Taxation	146,148	82,319
	146,148	82,319
SCHEDULE 8 - MISCELLANEOUS EXPENDITURE		
(To the extent of not written off or adjusted)		
Preliminary Expenses		
As per last account	35,478	47,304
Less: Written off during the year	35,478	11,826
	-	35,478

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 9 - ADMINISTRATIVE & OTHER EXPENSES		
Professional Fees	92,113	700
Rates & Taxes	11,551	11,700
Filing Fees	7,550	4,030
Bank Charges	72,264	1,400
Interest On Loan	358,767	-
Audit Fees to Statutory Auditor	26,719	19,111
Miscellaneous Expenses	6,022	140
	574,986	37,081

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted for on accrual basis.

3. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule.

4. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

5. Tax on Income

- Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subjects to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

6. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

B. Notes on Accounts

- The name of the Company has been changed from "Srei Insurance Agency & Broking Limited" to "Srei Investment Advisors Limited" w.e.f. 07.03.2008 and further to "Srei Infrastructure Advisors Limited" w.e.f 23.04.2008.
- There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- The Company has changed the accounting policy of preliminary expenses written off from 1st April, 2008. The entire balance of preliminary expenses has been written off during the year. Had the Company followed earlier accounting policy, the Profit Before Tax for the year and Preliminary Expenses to the extent not written off or adjusted for the year as on 31 March, 2009 would have been higher by Rs. 23,652/-.
- There is no employee in the Company hence; Fringe Benefits Tax is not applicable.
- Earnings in Foreign Currency - Rs. 21,974/- (Previous year Rs. Nil).
- Expenditure in Foreign Currency - Rs. Nil (Previous year Rs. Nil).

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

7. Earnings Per Share

Basic / dilutive Earnings per Share

	Particulars	2009	2008
1.	Opening No. of Shares	50,000	50,000
2.	Weighted average number of Equity Shares Outstanding	328,630	50,000
3.	Profit (Loss) after Taxes (Rs.)	107,258	417,379
4.	Earnings Per Share (Rs.)	0.33	8.35

8. Related Party Transactions:

a) The Company has the following related parties:

Holding Company	Subsidiaries:
Srei Infrastructure Finance Limited	Srei Infocomm Services Ltd. w.e.f. 17th July, 2008
	Bengal Srei Infrastructure Development Ltd. w.e.f. 25th September, 2008*
	Joint Venture:
	Srei (Mauritius) Infrastructure Development Company Limited w.e.f. 6th November, 2008.
	Fellow Subsidiaries:
	Srei Equipment Finance Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Insurance Broking Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Forex Ltd.
	Srei Capital Markets Ltd.
	Srei Venture Capital Ltd.
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Pvt Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Controlla Electrotech Pvt Ltd. w.e.f. 6th June, 2008
	Srei Sahaj e-Village Ltd.
	Global Investment Trust Ltd.
IIS International Infrastructure Services, GmbH, Germany	
ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure GmbH, Germany)	

* ceased to be Subsidiary of Srei Capital Markets Ltd. w.e.f. 25th September, 2008.

b) Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of Relationship	Nature of Transaction	Opening Balance as on 1st April, 2008	Transaction during the period	Closing Balance as on 31st March, 2009
Srei Infrastructure Finance Limited	Holding Company	Equity Participation	500,000 (500,000)	4,500,000 (-)	5,000,000 (500,000)
Srei Infocomm Services Limited	Subsidiary Company	Advance given	- (-)	158,000 (-)	(-) (-)
Srei Infocomm Services Limited	Subsidiary Company	Purchase of Equity Shares	- (-)	500,000 (-)	500,000 (-)
Srei Infrastructure Finance Limited	Holding Company	Loan taken	- (-)	6,600,000 (-)	6,600,000 (-)
Srei Infrastructure Finance Limited	Holding Company	Interest paid	- (-)	358,767 (-)	356,734 (-)
Bengal Srei Infrastructure Development Limited	Subsidiary Company	Purchase of Equity Shares	- (-)	255,000 (-)	255,000 (-)
Srei (Mauritius) Infrastructure Development Company Limited	Joint Venture	Subscription of Equity Shares	- (-)	4,486,320 (-)	4,486,320 (-)

Note: Figures in bracket represents previous year amount.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

9. Disclosure in respect of Company's Joint Ventures in India pursuant to Accounting Standard - 27 'Financial Reporting of Interest in Joint Ventures' as on 31.03.09:

a) Name of the Venture	Country of Incorporation	Proportion of Ownership Interest
Srei (Mauritius) Infrastructure Development Company Limited	Mauritius	50%

b) The aggregate of the Company's share in the above ventures is:

(Amount in Rupees)

	2008-2009
Net Fixed Assets	461,417
Net Current Assets	1,827,970
Loans / Borrowings	-
Deferred Tax Assets / (Liability)	(19,337)
Income	46,361
Expenses (Including Depreciation and Taxation)	2,431,831
Contingent Liabilities	-
Capital Commitments	-

10. The previous year's figures have been regrouped / rearranged, wherever considered necessary.

Signatories to Schedules 1 to 10.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S. K. Kothari
Partner

Naveen Bansal
Director

Subrata Ghosh
Director

Place : Kolkata

Date : 8th June, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U75131WB2001PLC093316	State Code	21
Balance Sheet Date	31st March, 2009		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	4,500
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	12,752	Total Asset	12,752
Source of Funds			
Paid up Capital	5,000	Reserves & Surplus	615
Secured Loans	Nil	Unsecured Loans	6,957
Application of Funds			
Net Fixed Assets	Nil	Investments	6,530
Net Current Assets	6,042	Deferred Tax Asset	Nil
Accumulated Losses	Nil	Misc. Expenditure	Nil
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover	782	Total Expenditure	611
Profit / (Loss) Before Tax	171	Profit / (Loss) After Tax	107
Earnings Per Share (Rs.)	0.33	Dividend Rate (%)	Nil
V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No (ITC Code)	N.A.		
Products Description	Infrastructure Advisory		
Item code No. (ITC Code)	N.A.		
Products Description	N.A.		
Item Code No. (ITC Code)	N.A.		
Products Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

Naveen Bansal
Director

Subrata Ghosh
Director



Statement Pursuant to Section 212 of The Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	Bengal Srei Infrastructure Development Ltd.	Srei Infocomm Services Ltd.
Accounting Period of the Subsidiary Company	From 1st April, 2008 to 31st March, 2009	From 17th July, 2008 to 31st March, 2009
Shares of the Subsidiary Company		
a) Number and Face Value	50,000 Equity Share of Rs. 10/- each fully paid - up	50,000 Equity Share of Rs. 10/- each fully paid - up
b) Extent of Holding	51%	100%
Net Aggregate amount of Profit / (Loss) of the Subsidiary Company so far as it concerns the members of Srei Infrastructure Advisors Ltd.		
a) Not Dealt with in the account of Srei Infrastructure Advisors Ltd. for the year ended 31.03.09		
i) for the subsidiary's period from 1st April, 2008 to 31st March, 2009	Rs. 1,751,900	Rs. (174,312)
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. 466,773	Rs. Nil
b) Dealt with in the account of Srei Infrastructure Advisors Ltd. for the year ended 31.03.09		
i) for the subsidiary's period from 1st April, 2008 to 31st March, 2009	Rs. Nil	Rs. Nil
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. Nil	Rs. Nil

For and on behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

Naveen Bansal
Director

Subrata Ghosh
Director

DIRECTORS

Mr. Hemant Kanoria
Mr. Subrata Ghosh
Mr. Surendra Prasad Yadav
Ms. Nandini Chakraborty

CHIEF EXECUTIVE OFFICER

Mr. Anjan Roy

AUDITORS

G. P. Agrawal & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009. The summarised financial performance of your Company is as under:

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Total Income	13,021,986	10,237,686
Total Expenditure	10,393,058	7,957,999
Profit Before Tax	2,628,928	2,279,687
Provision for Current Taxation	902,481	490,800
Profit After Current Tax	1,726,447	1,788,887
Deferred Tax	(25,453)	204,915
Profit After Tax	1,751,900	1,583,972
Balance brought forward from previous year	466,773	(611,992)
Adjustment on account of adoption of AS - 15 (Revised)	-	(112,820)
Profit Available for Appropriation	2,218,673	859,160
Appropriations:		
General Reserve	175,190	158,397
Proposed Dividend	200,000	200,000
Corporate Dividend Tax	33,900	33,990
Balance carried to Balance Sheet	1,809,493	466,773
Paid up Equity Share Capital	500,000	500,000

REVIEW OF OPERATIONS & FUTURE PROSPECTS

West Bengal continued to be on the agenda of global and domestic investors with an impressive CAGR growth of 8.94 % and a renewed focus on industrial development. Though the general economic climate and the problems associated with land did slow down the process of project implementation, on the whole, there was an unmistakable optimism and confidence in the state's ability to keep up the growth momentum.

Bengal Srei, with its capabilities firmly demonstrated in the infrastructure advisory domain, continued its sustainable performance by working with the State Government departments and agencies and expanding its services to newer areas of urban renewal and project development. Your Company further improved its operations during the year 2008 - 09 handling a total of 28 projects valued at Rs. 910 crore. Your Company extended its services on water supply and basic services for the urban poor to projects in JNNURM for sewerage, drainage and municipal solid waste management. It also made an entry into the Health and Hospitality segment being awarded project development

mandates by the Asansol Durgapur Development Authority. Advisory services were also rendered for preparation of a Project Report for an export oriented Garments Park on behalf of HRBC as well as a Detailed Project Report for 30 MGD Dhapa Water Treatment Plant on behalf of Kolkata Municipal Corporation.

It should be a matter of satisfaction that all the targeted reports prepared by your Company under the JNNURM scheme were approved by the Central Government and are now ready for execution.

The operational results of your Company improved with a turnover of Rs. 130.21 lakh (previous year Rs. 102.37 lakh) and a profit (after tax) of Rs. 17.51 lakh (previous year Rs. 15.84 lakh).

With the ambitious targets set by the State Government in the infrastructure segment and the challenges to develop a basket of projects on PPP format that would ensure balancing the risk considerations of the related parties, your Company expects to continue its penetration into newer areas of infrastructure advisory and particularly more mandates on project development in the near future.

HOLDING COMPANY

Your Company became a subsidiary of Srei Infrastructure Advisors Limited (SIAL) a wholly owned subsidiary of Srei Infrastructure Finance Limited, w.e.f. 25th September, 2008.

DIVIDEND

The Board of Directors of your Company recommends a dividend of Rs. 4/- per Equity Share for this year (Previous year Rs. 4/- per share).

FIXED DEPOSIT

Your Company has not accepted any fixed deposits during the financial year under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company are in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, hence no such particulars are annexed.

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

Since your Company is not a manufacturing unit, requirements as to Conservation of Energy and Technology Absorption are not applicable. However, your Company endeavours to improve energy conservation and utilisation, safety and environment.

Your Company has not utilised or earned any foreign exchange during the year under review. (Previous year Nil).

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and as per the Articles of Association of your Company, Mr. Hemant Kanoria retires by rotation and being eligible, offers himself for re - appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit of the Company for that period.
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts for the year ended 31st March, 2009 on a going concern basis.

AUDITORS

During the year under review, M/s. Deloitte Haskins & Sells, Chartered Accountants resigned as Statutory Auditors of your

Company and M/s. G. P. Agrawal & Co., Chartered Accountants have been appointed in their place with the approval of the members at the Extra Ordinary General Meeting of your Company held on 23rd March, 2009. M/s. G. P. Agrawal & Co., Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co - operation received from its Bankers, Investors and Clients. Your Directors also wish to place on record their deep appreciation of the contribution made by the employees and look forward to their continued support in the future.

On behalf of the Board of Directors

Place : Kolkata	S. P. Yadav	Subrata Ghosh
Dated : 4th June, 2009	Director	Director

AUDITORS' REPORT

To the Members,

Bengal Srei Infrastructure Development Limited

We have audited the attached Balance Sheet of **Bengal Srei Infrastructure Development Limited**, as at 31st March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, all of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;

- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Act;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub - section (1) of Section 274 of the Act; and
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G. P. Agrawal & Co.**
Chartered Accountants

Sunita Kedia
Partner

Place : Kolkata
Date : 4th June, 2009

Membership No. 60162

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in our report of even date to the members of Bengal Srei Infrastructure Development Limited on the accounts for the year ended 31 March, 2009.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year. To the best of our knowledge, no material discrepancy was noticed on such verification.
- c) The Company has not disposed of substantial part of fixed assets during the year.
- ii) The Company does not have any inventories. Therefore, the provisions of clauses (ii) (a) to (ii) (c) of paragraph 4 of the said order are not applicable to the Company.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii) (b) to (iii) (d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii)(e) to (iii)(g) of paragraph 4 of the said order are not applicable to the Company.
- iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in internal controls.
- v) a) Based on the audit procedure applied by us and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any public deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business.
- viii) The provisions regarding maintenance of cost records under Section 209 (1) (d) of the Act are not applicable to the Company.
- ix) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Cess and other statutory dues with the appropriate authorities. As explained to us, the provisions of Investor Education and

Protection Fund, Employees' State Insurance, Sales Tax, Excise Duty, Wealth Tax and Custom Duty are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.

- b) According to the information and explanations given to us, there were no disputed statutory dues of Provident Fund, Income Tax, Service Tax and Cess, which have not been deposited as on 31st March, 2009.

The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability towards Fringe Benefits Tax.

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) The Company has no dues of financial institution, bank or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund or nidhi or mutual benefit society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures. However, the investments made by the Company have been held by the Company in its own name.
- xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) On the basis of our examination and according to the information and explanation given to us, the term loans have been applied for the purpose 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 report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any moneys by public issues during the period covered by our audit report.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For **G. P. Agrawal & Co.**
Chartered Accountants

Sunita Kedia
Partner

Place : Kolkata
Date : 8th June, 2009

Membership No. 60162



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009	2008
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	500,000	500,000	
Reserves and Surplus	2	2,143,080	625,170	
			2,643,080	1,125,170
Unsecured Loans	3		11,000,000	11,969,319
TOTAL			13,643,080	13,094,489
APPLICATIONS OF FUNDS				
Fixed Assets				
Gross Block	4	21,164		
Less: Depreciation		849	20,315	-
Net Block				
Investment	5		10,000,000	9,999,000
Deferred Tax Assets			134,843	109,390
Current Assets, Loans and Advances				
Sundry Debtors	6	1,024,755	3,482,760	
Cash and Bank Balances	7	1,694,462	1,427,731	
Loans and Advances	8	2,796,662	1,248,608	
		5,515,879	6,159,099	
Less: Current Liabilities and Provisions				
Current Liabilities	9	1,174,710	2,584,998	
Provisions	10	853,247	588,002	
		2,027,957	3,173,000	
Net Current Assets			3,487,922	2,986,099
TOTAL			13,643,080	13,094,489
Significant Accounting Policies and Notes on Accounts	13			

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

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

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

S. P. Yadav
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 4th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule		2009	2008
INCOME				
Consultancy Charges			12,916,561	10,219,686
Other Income	11		105,425	18,000
			13,021,986	10,237,686
EXPENSES				
Administrative and Other Expenses	12		8,830,339	7,109,481
Depreciation			849	-
Interest			1,561,870	848,518
			10,393,058	7,957,999
PROFIT BEFORE TAX				
			2,628,928	2,279,687
Less: Provision for Taxation				
Current Tax			902,481	490,800
Deferred Tax			(25,453)	204,915
PROFIT AFTER TAX				
			1,751,900	1,583,972
Balance brought forward from previous year		466,773		(611,992)
Less : Adjustment on account of adoption of AS - 15 (Revised) Employee Benefits		-		(112,820)
			466,773	(724,812)
Profit Available for Appropriation				
			2,218,673	859,160
APPROPRIATIONS				
General Reserve			175,190	158,397
Proposed Dividend			200,000	200,000
Corporate Dividend Tax			33,990	33,990
Surplus / (Deficit) Carried to Balance Sheet			1,809,493	466,773
Total				
			2,218,673	859,160
Earnings (Basic and Diluted) Per Equity Share (Face Value of Rs.10/- each)				
			35.04	31.68
Significant Accounting Policies and Notes on Accounts	13			

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

S. P. Yadav
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 4th June, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	31.03.2009	31.03.2008
A. Cash Flow from Operating Activities		
Net Profit before tax	2,628,928	2,279,687
Add: Adjustments for:		
Depreciation	849	-
Interest Expenses	1,561,870	848,518
Liability No longer required now Written Back	(80,730)	-
Operating Profit before Working Capital Changes	4,110,917	3,128,205
Adjustments for:		
(Increase) / Decrease in Trade and Other Receivable	1,678,509	1,115,319
Increase / (Decrease) in Trade and Other Payable	(1,560,009)	1,896,961
Cash Generated from Operating Activities	4,229,417	6,140,485
Less: Advance Tax Paid	1,671,040	1,629,074
Net Cash Flow from Operating Activities	2,558,377	4,511,411
B. Cash Flow from Investing Activities		
Purchase of shares	(1,000)	(9,999,000)
Purchase of Fixed Assets	(21,164)	-
Net Cash Flow used in Investing Activities	(22,164)	(9,999,000)
C. Cash Flow from Financing Activities		
Unsecured Loan taken	18,800,000	15,203,957
Unsecured Loan repaid	(19,769,319)	(7,802,033)
Interest Paid	(1,066,173)	(575,156)
Dividend Paid	(200,000)	-
Dividend Tax	(33,990)	-
Net Cash Flow from / (used in) Financing Activities	(2,269,482)	6,826,768
Net Increase / (decrease) in Cash and Cash Equivalents	266,731	1,339,179
Cash and Cash Equivalents as on 01.04.2008	1,427,731	88,552
Cash and Cash Equivalents as on 31.03.2009 (As per Schedule 7)	1,694,462	1,427,731

Notes:

- 1) The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified by the Central Government under the Companies (Accounting Standard) Rules, 2006.
- 2) Figures in bracket represent Cash Outflow.
- 3) Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

S. P. Yadav
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 4th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
50,000 Equity Shares of Rs. 10/- each (Previous year 50,000 shares of Rs. 10/- each)	500,000	500,000
Issued, Subscribed and Paid - up		
50,000 Equity Shares of Rs. 10/- each fully paid - up in cash (Previous year 50,000 shares of Rs. 10/- each)	500,000	500,000
	500,000	500,000
(Of the above, 25,500 equity shares of Rs. 10/- each fully paid up are held by Srei Infrastructure Advisors Limited, the holding Company and its nominees. The ultimate holding company is Srei Infrastructure Finance Limited)		
Note: Srei Capital Markets Limited ceases to be the holding Company w.e.f 25th Sept, 08		
SCHEDULE 2 - RESERVES AND SURPLUS		
General Reserve		
As per last Account	158,397	-
Add: Transferred from Profit & Loss Account	175,190	158,397
	333,587	158,397
Surplus in Profit and Loss Account	1,809,493	466,773
	2,143,080	625,170
SCHEDULE 3 - UNSECURED LOANS		
Short Term Loan - From Holding Company	-	1,681,614
Other Loans - From Holding Company	-	10,287,705
Other Loans - From a Body Corporate	11,000,000	-
	11,000,000	11,969,319

SCHEDULE 4 - FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block (at Cost)			Depreciation			Net Block	
	As at 1st April, 2008	Addition during the year	As at 31st March, 2009	Up to 31st March, 2008	For the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Computers	-	21,164	21,164	-	849	849	20,315	-
Total	-	21,164	21,164	-	849	849	20,315	-
Previous Year	-	-	-	-	-	-	-	-

(Amount in Rupees)

	2009	2008
SCHEDULE 5 - INVESTMENTS		
Investments in shares - Long Term (At cost, Unquoted, Non Trade)		
Bengal Integrated Auto Industrial Park Private Limited 1,000,000 (Previous year - 999,900) Equity Shares of Rs. 10/- each fully paid - up (100 shares purchased during the year)	10,000,000	9,999,000
	10,000,000	9,999,000

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 6 - SUNDRY DEBTORS		
(Unsecured, Considered Good)		
- Debts outstanding for the period exceeding six months	897,000	-
- Other Debts	127,755	3,482,760
	1,024,755	3,482,760
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash On Hand (As certified by Management)	19,645	9,930
Bank Balance		
With Scheduled Bank		
On Current Account	974,817	1,417,801
On Fixed Deposit Account	700,000	-
	1,694,462	1,427,731
SCHEDULE 8 - LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	835,072	56,396
Interest accrued on Fixed Deposit	820	-
Advance Income Tax {net of Provisions Rs. 1,468,281/- (previous year Rs. 565,800)}	1,960,770	1,192,212
	2,796,662	1,248,608
SCHEDULE 9 - CURRENT LIABILITIES		
Sundry Creditors		
i) Total outstanding dues of Micro, Small and Medium enterprises	-	-
ii) Total outstanding dues of creditors other than Micro, Small and Medium enterprises	76,699	1,433,114
Other Liabilities	602,314	1,151,884
Interest accrued but not due on loans	495,697	-
	1,174,710	2,584,998
There are no amounts due and outstanding as at Balance Sheet date to be credited to Investors' Education and Protection Fund.		
SCHEDULE 10 - PROVISIONS		
Proposed Dividend	200,000	200,000
Corporate Dividend Tax	33,990	33,990
Provision for Gratuity	282,600	144,660
Provision for Leave Encashment	336,657	209,352
	853,247	588,002

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 11 - OTHER INCOME		
Interest On Fixed Deposit (Gross) (TDS Nil)	7,695	-
Liabilities no longer required written back	80,730	-
Miscellaneous Income	17,000	18,000
	105,425	18,000
SCHEDULE 12 - ADMINISTRATIVE AND OTHER EXPENSES		
Salary and Allowances	4,477,159	3,048,201
Gratuity	137,940	103,980
Professional Fees	2,340,135	2,478,150
Repairs & Maintenance - Others	76,977	12,143
Rates and Taxes	16,133	12,571
Travelling and Conveyance	1,480,986	1,179,100
Telephone Expenses	73,303	41,638
Auditors' Remuneration		
- Audit Fees	10,000	25,000
- Taxation Matters	5,000	-
- Other Matters	-	24,000
Printing and Stationery	179,306	61,675
Miscellaneous Expenses	33,400	123,023
	8,830,339	7,109,481

Schedules to the Balance Sheet and Profit and Loss Account**SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009****A. Significant Accounting Policies****1. Basis of Preparation**

- 1.1 The financial statements are prepared in accordance with historical cost convention and accrual basis of accounting.
- 1.2 These are presented in accordance with Generally Accepted Accounting Principles in India, provisions of the Companies Act, 1956 and Accounting Standards notified by the Central Government under Companies (Accounting Standards) Rules, 2006.
- 1.3 The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Recognition of Income & Expenditure

Income from consultancy services are recognised on completion of agreed milestones. All other income and expenditure are accounted for on accrual basis.

3. Fixed Assets

- 3.1 Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.
- 3.2 Depreciation has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956 which are as follows :

a) Computers 16.21%

- 3.3 Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

4. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule.

5. Taxes on Income

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

5.2 Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subject to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

6. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share notified by the Central Government under Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the year end. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

7. Employee Benefits

7.1 Short - term employee benefits

Short - term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Profit and Loss account of the period in which the related service is rendered.

7.2 Post Employment Benefits

Defined benefit plan

Company's liability towards gratuity is a defined benefit plan. Such liabilities are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard - 15 (revised 2005) "Employee Benefits". All actuarial gains and losses are recognised in Profit and Loss Account in full in the year in which they occur.

8. Investments

8.1 Investments are classified into "Long - term" and "Current" investment.

8.2 All long - term investments are stated at cost. Provision for diminution in value, other than temporary, is considered wherever necessary on an individual basis.

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

8.4 Current investments are valued at lower of cost and market price determined category - wise.

9. Borrowing Costs

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

B. Notes on Accounts

1. There are no dues to Micro, Small and Medium Enterprises, as at 31st March, 2009 (Previous year Nil).

2. Basic and Dilutive Earnings Per Share

Particulars	For the year ended	
	31st March, 2009	31st March, 2008
Weighted average number of shares	50,000	50,000
Profit / (Loss) after Taxes (Rs.)	1,751,900	1,583,972
Earnings (Basic and Diluted) per Share (Rs.)	35.04	31.68

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

3. Related Party Disclosures

(a) List of Related Parties and Relationships

Sl. No.	Name of Related Party	Nature of Relationship
1.	Srei Infrastructure Advisors Ltd. (formerly Srei Insurance Agency & Broking Ltd.) w.e.f 25.09.2008. Srei Capital Markets Ltd. ceases w.e.f 25.09.2008.	Holding Company
2.	Srei Infrastructure Finance Ltd.	Ultimate Holding Company
3.	Global Investment Trust Ltd.	Fellow Subsidiaries
4.	Srei Forex Ltd.	
5.	Srei Sahaj e-Village Ltd. (formerly Srei Money Mall Ltd.)	
6.	Srei Venture Capital Ltd.	
7.	Controlla Electrotech Private Ltd.	
8.	IIS International Infrastructure Services GmbH, Germany	
9.	Hyderabad Information Technology Venture Enterprises Ltd.	
10.	Cyberabad Trustee Company Private Ltd.	
11.	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)	
12.	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)	
13.	West Bengal Industrial Development Corporation (WBIDC)	Investor having significant influence
14.	Mr. Anjan Kumar Roy, CEO	Key Management Personnel

(b) Transactions with Related Parties :

(Amount in Rupees)

	Holding Company	Ultimate Holding Company	Investor exercising significant influence	Key Management Personnel
	Srei Capital Markets Ltd. Ceases w.e.f 25th September, 2008	Srei Infrastructure Finance Ltd.	WBIDC	Mr. Anjan Kumar Roy
Transactions				
Unsecured Loan Taken	3,800,000 (6,826,769)	15,000,000 (-)	- -	- -
Interest Expense on Loan taken (referred to above)	1,063,349 (848,518)	498,521 (-)	- -	- -
Loan Refunded	15,769,319 (-)	4,000,000 (-)	- -	- -
Dividend Paid	102,000 (-)	-	98,000 (-)	-
Consultancy Fee (inclusive of service tax)	-	-	4,498,640 (3,170,662)	-
Remuneration	-	-	-	1,547,928 (1,270,822)
Outstanding at the year end:				
Unsecured Loan (Payable)	- (11,969,319)	11,495,697 (-)	- -	- -
Receivables	-	-	-	-
			(2,482,760)	-

Amount in brackets represent previous year figures.

(c) There is no provision for doubtful debt and no amount has been written off / back during the year in respect of amount due from or due to related parties.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

4. The Deferred tax asset of Rs. 134,843/- arising out of timing difference as on 31st March, 2009 is on account of the following:

Components of Deferred Tax	Amount in Rupees	
	31.03.09	31.03.08
Deferred Tax Asset arising out of Timing Difference relating to:		
Deferred Tax Assets Items:		
Provision for Gratuity	87,323	44,700
Provision for Leave Encashment	49,219	64,690
Deferred Tax Liability Items:		
Difference of WDV of Fixed Assets	(1,699)	
Deferred Tax Asset (Net)	134,843	109,390

5. As per Accounting Standard - 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

Post employment and other long - term employee benefits in the form of gratuity is considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the balance sheet represent the present value of the obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets.

The following tables set out the details of amount recognised in the financial statements in respect of gratuity benefits which is not funded.

Employee Benefits - Gratuity	Unfunded Amount in Rupees
Defined benefit plans	
As per actuarial valuation as at 31st March, 2009	
I. Components of employer expenses	
1. Current Service Cost	82,850
2. Interest cost	12,590
3. Expected return on plan assets	-
4. Curtailment cost / (credit)	-
5. Settlement cost / (credit)	-
6. Past Service Cost	-
7. Actuarial Losses / (Gains)	42,500
8a. Expenses recognised in the Statement of Profit & Loss Account. (total 1 to 7)	137,940
8b. Actual Contributions	-
9. Total expenses recognised in the Statement of Profit & Loss Account	137,940
II. Actual Contribution and Benefits Payments for period ended 31st March, 2009	
1. Actual benefit payments	-
2. Actual Contributions	-
III. Net assets / (liability) recognised in balance sheet as at 31st March, 2009	
1. Present value of Defined Benefit Obligation	282,600
2. Fair value of plan assets	-
3. Funded status [Surplus / (Deficit)]	(282,600)
4. Unrecognised past service cost	-
5. Net asset / (liability) recognised in balance sheet	(282,600)
IV. Change in Defined Benefit Obligations during the period ended 31st March, 2009	
1. Present Value of DBO at beginning of period	144,660
2. Current Service cost	82,850
3. Interest cost	12,590
4. Actuarial (Gains) / Losses	42,500
5. Benefits paid	-
6. Present Value of DBO at the end of period (total 1 to 5)	282,600

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

Employee Benefits - Gratuity							Unfunded Amount in Rupees
V. Actuarial Assumptions							
1. Discount Rate							8.00%
2. Expected return on plan assets							N/A
3. Salary Increases							10%
4. Retirement / Superannuation Age in years							60
5. Withdrawal Rate for Gratuity:							
Age (yrs.)	20-24	25-29	30-34	35-49	50-54	55-NRA	
Attrition Rate	5%	3%	2%	1%	2%	3%	

VI. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Amount recognised as an expense for short - term employee benefit in respect of leave encashment and compensated absences is Rs. 159,285/- (Previous year Rs. 115,852/-).

6. Auditor's Remuneration

	For the year ended	
	31st March, 2009	31st March, 2008
Audit fees	10,000	25,000
Certification	-	24,000
Taxation matters	5,000	-
	15,000	49,000

7. Fringe Benefits Tax

The Company has challenged the constitutional validity of Fringe Benefits Tax before the Hon'ble High Court of Calcutta and the Hon'ble High Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided any liability of Fringe Benefits Tax.

8. Segment Reporting

The Company is primarily engaged in a single business segment of Project Management & Related Service. As such there are no separate reportable segments as per Accounting Standard - 17 "Segment Reporting" notified by the Central Government under Companies (Accounting Standards) Rules, 2006.

9. Additional Information: Additional information pursuant to the provisions of paragraphs 4D of Part - II of Schedule VI to the Companies Act, 1956:

Earnings & Expenditure in Foreign Currency - Rs. Nil (Previous year - Nil).

10. The previous year's figures have been regrouped/rearranged, wherever considered necessary to make them comparable with those of the current year.

Signatories to Schedules 1 to 13.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

S. P. Yadav
Director

Subrata Ghosh
Director

Place : Kolkata
Date : 4th June, 2009



BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U70101WB2004PLC100517	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	13,643	Total Assets	13,643
Source of Funds			
Paid up Capital	500	Reserves & Surplus	2,143
Secured Loans	Nil	Unsecured Loans	11,000
Application of Funds			
Net Fixed Assets	20	Investments	10,000
Net Current Assets	3,488	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax Asset	135

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	13,022	Total Expenditure	10,393
Profit / (Loss) Before Tax	2,629	Profit / (Loss) After Tax	1,752
Earnings per Share (Rs.)	35.04	Dividend Rate (%)	40%

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code)	N.A.		
Products Description	Project Mangement and Related Services		
Item code No. (ITC Code)	N.A.		
Products Description	N.A.		
Item Code No. (ITC Code)	N.A.		
Products Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata
Date : 4th June, 2009

S. P. Yadav
Director

Subrata Ghosh
Director

DIRECTORS

Mr. Sanjeev Sancheti
Mr. Bajrang K. Choudhary
Mr. G. P. G. Sherma

AUDITORS

ALPS & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the First Annual Report together with the Audited Accounts of your Company for the period ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	17th July, 2008 to 31st March, 2009
Income	68
Expenditure	174,380
Loss before Tax	174,312
Provision for Current Tax	-
Loss after Current Tax	174,312
Provision for Deferred Tax	-
Loss after Tax carried to Balance Sheet	174,312

During the period ended 31st March, 2009, your Company has earned an income of Rs. 68/- and incurred a loss of Rs. 174,312/- as profit before tax.

HOLDING COMPANY

Your Company was incorporated on 17th July, 2008 as a subsidiary of Srei Infrastructure Advisors Limited (SIAL). However, during the period under review, your Company became a wholly owned subsidiary of SIAL through acquisition of shares.

DIVIDEND

In view of loss incurred during the Financial Year under review, the Board of Directors of your Company does not recommend any dividend for the Financial Year 2008 - 09.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit during the period under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Your Company has no activities relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Your Company has not utilised or earned any foreign exchange during the period ended 31st March, 2009.

DIRECTORS

The first Directors of your Company as named in the Articles of Association of your Company were Mr. Arun Kapur, Mr. Umang Das and Mr. K. V. Seshasyaee. Mr. Probal Ghoshal was appointed as an Additional Director of your Company w.e.f. 11th August, 2008. However, Mr. Arun Kapur, Mr. Umang Das, Mr. K. V. Seshasyaee and Mr. Probal Ghoshal resigned as Directors w.e.f. 20th November, 2008. The Board places on record its deep appreciation for the valuable services rendered by them during their tenure as Directors of your Company.

Mr. Bajrang K. Choudhary, Mr. G. P. G. Sherma and Mr. Sanjeev Sancheti were appointed as Additional Directors of your Company w.e.f. 10th November, 2008. In accordance with Article 134 of the Articles of Association of your Company, Mr. Bajrang K. Choudhary, Mr. G. P. G. Sherma and Mr. Sanjeev Sancheti will hold office as Additional Directors upto the date of the ensuing Annual General Meeting of your Company. Your Company has received individual notices under Section 257 of the Companies Act, 1956 from members signifying their intention to move resolutions for appointment of Mr. Bajrang K. Choudhary, Mr. G. P. G. Sherma and Mr. Sanjeev Sancheti as Directors of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the period ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year;

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts for the period ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. ALPS & Co., Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General

Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors express their gratitude for the continued co - operation and support received from ICICI Bank and the holding Company, Srei Infrastructure Advisors Limited.

On behalf of the Board of Directors

Place : Kolkata **Sanjeev Sancheti** **Bajrang K. Choudhary**
Dated : 12th May, 2009 Director Director

AUDITORS' REPORT

To the Members,

Srei Infocomm Services Limited

We have audited the attached Balance Sheet of **Srei Infocomm Services Limited**, as at 31st March, 2009 and Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation .We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (As amended) issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to in paragraph 3 above, 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 and Profit & Loss Account 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 and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Directors in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act,1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Accounting Policies and Notes on Accounts thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2009;
 - ii) In the case of the Profit & Loss Account, of the Loss for the period ended on that date.
 - iii) In the case of Cash Flow Statement, of the cash flows for the period ended as on that date.

For ALPS & Co.

Chartered Accountants

P. K. Drolia
Partner

Place : Kolkata
Date : 12th May, 2009

Membership No. 052629

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- | | |
|--|--|
| <p>(i) (a) Since the Company have no fixed assets, the other clause 4 (i) (b) (c) are not applicable to the Company</p> | <p>dues of Sales Tax, Income Tax, Service Tax, which have not been deposited on account of any dispute.</p> |
| <p>(ii) The Company does not have any inventory. Hence, clause (ii) (a), (b) and (c) of the order not applicable.</p> | <p>(x) The Company has no accumulated losses and has incurred cash losses of Rs. 4,302/- during the period under report .</p> |
| <p>(iii) (a) The Company has neither granted nor taken any loan, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses (iii) (b) to (iii) (g) of the Order are not applicable.</p> | <p>(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.</p> |
| <p>(iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.</p> | <p>(xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of share, debentures and other securities.</p> |
| <p>(v) (a) To the best of our knowledge and belief & according to the information & explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, have been so entered.</p> | <p>(xiii) The provisions of any special statute applicable to chit fund and nidhi / mutual benefit fund / societies are not applicable to the Company.</p> |
| <p>(vi) The Company has not accepted any deposits during the period from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.</p> | <p>(xiv) Since the Company is not dealing or trading in shares, securities, debentures or other investments the other clauses are not applicable.</p> |
| <p>(vii) In our opinion, existing internal control system involves reasonable internal checking of the financial records, which is considered commensurate with the size & nature of business of the Company.</p> | <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.</p> |
| <p>(viii) Maintenance of Cost records under Section 209(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government in respect of the Company.</p> | <p>(xvi) Since the Company has not taken any term loan during the period ,it is inapplicable.</p> |
| <p>(ix) (a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax & any other statutory dues with appropriate authorities.</p> | <p>(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, prima facie, short - term funds have not been used for long - term purposes.</p> |
| <p>(b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on the last date of the financial period for a period more than six months from the date they became payable.</p> | <p>(xviii) There is no allotment of shares by the Company during the period.</p> |
| <p>(c) On the basis of our examination of records and according to the explanations given to us, there are no</p> | <p>(xix) The Company has not issued any secured debentures and accordingly the question of creation of security or charge there against does not arise.</p> |
| | <p>(xx) The Company has not raised any money by public issue during the period.</p> |
| | <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.</p> |

For **ALPS & Co.**
Chartered Accountants

P. K. Drolia
Partner

Place : Kolkata
Date : 12th May, 2009

Membership No. 052629

Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1		500,000
			500,000
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Current Assets	2	328,446	
		328,446	
Less: Current Liabilities & Provisions			
Current Liability	3	2,758	
		2,758	
Net Current Assets			325,688
Miscellaneous Expenditure	4		-
(To the extent not written off or adjusted)			
Profit & Loss Accounts			
Debit balance as per account annexed			174,312
			500,000
Significant Accounting Policies and Notes on Accounts	6		

Schedules referred to above form an integral part of the Balance Sheet.

In terms of our report of even date attached.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Profit and Loss Account for the period from 17th July, 2008 to 31st March, 2009

(Amount in Rupees)

	Schedule	2009
INCOME		
Income From Operations		-
Other Income		68
		68
EXPENDITURE		
Administrative & Other Expenses	5	4,370
Preliminary Expenses Written off		170,010
		174,380
Profit Before Taxation		(174,312)
Provision for Taxation		
Current Taxation		-
Deferred Taxation		-
Profit After Tax		(174,312)
Add: Balance brought forward from last account		-
Balance carried to the Balance Sheet		(174,312)
Basic & diluted earnings per share (Face Value - Rs. 10/- each)		(4.93)
Significant Accounting Policies & Notes to Accounts	6	

Schedules referred to above form an integral part of the Profit and Loss Account.

In terms of our report of even date attached.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Cash Flow Statement for the period from 17th July, 2008 to 31st March, 2009

(Amount in Rupees)

	2009
A. Cash Flow from Operating Activities	
Net Profit / (Loss) before tax	(174,312)
Adjustments for:	
Preliminary Expenses written off	170,010
Interest	(68)
Operating Profit before Working Capital Changes	(4,370)
Adjustments for:	
Miscellaneous Expenditure	-
(Increase) / Decrease in Receivables / others	-
Increase / (Decrease) in Trades Payables / others	(167,252)
Cash generated from Operating activities	(171,622)
Less: Advance Tax Paid	-
Net Cash from Operating Activities	(171,622)
B. Cash Flow from Investing Activities	
Investment in Fixed Deposit	(300,000)
Net Cash from Investing activities	(300,000)
C. Cash Flow from Financing Activities	
Net Increase / (Decrease) in borrowings	-
Increase in Equity Share Capital	500,000
Net Cash Flow from Financing Activities	500,000
Net Increase / (Decrease) in Cash & Cash Equivalents	28,378
Cash and Cash Equivalents as on 01.04.2008	-
Cash and Cash Equivalents as on 31.03.2009	28,378

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalents represents Cash in Hand, Balance with Banks and Fixed Deposit with Banks.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009
SCHEDULE 1 - SHARE CAPITAL	
Authorised Capital	
1,000,000 Equity Shares of Rs. 10/- each	10,000,000
Issued, Subscribed & Paid - up Capital	
50,000 Equity Shares of Rs. 10/- each fully paid - up in cash	500,000
The above 50,000 Equity Shares of Rs. 10/- each fully paid up are held by Srei Infrastructure Advisors Ltd., the holding Company and its nominees. The ultimate holding company is Srei Infrastructure Finance Ltd.	
	500,000
SCHEDULE 2 - CURRENT ASSETS, LOANS & ADVANCES	
Current Assets:	
Cash in hand	2,490
Balance With Bank:	
- in Current Account	25,888
- in Fixed Deposit	300,000
Loans & Advances	
Interest accrued on Fixed Deposit with Bank	68
	328,446
SCHEDULE 3 - CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	
For expenses	2,758
	2,758
SCHEDULE 4 - MISCELLANEOUS EXPENDITURE	
(To the extent not written off or adjusted)	
Preliminary Expenses	170,010
Less: Written off during the period	170,010
	-

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009
SCHEDULE 5 - ADMINISTRATIVE AND OTHER EXPENSES	
Filing Fees	1,500
Bank Charges	112
Payment to Statutory Auditors	
- Audit Fees	2,758
	4,370

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 6 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD FROM JULY 17, 2008 (DATE OF INCORPORATION) TO MARCH 31, 2009

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India, Accounting Standards notified by the Central Government under the Companies (Accounting Standard) Rules, 2006 and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted on accrual basis.

3. Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.
- ii) Depreciation has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956.
- iii) Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

4. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of Fixed Assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises an impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.

5. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

6. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule.

7. Tax on Income

- i) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred Tax is recognised on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subjects to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised.

8. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

9. Segment Reporting

The Company is primarily engaged in a single business segment of Financial & Trusteeship Services. All the activities of the Company revolved around the main business. As such there are no separate reportable segments as per Accounting Standard -17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

B. Notes on Accounts

- i. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- ii. Since there are no such expenses on which Fringe Benefits Tax is applicable, therefore no provision has been made for Fringe Benefits Tax.
- iii. Earnings & Expenditure in Foreign Currency - Rs. Nil (Previous year Rs. Nil)
- iv. As this is the first year of preparation of accounts, previous year's figures have not been given.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 6 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD FROM JULY 17, 2008 (DATE OF INCORPORATION) TO MARCH 31, 2009 (Contd.)

v. Basic / Dilutive Earnings Per Share

Particulars	2009
1. Weighted average number of shares	35,342
2. Profit After Taxes (Rs.)	(174,312)
3. Earnings Per Share (Rs.)	(4.93)

vi. Related Party Transactions

The Company has the following related parties:

Holding Companies	Fellow Subsidiaries
Srei Infrastructure Advisors Ltd.	Srei Capital Markets Ltd.
Ultimate Holding Company	Srei Forex Ltd.
Srei Infrastructure Finance Ltd.	Srei Sahaj e-Village Ltd.
	Srei Venture Capital Ltd.
	Global Investment Trust Ltd.
	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Private Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	IIS International Infrastructure Services GmbH, Germany
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)
	Controlla Electrotech Private Ltd.

Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of relationship	Nature of transaction	Transaction during the period	Closing Balance as on 31st March, 2009
Srei Infrastructure Advisors Limited	Holding Company	Equity Participation	500,000	500,000
		Advance taken	158,000	Nil

Signatories to Schedules 1 to 6.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U64200WB2008PLC127591	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	503	Total Assets	503
Sources of Funds			
Paid Up Capital	500	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	326	Misc. Expenditure	174
		Deferred Tax Assets	Nil

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (including other income)	0.1	Total Expenditure	174
Profit / (Loss) Before Tax	(174)	Profit / (Loss) After Tax	(174)
Earnings per Share (Rs.)	(4.93)	Dividend Rate (%)	Nil

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code)	N.A.		
Product Description			
Item Code No (ITC Code)	N.A.		
Product Description	N.A.		
Item Code No (ITC Code)	N.A.		
Product Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata
Date : 12th May, 2009

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

DIRECTORS

Mr. V. H. Pandya - Chairman
 Mr. Hemant Kanoria
 Mr. Saud Ibne Siddique
 Mr. K. M. Lal
 Mr. S. Krishna Kumar
 Dr. R. Mandal
 Mr. Ashok Pareek - Executive Director

Company Secretary

Mr. Manoj Agarwal

AUDITORS

G. P. Agrawal & Co.
 Chartered Accountants

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts of your Company for the financial year ended on 31st March, 2009. The summarised financial performance of your Company is as under:

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	44,892,627	206,466,968
Expenditure	52,825,221	193,277,246
Profit / (Loss) Before Tax	(7,932,594)	13,239,722
Income Tax in respect of earlier year	(29,858)	-
Provision for Current Taxation	-	4,984,686
Provision for Deferred Tax	(2,333,983)	(212,214)
Profit / (Loss) After Tax	(5,568,753)	8,467,250
Add: Balance b/f from last year	17,594,285	10,116,275
Less: Adjustments on account of adoption of AS - 15 (Revised)	-	(989,240)
Balance carried to Balance Sheet	12,025,532	17,594,285
Paid up Equity Share Capital	50,500,000	50,500,000

During the year under review, your Company earned an Income of Rs. 44,892,627/- as against Rs. 206,466,968/- earned in the previous year and incurred a loss of Rs. 7,932,594/- against a profit before tax of Rs. 13,239,722/- earned in the previous financial year.

REVIEW OF OPERATIONS & FUTURE PROSPECTS

During the year under review, your Company faced unfavourable circumstances as a result of economic slowdown and global meltdown resulting in liquidity from equity markets drying up and subsequent credit slowdown by lenders. The Capex programmes were deferred by the Clients and there was a negative Investor sentiment in the market. During the year under review, your Company inspite of the unfavourable market conditions, has generated few mandates to raise funds through Initial Public Offerings (IPOs). Your Company also expanded to other areas of Merchant Banking Operations like Private Equity, Debt Syndication etc. and has also generated a few mandates for the same. Your Company has also, during the year under review, built relationships and interactions with Private Equity / Venture Capital Funds and fostered partnerships with other intermediaries. Your Company has also strived to optimally utilise all the resources.

Your Company however is hopeful that with robust strategies of additionally focusing on areas other than Public Issues, fostering partnerships with other intermediaries and exploring newer business opportunities within the ambit of Merchant Banking operations, your Company should be able to consolidate its position and achieve better results in the years to come.

SUBSIDIARY COMPANY

Your Company has ceased to be the holding Company of Bengal Srei Infrastructure Development Limited (BSIDL) with effect from 25th September, 2008 subsequent to the disposal of the shareholding of BSIDL.

DIVIDEND

In view of loss incurred during the year under review, the Board of Directors of your Company does not recommend any dividend for this year.

FIXED DEPOSIT

Your Company has not accepted any fixed deposits during the year under review.

CORPORATE OFFICE

The Corporate Office of the Company is situated at "Room No. 12 & 13, 2nd Floor, 6A Kiran Shankar Roy Road, Kolkata - 700001.

APPLICATION TO SEBI

During the year under review, your Company has made an application to Securities & Exchange Board of India (SEBI) for renewal of its certificate to act as a SEBI registered Merchant Banker. The Company has received approval from SEBI for renewal of Registration for a period of three years vide letter 4th June, 2009.

AUDIT COMMITTEE

As required under Section 292A of the Companies Act, 1956, the Audit Committee of your Company comprises of Mr. V. H. Pandya as Chairman, Mr. Hemant Kanoria, Mr. K. M. Lal and Dr. R. Mandal as members of the Committee. Two meetings of the Audit Committee were held during the Financial Year 2008 - 09 on 11th June, 2008 and 23rd October, 2008.

PARTICULARS OF EMPLOYEES

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

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

Since your Company is not a manufacturing unit, requirements as to Conservation of Energy and Technology Absorption are not applicable. However, your Company continues its endeavour to improve energy conservation and utilisation, safety and environment.

Your Company has utilised Rs. 6,438,716/- (Previous year Rs. 18,429,671/-) as foreign exchange during the year under review and has not earned any foreign exchange during the year under review (Previous year Nil).

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Hemant Kanoria and Mr. S. Krishna Kumar, Directors of your Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re - appointment.

COMPANY SECRETARY

Mr. Rajesh Jain tendered his resignation as Company Secretary of your Company w.e.f. 28th January, 2009 and Mr. Manoj Agarwal was appointed as the Company Secretary of your Company w.e.f. 29th January, 2009. Mr. Manoj Agarwal continues to act as the Compliance Officer of your Company for the purpose of SEBI and PMLA related matters.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the loss of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis.

AUDITORS

During the year under review, M/s. Deloitte Haskins & Sells, Chartered Accountants resigned as Statutory Auditors of the Company and M/s. G. P. Agrawal & Co., Chartered Accountants were appointed in their place by members of your Company at the Extra - Ordinary General held on 30th April, 2009. M/s. G. P. Agrawal & Co., Chartered Accountants retire as Statutory Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co-operation received from the Securities & Exchange Board of India (SEBI), Bankers, Investors, Clients and Holding Company, Srei Infrastructure Finance Limited. Your Directors also wish to place on record their deep appreciation of the contribution made by the employees at all levels and look forward to their continued support in the future as well.

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

V. H. Pandya
Chairman

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 referred to in the Directors' Report for the year ended 31st March, 2009 and forming part thereof.

Name	Age	Designation	Qualification	Remuneration (Rs.)	Date of commencement of employment	Working Experience (years)	Previous employment
Ashok Kumar Pareek	42Yrs	Wholetime Director	B.Com, FCS	2,880,000/-	11.09.2004	20	A. K. Pareek & Co.

Note:

1. The appointment of Mr. Ashok Kumar Pareek is contractual.
2. Remuneration includes Basic Salary, Commission, LTC, Medical Re - imbusement, Ex - Gratia and other perquisites.
3. Mr. Pareek does not hold any share of the Company.
4. Mr. Pareek is responsible for overall management of the Company under the supervision and guidance of the Board of Directors.
5. Mr. Pareek is not related to any other Director of the Company.

AUDITORS' REPORT

To the Members,

Srei Capital Markets Limited

1. We have audited the attached Balance Sheet of **Srei Capital Markets Limited**, as at 31st March, 2009 and the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub - section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
- ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date, and

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

For **G. P. Agrawal & Co.**
Chartered Accountants

Sunita Kedia

Partner

Place : Kolkata

Date : 8th June, 2009

Membership No. 60162

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in our report of even date to the members of Srei Capital Markets Limited on the accounts for the year ended 31st March, 2009.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year. To the best of our knowledge, no material discrepancy was noticed on such verification.
- c) The Company has not disposed of substantial part of fixed assets during the year.
- ii) The Company does not have any inventories. Therefore, the provisions of clauses (ii) (a) to (ii) (c) of paragraph 4 of the said order are not applicable to the Company.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii) (b) to (iii) (d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in register maintained under Section 301 of the Act, clauses (iii) (e) to (iii) (g) of paragraph 4 of the said order are not applicable to the Company.

- iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in internal controls.
- v) a) Based on the audit procedure applied by us and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any public deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business.
- viii) The provisions regarding maintenance of cost records under Section 209 (1) (d) of the Act are not applicable to the Company.
- ix) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Cess and other statutory dues with the appropriate authorities. As explained to us, the provisions of Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Excise Duty,

Wealth Tax and Custom Duty are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.

- b) There is no amount payable in respect of the aforesaid statutory dues that have not been deposited on account of any dispute.

The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability towards Fringe Benefits Tax.

- x) The Company has no accumulated losses in the immediately preceding financial year but has incurred a cash loss during the financial year covered by our audit.
- xi) The Company has no dues of financial institution, bank or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund or nidhi or mutual benefit society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures. However, the investments made by the Company have been held by the Company in its own name.
- xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- xvi) On the basis of our examination and according to the information and explanation given to us, the term loans have been applied for the purpose 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 report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any moneys by public issues during the period covered by our audit report.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For **G. P. Agrawal & Co.**

Chartered Accountants

Sunita Kedia

Partner

Place : Kolkata

Date : 8th June, 2009

Membership No. 60162



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	50,500,000		50,500,000	
Reserves and Surplus	2	12,025,532		17,594,285	
			62,525,532		68,094,285
Loan Funds					
Unsecured Loan	3		22,450,000		40,000,000
Deferred Tax Liability			-		357,366
TOTAL			84,975,532		108,451,651
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	13,963,827		13,264,982	
Less: Depreciation		9,184,871		7,031,343	
Net Block			4,778,956		6,233,639
Investments	5		181,459		50,382,399
Deferred Tax Assets			1,976,618		-
Current Assets, Loans and Advances					
Sundry Debtors	6	35,473,477		977,790	
Cash and Bank Balances	7	1,868,229		6,767,098	
Loans and Advances	8	45,087,889		61,849,684	
		82,429,595		69,594,572	
Less: Current Liabilities and Provisions					
Current Liabilities	9	3,641,616		17,224,369	
Provisions	10	749,480		534,590	
		4,391,096		17,758,959	
Net Current Assets			78,038,499		51,835,613
Miscellaneous Expenditure	11		-		-
(To the extent not written off or adjusted)					
TOTAL			84,975,532		108,451,651
Significant Accounting Policies and Notes to Accounts	15				

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

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

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

V. H. Pandya
Chairman

Ashok Kr. Pareek
Executive Director

Manoj Agarwal
Company Secretary

Place : Kolkata
Date : 8th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule		2009	2008
INCOME				
Income from operations	12		43,544,486	205,564,831
Other Income	13		1,348,141	902,137
			44,892,627	206,466,968
EXPENDITURE				
Administrative and Other Expenses	14		50,671,693	191,538,591
Depreciation			2,153,528	1,670,400
Interest on Deferred Payment Liability			-	1,021
Miscellaneous Expenditure Written off			-	17,234
			52,825,221	193,227,246
PROFIT BEFORE TAX			(7,932,594)	13,239,722
Less: Provision for Taxation				
Income Tax in respect of earlier year			(29,858)	-
Current Tax			-	4,984,686
Deferred Tax			(2,333,983)	(212,214)
PROFIT AFTER TAX			(5,568,753)	8,467,250
Balance brought forward from last year		17,594,285		10,116,275
Less: Adjustment on account of adoption of AS - 15 (Revised) Employee Benefits		-		(989,240)
			17,594,285	9,127,035
Profit transferred to Balance Sheet			12,025,532	17,594,285
Earnings (Basic and Diluted) Per Equity Share (Rs.) (Face Value of Rs. 10/- each)			(1.10)	1.68
Significant Accounting Policies and Notes to Accounts	15			

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

V. H. Pandya
Chairman

Ashok Kr. Pareek
Executive Director

Manoj Agarwal
Company Secretary

Place : Kolkata
Date : 8th June, 2009



Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
A. Cash Flow from Operating Activities		
Net Profit Before Tax	(7,932,594)	13,239,722
Adjustment for:		
Depreciation	2,153,528	1,670,400
Bad Debts / Advances written off	-	23,205,353
Preliminary Expenses written off	-	17,234
Loss on sale of Fixed assets	-	222,978
Interest Income	(1,063,349)	(896,777)
Dividend Income	(110,614)	(5,360)
Liabilities no longer required Written Back	-	-
Operating Profit before Working Capital Changes	(6,953,029)	37,453,549
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(29,674,141)	(11,417,874)
(Decrease) / Increase in Current Liabilities	(13,367,864)	2,989,360
Cash Generated from Operating Activities	(49,995,034)	29,025,035
Advance Tax Paid (Net of Refund)	788	(11,392,570)
Net Cash (Used) / Generated in Operating Activities	(49,994,246)	17,632,465
B. Cash Flow from Investing Activities		
Sale of Investments	50,255,000	-
Purchase of Investments	(54,060)	(50,000,000)
Sale of Fixed Assets	-	150,000
Purchase of Fixed Assets	(698,845)	(3,538,619)
Refund of Loan given	11,969,319	-
Interest Received	1,063,349	893,038
Dividend Received	110,614	5,360
Net Cash (Used) / Generated in Investing Activities	62,645,377	(52,490,220)
C. Cash Flow from Financing Activities		
Loan taken	50,950,000	40,000,000
Loan repaid	(68,500,000)	(48,859)
Cash generated from / (used in) Financing Activities	(17,550,000)	39,951,141
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,898,869)	5,093,386
Cash and Cash Equivalents as on 01.04.2008	6,767,098	1,673,712
Cash and Cash Equivalents as on 31.03.2009 (As per Schedule - 7)	1,868,229	6,767,098

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (AS 3) on 'Cash Flow Statement' notified by the Central Government under Companies (Accounting Standards) Rules, 2006.
2. Figures in bracket represent Cash Outflow.
3. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

V. H. Pandya
Chairman

Ashok Kr. Pareek
Executive Director

Manoj Agarwal
Company Secretary

Place : Kolkata
Date : 8th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
5,250,000 Equity Shares of Rs. 10/- each	52,500,000	52,500,000
Issued, Subscribed and Paid - up		
5,050,000 Equity Shares of Rs. 10/- each fully paid - up in cash (The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Company and its nominees)	50,500,000	50,500,000
SCHEDULE 2 - RESERVES AND SURPLUS		
Profit and Loss Account	12,025,532	17,594,285
SCHEDULE 3 - UNSECURED LOANS		
Other Loans - From Holding Company (interest free)	22,450,000	40,000,000
	22,450,000	40,000,000

SCHEDULE 4 - FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2008	Additions during the year	Sales / Adjustment during the year	As at 31st March, 2009	Up to 31st March, 2008	For the year	Sales / Adjustment during the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Machinery	160,618	-	-	160,618	20,646	23,876	-	44,522	116,096	139,972
Office Equipment	928,148	335,600	-	1,263,748	175,305	66,002	-	241,307	1,022,441	752,843
Furniture & Fittings	3,568,367	243,245	-	3,811,612	565,082	1,223,938	-	1,789,020	2,022,592	3,003,285
Computers	8,607,849	120,000	-	8,727,849	6,270,310	839,712	-	7,110,022	1,617,827	2,337,539
Total	13,264,982	698,845	-	13,963,827	7,031,343	2,153,528	-	9,184,871	4,778,956	6,233,639
Previous Year	10,519,556	3,538,619	793,193	13,264,982	5,781,158	1,670,400	420,215	7,031,343	6,233,639	

SCHEDULE 5 - INVESTMENTS

Fully Paid Up, Long Term - at cost

Particulars	Face Value	Quantity (Nos.)		Amount (Rs.)	
	(Rs.)	31.03.2009	31.03.2008	31.03.2009	31.03.2008
In Equity Shares					
I. In Subsidiary Company - In Equity Shares					
Unquoted (Non - trade)					
Bengal Srei Infrastructure Development Limited	10	-	25,500	-	2,55,000
Note: Entire holding has been Sold during the year				-	2,55,000
II. Quoted (Non - trade)					
Andhra Bank Limited	10	100	100	1,000	1,000
Bank of Baroda Limited	10	100	100	7,220	7,220
Bank of India Limited	10	100	100	1,590	1,590
Corporation Bank Limited	10	100	100	12,875	12,875
HDFC Bank Limited	10	100	100	25,622	25,622
ICICI Bank Limited	10	100	100	18,605	18,605
IDBI Bank Limited	10	120	120	3,922	3,922
Oriental Bank of Commerce Limited	10	100	100	4,110	4,110
State Bank of India Limited	10	134	100	79,975	25,915
ING Vysya Bank Limited	10	415	415	26,540	26,540
				181,459	127,399
III. Investment in Units (Unquoted - Trade)					
Infrastructure Project Development Fund	100	-	500,000	-	50,000,000
(Sold during the year)					
Total				181,459	50,382,399
Aggregate Book Value of Quoted Investments				181,459	127,399
Aggregate Market Value of Quoted Investments				411,310	454,777
Aggregate Book Value of Unquoted Investments				-	50,255,000

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 6 - SUNDRY DEBTORS		
(Unsecured, Considered Good)		
- Debts outstanding for a period exceeding six months	28,731,877	977,790
- Other debts	6,741,600	-
	35,473,477	977,790
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash On Hand (As certified by Management)	10,221	271
Balances with Scheduled Banks		
- In Current Account	1,858,008	1,266,827
- In Fixed Deposit Account	-	5,500,000
	1,868,229	6,767,098
SCHEDULE 8 - LOANS AND ADVANCES		
(Unsecured, Considered good)		
A. Loans		
Loan to a subsidiary Company	-	11,969,319
B. Advances recoverable in cash or in kind or for value to be received		
Advance Income Tax [net of provision for Tax of Rs. 74,64,930/- (PY Rs. 85,44,240/-)]	7,716,086	7,687,016
Others	37,371,803	42,193,349
	45,087,889	61,849,684
Note: Bengal Srei Infrastructure Development Limited ceases to be subsidiary of the Company w.e.f 25th September, 2008.		
SCHEDULE 9 - CURRENT LIABILITIES		
Sundry Creditors		
i) Total outstanding dues of micro, small and medium enterprises	-	-
ii) Total outstanding dues of creditors other than micro, small and medium enterprises	286,837	58,702
Advance from Customer	506,772	545,117
Other Liabilities	2,848,007	16,620,550
	3,641,616	17,224,369
(There are no amounts due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund)		
SCHEDULE 10 - PROVISIONS		
Provision for Gratuity	749,480	534,590
	749,480	534,590
SCHEDULE 11 - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Opening Balance	-	17,234
Less: Amortised during the year	-	17,234
	-	-

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 12 - INCOME FROM OPERATIONS		
Lead Arranger Fees	25,486,586	8,212,410
Consultancy Services	9,532,000	21,368,999
Lead Manager Fees	4,175,000	76,472,346
Underwriting Fees	2,450,000	36,290,737
Brokerage Received	1,900,900	63,220,339
	43,544,486	205,564,831
SCHEDULE 13 - OTHER INCOME		
Dividend on Long term Investments: (Other than trade)		
- from Subsidiary Company	102,000	-
- from Others	8,614	5,360
Interest Received (Gross)		
{TDS Rs. 239,985/- (Previous year Rs. 175,765/-)}		
On Loan	1,063,349	848,518
On Fixed Deposit	1,167	48,259
On Income tax Refund	106,709	-
Other Income	66,302	-
	1,348,141	902,137
SCHEDULE 14 - ADMINISTRATIVE & OTHER EXPENSES		
Salary, Allowances and Bonus	16,414,776	20,791,195
Contribution to Provident Fund	999,725	1,311,683
Staff Welfare	94,215	261,793
Professional Fees	16,753,226	97,616,139
Rent	6,122,568	4,031,573
Rates & Taxes	198,033	398,554
Maintenance - Others	2,371,225	1,909,156
Travelling & Conveyance	2,076,298	3,948,667
Car Running Expenses	1,791,412	3,435,045
Telephone Expenses	374,224	876,357
Electricity Charges	687,642	292,273
Printing & Stationery	207,863	696,945
Directors' Sitting Fees	75,000	75,000
Advertisement & Subscription	1,398,658	2,228,912
Payment to Auditors		
- Audit Fees	25,000	100,000
- Other Capacities	10,000	54,000
Business Development Expenses	14,525	73,122
Brokerage - Others	932,009	29,695,364
Tender Fees	1,000	207,985
Miscellaneous Expenses	58,947	106,497
Bad Debts / Advances Written Off	65,347	23,205,353
Loss on Sale of Fixed assets	-	222,978
	50,671,693	191,538,591

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

A. Accounting Policies

1. Basis of Accounting

- 1.1. The financial statements are prepared in accordance with the historical cost convention and accrual basis of accounting.
- 1.2. These are presented in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and Accounting Standards notified by the Central Government under Companies (Accounting Standards) Rules, 2006.
- 1.3. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities including contingent liabilities as of the date of the financial statement and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Recognition of Income

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

- (i) Issue management and placement fees, underwriting commission and financial advisory fees are accounted based on stage of completion of assignments.
- (ii) Brokerage on fixed income securities placements are accounted on completion of the transaction.

3. Fixed Assets

- 3.1. Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.
- 3.2. Depreciation on Fixed Assets has been provided on straight - line method at rates prescribed under Schedule XIV to the Companies Act, 1956.
- 3.3. Fixed Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition.

4. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, the Company subjects such assets to test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognises an impairment loss as difference between the carrying value and value in use.

5. Investments

- 5.1. Investments are classified into 'long term' and 'current' investments.
- 5.2. Current investments are valued at lower of cost or fair value.
- 5.3. All long - term investments including investments in subsidiary company are stated 'at cost'. Provision for diminution in value, other than temporary, is considered on an individual basis.
- 5.4. Cost is arrived at on weighted average method for the purpose of valuation of investments.

6. Tax on Income

- 6.1 Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- 6.2 Deferred Tax is recognised on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets subject to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Miscellaneous Expenditure

Preliminary expenses are being amortised in 10 equal installments. These expenses represent expenses incurred at the time of incorporation of the Company.

8. Provisions, Contingent Liabilities and Contingent Assets

Contingent Liabilities, which can reasonably be ascertained, are provided for if, in the opinion of the Company, there is a probability that the future outcome may have material impact on its affairs.

9. Employee Benefits

9.1. Short - term employee benefits

Short - term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Profit and Loss Account of the period in which the related service is rendered.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

9.2. Post employment benefit

9.2.1. Defined contribution plan

Company's contribution towards Provident Fund with respect to some employees paid / payable during the year to the Provident Fund Authority are charged to the Profit and Loss Account.

9.2.2. Defined benefit plan

Company's liability towards gratuity is a defined benefit plan. Such liabilities are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard - 15 (revised 2005) "Employee Benefits". All actuarial gains and losses are recognised in Profit and Loss Account in the year in which they occur.

10. Borrowing Cost

Borrowing costs to the extent / attributed to the acquisition / construction of qualifying assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

11. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, 'Earnings Per Share' notified by the Central Government under Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

B. Notes On Accounts

- There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2009 (Previous year Nil).
- The net deferred tax assets of Rs. 1,976,618/- as on 31st March, 2009 has arisen on account of following:

(Amount in Rupees)

	2009	2008
Deferred Tax Liability		
i) Difference between Book and Tax written down value	238,998	800,343
Total Deferred Tax Liability	238,998	800,343
Deferred Tax Assets		
Provision for leave encashment	(90,843)	(252,035)
Provision for Sick Leave	(7,754)	(9,235)
Provision for Gratuity	(231,589)	(181,707)
Business Loss of AY 2009 - 10	(1,885,430)	-
Total Deferred Tax Asset	(2,215,616)	(442,977)
Net Deferred Tax Liability / (Asset)	(1,976,618)	357,366

3. Employee Benefits:

Defined Contribution Plans

The Company provides Provident Fund benefit to all employees. Under these schemes fixed contributions is made to provident fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Company has made the following contributions which are recognised as expense in the profit and loss account for year in which the services are rendered by employees:

(Amount in Rupees)

	2008-09	2007-08
Contribution to Provident Fund	999,725	1,311,683
Total	999,725	1,311,683

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

Defined Benefits Plans

All employees who have rendered service for specified period as per the Payment of Gratuity Act are entitled for gratuity. The gratuity amount is determined based on the last drawn salary and period of service with the Company.

The following tables set out the details of amount recognised in the financial statements in respect gratuity benefits which is not funded.

(Amount in Rupees)

Employee Benefits	Gratuity (Unfunded)					
Defined benefit plans As per actuarial valuation as at	2009	2008				
I. Components of employer expenses						
1. Current Service Cost	201,360	348,970				
2. Interest cost	46,510	43,340				
3. Expected return on plan assets	-	-				
4. Curtailment cost / (credit)	-	-				
5. Settlement cost / (credit)	-	-				
6. Past Service Cost	-	-				
7. Actuarial Losses / (Gains)	(32,980)	(383,110)				
8a. Expenses recognised in the Statement of Profit & Loss Account. (total 1 to 7)	214,890	9,200				
8b. Actual Contributions	-	-				
9. Total expenses recognised in the Statement of Profit & Loss Account.	214,980	9,200				
II. Actual Contribution and Benefits Payments for period ended						
1. Actual benefit payments	-	-				
2. Actual Contributions	-	-				
III. Net assets / (liability) recognised in balance sheet as at						
1. Present value of Defined Benefit Obligation	749,480	534,590				
2. Fair value of plan assets	-	-				
3. Funded status [Surplus / (Deficit)]	(749,480)	(534,590)				
4. Unrecognised past service cost	-	-				
5. Net asset / (liability) recognised in balance sheet	(749,480)	(534,590)				
IV. Change in Defined Benefit Obligations during the period ended						
1. Present Value of DBO at beginning of period	534,590	525,390				
2. Current Service cost	201,360	348,970				
3. Interest cost	46,510	43,340				
4. Actuarial (Gains) / Losses	(32,980)	(383,110)				
5. Benefits paid	-	-				
6. Employer Contribution's	-	-				
7. Present Value of DBO at the end of period (total 1 to 6)	749,480	534,590				
V. Change in Fair Value of Assets during the year ended	-	-				
VI. Actuarial Assumptions						
1. Discount Rate	8.00%	8.70%				
2. Expected return on plan assets	N/A	N/A				
3. Salary Increases	10.00%	10.00%				
4. Retirement / Superannuation Age	60	60				
5. Withdrawal Rate for Gratuity:						
Age (yrs.)	20-24	25-29	30-34	35-49	50-54	55-NRA
Attrition Rate	5%	3%	2%	1%	2%	3%

VII. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

4. Fringe Benefits Tax

The Company has challenged the constitutional validity of Fringe Benefits Tax before the Calcutta High Court and the Hon'ble High Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided any liability for Fringe Benefits Tax.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

5. Expenditure in Foreign Currency

(Amount in Rupees)

	2009	2008
Consultancy fees	6,397,251	18,274,759
Travelling	41,465	154,912
Total	6,438,716	18,429,671

6. Director's Remuneration

(Amount in Rupees)

	2009	2008
Salary & Other Allowance	2,880,000	1,706,167
Contribution to Provident Fund	144,000	199,800
Total	3,024,000	1,905,967

- a) Provisions for gratuity in respect of Directors are not included above, as actuarial valuation is done on an overall basis.
b) Computation of Net Profit for the purpose of calculation of Directors' remuneration has not been made as remuneration paid / payable to the Director is minimum remuneration.

7. Contingent Liabilities

(Amount in Rupees)

Particulars	2009	2008
Capital Commitments (Net of advances)	Nil	199,331

8. Details of loans / advances to subsidiaries

(Amount in Rupees)

Name of Subsidiaries	Maximum Outstanding during the year	Amount Outstanding as at 31.03.2009
Bengal Srei Infrastructure Development Ltd.	1,21,19,319	Nil
	(1,20,95,957)	(1,19,69,319)

Figures in brackets represent previous year amount.

9. Related Party Transactions:

The Company has the following related parties:

Holding Company	Fellow Subsidiaries	Key Management Personnel
Srei Infrastructure Finance Limited	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 25th September, 2008)*	Mr. Ashok Pareek
	Srei Equipment Finance Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)	
	Srei Insurance Broking Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)	
	Srei Forex Ltd.	
	Srei Infrastructure Advisors Ltd.	
	Srei Venture Capital Ltd.	
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)	
	Cyberabad Trustee Company Pvt. Ltd. (Subsidiary of Srei Venture Capital Ltd.)	
	Controlla Electrotech Pvt. Ltd. w.e.f. 6th June, 2008	
	Srei Sahaj e-Village Ltd.	
	Global Investment Trust Ltd.	
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 17th July, 2008)	
	IIS International Infrastructure Services, GmbH, Germany	
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure GmbH, Germany)	

* ceased to be Subsidiary of Srei Capital Markets Ltd. w.e.f. 25th September, 2008.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd.)

Summary of Transactions with Related Parties:

Name of related party and nature of relationship	Particulars	2009	2008
Holding Company			
Srei Infrastructure Finance Limited	Unsecured Loan taken	50,950,000	1,839,000,000
	Refund of Unsecured Loan taken	68,500,000	1,439,000,000
	Loan taken - Balance Outstanding	22,450,000	40,000,000
Subsidiary Company			
Bengal Srei Infrastructure Development Limited	Unsecured Loan given	3,800,000	15,208,000
	Refund of Unsecured Loan given	15,769,319	7,532,713
	Loan given - Balance Outstanding	-	11,969,319
	Interest received on Loan	1,063,349	848,518
	Dividend received	102,000	-
Fellow Subsidiaries:			
Srei Venture Capital Limited	Sale of Investment	50,000,000	-
Srei Infrastructure Advisors Limited	Sale of Investment	255,000	-
Key Management Personnel:			
Mr. Ashok Pareek	Remuneration	3,462,204	1,905,967

10. Earnings Per Share (Basic / Diluted)

Particulars	Year ended March 31	
	2009	2008
1. Opening No. of Shares	5,050,000	5,050,000
2. Total Shares outstanding	5,050,000	5,050,000
3. Profit after Taxes (Rs.)	(5,568,753)	8,467,250
4. Earnings Per Share (Rs)	(1.10)	1.68

11. Segment Reporting

The Company is primarily engaged in a single business segment of "Project Consultancy, Merchant Banking & Underwriting Services". As such there are no separate reportable segments as per Accounting Standard - 17 "Segment Reporting" notified by the Central Government under Companies (Accounting Standards) Rules, 2006

12. The previous year's figures have been regrouped / rearranged, wherever considered necessary to make them comparable with those of the current year.

Signatories to Schedule 1 to 15.

For **G. P. Agrawal & Co.**
Chartered Accountants

On behalf of the Board of Directors

Sunita Kedia
Partner
Membership No. 60162

V. H. Pandya
Chairman

Ashok Kr. Pareek
Executive Director

Manoj Agarwal
Company Secretary

Place : Kolkata
Date : 8th June, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	87155	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	84,976	Total Assets	84,976
Source of Funds			
Paid up Capital	50,500	Reserves & Surplus	12,026
Secured Loans	Nil	Unsecured Loans	22,450
Application of Funds			
Net Fixed Assets	4,779	Investments	181
Net Current Assets	78,038	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax	1,978

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	44,893	Total Expenditure	52,825
Profit Before Tax [+]	(7,933)	Profit After Tax [+]	(5,569)
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings per Share (Rs.)	(1.10)	Dividend Rate (%)	Nil

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code)	N.A.		
Products Description	Fund Mobilisation		
Item code No. (ITC Code)	N.A.		
Products Description	Merchant Banking		
Item Code No. (ITC Code)	N.A.		
Products Description	Underwriting		

On behalf of the Board of Directors

Place : Kolkata
Date : 8th June, 2009

V. H. Pandya
Chairman

Ashok Kr. Pareek
Executive Director

Manoj Agarwal
Company Secretary

DIRECTORS

Mr. Sanjeev Sancheti
Mr. Bajrang K. Choudhary
Mr. G. P. G. Sherma

AUDITORS

ALPS & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Income	779,147	235,553
Expenditure	3,586,799	533,249
Profit / (Loss) Before Tax	(2,807,652)	(297,696)
Provision for Current Tax	137,242	-
Deferred Tax	7,048	-
Fringe Benefits Tax	-	(5,335)
Profit / (Loss) After Tax	(2,951,942)	(303,031)
Add: Excess Provision for FBT written back	-	1130
Balance brought forward from previous year	(1,061,998)	(760,097)
Balance carried to Balance Sheet	(4,013,940)	(1,061,998)

During the year under review, your Company made an Income of Rs. 779,147/- as against Rs. 235,553/- earned in the previous year and has incurred a loss of Rs. 2,807,652/- against a loss of Rs. 297,696/- in the previous financial year.

HOLDING COMPANY

Consequent upon acquisition of shares of your Company, Srei Infrastructure Finance Limited became the holding Company of your Company and hence all the provisions of Companies Act, 1956 applicable to public limited companies will also be applicable to your Company.

DIVIDEND

In view of loss incurred during the Financial Year under review, the Board of Directors of your Company does not recommend any dividend for the Financial Year 2008 - 09.

FIXED DEPOSIT

Your Company did not accept any fixed deposit during the year under review.

CORPORATE OFFICE

During the year under review, your Company has established its Corporate Office at "Vishwakarma", 86C Topsia Road (South), Kolkata - 700046.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998.

Your Company has not utilised or earned any foreign exchange during the year under review (Previous year Nil).

DIRECTORS

During the year under review Mr. Sandeep Lakhota, Mr. Bajrang Kumar Choudhary and Mr. G. P. G. Sherma were appointed as Additional Directors of your Company w.e.f. 6th June, 2008. Mr. Sanjeev Sancheti was appointed as an Additional Director of your Company w.e.f. 29th July, 2008.

Ms. Priyanka Jhunjunwala, Mr. Subesh Ray and Mr. Sandeep Lakhota resigned as Directors of your Company w.e.f. 6th June, 2008, 7th June, 2008 and 29th July, 2008 respectively. The Board places on record its deep appreciation for the valuable services rendered by them during their tenure as Directors of your Company.

Mr. Bajrang Kumar Choudhary, Mr. G. P. G. Sherma and Mr. Sanjeev Sancheti were thereafter appointed as Directors of

your Company pursuant to approval of the shareholders at the Annual General Meeting of your Company held on 15th September, 2008.

In accordance with the provisions of the Companies Act, 1956 and pursuant to Article 55 of the Articles of Association of your Company, Mr. Bajrang Kumar Choudhary, Mr. G. P. G. Sherma and Mr. Sanjeev Sancheti, Directors of your Company are liable to retire at the ensuing Annual General Meeting and being eligible, offers themselves for re - appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.

AUDITORS

During the year under review, M/s. Jaykishan & Co., Chartered Accounts resigned as Statutory Auditors of your Company and M/s. ALPS & Co., Chartered Accountants have been appointed in their place with the approval of members at the Extra Ordinary General Meeting of your Company held on 23rd March, 2009. M/s. ALPS & Co., Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent co - operation received from ICICI Bank Limited, Citi Bank and Srei Infrastructure Finance Limited, its holding Company.

On behalf of the Board of Directors

Place : Kolkata	Sanjeev Sancheti	Bajrang K. Choudhary
Dated : 12th May, 2009	Director	Director

AUDITORS' REPORT

We have audited the attached Balance Sheet of **Controlla Electrotech (P) Limited**, as at 31st March, 2009 and Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (As

amended) issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to in paragraph 3 above, 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 and Profit & Loss Account 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 and Profit & Loss Account and the Cash Flow Statement dealt with by this report

comply with the accounting standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the Directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Directors in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956; and
- f) Attention is drawn to note no. B(ii) of Schedule 8 on Notes on accounts regarding change in the method of providing depreciation from written down value method to straight line method to bring it in line with Srei group policy.
- g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the Accounting Policies and notes on Accounts thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally

accepted in India:-

- i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2009;
- ii) In the case of the Profit & Loss Account, of the Loss for the year ended on that date.
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **ALPS & Co.**
Chartered Accountants

P. K. Drolia
Partner

Place : Kolkata
Date : 12th May, 2009

Membership No. 052629

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals & no material discrepancies were noticed by the management on such verification.
- (c) The Company has not made any disposal of fixed assets during the year.
- (ii) The Company does not have any inventory. Hence, Clause (ii) a), b) and c) of the order not applicable.
- (iii) (a) The Company has neither granted nor taken any loan, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses (iii) (b) to (iii) (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) To the best of our knowledge and belief & according to the information & explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year have been made on terms & conditions which are considered reasonable having regard to the nature of transactions.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, existing internal control system involves reasonable internal checking of the financial records, which is considered commensurate with the size & nature of business of the Company.
- (viii) Maintenance of Cost records under Section 209(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government in respect of the Company.

- | | |
|---|---|
| <p>(ix)(a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax & any other statutory dues with appropriate authorities.</p> <p>(b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on the last date of the financial year for a period more than six months from the date they became payable.</p> <p>(c) On the basis of our examination of records and according to the explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, which have not been deposited on account of any dispute.</p> <p>(x) The accumulated losses of the Company at the end of the financial year have exceeded the net worth of the Company. However, the Company has not incurred any cash losses during the current financial year but incurred cash losses of Rs. 291,904/- in the immediately preceding financial year.</p> <p>(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.</p> <p>(xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of share, debentures and other securities.</p> <p>(xiii) The provisions of any special statute applicable to chit fund and nidhi / mutual benefit fund / societies are not applicable to the Company.</p> | <p>(xiv) Since the Company is not dealing or trading in shares, securities, debentures or other investments the other clauses are not applicable.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.</p> <p>(xvi) Since the Company has not taken any term loan during the year, it is inapplicable.</p> <p>(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, prima facie, short term funds have not been used for long term purposes.</p> <p>(xviii) There is no allotment of shares by the Company during the year.</p> <p>(xix) The Company has not issued any secured debentures and accordingly the question of creation of security or charge there against does not arise.</p> <p>(xx) The Company has not raised any money by public issue during the year.</p> <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.</p> |
|---|---|

For ALPS & Co.
Chartered Accountants

P. K. Drolia
Partner

Place : Kolkata
Date : 12th May, 2009

Membership No. 052629



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
SOURCES OF FUNDS			
Shareholder Funds			
Share Capital	1	353,050	353,050
Reserves and Surplus	2	3,173,850	3,173,850
Total		3,526,900	3,526,900
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	241,301,601	241,301,601
Less: Depreciation		3,585,180	19,312
Net Block		237,716,420	241,282,289
Deferred Tax Asset		149,286	153,085
Current Assets, Loans & Advances			
Current Assets	4	2,351,299	1,853,341
Loans and Advances	5	522,586	246,888
		2,873,885	2,100,229
Less: Current Liabilities & Provisions			
Current Liabilities	6	241,233,897	241,070,700
Net Current Assets		(238,360,012)	(238,970,471)
Profit & Loss Account			
Debit balance as per account annexed		4,021,206	1,061,998
TOTAL		3,526,900	3,526,900
Significant Accounting Policies and Notes on Accounts	8		

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

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

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Rental Income		634,500	-
Interest on Fixed Deposit (TDS Rs. 29,809/-, PY Rs. 53,379/-)		144,647	235,553
Total Income		779,147	235,553
EXPENDITURE			
Office & Administrative Expenses	7	31,445	527,457
Depreciation		3,565,869	5,792
		3,597,314	533,249
Profit / (Loss) for the year before tax		(2,818,167)	(297,696)
Less: Provision for Taxation			
Current Tax		137,242	-
Deferred Tax		3,799	-
Fringe Benefit Tax		-	(5,335)
Profit / (Loss) for the year after tax		(2,959,208)	(303,031)
Add: Excess provision for FBT written back		-	1,130
Balance brought forward from previous year		(1,061,998)	(760,097)
Balance Carried to Balance Sheet		(4,021,206)	(1,061,998)
Earnings Per Share (Basic and Diluted)		(83.82)	(8.58)
Significant Accounting Policies and Notes on Accounts	8		

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009



Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(2,818,167)	(297,696)
Adjustments for:		
Depreciation	3,565,869	5,792
Interest Income	(144,647)	(235,553)
Operating Profit before Working Capital Changes	603,055	(527,457)
Adjustments for:		
(Increase) / Decrease in Receivables / others	(344)	-
Increase / (Decrease) in Trades Payables / others	25,955	(426,525)
Cash generated from Operating activities	628,666	(953,981)
Less: Advance Tax	(160,517)	(4,715)
Net Cash from Operating Activities	468,149	(958,696)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	(192,270,006)
Advance relating to the Project	-	64,305,098
Liability relating to the Project	-	(3,699,073)
Interest Received	29,809	210,056
Net Cash from Investing activities	29,809	(131,453,925)
C. Cash Flow from Financing Activities		
Repayment of Loans	-	(110,319,123)
Deposit from Srei Infrastructure Finance Ltd.	-	241,070,700
	-	130,751,577
Net Increase / (Decrease) in Cash & Cash Equivalents	497,958	(1,661,044)
Cash and Cash Equivalents as on 01.04.2008	1,853,341	3,514,385
Cash and Cash Equivalents as on 31.03.2009	2,351,299	1,853,341

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3) 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.
2. Cash and Cash equivalents Represents Cash in Hand, Balance with Bank & Fixed Deposit with Bank.

For **ALPS & Co.**
Chartered Accountants

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

On behalf of the Board of Directors

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
50,000 Equity Shares of Rs. 10/- each (Previous year 50,000 shares of Rs. 10/- each)	500,000	500,000
Issued, Subscribed and Paid - up		
35,305 Equity Shares of Rs. 10/- each fully paid - up in cash Note : The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Company and its nominees	353,050	353,050
	353,050	353,050
SCHEDULE 2 - RESERVES AND SURPLUS		
Share Premium	3,173,850	3,173,850
	3,173,850	3,173,850

SCHEDULE 3 - FIXED ASSETS

Description	Gross Block			Depreciation				Net Block	
	As at 1st April, 2008	Addition during the year	As at 31st March, 2009	As at 1st April, 2008	Depreciation for the year	Adjustment for the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Land	899,157		899,157	-		-	-	899,157	899,157
Building	218,809,672		218,809,672	-	2,675,662	-	2,675,662	216,134,010	218,809,672
Computer	28,000		28,000	19,312	4,539	(8,668)	15,183	12,817	8,688
Lifts	7,207,667		7,207,667	-	381,582	-	381,582	6,826,085	7,207,667
Air - Conditioner	6,154,300		6,154,300	-	219,796	-	219,796	5,934,504	6,154,300
Generator	4,800,000		4,800,000	-	171,429	-	171,429	4,628,571	4,800,000
Building Management System	3,402,805		3,402,805	-	121,529	-	121,529	3,281,276	3,402,805
Total	241,301,601	-	241,301,601	19,312	3,574,536	(8,668)	3,585,181	237,716,420	241,282,289
Previous Year	3,209,892	238,091,708	241,301,601	13,520	5,792	-	19,312	241,282,289	

(Amount in Rupees)

	2009	2008
SCHEDULE 4 - CURRENT ASSETS		
Cash & Bank Balances		
Cash - in - hand	192,400	189,882
Balance with Banks on		
Current Account	565,899	70,459
Fixed Deposit with Bank	1,593,000	1,593,000
	2,351,299	1,853,341

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 5 - LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Telephone Deposit	-	3,000
WBSEB Deposit	87,700	87,700
Interest accrued on Fixed Deposit	181,111	66,273
Tax Deducted at Source	250,431	89,915
Other Advances	3,344	-
	522,586	246,888
SCHEDULE 6 - CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Security Deposit	241,070,700	241,070,700
Sundry Creditors	9,925	-
Other Liabilities	16,030	-
Provisions		
Provision for current tax	137,242	-
	241,233,897	241,070,700

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	March 31, 2009	March 31, 2008
SCHEDULE 7 - ADMINISTRATIVE & OTHER EXPENSES		
Salary & Allowances	-	272,688
Staff Welfare	-	28,868
Travelling and Conveyance	-	37,665
Bank Charges	8	31,935
Filing Fee	2,400	1,290
Audit Fee	11,030	22,472
Director's Fees	-	2,000
Rent, Rates & Taxes	9,925	25,229
Training & Recruitment	-	105,310
Professional Fees	5,000	-
Telephone charges	3,000	-
General Expenses	82	-
	31,445	527,457

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. Basis of preparation of financial statements

- a) The financial statements are prepared in accordance with generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provision of the Companies Act, 1956.
- c) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

2. Revenue Recognition

- a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

3. Fixed Assets

- a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits available thereon) and any attributable cost of bringing the assets to its working condition for the intended use.
- b) The Company has changed the policy to provide depreciation from Written Down Value Method to Straight Line Method during the year at the rates prescribed under schedule XIV of the Companies Act, 1956.
- c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d) Cost of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work - in - progress.

4. Retirement Benefits

Retirement benefits for the eligible employees as per the Company's rules & statutory obligations are provided in the accounts. However, there are no employees as on the Balance sheet date, hence no disclosure is required as per Accounting Standard - 15, Employees Benefits (Revised).

5. Borrowing Costs

- a) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the assets is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

7. Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.

ii) Conversion

Assets and liabilities expressed in foreign currencies are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the year in which they arise.

8. Taxes on Income

Tax expenses comprises of Current Tax, Deferred Tax And Fringe Benefits Tax.

- a) Current Income Tax and Fringe Benefits Tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws.
- b) Deferred Tax arising on account of “timing differences” and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred Tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

9. Earnings per Share (EPS)

- a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighed average number of equity shares outstanding during the period.
- b) For the purpose of calculating diluted earnings per shares, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period or adjusted for the effects of all dilutive potential equity shares.

10. Prior Period Items

Significant items of Income & Expenditure which relate to prior accounting periods, other than those occasioned by events occurring during or after the close of the year and which are treated as relatable to the current year, are accounted in the Profit & Loss account under the head ‘Items related to earlier years’.

11. Provisions & Contingent Liabilities

- a) A provision is recognised when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- b) Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Account.

B. Notes on Accounts

- i. There has been a change in the management of the Company during the year. The entire 35,309 Equity shares of the Company were transferred to Srei Infrastructure Finance Limited on 6th June, 2008 as a result of which the Company has become a wholly owned subsidiary of Srei Infrastructure Finance Limited.
- ii. The Company has changed the accounting policy of method of providing the Depreciation on Fixed Assets from Written Down Value Method to Straight Line Method from 1st April, 2008 to bring it in line with Srei group policy. Had the Company followed the earlier accounting policy, the Profit Before Tax for the year would have been lower by Rs. 7,239,498/-.
- iii. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- iv. Since there is no employee in the Company, Fringe Benefits Tax is not applicable. Therefore no provision has been made for Fringe Benefits Tax.
- v. Earnings & Expenditure in Foreign Currency - Rs. Nil (Previous year Rs. Nil)
- vi. The previous year’s figures have been regrouped / rearranged, wherever considered necessary.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

vii. Basic / Dilutive Earnings Per Share

Particulars	2009	2008
1. Weighted average number of shares	35,305	35,305
2. Profit After Taxes (Rs.)	(2,959,208)	(303,031)
3. Earnings Per Share (Rs.)	(83.82)	(8.58)

viii. Related Party Transactions

The Company has the following related parties:

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Ltd.	Srei Capital Markets Ltd.
	Srei Forex Ltd.
	Srei Sahaj e-Village Ltd.
	Srei Venture Capital Ltd.
	Srei Infrastructure Advisors Ltd.
	Global Investment Trust Ltd.
	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Private Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	IIS International Infrastructure Services GmbH, Germany
ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)	

Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of relationship	Nature of Transaction	Transaction during the period	Closing Balance as on 31st March, 2009
Srei Infrastructure Finance Limited	Holding Company	Equity Participation	303,050	303,050
		Security Deposit taken	241,070,700	241,070,700
		Rent Received	634,500	Nil

Signatories to Schedules 1 to 8.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **ALPS & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Drolia
Partner
Membership No. 052629

Sanjeev Sancheti
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 12th May, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	U29303EB1991PTC052455	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and deployment (Amount in Rs. Thousands)

Total Liabilities	244,761	Total Assets	244,761
Sources of Funds			
Paid Up Capital	353	Reserves & Surplus	3,174
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	237,717	Investments	Nil
Net Current Assets	(238,360)	Misc. Expenditure	4,021
		Deferred Tax Assets	149

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (including other income)	779	Total Expenditure	3,597
Profit / (Loss) Before Tax	(2,818)	Profit / (Loss) After Tax	(2,959)
Earnings per Share (Rs.)	(83.82)	Dividend Rate (%)	Nil

V. Generic names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No (ITC Code)	N.A.		
Product Description	Real Estate		
Item Code No (ITC Code)	N.A.		
Product Description	N.A.		
Item Code No (ITC Code)	N.A.		
Product Description	N.A.		

On behalf of the Board of Directors

Place : Kolkata

Date : 12th May, 2009

Sanjeev Sancheti

Director

Bajrang K. Choudhary

Director

DIRECTORS

Mr. Sanjeev Sancheti
Mr. Bajrang K. Choudhary
Mr. G. P. G. Sherma

AUDITORS

Lodha & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2009.

FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Total Income	33,217	948
Total Expenditure	376,976	421,019
Profit / (Loss) before Tax & Prior Period Items	(343,759)	(420,071)
Prior Period Items	23,270	54,348
Profit / (Loss) before Tax	(367,029)	(474,419)
Provision for Current Taxation - For earlier year	59,135	12,389
Profit / (Loss) After Current Tax	(426,164)	(486,808)
Deferred Tax - Liability reversed	(14,257)	-
Profit / (Loss) After Deferred Tax	(411,907)	(486,808)
Surplus / (Deficit) brought forward from Previous Year	(948,988)	(462,180)
Profit / (Loss) carried to Balance Sheet	(1,360,895)	(948,988)
Paid up Equity Share Capital	5,000,000	5,000,000

Your Company is presently exploring opportunities for venturing into new business activities.

DIVIDEND

In view of loss incurred during the year under review, the Board of Directors of your Company does not recommend any dividend for this year.

FIXED DEPOSIT

Your Company has not accepted any fixed deposits during the year under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of

remuneration requiring disclosures pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Your Company has not utilised any foreign exchange during the year under review (Previous year Nil).

DIRECTORS

Mr. Sanjeev Sancheti was appointed as an Additional Director of your Company w.e.f. 20th October, 2008. In accordance with Article 89 of the Articles of Association of your Company, Mr. Sanjeev Sancheti will hold office as Additional Director upto the date of the ensuing Annual General Meeting of your Company. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to move a resolution for the appointment of Mr. Sanjeev Sancheti as Director of your Company.

Mr. Surinder K. Kalra tendered his resignation as Director of your Company w.e.f. 20th October, 2008. The Board places on record its deep appreciation for the valuable services rendered by him during his tenure as Director of your Company.

In accordance with the provisions of the Companies Act, 1956 and Article 100 of the Articles of Association of your Company, Mr. G. P. G. Sherma, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for re - appointment.

AUDITORS QUALIFICATION

Part B & C and point no. (vi) of Para D of the Auditors' Report by M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company are self explanatory. Since the management has taken necessary steps for recovery of these balances, the management is of the opinion that these amounts are recoverable and will have no overall impact. Hence no provision for the same has been made in accounts of the Company for the financial year 2008 - 09.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a certificate from a Company Secretary in Whole time Practice in respect to compliances by your Company with all the provisions of the Companies Act, 1956 is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.

AUDITORS

M/s. Lodha & Co., Chartered Accountants retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re - appointed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co - operation received from the holding company, Srei Infrastructure Finance Limited.

On behalf of the Board of Directors

Place : Kolkata	Sanjeev Sancheti	Bajrang K. Choudhary
Dated : 9th June, 2009	Director	Director

AUDITORS' REPORT

To the Members,
Srei Forex Limited

We have audited the attached Balance Sheet of **Srei Forex Limited**, as at 31st March, 2009 and the Profit and Loss Account along with the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, and in terms of information and explanations given to us and also on the basis of such checks as we considered appropriate, we further state that:

- i) As informed to us the Company has not taken / given any unsecured loan to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (b) to (g) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- ii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. However, during the year there were no purchase of inventory, fixed assets and sale of goods and services.
- iii) According to the information and explanations provided by the management, there were no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act 1956. Accordingly, para 4(v)(b) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- iv) The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provision of the Act, 1956 and the rules framed there under.
- v) In our opinion the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

- vi) As informed, the Central Government has not prescribed maintenance of cost records under clause (d) of sub - section (1) of Section 209 of the Companies Act, 1956 for the product / services of the Company.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed dues payable in respect of Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there were no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and Cess which have not been deposited with appropriate authority on account of dispute.
- viii) Based on the financial statements covered pursuant to this report, the accumulated losses of the Company has not exceeded 50% of its net worth at the end of the financial year and the Company has incurred cash losses during the financial year and the immediately preceding financial year.
- ix) There are no borrowings from Financial Institutions and Banks and there are no debenture holders at any time during the year. Accordingly, the provisions of clause 4(xi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- x) According to the information and explanations given and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xi) The Company is not a chit fund or a nidhi mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xii) According to the information and explanations given to

us the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- xiii) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiv) According to the information and explanations given to us, the Company has not availed any term loans during the current financial year.
- xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no short - term funds have been used for long term investments during the year.
- xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of the clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvii) The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xviii) The Company has not raised money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xix) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, we have neither come across any incidence on or by the Company nor have we been informed of any of such case by the management.
- xx) Para 4(i) and (ii) are not applicable to the Company.

B. *Attention is invited to Note No.8(d) of Schedule 9(B) regarding overdue outstanding balance from certain debtors exceeding 6 months. The amount recoverable there against, adjustments arising in this respect & its consequential impact on the profit for the year, net current assets and reserves and surplus at the year end cannot be commented upon by us.*

C. *The overall impact of the adjustments to be carried out as per our remarks as given in Para B above has not been ascertained and therefore cannot be commented upon by us.*

D. Further to the above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of books of accounts;
- iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub - section 3(C) of Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and *subject to our remarks as mentioned in para B and our inability to ascertain and comment on the overall impact with respect to these as stated in Para C above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants

H. K. Verma
Partner

Place : Kolkata
Date : 9th June, 2009

Membership No. 55104

COMPLIANCE CERTIFICATE

[In accordance with proviso to sub - section (1) of Section 383A of the Companies Act, 1956 and The Companies (Compliance Certificate) Rules, 2001]

Registration No.	: 21 - 93780
CIN No.	: U74999WB2001PLC093780
Date of incorporation	: 26.09.2001
Date of obtaining certificate of commencement of business	: 23.04.2002
Authorised Share Capital	: Rs. 50 Lakh
Paid - up Share Capital	: Rs. 50 Lakh

To the Members,
Srei Forex Limited

I have examined the registers, records, books and papers of **Srei Forex Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder or with late filing fees. No forms and returns were filed with Regional Director, Central Government, Company Law Board or other authorities.
3. The Company, being a public limited company, has the minimum prescribed paid up capital and other comments are not required as they are applicable to a private limited company.
4. The Board of Directors of the Company duly met 04 (four) times respectively on 13.06.2008, 10.07.2008, 20.10.2008 and 20.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 10.07.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government in this regard.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i) has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act. There was no allotment or transmission of securities during the financial year;
 - (ii) has not deposited any amount in a separate Bank Account, as no dividend was declared during the financial year;
 - (iii) was not required to pay / post warrants to any member of the Company, as no dividend was declared during the financial year;
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund;
 - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is comprised of three directors (Shri G.P.G Sherma, Shri Bajrang Kumar Choudhary and Shri Sanjeev Sancheti). Shri Bajrang Kumar Choudhary, who was appointed as an Additional Director by the Board of Directors w.e.f 05.11.2007 was appointed as Director at the Annual General Meeting held on 10.07.2008. Shri Sanjeev Sancheti was appointed as an Additional Director w.e.f 20.10.2008. Shri S.K.Kalra resigned from the directorship of the Company w.e.f 20.10.2008. There was no other appointment of additional directors, alternate directors or additional directors. No casual vacancy occurred in the Board during the financial year.

15. The Company has not appointed any Managing Director / Whole - time Director / Manager during the financial year.
16. The Company has not appointed any sole - selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits, including unsecured loan falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year, in violation of the provisions of Section 293(1) (d) of the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate, where applicable, in violation of the provisions of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. I have been given to understand by the management that there was / were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

C. S. Deepak Kumar Khaitan

Practising Company Secretary

F. C. S. No. 5615

C. P. No. 5207

Place : Kolkata

Date : 9th June, 2009

ANNEXURE 'A'

Registers and Records as maintained by the Company

Sl.No.	Particulars	Under Section
(a)	Register of Members	150
(b)	Index of Members	151
(c)	Minutes Book of Meetings of Board of Directors	193
(d)	Minutes Book of Meetings of Shareholders	193
(e)	Register of particulars of contracts in which directors are interested	301
(f)	Register of Directors, Managing Director, Manager and Secretary	303
(g)	Register of Directors' shareholdings	307
(h)	Application and Allotment Register	
(i)	Register of Transfer	

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March, 2009: -

Sl. No.	Form No. / Return (SRN with Transaction Status as on the date of this certificate)	Filed under section	For	Date of filing	Whether filed Within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No/NA
01.	Form 32 (SRN A42347476 - Approved)	303(2)	For change in designation - from Additional Director to Director since Shri Bajrang Kumar Choudhary, who was appointed as Additional Director by the Board of Directors w.e.f. 05.11.2007 was subsequently appointed as Director of the Company by the members of the Company at the Annual General Meeting held on 10.07.2008	31.07.2008	Yes	N.A.
02.	Form 23AC & Form 23ACA (Balance Sheet etc.) (SRN P20341418 - Approved)	220	Year ended 31.03.2008 (AGM held on 10.07.2008)	07.08.2008	Yes	N.A.
03.	Form 66 (Compliance Certificate) (SRN P20378618 - Approved)	383A	Year ended 31.03.2008 (AGM held on 10.07.2008)	09.08.2008	Yes	N.A.
04.	Form 20B (Annual Return) (SRN P20883658 - Approved)	159	AGM held on 10.07.2008	02.09.2008	Yes	N.A.
05.	Form 32 (SRN A49328206 - Approved)	303(2)	For appointment of Shri Sanjeev Sancheti as Additional Director of the Company w.e.f 20.10.2008 and for resignation of Shri S. K. Kalra from the directorship of the Company w.e.f 20.10.2008.	06.11.2008	Yes	N.A.
06.	Form 22B (SRN A50226679 - Approved)	187C(4)	Return regarding transfer of beneficial interest in shares for change in the three nominees of the holding company i.e. Srei Infrastructure Finance Limited w.e.f 20.10.2008 for which declarations received on 20.10.2008	17.11.2008	Yes	N.A.



Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	Schedule		2009		2008
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		5,000,000		5,000,000
Unsecured loan					
Other loan from Holding Company			8,280,000		8,000,000
Deferred Tax Liability			-		14,257
Total			13,280,000		13,014,257
APPLICATION OF FUNDS					
Current Assets, Loans and Advances					
Current Assets	2	12,190,827		12,210,127	
Loans & Advances	3	39,205		284,834	
		12,230,032		12,494,961	
Less: Current Liabilities & Provisions					
Liabilities	4	310,927		268,339	
Provisions	5	-		205,708	
		310,927		474,047	
Net Current Assets			11,919,105		12,020,914
Miscellaneous Expenditure					
(To the extent not written off or adjusted)	6				
Preliminary Expenses			-		44,355
Profit & Loss Account			1,360,895		948,988
Total			13,280,000		13,014,257
Significant Accounting Policies and Notes on Accounts	9				

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

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

For **Lodha & Co.**
Chartered Accountants

On behalf of the Board of Directors

H. K. Verma
Partner

G. P. G. Sherma
Director

Bajrang K. Choudhary
Director

Place : Kolkata

Date : 9th June, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	Schedule	2009	2008
INCOME			
Other Income	7	33,217	948
Total		33,217	948
EXPENDITURE			
Administrative & Other Expenses	8	332,621	409,929
Miscellaneous Expenditure written off		44,355	11,090
Total		376,976	421,019
Profit / (Loss) Before Tax & Prior Period Items		(343,759)	(420,071)
Prior Period Items		23,270	54,348
Profit / (Loss) Before Tax		(367,029)	(474,419)
Provision for Current Tax - For earlier year		59,135	12,389
Profit / (Loss) After Current Tax		(426,164)	(486,808)
Deferred Tax- liability reversed		(14,257)	-
Profit / (Loss) After Deferred Tax		(411,907)	(486,808)
Surplus / (Deficit) brought forward from previous year		(948,988)	(462,180)
Surplus / (Deficit) carried to Balance Sheet		(1,360,895)	(948,988)
Earnings Per Equity Shares (Rs.) (Face Value Rs. 10/- per Share)		(0.82)	(0.97)
Significant Accounting Policies and Notes on Accounts	9		

The Schedules referred to above form an integral part of Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For **Lodha & Co.**
Chartered Accountants

On behalf of the Board of Directors

H. K. Verma
Partner

G. P. G. Sherma
Director

Bajrang K. Choudhary
Director

Place : Kolkata
Date : 9th June, 2009

Cash Flow Statement for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
A. Cash Flow From Operating Activities		
Net Profit before Taxes & Extraordinary items	(343,759)	(420,071)
Add: Adjustments for:		
Depreciation / Amortisation	-	-
Preliminary Expenses written off	44,355	11,090
Liability No Longer Required Now Written Back	(14,733)	-
Provision for doubtful debts	-	-
Interest Paid	-	-
Less: Adjustments for:		
Interest Received	-	(948)
Operating Profit before Working Capital changes	(314,137)	(409,929)
Adjustments for:		
(Increase) / Decrease in Stock in Trade	-	-
(Increase) / Decrease in Trade & Other Receivables	-	-
Increase / (Decrease) in Trade Payables and other liabilities	57,321	(22,745)
Cash Generated From Operations	(256,816)	(387,184)
Less: Direct Taxes Paid	(19,214)	(62,115)
Cash Flow before Extraordinary Item	(276,030)	(325,069)
Prior Period and Extra Ordinary Item	(23,270)	(54,348)
Net Cash Flow from Operating Activities	(299,300)	(379,417)
B. Cash Flow from Investing Activities		
(Purchase) / Sale of Fixed Assets	-	-
Dividend Received	-	-
Interest Received	-	948
Sale / (Purchase) of Investments	-	-
Net Cash used in Investing activities	-	948
C. Cash Flow from Financing Activities		
Proceeds from Borrowings	280,000	200,000
Interest Paid	-	-
Net Cash flow from financing activities	280,000	200,000
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(19,300)	(178,469)
Cash and Cash Equivalents as on 01.04.2008 (Op. Balance)	46,466	224,935
Cash and Cash Equivalents as on 31.03.2009 (Cl. Balance)	27,166	46,466

Note:

1. Cash & Cash equivalents represents Cash in hand and Balances with Banks.
2. The above Cash Flow Statements has been compiled / prepared based on the audited accounts of the Company under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India and the reallocations made as required for the purpose.

As per our report of even date attached.

For **Lodha & Co.**
Chartered Accountants

On behalf of the Board of Directors

H. K. Verma
Partner

G. P. G. Sherma
Director

Bajrang K. Choudhary
Director

Place : Kolkata

Date : 9th June, 2009

Schedules to the Balance Sheet as at 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
500,000 (Previous year 500,000) Equity Shares of Rs. 10/- each	5,000,000	5,000,000
Issued, Subscribed and Paid - Up Capital		
500,000 (Previous year 500,000) Equity Shares of Rs. 10/- each fully paid - up	5,000,000	5,000,000
Note: The entire Share Capital is held by Srei Infrastructure Finance Limited, the Holding Co. and its nominees		
SCHEDULE 2 - CURRENT ASSETS		
Debtors - (Unsecured, considered good)		
Exceeding six months	12,163,661	12,163,661
Cash in hand	1	1,171
Balances with Scheduled Banks		
- In Current Accounts	27,165	45,295
	12,190,827	12,210,127
SCHEDULE 3 - LOANS & ADVANCES		
(Unsecured, considered good)		
Advances (recoverable in cash or in kind or for value to be received or pending adjustments)	30,000	30,000
Advance Income Tax (including tax deducted at source)	9,205	254,834
	39,205	284,834
SCHEDULE 4 - LIABILITIES		
Sundry Creditors:		
Dues to Micro & Small Enterprises	-	-
Others	310,927	268,339
	310,927	268,339
SCHEDULE 5 - PROVISIONS		
Provision for Income Tax	-	205,708
	-	205,708
SCHEDULE 6 - MISCELLANEOUS EXPENDITURE		
Opening balance	44,355	55,445
Less: Amortised during the year	44,355	11,090
	-	44,355

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Amount in Rupees)

	2009	2008
SCHEDULE 7 - OTHER INCOME		
Interest	-	506
Miscellaneous Income - refund of TDS	18,484	442
Liability No Longer Required Now Written Back	14,733	-
	33,217	948
SCHEDULE 8 - ADMINISTRATIVE & OTHER EXPENSES		
Salaries, Allowances & Bonus	159,340	194,423
Employer's Contribution to Provident Fund	10,836	11,520
Employer's Contribution to Provident Fund - relating to earlier years	62,448	16,501
Postage, Telegram & Telephone	4,691	6,849
Professional Fees	17,596	14,989
Rent, Rates & Taxes	2,558	2,500
Auditors' Remuneration	27,575	33,708
Repairs & Maintenance - Others	17,052	31,854
Travelling & Conveyance	-	1,344
Directors' Fees	-	6,000
Legal Expenses	170	23,950
Filing Fees	5,020	5,570
Miscellaneous Expenses	25,335	4,084
Irrecoverable balances of TDS written off	-	56,637
	332,621	409,929

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 9 - SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS

A. Significant Accounting Policies

1. General

Financial statements are prepared under the historical cost convention and in accordance with the generally Accepted Accounting principles as acceptable in India, the Accounting Standards prescribed by the Central Government by Companies (Accounting Standards) Rule, 2006 and are on the basis of a going concern.

2. Revenue Recognition

Sale and purchase of foreign currencies, travellers' cheques & commission thereon and all other income and expenses are accounted for on accrual basis. Dividend is accounted for on accrual basis when the right to receive the dividend is established.

3. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

4. Employee Benefits

Employee benefits are accrued in the year services are rendered by the employees.

5. Tax on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the year using applicable tax rates and tax laws. Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Tax effect of timing differences for the current year are included in the profit & loss account as a part of expense and Deferred Tax liability / assets, as the case may be, in the balance sheet.

6. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimates in measurement is recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statement. Contingent liabilities, if any, are disclosed by way of notes to the accounts.

B. Notes On Accounts

- During the period ended the Company has outstanding unsecured interest free loan of Rs. 82.80 lakh (Previous year Rs. 80 lakh) from the holding company i.e. Srei Infrastructure Finance Ltd.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 9 - SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS

- The Company has changed the accounting policy of preliminary expenses written off from 1st April, 2008. The entire balance of preliminary expenses has been written off during the year. Had the Company followed earlier accounting policy, the Profit Before Tax for the year and Preliminary Expenses to the extent not written off or adjusted for the year as on 31 March, 2009 would have been higher by Rs. 33,265/-.
- The Company has challenged the constitutional validity of Fringe Benefits Tax before the Hon'ble High Court of Calcutta and the Hon'ble High Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability of Fringe Benefits Tax.
- There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2009. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

5. The components of Deferred Tax Asset / (Liability) as on 31st March, 2009 are as follows: (Amount in Rupees)

Particulars	As on 1.4.2008	Adjustments	As on 31.03.2009
Deferred Tax Liability	14,257	(14,257)	Nil
Net Deferred Tax Liability			Nil

6. Auditor's Remuneration (inclusive of Service Tax) (Amount in Rupees)

	2008-09	2007-08
Audit Fees	27,575	28,090
Certificates	-	5,618

7. Related Party Transactions

The Company has the following related parties:

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Limited	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 25th September, 2008)*
	Srei Equipment Finance Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Insurance Broking Pvt. Ltd. (ceased to be fellow subsidiary w.e.f. 2nd April, 2008)
	Srei Capital Markets Ltd.
	Srei Infrastructure Advisors Ltd.
	Srei Venture Capital Ltd.
	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Cyberabad Trustee Company Pvt. Ltd. (Subsidiary of Srei Venture Capital Ltd.)
	Controlla Electrotech Pvt. Ltd. w.e.f. 6th June, 2008
	Srei Sahaj e-Village Ltd.
	Global Investment Trust Ltd.
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd. w.e.f. 17th July, 2008)
	IIS International Infrastructure Services, GmbH, Germany
	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure GmbH, Germany)

*ceased to be Subsidiary of Srei Capital Markets Ltd. w.e.f. 25th September, 2008.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 9 - SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS

Summary of transactions with related parties:

Particulars	(Amount in Rupees)	
		Holding Company
Unsecured Loan received	280,000	(8,000,000)
Outstanding at the year end	8,280,000	(8,000,000)

Figures in brackets represent previous year amount.

8. Employee Benefits

Leave encashment has been considered as short term employee benefits accordingly liability at the year end has been recognised on undiscounted basis.

The Company had only one employee whose services have been transferred to Srei Infrastructure Finance Limited with effect from 01.02.2009. Accordingly, the details of employees benefits recognised during the year is given as follow:

	(Amount in Rupees)
Employer's Contribution to Provident Fund	10,836
Liability of Gratuity written back	7,110

Employers contribution to provident fund trust represent shortfall in fund contributed during the year.

9. (a) In earlier year two incidence of frauds on the Company had been committed by third parties in collusion with some of the employees of the Company by misappropriating the Company's fund amounting to Rs. 8,792,150/-. The Company has taken necessary legal steps including filing of insurance claim with the insurer for recovery and the said amount remains included in Sundry Debtors.
- (b) The Company vide its letter dated 16.10.2006 had surrendered its Full Fledged Money Changers Licence No. FE/KOL/MC/101-1999 issued by Reserve Bank of India. Accordingly, all the business operations of the Company has been discontinued with effect from 16th October, 2006.
- (c) The management is also planning to explore new business opportunities in the Company, and accordingly, the accounts have been prepared on a going concern basis.
- (d) Sundry Debtors balances of Rs. 12,163,661/- (Including Rs. 8,792,150/- as referred to in (note 9a. above) are overdue for payment. The management has taken steps for recovery of these balances and in the opinion of the management these balances are recoverable and no provision is required in this regard.

10. Earnings per Share

Particulars	2008-09	2007-08
Profit after taxation (Rs.)	(411,907)	(486,808)
Weighted average number of Equity Shares outstanding during the year	500,000	500,000
Basic & Diluted Earnings Per Share (in Rs.)	(0.82)	(0.97)

11. The previous year's figures have been regrouped / rearranged, wherever considered necessary.

Signatories to Schedules 1 to 9.

As per our report of even date attached.

For **Lodha & Co.**
Chartered Accountants

On behalf of the Board of Directors

H. K. Verma
Partner

G. P. G. Sherma
Director

Bajrang K. Choudhary
Director

Place : Kolkata

Date : 9th June, 2009

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	93780	State Code	21
Balance Sheet Date	31st March, 2009		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	13,591	Total Assets	13,591
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Sources of Funds

Paid up Capital	5,000	Reserves & Surplus	Nil
Unsecured Loans	8,280	Secured Loans	Nil
		Deferred Tax Liability	Nil

Application of Funds

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	11,919	Misc. Expenditure	Nil
Accumulated Losses	1,361		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (Incl. Other Income)	33	Total Expenditure	400
Profit Before Tax	(367)	Profit After Tax (+)	(412)
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings Per Share (Rs.)	(0.82)	Dividend Rate (%)	Nil

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)			
Product Description			
Item Code No. (ITC Code)			
Product Description			
Item Code No. (ITC Code)			
Product Description			

On behalf of the Board of Directors

Place : Kolkata
Date : 9th June, 2009

G. P. G. Sherma
Director

Bajrang K. Choudhary
Director

DIRECTORS

Mr. Hemant Kanoria
Dr. Stefan Friedrich Kinnemann

AUDITORS

Sauerland Rybka und Partner

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company takes pleasure in presenting the Sixth Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31st March, 2009.

Financial Results and Operations.

Particulars	(Amount in Euro)		(Amount in Rupees)	
	Year ended 31st March, 2009	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2008
Other operating income	21.795,00	18.995,00	1,464,711	1,198,955
Depreciation	(298,80)	-	(20,081)	-
Other operating Expenses	(57.034,53)	(48.310,52)	(3,832,948)	(3,049,338)
Other interest	6.718,39	42.865,21	451,503	2,705,633
Profit / (Loss) from ordinary operations	(28.819,94)	13.549,69	(1,936,815)	855,250
Loss carried forward	(208.515,80)	(222.065,49)	(14,013,096)	(14,016,672)
Accumulated Deficit	(237.335,74)	(208.515,80)	(15,949,911)	(13,161,422)

Results Of Operations

During the year under review, your Company has made a loss of Euro 28.819,94 (Rs. 1,936,816/-) as against a profit of Euro 13.549,69 (Rs. 855,251/-) in the previous year.

Outlook

Your Company is exploring the investment opportunities in other fast growing nations such as UAE, Singapore etc. Your Directors are confident of reaping the rewards of its investment in the coming years of its operation.

Dividend

In view of the loss incurred during the year, the Directors do not recommend any Dividend for the Financial Year ended 31st March, 2009.

Share Capital

Your Company is a subsidiary of Srei Infrastructure Finance Limited and has a Share Capital of Euro 6.37 million (Rs. 428.09 million). The Share Capital was proposed to be increased during the reporting period by the amount of EURO 7.000.000,00 (Rs. 470,428,000/-), but due to adverse market conditions globally and specifically in Europe, shareholders have decided not to raise the capital at the present moment and hence applied for capital reduction for the same amount.

Auditors

Sauerland Rybka und Partner, Independent Auditors of your Company for the year under review have submitted their Report on financial statements for the Financial Year 2008 - 09.

Acknowledgement

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and cooperation extended by various clients, agencies, vendors, banks, the holding Company and statutory authorities and look forward to their continued support.

By Order of the Board

Hemant Kanoria
Managing Director

27th April, 2009

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of IIS International Infrastructure Services GmbH, Bonn, which comprise the balance sheet as at 31st March, 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IIS International Infrastructure Services GmbH, Bonn, as of 31st March, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Cologne, April 27, 2009

Sauerland Rybka und Partner
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Matthias Küpper
Wirtschaftsprüfer

Wolfgang Rogalli
Wirtschaftsprüfer

Balance Sheet as of 31st March, 2009

	Notes	(Amount in Euro)		(Amount in Rupees)	
		2009	2008	2009	2008
ASSETS					
A. Fixed Assets					
Equipment					
Other equipment, operational and office equipment		1.491,00	-	100,201	-
Financial Assets					
Subsidiaries	1	5.944.793,82	5.944.793,82	399,513,924	375,232,675
		5.946.284,82	5.944.793,82	399,614,125	375,232,675
B. Current Assets					
I. Accounts receivable & other assets					
Other receivables	2	6.546,80	5.034,52	439,971	317,777
II. Cash at banks					
	3	192.972,63	223.237,85	12,968,533	14,090,671
		199.519,43	228.272,37	13,408,504	14,408,448
		6.145.804,25	6.173.066,19	413,022,629	389,641,123
SHAREHOLDERS' EQUITY AND LIABILITIES					
A. Shareholders' Equity					
I. Share capital					
	4	6.370.000,00	6.370.000,00	428,089,480	402,071,495
II. Accumulated deficit					
		(237.335,74)	(208.515,80)	(15,949,911)	(13,161,422)
		6.132.664,26	6.161.484,20	412,139,569	388,910,073
B. Current Liabilities					
Trade account payable					
		4.639,99	81,99	311,826	5,175
Other liabilities & accrued expenses					
	5	8.500,00	11.500,00	571,234	725,875
		13.139,99	11.581,99	883,060	731,050
		6.145.804,25	6.173.066,19	413,022,629	389,641,123

Income Statement for the period 1st April, 2008 to 31st March, 2009

	Notes	(Amount in Euro)		(Amount in Rupees)	
		2009	2008	2009	2008
1. Other Operating Income	6	21.795,00	18.995,00	1,464,711	1,198,955
2. Depreciation		(298,80)	-	(20,081)	-
3. Other Operating Expenses	7	(57.034,53)	(48.310,52)	(3,832,948)	(3,049,338)
4. Other interest		6.718,39	42.865,21	451,503	2,705,633
5. Loss / Profit from ordinary operations		(28.819,94)	13.549,69	(1,936,815)	855,250
6. Loss carried forward		(208.515,80)	(222.065,49)	(14,013,096)	(14,016,672)
7. Accumulated Deficit		(237.335,74)	(208.515,80)	(15,949,911)	(13,161,422)

Statement of Changes in Shareholders' Equity for the year ended 31st March, 2009

	(Amount in Euro)			(Amount in Rupees)		
	Share Capital	Accumulated Deficit	Total Shareholders' Equity	Share Capital	Accumulated Deficit	Total Shareholders' Equity
At 31st March, 2007	2.970.000,00	(222.065,49)	2.747.934,51	199,595,880	(14,923,689)	184,672,191
Issuance of share capital	3.400.000,00	-	3.400.000,00	228,493,600	-	228,493,600
Net Profit	-	13.549,69	13.549,69	-	910,593	910,593
At 31st March, 2008	6.370.000,00	(208.515,80)	6.161.484,20	428,089,480	(14,013,096)	414,076,384
Issuance of share capital	7.000.000,00	-	7.000.000,00	470,428,000	-	470,428,000
Capital reduction applied for	(7.000.000,00)	-	(7.000.000,00)	(470,428,000)	-	(470,428,000)
Net Loss	-	(28.819,94)	(28.819,94)	-	(1,936,815)	(1,936,815)
At 31st March, 2009	6.370.000,00	(237.335,74)	6.132.664,26	428,089,480	(15,949,911)	412,139,569

Statement of Cash Flows for the year ended 31st March, 2009

	(Amount in Euro)		(Amount in Rupees)	
	2009	2008	2009	2008
Net profit	(28.819,94)	13.549,69	(1,936,815)	855,250
Write - off of financial non - current assets	298,80	-	20,081	-
Increase / Decrease receivables	(1.512,28)	1.287,95	(101,631)	81,295
Increase / Decrease liabilities	1.558,00	(34.845,01)	104,704	(2,199,402)
Operating Cash - flow	(28.475,42)	(20.007,37)	(1,913,661)	(1,262,857)
Cash payments for investment in fixed non - current assets	(1.789,80)	-	(120,282)	-
Cash payments for investment in financial non - current assets	-	(3.222.950,87)	-	(203,431,189)
Cash receipts from the disposal of financial non - current assets	-	58.876,00	-	3,716,226
Cash receipts from capital increases	-	3.400.000,00	-	214,606,450
Investing Cash - flow	(1.789,80)	235.925,13	(120,282)	14,891,487
Change in Cash at Banks	(30.265,22)	215.917,76	(2,033,943)	13,628,630
Cash at Banks 1st April	223.237,85	7.320,09	15,002,476	462,041
Cash at Banks 31st March	192.972,63	223.237,85	12,968,533	14,090,671

Notes to the financial statements for the year 2008 - 09

1. General

Nature and purpose of the IIS International Infrastructure Services GmbH, Bonn, Germany, business is leasing and hiring out of movable property, especially for infrastructure projects and consulting services in Germany and other countries. The Company is acting as a holding company with one Subsidiary company operating in this business. The Company itself is Subsidiary of Srei Infrastructure Finance Limited, India.

2. Presentation of financial statement

The financial statements of IIS International Infrastructure Services GmbH, Bonn, Germany, are based on the German financial statements which were prepared under German Generally Accepted Accounting Principles (GAAP) and were transformed according to International Financial Reporting Standards (IFRS) so that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The measurement and presentation currency for the accompanying financial statements is EURO.

3. Summary of significant accounting Policies

Foreign currencies transactions

Transactions in currencies other than EURO (only financial assets) are recorded at the rates of exchange prevailing on the dates of the transactions.

1. Financial assets

Subsidiaries show the 63,49 % participation in the closed joint stock Company ZAO Srei Leasing in Moscow / Russian Federation.

The subsidiary is capitalised under the cost method. Cost include capital injections and legal and advisory cost connected with the legal foundation of the participations (€ 9.893,82) (Rs. 664,904/-).

The Capital injections were paid in local currency (Russian Ruble) and converted into Euro with the exchange rate of the date of the capital injection. At 31st March, 2009 no currency transaction adjustment was made.

Impairment of financial assets - At each balance sheet date, the Company reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. There was no indication for an impairment loss.

Financial Investments

Company		Subscribed capital in local currency	Quote - part thereof	Quote - part %
Closed joint stock company ZAO Srei Leasing	Russian Federation Moscow	330.750.000,00 RUB	210.000.000,00 RUB	63,49

2. Other Receivables

Other receivables included tax refunds and interests.

3. Cash at banks

Cash at banks are a current bank account (EURO 18.408,26) (Rs. 1,237,109/-) and fixed deposit (EURO 174.564,37) (Rs. 11,731,424/-) at Deutsche Bank AG with the nominal value at 31st March, 2009.

4. Share Capital

The share capital of the Company amounts to EURO 6.370.000,00 (Rs. 428,089,480/-). It was proposed to be increased during the reporting period by the amount of EURO 7.000.000,00 (Rs. 470,428,000/-), but due to adverse market conditions globally and specifically in Europe, shareholders have decided not to raise the capital at the present moment and hence applied for capital reduction for the same amount. The share capital of EURO 6.370.000,00 (Rs. 428,089,480/-) was fully paid into the Company by the shareholders at 31st March, 2009 which are:

	Amount in Euro	Amount in Rupees
Srei Infrastructure Finance Ltd., India	5.895.000,00	396,167,580
MBCV Holding Ltd., Mauritius	250.000,00	16,801,000
Eternity Venture Pty Ltd., Singapore	224.000,00	15,053,696
Dr. Kinnemann, Germany	1.000,00	67,204
	6.370.000,00	428,089,480

5. Liabilities

Liabilities are valued at their nominal value. The amounts recognised as accrued expenses are the best estimate of the expenditure required to settle the present obligation.

Profit and loss statement**6. Other operating income**

Other operating incomes are travel costs and were invoiced to ZAO Srei Leasing.

7. Other operating expenses

	Amount in Euro	Amount in Rupees
Legal and consulting cost	38.871,46	2,612,318
Travelling Cost	6.409,09	430,716
Other Cost	11.753,98	789,914
Other operating expenses	57.034,53	3,832,948

Due to the taxable loss carry forward no taxes on profit from ordinary operations are disclosed.

8. Other Informations

The Company has entered into a suretyship agreement for the benefit of Investment Credit Bank Limited Company, Moscow, Russia. The suretyship ends for a volume of USD 3,0 million at 31st December, 2009.

Another suretyship agreement of USD 3,0 million was given to Commercial Bank of India LLC until 31st December, 2009.

The Company has entered into a third suretyship agreement of RUB 120,0 million for the benefit of Commercial Bank of India LLC. The suretyship ends:

	Amount in RUB
January 20, 2010	24.000.000,00
July 20, 2010	24.000.000,00
January 20, 2011	24.000.000,00
July 20, 2011	24.000.000,00
March 5, 2012	24.000.000,00
	120.000.000,00

The surety interests are limited to the total amount of RUB 151.622.795,00.

All suretyships were given for credits for the subsidiary ZAO Srei Leasing.

Note: The Audited Financial Statements of IIS International Infrastructure Services GmbH, prepared in accordance with the laws of Germany, the country of incorporation, do not include the Indian Rupee equivalent figures, which have been arrived at by applying the year end interbank exchange rate of EURO 1 = Rs. 67.204/- (2008 EURO 1 = Rs. 63.1195/-).

Managing Directors

Dr. Stefan Kinnemann, Bonn

Hemant Kanoria, Kolkata / India

IIS International Infrastructure Services GmbH

Dr. Stefan Kinnemann
Managing Director

Hemant Kanoria
Managing Director

Bonn, April 22nd, 2009

DIRECTORS

Mr. Rajinder Singh Sethi - Chairman
 Mr. Rostyslav Futalo - Managing Director
 Mr. Hemant Kanoria
 Mr. Sunil Kanoria
 Mr. Arnab Basu

GENERAL DIRECTOR

Mr. Rajesh Bhalotia

FINANCIAL CONTROLLER

Mr. Sharad Sahu

AUDITORS

RSM Top - Audit

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company takes pleasure in presenting the Fifth Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31st December, 2008.

FINANCIAL RESULTS AND OPERATIONS

Particulars	(Amount in RUR)		(Amount in Rupees)	
	Year ended 31st December, 2008	Year ended 31st December, 2007	Year ended 31st December, 2008	Year ended 31st December, 2007
Net Interest Income	125,560,791	68,030,121	192,506,038	115,903,170
Foreign currency translation differences, net	5,197,530	(2,892,431)	7,968,697	(4,927,845)
Other Income	12,059,396	992,500	18,489,104	1,690,926
Operating Expenses	(104,928,563)	(59,351,124)	(160,873,325)	(101,116,730)
Profit / (Loss) before Bad Debts and Provisions / Write offs	37,889,154	6,779,066	58,090,514	11,549,521
Profit / (Loss) before Income Tax	7,955,769	6,779,066	12,197,546	11,549,521
Income Tax	(1,938,280)	(1,874,583)	(2,971,713)	(3,193,734)
Net Profit / (Loss)	6,017,489	4,904,483	9,225,833	8,355,787
Profit / (Loss) Carried Forward	101,670	(4,802,813)	155,878	(8,182,571)
Accumulated Surplus / Deficit	6,119,159	101,670	9,381,711	173,216

RESULTS OF OPERATIONS

The total income during the year under report was RUR 142,817,717 (Rs. 218,963,839/-) as against RUR 66,130,190 (Rs. 112,666,251/-) during the previous year. Net profit for the year was RUR 6,017,489 (Rs. 9,225,833/-) against the profit of RUR 4,904,483 (Rs. 8,355,787/-) in the year 2007.

Your Company achieved three years of successive profits and has established good contacts with equipment dealers, financial institutions and customers in the local market. Your Directors are confident of reaping the rewards of its efforts in the coming year of its operations.

DIVIDEND

In order to conserve resources, the Directors do not recommend any Dividend for the Financial Year ended 31st December, 2008.

SHARE CAPITAL

During the year, European Bank for Reconstruction & Development (UK) and DEG (Germany) subscribed 15% Equity Share Capital each in the Company at a premium of 10%. The Share Capital of your Company was increased from RUR 236,250,000 (Rs. 402,500,000/-) to RUR 330,750,000 (Rs. 507,095,977/-) during the year under review. Your Company is a subsidiary of IIS International Infrastructure Services GmbH.

DIRECTORS

During the year under review, Dr. Stefan Friedrich Kinnemann resigned as a Director of your Company w.e.f. 4th December, 2008 and Mr. Rostyslav Futalo was appointed as the Managing Director of your Company w.e.f. 18th February, 2009.

AUDITORS

RSM Top - Audit, Independent Auditors for the year under review, has submitted their Report under IFRS Accounting on the financial statements for the Financial Year ended 31st December, 2008.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and cooperation extended by various clients, agencies, vendors, banks, employees, the holding Company and statutory authorities and look forward to their continued support.

By Order of the Board

Rajinder Singh Sethi

Chairman

29th May, 2009

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE CJSC “SREI LEASING”

We have audited the accompanying financial statements of CJSC “Srei Leasing” («the Company» which comprise the Balance Sheet as of 31st December, 2008 and the statement of operations, Cash Flow Statement and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

AUDITOR'S OPINION

In our opinion the accompanying financial statements present fairly in all material respects, the financial positions of **CJSC “Srei Leasing”** as of 31st December, 2008, and the results of its operations, its cash flows and changes in equity for the year then ended in conformity with International Financial Reporting Standards.

For **RSM Top - Audit**

Place : Moscow, Russian Federation
Date : 29th May, 2009

Nina Dantser
Partner

Balance Sheet for the year ended 31st December, 2008

		(Amount in RUR)		(Amount in Rupees)	
	Notes	2008	2007	2008	2007
ASSETS					
Non - Current Assets					
Property and equipment, less accumulated depreciation	4	4,305,442	2,754,014	6,600,975	4,692,024
Intangible Assets		1,981,396	3,167,179	3,037,817	5,395,935
Investment in leases, less allowance for losses	5	490,866,543	453,277,278	752,581,858	772,250,177
Deferred profit tax	11	-	720,970	-	1,228,319
		497,153,381	459,919,441	762,220,650	783,566,455
Current Assets					
Financial and Other Current Assets	6	356,660,880	333,992,320	546,821,761	569,023,953
Investment in leases, less allowance for losses	5	460,482,385	295,457,316	705,997,778	503,371,724
Short - term Investments	7	8,822,934	-	13,527,058	-
Cash and cash equivalents	8	108,750,675	74,894,398	166,733,272	127,597,863
		934,716,874	704,344,034	1,433,079,869	1,199,993,540
Total Assets		1,431,870,255	1,164,263,475	2,195,300,519	1,983,559,995
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' Equity					
Share Capital	9	330,750,000	236,250,000	507,095,977	402,500,000
Share Premium		9,450,000	-	14,488,457	-
Accumulated profit / (deficit)		6,119,159	101,670	9,381,711	173,216
		346,319,159	236,351,670	530,966,145	402,673,216
Non - Current Liabilities					
Long - term borrowings	10	674,801,984	511,494,695	1,034,586,158	871,435,406
Deferred Tax Liability	11	1,217,310	-	1,866,343	-
		676,019,294	511,494,695	1,036,452,501	871,435,406
Current Liabilities					
Short - term borrowings and short - term part of long - term borrowings	10	341,115,285	364,079,082	522,987,722	620,282,881
Accounts payable and accrued charges	12	64,106,681	47,940,055	98,286,440	81,675,649
Short - term taxes payable	13	4,309,836	4,397,973	6,607,711	7,492,843
		409,531,802	416,417,110	627,881,873	709,451,373
Total Liabilities		1,085,551,096	927,911,805	1,664,334,374	1,580,886,779
Total Shareholders' Equity And Liabilities		1,431,870,255	1,164,263,475	2,195,300,519	1,983,559,995

The notes referred to above form an integral part of these financial statements.

Income Statement for the year ended 31st December, 2008

		(Amount in RUR)		(Amount in Rupees)	
	Notes	2008	2007	2008	2007
Interest Income & Management Fees	14	222,293,678	110,905,090	340,813,998	188,949,413
		222,293,678	110,905,090	340,813,998	188,949,413
Interest Expense					
Loan interest and commissions	15	(96,732,887)	(42,874,969)	(148,307,960)	(73,046,243)
		(96,732,887)	(42,874,969)	(148,307,960)	(73,046,243)
Net Interest Income		125,560,791	68,030,121	192,506,038	115,903,170
Foreign currency translation differences, net		5,197,530	(2,892,431)	7,968,697	(4,927,845)
Other income	16	12,059,396	992,500	18,489,104	1,690,926
Net Non - Interest Income / (Expenses)		17,256,926	(1,899,931)	26,457,801	(3,236,919)
Salaries and employees' benefits		(62,068,623)	(31,941,751)	(95,161,751)	(54,419,279)
Administrative and other operating expenses	17	(40,803,070)	(27,003,930)	(62,558,043)	(46,006,696)
Depreciation of property and equipment	4	(469,730)	(405,443)	(720,176)	(690,755)
Amortisation of intangible assets		(1,587,140)	-	(2,433,355)	-
Operating Expenses		(104,928,563)	(59,351,124)	(160,873,325)	(101,116,730)
Profit / (loss) before bad debts and provisions / write off's		37,889,154	6,779,066	58,090,514	11,549,521
Impairment loss on investment in leases	5	(19,723,791)	-	(30,239,925)	-
Provision for doubtful debtors	6	(10,209,594)	-	(15,653,043)	-
Profit / (loss) Before Income Tax		7,955,769	6,779,066	12,197,546	11,549,521
Income Tax Expense	11	(1,938,280)	(1,874,583)	(2,971,713)	(3,193,734)
Net Profit / (Loss)		6,017,489	4,904,483	9,225,833	8,355,787

Statement of Cash Flow for the year ended 31st December, 2008

		(Amount in RUR)		(Amount in Rupees)	
	Notes	2008	2007	2008	2007
Cash flow from operating activities:					
Profit / (loss) before income tax		7,955,769	6,779,066	12,197,546	11,549,520
Adjustments for:					
Depreciation / Amortisation expenses		2,056,870	405,443	3,153,531	690,755
Foreign exchange difference in financing activities		56,298,969	4,221,396	86,315,890	7,192,008
Non - monetary adjustments in financing activities		(2,244,176)	(25,358,229)	(3,440,703)	(43,202,909)
Impairment loss on investment in leases	5	19,723,791	-	30,239,925	-
Provision for doubtful debtors	6	10,209,594	-	15,653,043	-
Accrued expenses		1,539,360	(869,790)	2,360,100	(1,481,864)
Interest accruals		88,933,081	40,171,073	136,349,532	68,439,606
Cash flow from operating activities before changes in operating assets and liabilities		184,473,258	25,348,959	282,828,864	43,187,116
(Increase) / decrease in operating assets					
Investment in lease		(222,338,125)	(547,124,902)	(340,882,143)	(932,138,722)
Other assets		(137,991,512)	(249,257,854)	(211,564,446)	(424,661,529)
Increase / (decrease) in operating liabilities					
Other liabilities		14,627,266	140,121,058	22,426,085	238,724,765
Taxes payable, other than income tax		(88,137)	3,438,612	(135,129)	5,858,376
Net cash provided by operating activities before income tax and interest paid		(161,317,250)	(627,474,127)	(247,326,769)	(1,069,029,994)
Interest paid		(81,537,516)	(31,495,861)	(125,010,873)	(53,659,615)
Net cash provided by operating activities		(242,854,766)	(658,969,988)	(372,337,642)	(1,122,689,609)
Cash flow from Investing activities:					
Purchase of property and equipment		(2,021,158)	(5,181,161)	(3,098,779)	(8,827,163)
Deposits in Bank	7	(8,822,934)	-	(13,527,058)	-
Net cash inflow / (outflow) from investing activities		(10,844,092)	(5,181,161)	(16,625,837)	(8,827,163)
Cash flow from financing activities:					
Loans returned		(355,741,049)	(108,345,158)	(545,411,504)	(184,588,047)
Loan received		434,634,184	785,043,715	666,368,092	1,337,481,885
Proceeds from shareholders		208,662,000	26,538,000	319,914,319	45,212,889
Net cash inflow / (outflow) from financing activities		287,555,135	703,236,557	440,870,907	1,198,106,727
Increase / (decrease) in cash equivalents		33,856,277	39,085,408	51,907,428	66,589,954
Cash and cash equivalents, beginning of year	8	74,894,398	35,808,990	114,825,844	61,007,909
Cash and cash equivalents, end of year	8	108,750,675	74,894,398	166,733,272	127,597,863

Statement of Changes in Shareholders' Equity

for the year ended 31st December, 2008

		(Amount in RUR)			(Amount in Rupees)		
	Note	Registered Share Capital	Accumulated Profit / (Deficit)	Total Shareholders' Equity	Registered Share Capital	Accumulated Profit / (Deficit)	Total Shareholders' Equity
At 31st December, 2006		105,000,000	(4,802,813)	100,197,187	160,982,850	(7,363,529)	153,619,321
Net Profit		-	4,904,483	4,904,483	-	7,519,407	7,519,407
Contributions to share capital		131,250,000	-	131,250,000	201,228,562	-	201,228,562
At 31st December, 2007		236,250,000	101,670	236,351,670	362,211,412	155,878	362,367,290
Net Profit		-	6,017,489	6,017,489	-	9,225,833	9,225,833
Contributions to share capital (including Share Premium Rubles 9,450,000)	9	103,950,000	-	103,950,000	159,373,022	-	159,373,022
At 31st December, 2008		340,200,000	6,119,159	346,319,159	521,584,434	9,381,711	530,966,145

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008

Note 1. General

CJSC “Srei Leasing” (The Company) was incorporated in Moscow, Russian Federation by International Infrastructure Services GmbH (IIS, a subsidiary company of Srei Infrastructure Finance Limited, India) on 29.09.2004.

The Company’s registered address is located at bldg. 1, Street Ulofa Palme, Moscow 115590, Russia.

At the reporting date CJSC “Srei Leasing” is co-owned by IIS INTERNATIONAL INFRASTRUCTURE SERVICES GmbH (Bonn, Germany) having a 63.49 % interest, AXIOS INVESTMENT PTE. LTD (Amber Road, Singapore) having a 7.85 % interest, European Bank for Reconstruction and Development (EBRD) (London, England) having 14.29% interest, DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH (Cologne, Germany) having 14.29% interest, and individual - Vinod Eldandy, having a 0.08 % interest.

The Company’s objective is to do leasing business mainly for SME’s in the infrastructure sector as a highly dedicated and service - oriented Company. Its main focus sectors include Construction, Mining, Oil & Gas and Transport sector. The Company will be based on the same asset based business model and establish the same pro - active degree of customer orientation as Srei in India.

The General Director is Rajesh Bhalotia. The number of employees on payroll as at 31.12.2008 was 46 (as at 31.12.2007 - 34).

The Company has representative offices in Saint Petersburg and Krasnodar region and does not have any subsidiaries and associated companies.

Note 2. Summary of accounting policies

Basis of preparation - These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards (“IAS”) and Standing Interpretations Committee Interpretations (“SIC”) approved by the International Accounting Standards Committee that remain in effect. These financial statements are presented in Russian Rubles (“RUR”), unless otherwise indicated. Transactions in other currencies are treated as transactions in foreign currencies.

The Company is required to maintain its records and prepare its financial statements for regulatory purposes in Russian Rubles in accordance with Russian accounting legislation and related instructions (“RAL”). These financial statements are based on the Company’s statutory books and records, as adjusted and reclassified in order to comply with IFRS.

The preparation of financial statements in conformity with IFRS requires management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for losses and impairment and the fair value of financial instruments.

Recognition and measurement of financial instruments - The Company recognises financial assets and liabilities in its balance sheet when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognised at cost, which is the fair value of consideration given or received, respectively, including or net of any transaction costs incurred, respectively. The accounting policies for subsequent measurement of these items are disclosed in the respective accounting policies set out below.

Cash and cash equivalents - Cash and cash equivalents are recognised and measured at the fair value of consideration received. Cash and cash equivalents include cash on hand, amounts due from commercial banks that mature within ninety days from the date of origination and are free from contractual encumbrances.

Finance leases - Leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Taxation - Taxes on income are computed in accordance with the laws of the Russian Federation. Deferred Taxes, if any, are provided on items recognised in different periods for financial reporting purposes and Income Tax purposes, using the balance sheet liability method at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred Tax liabilities, if any, which result from temporary differences are provided for in full. Deferred Tax assets are recorded to the extent that is probable that such Deferred Tax assets will be realised.

Deferred Income Tax assets and liabilities are offset when:

- The Company has a legally enforceable right to offset the recognised amounts of current tax assets and current tax liabilities;
- The Company has an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously;

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

- The Deferred Tax assets and Deferred Tax liabilities relate to income taxes levied by the same taxation authority in each future period in which Deferred Tax liabilities and assets are expected to be settled or recovered.

The Russian Federation also has various other taxes. These taxes are included as a component of operating expenses in the income statement.

Property and equipment - Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment loss. Capitalised cost includes major expenditures on improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repair and maintenance expenditures that do not meet the above criteria for capitalisation are charged to income as incurred.

Depreciation is provided over the estimated useful life of fixed assets on a straight - line basis at the following rates:

	Rates of depreciation
Building	1.63%
Motor & Vehicles	9.50%
Computers	16.21%
Other plant and machinery	4.75%
Furniture, fixtures and office equipment	6.33%
Leasehold improvements	Lease term

Amortisation of Intangible assets is based on term over which benefits are expected to accrue or arise from them.

Loans from banks and customers - Loans and Borrowings are measured at amortised costs.

Provisions - Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Share capital - Share capital is recognised at restated cost.

Dividends will be recognised in shareholders' equity as a reduction in the period for which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" and disclosed accordingly.

Recognition of income and expense - Interest income and expense are recognised on an accrual basis calculated using the effective interest rate method. The recognition of interest income is suspended when loans and investments in leases become overdue by more than 90 days. Commissions and other income are credited to income when the related transactions are completed. Non - interest expenses are recognised at the time when the transaction occurs.

Management fees are recognised as an income at the date of receipt.

Foreign currency translation - Foreign currency transactions are accounted for at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Russian Rubles at the official CBR exchange rates at the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the profit and loss account as net gain / (loss) on foreign currency translation differences.

Note 3. Related parties

IIS International Infrastructure Services GmbH (IIS). IIS is the owner 63.49 % of share capital of CJSC "Srei Leasing".

The last increase of share Capital was registered in February, 2008. The share capital is completely paid in the reporting period.

During the year 2007 IIS gave the Company a loan in the amount of EURO 3,300,000; out of which EURO 300,000 was returned back in December, 2007 and balance in January, 2008. There have been no further loans during the reporting period.

Axios Investment PTE LTD (Axios) . Axios is the owner of 7.85 % of share capital of CJSC "Srei Leasing".

The last increase of share Capital was registered in February 2008. The share capital is completely paid in the reporting period.

There have been no loans provided during the reporting period.

European Bank for Reconstruction and Development (EBRD) (London, England) is the owner 14.29 % of share capital of CJSC "Srei Leasing".

The last addition of share Capital was registered in August 2008. The share capital is completely paid in the reporting period.

During the year 2007 EBRD gave the Company a loan in the amount of EURO 5,000,000; this loan was converted into Ruble loan of Rubles 178,237,500 (Rs. 273,268,388/-) in November, 2007. Outstanding amount of the loan as on reporting date is Rubles 169,325,625 (Rs. 259,604,968/-).

DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH (Cologne, Germany) is the owner of 14.29% of share capital of CJSC "Srei Leasing".

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

The last addition of share Capital was registered in August, 2008. The share capital is completely paid in the reporting period.

During the year 2007, DEG gave the Company a loan in the amount of EURO 5,000,000; this loan was converted into Ruble loan of Rubles 184,100,000 (Rs. 282,256,597/-) in May, 2008. Outstanding amount of the loan as on reporting date is Rubles 157,800,000 (Rs. 241,934,226/-).

Yelandi Virender Vinod. Yelandi Virender Vinod is the owner of 0.08% of share capital of CJSC “Srei Leasing”.

There have been no loans provided during the reporting period.

Director’s remuneration: Total remuneration paid to the General Director comprises contractual salary, yearly bonuses as determined in accordance with Russia legislation and compensation for accommodation.

Total remuneration paid to the General Director for the year 2008 was RUR 7,268,127 (Rs. 11,143,274/-) {RUR 5,139,568 (Rs. 8,756,282/-) in 2007}.

Note 4. Property and equipment

	(Amount in RUR)				(Amount in Rupees)			
	Motor & Vehicles	Computers, Communication facilities	Furniture, fixtures and office equipment	Total	Motor & Vehicles	Computers, Communication facilities	Furniture, fixtures and office equipment	Total
Cost								
Opening balance as at 31/12/2007	571,049	1,631,874	956,534	3,159,457	875,515	2,501,941	1,466,529	4,843,985
Additions	910,609	466,118	644,431	2,021,158	1,396,118	714,638	988,022	3,098,778
Disposals	-	-	-	-	-	-	-	-
Closing balance as at 31/12/2008	1,481,658	2,097,992	1,600,965	5,180,615	2,271,633	3,216,579	2,454,551	7,942,763
Accumulated depreciation								
Opening balance as at 31/12/2007	127,027	232,664	45,752	405,443	194,754	356,713	70,145	621,612
Charge for the year	76,067	302,443	91,220	469,730	116,624	463,696	139,856	720,176
Disposals	-	-	-	-	-	-	-	-
Closing balance as at 31/12/2008	203,094	535,107	136,972	875,173	311,378	820,409	210,001	1,341,788
Net book Value as at 31/12/2007	444,022	1,399,210	910,782	2,754,014	680,761	2,145,228	1,396,384	4,222,373
Net book Value as at 31/12/2008	1,278,564	1,562,885	1,463,993	4,305,442	1,960,255	2,396,170	2,244,550	6,600,975

There were no indications of impairment at the Balance Sheet date.

Note 5. Investment in Leases

	(Amount in RUR)				(Amount in Rupees)			
	Minimum lease payments		Present value of minimum lease payment		Minimum lease payments		Present value of minimum lease payment	
	2008	2007	2008	2007	2008	2007	2008	2007
Investments in leases, gross								
- under 1 year	660,122,918	430,340,496	480,206,176	295,457,316	1,012,080,654	733,172,697	736,237,703	503,371,724
- 1 – 5 years	595,584,497	529,663,185	490,866,543	453,277,278	913,132,284	902,389,130	752,581,858	772,250,177
	1,255,707,415	960,003,681	971,072,719	748,734,594	1,925,212,938	1,635,561,827	1,488,819,561	1,275,621,901
Less: future finance income	(284,634,696)	(211,269,087)	-	-	(436,393,377)	(359,939,926)	-	-
Present value of lease obligations	971,072,719	748,734,594	971,072,719	748,734,594	1,488,819,561	1,275,621,901	1,488,819,561	1,275,621,901
Less: allowance for losses			(19,723,791)	-			(30,239,925)	-
Less: Amount due for settlement within 12 months (shown under current Assets net of allowance for losses of RUR 19,723,791 (Rs. 30,239,925/-))			(460,482,385)	(295,457,316)			(705,997,778)	(503,371,724)
Amount due for settlement after 12 months			490,866,543	453,277,278			752,581,858	772,250,177

Basically leasing contracts were assigned for the periods from 1 to 5 years. Interest rates are linked to the risk profile of the customer and averaged 1 - 2.5% per month. According to the terms of lease contracts management fees are paid as onetime lease fees which are non - refundable and non - adjustable under any circumstances irrespective of whether the lease is terminated or not.

As at 31st December, 2008 Investment in leases balances of RUR 580,997,389 (Rs. 890,767,767/-) relate to leased assets pledged as collateral according to loan agreements with financial institutions.

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008, (Contd.)

Note 6. Financial and Other Current Assets

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Trade and Other receivables (net of provision for doubtful debtors of RUR 10,209,594 (Rs. 15,653,043/-))	89,317,715	6,544,728	136,939,241	11,150,277
Receivable from shareholders	-	104,712,000	-	178,398,222
Total financial assets	89,317,715	111,256,728	136,939,241	189,548,499
Advance paid to suppliers	114,937,276	72,911,816	176,218,383	124,220,131
Value added tax recoverable	113,383,887	145,056,501	173,836,774	247,133,298
Prepaid Expenses	4,683,792	4,551,779	7,181,049	7,754,883
Inventory	17,790	215,496	27,275	367,142
Other Assets	34,320,420		52,619,038	-
Total	356,660,880	333,992,320	546,821,760	569,023,953

Advances paid are the advances paid to the suppliers for the equipment which is expected to be leased out.

Value added tax recoverable was calculated in accordance with Russian Tax legislation.

Management has determined the provision for doubtful debtors based on specific customer identification, customer payment trends, subsequent receipts and settlements and analyses of expected future cash flows. Management believes that Group will be able to realise the net receivable amount through direct collections and other non - cash settlements, and that therefore the recorded value approximates their fair value.

Other assets are the repossessed leased assets held for sale as soon as possible and management hopes it will be within 12 months. The provision for doubtful trade debtors is set out in the table below:

	Amount in RUR	Amount in Rupees
Provision for doubtful trade debtors		
As at 31.12.2008	10,209,594	15,653,043
Provision Accrual	10,209,594	15,653,043
As at 31.12.2007	-	-

Provision for doubtful debtors is provided on debtors who are doubtful and are in arrears for more than 90 days.

Recoverable amount of relevant overdue debts is estimated taking into account potential proceeds on sale of repossessed equipment. The management has created provisions on potential losses as at the reporting date in view of current downturn of the economy and expected waiting period that can be reversed if the market conditions improve and based on actual realisation by sale of equipment.

Note 7. Short - term Investment as at 31st December, 2008

Institution	Interest Rate	Maturity Date	Denominated in Currency	Amount in RUR	Amount in Rupees
ICICI Bank Eurasia LLC	5.25%	1st June, 2009	USD 300,300	8,822,934	13,527,058

Note 8. Cash and cash equivalents

	Interest Rate	Rating Agency	Rating	(Amount in RUR)		(Amount in Rupees)	
				2008	2007	2008	2007
Deposits in ZAO Standard Bank	9%	Fitch	BBB	23,900,000	-	36,642,763	-
Cash in banks							
ICICI Bank Eurasia LLC (Largest private sector bank from India, rated Baa2 in India by Moody's)		Not rated		81,446,459	14,789,663	124,871,268	25,197,204
ZAO Standard Bank		Fitch	BBB	1,045,882	26,757,236	1,603,515	45,586,402
Sberbank		Fitch	BBB	1,031,088	-	1,580,833	-
Commercial Bank of India (Joint venture of two public sector banks of India - State Bank of India and Canara Bank)		Not Rated		742,790	5,364,690	1,138,823	9,139,842
ING Bank		Moody's	Baa1	584,456	27,982,809	896,070	47,674,415
				84,850,675	74,894,398	130,090,509	127,597,863
Total				108,750,675	74,894,398	166,733,272	127,597,863

Although some of the banks have no international credit rating, management treats them as reliable counterparties with a stable position in the market.

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

Note 9. Share capital

Share capital was increased during the reporting period to the amount of RUR 340,200,000 (Rs. 521,584,434/-) including share premium of RUR 9,450,000 (Rs. 14,488,457/-).

The increase in share capital was fully paid. The shareholder is entitled to dividends and capital distributions. No dividends were declared in the reporting period.

The share capital of CJSC Srei Leasing consists of 330,750 shares with a nominal value of RUR 1,000 (Rs. 1,533/-) each.

Note 10. Long - term borrowings

As at 31st December, 2008

	Currency	Denominated in currency	(Amount in RUR)	(Amount in Rupees)
			2008	2008
Long - term loans	EURO	2,516,428	104,283,563	159,884,430
	RUR		438,871,376	672,864,428
Subordinated debt (unsecured)	US Dollar	4,480,778	131,647,045	201,837,300
Total long - term borrowings			674,801,984	1,034,586,158
Short - term part of long - term loans	US Dollar	2,119,887	62,283,133	95,490,631
	EURO	3,019,714	125,140,276	191,861,317
	RUR		153,691,876	235,635,774
Total short - term part of long - term borrowings			341,115,285	522,987,722
Total borrowings			1,015,917,269	1,557,573,880

As at 31st December, 2007

	Currency	Denominated in currency	(Amount in RUR)	(Amount in Rupees)
			2007	2007
Long - term loans	US Dollar	2,190,763	53,774,896	91,616,489
	EURO	6,339,269	227,790,233	388,087,064
	RUR		219,312,335	373,643,237
Long - term deposit	US Dollar	432,541	10,617,231	18,088,616
Total long - term borrowings			511,494,695	871,435,406
Short - term part of long - term loans	US Dollar	3,568,500	87,593,112	149,232,710
	EURO	3,333,441	119,781,187	204,071,652
	RUR		39,513,652	67,319,555
Short - term loans	EURO	3,031,611	108,935,483	185,593,786
Short - term deposit	US Dollar	336,331	8,255,648	14,065,178
Total short - term borrowings and short - term part of long - term borrowings			364,079,082	620,282,881
Total borrowings			875,573,777	1,491,718,287

All borrowings are reported inclusive of outstanding interest accrued and exclusive of outstanding bank commissions prepaid as of the balance sheet date.

Long term unsecured debt is subordinated loan availed in 2008 from Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V., a financial institution of the Netherlands ('FMO'), in addition to a senior long - term debt of RUR 184,605,850 (Rs. 283,032,151/-) availed in 2008.

As at 31st December, 2008 all borrowings other than subordinated debt are secured by pledge of leased assets or rights under lease agreements (Note 5)'.

Note 11. Profit tax

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Current profit tax charge	-	(1,544,916)	-	(2,632,079)
Deferred profit tax benefit (expenses)	(1,818,118)	(329,667)	(2,787,484)	(561,655)
Deferred tax benefit (expenses) resulting from reduction in tax rate	(120,162)	-	(184,229)	-
Total profit tax benefit / (expense)	(1,938,280)	(1,874,583)	(2,971,713)	(3,193,734)

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

Income / (loss) before profit tax for financial reporting purposes is reconciled to the profit tax (expense) / benefit as follows:

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Profit / (Loss) before taxation	7,955,769	6,779,066	12,197,546	11,549,521
Theoretical profit tax at an applicable statutory tax rate of 20% thereon (year 2007 - 24%)	(1,591,154)	(1,626,976)	(2,439,510)	(2,771,885)
Tax effect of items which are not deductible or assessable for taxation purposes	(226,964)	(247,607)	(347,974)	(421,849)
Reduction in opening deferred taxes resulting from reduction in tax rate	(120,162)	-	(184,229)	-
Total profit tax benefit / (expense)	(1,938,280)	(1,874,583)	(2,971,713)	(3,193,734)

Deferred Profit Tax - Differences between IFRS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred Profit Tax assets and liabilities are measured at 20 percent, the rate applicable when the asset or liability will be realised.

	(Amount in RUR)				(Amount in Rupees)			
Deferred Profit Tax	31st, December 2008	For the year 2008 Income Statement	Including Resulting from reduction in tax rate	31st, December 2007	31st, December 2008	For the year 2008 Income Statement	Including Resulting from reduction in tax rate	31st, December 2007
Property and equipment	(387,379)	(197,838)	31,590	(189,541)	(593,918)	(303,319)	48,433	(322,922)
Repossessed Assets	(1,208,559)	(1,208,559)	-	-	(1,852,926)	(1,852,926)	-	-
Intangible Assets	(241,292)	229,306	78,433	(470,598)	(369,942)	351,565	120,251	(801,760)
Investment in Leases	679,183	(150,220)	(138,234)	829,403	1,041,303	(230,313)	(211,936)	1,413,057
Accounts receivable and prepayments	1,712,322	(1,740,079)	(575,400)	3,452,401	2,625,281	(2,667,837)	(882,186)	5,881,868
Borrowings	(4,205,061)	302,409	751,245	(4,507,470)	(6,447,073)	463,644	1,151,786	(7,679,393)
Accounts payable and accrued charges	909,875	(696,900)	(267,796)	1,606,775	1,394,993	(1,068,466)	(410,577)	2,737,469
Loss according to tax accounting	1,523,601	1,523,601	-	-	2,335,939	2,335,939	-	-
Total deferred profit tax asset (liabilities), net	(1,217,310)	(1,938,280)	(120,162)	720,970	(1,866,343)	(2,971,713)	(184,229)	1,228,319

Comparable information was presented as at 31st December, 2007 and the reclassification of deferred tax assets / liabilities was made due to the regroup of temporary differences under IFRS balance articles.

Note 12. Accounts payable and accrued charges

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Trade payables	1,209,672	7,997,854	1,854,633	13,625,973
Total financial liabilities	1,209,672	7,997,854	1,854,633	13,625,973
Advance received	55,462,914	36,107,690	85,034,076	61,516,805
Accrued liabilities and other creditors	7,434,095	3,834,511	11,397,731	6,532,871
Total	64,106,681	47,940,055	98,286,440	81,675,649

The advances received consist of receipts from the lessees before transferring of the equipment.

Note 13. Short - term taxes payable

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Profit tax	-	1,326,794	-	2,260,464
Property tax	4,309,836	3,071,179	6,607,711	5,232,379
Total	4,309,836	4,397,973	6,607,711	7,492,843

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

Note 14. Interest income and management fees

Finance leases:	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Interest income	192,926,195	77,668,903	295,788,654	132,324,798
Management fees	26,206,604	32,841,196	40,179,179	55,951,667
	219,132,799	110,510,099	335,967,833	188,276,465
Interest received from bank deposits	3,160,879	394,991	4,846,165	672,948
Total	222,293,678	110,905,090	340,813,998	188,949,413

Comparable information was presented for the year 2007 and interest of RUR 394,991 (Rs. 672,948/-) received from bank deposits was reclassified to interest income from other income.

Note 15. Loans interest and commissions

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Loans interest	88,933,081	40,171,074	136,349,532	68,439,607
Bank commissions expense	7,799,806	2,703,895	11,958,428	4,606,636
Total	96,732,887	42,874,969	148,307,960	73,046,243

Comparable information was presented for the year 2007 and bank commissions expense (bank loan arrangement fees) of RUR 2,703,895 (Rs. 4,606,636/-) directly related to loan agreements was reclassified from Bank charges (Note 17) to Interest Expense.

Note 16. Other income

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Penalties and fines received	5,112,002	905,961	7,837,568	1,543,489
Insurance commission	3,184,287	-	4,882,053	-
Gain on Sale of Equipment	2,537,055	86,539	3,889,737	147,437
Profit on Lease Termination	1,205,242	-	1,847,841	-
Other Income	20,810	-	31,905	-
Total	12,059,396	992,500	18,489,104	1,690,926

Penalties and fines are the revenue received from lessees and vendors for breach of the lease contracts.

Note 17. Administrative and other operating expenses

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Taxes other than on income	14,113,352	7,503,268	21,638,168	12,783,346
Rent	8,102,488	6,261,228	12,422,491	10,667,277
Audit, legal and consulting services	4,456,190	2,784,976	6,832,097	4,744,774
Advertising expenditure	2,496,715	1,853,068	3,827,889	3,157,079
Leased equipment insurance	2,268,165	818,847	3,477,482	1,395,073
Software maintenance	2,044,796	-	3,135,020	-
Business and travel expenses	1,952,628	1,295,877	2,993,711	2,207,790
Telephone, post, internet	1,699,041	1,162,404	2,604,919	1,980,392
Bank charges	948,487	296,718	1,454,192	505,520
Office supply	608,129	665,245	932,365	1,133,380
Staff recruitment and training	491,860	183,051	754,105	311,865
Transportation expenses	163,777	470,086	251,098	800,887
Translation expenses	147,992	81,266	226,897	138,453
Other administrative expenses	1,309,450	3,627,896	2,007,609	6,180,860
Total	40,803,070	27,003,930	62,558,043	46,006,696
Taxes other than on income				
Property tax	14,007,680	7,429,948	21,476,155	12,658,430
Other taxation	105,672	73,320	162,013	124,916
Total	14,113,352	7,503,268	21,638,168	12,783,346

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

Note 18. Financial commitments and contingencies

Operating environment: Russia ended 2008 with GDP growth of 5.6%, following 10 straight years of growth averaging 7% annually since the financial crisis of 1998. Growth in 2008 was driven largely by non - tradable services and domestic manufacturing, rather than exports. During the past decade, poverty and unemployment declined steadily and the middle class continued to expand. The positive trends began to reverse in the 2008. Investor concerns over the Russia - Georgia conflict, corporate governance issues, and the global credit crunch in September caused the Russian stock market to fall significantly. The global crisis also affected Russia's banking system, which faced liquidity problems. A 70% drop in the price of oil since mid - July further exacerbated imbalances in external accounts and the federal budget. In mid - November, mini - devaluations of the currency by the Central Bank caused increased capital flight and froze domestic credit markets, resulting in growing unemployment, wage arrears, and a severe drop in production. The Russian government needs to diversify the economy further, as energy and other raw materials still dominate Russian export earnings and federal budget receipts. Russia has made some progress in building the rule of law, the bedrock of a modern market economy, but much work remains on judicial reform. The Company has realigned its operations in accordance with the present market conditions.

Insurance: The Company has insurance contracts in relation to assets given on lease; and plant and equipment. The Company has no insurance policies in relation to other assets, operations, public liability or other insurable risks.

Legal proceedings: During the period Company initiated many court proceedings mainly due to default by clients for breach of lease agreements terms which includes five cases for non payment of lease rentals and one case for VAT dispute with tax authorities, chances of positive outcome are high, however it may take some time before final decision.

In one case, where equipment was repossessed from Company Ryazanefgazstroy and sold to the Company Soyuzneftgazstroy, there was a delivery problem due to which physical delivery to Soyuzneftgazstroy did not happen. Soyuzneftgazstroy filed the case against the Company. Disputed amount is USD 52,254.63 and penalty of RUR 130,699.63 (Rs. 200,385/-). Matter is sub - judice; Company hopes positive outcome for the case.

Guarantee: As on December 31, 2008, there was an outstanding guarantee given by the Company in favour of ICICI Bank for an outstanding loan of USD 466,666 availed by 'Russian - Indian Drilling Oil Company' which is secured by pledge of leased equipment with an assets cost of RUR 37,255,799 (Rs. 57,119,473/-) (about USD 1.26 million). The guarantee will expire on 26th February, 2010. As at 31/12/2008 net investment in leases in amount of RUR 11,832,928 (Rs. 18,141,890/-) relate to contracts which leased equipment was pledged as collateral for the given guarantee.

Environment. The Company has no liabilities for environmental damage.

Note 19. Financial instruments: information on financial risks

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

credit risk, liquidity risk and market risk and define those risks as follows:

- **Credit risk:** the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and therefore will cause a loss the Company.
- **Liquidity risk:** the Company define this risk as the risk that it may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.
- **Market risk:** the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically the Company is exposed to three market price risks.
 - Interest rate risk
 - Currency risk
 - Asset price risk

In order to effectively manage those risks, Management has implemented strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks that the Company faces.

The major guidelines of this policy are the following:

- Minimise interest rate, currency and market risk for all kind of transactions
- All financial risk management activities are carried out and monitored at central level
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices
- Asset price risk is mitigated through proper asset price verification, and proper finance structuring by high down payment, which is a rule for every lease transaction

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

The Following table summarises the carrying amount of financial assets and liabilities recorded at 31st December by IAS 39 category:

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
Financial assets				
Investment in leases less allowance for losses (Note 5)	951,348,928	748,734,594	1,458,579,636	1,275,621,901
Trade and other receivables (Note 6)	89,317,715	111,256,728	136,939,241	189,548,499
Short - term Investment (Note 7)	8,822,934	-	13527058	-
Cash and cash equivalents (Note 8)	108,750,675	74,894,398	166,733,272	127,597,863
Balance at 31st December	1,158,240,252	934,885,720	1,775,779,207	1,592,768,263
Financial liabilities				
Measured at amortised cost:				
Long - term borrowings (Note 10)	674,801,984	511,494,695	1,034,586,158	871,435,406
Short - term borrowings and short - term part of long - term borrowings (Note 10)	341,115,285	364,079,082	522,987,722	620,282,881
Trade payables (Note 12)	1,209,672	7,997,854	1,854,633	13,625,973
Balance as at 31st December	1,017,126,941	883,571,631	1,559,428,513	1,505,344,260

Credit risk

The Company minimises its credit risk of lease assets by combination of one or more of the following measures:

- Fixing credit limit on individual customer or group of customer
- Recovery of high down payment and additional collaterals at the time of financing
- Close monitoring of customer cash flow and contracts in hand
- Working on a 'Partnership Approach' with the customers; proactive solutions to their needs and problems
- Repossession of equipment and sale wherever lessee unable to pay their dues

As at 31st December, 2008, the total financial assets of the Company is RUR 1,158,240,252 (Rs. 1,775,779,207/-) {31st December, 2007: RUR 934,885,720 (Rs. 1,592,768,263/-)} which would be exposed to normal credit risks inherent in the business, Although collection of receivables could be influenced by economic factors, management of the Company believes that there is no significant risk of loss to the Company beyond the provision for doubtful debts and allowance for losses already recorded.

The cash has been deposited in the financial institutions with no more than minimal exposure to the default risk at the time of account opening.

Although some of the banks have no international credit rating, management treats them as reliable counterparties with a stable position on the market.

Liquidity risk

The Company manages liquidity risk by close monitoring of assets and liability maturity. The Company has the favourable assets liability gap due to long tenure of loan from Financial Institution (5 to 7 years) compared to short tenure of lease assets (1 - 3 years). This provides some flexibility to the Company to realign the lease schedule of the customers in line with their cash flow, if required. At present the Company does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Company expects to generate sufficient cash inflows from the lease rentals. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Accounting Policies and Explanatory Notes for the year ended 31st December, 2008 (Contd.)

The below table reviews the Company's financial liabilities based on the time remaining to the contractual due date, as at the reporting date:

	(Amount in RUR)					(Amount in Rupees)				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31st December, 2008										
Long - term borrowings (Note 10)	-	283,275,935	292,255,261	99,270,788	674,801,984	-	434,310,165	448,076,999	152,198,994	1,034,586,158
Short - term borrowings and short - term part of long - term borrowings (Note 10)	341,115,285	-	-	-	341,115,285	522,987,722	-	-	-	522,987,722
Trade payables (Note 12)	1,209,672	-	-	-	1,209,672	1,854,633	-	-	-	1,854,633
Total at 31st December, 2008	342,324,957	283,275,935	292,255,261	99,270,788	1,017,126,941	524,842,355	434,310,165	448,076,999	152,198,994	1,559,428,513
As at 31st December, 2007										
Long - term borrowings (Note 10)	-	243,737,418	267,757,277	-	511,494,695	-	415,256,342	456,179,064	-	871,435,406
Short - term borrowings and short - term part of long - term borrowings (Note 10)	364,079,082	-	-	-	364,079,082	620,282,881	-	-	-	620,282,881
Trade payables (Note 12)	7,997,854	-	-	-	7,997,854	13,625,973	-	-	-	13,625,973
Total at 31st December, 2007	372,076,936	243,737,418	267,757,277	-	883,571,631	633,908,854	415,256,342	456,179,064	-	1,505,344,260

Interest rate risk

The Company has some interest rate risk open position due to interest earning in fixed rate of interest where as interest payment in floating rate of interest. There is a very limited market of leasing business at floating rate of interest in Russia; hence most of the assets are financed at fixed rate of interest. Whereas, most of the funds borrowed from the financial institutions are linked to benchmark rate of the respective currencies. The Company's loan portfolio consist two third of the loan in local currency which are linked to MOSPRIME. The unforeseen and unnatural increase of MOSPRIME from 6% in July, 2008 to 29% in December, 2008 has resulted in significant erosion of net interest margin. However, MOSPRIME is showing some sign of improvement and has come down to about 16% in last 2 months after reaching the peak level of 29%. To some extent this increase in interest cost marginalised by increase in interest income to some extent and reduction in interest cost in foreign currency loans. The Company is also trying to fix the interest cost wherever possible. Interest rate risk is being monitored very closely by the management.

Foreign currency risk

During the second half of 2008, the Ruble had depreciated by about 27% against USD and Euro. Such radical change can impact the business of the Company adversely if the currency positions are kept open. The Company follows a very conservative policy with regard to management of forex risk. About 90% of the foreign currency liabilities are naturally hedged by way of similar currency position on the assets side. The Company is closely monitoring the currency positions with focus to minimising open positions arising out of mismatch of assets and liabilities in the normal course of business.

Financial liabilities (borrowings) by currency

	(Amount in RUR)		(Amount in Rupees)	
	2008	2007	2008	2007
US Dollar	193,930,178	160,240,888	297,327,931	273,002,994
EURO	229,423,839	456,506,902	351,745,747	777,752,500
RUR	592,563,252	258,825,987	908,500,202	440,962,793
Balance as at 31st December	1,015,917,269	875,573,777	1,557,573,880	1,491,718,287

Fair value: Management believes that the fair value of financial assets and liabilities approximates their carrying value. The carrying value net of the provision for doubtful trade receivables is deemed to approximate their fair valuation.

Note 20. Events after the balance sheet date

There were no events after the balance sheet date which could have material effect on the financial statements.

Note: The Audited Financial Statements of CJSC Srei Leasing, prepared in accordance with the laws of Russian Federation, the country of incorporation, do not include the Indian Rupee equivalent figures, which have been arrived at by applying the year end interbank exchange rate of RUR1 = Rs. 1.53317 (2007 RUR 1 = Rs.1.7037).



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